

January 31, 2018

Board of Education  
City School District of Albany  
1 Academy Park

We have completed the testing of the selected transaction cycle of the City School District of Albany and are enclosing the attached report. The purpose of this engagement was to assist you in implementing the regulations imposed by the 2005 School Financial Oversight and Accountability legislation which requires annual testing and evaluation of one or more significant transaction areas.

The attached report discloses the detailed procedures performed, the results of those procedures, and any resulting recommendations. The area of benefit deductions was selected for testing.

The purpose of our engagement was to assist the Board and management in achieving its responsibility to monitor financial reporting risk. It is ultimately the Board's responsibility to determine a response to our findings. However, our report does include suggestions of ways to respond to any findings.

The attached report is intended solely for the information and use of the Board of Education and management of the City School District of Albany and should not be used for any other purpose.

We appreciate the opportunity to perform the Internal Audit Function for the District and look forward to continuing to serve the District. We should be viewed as a resource for the Board; please feel free to contact us at any time.

Sincerely,



Heather R. Lewis, CPA  
Director

**City School District of Albany  
Schedule of Findings  
June 30, 2017**

**Benefit Deductions**

**Detailed Testing**

**Procedure:** Obtained a current census report from the CSDA Enrollment Portal and selected 128 Subscribers to include as a part of our test work, another 20 Subscribers were selected directly from four different payroll journals throughout the year to test the following:

- a) For each Subscriber selected agree the Subscriber's enrollment form to the information provided by the Enrollment Portal.

Results:

- Noted 14 out of 148 enrollment forms not provided, for these employees we viewed they have been in the same Plans since 2004.

- b) Viewed if the Subscriber was signed up for Single, Medicaid Only, or Family that the number of family Members on the Census Report was appropriate.

Results:

- No exceptions noted

- c) Recalculated the Subscribers expected deduction based on the Plan they were in and compared it to their actual deduction per the payroll journal. Note we selected one pay period in each quarter throughout the fiscal year.

Results:

- 59 out of the 148 Subscribers' were retirees and would not have any payroll deductions, however, confirmed payment of premium was received by Benetech.
- 11 out of the 148 Subscribers' enrolled into their selected Plans after the pay period selected for testing and appropriately did not have any deductions in the pay period selected for testing.

**General and Analytical Testing**

**Procedure:** Obtained an understanding of the benefit application process.

- a) The process for accepting enrollment forms at the District seems to be appropriate and operating effectively.
- b) Employees are being given the necessary information such as prices per plan, due dates, where to submit their enrollment forms, informational meeting dates and other information needed to make informed insurance decisions.

**Procedure:** Obtained an understanding of the benefit application process. Additionally obtained a Payroll Deductions Report from nVision listing the medical, dental and vision benefit codes for the fiscal year ending 6/30/17, this report listed all employees who were receiving at least one of the three payroll deductions and how much was being deducted from each employee's pay check each pay period. Our test work indicated the following:

**City School District of Albany**  
**Schedule of Findings**  
**June 30, 2017**

- a) The majority of deductions on the Payroll Deductions Reports, 2,323 out of 2,670 deductions (87%) on the report agreed to the expected deductions for the health, dental, and vision based on base pricing. Besides the items tested below as outliers, the remaining 13% seemed to have reasonable payroll deductions.
  
- b) 8 out of the 2,670 deductions on the report were considered outliers as these deductions were more expensive than the most expensive plan on a per paycheck level. These employees all resigned during the fiscal year and their final deductions were to pay for coverage until the end of the month in which they left employment. Additionally, the pro-ration of these 8 deductions were calculated correctly.