

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

**PAYROLL AUDIT
INFORMATION TECHNOLOGY**

June 2003

Alex J. McLaughlin, Comptroller

June 17, 2003

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has audited the payroll for Information Technology for the payroll period ended April 13, 2003. 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 Department of Information Technology 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
Kim S. McKinney, Director of Information Technology
Nancy Olmstead, Personnel Officer

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-DEPARTMENT OF INFORMATION TECHNOLOGY-

FINDING 1: COMPENSATORY TIME NOT CORRECTLY RECORDED ON TIMESHEETS

During the course of our examination, we noted two instances where employee hours recorded on their timesheets exceeded 80 hours for the pay period. In both instances the employees were paid for 80 hours and the timesheets did not note any accrued compensatory time.

The Fair Labor Standards Act defines jobs governed by the FLSA as either “exempt” or “non-exempt”. Non-exempt employees are entitled to overtime pay. Exempt employees are not. A public sector employer may pay (at least some) FLSA overtime with compensatory time (at a rate of time and one half). Additionally, the CSEA contract (Article 18 section 1c) requires compensatory time for hours in excess of 37.5 or 40 hours per week (both positions are CSEA represented).

Both of the employees noted above have an “hourly” pay code and are considered to be non-exempt.

Not recording the accrual and use of compensatory time on employee timesheets can lead to disputes and/or complaints to the Department of Labor.

RECOMMENDATION:

We recommend that the Information Technology Department correct employee timesheets to reflect accrued compensatory time. We also recommend that the Information Technology Department ensure that eligible non-exempt employees record all accrued and used compensatory time on their timesheet in future pay periods. Finally, we recommend that the Information Technology Department with the assistance of the Personnel Department, review all department employee pay codes to determine if they are consistent and in-line with position job duties.

MANAGEMENT RESPONSE:

Our employees typically do make a separate notation on their timesheet for comp time, which we track in a database. This database tracks Sick/Vac/Bereavement/Comp and WOP. We will take steps to ensure that all employees are re-familiarized with our procedures.

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-PERSONNEL DEPARTMENT-

FINDING 2: EMPLOYEE PAYING INCORRECT RATE FOR HEALTH INSURANCE

During the course of our examination, we found that an employee's deduction for RMSCO family coverage was \$34.01. The employee's position is CSEA represented.

Broome County Health Insurance rates for 2003 lists the RMSCO family coverage rate for a CSEA employee as \$41.73 per paycheck.

The amount the employee underpaid on their share of health insurance as of the date of our audit is \$61.76.

RECOMMENDATION:

We recommend that management undertake corrective action to ensure that the correct amounts for deductions are input into the system. We also recommend that the employee pay back the difference between the two rates since the beginning of the year (\$61.76).

MANAGEMENT RESPONSE:

This has been corrected for future paychecks. In addition, the employee will be required to pay the amount due (\$7.72) for the ten prior paychecks in 2003.

We have traced the source of this error and will take steps to reduce future errors. In addition, we have worked with Information Technology to develop a report to check for errors of this type.