

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

**PAYROLL AUDIT
WILLOW POINT NURSING HOME**

AUGUST 2001

Alex J. McLaughlin, Comptroller

August 7, 2001

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has audited the payroll for the Willow Point Nursing Home for the payroll period ended April 15, 2001. 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, it is our opinion that the Willow Point Nursing Home 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
John F. Demske, Administrator of the Willow Point Nursing Home
Jerome Z. Knebel, Commissioner of Finance

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-WILLOW POINT NURSING HOME-

FINDING 1: EMPLOYEE WORKED MORE HOURS THAN AUTHORIZED ON EMPLOYEE DATA RECORD

During the course of our audit, we discovered an instance where an employee worked 94.25 hours during the bi-weekly period under examination rather than 37.5 hours approved on the employee's latest Personnel Data Record.

Personnel Data Records are used to control and document data entered in the county payroll system.

Employee's working in excess of the hours established by the Personnel Data Record can result in exceeding budgeted amounts and/or circumvention of applicable civil service rules regarding employment.

RECOMMENDATION:

We recommend that management review hours scheduled for hourly employees to ensure they do not work beyond the scheduled hours as documented on the Personnel Data Record.

MANAGEMENT RESPONSE:

Employees are only allowed to work in excess of their regularly scheduled hours on an occasional basis. The extra work results from having to temporarily fill in for employees who are either sick or on vacation.

FINDING 2: FAILURE TO COMPLETE PERFORMANCE EVALUATION AND AWARD PERFORMANCE INCREMENT IN A TIMELY MANNER

During the course of our audit, we noted an instance where an employee had not received a performance increment although his anniversary date in title, or step date was 8/9/00. As of the date of our review, his supervisor had not completed his performance evaluation.

The CSEA contract states that each full-time employee who is below the maximum salary for their grade shall receive a performance increment of 3% on the anniversary date in title, provided that he has received a satisfactory performance evaluation. Broome County Personnel Department Policy #2020 states that step increments are to be paid in the first full pay period following the one in which the step date falls, and are paid retroactive to the step date.

Failure to complete performance evaluations and award performance increments in a timely manner results in employees being underpaid. Although the performance increments are paid retroactive to the step date, no adjustments are made concerning the time value of money or the associated tax consequences. In addition, errors in calculating the retroactive pay are more likely to occur when a greater time lag is involved.

RECOMMENDATION:

We recommend that the Willow Point Nursing Home revise its procedures relative to completing performance evaluations and awarding performance increments to ensure compliance with Broome County Personnel Department Policy #2020 and the CSEA contract. Under separate cover, the Department has been advised to complete the required evaluation.

MANAGEMENT RESPONSE:

We have taken steps recently to improve our process for completing performance evaluations. We will revisit this area to ensure that an adequate system has been designed and is functioning.

FINDING 3: EMPLOYEES IN CHARGE POSITIONS NOT PAID PROPERLY

During the course of our audit, we discovered two employees had been underpaid. For some of their shifts these employees were In-Charge, which requires a higher rate of pay. The employees should have been paid base rates of \$13.6605 and \$15.5436, but were only paid base rates of \$13.5100 and \$15.4071.

When an employee is placed in an In-Charge status they are supposed to be paid based on the application of the promotional formula to their salary. According to the Agreement between Broome County and CSEA, Article 9:

Where the minimum salary for the new title is lower than the salary received by the employee at the time of promotion, the employee shall receive 5.5% of the minimum salary for the new title added to the salary received at the time of promotion. In the event that the resulting salary does not correspond with a step in the new grade, the said salary shall be rounded up to the closest step in the new grade where it is less than performance step increment five (5) in grade.

Where an employee who receives a salary greater than the maximum salary in his grade at the time of promotion would be entitled to receive a salary greater than the maximum salary in his new grade under the promotion formula set forth herein, he shall instead receive 7% of the new minimum salary added to his salary at the time of promotion.

Failure to use the correct promotion rates results in employees being underpaid.

RECOMMENDATION:

We recommend that the Willow Point Nursing Home revise its procedures relative to calculating promotion rates to avoid underpayment of employees and to ensure compliance with the CSEA agreement.

MANAGEMENT RESPONSE:

We will revise our procedures to ensure that promotional rates are properly calculated and separately verified.

FINDING 4: TIMESHEETS DO NOT MEET MINIMUM PERSONNEL POLICY REQUIREMENTS

During the course of our examination, we found that the timesheets utilized by Willow Point are not in compliance with Broome County Policy. The timesheets do not include the employee's signature.

Broome County Personnel Department Policy #3060.3 requires that timesheets include the signature of the employee.

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

RECOMMENDATION:

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

MANAGEMENT RESPONSE:

The Nursing Home's use of time clocks and processing constraints make compliance with this policy impractical. The Personnel Department is aware of our functioning in exception to their policy.

Auditor's Note:

We believe that some changes can and should be made to the Nursing Home's procedures to provide some form of positive assurance from employees that the hours being paid are correct.

FINDING 5: CHANGES TO TIMESHEET NOT PROPERLY INITIALED

During the course of our examination, we discovered two instances where time recorded on employees' timesheets was crossed out and changed. The employee had not initialed the entries.

Broome County Personnel Department Policy #3060.3 states that 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.

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 Willow Point revise its procedures relative to timesheet alterations to ensure proper oversight and compliance with Broome County Personnel Department Policy #3060.3.

MANAGEMENT RESPONSE:

Changes to punches are intended to correct time records that supervisors believe to be inaccurate.

Auditor's Note:

We do not believe that this policy affords a reasonable level of protection to employees against potential abuses by management. Additionally, we believe that if time clocks are going to be relied upon, then they should be relied upon consistently.

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES
-DEPARTMENT OF FINANCE-

FINDING 6: FEDERAL AND STATE TAX WITHHELD NOT CONSISTENT WITH WITHHOLDING ALLOWANCE CERTIFICATES (W-4; IT-2104)

During the course of our examination, we noted an instance where the amount of federal tax and an instance where the state tax withheld from employees' checks are not consistent with the calculated amount of withholding based on the employees' most recent Withholding Allowance Certificates (W-4; IT-2104) on file. One employee's W-4 indicates federal tax withholding should be calculated at the married tax rate with 2 exemptions. The amount of federal tax actually being withheld from the employee's paycheck is consistent with withholding calculated with 1 exemption. Resulting in the actual amount withheld being \$19.79 per paycheck more than the withholding amount authorized by the employee. The second employee's IT-2104 indicates state withholding should be calculated at the single rate with 0 exemptions plus an additional \$5. The amount of state tax actually being withheld from the employee's paycheck does not include the additional \$5.

All deductions from employees' paychecks must be supported by and correspond to authorizations 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 paychecks.

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 employees' federal and state withholding.

MANAGEMENT RESPONSE:

The employees' withholding has been corrected to match the most recent document submitted, and a letter advising them of this change has been mailed.