

# GLEN COVE CITY SCHOOL DISTRICT

## EMPLOYEE BENEFITS ADMINISTRATION

### Recommendations:

We recommend that the District consider implementing the following item to further improve internal controls and operational efficiencies related to employee benefits administration:

1. Create written, formal procedures related to key processes performed in the benefits function including reconciling *Employee Change Forms* to the health insurance provider invoice, reconciling *Change In Payroll Deduction Forms* to the payroll deduction register, recording payments for retirees or employees on unpaid leaves of absence, etc.

### CORRECTIVE ACTION:

The Assistant Superintendent for Business will work with the Benefits Clerk to create an Employee Change Form and a Change in Payroll Deduction Form to be used to reconcile the NYSHIP invoice and the payroll deduction register. All retirees, part time employees and employees on LOA will be set up in our computer system to be billed monthly so we can keep track of payments.

2. Develop a plan to assign the following duties to the benefits clerk position, since these responsibilities are normally included with this role:
  - a) Prepare the annual recalculation of cost allocation and submit to the Payroll Supervisor to review the spreadsheet.
  - b) Calculate and include any changes in payroll deduction amounts due to coverage type changes or when an employee returns from an unpaid leave on the *Monthly Change Form* sent to the Payroll Department. The Payroll Supervisor should then review the calculations prior to entry into FM.
  - c) Perform monthly insurance reconciliations of the enrollee listing to the District's records. At least quarterly, this review should be a complete reconciliation of covered employees to payroll deduction registers.
  - d) Track and enter billings in the Accounts Receivable module of FM for health insurance contributions for retirees, part-time employees who do not have sufficient wages to cover the cost of health insurance, employees on unpaid leaves of absence, individuals on COBRA, etc.

### CORRECTIVE ACTION:

The District will assign a part time Benefits Clerk to assist the full time benefits administrator for four hours a day to help with the responsibilities as outlined above by the internal auditors.

3. Utilize the Benefits module in FM to record and track all employees and retirees enrolled in the health insurance plans. We recommend developing procedures to reconcile the information on a periodic basis to the payroll deduction register and the health insurance invoice enrollee listing. Reconciling the invoice to the payroll deduction register and billings to retirees and COBRA enrollees will help ensure that coverage is provided to the appropriate individuals and that the allocation of costs are accurate.

**CORRECTIVE ACTION:**

The part time Benefits Clerk will start to use Finance Manager to help track all employees and retirees that receive health insurance benefits.

4. Revise the teachers' bargaining unit contract to include specific language regarding benefits for part-time employees (e.g., 0.5 FTE or more) and the methodology of computing the employees' contributions. Consider requiring the part-time employees to pay 100% of the cost related to the percentage difference between their part-time and full-time status. For example, a 0.80 FTE part-time teacher would contribute 20% of the cost plus 50% of the remaining 80% of the cost rather than only 50% of the cost.

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will work with the lawyers when the teachers' contract is being negotiated to have more specific and clear language in regard to computing the benefits for part-time employees.

5. Develop procedures to have a defined open enrollment period for employees to enroll in the District offered insurances. This would limit employees to only be able to make changes related to coverage type during the enrollment period, unless there is a life changing event.

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business and the Benefits Administrator will develop procedures and establish a defined open enrollment period for employees to be able to process any changes to their health, dental and life insurance coverage.

6. Establish procedures to reconcile the amount collected by NYBEAS to the amount that the District is billed for retiree health insurance from NYSHIP to ensure that the records agree.

**CORRECTIVE ACTION:**

The Benefits Administrator will reconcile the NYSHIP invoice to NYBEAS information.

7. Contact NYSHIP to discontinue the unnecessary use of the employees' full social security number as an identifier on the enrollee listing. We recommend that the District encourage NYSHIP to use another identifier for employees to safeguard highly sensitive data.

**CORRECTIVE ACTION:**

The Benefits Administrator will contact NYSHIP to see if there is another way to identify the employees on the monthly billing other than by full social security numbers.

**BILLINGS AND RECEIPTS**

**Recommendations:**

We recommend that the District consider implementing the following items to further improve internal controls and operational efficiencies related to billings and receipts:

1. Create formal written, procedures in the Business Office related to the pre-numbered triplicate receipt form, which includes documenting the tasks performed and clearly defining the types of deposits, requiring the completion of the pre-numbered triplicate receipt form.

**CORRECTIVE ACTION:**

The use of pre-numbered triplicate receipts for all cash received for the payment of medical benefits will be used. All cash will be given to the receptionist at the front desk who will issue a receipt to the person paying their invoice in cash.

2. Develop procedures to ensure that all health insurance related billings are entered into the AR module, print the monthly invoices and mail the invoices to the enrollees. We suggest that the District consider assigning the task of entering records into the AR module to the Benefits Clerk and enhancing operational efficiencies by eliminating the duplicate efforts of maintaining a separate Excel spreadsheet. In addition, we recommend that the District complete the review of the health insurance billings to ensure the completeness of the data in the AR module, which would improve the handling of health insurance accounts related to overdue balances.

**CORRECTIVE ACTION:**

The part time Benefits Clerk will be trained on how to implement the above recommendation to insure that all enrollees are billed through the AR module.

3. Establish procedures to require the health insurance enrollees to provide payments via check or money order instead of cash.

**CORRECTIVE ACTION:**

The Benefits Administrator will let enrollees know that cash will no longer be accepted as a means of payment.

4. Require the use of pre-numbered triplicate receipt books to be used at the schools whenever cash is received at the programs as per CR §170.2 (h) and (i). The original would be issued to the payer, a copy retained in the book held by the collector of funds, and a copy included with the funds submitted to the Business Office for deposit into the bank.

**CORRECTIVE ACTION:**

This practice has been instituted in some areas. The Account Receivable Clerk will let the Assistant Superintendent for Business know when she receives cash without a receipt and the Assistant Superintendent for Business will follow up to correct the issue.

5. Establish procedures to ensure the completeness of receipts submitted by the schools to the Business Office by requiring the programs (adult education, driver's education, AP Exams, NYSSMA, field trips, etc.) to include the list of students to support the amount of funds. In the absence of a list, there is a risk that money was not collected from all students or there were students who have not paid for the activity.

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will ask all programs to submit a list of students in each of the programs and have the Accounts Receivable Clerk verify that all students in the various programs have paid their fees.

6. Develop procedures to use the AR module to enter and create invoices related to the use of facilities to improve the monitoring and accounting of these activities. This would also strengthen the collection process by providing an AR Aging Report to identify any outstanding balances and centralize the invoicing process. We suggest that the Facilities Department send the approval and billing memo to the Business Office to prepare the invoice in the AR module and mail the invoice to the requestor. We also recommend that the

District establish procedures to reconcile the fiscal year billings to the actual use of facilities events and formally document this process. We suggest printing out a usage report from the Facilities Direct module and agreeing the rental information to the report from the AR module to ensure completeness. In addition, we recommend that the District include the name of the organization along with the school building (e.g., high school, middle school, etc.) in the explanation field to facilitate a review and reconciliation of the FM Detail Account Transactions Report for revenue account A2410 – Rental of Real Property to the use of facilities activity.

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will give the Facilities Department Secretary the permission and training to use the AR module in order to create invoices for facilities use and to use the module to track payments.

7. Establish procedures to review the AR Aging Report monthly and resolve the outstanding AR balances in a timely manner, including the accounts with other school districts over a year past due.

**CORRECTIVE ACTION:**

The Treasurer will be given the task of reviewing the AR Aging Report and following up with overdue accounts.