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Date: February 12, 2021

To: Audit Committee
Dobbs Ferry Union Free School District

From: Nugent & Haeussler, P.C.

Re: Internal Audit Services -- Payroll and Personnel
Reference #2021-1

In accordance with our proposal and the Annual Risk Based Internal Audit Plan, we have conducted our internal audit services with respect to the Payroll and Personnel of the Dobbs Ferry Union Free School District.

CONCLUSION

The grading standards are Satisfactory, Acceptable, and Unsatisfactory.

The controls over Payroll and Personnel are rated *Satisfactory*.

District management is to submit a response to the Audit Committee with copies to interested management and the auditor by March 31, 2021.

OBJECTIVE/SCOPE

The purpose of the internal audit services is to assist the Audit Committee in making a determination with respect to:

- To ensure that policies and procedures provide for the safeguard of District resources
- To ensure that policies and procedures provide for timely and accurate accounting of payroll and related transactions
- To ensure that regular and overtime pay is properly documented, approved and certified
- To ensure that adequate payroll documentation is maintained in accordance with Department of Labor, Civil Service and other contractual provisions

- To ensure that District payroll and personnel policies are maintained, disseminated and adhered to
- To ensure that there is an adequate and sufficient system of tracking compensated absences
- To ensure that payroll processing duties are properly segregated

The internal audit covered sampled transactions from July 1, 2020 through January 14th 2021. The internal audit services were conducted on January 13th and 14th 2021.

PROCEDURES & FINDINGS

Payroll Policies

During our review of the District's payroll and personnel policies, it was noted that several of the policies have not been reviewed or updated for many years.

We recommend that all of the District's payroll and personnel policies are reviewed on an annual basis and updated where necessary. We also recommend that the use of a service organization be documented within the policy.

Payroll Certification Review

During our review of the payroll certifications, we found that an individual not designated by the Board of Education certified one of the payrolls.

We recommend that the payroll be certified only by individuals designated by the Board of Education.

Payroll Budget Code Review

During our review of the payroll budget codes, it was noted that a payroll budget code review takes place on an annual basis.

We recommend that payroll budget codes are reviewed for overspent payroll budget codes more frequently than on an annual basis.

Health Insurance Buyout

During our review of the District’s health insurance buyout listing, it was noted that some employees did not have health insurance opt-out forms available for our review.

We recommend that required documentation for District employees is reviewed and any missing information is followed up on.

Retiree Health Insurance Census

During our review of the District’s census letters for retirees, it was noted that some employees did not return their retiree health insurance census letter, with no follow up performed.

We recommend that an individual is assigned the responsibility of contacting and following up with retirees that failed to provide the District with necessary paperwork.

Employee Personnel Files

During our review of the District’s employee personnel files, it was noted that some employees were missing key documentation required during the hiring process.

We recommend that all required documentation for District employees is reviewed on a regular basis.

During our review of the District’s personnel files, it was noted that some employees had physical files while other employees had documents uploaded electronically.

We recommend that a uniform system is implemented for maintaining all employee personnel files.

Quarterly Payroll Reports

During our review of the 3rd quarter Form 941 and NYS-45 we found that an individual from the business office at Dobbs Ferry Union Free School District is not documenting the review of the quarterly payroll reports.

We recommend that an internal review of the quarterly payroll reports be performed and documented by an employee independent of the service organization’s payroll function prior to the preparer signing off and mailing out the form.

Other

In addition to the items listed above in the Procedures & Findings area of this letter we performed other procedures with respect to Payroll and Personnel and have no further recommendations.

We made inquiries of District employees involved in the processes for payroll and personnel to get an understanding of the controls in those areas.

We reviewed the current payroll policy to ensure an employee independent of the payroll and personnel functions has been assigned to the certification of payrolls.

We reviewed the listing of employees that left the district during the 2020/2021 school year to ensure all individuals eligible for COBRA benefits were offered these benefits and that the employees were inactive in the payroll system.

We reviewed the information on a random sample of salary agreements to the employee contracts to ensure the information followed the contract.

We reviewed the payroll bank reconciliation for the month ended November 30, 2020 to ensure the district was following procedures properly.

We reviewed the employee deduction report for 403B and catch-up contributions to ensure all district employees are within the legal limit and proper documentation was retained.

We reviewed the sick bank schedule to ensure that it was being used properly and that all used time from the sick bank has proper documentation available for review.

We reviewed a listing of employees receiving direct deposit to the forms kept at the district to ensure the information in the system was accurate.

We also reviewed employees that retired during the 2020/2021 school year to ensure they were marked as inactive on the system and that they have been offered the retiree health incentive based on the individual's contract.

We also reviewed the Wincap permissions of the employees of the business office to ensure that only employees with the logical need to the payroll and personnel system had access to those areas.

We also reviewed the process for tracking attendance for district employees.

We reviewed employee withholding allowance certificates to ensure that they were properly completed and carried out.

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

Respectfully Submitted,



NUGENT & HAEUSSLER, P.C.

cc: Ron Clamser