



# Dansville Central School District Separation Payments

## Report of Examination

Period Covered:

July 1, 2013 – January 14, 2016

2016M-102



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

July 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 Dansville Central School District, entitled Separation Payments. 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 and recommendations are resources 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 Dansville Central School District (District) is located in the Towns of Conesus, Groveland, North Dansville, Ossian, Sparta, Springwater and West Sparta in Livingston County and the Towns of Dansville and Wayland in Steuben 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 officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The Business Official supervises all functions within the Business Office, including supervising the human resources clerk (HR clerk) and District Treasurer (Treasurer), who processes claims. The District contracts for payroll processing services through the Genesee Valley Board of Cooperative Educational Services. The HR clerk calculates the various separation payments paid by the District. These calculations are reviewed by the Business Official and then, depending on the type of payment, the payments are processed by the Treasurer or payroll clerk. The HR clerk and Business Official review payroll reports prior to the final processing of payroll, and the Superintendent certifies final payroll.

The District operates three schools with approximately 1,600 students and 335 employees. The District's budgeted expenditures for the 2015-16 fiscal year were \$32.3 million, which were funded primarily with State aid and real property taxes. During our audit period, 83 individuals left District employment for retirement or other employment opportunities.

## Objective

The objective of our audit was to examine the District's calculation of separation payments. Our audit addressed the following related question:

- Were separation payments calculated correctly?

## Scope and Methodology

We examined the calculation of separation payments to former employees whose effective date of separation from the District occurred during the period July 1, 2013 through January 14, 2016.

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 C 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 and  
Corrective Action**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials disagreed with some of the findings in our report, but indicated they plan to take corrective action as outlined in the corrective action plan included in the response letter. Appendix B includes our comments on the issues raised in the District's response letter.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the District Clerk's office.

## Separation Payments

In addition to established wages and salaries, school districts often provide separation payments to employees as a retirement incentive. These payments can include the payout of all, or a portion of, unused leave time earned by an employee when the employee retires or otherwise leaves district employment. Districts may also provide other retirement incentives to employees that are not based on individuals' remaining leave balances. These payments are an employment benefit generally granted in negotiated collective bargaining agreements (CBAs) or individual employment contracts and can represent significant expenditures for districts.

Any changes to provisions of a CBA should be negotiated and agreed upon by all the parties to the agreement. District officials must be sure that employees are paid only the amounts to which they are entitled by ensuring each payment is accurate and authorized by a Board-approved employment contract. In addition, the Board must provide formal guidance to employees who are responsible for processing separation payments by adopting written policies and procedures that detail the documentation requirements and provide for the adequate review of these payments.

The District had four CBAs and three individual employment contracts that stipulated the compensation terms and benefits for its employees. In addition, the Board annually adopted a resolution for 12 employees who received management confidential benefits (MC benefits). All of the CBAs, the MC benefits resolution and one individual contract include provisions for eligible employees to receive a separation payment upon leaving the District. To be eligible for these separation payments, an employee's terms of separation must meet certain "qualifying conditions" as stipulated in the provisions of the applicable CBA, contract or MC benefits resolution. The Board also approved a memorandum of agreement (MOA) with the Dansville Transportation Union establishing a retirement incentive for union members who chose to retire with an effective date on or between June 30 and August 31, 2014.

The District established authorizing provisions in the Board-adopted CBAs, contract, MOA and MC benefits resolution that defined how to calculate the various components of the separation payments. However, no policies or procedures have been adopted or put in place to provide guidance to employees and District officials when processing, reviewing or approving these payments to ensure that the calculations are accurate and sufficiently supported. As a result,

District officials made eight<sup>1</sup> questionable separation payments and incorrectly calculated five separation payments totaling \$73,568.

District officials followed certain practices when processing employee separation payments. After Board approval of an employee's request to retire or resign, the HR clerk reviewed the applicable CBA, contract, MOA or MC benefits resolution to determine whether the employee was eligible for separation payments and prepared any applicable separation payment calculations. During the employee's exit meeting, the HR clerk would inquire about and document the employee's payout choice when the applicable separation payment provisions provided for payout options. The HR clerk then prepared a claim form with the calculations, which generally lacked supporting documentation, and provided this form to the Business Official for review and approval. After the Business Official reviewed the calculation and approved the payment, he provided the signed claim form to the Treasurer or payroll clerk to process. Examples of payout options include:

- Payment to an Employee's 403(b) Retirement Account – The Treasurer processed the approved separation payment using the claim form prepared by the HR clerk, which was then submitted to the claims auditor with the warrant and other claims for the Board's final review and approval.
- Payment Directly to the Employee – The approved separation payment claim form was provided to the payroll clerk to be included in the employee's final payroll check. The HR clerk and Business Official review payroll reports prior to final processing, and the Superintendent certifies the final payroll.

Because the claim forms did not have adequate supporting documentation attached to them, all reviews and approvals were ineffective. Of further concern is that these same weaknesses (lack of supporting documentation attached to claims) were previously identified when processing other contractual payments (i.e., tuition reimbursements) to employees during our last audit in 2007, and District officials failed to implement corrective action to require adequate supporting documentation for all contractual payments to employees.

During our audit period, the District had 83 employees who left District employment, and 24 were paid separation payments totaling \$320,564.<sup>2</sup> To determine whether these payments were appropriate and accurate, we reviewed the terms of separation for each of the

<sup>1</sup> One payment totaling \$3,400 was pending at the time of our audit.

<sup>2</sup> One of these payments was pending because the employee had not created a 403(b) retirement account.

24 employees according to their applicable CBAs, contract, MOA or MC benefits resolution. We also reviewed each claim form and recalculated the separation payment. However, our recalculation of these separation payments was severely hindered because the claim forms lacked sufficient supporting documentation, such as employees' leave accrual balances and retirement numbers.

Our repeated requests for such information went unanswered by District employees. Further, the HR clerk had no documentation to support whether certain individuals had met all the qualifying conditions as stipulated in the applicable CBA, contract, MOA or MC benefits resolution provisions. As a result, she had to contact the New York State Teacher's Retirement System and New York State and Local Retirement System (NYSLRS) to gather the necessary information to determine an employee's eligibility, which should have been obtained and reviewed prior to her preparing the separation payment calculation.

After we obtained sufficient information to recalculate all 24 separation payments, we identified seven separation payments that were paid to individuals and one pending separation payment that did not meet the provisions of their applicable CBA, contract, MOA or MC benefits resolution. Specifically, we found:

- Two separation payments totaling \$30,000 were paid to employees who did not meet "qualifying conditions" for eligibility. One employee did not give the required 120-day notice, and the other did not have June 30 as their retirement date. Although District officials stated that MOAs were negotiated with the individuals' unions to allow them to receive these separation payments despite not meeting the "qualifying conditions" of the contracts, we were not provided with these MOAs to confirm District officials' assertions or to ascertain if the Board approved of these deviations. At our exit conference on May 3, 2016, District officials stated that an MOA was negotiated with one of the individual's union; however, it was accidentally left off the Board's meeting agenda and was not approved until May 11, 2016. Although District officials stated at our exit conference that the payment to the other individual was made in error, an MOA was approved after the fact on May 25, 2016 approving the payment.
- Two separation payments totaling \$25,000 were paid to employees even though their letters of intent to retire were not stamped as received by the District Office prior to the deadline set by the MOA offering the retirement incentive. District

officials stated that these payments were allowed because the letters were submitted to the individuals' supervisor prior to the deadline, but were not forwarded to the District Office until after the deadline. There was no documentation to support this assertion.

- One payment of \$3,520 was paid to an employee who did not meet the hire date “qualifying condition” to be eligible for that option. According to District officials, the District is in the process of negotiating an MOA with the Support Staff Union to address this wording. The proposed adjusted contractual language will allow for individuals to receive this option, as was intended during contract negotiations but it was overlooked when finalizing the contract.
- Two separation payments totaling \$9,864 for accrued, unused vacation and sick leave balances were paid to two individuals even though the Board-approved MC benefits resolution did not contain provisions authorizing these types of payments. District officials stated that it has been the practice to pay individuals employed under the MC benefits resolution for their accrued unused vacation time as this benefit was earned the year prior to receipt.
- The District had one pending retirement benefit payout for an ineligible employee for accrued unused sick and personal days totaling \$3,400. Because this individual had previously retired from the NYSLRS in 2005, she did not meet the terms of her CBA, which required her to retire from the District through the NYSLRS or be eligible to retire under NYSLRS.

We found that the purposes for deviating from the Board-adopted CBAs, contract, MOA or MC benefits resolution were not clearly documented and attached to separation payment claims.

Finally, District officials incorrectly calculated five separation payments that resulted in the following:

- Two employees were underpaid totaling \$1,001 because the wrong per diem rates were used. After we notified District officials of these errors, a payment totaling \$342 was paid to one of these individuals.
- Three employees were overpaid totaling \$783 because incorrect unused vacation leave balances were used.

These errors and discrepancies occurred because District officials did not develop procedures for processing separation payments

in accordance with Board-adopted CBAs, contracts, MOAs or the MC benefits resolution. As a result, District officials made eight<sup>3</sup> questionable separation payments and incorrectly calculated five separation payments totaling \$73,568. Documenting written procedures that govern separation payments would help ensure that proper supporting documentation – such as the authorizing CBA, contract, MOA, MC benefits resolution terms or clearly documented purpose for deviating from these authorizing terms – and leave records are attached to all claim forms, so that the Business Official and claims auditor can perform an adequate review prior to approving separation payments.

Documenting written policies and procedures that govern separation payments would help prevent any confusion or misunderstandings regarding the process. Allowing alternative arrangements without documenting the justification allows for the appearance of favoritism and compromises transparency and accountability.

## Recommendations

The Board and District officials should:

1. Direct the District’s attorney to review the identified overpayments and take appropriate action within the law to recover those funds and reimburse identified underpayments.
2. Develop and adopt written procedures to formalize the processing of separation payments, including handling the receipt of notices that are subject to deadline requirements.
3. Develop and adopt language that formalizes the practice of paying for accrued unused vacation time for inclusion in the MC benefits resolution.

District officials should:

4. Ensure that adequate supporting documentation is attached to all separation payment claims.
5. Ensure that MOUs authorizing deviations from the Board-approved contracts are provided to the claims auditor or included with the supporting documentation for separation payment claims.

The claims auditor should:

6. Thoroughly and deliberately examine claims to determine whether they are authorized and accurate.

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<sup>3</sup> See supra, note 1.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

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



DANVILLE, NY

May 10, 2016

Office of the State Comptroller  
Division of Local Government & School Accountability  
PSU – CAP Submission  
110 State Street, 12<sup>th</sup> Floor  
Albany, NY 12236

Re: Audit Response and CAP

Dear Sir/Madam,

This letter serves as Dansville Central School District's Audit Response and Corrective Action Plan (CAP).

The Board of Education of the Dansville Central School District and its Administration, thank the Office of State Comptroller's Division of Local Government and School Accountability for the opportunity to respond to the Separation Payment-Report of Examination conducted by your office's auditing team.

Audit findings have helped us to self-assess our implementation of practices and procedures. We will improve our written procedures, develop policy where appropriate and improve upon implementation.

The audit identifies 83 employees who left the district service, 24 of which were paid separation payments totaling \$320,564. Of these 24 separation payments, 5 payments totaling \$73,568 were deemed by the auditing team to have been "paid without proper documentation or which did not meet the provisions of their applicable CBA, contract, MOA or MC benefits resolution".

See  
Note 1  
Page 18

#### **Dansville Central School District's Audit Response**

Of the 24 separation payments, 19 payments totaling \$246,996, were paid in accordance with applicable CBA, contract, MOA or MC benefits resolution. Of the \$73,568 identified by the Comptroller's Office, \$70,168 in payments were appropriate and lacked supporting documentation and/or codification of practices. \$3,400 of this amount was not paid due to an employee's prior retirement from another municipality in 2005.

See  
Note 1  
Page 18

Each transaction identified in the audit is detailed below, with the District's response following.

DR. PAUL J. ALIOTO  
*Superintendent*

284 Main Street  
Dansville, New York 14437  
Phone (585) 335-4000  
Fax (585) 335-4002

RICHARD A. RIGGI  
*School Business Official*

## Detailed Response

Comptroller: “The district had one pending retirement benefit payout for an ineligible employee for accrued unused sick and personal days totaling \$3,400. Because the individual had previously retired from the NYSERS in 2005, she did not meet the terms of her CBA required her to retire from the District through the NYSERS or be eligible to retire under NYSERS.”

*District: The District did not make this payment to the employee in question. Thank you for assisting us in identifying that the employee was ineligible because she had already retired from a different job with a different municipality in 2005.*

Comptroller: “Two separation payments totaling \$30,000 were paid to employees who did not meet “qualifying conditions” for eligibility. One employee did not give the required 120 day notice and the other did not have June 30 as their retirement date. Although District officials stated the MOA’s were negotiated with the individual's union to allow them to receive these payments despite not meeting the “qualifying conditions” of the contracts, we were not provided with these MOAs to confirm District officials’ assertions or to ascertain if the Board approved these deviations.”

*District: One payment of \$25,000 was provided to a retiring teacher who served DCSD for over 25 years. The authorization was approved by a Principal and Business Official who did not recognize the retirement date requirement in the contract language. These administrators are no longer employed by the District. Under special circumstances usually involving an employee’s health, the District and the Dansville Teachers’ Association have drafted and approved agreements that accelerate retirement dates and provide incentives to retirees who might not meet all criteria. This particular retirement did involve special circumstances. A retroactive MOA authorizing payment and signed by all parties is attached to the District’s response (Attachment A).*

*The Memorandum of Agreement (MOA) authorizing the \$5,000 payment was agreed to prior to payment. The MOA was not executed by the District and labor unit because of an unintended omission of a recipient’s address in the electronic chain of communication. The BOE approved the retroactive agreement on May 10, 2016 and the District provided a copy of the MOA to the Comptroller’s Office. The retroactive MOA authorizing payment and signed by all parties is attached to the District’s response (Attachment B).*

Comptroller: Two separation payments totaling \$25,000 were paid to employees even though their letters of intent to retire were not stamped as received by the District Office prior to the deadline set by the MOA offering the retirement incentive. District officials stated these payments were allowed because they believed the letters were submitted to the individual's supervisor prior to the deadline but were not forwarded to the District Office until after the deadline. There was no documentation to support this assertion.

See  
Note 2  
Page 18

***District: The letters of intent to retire were submitted to the department office before the deadline. The department office, at that time, did not date stamp receivables. They have since employed a date stamping procedure on receivables. The two retirement notices were received in accordance with the retirement incentive language. The payments were appropriate.***

Comptroller: One payment of \$3,520 was paid to an employee who did not meet the hire date "qualifying condition" to be eligible for that option. According to District officials, the District is in the process of negotiating the MOA with the Support Staff Union to address this wording. The proposed adjusted contractual language will allow for these individuals to receive this option as was intended during contract negotiations, but was overlooked when finalizing the contract.

***District: As a matter of past practice, the District processes separation payments for accumulated sick days to retirees represented by the Dansville Support Staff Association. The District interprets this event as an occasion upon which it was legally bound (as a result of past practice doctrine) to process the payment. The District will continue to use collective bargaining to engage labor units in improving and clarifying contract language.***

See  
Note 3  
Page 18

Comptroller: District officials also made two separation payments totaling \$9,864 for accrued unused vacation and sick leave balances to individuals even though the Board approved MC benefits resolution did not contain provisions authorizing these types of payments.

***District: The District and Management Confidential employees understand and expect this long standing practice to continue. The District will add new language to the MC Benefits Agreement that details the practice of vacation and sick day payouts at the end of employment.***

See  
Note 3  
Page 18

***One of the payments in question was made to a surviving spouse of an employee who died in service. This payment was similarly appropriate as consistent with established Board of Education understanding and past practice and the District will integrate new language into the Benefits Agreement that details the conditions under which payments to surviving spouses are to be implemented.***

Comptroller: "Our repeated requests for such information went unanswered by District employees.

***District: The District has investigated this assertion by the Comptroller's Office. The Interim Business Official at the time of the audit was working on a part time basis. A total of 74 written electronic messages were exchanged between the District's human resources department and the State Comptroller's Office. The average response time to auditor information requests was 68 minutes. There were two instances when District employees were asked more than once for information. On both occasions, the information requests required extensive research and intradepartmental communication which extended our response time.***

See  
Note 4  
Page 18

## Corrective Action Plan (CAP)

**Recommendation #1:** Direct the District's Attorney to review the identified overpayments and take whatever action is appropriate within the law to recover those funds and reimburse identified underpayments.

***District Actions:*** On May 5, 2016, Superintendent Dr. Paul J. Alioto directed counsel (Ferrara & Fiorenza PC) to review the draft audit report and advise District on whether or not to proceed with recovering overpayments and/or reimbursing underpayments. The District will review counsel's recommendation and determine the appropriate course of action.

**Recommendation #2:** Develop and adopt written procedures to formalize the processing of separation payments, including how to handle the receipt of notices that are subject to deadline requirements.

***District Actions:*** The District has engaged counsel (Ferrara & Fiorenza PC) to review existing policies and procedures, recommend changes and draft a comprehensive ***Human Resources Handbook***. The handbook will detail employment related regulations to guide our actions in fulfillment of employer responsibilities to employees at the beginning, throughout and at the end of employment with the District.

**Recommendation #3:** Develop and adopt language that formalizes the practice of paying for accrued unused vacation time for inclusion in the MC benefits resolution.

***District Actions:*** The MC Benefits Agreement is updated annually and changes will reflect the Comptroller's recommendations. The updated agreement is expected to be adopted prior to July 1, 2016.

**Recommendation #4:** Ensure that adequate supporting documentation is attached to all separation payment claims.

***District Actions:*** The District's Benefits Coordinator has been directed to provide the ICA with detailed documentation to support separation payments. The District's Internal Claims Auditor has been directed to review all separation payment documentation prior to final check authorization. (Attachment C)

***Administrative regulations will be amended to include the requirement of documentation prior to approving any separation payment.***

**Recommendation #5:** Ensure that MOUs authorizing deviations from the Board approved contracts are provided to the claims auditor or included with supporting documentation for separation payment claims.

***District Actions:*** New policy and regulations will include language requiring any deviations from Board approved contracts to have supporting documentation, including but not limited to an MOA covering that specific deviation from a CBA.

**Recommendation #6:** Thoroughly and deliberately examine claims to determine whether they are authorized and accurate.

***District Actions: Central Office employees tasked with submitting and approving separation payments have been instructed to “thoroughly and deliberately examine claims to determine whether they are authorized and accurate.” Those personnel hold the positions of Benefits Coordinator, School Business Official, Internal Claims Auditor and Treasurer.***

The District appreciates the Comptroller's efforts to improve DCSD procedures that structure the authorization and disbursement of separation payments to employees who have earned this benefit at the termination of service. The District instituted many of the Comptroller's recommendations immediately and we are committed to completing this process by instituting improved practices guided by our new Human Resources Handbook before the end of August 2016.

Respectfully submitted,

Paul J. Alioto  
Superintendent of Schools

Memorandum of Agreement

This Memorandum of Agreement is entered into by and between the Dansville Central School District (hereinafter referred to as the "District"), the Dansville Teachers' Association (hereinafter referred to as the "Association") and Thomas Shafer as follows:

Whereas, the District and the Association are parties to a collective bargaining agreement covering the period from July 1, 2012 through June 30, 2015.

Whereas, Article IV (O) (1) of the collective bargaining agreement contains a retirement incentive for teachers with at least twenty (20) consecutive years of service who retire from the District into the NYSTRS without penalty or reduction of benefits when first eligible; and

Whereas, Article IV (O) (3) of the collective bargaining agreement requires that the retiring teacher resign with an effective date of June 30 of the school year in which he/she is first eligible to retire without penalty or reduction of benefits; and

Whereas, Thomas Shafer was employed by the District as a teacher and had twenty-six years of credited service on February 2, 2015; and

Whereas, the parties have determined that it is in their mutual best interest to allow Thomas Shafer to retire on February 2, 2015 and still receive the early retirement incentive set forth in Article IV (O) (1) of the collective bargaining agreement provided that he satisfies its other terms,

NOW, THEREFORE, THE PARTIES AGREE THAT:

- At the time he executed this Memorandum of Agreement, Thomas Shafer provided an irrevocable letter of resignation for retirement purposes with an effective date of February 2, 2015. This letter was deemed to satisfy the conditions of Article IV (O) (3) of the collective bargaining agreement.
- Thomas Shafer had 188 accumulated sick days and qualified for retirement health insurance benefits at the "Over 125 accumulated sick days" level under Article IV (P) (2), Option (a) of the collective bargaining agreement.
- Thomas Shafer's last day of active service to the District was February 2, 2015.
- Thomas Shafer shall receive the retirement incentive set forth in Article IV (O) (1) at the effective date of retirement under this Memorandum of Agreement on February 2, 2015.
- All parties agree this Memorandum of Agreement does not establish a practice or precedent in any manner whatsoever.

\_\_\_\_\_  
Superintendent, Dansville Central School District

5/25/16  
\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
President, Dansville Teachers' Association

5-24-16  
\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Thomas Shafer, Teacher

5/27/16  
\_\_\_\_\_  
Date Signed

Attachment B

Attachment VI-B – 05/10/16

**Memorandum of Agreement**

This Memorandum of Agreement is entered [retroactively] into by and between the Dansville Central School District and the Dansville Support Staff Association as follows:

WHEREAS, Darline Fogle, is a monitor and has been employed for over 30 years with the DCSD, and

WHEREAS, Ms. Fogle wishes to resign for the purpose of retirement, and

WHEREAS, Ms. Fogle wishes to take advantage of the retirement incentive and expressed interest in retiring with 101 days notice, and

WHEREAS, the DCSD – DSSA collective bargaining agreement requires 120 day notice for a retiree to be eligible for the retirement incentive,

BE IT RESOLVED,

1. The DCSD and DSSA hereby agree to waive the 120 day notice for Ms. Fogle and offer her the current \$5,000.00 incentive provided she submit a non-negotiable non-revocable letter of resignation with an effective date of August 31, 2015.
2. This Agreement is not precedent setting nor does it constitute a past practice in any manner whatsoever.
3. This Agreement is subject to Board of Education approval.

For the District:

By: Dr. Paul J. Alloto, Superintendent

Date: 5/11/16

Darline Fogle

Date: 5/4/16

For the Association:

By: DSSA President

Date: 5/11/16

Approved by the Board on

Date: May 10, 2016

Vaune Crawford, Clerk of the Board



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## Fwd: Separation Payment Documentation

1 message

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Riggs, Rick <riggir@dansvillecsd.org>

Wed, May 25, 2016 at 3:01 PM

To: Paul Alioto <aliotop@dansvillecsd.org>, Vaune Crawford <CrawfordV@dansvillecsd.org>

Here is the email. I had sent you a blind copy before.

----- Forwarded message -----

From: Riggs, Rick <riggir@dansvillecsd.org>

Date: Fri, May 20, 2016 at 9:30 AM

Subject: Separation Payment Documentation

To: Margaret Mistretta <mistrettama@dansvillecsd.org>, Brenda Stauber <StauberB@dansvillecsd.org>

Margaret & Brenda,

This is a follow-up to our discussion regarding proper documentation for separation payments.

The Comptroller's Audit has identified instances in which separation payments were made to employees with lack of supporting documentation. As such, the audit has made the following recommendation:

**Recommendation #4:** Ensure that adequate supporting documentation is attached to all separation payment claims

**As we discussed, please ensure that adequate documentation is attached to all separation payment claims.**

If at any time, you feel that there is not adequate documentation supporting a separation payment, please deny payment until adequate supporting documentation is produced..

You two are the gatekeepers, so to speak, on this and I trust that you will ensure that separation payments are properly made in the future.

Please confirm your understanding of the above directive.

Thanks,

Rick

—

Richard Riggs  
School Business Official  
Dansville Central School District  
284 Main Street  
Dansville, N.Y. 14437  
585-335-4000 ext.2310

—

Richard Riggs  
School Business Official  
Dansville Central School District  
284 Main Street

## APPENDIX B

### OSC COMMENTS ON THE DISTRICT'S RESPONSE

#### Note 1

District officials made eight<sup>4</sup> questionable separation payments totaling \$71,784 that did not meet the provisions of their applicable CBA, contract, MOA or MC benefits resolution and incorrectly calculated five separation payments totaling \$1,784.

#### Note 2

The retroactive approval of MOAs for separation payments impedes the Board's decision-making ability and hinders transparency.

#### Note 3

If separation payments are made as a matter of past practice, contractual language or MOAs should reflect the agreement of all applicable, concerned parties.

#### Note 4

The volume of requests was due to the lack of appropriate supporting documentation being attached to the separation payment claims or otherwise readily available. OSC made 20 separate original requests for information from the Human Resources Department. Seven required at least one follow-up request, nine remained unanswered in their entirety for more than three days and for two of these cases we never received a response. On three occasions we sought out and received responses from another District employee after our previous requests went unanswered.

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<sup>4</sup> One payment totaling \$3,400 was pending at the time of our audit.

## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

To accomplish the objective of our audit and obtain valid audit evidence, our procedures included the following steps:

- We interviewed District officials and staff to gain an understanding of the District’s practices for approving and processing separation payments and controls over the computerized financial software (including the leave time management software).
- We reviewed the negotiated CBAs, individual employment contracts, MC benefits resolution for noncontractual employees and related MOAs to identify the terms authorizing separation payments.
- We reviewed Board minutes, interviewed District officials and reviewed reports from the computerized financial software to identify all separation payments made during our audit period.
- We reviewed the separation terms for all 83 employees who left District employment to determine if they were eligible for a separation payment per the terms of their CBA, contract, resolution or MOA.
- We examined the supporting documentation for the 24 separation payments calculated during our audit period to determine if the payments were properly supported and correctly calculated.

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.

## APPENDIX D

### HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller  
Public Information Office  
110 State Street, 15th Floor  
Albany, New York 12236  
(518) 474-4015  
<http://www.osc.state.ny.us/localgov/>

**APPENDIX E**  
**OFFICE OF THE STATE COMPTROLLER**  
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