



Patchogue-Medford School District

Follow up of Reports Issued to the Board of Education:

Review of Human Resources
Review of Special Education Revenues and Expenditures
Review of Payroll and Human Resources

2020-2021

December 2021

The Board of Education
Patchogue-Medford Union Free School District
241 South Ocean Avenue
Patchogue, NY 11772



Board of Education:

We have been retained to function as the internal auditor for the Patchogue-Medford Union Free School District (hereinafter, "the District"). This report covers the results of our follow-up to previously issued reports to the Board of Education. It discusses the status of management's actions on the prior recommendations made in the original reports. The purpose of the follow-up is to verify that the District has implemented the agreed-upon corrective actions to strengthen the control environment. To accomplish this, we returned to the District to interview staff, perform limited tests, and/or to review new procedures that have been established.

This report contains the status of recommendations from our Review of Human Resources (February 2018), Review of Special Education Revenues and Expenditures (May 2019), and our Review of Payroll and Human Resources (May 2020). The details of our original findings, as well as management's responses and the current status of our findings, are noted on subsequent pages of this report.

We would like to thank the District for its cooperation during our follow-up process. We understand the fiduciary duty of the Board of Education, as well as the role of the internal auditor in ensuring that the proper control systems are in place and functioning consistently with the Board's policies and procedures.

Should you have any questions regarding anything included in our report, please do not hesitate to contact us at (631) 582-1600.

Sincerely,

Cerini & Associates LLP

Cerini & Associates, LLP
Internal Auditors

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
REVIEW OF HUMAN RESOURCES (FEBRUARY 2018)					
<p>Issue #1: We noted 1 instance where an employee who resigned from the District was still listed as HR active and Payroll active. In addition, we noted 1 instance where a resignation letter wasn't available in a personnel file for another employee who resigned. However, it should be noted that the employee's file contained a copy of the letter sent from the District to the employee acknowledging the resignation.</p> <p>Recommendation: We recommend that the District implement a Personnel Action Form (PAF) to document changes in employee status (i.e., terminations, resignations, retirement). The form should be generated by HR and forwarded to the appropriate departments such as payroll, attendance, technology, and benefits for sign-off. The completed PAF should then be returned to HR to ensure appropriate actions were taken in a timely manner. Lastly, HR should continue to obtain and maintain resignation letters in the personnel files, as applicable.</p>	<p>Necessary changes can go unnoticed and/or terminated employees may continue to receive payroll from and/or benefits from the District.</p>	<p>Original: Moderate-High</p> <p>Current: Moderate</p>	<p>Human Resources</p>	<p>Human Resources utilizes the personnel agenda to communicate changes to payroll and other relevant departments. In an effort to provide redundancy, Human Resources will look to implement a Personnel Action Form (PAF). We will investigate the different formats and look to effectuate a process that includes a sign-off in the next 3-6 months.</p>	<p>Prior Year Status: This recommendation was partially implemented. We made selections to determine whether a PAF was completed, the employee's status in nVision was appropriate, and a resignation letter was obtained, if applicable.</p> <p>We noted a resignation letter was obtained for all resigned employees. However, we noted issues whereby separated employees' termination reason were not being consistently updated in nVision. The District is working to update the system. Lastly, although we noted that the District implemented a PAF, we noted inconsistencies in the use of the PAF.</p> <p>Current Year Status: We noted the District has rectified those exceptions noted in our previous monitoring testing. In addition, we noted that the District is working to implement a digitized PAF form.</p> <p>As the implementation of a digitized PAF form is part of the recommendation for Issue #2, we will close this issue and monitor the implementation of a digitized PAF form through Issue #2.</p>

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
<p>Issue #2: HR does not have a formal process to capture and communicate the information regarding new hires or other changes that occur during employment (i.e., position, location, salary). During testing, we noted:</p> <ul style="list-style-type: none"> • 1 instance in which an employee's effective date per the Board Agenda did not agree to the effective date noted in nVision. We confirmed this employee did not work during the period between the two dates. • 1 instance in which an employee's pay rate was not updated timely. • 1 instance in which the incorrect employee information (i.e., name, position title) was displayed in the Board Agenda. It should be noted that the error was caught, the Board Action was rescinded, and the correct employee was paid. <p>Recommendation: We recommend the District implement a PAF, as noted in the recommendation for Issue 1, to document changes in employee status (i.e., position, location, and/or salary changes).</p>	<p>Changes can go unnoticed and/or not communicated to the proper departments in a timely manner which can result in overpayments/underpayments being made to employees.</p>	<p>Original: Moderate</p> <p>Current: Moderate</p>	<p>Human Resources</p>	<p>Human Resources uses the personnel agenda as the formal process to communicate changes to payroll. As noted above, Human Resources uses the personnel agenda as the primary source of communicating changes in status to the various departments. As noted in the auditor's recommendation, we will look to develop and implement a Personnel Action Form (PAF) to sort and categorize changes to the various departments with a sign-off to ensure completion.</p>	<p>Prior Year Status: This recommendation was partially implemented. We made selections (20), noting no exceptions with regard to the information reflected in nVision; however, we noted inconsistencies in the use of the PAF. The District noted that it is still working to implement a digitized PAF form.</p> <p>Current Year Status: We are working with the District's Human Resources department to explore feasible options to digitize the information captured in a typical PAF form.</p> <p>Therefore, we will continue to monitor this issue.</p>
<p>Issue #3: During our review, we noted that the District's current procedure is to designate a substitute's termination status as "Inactive" on the Board Agenda when the substitute does not respond to the reasonable assurance letter, or when an employee hasn't worked in the District for over a year even if the employee responded to the reasonable</p>	<p>Substitute employee's termination status is not correctly documented in nVision.</p>	<p>Original: Moderate</p> <p>Current: Low</p>	<p>Human Resources</p>	<p>Human Resources will refrain from using the status inactive and utilize either resignation or termination terminology when it comes to staff changes regarding the notice of assurance.</p>	<p>Prior Year Status: This recommendation was partially implemented. The District discontinued the use of the term "Inactive" as a termination status on the Board Agendas and instead uses the term "Resigned" and "Terminated." We made selections (10 terminated substitutes), noting 4</p>

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
<p>assurance letter requesting to be included on the substitute list. In addition, we noted that the substitute's termination status is not listed in nVision.</p> <p>Recommendation: We recommend that the HR department discontinue the use of the term "Inactive" as a termination status on the Board Agendas and instead use the term "Resigned" and "Terminated." In addition, the terminations statuses noted in the Board Agenda should be reflected in nVision.</p>					<p>of the selections' termination reason was inaccurate.</p> <p>Current Year Status: Through discussions with the HR department, the department has implemented the use of the termination reasons "Resigned" and "Terminated" for separated substitute employees. Therefore, we selected 10 terminated substitutes to ensure the termination reason was listed accurately. No exceptions were noted.</p> <p>This issue has been resolved.</p>

REVIEW OF SPECIAL EDUCATION REVENUES & EXPENDITURES (MAY 2019)

<p>Issue #1: We noted 4 students who were included in the STAC for reimbursement, however, not all eligible service costs provided to the student were included in the amount claimed in the STAC. Similarly, we noted 6 students who received eligible services that were excluded from the cost calculation for STAC purposes. One of these students may have exceeded the threshold for inclusion in the STAC had the District included all eligible costs. The other 5 students would not have exceeded the threshold even with the additional costs included.</p>	<p>The District may not be including all eligible service costs in each student's cost calculation to maximize the amount of reimbursement through the STAC for special education services provided for in-District, resident students.</p>	<p>Original: Moderate-High</p> <p>Current: Low-Moderate</p>	<p>PPS</p>	<p>The District will prepare calculations for all in-District students that receive eligible services to ensure that students eligible for excess cost aid are properly reported in the STAC. The District will develop written procedures documenting how the calculations are prepared, and how the department will cross reference invoices to the STAC calculations to ensure that all eligible services are included on the STAC forms.</p> <p>The District will continue using the services of a third party to continue to train the employees</p>	<p>We noted the employee responsible for STAC has participated in various trainings through third party vendors. In addition, we noted the District has trainings on hand from outside vendors regarding STAC procedures as well as several District-created procedures, which include identifying potential in-District resident students who should be included in the STAC and all eligible costs associated with providing special education services.</p> <p>Lastly, the District is documenting any service(s) that cannot be</p>
---	---	---	------------	---	---

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
<p>students who receive special education services and maximizing its reimbursement from NYSED, we recommend that the District develop documented procedures to identify potential in-District resident students who should be included in the STAC, and to ensure all eligible costs associated with providing special education services are also included. We also recommend the District maintain adequate documentation to support situations where services cannot be provided.</p> <p>Further, we noted that there is a new employee performing the STAC calculations. As the deadline for inputting costs into the STAC is June 30, 2019 for the 2017-2018 school year, PPS is investigating and adding costs as time allows. We recommend the staff in PPS receive training to enhance their understanding of the STAC procedures.</p>				<p>involved in the STAC reporting process in order to maximize state aid and enhance their understanding of the STAC filing process.</p>	<p>provided to non-resident students in the IEP Direct Related Service Log.</p> <p>This issue has been resolved.</p>
<p>Issue #2: We noted 1 student who was not accurately included in the STAC for State Aid claims. The student was incarcerated for part of the year and the months after the student returned were not included in the STAC.</p> <p>Recommendation: To ensure that the District is capturing all costs associated with students who receive special education services, we recommend that the District develop documented procedures to identify resident students</p>	<p>The District may not be maximizing the amount of reimbursement through the STAC for special education services provided by BOCES for in-District students.</p>	<p>Original: Moderate-High</p> <p>Current: Low-Moderate</p>	<p>PPS</p>	<p>The District will include in the documented procedures, a staff member that will be responsible for checking students listed on BOCES and other private placement invoices against the list of students that have been STAC'ed to ensure that all eligible students are included in the STAC.</p>	<p>We noted the District has trainings on hand from outside vendors regarding STAC procedures as well as several District-created procedures, which include identifying resident students attending BOCES facilities that are eligible to receive services and all costs associated with providing special education services have been included the STAC.</p> <p>In addition, the Account Clerk and</p>

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
<p>attending BOCES facilities that are eligible to receive services and to ensure all costs associated with providing special education services have been included the STAC.</p>					<p>the Senior Account Clerk in the Pupil Services Department are responsible for reconciling students listed on BOCES and other private placement invoices against the list of students that have been input into the STAC to ensure that all eligible students are included in the STAC.</p> <p>This issue has been resolved.</p>
<p>Issue #3: We noted 2 students who did not receive services in accordance with his/her IEP. Through discussions with PPS, one of those instances occurred because the student was not in the country for a specified time period and the parent did not attend the training that was offered during 2017-2018; however, support was not adequately documented in the District's files.</p> <p>Recommendation: To ensure the District is in compliance with State regulations, we recommend the District develop documented procedures to ensure each student receives all services listed on his or her IEP and that documentation be maintained in District files should those services not be provided. In addition, the District should ensure BOCES is communicating when services cannot be provided, so that the District can follow-up with the student's family.</p>	<p>The District may not be in compliance with State regulations surrounding IEP implementation.</p>	<p>Original: High</p> <p>Current: High</p>	<p>PPS</p>	<p>The District will develop written procedures for documenting services provided. Invitations to parent trainings will be used as documentation for implementation and scheduling of parent training.</p>	<p>Through discussions with the Assistant Superintendent of Special Education and Pupil Services, Parent Training and Counseling is now logged in the Related Service Log of IEP Direct and trainers can document whether the service was provided, the reason it could not be provided, if applicable, and the start and end time and date the service is provided. Invitations to attend Parent Training and Counseling are also being sent by the PPS department. We noted three invitations sent out during FY2022 (to-date).</p> <p>In addition, the District noted it is notified by BOCES after a student is absent for 5 days from a program. BOCES is also utilizing the Related Service Log for its students. We obtained a sample of a BOCES related service log. We selected 10 students who attend BOCES for special education services and</p>

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
					<p>tested to determine whether the services listed on the IEP were the services in which the District was being billed for. We noted an instance in which support for missing services (i.e., parent training) was not readily available.</p> <p>Therefore, we will continue to monitor this issue.</p>
<p>Issue #4: During testing, we noted 2 students in which their invoices did not include the cost for speech therapy and/or physical therapy services. Through discussions with PPS, one of those students did not receive the services because the services were unable to be scheduled during 2017-2018; however, support was not adequately documented. As a result, the District has offered that student these services during the 2018-2019 school year.</p> <p>Recommendation: To ensure that the District is maximizing revenue, we recommend that the District develop documented procedures to ensure all services provided to non-resident students are identified and billed, and if such services cannot be provided, the reasoning has been timely and adequately documented in the District's files.</p>	<p>The District may not be maximizing revenue for students parentally-placed in non-public schools within the District.</p>	<p>Original: Moderate-High</p> <p>Current: Moderate-High</p>	<p>PPS</p>	<p>The District will include in the documented procedures, a staff member assigned to cross reference the invoices from the vendors to the District invoices prepared for the non-resident students to ensure that revenues are maximized.</p>	<p>We noted the District has trainings on hand from outside vendors regarding STAC procedures as well as several District-created procedures, which include identifying all services provided to non-resident students are identified and billed.</p> <p>In addition, the Account Clerk and the Senior Account Clerk in the Pupil Services Department are responsible for cross referencing invoices from the vendors to the District invoices prepared for the non-resident students to ensure that revenues are maximized.</p> <p>We selected all 8 non-resident students who are parentally placed within the District borders in a non-public school during fiscal 2021 to determine whether the District is only billing the District of Residence for services on each student's IEP. We noted 5 instances in which services did not agree to</p>

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
					<p>the students' IEP's. After further inquiry, the District determined that CSE Meetings were mislabeled in the third-party vendor's invoices as Resource Room.</p> <p>Therefore, we will continue to monitor this issue.</p>
<p>Issue #5: We noted during our testing that 1 of the students received speech therapy services from a provider that were not Medicaid eligible. Thus, the District was unable to bill Medicaid for this otherwise eligible service.</p> <p>Recommendation: We recommend that the District ensure Medicaid-eligible students are receiving services from providers that are properly licensed.</p>	<p>The District may not be maximizing its Medicaid reimbursement claims for eligible students.</p>	<p>Original: Moderate</p> <p>Current: Low</p>	<p>PPS</p>	<p>The District will develop written procedures documenting the Medicaid services process which will include procedures to review the list of providers used for Medicaid eligible services to determine if the providers are Medicaid eligible. This will ensure that the District maximizes the Medicaid reimbursements received. The District will review the Medicaid eligible service provider list on an annual basis. The District will also review the Federal exclusions list to ensure that the providers used are not on the exclusion list.</p>	<p>Through discussions with the Assistant Superintendent of Special Education and Pupil Services, we noted that the District has developed procedures whereby District staff (Psychologists, Social Workers and Speech Language Therapists) must submit their credentials to Human Resources. Each Semester, Human Resources reviews the status of employee certifications which are tracked in the District's financial management system (nVision). Outside agencies are responsible for supplying providers with appropriate credentials.</p> <p>This issue has been resolved.</p>

REVIEW OF PAYROLL AND HUMAN RESOURCES (MAY 2020)

<p>Issue #1: We noted 2 employee files that did not contain a fingerprint/criminal background check.</p> <p>Recommendation: We recommend that the HR Department ensures that all files</p>	<p>The District is not in compliance with regulations.</p>	<p>Original: Moderate</p> <p>Current: Low</p>	<p>Human Resources</p>	<p>The two employees in question were hired by the District in 2005 and 2010, respectively. Human Resources is looking into the employees in question and will obtain the necessary paperwork.</p>	<p>We obtained a listing of new hires from nVision for FY2022 (through October 19, 2021) and selected 10 of the 119 newly hired employees and tested whether the District had a background check on file for each</p>
--	--	---	------------------------	--	---

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
<p>are complete with the required documentation needed for employment.</p>				<p>Since 2010, Human Resources has created and modified procedures to ensure employee paperwork is completed prior to an employee starting with the District, and that all pertinent paperwork is maintained in the employees' personnel file.</p>	<p>selection. No exceptions were noted.</p> <p>We also inquired about those employees who were noted as exceptions during our initial testing. We noted that both issues have been rectified.</p> <p>This issue has been resolved.</p>
<p>Issue #2: Although we noted no exceptions, through our review of the contracts, discussions with District staff, and our testing, we noted the procedures for calculating longevity are not formally documented and may be open to interpretation.</p> <p>Recommendation: We recommend the District create formal documented procedures for the calculation of longevity, including what constitutes a break in service.</p>	<p>Employees may not be paid longevity properly. In addition, there is an increased risk of loss of historical knowledge.</p>	<p>Original: Moderate</p> <p>Current: Moderate</p>	<p>Human Resources</p>	<p>The Business Office will work with the Human Resources department to document how anniversary dates are calculated to determine an employees' years of service. The documentation will include what types of leaves affect an anniversary date, as well as which ones do not affect anniversary dates. The documentation will be broken down by employee group i.e., Teachers, CSEA Clerical staff, etc. and will include details as to whether one day off without pay affects seniority etc.</p>	<p>The District is in the process of creating formal documented procedures for the calculation of longevity.</p> <p>Therefore, we will continue to monitor this issue.</p>
<p>Issue #3: Substitute employees' timesheets did not always indicate the employee for whom the substitute was covering or the reason for coverage.</p> <p>Recommendation: We recommend all substitute employee timesheets indicate the reason for coverage or the employee for whom the substitute is covering, if applicable.</p>	<p>The District may pay for substitute coverage that is not needed.</p>	<p>Original: Moderate</p> <p>Current: Low</p>	<p>Human Resources</p>	<p>The Human Resources Department in connection with the Business Office will send a memo out to Administrators, Operational Supervisors and Lead Building/Department Clericals to ensure that all absentee reports submitted include the names of the subs that are filling in for staff that are</p>	<p>Through discussions with the Business Office, it was noted and confirmed that a memo was sent at the beginning of the 2020-2021 school year instructing Administrators, Operational Supervisors and Lead Building/Department Clericals to ensure that all absentee reports are submitted with the appropriate</p>

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
				absent to ensure that the reason for the substitute or the employee for whom the substitute is covering is documented.	<p>information. Therefore, we obtained the substitute earnings report for FY2022 (through October 8, 2021) from nVision and selected 10 of the 126 substitute employees and tested whether the reason for coverage/the employee for whom the substitute was covering was noted on the timesheet or absentee report. We confirmed those who were being covered by the substitute did not work, as applicable. We noted one employee whose reason for substitute coverage was not indicated. Through discussions with the District, the employee was performing summer custodial work during the summer and was not covering an employee. The dates of substitution correlate with the explanation provided, however, to be consistent, the District should continue its practice of indicating the reason for coverage. No other exceptions were noted.</p> <p>This issue has been resolved.</p>
<p>Issue #4: We noted one timesheet that was approved by a supervisor, but the business administrator's approval was not evident. We were informed that the timesheet was submitted late. Since the timesheet was approved by the employee's supervisor, the District paid the employee prior to receiving the business administrator's approval to</p>	<p>The District may pay employees for time that is not approved.</p>	<p>Original: Moderate</p> <p>Current: Low</p>	<p>Payroll</p>	<p>The School Business Administrator will remind payroll department staff that all claim forms must be signed prior to payment, and that a late submitted overtime claim form needs to follow the same protocols as those submitted on time. In the event that a claim</p>	<p>Through discussions with the Business Office, it was noted and confirmed that a memo was sent at the beginning of the 2020-2021 school year reminding the payroll department to obtain all the required approvals before paying overtime claim forms. Therefore, we obtained the overtime earnings</p>

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
<p>ensure the employee was paid on the appropriate payroll date.</p> <p>Recommendation: We recommend all employee timesheets receive all required approval prior to paying the employee. If supervisor approval is sufficient to pay those employees that currently require business administrator approval, the District should discontinue the process of requiring such additional approval.</p>				<p>form is submitted late, and approval cannot be obtained by the School Business Administrator or his designee, prior to payroll being processed, the claim form will be paid on the next available payroll.</p>	<p>report for FY2022 (through October 8, 2021) from nVision and selected 5 of the 82 employees who received overtime pay. We tested whether the overtime claim form was signed by both the supervisor and the business administrator/his designee. No exceptions were noted.</p> <p>This issue has been resolved.</p>
<p>Issue #5: There was 1 instance in which an employee's Form W-4 was unable to be located, however, through review of the payroll register selected, we noted that taxes were being withheld.</p> <p>Recommendation: We recommend that the District ensure all Form W-4s are retained as required by law.</p>	<p>The District may not be withholding the proper amount of taxes. In addition, the District may be failing to comply with Federal regulations and State retention regulations.</p>	<p>Original: Moderate</p> <p>Current: Low</p>	<p>Human Resources</p>	<p>The employee in question was hired by the District in 1993. The District has since created procedures whereby the employee W-4 form is also maintained in the employee personnel file with the new-hire paperwork.</p>	<p>We obtained a listing of new hires from nVision for FY2022 (through October 19, 2021) and selected 10 of the 119 newly hired employees and tested whether the District had a completed and signed W4 form on file for each selection. No exceptions were noted.</p> <p>We also inquired about the employee who was noted as an exception during our initial testing. We noted the District is in the process of obtaining a new W-4 for this employee.</p> <p>This issue has been resolved.</p>