

**Hicksville Union Free School District  
Report on the Internal Controls of the Human Resources Cycle  
April 2019**

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**Functional Area Exhibits (please see attached)**

**A. Narratives of Functional Area Procedures**

**I. Scope of Engagement**

The Board of Education of the Hicksville Union Free School District has engaged Nawrocki Smith LLP to provide internal audit services with respect to the District’s policies, procedures, and internal controls pertaining to the Human Resources Cycle. As part of this engagement, we performed extensive analysis and validation tests within the District’s Human Resources Cycle.

The objective of our audit was to determine if the internal controls over human resources are adequate to ensure that internal procedures are followed, proper documentation is maintained and duties are properly segregated. In order to verify the human resources area has proper internal controls, we interviewed key personnel and tested various transactions to ensure the key controls within these areas are operating effectively.

Our analysis within each functional area consisted of the following:

- Documented functional area policies and procedures applicable to the Human Resources Cycle after interviews and conversations with key employees
- Identified key controls within each functional area of the Human Resources Cycle and performed audit tests of those controls
- Made observations and recommendations pertaining to the internal controls of the Human Resources Cycle based on observed procedures and testing that was performed

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Interviews and inquiries were conducted with the following District employees:

<b>Title</b>	<b>Department</b>
Assistant Superintendent for Personnel Services	Human Resources
Director of Personnel Services	Human Resources

Accordingly, we documented the current procedures within each functional area of the Human Resources Cycle by way of narratives within the attached Exhibits A.

**II. Employee Requisition**

The employment requisition process begins with either a vacancy of a current position or a request for a new position to be created due to student enrollment or department structure changes. New positions are posted internally at each building and on the Online Application System for Educators (“OLAS”). Higher level positions may be posted in approved newspapers.

We reviewed documentation for five (5) positions that were vacant and filled during the 2017-2018 school year to determine if the job position was properly posted and advertised and the employee hired was approved by the Board of Education.

**Observation**

We noted that the five (5) positions were posted on OLAS and in the New York Times, if applicable, and that the Board of Education approved each employee hired.

*No recommendation at this time.*

**III. Hiring and Recordkeeping**

The District maintains active and inactive personnel files within the Human Resources Department. A checklist is utilized by the Human Resources Department to track all documentation that must be included in each personnel folder.

We selected twenty-five (25) employees, both instructional and non-instructional, to confirm that proper documentation was maintained for each employee within the personnel files. Such documentation includes, but is not limited to: applications, resumes, Board of Education appointment, fingerprinting clearance, certified I-9 Form, W-4 Form, ERS/TRS Form, evaluations, certifications, transcripts, etc.

**Observation**

We noted that proper documentation was included in the personnel folders for all twenty-five (25) employees selected for testing.

*No recommendation at this time.*

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**IV. Salary Increases & Continuing Education**

Employee salaries are increased in accordance with bargaining unit contracts or individual contracts, if applicable. Contracts specify if employees will receive an annual step increase in their salary and include the increase amount or new salary amount for each step and level or position. Instructional employees may also submit a request for a lane movement upon completion of a degree or credits earned. The details regarding the required documentation and approvals, number of credits needed, and limitations on frequency of column movement salary increases are included in the Teacher's Contract.

We reviewed the step and level, as well as current salary rates, for the twenty five (25) employees selected from the recordkeeping testing noted above to determine whether the employee was paid at the appropriate step and level and that the proper supporting documentation was maintained.

**Observation**

We noted that all twenty-five (25) employees selected for testing were paid at the appropriate step and level based on supporting documentation maintained.

*No recommendation at this time.*

**V. Employee Attendance**

Employees are required to sign in at each building except for Central Administration. Custodial and buildings and grounds employees use timecards for attendance. The District also has a contract with Sub Teacher Registry, a call in system, to track absences and find substitutes, if necessary. Vacation and personal time, as well as attendance at conferences or workshops must be preapproved by the employee's supervisor. Attendance is recorded into nVision by the Human Resources Department after comparison of the building sign in sheets and Sub Registry absence lists.

We selected a sample of twenty five (25) employees with absences during September 2018 and reviewed each absence to ensure that the correct number of days were entered into the accounting software, approvals were obtained as required, and that absences were reported on the Sub Registry absence reports. We also selected a sample of fifteen (15) employees from the Sub Registry absence reports and reconciled the absences to the attendance recorded in nVision to determine the accuracy and completeness of attendance reported.

**Observation**

We noted that all absences selected for testing were properly approved and entered to the appropriate absence code.

*No recommendation at this time.*

For the twenty-five (25) employees selected for attendance testing noted above, we also reviewed the accrued absences to determine that the appropriate amount of sick, vacation and personal time had been accrued in nVision during the year as indicated in bargaining unit contracts.

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**Observation**

We noted that accrued absences were applied appropriately as indicated in bargaining unit contracts for all employees selected for testing.

*No recommendation at this time.*

**VI. Employee Evaluations**

Observations and evaluations are performed at various times and intervals during the year depending on the employee's position and bargaining unit contract. However, all employees are subject to an annual evaluation regardless of their employee type. Certain instructional employees and administrators are subject to New York State Education Law §3012-c and Regulations of the Commissioner of Education §100.2 (o), *Annual Professional Performance Review (APPR)* requirements. The District has a New York State Education Department APPR plan in place which includes evaluation forms and rubrics.

We reviewed the end of year 2017-2018 personnel observations and evaluations for a sample of twenty five (25) employees. Our sample consisted of seventeen (17) instructional employees subject to APPR requirements and eight (8) non-instructional employees subject to internal evaluation procedures.

We also reviewed the District's APPR Plan to ensure that the evaluation form and rubric utilized by the District was approved by the NYSED and improvement plans, if applicable, were provided to employees who received a developing or ineffective score by the applicable deadline.

**Observation**

We noted that the District's APPR Plan, including the evaluation form and rubric, was approved by the NYSED, all instructional employees received the required type and number of observations. In addition, all non-instructional employees had completed evaluations in their personnel files for the 2017-2018 school year.

*No recommendation at this time.*

**VII. Terminations**

We reviewed a sample of fifteen (15) employees terminated, resigned or retired during the 2017-2018 school year to confirm that any payout of accumulated time off, if applicable, had been accurately calculated in accordance with the bargaining unit contract. We also reviewed employee personnel files to verify that the appropriate documentation was on file including Board of Education approval and written intent to retire or resign.

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**Observation**

We noted that all payouts have been appropriately calculated in accordance with bargaining unit contracts and sufficient supporting documentation maintained on file.

*No recommendation at this time.*

**VIII. Risk Rating and Audit Opinion**

Inherent Risk:	High
Control Risk:	Low
Audit Opinion:	Satisfactory

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**RISK RATING DEFINITIONS**

**Inherent Risk** – Inherent risk is the risk of a material misstatement in the un-audited information assuming the absence of internal control procedures. Inherent risk includes any risk arising from fraud. As with other risks, inherent risk may be evaluated at various levels of aggregation (e.g. financial statement level, account balance assertion level) and at various stages during the course of the audit (e.g. client acceptance/retention state, audit planning stage, etc.).

***Inherent Risk** is particular to the area being reviewed if there were no controls in place. Thus, if there were no control procedures in place pertaining to the particular area, what is the risk of a material misstatement.*

**Control Risk** – Control risk is the risk that a material misstatement in the un-audited information will not be detected and corrected by management’s internal control procedures on a timely basis. Auditors evaluate control risk at the account balance assertion level based on a detailed knowledge of the client’s business. Auditors may evaluate this risk in the second, third, and fourth audit stages, namely the audit planning, control testing, and substantive testing stages.

***Control Risk** is particular to the District’s controls currently in place in the area being reviewed. Thus, what is the risk of a material misstatement with the control procedures currently in place.*

**Audit Opinion** – Based upon the audit work performed and our assessment of the controls within each particular audit area an audit opinion is provided for each audit area from one of the following three (3) categories:

Satisfactory:                      Controls are operating effectively

Needs Improvement:            Controls need improvement for effectiveness

Unsatisfactory:                  Controls are unacceptable and need immediate improvement

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The following is a narrative, or a sequence of events, which describes the step by step process within the Human Resources function of the Hicksville Union Free School District. The narrative was derived from discussions and interviews with key payroll and human resources employees as well as observations of each step in process. The Human Resources function has been broken down by area for ease of reference, including the following areas:

- I. Employment Requisition
- II. Hiring and Recordkeeping
- III. Employee Attendance
- IV. Personnel Evaluation
- V. Salary Increases and Continuing Education
- VI. Termination

Blue = Internal Control

**I. Employment Requisition**

- Administrators or department heads that want to add to their staff must request new positions during the budget process.
- The Assistant Superintendent for Business and the Assistant Superintendent for Personnel will review the request and determine if a new position can be created through a review of class size and enrollment projections.
- Once the budget has been approved, the District will begin the employment requisition process.
- Requests to add a new position after the budget has been approved will typically be denied unless it is an emergency.
- Positions may also open due to resignations, retirement or movement within the District.
- The Assistant Superintendent for Personnel and the building principal will review the vacated position and determine if it should be filled again.
- The new position is posted internally at each building and on the Online Application System for Educators (“OLAS”).
- The internal memo is approved by the Assistant Superintendent for Personnel before distribution to the buildings.
- Only high level positions, such as administrators or principals, are posted in newspapers.
- Applications must be submitted through OLAS. The individual can upload a cover letter or resume as an attachment to the standard OLAS application.
- If paper applications are received, they are stored in a folder and maintained for one (1) year.
- The administrator or supervisor that will oversee the position will review the applications that are submitted in OLAS.
- Only the Assistant Superintendent for Personnel and the Director of Personnel Services have permissions to post openings and review applications on OLAS.
- There is also an administrative account to be used by administrators, including principals and department heads. The administrative log-in can only be used to view applications submitted.
- The District also has a “VIP account” with OLAS that is used for high level position postings. The “VIP account” maintains the posting and applications separate from all others to ensure confidentiality. The Assistant Superintendent for Personnel has access to the “VIP account.”

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*Instructional Personnel*

- Candidates are selected for interviews by the administrator or supervisor that oversees the position. The candidate's qualifications and experience are considered during the selection process.
- Interview committees are established based on the position. A typical committee for a teaching position consists of a principal, assistant principal, department teacher(s), supervisor, and parent.
- Each committee member completes an Interview Report Form after the first interview. The Interview Report Form will indicate the interviewer's recommendation (follow-up, hold for possible further consideration, or no further consideration recommended).
- The top candidates are asked to give a demonstration lesson for the administrators. The administrators must rate the lesson's effectiveness and select the two (2) top candidates.
- The two (2) top candidates are scheduled for an interview at Central Administration. If it is for a probationary appointment, the Superintendent will always participate in the interview.
- The Central Administration interview for leave replacements is done by the Assistant Superintendent for Personnel and the Director of Personnel Services.
- References are contacted for all candidates via telephone interview. The District utilizes a standard questionnaire for reference checks.
- Employment and education is also verified by the Human Resources Department.
- The Human Resources Department will determine the offer to the candidate.
- **The Superintendent or Assistant Superintendent for Personnel approve a candidate to be placed on the Board of Education agenda.**
- The Assistant Superintendent for Personnel prepares the Board Resolution for appointment.
- **The Board of Education approves the candidate by resolution.**
- A letter is mailed to the employee notifying them of the approved employment. The letter states the employee's position, step/level, start date the employee's salary information.
- A rejection letter is mailed to employees who were not selected for the position. Candidates that are no longer considered after the initial interview or demonstration lesson are sent a rejection letter from the Curriculum Supervisor. All others are sent a rejection letter from the Assistant Superintendent for Personnel.

*Non-instructional Personnel*

- If there is a need for a competitive class employee:
  - The Personnel Clerk submits to the Department of Civil Services a request for a list of potential candidates who have passed the civil service test for the requested position.
  - Based on the list, the Personnel Clerk canvasses candidates to determine if they are available for the position in accordance with the requirements of Civil Service. Of the available candidates, the District can hire a candidate from the three (3) highest ranked candidates who responded "yes" to the canvass letter. Rankings are based upon the civil service test scores.
- Available candidates will be contacted by the Human Resources Department to schedule initial interviews.
- Candidates complete an employment application upon arrival for the first interview.
- Candidates are interviewed by the direct supervisor who oversees the open position and a lead secretary, if applicable. The results of the interviews are documented on interview evaluation forms.



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- The direct supervisor will select the top candidates to be interviewed by the Assistant Superintendent for Personnel or the Director for Personnel Services.
- The Assistant Superintendent for Personnel will determine the top candidate and create the Board of Education agenda.
- **The Board of Education approves the candidate by resolution.**

*Additional Appointments*

- Positions for additional appointments include club advisors or coaches. These positions are often filled by employees.
- Positions are posted via a memo approved by the Assistant Superintendent for Personnel.
- Employees must submit a letter of interest to be considered for the position.
- Principals will make recommendations for club advisor appointments and the Athletic Director will make recommendations for coaching appointments.
- The recommendation is sent to the Assistant Superintendent for Personnel to include on the Board of Education agenda.
- **The Board of Education approves the appointment.**

**II. Hiring and Recordkeeping**

- After the candidate has been approved by the Board of Education, a copy of the agenda item is provided to the Stenographic Secretary to enter the employee in Human Resources Module of the District's accounting software, nVision. This includes the employee's demographic information and budget code.
- The Payroll Department enters the new employee into Payroll Module of nVision. This includes the employee's salary and benefit deductions.
- The Human Resources Department communicates the new employee's position, step/level, and salary to the Payroll Department using a Payroll Authorization Form. **Payroll Authorization Forms are signed by the Assistant Superintendent for Personnel.**
- **Employees must be activated in the Human Resources and Payroll Modules of nVision.**
- The Human Resources Department will give the new hire a form to have fingerprinting done at the local police station.
- **The Personnel Clerk and Stenographic Secretary utilize a checklist to track documentation received by the employee.**
- The District maintains a file for each employee (active and inactive) and ensures that all required paperwork is collected from the new employee.
- Personnel files are located in the Human Resources Department. Each folder includes, but is not limited to, the following as applicable:
  - Application
  - Resume
  - Appointment Letter
  - Certification
  - Fingerprint Clearance
  - Recommendations
  - References/Background Check
  - Oath of Allegiance
  - ERS and TRS Applications
  - Emergency Contact Information

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- Form I-9 *Employee Eligibility Verification*
  - Form W-4 *Employee's Withholding Allowance*
  - Approval of in service credits
  - Transcripts
  - Certificates of attendance for in-service credits
  - Annual salary notices
  - Resignation/Retirement letter
  - Other correspondence
  - Attendance documentation
- All personnel files (instructional and non-instructional) are secured in locked filing cabinets in the Assistant Superintendent for Personnel's office.
  - The Payroll Department also maintains an employee folder with copies of paperwork that it has received including Payroll Authorization Forms, Form W-4, and benefits elections.

**IV. Employee Attendance**

- All employees are required to sign in at each building. Central Administration does not utilize a sign in sheet, but each department is responsible for tracking their employees' attendance.
- Timecards are used to document attendance for custodial and buildings and grounds employees. Timecards are approved by the Director of Facilities.
- The Personnel Clerk for Attendance receives all sign in sheets from the buildings on a weekly basis.
- The District has a contract with Sub Teacher Registry, a call in system. Employees call in to notify Sub Teacher Registry of their absence. Sub Teacher Registry will find a substitute to fill in if necessary.
- Each day, Sub Teacher Registry sends a list of absent employees to the Personnel Clerk for Attendance.
- The Personnel Clerk for Attendance will cross reference the Sub Teacher Registry absence reports to the building sign in sheets.
- If an employee wants to take a vacation day or a personal day, a request form must go to their supervisor for approval. Generally, sick days do not need to be approved beforehand.
- The Personnel Clerk for Attendance is responsible for recording absences in nVision.
- If an employee needs to be docked days, the Personnel Clerk for Attendance will prepare a notice to the Payroll Department. Docking notices are approved by the Assistant Superintendent for Personnel.

**V. Personnel Evaluation**

- Observations and evaluations are performed at various times and intervals during the year depending on the employee's job description and bargaining unit contract.
- Certain instructional employees and administrators are subject to New York State Education Law §3012-c and Regulations of the Commissioner of Education §100.2 (o), *Annual Professional Performance Review* requirements.
- As per Education Law §3012-c, *Annual Professional Performance Review*:
  - All classroom teachers and building principals will receive an annual professional performance review (APPR) resulting in a single composite

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effectiveness score and rating of “highly effective”, “effective”, “developing, or “ineffective”.

- The composite score is determined by:
  - Student growth on State assessments or other comparable measures of student growth (25%)
  - Locally selected measures of student achievement, as defined by the Commissioner (15%)
  - Other measures of teacher/principal effectiveness consistent with standards prescribed by the Commissioner in regulation (usually based on an evaluation score) (60%)
  - The evaluation score is based on a rubric that has been included in the District’s APPR Plan and approved by the NYSED
- Teachers must be evaluated by a principal or other trained administrator.
- Principals must be evaluated by another trained administrator as well as his/her supervisor or a trained independent evaluator.
- Teacher evaluation scores must be based on a minimum of two (2) observations and one (1) must be unannounced.
- Principal evaluation scores must be based on one (1) or more school visits by a supervisor and at least two (2) other sources of evidence.
- The employee must receive their total evaluation score by September 1<sup>st</sup> of the school year following the evaluation year.
- Employees who receive a score of Developing or Ineffective must be given a Teacher or Principal Improvement Plan within the first ten (10) days of the school year following the evaluation.
- **[The District has developed and documented an evaluation plan in accordance with New York State Education Law §3012-c and Regulations of the Commissioner of Education §100.2 \(o\), Annual Professional Performance Review \(APPR\). The plan has been approved by the New York State Education Department and is posted on the District’s website.](#)**
- The Superintendent of Schools, or another administrator, is responsible for observing Principals, and teachers are generally observed by Principals. An administrator will sometimes observe a teacher if they are in a probationary position.
- Non-tenured teachers and principals receive four (4) observations throughout the school year, two (2) announced and two (2) unannounced. Tenured teachers and principals receive two (2) observations throughout the year, one (1) announced and one (1) unannounced.
- The District uses OASIS to track the status of observations and maintain completed forms.
- If a teacher or principal receives an ineffective rating two (2) years in a row, the Board may convene §3020-a disciplinary proceedings.
- Any teacher or principal who receives an ineffective rating is entitled to appeal their annual APPR rating in writing to the Superintendent within ten (10) days of the receipt of the annual evaluation.
- The Superintendent will review the appeal along with supporting evidence from the evaluator and teacher or principal before making a decision. The decision will be made within ten (10) days of receipt of the appeal as per the Teacher’s Contract.
- All other staff receive annual evaluations that are completed by their direct supervisor using a standard form.
- The Assistant Superintendent for Personnel emails the appropriate evaluators with the timeline for completion.

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**VI. Salary Increases and Continuing Education**

- Employee salaries are increased in accordance with applicable bargaining unit contracts.
- At the beginning of each school year, employees receive a salary notification.
- Annual contractual salary increases are processed automatically through nVision at the beginning of each year by the Payroll Department.
- Teachers may receive pay increases for additional certifications.
- To receive permission to take a course, teachers must submit a standard Course Credit Memo with documentation stating the course description.
- Course Credit Memos must be approved by the Assistant Superintendent for Personnel prior to the start of the course.
- After course completion, the teacher must submit official transcripts to the Human Resources Department.
- A Credit Granted Memo is approved by the Assistant Superintendent for Personnel when transcripts for all approved courses are received. This memo states the course, credits given, credits beyond degree and in-service credits to be applied to employee's next movement.
- The Human Resources Department notifies the Payroll Department of a salary increase via a Payroll Authorization Form signed by the Assistant Superintendent for Personnel.

**VII. Termination**

- Employment with the District may end either by termination, resignation, excessing, or retirement.
- Employees who resign or retire must submit a letter of resignation to the Human Resources Department. Teachers must give notice within 30 days and all other employees must give notice within two (2) weeks.
- The Board of Education approves all resignations by resolution.
- The District must follow the Civil Service process to terminate Civil Service employees. If a Civil Service employee is employed for more than five (5) years, they are entitled to a section 75 hearing before termination.
- New York State Laws governing termination are followed for permanent or tenure employees. The District can fire tenure employees for just cause based on general reasons recognized under the Education Law.
- Non-instructional employees appointed for a specific term are not reappointed after their initial term if the District intends to terminate their employment.
- The Human Resources Department notifies the Payroll Department of any resignations or terminations via a Payroll Authorization Form.
- The Human Resources Department is responsible for calculating any payouts for accrued and unused sick or vacation time. A Terminal Pay Computation Form is used to calculate the amount.
- Terminal Pay Computation Forms are reviewed and approved by the Assistant Superintendent for Personnel.
- The Human Resources Department utilizes an exit checklist.
- Both the Payroll Department and Human Resources Department must inactivate the employee in their respective modules in nVision.
- The Departments must coordinate the inactivation because if the Human Resources Department inactivates the employee in their module before the employee's final pay period, the last check cannot be issued by the Payroll Department.