



South Jefferson Central School District

Payroll

2024M-31 | June 2024

Contents

- Report Highlights 1**

- Payroll. 2**
 - How Should School District Officials Ensure Salaries and Wages
Are Paid Accurately?. 2
 - District Officials Accurately Paid Employee Salaries and Wages . . . 2
 - Conclusion 3

- Appendix A – Response From District Officials 4**

- Appendix B – Audit Methodology and Standards 5**

- Appendix C – Resources and Services. 7**

Report Highlights

South Jefferson Central School District

Audit Objective

Determine whether South Jefferson Central School District (District) officials accurately paid employees' salaries and wages.

Audit Results

We reviewed salaries and wages paid to 40 employees totaling \$471,526 to determine whether salaries and wages were accurately paid. In addition, we reviewed payroll change reports for two months during our audit period to determine whether salary and wage increases from one paycheck date to the next paycheck date for 76 employees totaling \$126,395 were authorized and supported by time records. Except for minor discrepancies, which we discussed with District officials, the employee salaries and wages reviewed were accurately paid, and the payroll increases were calculated correctly and supported by adequate time records.

There were no recommendations as a result of this audit.

District officials agreed with our findings.

Audit Period

July 1, 2022 – January 26, 2024

Background

The District serves the Towns of Adams, Ellisburg, Hounsfield, Lorraine, Rodman, Rutland, Watertown and Worth in Jefferson County, Pinckney in Lewis County and Boylston in Oswego County.

The seven-member Board of Education (Board) is responsible for managing the District's educational and financial affairs. The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for the day-to-day management of the District under the Board's direction.

The School Business Administrator (Administrator) oversees the District's business operations, and along with the Superintendent, reviews and certifies payrolls. The payroll clerk is responsible for processing payroll.

Quick Facts

2023-24 Adopted Budget	\$42.5 million
Total Salaries and Wages Paid During Audit Period	\$26.7 million
Total Employees Paid During Audit Period	631
Salaries and Wages Reviewed	\$597,921
Employees Reviewed	110

Payroll

How Should School District Officials Ensure Salaries and Wages Are Paid Accurately?

School district officials should establish procedures to ensure that employees are paid the salaries and wages authorized by the board. The board should establish and approve all salary and hourly wages as part of a collective bargaining agreement (CBA), individual contract or board resolution. The terms and conditions of all employment agreements should be clearly communicated to those responsible for payroll processing.

Officials should oversee the payroll process by:

- Ensuring all new hires are board approved before they begin working,
- Reviewing and certifying payroll registers or similar records before employees are paid,
- Ensuring payroll authorizations are segregated from payroll processing and check distribution,
- Ensuring individual payroll amounts are traceable to authorization documents and supported by time and attendance records, and
- Ensuring changes in employment status or salary and wage rates are properly authorized, approved and documented to support the changes.

District Officials Accurately Paid Employee Salaries and Wages

We reviewed salaries and wages paid to 40 employees¹ totaling \$471,526 to determine whether salaries and wages were accurately paid. In addition, we reviewed payroll change reports for two months during our audit period to determine whether salary and wage increases from one paycheck date to the next paycheck date for 76 employees² totaling \$126,395 were authorized and supported by time records. Except for minor discrepancies, which we discussed with District officials, the employee salaries and wages reviewed were accurately paid and the payroll increases were calculated correctly and supported by adequate time records.

Furthermore, we reviewed independent supporting documentation for another 20 employees, paid in the 2022-23 fiscal year, to determine whether each individual was, or had been, a valid employee and concluded that there were no exceptions.

District officials established and generally adhered to good procedures for processing and verifying payroll payments. The Board authorized new hires and

School district officials should establish procedures to ensure that employees are paid the salaries and wages authorized by the board.

1 Refer to Appendix B for information on our sampling methodology.

2 Includes six of the 40 employees in the previous test.

approved employee compensation through CBAs, employee contracts and Board resolutions. An account clerk added new employees (e.g., name, address, job title) into the computerized payroll system. The payroll clerk entered and modified employees' salary and wages and processed payroll.

To oversee the payroll process, the Administrator reviewed a payroll salary change report for significant salary changes each pay period and recalculated the salary and wages for a sample of employees to help ensure payments were being made according to the employees' contracts. The Administrator certified each biweekly payroll to authorize the related payments, and the Superintendent also certified the payroll.

Conclusion

The Board authorized new hires and approved employee compensation. District officials ensured salaries and wages paid to 40 employees totaling \$471,526 and pay increases to 76 employees totaling \$126,395 were paid and calculated accurately; and the Administrator reviewed payroll salary change reports, and along with the Superintendent, certified the biweekly payrolls.

Appendix A: Response From District Officials

SOUTH JEFFERSON CENTRAL SCHOOL DISTRICT



"Home of Spartan Pride"

ELEMENTARY BUILDINGS

Wilson: (315) 583-5418
Mannsville: (315) 465-4281

DISTRICT OFFICE

PO Box 10
Adams, NY 13605
(315) 583-6104
Fax: (315) 583-6381

OTHER OFFICES

High School: (315) 232-4531
Middle School: (315) 232-4532
Transportation: (315) 583-5221

May 31, 2024

OSC Syracuse Regional office
State Office Building
Room 409
333 East Washington Street
Syracuse, NY 13202-1428

To Whom It May Concern,

South Jefferson Central School District is in receipt of audit report, 2024M-31, regarding our payroll procedures. The District agrees with the findings and continues to improve our internal controls, practices and fiscal management.

We would like to thank our local audit team for patiently working with us throughout the audit process. We'd also like to commend the audit team for their professionalism, hard work, and expertise in helping us better our practices.

Thank you,

Christina Chamberlain, Superintendent

Appendix B: Audit Methodology and Standards

We conducted this audit 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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and the payroll clerk, and reviewed policies, procedures, Board meeting minutes, and payroll reports to gain an understanding of the payroll process and controls.
- We reviewed Board resolutions, individual employee contracts and CBAs to determine authorized salaries and wages.
- From July 1, 2022 through January 26, 2024, the District paid 631 employees a total of \$26.7 million. We selected 38 employees who were paid \$329,020 during January 2023 and October 2023 (including a total of 10 employees who began or left District employment in these months). We selected one month in each fiscal year to determine whether payroll payments were accurate and agreed to Board approved rates and/or CBA and employment contracts. We traced to supporting time records, when applicable. We also compared the gross payroll amounts paid to the payroll clerk and Administrator in the 2022-23 fiscal year totaling \$142,506, to the salaries authorized per employment contracts and Board resolutions.
- We judgmentally selected 20 additional employees and reviewed their personnel files to determine whether they were bona fide employees. We obtained electronic payroll data and selected the first 10 employees who received more than 20 paychecks and the first 10 employees who received less than 20 paychecks.
- We reviewed payroll salary change reports for two months in our audit period (October 2022 and September 2023) for 76 employees totaling \$126,395 to determine whether all salary and wage increases more than \$500 from one paycheck date to the next paycheck date were authorized and supported by time records and calculated correctly. We randomly selected the month of October 2022 using a random number generator and judgmentally selected September 2023 to review changes at the beginning of the school year. We selected September 2023 because it would include the first month of payroll for instructional staff, and we anticipated reviewing a larger number of increases more than \$500.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

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.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.ny.gov/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.ny.gov/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.ny.gov/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.ny.gov/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.ny.gov/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.ny.gov/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.ny.gov/local-government/academy

Contact

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Division of Local Government and School Accountability
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<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

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