

Bedford Central School District

**Intensive Review of Human Resources
For the Year Ending June 30, 2017**

Bedford Central School District

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TOBIN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, PC

To the Board of Education of the
Bedford Central School District
Bedford, New York

We have performed an intensive review in the area of Human Resources for the Bedford Central School District (the District). The purpose of this engagement is to ensure compliance with applicable New York State laws and regulations under the Fiscal Accountability Initiative for the fiscal year ended June 30, 2017.

Our report provides results of attribute testing performed on the selected area. In addition, our report indicates any areas for which we believe improvements can be made to existing processes and internal controls.

We are pleased to have had the opportunity to serve you and look forward to reviewing this report in detail with you. We would also like to thank the Board of Education and the employees of the Bedford Central School District for their time and assistance during our engagement.

Sincerely,

Tobin & Company
Certified Public Accountants, PC

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Certified Public Accountants, PC
January 19, 2018

At the request of the Board of Education of the Bedford Central School District "the District" we performed an Update to the Initial Risk Assessment. The assessment included an analysis of business procedures and activities.

Using our Updated Risk Assessment Report, (dated December 21, 2016) the Board of Education engaged our firm to perform an intensive review of Human Resources.

The following excerpt is from our Risk Assessment Report regarding Human Resources:

Human Resources– Risk Score 78

This area is a highly significant one, not only due to its relationship with the payroll process, but also due to the complexity and sensitivity in maintaining its relations with its employees' representative unions, related contractual obligations and compliance requirements. It is important in any school district that both, the Human Resource Department and Payroll Department, work jointly to effectively process the District's largest expense.

As previously mentioned, this area has seen significant employee turnover during the past few years. Since our last risk assessment report, the District hired a permanent Director of Human Resources. We noted the Human Resources Director and Human Resources Executive Assistants are trying to develop new and efficient procedures, while managing their current duties. We noted the Human Resource staff does not have prior school district human resource experience, which increases the inherent risks associated with a learning curve and adaption to procedures and processes.

During our interviews, we noted that communication to other Business Office departments is still not operating effectively or timely. We also found many typical human resource functions are handled by other departments, which has created an unclear set of responsibilities.

Key personnel interviewed during our review were as follows:

Marianna Agunzo, Personnel Assistant for Human Resources

Anne Marie Bazyk, Executive Assistant for Human Resources

Stacey Haynsworth, Director of Human Resources & Development

Patricia Gomez, Senior Bookkeeper

During our engagement we performed the following procedures:

1. Detailed interviews of District personnel using industry accepted checklists.
2. Compared current District procedures to strengths and weaknesses found in other school districts.
3. Performed follow up interviews and observations on previous observations and recommendations of outside Human Resource Consultant.
4. Conducted attribute tests for the following:
 - a) Hire Process:
 - a. Teachers and Staff
 - i. Vacancy forms
 - ii. Staff notices
 - iii. Board documents
 - iv. Help Desk Tickets
 - v. Payroll History
 - b. Principal
 - i. Certificates
 - b) Termination and cutoff dates for a sample of former employees:
 - a. Resignation letter
 - b. Staff action form
 - c. Help desk ticket
 - d. Payroll history report
 - c) Longevity:
 - a. Number of people hitting longevity
 - b. Teacher certification
 - d) Performed a test of salary advancement documentation:
 - a. Current level before advancement
 - b. New level after advancement
 - c. Confirmed that credited courses were not repeated
 - d. Original certificates for in-service credits were present
 - e. Original transcripts for graduate courses were present
 - f. Payroll history

Bedford Central School District

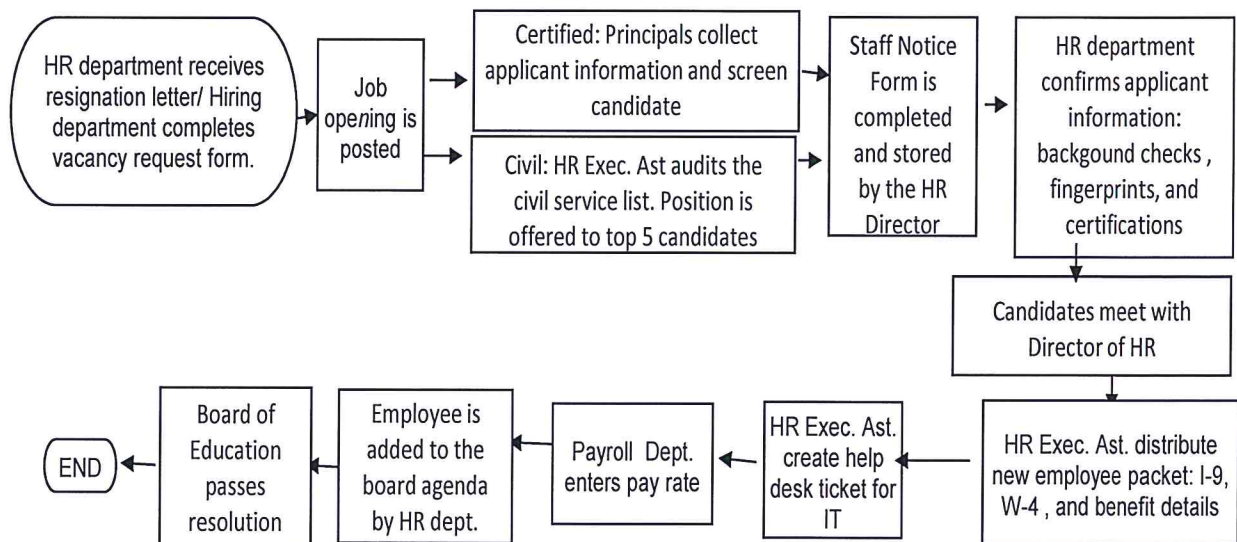
Process and Procedures

To gain a better understanding of the District's Human Resource Department, we compared their strengths and weaknesses to District's of similar demographics. Below is a comparison of three neighboring districts with relation to District and Department size.

Comparison with other Districts	Bedford	School	School	School
	Central School District	District A	District B	District C
Budget (approximately)	\$127,000,000	\$93,000,000	\$163,000,000	\$50,000,000
Number of students	4,200	3,000	5,700	1,500
Human Resource Department staffing size	4	3	5	3

New Employee Hiring Process

The hiring process is as follows:



Potential Risks That Could Exist In This Process:

1. Hiring an employee without proper certifications or background checks.
2. Pay information can be incorrectly entered and not verified.
3. Employee is paid prior to hire date.
4. Applicant is offered a salary above the acceptable pay schedule.
5. Poor communication between the Human Resource and Payroll Department regarding new hires and other changes.

New Employee Hiring Process (continued)

Mitigating Internal Control or Procedures Currently In Place:

1. Good segregation of duties between Human Resource Department and Payroll Department.
2. The District added a new disclaimer about discrimination to the hiring application.
3. A new form was created to notify staff of new hires and changes. This form "staff action notice" is available to the Human Resource and Payroll Departments through the Google share drive which is checked periodically.
4. Principal currently collects applicant information, screens candidate and creates the "staff action notice" that gets submitted to the Human Resource department.
5. The Director of Human Resources & Development reviews and signs off on all staff notices that contain hire dates and salary amounts.
6. The Human Resource Department creates a help desk ticket for the Information Technology Department which receives a copy of the signed staff notice. The Information Technology Department then creates a new employee profile.
7. Human Resource Executive Assistant refers to Board Docs to track Board agendas for approval of new hires.
8. District developed a position control database that aids in determining staffing needs.

Test Results:

We selected a sample of recent hires by the District. The attributes of our test are listed on page 3 of this report. Below are the results of our tests

- 1) We found 1 instance where the Board acceptance was approximately 13 days after the employee hire date.
- 2) Hiring checklists were used and present on each hiring packet.
- 3) All vacancy forms were signed by building administrators.
- 4) All certifications were confirmed on the NYS Teach website.

Observations and Recommendations:

- 1) Observation: The District has an employee position control database. The database is maintained by the Treasurer and used by the Business Office.
Recommendation: The District is in the process of merging each department position control database via shared Google docs.

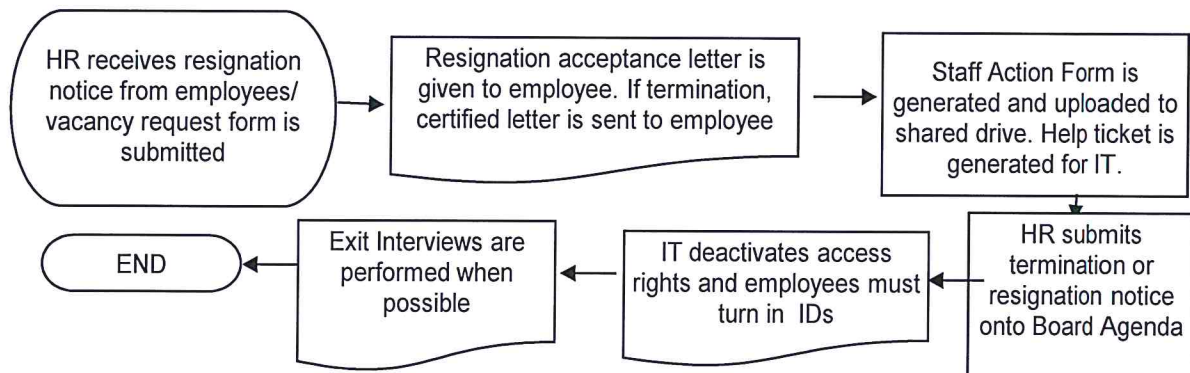
Conclusion

During our review we determined that the District continues to maintain good procedures and strong internal controls. However, we believe that the District can continue to implement new controls found in other Districts. We have compared Bedford to other districts of similar size to see where there are areas for improvement.

New Employee Hiring Process (continued)

<u>Best Practice Procedures</u>	Bedford Central School District	School District A	School District B	School District C
Background checks are done on employees	✓	✓	✓	✓
Employee change forms are completed and signed by HR dept.	✓	✓	-	-
Human Resource & Building Officials use checklist for new hires	✓	✓	-	✓
Departments have a pre-meeting to discuss all weekly changes	✓	✓	-	-
HR Executive Assistants refer to Board Docs for final board agenda to activate employee	✓	✓	✓	✓
Personnel folders and sensitive information is kept secured	✓	✓	✓	✓
Human Resource department provides employees with benefits packets	✓	-	-	✓

Resignation/Termination



Potential Risks That Could Exist In This Process:

1. Poor communication between departments concerning terminations and resignations of an employee.
 - a. Payroll department is unaware of cutoff date and pays an employee after termination date.
 - b. Information Technology Department does not deactivate network access of the former employee.
 - c. Former employee does not return District items before they leave.

Mitigating Internal Control or Procedures Currently In Place

1. Request for resignations are submitted in writing prompting an immediate action.
2. Employees are given resignation acceptance letters which include a reminder to turnover District items.

Resignation/Termination (continued)

3. A “staff action notice” is created and made available to the Human Resource and Payroll department through the Google share drive that will notify both departments of termination dates and final payroll cycle.
4. A help ticket is created for the Information Technology Department to notify them when to deactivate employee’s access rights.
5. Formal exit interviews are performed.

Recommendations:

- 1) **Recommendation:** The District should consider developing an exit checklist that identifies the Department’s responsibility for collecting items and track its completeness.

Test Results:

We selected a sample of recent resigned or terminated employees by the District. The attributes of our test are listed on page 3 of this report. We noted that all staff action forms were signed by an administrator. No exceptions were noted.

Conclusion

During our review we determined that the District continues to maintain good procedures and strong internal controls. However, we believe that the District can continue to implement new controls found in other Districts. We have compared Bedford to other districts of similar size to see where there are areas for improvement. As shown, the District performed similar or better than neighboring districts.

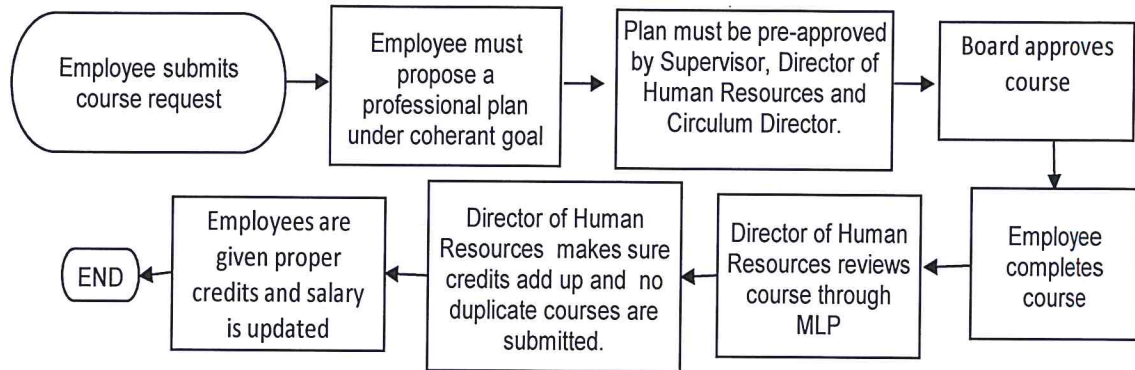
Best Practice Procedures and Areas of Common Weakness	Central School District	District A	District B	District C
HR creates help ticket for IT to terminate employees access rights	✓	-	✓	-
Formal exit interviews are performed	✓	✓	-	✓
HR department uses checklist to complete deactivation of employee	-	✓	✓	✓
HR uses a standard form to notify payroll of employee terminations/ resignations	✓	-	✓	-

Salary advancement

Teachers can obtain salary advancement based upon credits obtained through college coursework as well as in-service coursework. Generally, requests by teachers to take additional credits are reviewed by principals and/or supervisors. The Director of Human Resources and Development is the final approval. The District uses “My Learning Plan” software to track credit and course history. My Learning Plan is a web based services that centralizes a districts professional development activities. In addition, it provides a more efficient means to track, organize, and maintain professional development documents and history.

Process and Procedures

Salary advancement (continued)



Potential Risks That Could Exist In This Process:

1. Employees could be given salary advancements without the proper credentials and professional development plans.
2. An employee who obtained all proper documentation did not advance to the correct salary.
3. Employees could be potentially taking courses without preapproval.

Mitigating Internal Control or Procedures Currently In Place:

1. The Human Resources Executive Assistant reviews salary advancements twice a year through a master checklist. The master checklist is then reviewed and signed off by the Director of Human Resources and Development.
2. Courses need to be preapproved by an Administrative Supervisor before the course could be taken. Courses taken without approval are not accepted.
3. An Administrative Supervisor approves courses through My Learning Plan and verifies that the course wasn't already taken.

Conclusion

As seen below, we compared the District to similar school districts with regards to the salary advancement function. Based on our testing and interviews, we have concluded that the District maintains effective procedures over the salary advancement process when compared to these other districts.

	Bedford Central School District	School District A	School District B	School District C
Best Practice Procedures and Areas of Common Weakness				
Salary rollover is handled by the Human Resource Department	✓	-	-	-
Proper documentation is collected and kept on file	✓	✓	✓	✓
Courses are requested by teachers through MLP	✓	-	✓	✓
Review of course is done and signed off on	✓	✓	✓	-
Spreadsheets are generated and reviewed before new advancements are given	-	✓	-	✓

Longevity/ Seniority

Potential Risks That Could Exist In This Process:

1. Attendance could be incorrectly tracked, therefore seniority could be incorrect.
2. Seniority schedules could be calculated incorrectly due to rollover from previous years.
3. Employees could be given incorrect longevity and seniority due to a miscalculation errors

Mitigating Internal Control or Procedures Currently In Place:

1. The Human Resource Executive Assistant generates a longevity schedule in excel that serves as a cross check against the schedule generated from finance manager.
2. The Human Resource Executive Assistant shares their longevity schedule from excel with the payroll department for a double check.
3. The Human Resource Department generates a master list in excel which reports all employee seniority levels and pay scales. This list is reviewed and signed off by the Director of Human Resources & Development.
4. The Human Resource Executive Assistant compares master list with the Treasurer's list to verify that the seniority scales coincide.

Attendance/ Extended Leave

Potential Risks That Could Exist In This Process:

1. Employees could potentially be taking days off without notifying Principals.
2. Attendance information can be incorrectly entered into the District software and therefore employees may receive more or less days then entitled to.
3. Poor communication between the Human Resource and Payroll Department can lead to the payment of an employee on extend leave.
4. Attendance module could be manipulated by anyone who has access to it.

Mitigating Internal Control or Procedures Currently In Place:

1. The District currently put restrictions on their attendance tracking system *ASEOP*, to prevent employees from going over available time off.
2. *AESOP* will now prompt the user if they will run out of available time.off.
3. Attendance is verified at the building level by the secretary, which is then approved and signed off by the Principal.
4. Reconciliation reports are used to help ensure accurate records.
5. A new staff action notice is created for anyone on extended leave.
6. Human Resource Executive Assistant currently adjusts attendance manually and uses quarter days for time off.

Attendance/ Extended Leave (continued)

Observations and Recommendations:

- 1) Observation: Currently both Human Resource Executive Assistants and the Secretary have access to the attendance module in Finance Manager without any independent oversight.
Recommendation: The District should look into restricting the ability for Human Resources personnel from having access to their attendance records. Alternatively, they should implement an independent check and review for accuracy.

- 2) Observation: The District does not use an automated time clock. Attendance is tracked manually. Tracking daily attendance manually increases the risk of inaccurate attendance records.
Recommendation: The District should consider upgrading its current system to Timepiece.

- 3) Recommendation: While we noted no exceptions, the District should consider running periodic audit trails within Aesop and Finance Manager to make sure there are not any consistent or unauthorized changes.

Conclusion

Like similar functions related to Human Resources noted in this report, we compared the District's controls over attendance to similar Districts. As noted below, while there is always room for improvement, they compared similarly and favorably to these other districts.

	Bedford Central School District	School District A	School District B	School District C
Best Practice Procedures and Areas of Common Weakness				
Automated time clock is utilized	-	✓	✓	-
PTO limits were placed in AESOP to prompt user from going over	✓	-	✓	-
HR Executive Assistants rollover employee attendance at year end	✓	-	-	-
Attendance is independently reviewed	✓	✓	✓	✓
Building secretaries reconcile attendance daily at the building level	✓	✓	✓	✓
Buildings are locked out of AESOP after certain amount of days to prevent changes	✓	-	-	-
Subfinder (AESOP) is used for all employees (where applicable)	✓	✓	✓	✓
Employees must manually notify/request an absence	✓	-	✓	-

Salary rollover

Potential Risks That Could Exist In This Process:

1. Salary pay schedules could be incorrectly entered into the system.
2. Employee not eligible for a rollover might receive an increase.

Mitigating Internal Control or Procedures Currently In Place:

1. New employees are set up by the Human Resources Department.
2. A new form was created to notify staff of new hires and changes. This form "staff action notice" is available to the Human Resource and Payroll Departments through the Google share drive.
3. The Human Resource Department creates a help desk ticket for Information Technology. Information Technology will then create employee profile.

Benefits

Potential Risks That Could Exist In This Process:

- 1) The District continues to pay benefits after person passes away.
- 2) Employees are overpaid the amount of benefits they are entitled too.

Mitigating Internal Control or Procedures Currently In Place

- 1) The District requires copies of marriage certificates and birth certificates for children to ensure benefits are allocated accurately.
- 2) The District sends out annual letters to personnel to make sure they are still alive and eligible to receive benefits.

Recommendations:

- 1) Observation: There is only one District official that enrolls employees into their benefits.
Recommendation: The District should consider having an independent review of the enrollment status of employees to help prevent any errors from occurring.

Update: The District now notifies the Administrator (Core Source) with changes from the Human Resource Department.

Conclusion

While we noted no significant deficiencies within the benefit process, the District should consider implementing our recommendations to further strengthen their internal controls.

Additional Observations and Recommendations

- 1) Observation: There are no written procedures in place for the Human Resources Department.
Recommendation: Human Resources should document their daily processes to help prevent delayed operations in the event of unexpected or long absences by personnel.