

**BROOME COUNTY  
DEPARTMENT OF  
AUDIT AND CONTROL**

**PAYROLL AUDIT  
SHERIFF'S DEPARTMENT**

**February 2003**

*Alex J. McLaughlin, Comptroller*

February 26, 2003

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has audited the payroll for the Sheriff's Department for the payroll period ended August 4, 2002. The principle objectives were to ensure that payroll was recorded and distributed in a proper manner and that proper authorization existed for all payroll deductions.

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.

Based on the results of our examination, and except for the instances noted herein, it is our opinion that the Sheriff's Department has complied in all material respects with existing rules, regulations, policies and procedures to properly monitor and record departmental payroll transactions.

Sincerely,

Alex J. McLaughlin  
Comptroller

cc: Daniel A Schofield, Chairman of the Legislature  
Members of the Legislature  
Louis P. Augostini, Clerk of the Legislature  
Sheriff David E. Harder  
Jerome Z. Knebel, Commissioner of Finance

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

### **-DEPARTMENT OF FINANCE-**

#### **FINDING 1: AUTHORIZATION FOR PAYROLL DEDUCTION NOT ADEQUATELY DOCUMENTED**

During the course of our examination, we found an instance in which the amount being deducted for the employee's deferred compensation program did not match the amount authorized for deduction.

Employee payroll files are established and maintained to store information for earnings and deductions and should be complete and up to date at all times.

Without written documentation, deductions can not be readily verified for accuracy and authorization.

#### **RECOMMENDATION:**

We recommend that the Finance Department ensure that documentation, signed by the employee, is maintained in the payroll files for every payroll deduction.

#### **MANAGEMENT RESPONSE:**

A signed employee authorization for the amount of the deferred compensation deduction has been filed in the employee's jacket.

**FINDING 2: FEDERAL TAX WITHHELD NOT CONSISTENT WITH WITHHOLDING ALLOWANCE CERTIFICATE (W4)**

During the course of our examination, we noted an instance where the amount of federal tax withheld from the employee's check was not consistent with the calculated amount of withholding based on the employee's Withholding Allowance Certificate (W4) on file. The employee's most recent W-4 indicates federal tax withholding should be calculated at the single rate with two allowances. The amount of tax actually being withheld from the employee's paycheck is consistent with withholding calculated at the single rate with one allowance.

All deductions from employees' paychecks must be supported by and correspond to authorization maintained in the employee payroll file.

Deductions from employee paychecks that do not correspond to authorizations signed by the employee may result in incorrect amounts being deducted from employee checks.

**RECOMMENDATION:**

We recommend that the Finance Department ensure that deductions in the payroll system correspond to authorizations maintained in the employee's payroll file. We also recommend that the Finance Department correct the employee's federal withholding.

**MANAGEMENT RESPONSE:**

Based on the percent error, the Finance Department finds the federal tax withheld from the employee's check to be within acceptable parameters.

**AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES**

**-SHERIFF'S DEPARTMENT-**

**FINDING 3: TIMESHEETS DO NOT MEET MINIMUM PERSONNEL POLICY REQUIREMENTS**

During the course of our examination, we found that Sheriff's Department employees are not properly filling out timesheets. Most of the timesheets examined do not include the employee's total number of hours worked each week or the number of hours that should be paid other than regular hours. One timesheet did not have the signature of the supervisor. We also found one instance in which time recorded on an employee's timesheet was crossed out and changed. Neither the employee nor the supervisor had initialed the change.

Broome County Personnel Department Policy #3060.3 requires that timesheets include the employee's name, date(s) covered by the timesheet, number of hours worked each day, total number of hours worked each week, indication of all hours to be paid other than regular hours, signature of employee and signature or initials of supervisor. Policy #3060.3 also states Employees shall record only their own time, and shall not record or alter the time for a co-worker. Employees shall not alter a previously recorded time unless approved, in writing, by a supervisor. Such approval may be indicated by the supervisor's initials. Changes are to be initialed by the employee.

Without the required written documentation, time worked cannot be readily verified for accuracy and authorization.

Failure to properly initial timesheet alterations could result in either the employee, the supervisor, or a third party making changes without the knowledge or approval of other(s).

**RECOMMENDATION:**

We recommend that the Sheriff's Department revise its procedures relative to timekeeping requirements to ensure proper oversight and compliance with Broome County Personnel Policy #3060.3.

**MANAGEMENT RESPONSE:**

We have been conducting in-service training for our officers on the practice of filling out time sheets correctly.

**FINDING 4: OVERTIME NOT PAID IN THE PROPER PAYROLL PERIOD**

During the course of our audit we discovered that all Sheriff's employees that

work overtime do not get paid for the overtime in the proper payroll period. The current paycheck contains the overtime worked in the second week of the prior payroll period and for the first week of the current payroll period.

The Code of Federal Regulations §778.106 General rule states that overtime compensation earned in a particular workweek must be paid on the regular pay day for the period in which such workweek ends.

All County departments pay their employee's overtime for the payroll period in which it is earned.

The payroll process is made more difficult by paying the overtime in a different period than it is earned.

**RECOMMENDATION:**

We recommend that the Sheriff's Department change their bi-weekly pay period end date from Friday to Thursday. This change along with the other recommended changes should allow for the opportunity to input the payroll information free of errors.

**MANAGEMENT RESPONSE:**

It is impossible for us to manually enter information in a timely fashion. We are exploring the feasibility of a time clock to assist us in this or we may ask the County to provide us with a part-time Keyboard Specialist to enter the information.

**FINDING 5: EMPLOYMENT CONTRACT PROVISION CONFLICTS WITH FAIR LABOR STANDARDS ACT**

During the course of our audit, we noted a provision in the employment contract between Broome County and Local 2012, Security and Law Enforcement Council 82 (#13.6, Pre-Shift Reporting Pay) that states:

“Regular full-time law enforcement employees and corrections officers regularly required to report to work at least fifteen (15) minutes prior to the starting hour of their shift shall be compensated for this time at their regular rate of pay...”

The Code of Federal Regulations, Title 29, Chapter 5, §778.316 states:

“While it is permissible for an employer and employee to agree upon different base rates of pay for different types of work, it is settled under the Act that where a rate has been agreed upon as applicable to a particular type of work the parties cannot lawfully agree that the rate for that work shall be lower merely because the work is performed during the statutory overtime hours, or during a week in which statutory overtime is worked.”

While we noted no instances where the “pre-shift reporting” time that qualified as overtime was paid at the regular rate, the employment contract provision is contrary to the Fair Labor Standards Act.

**RECOMMENDATION:**

We recommend that the Broome County Sheriff’s Office and the Local 2012 Security and Law Enforcement Council 82 Union agree to remove that provision from the contract.

**MANAGEMENT RESPONSE:**

This is a contract issue and the overtime is paid at the end of 8 hours worked.

**FINDING 6: DISCREPANCY BETWEEN TIME PAID AND ACTUAL HOURS WORKED**

During the course of our audit we found an instance in which an employee worked

14.25 hours of overtime, but was only paid for 13.25 hours of overtime.

Timesheets are used to keep track of the hours employees are working and should be used when inputting payroll information into the system.

Employee was shorted one hour of overtime pay.

**RECOMMENDATION:**

We recommend that the Sheriff's department review payroll procedures to ensure that employees are paid for hours actually worked. We also recommend that the employee be paid for the one hour of overtime.

**MANAGEMENT RESPONSE:**

Mistakes do occur. We can only try to be as accurate as possible.

**FINDING 7: INADEQUATE CONTROL PROCEDURES REGARDING THE DISTRIBUTION OF PAYROLL CHECKS**

During the course of our examination, we found that paychecks for certain employees were being distributed prior to 3 p.m. on Thursday of the pay week.

It is Broome County policy that payroll checks are not distributed until 3 p.m. on

Thursday of the pay week.

Payroll checks are dated Friday of the pay week. The early distribution of paychecks creates a situation where funds may not be available in the County's payroll account for distribution therefore a negative balance will occur.

**RECOMMENDATION:**

We recommend that the Sheriff's department follow the Broome County policy and not release payroll checks until Thursday at 3 p.m. in the pay week.

**MANAGEMENT RESPONSE:**

The staff has been advised that the payroll checks are not to be cashed prior to 3pm on Thursday. Distribution of the checks in the Corrections Division is started at 1:30 and takes approximately 1-1 ½ hours to complete. The staff has been advised that if the early cashing of checks does not cease, checks will not be issued until after 3pm.

**FINDING 8: EMPLOYEES CHARGING PAID LEAVE FOR SAME DAY WORKED**

During the course of our audit, we noted that several employees charged paid leave on the same days they actually worked.

Management should plan and direct to ensure the economical use of resources.

The overtime payments resulting from employee's working on the same day that

they charge paid leave time are not an efficient use of County resources.

The provisions of the Fair Labor Standards Act, Code of Federal Regulations, Title 29 § 778.200 (a) allow payments for occasional periods when no work is performed due to vacation, holiday, illness, etc...to be excluded for the purpose of computing overtime. However, both the applicable employment contracts (Broome County Sheriff's Law Enforcement Officers Association and Local 2012, Security and Law Enforcement Counsel 82) contain a provision, #12.2.4, that states:

“Time during which an employee is absent from work because of vacation, holidays, sick leave, compensatory time off, or other paid leave benefits shall be considered as time worked for the purpose of computing overtime.”

The employment contract provisions noted above, in our opinion, encourage employees to work on the same days that paid leave is charged.

**RECOMMENDATION:**

We recommend that the Sheriff's department monitor work schedules for the purpose of minimizing the number of times employees work on the same day that paid leave time is charged.

**MANAGEMENT RESPONSE:**

Under State mandate and Union contracts, it is legal for an employee to use vacation, holiday or sick time on their scheduled work day and report for overtime on the same day as long as it is outside their scheduled working shift.