

Albany City School District

Payroll

AUGUST 2017



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

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Report Highlights

Albany City School District

Audit Objective

Determine whether employee salaries and wages were accurately paid.

Key Findings

District officials accurately paid salaries and wages.

- We reviewed the gross pay calculations of 30 employees over four payroll periods, totaling approximately \$252,000, to determine whether salaries and pay rates were authorized, overtime rates and hours were accurately calculated, and other provisions of collective bargaining agreements were accurately calculated and paid. Except for minor discrepancies which we discussed with District officials, the District accurately calculated and paid gross salaries and wages.

Key Recommendations

There were no written recommendations as a result of this audit.

Background

The Albany City School District (District) is located in the City of Albany in Albany County.

A seven-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 (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The Assistant Superintendent for Business Affairs (Assistant Superintendent) oversees the District's business operations.

Quick Facts

1,578	Employees
9,600	2016-17 Enrollment
\$234 Million	2016-17 Budgeted Appropriations
\$92 Million	2015-16 Personal Service Costs

Audit Period

July 1, 2015 – March 31, 2017

Payroll

The Board approves new positions and authorizes employee hiring. One of the three payroll clerks is responsible for entering employees and their payroll information into the system based on documentation provided by the Human Resources (HR) Department, which maintains personnel files, and according to terms in collective bargaining agreements (CBAs), individual contracts and Board resolutions.

Salary and wage rate changes must be initiated and authorized by the Board. Documentation of such changes is prepared and reviewed by the HR Department prior to being sent to the business office. The Director of Business Operations (Director) approves the documentation and a payroll clerk prepares the changes.

Each of the three payroll clerks has assigned duties related to processing payroll and reviewing the work of the other clerks. For example, every payroll cycle, parameters¹ are set by one of the clerks and reviewed by another.

After payroll is processed, payroll registers and other summary information (i.e., gross pay, net pay to be paid via direct deposit, net paychecks prepared) are prepared and provided to the Director along with supporting documentation to compare the prior payroll to the current payroll.

One of the clerks then prepares additional summary information and reports for the processed payroll. The information includes, but is not limited to, gross pay, net amount of pay to be direct deposited, net amount to be paid by checks, and the combined total of checks and direct deposit payments with comparison information from the prior payroll. The reports also include overtime reports and change reports. This documentation is reviewed and approved by the Director and the Assistant Superintendent, who also certifies the payroll to provide oversight of the process.

How Should District Officials Ensure That Salaries and Wages Are Accurately Paid?

Payroll makes up a significant portion of the District's operating costs; therefore, District officials should establish procedures to ensure that employees are paid the salaries and wages authorized by the Board. A well-designed payroll processing system requires policies and procedures that provide guidance and oversight for employees who process payroll. The Board should establish and approve all salary and hourly wages by position or as part of a CBA. The terms and conditions of CBAs should be clearly communicated to those responsible for payroll processing. Additionally, payroll authorizations should be segregated from payroll preparation and processing. Any changes in employment status,

¹ Parameters are the conditions or settings that control various aspects of processing the payroll; for example, the type of employee, the calendar used to define the payroll periods, the account codes that payments are made from, and any other properties that must be enabled to accurately process the payroll.

salary and wage rates should be properly authorized, approved and documented to support the changes. Finally, before checks are distributed, payroll registers or similar records should be reviewed and independently certified to provide oversight of the payroll process.

Employee Salaries and Wages Were Accurately Paid

District officials accurately paid salaries and wages according to their well-designed payroll process established to provide assurance that employees are paid in accordance with Board authorizations and that payroll transactions are appropriately supported and authorized by management. For four payroll periods within our audit period, we reviewed the gross pay calculations of 30 employees in each payroll period,² totaling approximately \$252,000, to determine whether salaries and pay rates were authorized, overtime rates and hours were accurately calculated, and other provisions of CBAs were accurately calculated and paid. We also reviewed leave records to determine whether employees were entitled to leave taken during the period reviewed. Except for minor discrepancies which we discussed with District officials, the employee salaries and wages reviewed were accurately calculated and paid.

We commend District officials for establishing a well-designed system for processing payroll to ensure that employees are accurately paid the salaries and wages to which they are entitled.

² See Appendix B for a detailed description of our sample selection.

Appendix A: Response From District Officials



RAISE THE BAR. COMMIT TO EXCELLENCE.

WILLIAM F. HOGAN, ASSISTANT SUPERINTENDENT FOR BUSINESS AFFAIRS

August 16, 2017

Office of the State Comptroller

████████████████████
One Broad Street Plaza
Glens Falls, NY

Dear ██████████:

The District is pleased with the audit results and the comment in the report that its payroll processing system is well-designed. There are no findings or recommendations that gave rise to written comments.

The District's experience with the audit staff, as well as process was positive. We found the staff to be professional and knowledgeable in the areas being audited.

If you have any questions, or need any additional information please don't hesitate to contact us..

Best Regards,

William F. Hogan

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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, we performed the following audit procedures:

- We interviewed District officials and employees and reviewed District policies, procedures, CBAs, employee contracts, Board resolutions and various District records to gain an understanding of the District's payroll process.
- We verified salaries and pay rates through comparisons with authorizations, hire dates and other employee records. We verified longevities and other provisions of CBAs that employees were entitled to.
- To verify employees' salaries and pay rates were accurate, we selected a random sample of 30 employees to recalculate their pay for four randomly selected pay periods. During our sample selections, we found some of the originally selected employees were not included in the three other pay periods we selected for review; therefore, we randomly selected a total of 18 employees over the three other pay periods in order to test a total of 30 employees for each pay period.

We conducted this performance audit in accordance with GAGAS, generally accepted government auditing standards. 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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