



QUESTAR III
PUTTING STUDENTS FIRST

Bethlehem Central School District:

FY 2019/20 Attendance Follow-Up Audit

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June 9, 2020

Board of Education
Bethlehem Central School District
700 Delaware Avenue
Delmar, NY 12054

We have completed the review of controls for the Bethlehem Central School District. Our engagement was designed to evaluate the adequacy of internal controls over the Staff Attendance processes to ensure they are appropriately designed and operating effectively and efficiently. And, to provide a report with recommended changes for strengthening controls and reducing identified risks.

The purpose of the review was to evaluate the internal controls that the District has in place to prevent errors, detect fraud and ensure that financial reporting is accurate and that the District assets are safeguarded.

RELIABILITY OF INFORMATION

In performing our engagement, we obtained a sample from the population of District employees to test the accuracy and reliability of information provided by District personnel.

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face the District. Any comments and recommendations in the attached report are the responsibility of the District to implement, accept the risk as identified, or implement alternative controls that will mitigate the risk to a level that is acceptable by the District. Ultimately, it is your responsibility to assess the adequacy of your risk management system.

DISTRIBUTION OF THE REPORT

This report is intended solely for the information and use of the Board of Education and management of Bethlehem Central School District and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your organization for their cooperation. Over time, it will be necessary to reassess your risks to ensure that they have not changed and to ensure that your risk management system is functioning properly. Through our ongoing involvement with you as a client and our knowledge of your district and its processes, we are in a unique position to assist you with that process. Please contact us at any time should you desire such services.

Sincerely,

Mark Beaudette

Mark Beaudette
Internal Audit Manager
Questar III

REPORT TO THE BOARD OF EDUCATION

ENTITY NAME	Bethlehem Central School District
REPORT DATE	March 10, 2020
PROCESS REVIEWED	Staff Attendance – Follow Up Audit
PERSONNEL INTERVIEWED	<p>Amy Baluch, Director of Human Resources</p> <p>Phyllis Albano, Treasurer/School Business Administrator</p> <p>Tina McKay, Personnel Assistant</p> <p>Nancy Clark, Support Staff Clerical Assistant</p> <p>Anne Spataro, High School Office Manager</p> <p>Marie Spain, Secretary Eagle Elementary</p> <p>Julie Martin, Transportation Account Clerk</p> <p>Jeanette Machlowski, Hamagrael Elementary</p>
SCOPE OF WORK	<p>We reviewed the District’s policies and conducted interviews with relevant personnel to assess the efficiency and effectiveness of the Staff Attendance processes.</p> <p>We selected a sample of 40 employees from a population of 880 employees with leave balances for the fiscal year ending June 30, 2019 and tested these for District required documentation and accuracy.</p> <p>We also reviewed the collective bargaining agreements for an understanding of request and approval processes, unused balance carryover, and types of absences, including sick bank contributions.</p>
SCOPE RESTRICTIONS	No restrictions were noted.
AUDIT OBJECTIVES	<ul style="list-style-type: none"> • Evaluate the efficiency and effectiveness of the Staff Attendance process; • Determine the existence and effectiveness of the system of internal controls; • Evaluate compliance with laws, regulations, and policies; • Test District’s corrective action plan in response to the 2011/12 Attendance Internal Audit; and • Provide recommendations to help mitigate any identified risks.
KEY PROGRAM CONTROLS	<p>The District created the following key program controls designed to meet business obligations, provide accountability, and promote operational effectiveness & efficiencies:</p> <ul style="list-style-type: none"> • The District utilizes a Leave of Absence Request and Report of Absences document. It is required to be completed and signed by the employee, signed or initialed by the building principal or department supervisor. A copy of the document stays in the initiating department, a second copy goes to the employee and a third is sent to the business office;

	<ul style="list-style-type: none"> • The District uses the nVision system to track each employee’s bank of time off benefits; • The District’s teachers are required to use the BOCES sub-service for attendance to ensure substitute teachers are appropriately assigned; • Each day, an attendance report is obtained from the BOCES sub-service and is used to report the information in the nVision system; • Each employee’s time off is accumulated, credited and charged in accordance with the applicable bargaining agreement; • The District published Human Resources Attendance Procedures as a guide to direct personnel involved in the staff attendance process. This remedied a condition cited in the 2011/12 audit; and • Beginning in March of 2020 a second representative in each school or department will verify the attendance entries made in nVision by the original person of entry. Prior to that, the verification was done by the Human Resources department.
<p>ADDITIONAL INFORMATION</p>	<p>The nVision system will allow an operator to enter an absence that requires more hours than an employee has available. The District has instituted the mitigating control of having the HR assistants run a negative balance report at least once monthly. From this report they can investigate and take corrective action when necessary.</p>
<p>OBSERVATIONS AND RECOMMENDATIONS</p>	<p><u>Observation 1:</u> From the sample of 40 employees tested we identified the following:</p> <ul style="list-style-type: none"> • One employee where the amount of annual time credited differed from the amount we calculated should be credited based on the contract. This gave an employee 37.5 less vacation time than we calculated. • Ten employees where the documentation provided to us for sick time did not fully add up to the amount of sick time charged to the employees. This difference totaled 105.5 hours. • Four employees where the documentation provided to us for personal time did not fully add up to the amount of personal time charged to the employees. This difference totaled 29.75 hours. • Two employees where the documentation provided to us for personal time exceeded the amount charged to the employees totaling 7.49 hours. • One employee where the documentation provided to us for sick time exceeded the amount charged to the employee by 10.75 hours. • Seven employees where In-School time was not reported in the BOCES sub-service system. These totaled 31 sessions for 41 hours. The District requires all instructional staff to enter In-School time in the BOCES system. • Three employees that had a leave of absence without pay charged but the documentation for this time did not fully add up. This difference totaled 23.75 hours. • One employee who was charged two hours for a cancer screening where there was no documentation provided to us.

- One employee where personal time was entered into the system as sick time.
- Two time-bank rollovers from 2018-19 to 2019-20 that did not maintain the same number of hours. One vacation time where 80 hours did not roll over and one sick time where 10 hours did not roll over. After the completion of fieldwork the District provided evidence that the differences in the rollovers were based on valid adjustments.

Recommendation: The District should retain documentation related to all employee absences in a manner that it can be retrieved upon request. District officials stated that they will consider changing the method certain absence documentation is filed; which is presently by pay period. Because the District requires instructional staff to enter In-School time in the BOCES system a method should be developed to monitor compliance. If any adjustments need to be made to an employee's cumulative balance, they should be well documented and not made as a change to the rollover amount. The District should review the instances where the auditor calculated a different annual amount than was credited and attempt to understand the nature of the discrepancy.

Observation 2: District teacher absences are initially recorded through the BOCES sub-service system. Whenever a substitute is required to fill a teacher vacancy an entry must be made in the sub-service system by the teacher. If the entry is not made this will be detected by the school office staff. In situations where a substitute is not required, there is a risk that a teacher will not report the absence and this will not be detected. As part of the corrective action plan from the 2011-12, the District indicated that the Assistant Superintendent had notified Bethlehem Central Teachers' Association members that they are required to report absences using the BOCES system, regardless if a substitute is needed or not.

Recommendation: The District should consider a method to monitor Teachers' Association absences apart from self-reporting. District staff indicated that special education provider absences do not require a substitute and, consequently, may not always be detected.

Observation 3: The BOCES sub-service does not interface with the nVision system. Consequently, the teacher attendance records have to be downloaded from the sub-service and then manually entered into nVision, which increases the risk for error. A similar observation was made as part of the 2011-12 audit.

Recommendation: The District should consider using a sub-service that integrates with nVision or contact BOCES about having changes made to the sub-service program that would allow for integration with nVision. In lieu of this the District should consider adopting a process of reconciliation of absences from the BOCES sub system report to the absences recorded in nVision to ensure that absences are properly recorded. The 2011-12 corrective action plan included a process of reconciliation.

BETHLEHEM CENTRAL SCHOOL DISTRICT STAFF ATTENDANCE AUDIT 2019-20

SUBMITTED BY:	Mark Beaudette, Internal Audit Manager
DATED:	March 13, 2020

Amy Baluch
Human Resource Director
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Bethlehem Central School District

<http://bethlehemschools.org>



TO: Jody Monroe, Superintendent
Audit Committee Members

FROM: Amy Baluch, Human Resource Director 
Phyllis Albano, Treasurer/Business Administrator
Judith Kehoe, Chief Business and Financial Officer

DATE: May 12, 2020

SUBJECT: Response to Internal Audit Report- Human Resources -Staff Attendance

I would like to provide background information related to staff attendance reporting. During the period of time that this audit covered (2018-19) school year, there were significant changes in staff responsibility within the business office related to attendance. Due to staffing changes, duties were reassigned mid-year. HR staff took over the process of attendance verification as it was currently being done. HR staff finished the 2018-19 school year verifying attendance by pay period within the scope of their current responsibilities. In the 2019-20 school year, a process was developed whereby all attendance entries and verifications were to be done at the building/department level by two secretaries, and training was provided. This process remains in place going forward.

OBSERVATION 1:

Recommendation:

a. *The District should retain documentation related to all employee absences in a manner that it can be retrieved upon request. District officials stated that they will consider changing the method certain absence documentation is filed; which is presently by pay period.*

Effective 7/1/20, the HR staff will file all leave forms alphabetically in order to retrieve them when requested.

b. *Because the District requires instructional staff to enter In-School time in the BOCES system a method should be developed to monitor compliance.*

Building secretaries monitor and enter attendance at the building level. The information entered is used to pay substitutes. The BOCES substitute report is run daily and used to determine and ultimately match an absence for instructional staff to a substitute. The majority of absences

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require a substitute and are verified through this process. In the rare instance whereby an instructional staff member may not need a substitute, the building secretary uses the BOCES report to enter the appropriate code for the absence. Instructional staff are directed to put all absences in the BOCES system, regardless of if a substitute is needed.

C. In conversation with District officials, it was suggested that rollover discrepancies may be the result of adjustments applied to the rollovers. If any adjustments need to be made to an employee's cumulative balance, they should be well documented and not made as a change to the rollover amount. The District should review the instances where the auditor calculated a different annual amount than was credited and attempt to understand the nature of the discrepancy.

For any adjustments made to an employee's rollover based on a contractual requirement, or from a request made and granted in a memorandum, HR staff will make the adjustment and then make a notation in the comments of the entry as a reference for the calculation. HR provided specific contract language to justify entries made that were deemed to be discrepancies. The process whereby the HR staff will make separate entries with a notation will alleviate any future discrepancies. HR also maintains all paper/electronic backup for all entries.

OBSERVATION 2:

Recommendation:

a. The District should consider a method to monitor Teachers' Association absences apart from self-reporting. District staff indicated that special education provider absences do not require a substitute and, consequently, may not always be detected.

As noted above in 1b, building secretaries run a report from the BOCES substitute system daily and compare it to absences with substitutes that reported for the day. For those instructional staff who do not require a substitute, there is a schedule for that teacher/service provider that needs to be altered when they are out, therefore, the absence will be noted by the building secretaries responsible for attendance during that coordination. All instructional staff are directed by their building administrator to record absences in the BOCES system regardless of whether a substitute is needed. At the time of hire, the HR Director provides the BOCES instruction sheet and indicates the same information.

OBSERVATION 3:

Recommendation:

The District should consider using a sub-service that integrates with nVision or contact BOCES about having changes made to the sub-service program that would allow for integration with nVision. In lieu of this, the District should consider adopting a process of reconciliation of absences from the BOCES sub system report to the absences recorded in nVision to ensure that absences are properly recorded. The 2011-12 corrective action plan included a process of reconciliation.

nVision is the current payroll/HR system that the district uses to process payroll, as well as other HR and business office functions. Currently, there is not an interface with the BOCES substitute system to nVision. Each pay period, building secretaries enter attendance and reconcile from leave forms as well as from the BOCES substitute system reports. In February of 2020, a process was developed whereby attendance is entered at the building by one secretary and then verified by a second secretary. Controls were put in place where only one secretary has

privileges to make changes in nVision. The other secretary's privileges are for entry only. This process ensures correct entries as well as an internal control.