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# Town of Stoughton

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## Analysis of School Employee Payroll

January 23, 2013

William Rowe, Town Accountant  
Susan Herman, Internal Auditor

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## Summary

In an effort to more closely monitor the accuracy of expenditures made in the school payroll, an internal audit was conducted. The objective was to obtain reasonable assurance that the Office of the Town Accountant had in its possession all documentation to support the amounts on the payroll warrant of December 13, 2012. William Rowe, Town Accountant, Susan Herman, Internal Auditor and James Kelley, Human Resources Director met with officials of the School Department on December 20, 2012 at the School Committee Room. School officials included Jessica Denison, Financial Coordinator, Rita Abourjaily, Payroll Coordinator and Attorney Regina Williams Tate of Murphy, Hesse, Toomey & Lehane. An interview was conducted to gain an understanding of the payroll procedures.

A sample of 37 names was selected from the payroll journal. The School officials provided us with photocopies of various contracts and other documentation such as hiring letters and time cards. These 37 names were located in the weekly payroll journal as well as an additional payroll journal that was sorted by account number. The 37 names selected totaled 68 separate entries. (There are an *estimated* 1,000 separate entries on the school payroll.) By learning about a report in the possession of Deanna Chatsko, Town Payroll Coordinator, we were able to confirm that we had captured all of the entries for each name.

Each of the entries was traced to copies of original documentation or to the respective contract. Considerable follow up, going beyond the original hiring documentation, was requested and provided. Two tests were performed on each set of entries – tracing amounts to documentation and verifying the net pay amount in the check and deposit listings. At the same time, both school account numbers and general ledger account numbers were recorded for each entry. To audit any one particular pay period from the Budget Sense software can be inconclusive. The software pro rates adjustments prospectively and employees have a choice of a different number of pay periods. An audit of any *one* pay period requires considerable follow up. Excel reports from Budget Sense were provided in instances where there were questions and proved the annual payroll amounts.

## General Conclusions

Due to an in depth review of the initial payroll entries by the Financial Coordinator at the beginning of the year we believe that the annual school payroll, as a whole, is accurate. There are three general recommendations listed directly below based on the knowledge gained during the audit. There are 10 specific findings requesting a response. For all findings only employee initials are used to protect their privacy.

- We believe that hiring letters (outside of Unit A) could be more detailed and uniform among the different bargaining units. The letters could provide the rate, number of weeks the amount is to be paid, the employee's choice of pay periods, and the full contractual name of the position for regular pay and stipends (if appropriate). Unit A appointment letters could be expanded to list the employee's choice of pay periods. The increased amount of information would be helpful in establishing and reviewing payroll entries and facilitating review by outside agencies, employees and other interested parties.
- Consideration should be given to establishing a new account number for longevity. While the entries are separate in the payroll journals they are posted in the general ledger in combination with their respective general categories.
- The entire payroll balanced to the net amount of the payroll journal using the bi-weekly documentation. However, net payments for individuals on the check and direct deposit listings did not always balance to the amount listed in the payroll journal. This is due to post tax deductions such as student loans and credit union deductions which are included in the report received in the Treasurer's Office. Investigation should be made to see if the payroll and direct deposit listings can account for the post tax deductions by individual name.

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**Finding #1**

Employee: KM Category: Administrative Secretary

- A) The employee's hire date suggested that the employee should be at Step 10 (16<sup>th</sup> through 18<sup>th</sup> year) of the salary schedule. However, the rate per the payroll journal, when annualized, resulted in Step 11 (19<sup>th</sup> year). It was explained that the practice had been to have Secretaries bypass Step 8 depending upon the timing of their hire date. We could not locate any documentation for this practice.
- B) The employee received a longevity payment and a sub-call service payment. Tracing these through the documentation provided to us was cumbersome. We did become aware, through the Treasurer's office, of a report which breaks down payments by employee.

**Recommendation #1**

For A, consider incorporating current practices into the contract.

For B, no action is required. Future audit documentation will include records at the Treasurer's office.

**School Department Response #1**

The current practice will be evaluated during the upcoming negotiations with the Secretaries' Association.

**Finding #2**

Employees: JP Category: RN Sub  
BR Substitute OMS Reg and SHS Reg  
SK Substitute

There is no hiring or rate documentation for substitutes. Time cards are filled in as days, as is school department practice.

**Recommendation #2**

Consider publishing a substitute rate schedule.

**School Department Response #2**

Although it is believed that the school committee approved the rates being used and that the rates were published in the minutes of a past meeting, attempts to locate the minutes were unsuccessful. The school committee will re-publish a substitute rate schedule.

**Finding #3**

Employees: AD, SL, MJ, TG, MJ, KW, DJ, AP and JR Category: Teacher

- A) All salary rates matched the current contract rates. KW's payroll rate for the School Book Club Advisor matches the stipend outlined in the Unit A contract of \$1,120, however, the club does not appear to be listed in the contract. An appointment letter was provided for the After School Book Club Advisor.

- B) Teachers are compensated for the 2% mid-year increase on an annualized basis of 1%. The language of the current Stoughton Teachers Association agreement calls for a 2% increase on the 90<sup>th</sup> day of the school year. This results in an overpayment for the first half of the school year and an underpayment for the second half.

**Recommendation #3**

For #A, insert complete list of clubs and stipends in contract(s).

For #B, consider a mid-year 2% increase to match contract, rather than a 1% annualized increase.

**School Department Response #3**

Appendix B of the teachers' contract (Extra-Curricular Compensation) will be reviewed during the upcoming negotiations and the titles of the extra duty positions will be updated to represent the after school activities being offered.

The mid-year 2% increase was annualized to reduce the burden on the business office. The process used did not increase the amounts paid to the teachers for the year in question. However, hiring additional help to process the increase to reflect the wording in the contract would have increased the business office expenditures.

**Finding #4**

Employee: PA Category: Inclusion Classroom Aid

Hiring documentation was provided for 2004 as Inclusion Aide. Contract lists Instructional Aide and Clinical Aide under Paraprofessional I but does not list Inclusion Aide. The rate is \$11.35, which corresponds to the five-year rate Instructional Aide.

**Recommendation #4**

Further determination as to whether Instructional Aide is the Inclusion Aide noted in the contract is needed. Consider updating hiring letters where position names have changed.

**School Department Response #4**

Future hiring letters will reflect the titles in the Paraprofessional Contract.

**Finding #5**

Employees: SF & AR Category: Paraprofessional Aide

There is no rate quoted in the January 12, 2012 appointment letter for SF. We were able to trace the rate to the contract based upon the position named in the appointment letter.

**Recommendation #5**

Include pay rates in all hiring letters.

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**School Department Response #5**

Future hiring letters will reflect the pay rates in the Paraprofessional Contract.

**Finding #6**

Employee: CF Category: Assistant Cafeteria Manager

The employee longevity amount paid was \$250 and should have been \$200.

**Recommendation #6**

Review all food service longevity payments in the Dec 13, 2012 payroll.

**School Department Response #6**

All food service longevity payments were reviewed and the overpayment was corrected.

**Finding #7**

Employees: JL Category: Coach

Hire letter does not mention, but implies, head coach or assistant. Payroll rate indicates head coach.

**Recommendation #7**

Consider using full position name in all hiring letters (i.e. head coach, assistant coach, etc.).

**School Department Response #7**

Future hiring letters will reflect the full titles in the Coaching Appendix.

**Finding #8**

Employees: LR Category: Permanent Crossing Guard

Hire letter is from 1997 with no rates on original letter. Current wage information is provided in the contract for the "Regular Rate" only. The documentation for the "EXT rate" is stated as a "percentage of the day rate in the contract but the percentage is not specified in the contract. The EXT rate is 65% per the Financial Coordinator. Location assignments have changed since hiring documentation.

**Recommendation #8**

Consider amending contract language to specify an "EXT rate". Hire letters should include rates. Consider issuing a new letter when permanent assignments change.

### **School Department Response #8**

The issue will be addressed during negotiations and the new contract will state the EXT rate. Future hiring letters will reflect the pay rates in the Crossing Guard Contract. The school department does not see the need to put the location into the appointment letter, as this would create an unnecessary burden. The school department will publish an updated list of the crossing guard assignments upon request.

### **Finding #9**

Employees: MC Category: Administrative Secretary

The employee's hire date suggested that the employee should be at Step 9 (13<sup>th</sup> through 15<sup>th</sup> year) of the salary schedule. However, the rate per the payroll journal, when annualized, resulted in Step 10 (16<sup>th</sup> year). It was explained that the practice had been to have Secretaries bypass Step 8 depending upon the timing of their hire date. We could not locate any documentation for this practice.

### **Recommendation #9**

Consider incorporating current practices into the contract.

### **School Department Response #9**

The current practice will be evaluated during the upcoming negotiations with the Secretaries' Association.

### **Finding #10**

Employees: TM Category: Teacher

- A) The employee receives a stipend of \$800 per semester for "Morning Corridor Supervisor" per letter dated September 2012, however, this stipend is not outlined in Appendix B for the Unit A agreement.
- B) The payroll record refers to "Morning Cafeteria Supervisor".
- C) Bi-weekly stipend rate was difficult to reconcile to employee's pay periods; the appointment letter was not received in payroll in time for the September pay period and therefore is being paid out over 19 vs. 21 pay periods.

### **Recommendation #10**

- A) Include stipend rate in contract with explanation of number of weeks it will be paid.
- B) Correct account number or name from Morning Cafeteria Supervisor to Morning Corridor Supervisor.
- C) Review input process to receive timely notification of stipends.

### **School Department Response #10**

The stipend rate is included in the appointment letter. It is not necessary to list every possible assignment in the Teachers' Contract. The school department needs the flexibility to respond to and budget for current needs without being obligated by contract. (Continued)

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**School Department Response #10 (Continued)**

Payroll and the superintendent's office will be consistent in what titles are used for duties from year to year.

Payroll can only input earnings for appointments that have been made by the payroll deadline. In the instance of a late appointment, payroll has no choice but to record it over the remaining pay periods that the duty is to be performed.



# Town of Stoughton

10 Pearl Street • Stoughton, MA 02072 • (781) 341-1300 • FAX (781) 344-5048

To: Board of Selectmen

From: Bill Rowe  
Town Accountant

Date: December 21, 2012

Re: School Payroll Audit

I wanted to update you on the progress of the payroll audit, the objective of which is to obtain reasonable assurance that the Town Accountant has in his possession all supporting documentation to support the amounts on the payroll warrant.

James Kelley, Susan Herman and I met with Jessica Denison and Rita Abourjaily of the School Business Office and Regina Williams Tate of Murphy, Hesse, Toomey & Lehane, LLP (see memo attached).

We interviewed the officials above to gain an understanding of the design and operation of the payroll system and familiarize ourselves with the various categories of employees. We showed them the existing contract documentation currently in our possession.

The Department provided us with copies of administrator contracts, collective bargaining agreements, addenda and various memoranda of agreement. As part of the audit, we will attempt to obtain reasonable assurance of the completeness of this documentation.

We provided them with a sample of names from the payroll journal of December 13, 2012. They provided us with copies of various payroll authorization documents related to that sample. We will test the amounts in the sample to the copies of those source documents.

The audit is expected to be concluded during the week of January 7, 2013.

Please do not hesitate to contact me if you have any questions.

cc. Michael Hartman, Town Manager  
Susan Herman, Internal Auditor  
James Kelley, Director of Human Resources  
Marguerite C. Rizzi, Superintendent of Schools  
Debra Sovinee, Chair, School Committee

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*Please Respond to Quincy*

December 18, 2012

Mr. William J. Rowe  
Town Accountant  
Town of Stoughton  
10 Pearl Street  
Stoughton, MA 02072

Dear Mr. Rowe:

As you know, this office represents the Stoughton Public Schools. In your email concerning your inability to assert "that you had all of the documentation to back up the numbers on the 12/13 payroll warrant. Unfortunately, since I was unable to provide him with that assertion, he refused to sign the warrant", you cited the fact that you did not have certain employment contracts of school employees as the basis for your inability to make the required assertion. The payroll warrant was signed, however. Since failure to pay employees within the time period required by M.G.L. c.149, §148 would have violated state law, the Board's action was the responsible one. As a result of these events at the Board of Selectmen's meeting, you have indicated your intention to conduct an audit at the school department, and have demanded that the school department produce a number of documents for this audit. This is slated to take place on Thursday, December 20, 2012 at 9:00 AM.

As you know, in and around February and March, 2012, there were a number of meetings among your office, the Town Manager's office, the Board of Selectmen and the school department. Bryan LeBlanc, Esq. of this office attended at least one of those meetings. He and



**MURPHY, HESSE, TOOMEY & LEHANE, LLP**  
**Attorneys At Law**

Mr. William J. Rowe  
December 18, 2012  
Page 2

I had correspondence with Brian Riley, Esq., counsel for the Town. During the course of those various interchanges, the school department produced copies of the requested employment contracts which you received. However, at that time, you were asserting your right to the originals of the contracts which, on advice of counsel, the school department did not produce. Thus, you have had all requested copies of all requested documents since the early part of this year. You have not questioned or raised any concerns about the payroll audit prior to this time, and the fiscal year is almost 50% concluded. The timing of the request now is concerning.

I wish to advise you that despite the fact that there is no legal basis for the actions you are taking, the school department will cooperate to the extent it can. As you can imagine, this is a busy time of the year in schools, and for the school department to take the time to locate, produce and compile the documents you have requested, is a hardship. However, please be advised that I will be present for the audit of the school department so that I may understand the basis of any actions which you take as a follow-up to this audit.

I look forward to meeting you in person on Thursday morning.

Very truly yours,



Regina Williams Tate

RWT/dlp

cc: Dr. Marguerite Rizzi  
Deborah Sovinee, Chairperson, Stoughton School Committee  
Joseph D. Feaster  
Michael D. Hartman  
Brian Riley, Esq.



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## ABOUT TOWN WITH MARK SNYDER

By [Mark Snyder](#) [Email the author](#) 7:00 am

[Government](#), [Schools](#)

# ABOUT TOWN: Amid Concerns from Selectmen, Town Accountant Plans to Audit Stoughton Schools

Welcome to "About Town with Mark Snyder," a column that will keep you up to the minute with what's what, who's who and what's going on around town. If you see or hear something we could use here, let us know by sending an e-mail to [pmpco@aol.com](mailto:pmpco@aol.com).

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*About this column: Columnist Mark Snyder will bring you the latest news, events and neighborhood chatter throughout the day. Snyder is the founder of the popular website "Snyder's Stoughton" ([snydersstoughton.com](http://snydersstoughton.com)), and hosted a TV show on local access cable by the same name for close to seven years. To submit any news tips for this column, e-mail Snyder at [pmpco@aol.com](mailto:pmpco@aol.com).*

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**TOWN ACCOUNTANT PLANS TO AUDIT SCHOOLS:** On December 14, Stoughton Town Accountant **Bill Rowe** informed the school department, through an email to Stoughton Public Schools Finance Director **Jessica Denison**, that he would like to perform an audit of the school's payroll operation on Wednesday or Thursday this coming week.

He said the request came as a result of "an unfortunate action on the part of selectmen," but that their "concerns are understandable given the continued refusal by the School Department to provide our office with certain employment contracts."

He told Denison that **Susan Herman**, Internal Auditor for the town, and he would perform the audit, adding, "I will provide you a list on Monday of the preliminary information that we will need. Please let me know which day works best for you."

Rowe said that on December 13, Selectman **Bob O'Regan** asked him for an assertion that he had all the documentation to back up the numbers on the December 12/13 payroll warrant item on the Selectmen's agenda.

In the letter, Rowe writes, "Unfortunately, since I was unable to provide him with that assertion, he refused to sign the warrant. Selectmen **John Stagnone** and **John Anzivino** had similar concerns. They did sign the warrant, but expressed reservations about future warrants. Selectmen **Steve Anastos** will not sign any warrants."

Rowe said that if the audit results are favorable, "it may help to mitigate some of the Selectmen's concerns about signing the warrants."

School Committee Chair **Deb Sovinee** says she has no reservations about a payroll audit. She tells me on Saturday, December 15, "It should be a normal procedure. It's a simple audit. It's a good practice that I assume is policy for all areas of town government."

But, Superintendent of Schools **Dr. Marguerite Rizzi** didn't seem to agree. She wrote About Town, "This development is very sad and frustrating. Our attorneys will meet them at the door and be handling this matter. There are so many ways we could be working together for the good of the town."

School Committee member **Dr. Erdem Ural**, who made About Town aware of the situation, wrote that he finds the disagreement between the school

committee chair and the superintendent revealing.

"Unless Rizzi is planning to go out and hire her own attorneys, she must be talking about the school committee attorneys. I am hoping the committee will no longer give the superintendent free and unlimited access to lawyers at the expense of Stoughton," Dr. Ural said.

"My experience with the administration tells me that the internal checks and balances of the School Department are compromised," he continued. "Selectmen, School committee, Town accountant, and treasurer are responsible for any misdeeds that may have occurred. Therefore, I applaud the Town Accountant's initiative to perform an audit. No matter what the audit results are, I am hoping this humiliating experience will awaken the superintendent and my esteemed colleagues on the school committee."

Selectman **John Anzino** wrote, "Mr. Rowe has my full support in obtaining the documentation necessary for his office to sign off on ANY warrant being submitted to the Board of Selectmen for signatures. Mr. Rowe made me aware of the payroll issue Thursday evening. I restated my opinion his signature on a warrant indicates to me his office has all supporting documentation for that warrant."

Selectman Chairman **John Stagnone** writes, "The Town Accountant and Internal Auditor responsibilities are to verify that the taxpayer's money is being spent and reported as approved by town meeting and in accordance with all State and Federal Laws. For the Town Accountant and Internal Auditor to do their jobs they need to have a copy of all contracts, municipal and schools, they do not have all contracts from the school department."

Stagnone continued, "Hopefully copies are forth coming, because without them this issue does not go away no matter the out come of the audit. Once contracts are on file with the Town Accountant as required by law and the new payroll system is in place after the first of the year, audits can take place as part of routine review along with other accounts of the town, without the need to make an appointment. The Board of Selectmen have to sign off on all payments and we take this responsibility seriously. We rely on Town staff that each payment is made in accordance with all applicable laws."

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DarkKnight 8:27 am on Sunday, December 16, 2012 When does Dr. Rizzi go. Why not provide the requested info? Reply

kev in 9:02 am on Sunday, December 16, 2012 Flag as inappropriate

I can't understand the schools' hesitation. They are not a separate entity from the rest of the town. They receive funding from the town, they should have no qualms about being audited.

[Reply](#)

**lowertaxes**

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**10:16 am on Sunday, December 16, 2012**

If the school has nothing to hide then why won't Dr. Rizzi agree to this. I think that she forgets that she works for the people of this town. She has been nothing but nasty to the town government since she has been in charge of the schools. I for one want to see this audit to see what she is hiding. Not to mention as a taxpayer in this town I don't want my tax dollars going to pay these lawyers that she threatening. Just provide the town what they ask and get it done.

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**Fiscal Conservative**

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**1:37 pm on Sunday, December 16, 2012**

Another example of the feud going on between the two ends of Pearl Street. Is it ever going to end? The taxpayer should be leery of both ends of the street and how tax dollars are spent (or wasted).  
Could it be politics, as usual, to see who has the most power on the street? Power should really belong to the taxpayer, don't they work for you instead of the other way? Time for the taxpayer to become active and demand accountability from ALL in your govt. Attend meetings, ask questions, make those in power sweat a bit. I, for one, no longer sit off to the side. I'm vocal. I write letters to local papers, speak freely (they don't like it). I have become an activist. Govt, at all levels, wants more and more from my pockets. They won't get an extra cent from me, at any level, until my questions are answered. Hopefully, more people will join in to fight waste. Don't just believe a politician when they say they need money for programs. No question in my mind that, at least 10%, could be cut from every budget w/o hurting anyone. We just don't demand the accountability from them, so they do as they please, at our expense. Shame on us for trusting them. An audit should be conducted by an outside company, not either end of Pearl Street. Both sides could come up with the results that they want, not always the actual result. Results can always be slantly.

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