

Audit Committee Meeting
January 19, 2021
Via Video Conferencing
Meeting commenced at 5:15 p.m.

Attendees: Susan Swartz, Superintendent
Drew Giaquinto, School Business Manager
Hal Talbot, Committee Member
Kim Talbot, Committee Member
Rick Frederick, Committee Member
Alexa Schaefer, Questar III

Questar III – Review of 2020-21 Payroll Audit

Alexa Schaefer, Questar III, reviewed the 2020-2021 Payroll Audit. This test period covered July 1, 2019 – June 30, 2020 and included the following areas:

- Various CBA's
- Employee personnel files
- Audited timesheets
- Identified Key Program Controls

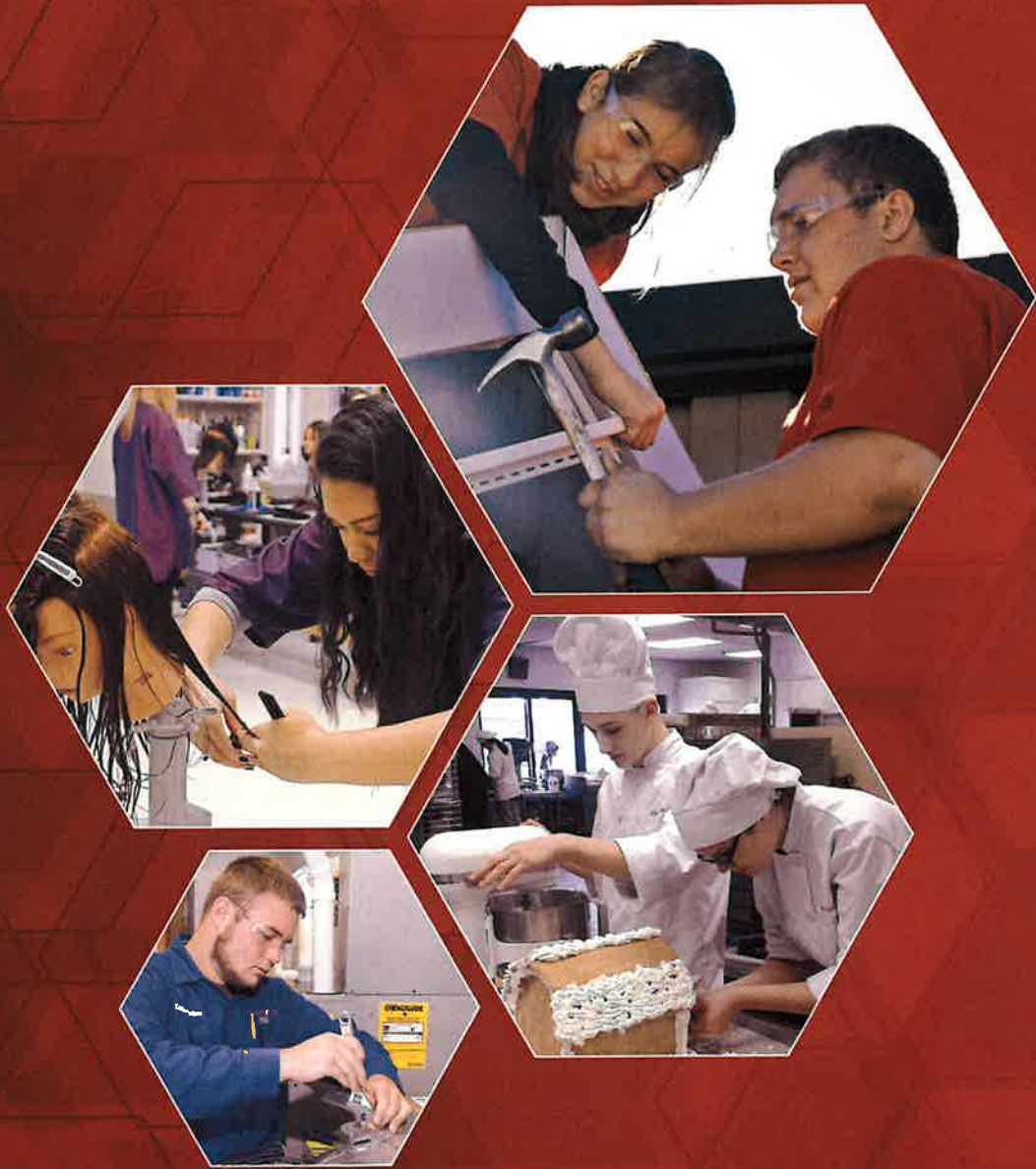
Two Observations (see page 3) were addressed while the auditor was onsite. The corrective action is attached to the draft audit report.

The Audit Committee accepted the report and authorized bringing it forward to the BOE on January 25, 2021. The Audit Committee was pleased with the report.

The meeting adjourned at 5:34 p.m.

Attachment





QUESTAR III
PUTTING STUDENTS FIRST

**Scotia-Glenville Central School District:
FY 2020/21 Payroll Audit**

www.questar.org



January 14, 2021

Board of Education
Scotia-Glenville Central School District
900 Preddice Parkway
Schenectady, NY 12302

We have completed the review of controls for the Scotia-Glenville Central School District. Our engagement was designed to evaluate the adequacy of internal controls over payroll to ensure they are appropriately designed and operating effectively and efficiently. And, to provide a report with recommended changes for strengthening controls and reducing identified risks.

The purpose of the review was to evaluate the internal controls that the District has in place to prevent errors, detect fraud, and ensure that financial reporting is accurate and that the District assets are safeguarded.

RELIABILITY OF INFORMATION

In performing our engagement, we obtained a sample from the population of payroll transactions and timesheets to test the accuracy and reliability of information provided by District personnel.

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face the District. Any comments and recommendations in the attached report are the responsibility of the district to implement, accept the risk as identified, or implement alternative controls that will mitigate the risk to a level that is acceptable by the District. Ultimately, it is your responsibility to assess the adequacy of your risk management system.

DISTRIBUTION OF THE REPORT

This report is intended solely for the information and use of the Board of Education and management of Scotia-Glenville Central School District and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your organization for their cooperation. Over time, it will be necessary to reassess your risks to ensure that they have not changed and to ensure that your risk management system is functioning properly. Through our ongoing involvement with you as a client and our knowledge of your district and its processes, we are in a unique position to assist you with that process. Please contact us at any time should you desire such services.

Sincerely,

Mark Beaudette

Mark Beaudette
Internal Audit Manager
Questar III

Executive Summary

Objectives and Scope

The Scotia-Glenville Central School District asked us to examine the District's payroll process. Key objectives included evaluating if the District adheres to the bargaining agreements.

The audit covered payroll July 1, 2019 to June 30, 2020. Our fieldwork concluded on September 25, 2020.



We judgmentally selected a sample of 30 employees to review their payroll. In addition, we judgmentally selected 5 employees to review their timesheets.

Acknowledgements

We would like to thank the payroll department staff of the Scotia-Glenville Central School District for their courteous and prompt assistance during our audit.

Conclusion

Two observations were noted and are summarized below. Our recommendations are detailed in the report.

Reference	Observation	Risk	
1	Various forms of paperwork missing from personnel files		Medium
2	No timesheet on file for an employee's extra pay		Low

FY 2020/2021 SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT PAYROLL AUDIT REPORT

ENTITY NAME	Scotia-Glenville Central School District
REPORT DATE	September 25, 2020
PROCESS REVIEWED	Payroll
PERSONNEL INTERVIEWED	Kenna Collins, Payroll Clerk Carol Quantock, Administrative Assistant to the District Superintendent
SCOPE OF WORK	<p>We reviewed the payroll policies and procedures and conducted interviews with key personnel to obtain an understanding of the processes used by the District to process payroll.</p> <p>We tested payroll transactions and personnel records relating to payroll from July 1, 2019 – June 30, 2020. We selected a judgmental sample of 30 employees from the population of 703 employees paid during the fiscal year.</p> <p>In addition, we reviewed timesheets that were paid in October of 2019 and February of 2020. We selected a judgmental sample of 5 employees who had timesheets during those months to process from our original sample of 30 employees.</p>
SCOPE RESTRICTIONS	None were noted.
AUDIT OBJECTIVES	<ul style="list-style-type: none"> • Evaluate the efficiency and effectiveness of the payroll process; • Determine the existence and effectiveness of the system of internal controls over payroll; • Evaluate compliance with laws, regulations, and policies; and, • Provide recommendations to help mitigate any identified risks.
KEY PROGRAM CONTROLS	<p>The District has created the following key program controls designed to meet business obligations, provide accountability, and promote operational effectiveness & efficiency:</p> <ul style="list-style-type: none"> • Each employee hired by the District is required to be approved by the Board of Education. • The Board of Education approves the collective bargaining and individual employee contract agreements. • The District uses the nVision system to process payroll. • The District issues salary notices to all employees on an annual basis. • The School Business Manager certifies each bi-weekly payroll by reviewing a pre-check contractual run and matches the report to a pay period analysis, as well as a payroll by person by department file. After the checks are run, the Business Manager will review the payroll packet which includes:

	<ul style="list-style-type: none"> • Reviewing the after checks run report and relating to the pre-check run report; • Tying out current payroll postings to the general ledger to ensure they post correctly and tie out to the pay period analysis report • Reviewing time sheets; and, • Reviewing employee deductions for dental and health for reasonableness in relationship to prior year trend and current year trend. <ul style="list-style-type: none"> • Timesheets are used by specific employee groups. The timesheets are signed off by both the employee and the employee's supervisor.
<p>OBSERVATIONS AND RECOMMENDATIONS</p>	<p><u>Observation 1:</u> While reviewing the employees' personnel files, we noted the following issues:</p> <ul style="list-style-type: none"> • 4 instances where the District did not have a W-4 on the file for the employee. • 1 instance where the District did not have an I-9 on file for an employee. • 10 instances where the District incompletely filled out section B of the I-9 form. This included instances where list A, B, or C were not filled out and the certification section was not complete. There were 2 instances where the District did not fill out Section B at all. • 7 instances where the fiscal year 2019-20 salary notice was absent in the personnel file. • 1 instance where an employee was paid a \$1,600 stipend for obtaining a master's degree, but the transcript in their personnel file was unofficial. • 1 instance where the Board appointment letter was missing from the personnel file. <p><i>Recommendation: The District should ensure all applicable information is in the employee's personnel file. In addition, the District should confirm that the I-9 certifier is filling out all required sections. The District requires staff to submit an official transcript to receive a stipend for a master's degree. The District should review that each transcript submitted is official.</i></p> <p><u>Observation 2:</u> From our testing of timesheets, we noted an employee received an extra pay in October of 2019 of \$11, but the District did not have a completed timesheet on file to support the extra payment. When employees complete extra work, they are required to fill out and submit a timesheet. We noted that Management Advisory Group was processing payroll during this time. To ensure best practices, the District should ensure each employee that completes extra work fills out a timesheet.</p> <p><i>Recommendation: The District should ensure each employee completing extra work is filling out a timesheet. The District should keep all timesheets on file.</i></p>

FY 2020/2021 SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT PAYROLL AUDIT REPORT

SUBMITTED BY:	Alexa Schaefer Internal Auditor- Questar III BOCES
DATED:	September 25, 2020

Scotia-Glenville School District

Scotia, New York

October 9, 2020

To: Alexa Schaefer

From: Drew Giaquinto

Re: Payroll Audit – District Response



Observation 1:

- The four W-4's we took care of as soon as it was brought to our attention. We reached out to the employees and asked for them to submit an updated copy for their files.
- The paper copies of the I9's are not kept. We scan to a secure server and shred the paper. It is believed that this one was overlooked when being copied and was shredded with all the others. We did have the employee come in and fill out a new one immediately.
- The I9's that were incompletely filled out were prior to the District having a dedicated HR employee. Since 2018, we have made sure that the I9's are filled out in their entirety.
- Salary notices are filed when received by the District Clerk. Non Instructional are filled by HR. The Instructional are given to the Superintendent's Office to file with their records. We will communicate with the Instructional side to ensure timely filing.
- When we were made aware of the unofficial transcript of a teacher we reached out to them and immediately required an official transcript be sent.

Observation 2:

- In October of 2019 we were outsourcing out payroll to Management Advisory Group. This required the scanning of timesheets back and forth. Most likely this timesheet was lost in transition. We brought our payroll back in house in November of 2019. With payroll back on site there is no transferring of timesheets and there should be no reason for this to occur again.

Thank you.