

AGENDA

BOARD OF EDUCATION • LEVITTOWN, NEW YORK

LEVITTOWN UNION FREE SCHOOL DISTRICT • TOWN OF HEMPSTEAD • LEVITTOWN, NEW YORK
www.levittownschoools.com

AUDIT COMMITTEE MEETING

LEVITTOWN MEMORIAL EDUCATION CENTER

Wednesday, August 15, 2018

6:30 PM Meeting convenes with anticipated adjournment to Executive Session

7:30 PM Meeting reconvenes in Audit Committee Meeting

Success for Every Student

CALL TO ORDER

1. CALL TO ORDER

I. 6:30 P.M. - Anticipated Motion to move to Executive Session.

Recommended Motion: "BE IT RESOLVED, that the Levittown Board of Education does, hereby, move to Executive Session for the purpose of matters leading to the discipline of a particular teacher."

II. 7:30 P.M. Reconvene Public Session

1. Pledge of Allegiance

2. Moment of Silence

III. Report by Cullen and Danowski

V. Adjourn

Levittown Union Free School District
Independent Accountant's Report On
Applying Agreed-Upon Procedures
Date, 2018

Draft for BOE Review

Attachment: AUP Testing Report 17 (3225 : CALL TO ORDER)

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Education and Audit Committee
Levittown Union Free School District
Levittown, New York

We have performed the procedures described in the following pages, which were agreed to by the Levittown Union Free School District (District), solely to review the payroll, benefits and travel and conference activities for the period January 1, 2017 through November 30, 2017.

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

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 on the District's payroll, benefits and travel and conferences administration. Accordingly, we do not express such an opinion. 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 information and use of the District and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purpose.

Date, 2018

Attachment: AUP Testing Report 17 (3225 : CALL TO ORDER)

TENTATIVE DRAFT
LEVITTOWN UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures
For the Period Ended November 30, 2017

Introduction:

This report is organized as follows: categorized by function (i.e., Payroll, Benefits and Travel and Conferences) and there are five sections under each function consisting of:

- Background information
- Summary of the engagement
- Procedures performed during our detailed testwork
- Findings as a result of our review
- Recommendations to further strengthen internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a monetary investment. However, any enhancement 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, approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department.

The District should submit the Corrective Action Plan (CAP) along with the respective Internal Audit Report via the New York State Education Department portal.

Attachment: AUP Testing Report 17 (3225 : CALL TO ORDER)

TENTATIVE DRAFT

LEVITTOWN UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
 For the Period Ended November 30, 2017

PAYROLL**Background:**

As with most school districts, payroll is the single largest expenditure of the District. In the year ended June 30, 2017, total payroll (before associated taxes) was \$117M. Total General Fund expenditures for the year was \$192M (excluding the transfer to Capital Projects).

The Payroll Department is under the responsibility of the Assistant Superintendent for Business and consists of two full-time and one part-time staff. The Payroll Department works very closely with the staff in the Human Resources Department and, over the years, roles and responsibilities have developed between the two departments.

The vast majority of staff are paid in accordance with collective bargaining agreements, which define pay rates, benefits and working conditions. Some staff are paid in accordance with individual employee contracts.

We had previously performed detailed testing of the payroll and benefit areas in 2011, and we have followed up on the procedures in place during our annual risk assessment.

Summary:

The payroll function appears to be working well. We identified no errors in the testing. The staff we worked with have an understanding of the procedures and the appropriate internal controls.

Procedures:

The following procedures were performed, specified by the Board of Education (Board) and the management of the District, to determine the District's effectiveness in complying with policies and procedures related to the payroll and accounting areas during the period of January 1, 2017 through November 30, 2017.

Payroll

We performed the following procedures:

- Reviewed Board policies and District procedures related to the payroll functions.
- Interviewed Business Office personnel regarding policies, procedures and systems in effect.
- Reviewed the current payroll cycle process and identified the strengths, weaknesses and key control attributes for testing.
- Performed a payroll reconciliation from 1 cycle to the next during this fiscal year. On a test basis, review supporting documentation for all activities in 1 of the payrolls.
- Reviewed all collective bargaining agreements and a sample of individual employment agreements to understand the terms and conditions.

TENTATIVE DRAFT

LEVITTOWN UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
 For the Period Ended November 30, 2017

- Reviewed payroll related activity for the time period under review as follows:
 - For contractual payments – selected a sample of 50 payments to ensure amount paid agrees to employee records and contract (if applicable) and compared all amounts withheld for taxes, benefits, etc. to supporting documentation.
 - For non-salary payments (i.e., hourly, stipend, overtime, etc.) during that time period – selected a sample of 50 payments to ensure proper approval and amount.
 - For separation payments – selected a sample of 5 payments to ensure final amounts are correct (i.e., retirement incentives; accumulated unused time), proper documentation is on file (i.e., retirement or resignation letter from employee, Board resolution) and compliance and specifications in the respective contract.
 - For disbursements to third parties as a result of withholdings (i.e., union dues, taxes, etc.) during that time period – selected all third party payments from the 2 payroll cycles selected for the reconciliation testwork and ensured all monthly payments had been captured.
 - For changes to the payroll module data during that time period – selected a payroll change report for 2 payrolls and on a test basis, ensured all edits were appropriate, as well as properly approved and supported (i.e., Board approval).
 - For substitute teacher payments – reviewed and documented the procedures. These payments were selected from 1 pay cycle during that time period to ensure accuracy and completeness, as well as reconciled these payments to the permanent teachers' absences and ensured the absence was recorded. Based on the results, determined if a reconciliation process needed to become a regular procedure.
 - For 1 recent payroll, had District administrative staff confirm that the employee payroll expense is charged to the correct budget codes.

Findings:

- The District will be migrating to a new version of Finance Manager called nVision. As part of this migration, detailed procedures for the functions performed in payroll should be developed.
- There were no errors noted in any of the transactions we tested. All had been adequately supported by collective bargaining agreement or individual contract.
- The review of confirming budget codes for payroll related expenditures indicate no significant discrepancies. Having accurate payroll costs per building will be important based on the new State Department of Education requirements.

Recommendations:

We have no recommendations as a result of the work performed and the findings.

TENTATIVE DRAFT
LEVITTOWN UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended November 30, 2017

BENEFITS

Background:

The District has one clerical person who is responsible for the administration of benefits. This is a role that requires attention to detail, since it is important that this person inform the benefit vendors and the payroll staff of changes.

Summary:

Overall there is clear improvement from our prior review in this area. The Benefits Clerk appears to have a firm understanding of the issues and has developed spreadsheets and checklists to help limit the exposure to errors.

Procedures:

For each type of benefit we will review the operations as follows:

- Determine that the processes and procedures in place comply with laws and regulations and that there are adequate internal controls regarding benefit activities.
- Compared the benefits and amounts withheld from employees and confirm they are appropriate. We selected 25 participants in each plan and verified that the billings from the vendor and the deductions from the employees were proper. If the benefit program includes retiree participation, we selected 25 retirees, verified their eligibility and ensured the accuracy of the payment.
- Reviewed the District's reconciliation of the monthly invoice for each benefit program to the District's employee and payroll records. In the event that the reconciliation was not prepared, we will assist the District in performing the reconciliation. If necessary, we will also assist the District in automating the reconciliation process to provide greater efficiency and accuracy.

Findings:

- There were several timing differences related to reconciling the health insurance invoice to the payroll records. Due to a lack of communication to the Payroll Department, changes that should have been made to the payroll records (to change the employee share of withholdings) had not been made on a timely basis. These discrepancies were not for significant amounts of money and in all likelihood would have been addressed the next time the Benefits Clerk reconciled the health insurance records to the payroll records.

Recommendations:

1. We recommend that the District consider having a second person either perform the reconciliation of health benefits or perform a detailed review to help ensure all differences are adjusted on a timely basis.

TENTATIVE DRAFT
LEVITTOWN UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended November 30, 2017

TRAVEL AND CONFERENCES

Background:

The administration of Travel and Conferences is a relatively complicated area for any school district. Since these activities impact District staff, it is important that the processes and procedures are clearly stated and administered consistently to ensure smooth processing.

Summary:

The District has spent considerable effort addressing this issue over the past year. Written instructions have been developed and circulated to staff. The Business Office performs detailed reviews of each claim to ensure the activity has been properly authorized, and the costs are appropriate.

Procedures:

- Interview Business Office personnel regarding policies, procedures and systems in effect.
- Select 15 reimbursements and test for compliance with established procedures.

Findings:

- As noted above, the District has developed strong, written procedures to help ensure costs incurred are properly approved, administered and reimbursed.
- In our review of 15 claims there were no exceptions noted.

Recommendations:

We have no recommendations as a result of the work performed and the findings.

