Glen Cove City School District

Internal Audit Report on Detailed Testing – Human Resources and Capital Projects

June 4, 2025

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INTERNAL AUDIT REPORT ON DETAILED TESTING – HUMAN RESOURCES AND CAPITAL PROJECTS

To the Board of Education and Audit Committee
Glen Cove City School District
Glen Cove, New York

We have prepared this report as the result of our detailed testing, as further described, which was agreed upon by the Glen Cove City School District (District), on human resources and capital projects for the period July 1, 2023 through October 31, 2024.

The District's management is responsible for administering these areas.

This engagement is in accordance with auditing standards generally accepted in the United States of America and the applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, or the *International Standards for the Professional Practice of Internal Audit* issued by the Institute for Internal Auditors. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the District's human resources and capital projects. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the use and information of the Board of Education (Board), Audit Committee, and the management of the District, and is not intended to be and should not be used by anyone other than these specified parties.

Cullen & Danowski, LLP

Port Jefferson Station, New York
June 4, 2025

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 • FAX: 631-473-4863 • WWW.CDLLP.NET

Introduction:

This report is categorized by function (i.e., human resources and capital projects), as well as by the processes within the Human Resources (HR) area (i.e., employee administration, employee attendance, and hiring and separation of staff), and there are four sections under each function and process consisting of:

- Background information
- Procedures performed during our detailed testwork
- Findings resulting from our review
- Recommendations to enhance internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a financial investment. However, any improvement of controls should be done after a careful cost-benefit analysis.

Corrective Action Plan:

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan (CAP), approved by the Board, must be filed within 90 days of issuance with the New York State Education Department (NYSED).

The District should submit the CAP along with the respective Internal Audit Report via the NYSED Portal.

HUMAN RESOURCES – EMPLOYEE ADMINISTRATION

Background:

Good business practice requires that the District establish proper segregation of duties and robust controls over the human resources (HR) function. The HR departments in school districts coordinate closely with the payroll departments to manage valuable information about employee data. This collaboration is very important to maintain the completeness and accuracy of payroll-related transactions (e.g., salaries, claim forms, stipends, separation payouts, etc.), changes to salaries, activating or inactivating payroll payments, and the retention of proper documentation supporting the activities. Furthermore, given that payroll costs are one of the largest expenditures at the District, maintaining stringent internal controls is particularly important.

At the District, HR activities are handled by the Human Resources Department (Department), which oversees all the certified employees and non-certified employees. The department operates under the supervision of the Assistant Superintendent for Human Resources and is staffed by three clerical employees:

- A full-time Confidential Administrative Assistant with responsibilities related to the hiring and separation of staff, communications with payroll and benefits, tracking of employee seniority and leaves of absence, as well as responsibilities related to the annual professional performance reviews (APPR) for certified staff and annual evaluations for non-certified staff;
- A full-time Senior Administrative Assistant with responsibilities related to the hiring and separation of staff, review of timesheets, and reconciling the attendance data entries in nVision and Frontline Absence Management;
- And a full-time Administrative Assistant with responsibilities related to employee benefits.

The District utilizes the nVision financial system which has an HR module to store employee information and a payroll module to facilitate the payroll process. This is a powerful, sophisticated product that has been tailored to meet the requirements of New York State school districts. The HR and payroll modules are fully integrated with each other and are also integrated into the financial reporting module, which is very efficient and significantly minimizes the likelihood of processing errors.

Procedures:

Our procedures related to employee administration, in accordance with our engagement letter dated July 1, 2024, were as follows:

- Review Board policies and District procedures in detail related to the Human Resources (HR) employee administration activities.
- Conduct interviews with HR Office personnel responsible for HR activities regarding policies, procedures, and systems in effect and document the strengths, weaknesses, and key control attributes for testing.
- Review the administrative procedures of the HR staff to ensure that processing is authorized, performed, and monitored at an appropriate level. Additionally, we will assess the existing procedures in place to identify any opportunities for potential enhancements to leverage the functionality of the nVision system for efficiencies (e.g., position controls, data fields, etc.).

- Review the HR activities for the period under review as follows:
  - Select 10 leaves of absence during the period and review the HR files and supporting documentation for completeness and accuracy. In addition, we will review calculations regarding stop and return dates and related payroll payments, and review for proper authorization.
  - Review supporting documentation used by HR to document performance reviews. Select 10 employees to verify that a review was prepared

Findings:

Review of Board policies and District procedures related to the HR employee administration activities and interviews with HR Office personnel responsible for HR activities noted:

- There are numerous Board policies related to HR within the *Series 0000 – Philosophy, Goals, and Objectives* section, *Series 3000 – Administration* section, and the *Series 9000 – Personnel* section of the Policy Manual including *Evaluation of the Superintendent – 0320, Organization Chart – 3230, Personnel Goals – 9000, Personnel Records – 9160, Recruiting and Hiring – 9240, Conditional Appointment and Emergency Conditional Appointment (Student Safety) – 9260, Evaluation of Staff – 9420, Compensation and Benefits – 9500, Family and Medical Leave – 9520.2, Leaves of Absence – 9520.5, Disclosure of Wrongful Conduct (Whistleblower Policy) – 9645, Professional Learning and Staff Development – 9700,* and *Negotiations – 9800*. In addition, there are employment agreements with the bargaining units and non-aligned staff that contain pertinent information related to HR, payroll, and benefits.
- The District has established formal procedures that are performed by staff related to key processes regarding HR employee administration activities including onboarding new hires, managing leaves of absence, and employee separations.
- The District is in the process of transitioning to maintaining employee onboarding documents for new hires electronically in the Frontline Central system. Previously, the District maintained paper records related to the employees' HR files instead of using a web-based program to store documents electronically. Implementing a digital or electronic system will enhance the filing, storage, and retrieval process by allowing authorized users to access these records via computers.

Review of the processes related to the administrative procedures of the HR staff found:

- The District has formal procedures to ensure that processing related to HR activities are authorized, performed, and monitored at an appropriate level. In addition, the District is utilizing the position control functionality of the nVision systems HR module for all employees, except the per diem staff and permanent substitute teachers. The use of this functionality assists with enhancing efficiencies related to the management of data within the nVision system.

Selection of 10 leaves of absence during the period and review of HR files and supporting documentation noted:

- The HR files included accurate records and, if applicable, the calculations regarding stop and return dates and related payroll payments were properly authorized.

Review of supporting documentation used by HR to document performance reviews and selection of 10 employees to verify that a review was prepared found:

- The District has procedures to require that employee performance reviews be prepared annually for all staff. However, we were unable to find documentation to verify that a performance review for the 2023-24 year was completed for 1 out of the 10 employees selected for review.

Recommendations:

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

1. ***Web-Based Program*** – Continue implementing the use of a web-based program (e.g., FileBound, SchoolFront, Frontline Central, etc.) to maintain the employees' files in the HR area. This would enhance operational efficiencies related to the retention of records and the search/retrieval process to view documents, as well as reduce the need for maintaining hard copy records.
2. ***Annual Performance Evaluations for All Staff*** – Develop procedures to ensure compliance with preparing a formal annual performance evaluation for all staff and filing this documentation in the respective employee's HR file.

HUMAN RESOURCES – EMPLOYEE ATTENDANCE

Background:

We performed a review of the District's staff attendance activities that included meetings, discussions, and testwork to determine the effectiveness of the area. The District has established Board policies, formal procedures, standard forms, and designated personnel for managing staff attendance. All of the school buildings and departments maintain hardcopy Daily Sign-In/Out sheets that require employees to record their daily attendance by signing in and out each day at their respective locations. There are clerical staff who are responsible for maintaining the Daily Sign-In/Out Sheets and providing them to their respective administrator for review and approval prior to submission to the Human Resources Department. Additionally, these clerical staff are also responsible for collecting employees' Absence Request Forms, which staff must complete to request an absence. These forms are submitted to the Human Resources Department for verifying information and attendance in the nVision system (nVision) and the Absence Management system.

The District utilizes the Absence Management System (a Frontline program, which was previously named AESOP) to facilitate the attendance process for all staff, as well as the substitution process for instructional staff. The employees are required to enter their absence into the Absence Management System and, if necessary, a substitute is assigned to fill the position.

The District has procedures for tracking, monitoring, recording, and managing employee attendance. A clerk in each of the buildings' Main Offices is responsible for reconciling their building's Daily Sign-In Sheets with the attendance information in the Absence Management System Reports and the Absence Request forms. The Senior Administrative Assistant in the Human Resources Department is responsible for uploading the staff attendance data from the Absence Management System into nVision. NVision serves as the central repository for tracking, maintaining, and reporting staff attendance data. After the data is entered into nVision, the Senior Office Assistant then reconciles the staff attendance data input to nVision with the Daily Sign-In Sheets, Absence Request Forms, and Absence Management System reports to ensure completeness and accuracy of this attendance information.

Annual Rollover and Accruals – Benefit Time

The District has implemented formal procedures related to the annual rollover of benefit time. The Personnel Department is responsible for performing the annual rollover of benefit time within nVision to carry over the employees' earned, unused balances into the new fiscal year. The bargaining units' contracts include language

that defines the types and amounts of benefit time to rollover each year. The Administrative Assistants in the HR Department oversee the annual rollover of attendance records, which is a systematic process in nVision, to assign earned days to employees at the start of the fiscal year based upon their position. After the annual rollover is completed in nVision, the Administrative Assistants verify the accuracy of the annual rollover of benefit time by reconciling the carryover amounts to the ending balances of the prior fiscal year.

The monthly accruals of benefit time are limited to certain new employees hired after the start of the school year (e.g., teachers, clerical, teaching assistants, monitors, etc.), who earn benefit time each month based on their bargaining unit contract. The Senior Administrative Assistant in the HR Department has standard procedures for posting these monthly accruals into nVision based on the employees' earned benefit time, which depends on the length of service in the District. After posting the monthly accruals into nVision, the Administrative Assistant reviews the information for accuracy.

In addition to reviewing the Board policies, District procedures, collective bargaining agreements, and employee contracts related to staff attendance, we also interviewed the employees with responsibilities related to staff attendance. Our scope included a review of the staff attendance records for two attendance periods, one in May 2024 and one in September 2024, which included the Daily Sign-In Sheets, Frontline Absentee Reports, and nVision Daily Absence Reports for the chosen dates. In addition, we also selected 25 entries from nVision made during the period to ensure they matched the supporting documentation maintained by the buildings, the HR Department, and the Payroll Department.

Procedures:

Our procedures related to employee attendance, in accordance with our engagement letter dated July 1, 2024, were as follows:

- Review Board policies, District procedures, collective bargaining agreements, and employee contracts pertaining to staff attendance.
- Interview District staff responsible for recording and/or monitoring staff attendance to gain insights as to the current policies, procedures, and systems in effect for tracking and listing employees throughout the day.
- Evaluate internal controls and procedures related to the staff attendance processes. Identify any strengths and weaknesses within the process, and identify the key control attributes for testing.
- Examine staff attendance activities during the period as follows:
  - For each school and any department that administers staff attendance recordkeeping, select 2 pay periods. Then compare the attendance reporting to supporting documentation. On a sample basis, trace absences per the records to entries into the financial (or other) system.
  - Select 25 entries identified from the financial (or other) system, made during the period, and trace these entries back to supporting documentation.
  - Determine the systematic and/or manual procedures to reconcile the attendance logs to the financial (or other) system records and to ensure the completeness of the records.
  - Review the annual rollover of the attendance records from June 30, 2024 to July 1, 2024 for accuracy and compliance with contractual obligations. Investigate any unusual variances.
  - For any monthly award of benefit time, select 1 monthly accrual and test 25 entries to ensure compliance with contractual obligations.

Findings:

Review of Board policies, District procedures, collective bargaining agreements, and employee contracts pertaining to staff attendance and interviews with District staff responsible for recording and/or monitoring staff attendance noted:

- There are procedures at each location to require all staff to sign-in on the Daily Sign-In Sheet each day.
- The current procedures related to employee absence requests (i.e., personal or vacation days) require the employees to manually prepare a standard time off request form and submit the completed hard copy form for approval by the designated administrative staff. However, the use of the Frontline Absence Management system to facilitate this process would be more efficient than the current process of using and routing a standard hard copy form, which results in a duplication of efforts.
- There were instances when employees signed-in after their scheduled start time, signed-out prior to their scheduled departure time and signed in/out for the next work day based on our review of the Weekly Attendance Sheets. Further review found that there are no formal procedures at the schools or departments to document these occurrences.
- There are instances where the District staff are not entering their absences into the Absence Management system, as required. As a result, the Senior Administrative Assistant in the Human Resources Department is required to manually enter the attendance data into the nVision system

Review of the employee attendance records from each school and department for 2 pay periods found:

- All schools and departments submitted a weekly sign-in report during the cycles selected for review.
- There were 17 instances where an employee did not sign-in or out and an absence was listed in the nVision system, but the absence was not recorded in the Frontline Absence Management system.

Selection of 25 entries identified from the financial (or other) system, made during the period and trace to supporting documentation noted:

- There were 5 instances where an employee listed as absent in the nVision system had not been marked absent in the Frontline Absence Management system.

Review of the procedures to reconcile employee attendance logs to the financial system records found:

- There are adequate procedures for reconciling the attendance logs to the financial system records.

Review of the annual rollover of the attendance records from June 30, 2024 to July 1, 2024 for accuracy and compliance with contractual obligations noted:

- There are standard procedures and documentation within the nVision system to facilitate the annual rollover process performed by the Personnel Department clerks. However, there are no procedures in place to document the secondary review of the annual rollover by an administrator.
- Our testing found the rollover was accurate and in compliance with contractual obligations, with no findings or exceptions for those items tested.

For any monthly award of benefit time, selection of 1 monthly accrual and testing of 25 entries to ensure compliance with contractual obligations found:

- There were no exceptions noted during the testing of monthly accrual amounts for the employees who earn monthly awards of benefit time.

Recommendations:

We recommend that the District consider implementing the following to further improve internal controls and operational efficiencies within the HR area related to employee attendance:

3. ***Employee Absence Requests*** – Investigate the feasibility and functionality of utilizing technology in the Frontline Absence Management system to facilitate the District's processes related to employee absence requests regarding personal or vacation days. The use of an electronic or digitized process would be more efficient than the current process of using and routing a standard hard copy form.
4. ***Strengthen Annual Rollover Process of Benefit Time*** – Strengthen the process related to the annual rollover of benefit time by assigning a second person to review these records to ensure accuracy and completeness. We also recommend developing procedures to have the second person sign-off on these reports to memorialize their review.
5. ***Documenting Late Arrivals*** **–** Develop formal procedures to document occurrences when employees sign-in late for the day. We recommend that the District add a comments section to the standard Daily Sign-In Sheet to notate these late sign-ins and any other key pertinent information. In addition, establish procedures to ensure the Daily Sign-In Sheets at each building notate the days when an employee is working at another building.
6. ***Compliance with Utilizing the Absence Management System*** **–** Develop procedures to ensure that all employees comply with the District's protocols related to entering absences into the Absence Management System and establish measures to address instances when staff are non-compliant.

HUMAN RESOURCES – HIRING AND SEPARATION OF STAFF

Background:

Strong internal controls require that the District establish proper segregation of duties related to the hiring and separation of employees. The HR departments in school districts work with the payroll departments to communicate valuable information about employees. These communications should ensure the completeness and accuracy of payroll-related transactions (e.g., new hires, separations, stipends, separation payouts, etc.), changes to salaries, activating or inactivating payroll payments and the retention of proper documentation supporting these activities. We performed a review of the District's activities related to the hiring and separation of staff that included meetings, discussions, and testwork to determine the effectiveness of these processes.

Procedures:

Our procedures related to the hiring and separation of staff, in accordance with our engagement letter dated July 1, 2024, were as follows:

- Review Board policies, District procedures, collective bargaining agreements, and employee contracts pertaining to the hiring and separations of employees.
- Conduct interviews with employees responsible for tasks related to the hiring and separation processes regarding policies, procedures, and systems in effect.

- Evaluate the internal controls and procedures associated with employee hiring and separation processes. Identify strengths and weaknesses within the processes and determine the key control attributes for testing.
- Select 10 new hires during the period under review and test compliance with key internal controls.
- Select 10 separations during the period under review and test compliance with key internal controls.

Findings:

Review of Board policies, District procedures, collective bargaining agreements, and employee contracts pertaining to the hiring and separation of employees noted:

- There are Board policies and formal District procedures related to the hiring and separation for employees.

Interviews with employees responsible for tasks related to the hiring and separation processes regarding policies, procedures, and systems in effect found:

- The District is in the process of transitioning to maintaining employee onboarding documents for new hires electronically in the Frontline Central system. Previously, the District maintained paper records related to the employees' HR files instead of using a web-based program to store documents electronically. Implementing a digital or electronic system will enhance the filing, storage, and retrieval process by allowing authorized users to access these records via computers. (Refer to recommendation #1 above within the *Human Resources – Employee Administration* section)

Selection of 10 new hires during the period and testing compliance with key internal controls found:

- There were no exceptions resulting from the review of the selected 10 new hires as the appointments were Board-approved prior to the employees' effective start dates, the proper documentation was on file, and the rates paid aligned with the Board-approved rates.

Selection of 10 separations during the period and testing compliance with key internal controls noted:

- There were no exceptions resulting from the review of the selected 10 separations as the proper documentation was on file, as well as any separation payout to the employee was correct and timely.

Recommendations:

We have no recommendations related to our review of the hiring and separation of employees.

CAPITAL PROJECTS

Background:

The District is required to ensure that proper accounting is maintained related to the capital and bond projects within the Capital Projects Fund. As part of this responsibility, the District must report the status of individual capital projects in the annual financial statements (i.e., *Capital Projects Fund – Project-Length Schedule*). The District is currently involved with capital projects of various sizes that are funded by proceeds of obligations (i.e., bonds) or by approved transfers from the general fund. The *Capital Projects Fund – Project-Length Schedule* in the financial statements for the year ended June 30, 2024 lists numerous projects including the 2022 bond projects totaling $30,552,621. The schedule lists the authorization amounts, expenditures/transfers to date, unexpended balance, methods of financing, the fund balance/(deficit) amount for each project, and any bond anticipation note outstanding. We found that the capital projects' costs are accounted for in the District's G Fund within the nVision financial system.

Procedures:

Our procedures, as per the engagement letter dated July 1, 2024, were as follows:

- Interview appropriate personnel to discuss key processes that include the monitoring, recording, and accounting for the financial activities of the capital projects.
- Assess the District's account codes in the financial system to ensure that the codes facilitate the tracking and monitoring of budgets and expenditures related to the capital projects.
- Review the Capital Projects Fund statements and schedule as per the Financial Statements, for the year ended June 30, 2023 and the year ended June 30 2024, to assess the financial activity related to this fund and respective projects. On a test basis, we will compare the budgets of selected projects to the filings with the New York State Education Department (NYSED).
- Review the state aid reports for fiscal years 2023 and 2024 and compare to the District's records.
- Select 10 disbursements from the Capital Projects Fund to ensure that the vendor invoices were properly reviewed and approved, and that the charges were posted to the correct capital project.

Findings:

Interviews with appropriate personnel to discuss key processes that include the monitoring, recording, and accounting for the financial activities of the capital projects found:

- The Business Office tracks, records, and manages the District's capital projects using a detailed spreadsheet and established budget account codes in the Capital Projects Fund within the nVision financial system to account for the revenue and expenditure activities.
- The District has standard practices related to the handling of change orders regarding capital projects. We understand that the change orders require the proper approvals, including Board approval. However, this practice should be memorialized by creating a Board policy to formally document the handling of change orders regarding processes, approvals, and thresholds, if applicable.

Assessing the District's account codes in the financial system to ensure that the codes facilitate the tracking and monitoring of budgets and expenditures related to the capital projects noted:

- The District has distinct account codes in the Capital Projects Fund of the nVision financial system to record the budgets and expenditures of each project. However, we found that the District does not utilize the recommended account codes using the location code for the building and the program code for the NYSED project number. The use of the NYSED recommended budget account code structure in the nVision system would enhance the tracking and reporting of projects.

Review of the Capital Projects Fund statements and schedule as per the Financial Statements, for the year ended June 30, 2023 and year ended June 30, 2024, to assess the financial activity related to this fund and respective projects and, on a test basis, comparison of budgets of selected projects to the filings with the NYSED found:

- Review of the capital projects within the nVision financial system-generated *Appropriation Status Detail Reports*, the *Capital Projects Fund – Project-Length Schedule* as of June 30, 2024, the significant transactions posted to the capital projects budget account codes, and the supporting documentation related to the bond projects noted:
  - The expenditure amounts listed for each project related to the 2023-24 year in the *Appropriation Status Detail Reports* agreed to the *Capital Projects Fund – Project-Length Schedule* for each project.

Review of state aid reports and comparison to the District's records noted:

- There were no exceptions or errors as a result of reviewing the state aid reports and comparing the information to the District's records, where the amounts and project details were the same.

Selection of 10 disbursements from the Capital Projects Fund to ensure that the vendor invoices were properly reviewed and approved, and that the charges were posted to the correct capital project found:

- There was 1 instance where a payment to a vendor was made more than 90 days after the date listed on the invoice. We found that there were delays on the part of the vendor, causing this past due payment.

Recommendations:

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

7. ***Change Orders – Board Policy*** – Create a Board policy to address the handling of change orders where the Board could authorize the Superintendent or a designee to approve change orders up to a threshold amount (e.g., $10,000) without obtaining Board approval in advance of processing such change orders.
8. ***NYSED Recommended Account Codes*** – Consider using the NYSED recommended account codes, utilizing the location code for the building and the program code for the NYSED project number. The use of this recommended budget account code structure in the nVision system would enhance the tracking and reporting of capital projects.