

**CORRECTIVE ACTION PLAN**  
**INTERNAL AUDIT REPORT ON PAYROLL PROCESSING**  
June 30, 2019  
AUDIT FIRM – R.S. ABRAMS

**Payroll Procedures**

**Procedure Performed:** We reviewed the District’s Board policies, procedures and practices with regards to the internal controls related to payroll.

**Findings:** We noted the District does not review the *Payroll Change Report* generated from the accounting information system.

**Recommendations:** We recommend the District implement procedures to review the *Payroll Change Report* generated from the accounting information system to ensure that payroll changes are being properly authorized and input correctly.

**District Response:** While the District does not utilize the payroll change report to compare pay period salaries, we do compare the payroll activity report from the prior period to the current period, which will show any changes. This effectively accomplishes the same thing. If there are any changes noted, the payroll department ensures there is sufficient supporting documentation.

**Payroll Accounting**

**Procedure Performed:** We obtained a sample of 40 contractual and non-contractual employees to verify the following:

- The employee’s salary and/or hourly rate as indicated on the *Payroll Check Register* agreed to the applicable employment contract and/or Board approved pay rate.
- The employee’s withholding as indicated on the *Payroll Check Register* agreed to the withholding as per the employee’s IRS Form W-4.
- Net salary as indicated on the *Payroll Check Register* agreed to cancelled check (if applicable).
- Direct deposit authorization form existed (if applicable).

**Findings:** No exceptions were found as a result of applying these procedures.

**Recommendation:**  
N/A

**District Response:**  
N/A

### New Hires

**Procedure Performed:** We obtained a sample of 10 new hire employees to verify the following:

- The Board approval of the new hire in the Board minutes.
- The employee's salary and/or hourly rate as indicated on the *Payroll Check Register* agreed to the applicable employment contract and/or Board approved pay rate.

**Findings:** No exceptions were found as a result of applying these procedures.

**Recommendations:**

N/A.

**District Response:**

N/A

### Overtime

**Procedure Performed:** We obtained a sample of 10 employees who received overtime pay to verify the following:

- Overtime hourly rates were properly calculated and agreed to employment contracts.
- Time sheets were calculated accurately.
- The reason for overtime was listed on the time sheet.
- The overtime hours worked were properly approved.

**Findings:** During our procedures performed, we noted that the District does not require preapproval of overtime for employees other than business office employees. We also noted that the agreement between the Plainedge Board of Education and the Civil Service Employees Association Inc., Local 1000, AFSCME, AFL-CIO, Unit 18, Nassau Educational Local 865; states that overtime pay excludes longevity, night differential and building checks. In 2007, the District determined that the contract incorrectly defined the term "overtime" and issued an agreement to define the term "overtime" to include longevity, night differential and building checks in its calculation. However, we noted that in the CSEA employment contract dated July 1, 2016 to June 30, 2021, the term "overtime" is again incorrectly defined.

**Recommendation:** We recommend that the District require preapproval for overtime for all bargaining units. We also recommend the District update the definition of the term "overtime" in the CSEA employment contract when updated.

**District Response:** The District will reinforce the requirement for pre-approval of overtime outside of the Business Department. In addition, the definition of overtime will be corrected in the CSEA employment contract when next updated.

**Stipends**

**Procedure Performed:** We obtained a sample of five employees who received stipend pay and verified the following:

- Stipend amounts agreed to employment contracts and/or Board minutes.
- Proper documentation existed such as a time sheet.
- Stipend payments were properly approved.

**Findings:** No exceptions were found as a result of applying these procedures.

**Recommendation:**

N/A

**District Response:**  
N/A

**Substitutes**

**Procedure Performed:** We obtained a sample of 10 employees who substituted for a permanent teacher and verified the following:

- Contracted rate agreed to employee contracts and/or Board minutes.
- Proper documentation existed such as a time sheet and attendance records.

**Findings:** No exceptions were found as a result of applying these procedures.

**Recommendation:**

N/A

**District Response:**  
N/A

**941 Reconciliation**

**Procedure Performed:** We tested the quarterly IRS 941 forms verifying amounts agreed to the general ledger and were reconciled quarterly.

**Findings:** No exceptions were found as a result of applying these procedures.

**Recommendation:**  
N/A

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| <b>District Response:</b><br>N/A |
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**Active Employees**

**Procedure Performed:** We obtained a sample of 10 active employees from the District's accounting information system and reviewed the following:

- The building level sign in sheets to verify the employees were current employees of the District.

**Findings:** No exceptions were found as a result of applying these procedures.

**Recommendation:**  
N/A

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| <b>District Response:</b><br>N/A |
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### **SEPARATIONS**

**Procedure Performed:** We obtained a sample of 10 former employees who separated from the District to verify the following:

- The employee was entitled to receive a separation payment upon separation from the District, if applicable.
- The separation payment was calculated in accordance with employment contract stipulations, if applicable.
- Calculation of the separation payment was properly approved, if applicable.
- The former employee did not receive compensation subsequent to the date of the last separation payout.
- The employee's final contractual payment was properly calculated, if applicable.
- If the employee did not receive a separation payment, that the employee was not entitled to receive a separation payment upon separation from the District.

**Findings:** No exceptions were found as a result of applying these procedures.

**Recommendation:**

N/A

**District Response:**

N/A