Churchville-Chili Central School District

Corrective Action Plan for Internal Control Matters

Year Ended June 30, 2026

Audit Finding	Recommendation	Action Required	Completion Date / Report Back Date
PRIOR YEAR DEFICIENCIES PENDING CORRECTIVE ACTION			
Overtime Reporting As a result of the change in legislation the District is required to calculate and include qualified tax-exempt overtime in the employee's W-2 at the end of this year. Qualified overtime based on the new legislation may be inconsistent with overtime as defined in current contracts. In response, the software companies have attempted to address the issue, however, it may still require a manual review of overtime to ensure the qualified overtime is consistent with the new legislation. The District is currently evaluating this procedure and developing the specific process to be implemented.	We recommend the District make every effort to update their payroll reporting procedure as soon as possible to comply with the new reporting requirements. In addition, once implemented an independent review of that calculation should be completed to ensure what is included in the payroll register and subsequent W-2 is correct.	The Districts' financial software has been updated to allow overtime to be recorded as qualified or non-qualified for W-2 purposes. The District Treasurer will create a process to audit overtime beginning with the 2026 calendar year W-2's.	1/31/27
Payroll Testing During our examination, we noted that nurses do not complete time sheets for their regular annualized hours, but only report additional hours worked.	We recommend the District implement a process to document and approve all time worked by annualized employees to enhance recordkeeping and payroll oversight.	District Administration will begin requiring nurses to complete a timesheet for all hours going forward.	1/1/27