

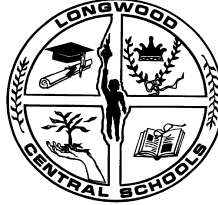
LONGWOOD CENTRAL SCHOOLS

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Corrective Action Plan - Agreed-Upon Procedures Report 2018-2019 School Year

Review of Benefits

Issue #1: The District does not have formal written procedures for the Benefits Administrator function.

Management's Response: The District agrees, and procedures are in place for reconciling invoices for various benefits to the Payroll register and/or Accounts Receivable module. The NYSHIP invoice has been reconciled as of the end of the 18-19 school year and all of the above-noted discrepancies have been rectified. This has resulted in credits of approximately \$166,000 in the two most recent invoices.

Issue #2: We noted 1 employee who was on career exploration leave and was not paying for her health benefits. Employees who are on leave without pay (excluding disability leave) are required to pay the full cost of the premium. The District paid approximately \$6,250 for the premium for this employee. It should be noted that the District was aware of this issue and was working to rectify it.

Management's Response: The District agrees that procedures to ensure that employees who are on a leave of absence are paying premiums for their active insurances should be in place, and has implemented such procedures. The exception noted occurred in the summer of 2018, following the retirement of the previous Health Benefits Administrator and before her replacement was hired. It should be noted that at the time of this audit, the error had already been discovered and was in the process of being rectified. The district has subsequently received a credit from NYSHIP for the employee's leave.

Issue #3: We noted 1 retiree file that did not contain adequate support for the coverage provided.

Management's Response: The District agrees and does maintain documentation on all retirees in regard to their health insurance elections and/or subsequent changes. As noted by the Auditors', the district has now obtained the missing document.

Issue #4: During our review, we noted that the District reimburses the Medicare Part B premium on a quarterly basis using a standard reimbursement amount. In addition, the District makes another payment to eligible retirees to adjust for any variances between the standard reimbursement and the actual premium paid using a fifth payment.

While the District does collect Form SSA-1099 from those retirees that have paid more than the District has reimbursed, this does not allow the District to identify whether a retiree has been overpaid.

Management's Response: The District agrees that reducing current payments to one annual payment based solely on the submitted SSA-1099s would be a more efficient and accurate method of reimbursing retirees. As such and as noted by the auditors, the District is in the process of implementing that change through the outsourcing of reimbursements to a third party administrator who will streamline the process, including the final reduction to one annual payment effective January 1, 2021.

Issue #5: We noted 1 instance where the District was not billing a surviving dependent for insurance coverage and as a result no payment was remitted to the District from January 2019 through our testing date. The District paid approximately \$521 of the cost of this individual's premium as of our testing date.

Management's Response: The Benefits Administrator has researched the current procedures employed for the billing of retirees for their health benefits, including surviving spouses. She has identified a way to automate the process that would ensure that all Accounts Receivable customers would be billed consistently, and has reached out to our software supplier to implement those changes. Changes will be made to our Accounts Receivable module to coincide with the January 2020 NYSHIP rate changes, and will both simplify the billing process and ensure that all customers will be receiving monthly bills. The District acknowledges the exception noted, which has now been rectified.

Issue #6: We noted 1 instance in which the incorrect buy-back amount was paid to the employee based on the employee's individual contract with the District.

Management's Response: The District agrees that annual buy-back amounts should be reviewed to ensure that they are in accordance with current contracts. Going forward, all individual contracts have been standardized to ensure that all members of a bargaining unit or employee group are scheduled to receive the same amount as other members of that group, thereby reducing the risk that an employee would receive an incorrect amount. The exception noted was an employee with an individual contract that differed from the others in that group; he was informed of the error and the district has recouped the overpayment.

Issue #7: We noted 2 files that did not contain adequate support for the employees' eligibility for family coverage.

Management's Response: The District agrees that all employees must submit documentation to support their eligibility for family coverage when electing to receive the buy-back. The Health Benefits Administrator has reviewed the current published requirements and has found that they may be being misinterpreted; plans have been made to revise the published information for this year's buy-back submissions to ensure that the requirements are clearly indicated.

