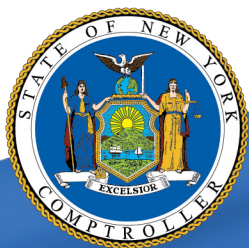


Syosset Central School District

Payroll

JUNE 2018



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Syosset Central School District

Audit Objective

Determine if officials ensured the accuracy of the compensation paid and benefits provided to employees.

Noteworthy Achievements

- District officials have established adequate procedures over the payroll function to ensure that compensation paid and benefits provided to employees are accurate.
- We analyzed 35,236 checks totaling \$124.3 million to ensure the accuracy of compensation paid and benefits provided to employees. Except for minor deficiencies discussed with District officials, compensation paid and benefits provided to employees were accurate.

There were no recommendations as a result of this audit.

Background

The Syosset Central School District (District) serves the Town of Oyster Bay in Nassau County.

The nine-member Board of Education (Board) is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for day-to-day District management under the Board's direction.

The Assistant Superintendent for Business oversees the District's business operations. The District's payroll supervisor and health benefits administrator are responsible for processing salaries, wages and benefits.

Quick Facts

Employees	1,881
2016-17 Enrollment	6,365
2016-17 Adopted Budget	\$219.9 million

Audit Period

July 1, 2016 through June 30, 2017

Payroll

How Can Officials Ensure Employees' Salaries, Wages and Benefits Are Accurate?

Employee compensation and related benefit costs represent a significant portion of the district's operating expenditures. The board is responsible for ensuring that employees are paid accurately and provided benefits in accordance with collective bargaining agreements (CBAs), board-approved employee contracts and district policies. This is accomplished by establishing effective internal controls over payroll through board-adopted policies and management-developed procedures. Adhering to policies and procedures reduces the opportunities for payroll errors, abuse or fraud and provides assurance that the large volume of information required for every payroll is processed quickly and accurately.

The District Has an Effective Payroll Process

District officials have established adequate procedures over the payroll function to ensure the accuracy of compensation paid and benefits provided to employees. For example, timekeeping and payroll procedures require multiple levels of approval during the process, and the payroll supervisor regularly reviews the payroll rates in the financial system to ensure they are correct. The District uses a payroll processing checklist and signoff sheet that lists the steps of review by each department which include: payroll, treasury, accounting, purchasing and accounts payable.

A significant portion of our testing used electronic accounting data from the District's accounting program. Using a combination of manual procedures and computer-assisted auditing techniques (CAATs), we reviewed the payroll records for 1,881 employees (including part-time and substitutes) during the audit period to identify high-risk transactions. This resulted in testing 35,236 payroll checks and direct deposits totaling \$124.3 million. Except for some minor discrepancies, which we discussed with District officials during fieldwork, salaries and wages paid and benefits provided to employees agreed with Board-approved contracts and CBA stipulations.

Conclusion

We commend the District for effectively designing and implementing policies and procedures that ensure the accuracy of compensation paid and benefits provided to District employees.

Appendix A: Response From District Officials

Syosset Central School District

Box 9029, Syosset, NY 11791 (516) 364-5605 Fax (516) 921-0087

Dr. Thomas L. Rogers

Superintendent of Schools

May 9, 2018

Mr. Ira McCracken
Division of Local Government and School Accountability
Office of the State Comptroller
Hauppauge Regional Office
NYS Office Building – Room 3A10
250 Veterans Memorial Highway
Hauppauge, NY 11788-5533

Dear Mr. McCracken:

The Syosset Central School District has received and reviewed the Comptroller's report *Payroll, Report of Examination 2018M-42* and is in agreement with the content of the report.

On behalf of the Syosset Central School District Board of Education I would like to thank the New York State Comptroller's office for their thorough review of our payroll and benefits records. We appreciate the time, effort and guidance that we received from your office throughout the audit process.

We are very pleased that this thorough audit resulted in no written recommendations for the district. We greatly appreciate your recognition of our efforts to improve internal controls and specifically the policies and procedures that we have implemented to ensure the accuracy of the district's compensation and benefits.

We were impressed with the depth of knowledge of the field audit team. We welcomed their suggestions for improvements and have already incorporated their suggestions into our processes and procedures. The field audit team consistently demonstrated professionalism and courtesy in their interactions with all district personnel.

The Syosset Central School District is committed to continuous improvement of its processes with the goal of strengthening our internal control structure to protect the resources of the district. We appreciated the opportunity to work with the comptroller's office field audit team on this shared endeavor during the audit.

Sincerely,

Dr. Thomas L. Rogers
Superintendent of Schools
Syosset Central School District

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We reviewed the internal controls over payroll and the computerized financial database to ensure that the information produced was reliable.
- We confirmed the reliability of the electronic data by reviewing the check sequence integrity, following up on voided checks and identifying manual checks. We selected one payroll cycle and ensured that all paychecks cleared the District's bank per the bank statements.
- We used CAATs procedures to review the District's compensation and benefits, to calculate pay and perform detailed analyses of actual rates of pay made to certain employees in the District's financial system, to determine the accuracy of multiple types of payments to employees, to test withholdings and amounts reported on W-2 forms and to various agencies, and to determine if selected pay recipients were bona fide District employees. We obtained various data sets from the District's computerized financial database and performed tests on them using specialized software to identify anomalies and high-risk transactions.
- We interviewed and observed District officials and employees to gain an understanding of payroll-processing procedures and related employee benefits. We obtained and reviewed CBAs, Board-approved contracts for non-union employees, personnel files, time and attendance records, leave records and other payroll source documents to learn about the payments and benefits provided by the District.
- We compared employees' salaries, hourly rates, longevity payments and stipends to amounts stated in CBAs and employment contracts to determine the accuracy and appropriateness of compensation paid to key officials and a judgmentally selected sample of employees.
- We reviewed unusual payments made by the District, such as payroll checks written outside the normal pay period and rounded payroll amounts, for appropriateness. We reviewed health insurance buybacks, separation payments and retirement incentives for a judgmentally selected sample of employees to verify that payments were accurate and appropriate.
- We judgmentally selected a sample of employees and verified that the hours worked per their time sheets agreed with the time reported in the District's financial software.
- We confirmed that all employees who received overtime payments in the audit period were entitled to such payments, and judgmentally selected a

sample of employees to ensure that time sheets submitted for overtime were approved prior to payment and amounts were accurately calculated.

- We judgmentally selected one month and recalculated reportable days, salaries and withholdings for employee retirement benefits and verified that employees were properly reported to NYSLRS. We confirmed withholdings for health, dental, disability and life insurance contributions and retirement plans were accurate and appropriate for a judgmentally selected sample.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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