



Brasher Falls Central School District Payroll

Report of Examination

Period Covered:

July 1, 2014 – November 30, 2015

2016M-57



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	2
Scope and Methodology	2
Comments of District Officials	2
PAYROLL	3
APPENDIX A Response From District Officials	5
APPENDIX B Audit Methodology and Standards	7
APPENDIX C How to Obtain Additional Copies of the Report	8
APPENDIX D Local Regional Office Listing	9

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

June 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Brasher Falls Central School District, entitled Payroll. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results are a resource for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Brasher Falls Central School District (District) is located in the Town of Brasher and portions of the Towns of Stockholm and North Lawrence in St. Lawrence County. The District is governed by the Board of Education (Board), which is composed of nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District operates two schools with approximately 1,000 students and 200 employees. The District's budgeted general fund appropriations for the 2014-15 fiscal year were about \$21 million, which were funded primarily with State aid, real property taxes and grants. Salaries and benefits totaled about \$12.4 million or about 64 percent of the total expenditures for 2014-15.

Objective

The objective of our audit was to evaluate the accuracy of payroll payments. Our audit addressed the following related question:

- Did the District accurately pay employees' salaries and wages?

Scope and Methodology

We examined the salaries and wages paid to District employees for the period July 1, 2014 through November 30, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Comments of District Officials

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our report.

Payroll

District officials are responsible for ensuring that the District has adequate procedures to ensure employees are paid salaries and wages according to the amounts authorized by the Board. The Board approves employee compensation through collective bargaining agreements (CBAs), individual employee contracts and Board resolutions. A well-designed payroll processing system can provide assurance that employees are paid in accordance with Board resolutions and contract terms and that payroll transactions are authorized by management.

District officials established adequate procedures to ensure employees were paid their approved salaries or wages. The Board approves the hiring of all new employees and establishes salaries and wages in the provisions of negotiated CBAs or individual contracts. Other compensation rates that are not addressed in the agreements (e.g., additional duties or appointments to positions such as the tax collector, claims auditor or coach) are determined at Board meetings and documented in the meeting minutes.

The Treasurer enters new employees and pay rates in the District's automated accounting system and the business manager reviews the rates for accuracy. Employees sign salary notices acknowledging they have reviewed the base compensation and any other approved pay rates for additional duties and appointments.

Administrators and supervisors review and sign employee timesheets, indicate approval for any overtime and submit the corresponding payroll documents to the Treasurer. The Treasurer prepares the payrolls following formal written procedures and uses a checklist to document that she has completed the various steps in the process. The Treasurer also generates numerous printouts from the payroll software that are reviewed by the business manager.¹ The Superintendent reviews and certifies the payrolls, which provides a final managerial oversight to ensure the accuracy of the payroll payments.

After the Superintendent's certification, the Treasurer prints the checks and initiates the various online banking transactions (e.g., direct deposits to pay employees and remittances of withholdings). The business manager reviews the pending online banking transactions and releases the funds to pay employees and remit the withholdings to the appropriate parties.² The Treasurer maintains all

¹ For example, the payroll registers and related printouts provide comprehensive information of pay and withholdings, reports of deductions, direct deposits and payroll summaries to make accounting journal entries.

² Two individuals are required for this procedure. In the absence of the Treasurer or business manager, the account clerk serves as backup.

computer printouts and other documentation related to each payroll. For employees not paid by direct deposit, paychecks are distributed by an account clerk, administrator or supervisor.

We reviewed payroll payments made to 22 employees³ totaling \$1,526,624⁴ during our audit period to determine whether salaries and wages were accurately paid. We determined that all payments were accurate.

Establishing and adhering to a good system for processing and verifying payroll payments ensures the employees are accurately paid their salaries and wages. We commend District officials for designing an effective system that ensures the accuracy of compensation paid to employees.

³ Appendix B includes our sampling methodology.

⁴ Payroll payments totaled \$1,140,242 during the 2014-15 fiscal year and \$386,382 during the period July 1, 2015 through November 30, 2015.

APPENDIX A

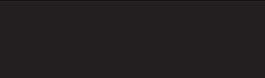
RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.

Brasher Falls Central School District
St. Lawrence Central School

1039 St. Hwy. 11C - P.O. Box 307
Brasher Falls, New York 13613
(315)389-5131
(315)389-5245 Fax

April 26, 2016


NYS Office of the State Comptroller
Division of Local Government and School Accountability
One Broad Street Plaza
Glens Falls, NY 12801

Re: Brasher Falls Central School District
2016M-57

Dear 

This letter is in response to the audit conducted July 1, 2014 through November 30, 2015. The District commends the work of the Senior Examiner for the professional approach under taken during the audit process. Auditing staff was accommodating to the District's operating schedule and took great care as to eliminate intrusions into the operating day.

The District is very appreciative of the audit's findings that recognize we have implemented corrective advice from previous audits. We are pleased the auditors have found our procedures to be in order with no recommendations for changes. The commendation, "District officials for designing an effective system", is greatly appreciated.

We will continue to assess our financial procedures for the future.

Sincerely,

Robert Stewart
Superintendent of Schools

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed District officials and employees and reviewed the Board's policy concerning the Treasurer's duties related to payroll processing. We reviewed the Treasurer's written procedures for processing payroll. We also reviewed CBAs, employment contracts, Board resolutions and various financial records and reports to gain an understanding of the District's payroll procedures and any associated effects of deficiencies in those procedures.
- We reviewed all payroll payments made to 22 employees during the audit period to verify that the employees' salaries and wages were accurately paid. Our sample included seven employees with individual contracts including the Superintendent, the employee who processed payroll, the account clerk, the Superintendent's secretary and three administrators. We selected two employees covered by the clerical unit CBA, including one employee who is the District's claims auditor. We selected six employees in varying positions who were covered by the teachers' CBA. We selected five employees in varying positions who were covered by the non-instructional employees' CBA and selected two former Superintendents who were compensated during the audit period.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller
Tracey Hitchen Boyd, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Bufferalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313