

Bedford Central School District

**Intensive Review of Responsibilities and Duties Shared Between
Human Resources and the Business Office
Fulfilling the State Mandate for the Year Ending June 30, 2020**

Bedford Central School District

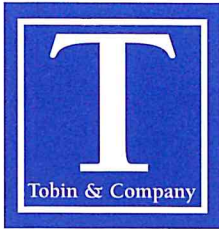
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TOBIN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, PC

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

We have performed an intensive review of Responsibilities and Duties Shared Between Human Resources and the Business Office as agreed to by the Bedford Central School District (the District) for the year ending June 30, 2020. The purpose of this engagement is to ensure compliance with applicable New York State laws and regulations under the Fiscal Accountability Initiative.

This agreed upon procedure was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose of which this report has been requested or for any other purpose.

We were not engaged to, and did not perform an external audit, the objective of which would be the expression of an opinion on the financial statements of the District. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Tobin & Company
Certified Public Accountants, PC

Purchase, New York
January 13, 2020

At the request of the Board of Education of the Bedford Central School District (the District) we performed a Risk Assessment of various District business procedures and activities. Using our Risk Assessment Report, (dated September 17, 2019), the Board engaged our firm to perform an intensive review of Responsibilities and Duties Shared Between Human Resources and the Business Office.

The following excerpt is from our Risk Assessment Report regarding responsibilities and duties shared between Human Resources and the Business Office:

During our engagement we highlighted the importance and necessity for a clear definition and distinction of duties between Human Resources and the Business Office. With the recent turnover within the District, we believe this would be a good time to review policies, procedures, and duties in Human Resources and the Business Office to determine if there are opportunities to increase efficiency and improve upon communication.

Our intensive review of Responsibilities and Duties Shared Between Human Resources and the Business Office consisted of the following:

- 1) Detailed interviews of District personnel involved with Business Office and Human Resource related activities including:
 - a. Benefits
 - b. Position Control
 - c. Attendance
- 2) Compared current District procedures to strengths and weaknesses found in other school districts.
- 3) Make observations and recommendations for best practice improvements to current processes and procedures.

Key personnel interviewed during our process:

Cynthia Hawthorne, *Assistant Superintendent for Business and Administrative Services*
Faith Sparks, *District Treasurer*
Stacey Haynsworth, *Assistant Superintendent for Human Resources*
Kelly Lent, *Assistant Business Manager*
Patricia Gomez, *Senior Bookkeeper and Deputy Treasurer*
Patricia McKenna, *Accounts Payable Clerk*
Christine O'Connor, *Business Office Secretary*
Judy Schurmacher, *Lead Payroll Clerk*
Linda Cali, *Payroll Clerk*
Anne Marie Bazyk, *Executive Assistant for Human Resources*
Elizabeth Walsh, *Senior Office Assistant for Human Resources*
Anna DeAngelis, *Assistant to the Assistant Superintendent for Human Resources*

Bedford Central School District

Best Practice Comparison

To gain a better understanding of the District's shared Human Resource and Business Office responsibilities, we compared their strengths and weaknesses to districts of similar size. In addition, to gain a better understanding of health insurance benefits responsibilities, we compared the District to two other self-insured districts, which are highlighted below as district's "M" and "S."

Best Practice Procedures	Bedford		Central School District		M		S		O		C		K		H	
	\$138 Million	\$140 Million	\$161 Million	\$135 Million	\$126 Million	\$110 Million	\$119 Million	\$119 Million	School District	School District	School District	School District	School District	School District	School District	School District
Statistics																
Budget (approximately)	839	900	940	813	620	616	625									
Approximate number of employees in the District	3,890	5,700	4,700	4,817	3,800	2961	3600									
Approximate number of students in the District	4	5	4	5	4	3	3									
Human Resource Department staffing size	8	10	8	9	9	8.2	8									
Business Office Staffing Size																
(1) Benefits																
Does the District have a designated employee managing benefits?	N	N	N	Y	Y	Y	Y									
Does Benefits Clerk fall under HR or the Bus. Office (<i>Obs. B pg. 6</i>)	NA	NA	NA	HR	Bus. Office	Bus. Office	NA									
Self Insured or Third-Party	Self Insured	Self Insured	Self Insured	3rd Pty	3rd Pty	3rd Pty	3rd Pty									
Mgt Software used to track benefit information? (<i>Obs. A pg. 6</i>)	N	Y	Y	Y	Y	Y	N									
Onboarding employees to insurance plan (<i>Obs. B,G pg. 6&7</i>)	HR	B.O	HR	Benefits	Benefits	Benefits	B.O									
Removing employee from insurance plan (<i>Obs. B pg. 6</i>)	HR	B.O	HR	Benefits	Benefits	Benefits	B.O									
Answering employee/retiree inquiries (<i>Obs. B pg. 6</i>)	Admin/HR	Admin/B.O	Admin/HR	Benefits	Benefits	Benefits	B.O									
Invoice reconciliation to District records (<i>Obs. B, E pgs. 6&7</i>)	*	B.O	HR	Benefits	Benefits	Benefits	B.O									
Workers compensation (<i>Obs. B pg. 6</i>)	B.O	B.O	HR	Benefits	Benefits	HR	HR									
Processing of Medicare reimbursements (<i>Obs. B,C,D pgs. 6&7</i>)	B.O	B.O	HR	Benefits	Benefits	Benefits	B.O									
Life insurance and long term disability review (<i>Obs. B pg. 6</i>)	B.O	B.O	HR	Benefits	Benefits	Benefits	B.O									
Retiree tracking (<i>Obs. B pg. 6</i>)	*	B.O	HR	B.O	Benefits	Benefits	B.O									
1095 preparation (<i>Obs. B pg. 6</i>)	HR/3rd Pty	3rd Pty	3rd Pty	Benefits	Benefits	Benefits	Benefits									

*No formal procedure in place

**Procedure in place but needs improvement

BO-Business Office

Bedford Central School District

Best Practice Comparison

Best Practice Procedures	Bedford Central School District		School District M		School District S		School District O		School District C		School District K		School District H	
	Bedford Central School District	School District M	School District S	School District O	School District C	School District K	School District H							
(2) Position control														
Mgt software used for position control (<i>Obs. H pg. 8</i>)	N	Y	Y	Y	N	Y**	N	Y	N	Y**	N	N	N	N
Software used (<i>Obs. H pg. 8</i>)	Excel	WinCap	CSI	WinCap	nVision	nVision	nVision	WinCap	nVision	nVision	nVision	nVision	NA	NA
Management of position control	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR
Use of module for budget preparation by Business Office (<i>Obs. I pg. 8</i>)	N	Y	NA	Y	N	NA	Y	Y	N	NA	NA	NA	N	N
(3) Attendance														
Responsibility of uploading Aesop into management & financial software	HR	HR	HR	Payroll	Payroll	HR	Payroll	Payroll	Payroll	Payroll	HR	HR	HR	HR
Does payroll have access to Aesop to confirm attendance? (<i>Obs. J pg. 8</i>)	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y
Department responsible for docking employees exceeding allotted PTO	HR	HR	HR	Payroll	Payroll	HR	Payroll	Payroll	Payroll	Payroll	Payroll	Payroll	PR/HR	PR/HR
(4) Other Shared Responsibilities														
Treasurer has viewing access rights to HR Module (<i>Obs. K pg. 9</i>)	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y
Department responsible for classifying employees as retired in software	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR	HR
Exit checklist used when an employee leaves the District (<i>Obs. L pg. 9</i>)	N	Y	NA	Y	N	NA	Y	Y	N	NA	Y	Y	Y	Y

*No formal procedure in place

**Procedure in place but needs improvement

BO-Business Office

During our interviews, as well as comparison with similar Districts' delegation of duties and processes between human resources and the business office, we noted several potential areas for improvement. These areas include Benefits, Position Control, and Attendance.

(1) Benefits

Benefits is an area in school districts that generally falls between the business office and human resources. Many districts have a designated benefits clerk who manages all functions involved with benefits, which includes enrolling, removing, reviewing invoices, calculating payroll deductions, and answering employee or retiree inquiries. The District does not have a benefits clerk. As a result, many functions involved with benefits are split between Human Resources and the Business Office. Not having a benefits clerk has created tension between Human Resources and the Business Office which has resulted in a lack of communication. In addition, the District recently faced significant turnover, causing further confusion as to roles and responsibilities.

The District is self-insured and uses a third-party administrator, Trustmark, to process employee claims. When a new employee is hired by the District, Human Resources is responsible for enrolling the employee and their dependents, if any, onto the insurance plan. The employee's premium contribution percentage is based on their respective bargaining unit. Once enrolled, information is sent to the Payroll Department to input the employee's benefit payroll deductions.

Trustmark bills the District monthly for agreed upon administration fees based on the number of covered employees. In addition to the administration fees, as a self-insured operation, the District also receives invoices for employee and retiree medical claims. As invoices become due, Trustmark has access to and automatically debits the District's bank account for the amount due.

As a self-insured District, there is the additional risk of paying for claims that are billed to the District that are for ineligible enrollees or services. Therefore, there is an increased necessity for clearly defined job responsibilities. As shown, neither of the two other self-insured districts have a benefits clerk. However, duties related to benefits are clearly segregated and managed, either by its respected business office or human resource department.

Best Practice Recap

- The District does not use nVision to track employee benefit information. Of the six Districts included in the survey, five use its management software to maintain and track insurance data.
- The District does not have a designated employee managing benefits. Of the six districts included in the survey, four had a designated clerk. Districts "M" and "S" are self-insured and do not have a benefits clerk.
- Based on our review, the District does not have well established procedures for managing benefits. Functions are spread throughout the Business Office and Human Resources. For instance, Human Resources enrolls employees and answers inquiries. Accounts Payable handles all aspects of Medicare, the Business Office Secretary processes workers compensation, and the Assistant Business Manager has been trying to review long term disability and life insurance invoices. However, responsibilities are not clearly defined.

(1) Benefits (continued)

Observations and Recommendations

- A) **Observation (Software Usage):** The District is the only district in our survey not using their management software to track employee benefit information. This makes it difficult to independently review insurance invoices for accuracy. The District is currently relying on Trustmark's records for accurate billing.
Recommendation: We recommend the District begin using nVision to populate all employee and retiree benefit information. As noted in the best practice comparison, five of the six other districts surveyed used its software for this function. The software allows the District to record and track key benefit information such as number of dependents, age, and whether the employee is retired or not. It also allows for an efficient flow of communication between Human Resources and the Business Office. This database should then be updated routinely as an employee or their dependent's status changes. Human Resources and the Business Office can then use this census to independently audit Trustmark's monthly invoice for accuracy. During our interviews, it was noted that the District intends to contract outside support to assist Human Resources with populating its database.
- B) **Observation (No Defined Roles):** Of the six District's surveyed, four had a designated employee managing benefits. It is important to note that the two remaining that did not have a designated clerk were also self-insured. However, based on our review, it appears that these districts had defined roles as to everyone's responsibilities towards managing health insurance benefits. For the District, the responsibility of managing and reviewing benefits appears to be spread out among different personnel in both the Business Office and Human Resources. This has created confusion as to who is responsible for what.
Recommendation: If it is in the District's budgetary means, it should consider adding a Benefit's Clerk position whose sole responsibilities are enrolling and removing employees from the insurance plan, answering employee and retiree inquiries, reconciling the insurance provider's monthly invoices, workers compensation claim processing, Medicare reimbursements, tracking retirees, 1095 preparation, and routinely updating nVision. If this is not feasible, the District should develop clearly defined roles for employees managing employee benefits.
- C) **Observation (Medicare Reimbursement):** Medicare reimbursements are currently managed by the Accounts Payable Clerk. Trustmark, the District's insurance provider, sends a fillable form to all District retirees turning 65 years old. The form itself directs the retiree to complete and remit back to the District's Accounts Payable Clerk. Once received, the Accounts Payable Clerk inputs the retiree's information, collects needed proof (i.e.: SSA-1099), creates the Medicare reimbursement check, and then mails it to the retiree. This creates a separation of duties issue since the Accounts Payable Clerk receives the information, inputs the data, and generates checks. In addition, although the Accounts Payable Clerk scans the letter to Human Resources, the District lacks a procedure to confirm the validity of the retiree each year.
Recommendations: To properly separate duties and add additional controls, the District may want to consider having retirees remit the form back to the Human Resource Department. Human Resources can then confirm the validity of the application and whether the retiree worked for the District. With this confirmation, the Accounts Payable Clerk can then prepare the Medicare Reimbursement checks.

(1) Benefits (continued)

- D) **Observation (Cyber Security):** The Accounts Payable Clerk e-mails sensitive information to the Treasurer and Human Resources without properly securing the documents. This is not a secure way to transmit sensitive employee personal information and may put the District at risk of HIPPA violations.
Recommendation: nVision provides the District the ability to scan documents right to its database, avoiding the potential cyber security risks involved with unprotected e-mails. These documents can then be protected, only granting access to those who need it.
- E) **Observation (Invoice Reconciliation):** The District does not have a designated employee or procedures to compare the health insurance Administrator's invoice for administrative fees, which lists the names of the employees, to the District's records of active employees and retirees. Of the District's surveyed, this responsibility varied between either Human Resources or the Business Office.
Recommendation: As noted in observation A, we recommended the District begin using nVision to populate employee/retiree benefit information. Using this information, we recommend the District reconcile the Administrator's invoice by status (i.e. single, family) to the District's records.
- F) **Observation (Trustmark's Liability):** During our interviews, we noted that there appeared to be confusion with regards to Trustmark's liability should the District be incorrectly billed for employees or retirees not eligible for District benefits.
Recommendation: The District should review its contract with Trustmark to determine Trustmark's liability and responsibilities.
- G) **Observation (Enrollment):** Human Resources is responsible for onboarding new employees onto the District's benefit plans. The current practice is to have the employee fill out an enrollment form and then Human Resources sends the form to the Administrator. However, there is no independent review by Human Resources or confirmation from the Administrator that the employee is enrolled correctly.
Recommendation: After submission, Human Resources should request confirmation from the Administrator showing that the employee was enrolled in the correct plan and under the correct status. In addition, an independent Human Resource employee should review the form and enrollment for accuracy. For instance, because Human Resources houses all employee information, the Department should be able to verify that the employee is enrolled under the correct bargaining unit and has been correctly classified under the correct level of coverage (i.e. individual or family).

(2) Position Control

Position Control is a function utilized by Districts to track board approved positions, personnel locations, and budgeted appropriations. An effective position control system assists in preventing overstaffing by ensuring that district staffing align with the budget and remain within employee contract guidelines. It is important that Human Resources and the Business Office have access to real-time staffing needs to appropriately allocate budget expenditures as well track when positions are needed.

(2) Position Control (continued)

Best Practice Recap

- Four out of the six districts surveyed use its management software for position control. The District uses excel.
- Human resources managed position control in all the districts surveyed.
- Only two of the districts used its position control database for budget preparation. The District does not.

Observations and Recommendations

H) **Observation (Software Usage):** Of the six schools in our comparison with the District, four used its respected management/financial software for position control. The District is currently using Microsoft Excel for position control.

Recommendation: nVision is a robust system capable of tracking and automating many of the current manual processes in order to improve efficiency, tracking, and reporting capabilities, we recommend the District begin updating employee positions within the Human Resource module of nVision. We do understand that the District has a plan in place to contract outside assistance with populating key data into nVision.

I) **Observation (Budget Preparation):** Of the six schools used in our comparison, only two used its position control module to assist in budget preparation.

Recommendation: The use of nVision's position control feature may provide the District with a more efficient process for the budgeting of staffing allocations. During our inquiries, we noted that the District's Treasurer and Assistant Superintendent for Business have prior experience with its use.

(3) Attendance

Attendance is tracked by the Human Resources Department. The District uses the Aesop software package to perform this function. Employees log into Aesop and report their absences. Records from Aesop are uploaded into nVision. Timesheets are submitted by each school to the Payroll Department, who then reviews and inputs into nVision. If an employee needs to be docked a day, Human Resources notifies the Payroll Department. In order to prevent errors, communication between Human Resources and Payroll is critical.

Best Practice Recap

- The Human Resource Department of the District is responsible for uploading Aesop into nVision. By comparison, in four of the six districts included in the survey, the human resource departments are designated the responsibility of uploading Aesop into its respected management software.
- The Payroll Department for the District does not have access to Aesop. By comparison, in five of the six districts in the survey, the payroll department had access to Aesop to confirm employee attendance.

Observation and Recommendation

J) **Observation:** The Payroll Department does not have access to Aesop to independently review attendance.

Recommendation: The District should consider providing the Payroll Department with access to Aesop for independent review purposes.

(4) Other Shared Responsibilities

Best Practice Recap

- The District's Treasurer does not have viewing access rights to the Human Resource module in nVision. In five of the six districts surveyed, the treasurer had viewing access rights.
- The District does not utilize an exit checklist for employees resigning, terminated, or retiring. Four of the six districts surveyed utilized a formal exit checklist.

Observations and Recommendations

- K) Observation (nVision Permissions): The District Treasurer does not have viewing access rights to the Human Resource module in nVision.
Recommendation: The District should review the Treasurer's permissions in nVision to determine if these additional rights are needed. For instance, if the Business Office is responsible for reconciling benefit invoices, then certain viewing permissions in nVision related to Human Resources such as key insurance and dependent information would be needed. In addition, should the District begin using the position control module in nVision, this could be used by the Treasurer for budget preparation.
- L) Observation (Exit Checklist): The District does not utilize an exit checklist when an employee leaves the District.
Recommendation: As part of best practice, the Human Resource Department may want to develop an exit checklist highlighting all the steps needed to fully remove or adjust an employee's status within the District. This would assist in ensuring that all District equipment and identification badges used by the former employee have been collected, benefits adjusted accordingly, and their access rights within District applications have been disabled.
- M) Observation (Unemployment): Unemployment claims are currently handled by the Business Office Secretary. However, during our review, it was noted that she does not have access to pertinent human resource records related to the claims. This makes it difficult for the District to defend against potentially unwarranted claims and could also delay the decision process.
Recommendation: The Business Office Secretary and Human Resources should work together to ensure proper documentation is provided to review all unemployment claims.