



Little Falls City School District Leave Accruals

Report of Examination

Period Covered:

July 1, 2014 – December 31, 2015

2016M-64



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

May 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Little Falls City School District, entitled Leave Accruals. This audit was conducted 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.

This audit's results are a resource for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Little Falls City School District (District) is located in the City of Little Falls and portions of the Towns of Danube, Fairfield, Herkimer, Little Falls, Manheim and Stark in Herkimer County. The District is governed by the Board of Education (Board), which is composed of seven elected members. The 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 office and is responsible, along with other administrative staff, for the day-to-day management of the District under the Board's direction.

The District operates two schools with approximately 1,100 students and 205 employees. The District's budgeted appropriations for the 2015-16 fiscal year are \$21.4 million, which are funded primarily with State aid, real property taxes and grants.

Objective

The objective of our audit was to evaluate the District's leave accrual procedures. Our audit addressed the following related question:

- Have District employees received and used leave accruals in accordance with their individual employee contracts and collective bargaining agreements (CBAs)?

Scope and Methodology

We examined the District's leave accrual procedures for the period July 1, 2014 through December 31, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. 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.

Comments of District Officials

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our findings and conclusions.

Leave Accruals

Leave accruals represent time off earned by employees.¹ The accumulation and use of leave time is generally addressed in individual employee contracts and CBAs, which should clearly stipulate each employee's entitlement to leave benefits. Adequate procedures ensure employee leave accruals are granted in accordance with employee contract provisions and that records are kept of each employee's accrual and use of leave time to ensure employees only accrue and use leave time to which they are entitled. Periodic independent reviews of leave time accrual records and balances throughout the year provide additional assurance that the accrual and use of leave time is accurate and in accordance with the guidelines.

We found that District employees received and used leave accruals in accordance with individual employee contracts and CBAs. District officials implemented specific procedures to ensure employee leave accruals were earned in accordance with the employees' applicable contracts. We also found District officials established effective procedures to ensure the accrual and use of leave time was recorded accurately.

The District has procedures that provide adequate supervision and oversight of the accrual and use of leave time. The payroll clerk is responsible for crediting employees' leave accruals, including the amount of leave time earned each year and the amount of unused leave time carried over from one year to the next. The amount of leave time earned each year and the maximum amount of unused leave time employees are allowed to carry over are automatically posted and carried over in the District's financial software. Annually, District employees receive and certify salary notification letters that include their available leave balances. In addition, employees receive leave accrual summaries on their pay stubs, which allow them to monitor their leave accrual balances throughout the year. When leave time is taken, an employee submits a leave request form that is signed by the employee's supervisor and the Superintendent and sent to the Treasurer to be entered into the financial software.

We judgmentally selected leave accrual and payroll records for 25 employees to determine if District employees received and used leave accruals in accordance with their applicable contracts. Except for minor exceptions that we discussed with District officials, we found that the District employees received and used leave accruals in accordance with their contracts.

¹ Types of leave include vacation, personal, sick and floating holiday leave time.

We commend District officials for designing and implementing adequate procedures for the accrual and use of leave time.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.

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April 18, 2016

Mr. Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, N.Y. 12801-4396

Re: Response to Report of Examination – Leave Accruals

Dear Mr. Leonard,

Please consider this correspondence as the official response from the Little Falls City School District concerning the Report of Examination – Leave Accruals (2016M-64) conducted by your office covering the period July 1, 2014 through December 31, 2015. The objective of your audit was to determine if District employees received and used leave accruals in accordance with their individual employee contracts and collective bargaining agreements.

As a result of this audit it was found that District employees did receive and use leave accruals in accordance with their contracts and the District was commended for designing and implementing adequate procedures for the accrual and use of leave time. No corrective action plan is required.

The Little Falls City School District appreciated the opportunity of working with your staff and found the experience to be both beneficial and productive.

Sincerely,

Dr. Keith T. Levatino
Superintendent

P.C.; Commissioners of the Board of Education

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APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed District officials and employees to obtain an understanding of the leave accrual process.
- We reviewed employee contracts and CBAs to determine employees' leave accrual benefits.
- We judgmentally selected 25 employees based on job title and length of employment to determine if they received the proper amount of leave accruals, if leave request forms were completed and if leave time was deducted from their balances in the financial software.

We conducted this performance audit in accordance with GAGAS. 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.

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