

**BROOME COUNTY  
DEPARTMENT OF  
AUDIT AND CONTROL**

**EMPLOYEE FINAL CLEARANCE PAYOUT AUDIT**

**January 2008**

*Alex J. McLaughlin, Comptroller*

January 24, 2008

Barbara J. Fiala, County Executive:

The Department of Audit and Control performed an audit of the final payouts for employees leaving the county from July 1, 2006 through June 30, 2007. The principal objective was to verify that amounts paid to departing employees were appropriate and properly calculated.

The audit was conducted in accordance with generally accepted auditing standards. Such standards require that the Department of Audit and Control plan and perform the audit to adequately assess the accuracy of the financial records and adequacy of the internal controls, and that we examine, on a test basis, sufficient, competent and relevant evidence to afford a reasonable basis for our conclusions.

We could not complete our examination of the employee final payouts for appropriateness and correctness because Broome County does not have a written policy as to what goes into final payouts for departing employees and/or how such payouts should be calculated. We did, however, observe some conditions that, in our opinion should be brought to management's attention. Those conditions are outlined in this report.

Sincerely,

Alex J. McLaughlin  
Comptroller

cc: Mark R. Whalen, Chairman of the Legislature  
Members of the Legislature  
Eric S. Denk, Clerk of the Legislature  
Michael Klein, Personnel Officer

## **AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES**

### **FINDING 1: PERSONNEL DOES NOT HAVE WRITTEN POLICIES AND PROCEDURES REGARDING EMPLOYEE FINAL PAYOUTS**

During the course our audit, we found that there are no written policies and procedures regarding employee final payouts.

Written policies and procedures would provide guidance that facilitates the effective administration of the employee payouts. Written policies and procedures decrease the risk of errors and irregularities.

Failure to have established written procedures could result in employee final payouts that are not correct.

#### **RECOMMENDATION:**

We recommend that the Personnel Department develop and maintain written policies and procedures regarding employee final payouts. The policies and procedures should be reviewed with all the departmental payroll clerks.

#### **MANAGEMENT RESPONSE:**

County department heads and their personnel responsible for payroll input have been directed to calculate final payouts in accordance with the Administrative Rules and/or the appropriate Collective Bargaining Agreement covering the employee leaving County service. In addition, department payroll contacts have been directed to address any questions regarding final payouts to Personnel staff. However, there is no stand-alone, written policy and procedure document identifying what should be included in the final payout and the method of calculating the total.

The Department of Personnel is in the process of developing a policy and procedures directive specifically addressing employee final payouts, to be issued to County department heads and their payroll contacts by February 1, 2008.

**FINDING 2: NO WRITTEN GUIDANCE FOR CALCULATING LONGEVITY PAYOUTS**

During the course of our audit, we found that there is no written guidance for calculating longevity payouts for employees leaving the county. There is inconsistency in how these payouts are calculated throughout the different unions. There is also inconsistency in payouts for employees within the same union.

**RECOMMENDATION:**

We recommend that Personnel develop a standardized method of calculating the longevity portion of employee separation pay for all union codes. This standardized method should be submitted for approval by the Legislature as it is a form of compensation.

**MANAGEMENT RESPONSE:**

Department heads are directed to include longevity payments for employees leaving County employment in accordance with the payment schedules included in the Administrative Rules and Collective Bargaining Agreements. However, not all of our Agreements provide language explaining the methodology for calculating those payments.

The Department of Personnel is developing a procedural directive to provide the specific methodology for calculating final longevity payouts. This directive will be provided to all department heads and department payroll contacts by February 15, 2008.