New York State
Office of Mental Health

James L. Stone, MSW, CSW, Commissioner

44 Holland Avenue
Albany, New York 12229

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Mr. Robert Attmore
Deputy Comptroller
Division of Management Audit and
State Financial Services
NYS Office of the State Comptroller
A.E. Smith State Office Building
Albany, NY 12236

OFFICE OF THE STATE COMPTROLLER
APR 14 1999
ROBERT H. ATTMORE
DEPUTY COMPTROLLER

Dear Mr. Attmore:

Enclosed for your information is a copy of the Office of Mental Health's response to the Office of the State Comptroller's final audit report entitled, Payroll and Time and Attendance Practices at the New York State Psychiatric Institute (98-S-19). This response addresses the 14 recommendations included in the final audit report.

This response is submitted in accordance with Section 170 of the Executive Law.

Sincerely yours,

James L. Stone
Commissioner

Enclosure

OFFICE OF MENTAL HEALTH
RESPONSE TO OFFICE OF STATE COMPTROLLER'S
FINAL AUDIT REPORT 98-S-19
PAYROLL AND TIME AND ATTENDANCE PRACTICES
AT NEW YORK STATE PSYCHIATRIC INSTITUTE

Overall Comments

OMH generally concurs with the Office of the State Comptroller's (OSC) audit observations and recommendations. In addition to our comments to the recommendations, this response addresses certain other aspects of the audit results. OMH recognizes that improvements are needed to enhance controls over timekeeping practices at the Institute and ensure the accuracy of time and attendance records. In this regard, New York State Psychiatric Institute management has already begun to take action to implement many of the OSC recommendations.

Background

Research is the Institute's primary mission. To accomplish that mission, the Institute receives State funding and Federal grants of nearly equal amounts. In total, Institute management oversees the work of about 1,300 employees. Supervision of attendance, timekeeping and payroll preparation comprises one aspect of the oversight of the Institute's many research projects. The large number of employees, including about 700 part-time staff, and a high rate of turnover make management's role in this area complex and challenging.

As stated in the OSC report, audit results were based on a judgmental sample of 30 employee time and attendance records. The experience of Institute management is that many staff work more hours than they are paid for (including time spent in the evenings and on weekends and holidays). Such efforts have been largely responsible for the establishment and long-term maintenance of the Institute's reputation for excellence in psychiatric treatment, research, and teaching. However, the audit results identified that time and attendance systems and documentation need improvement and, as previously stated, corrective action has begun.

OMH Comments to OSC Recommendations

Upon further review, the Institute has decided to phase out the time clock (swipe card) attendance system by August 1999. The time clocks in use at the Institute are outdated and are no longer supported by the manufacturer. Institute employees now using time clocks will be required to maintain manual time and attendance records. By reducing the number of time and attendance systems from three to two (the manual time and attendance system and the automated attendance system), Institute officials believe supervisors will be able to better manage and monitor employee time.

OSC Recommendation No. 1

Ensure that each department uses the daily attendance method that provides the greatest assurance that employee attendance is accurately reported and payment for that attendance is justified. When designing such methods, the Institute should address the specific shortcomings described in our report.

OMH Response

The Institute agrees and will confirm that each of the methods used to record employee attendance ensures that the information is accurately reported and that resulting payments are justified.

OSC Recommendation No. 2

Reenforce to staff the proper procedures for preparation of the official T&A records. Counsel all employees and supervisors who continually fail to follow procedures.

OMH Response

The Institute has already posted and redistributed to staff proper written procedures for recording time and attendance. Meetings were also held with management and union representatives to reiterate the need to pay careful attention to proper time and attendance procedures. Further, counseling and disciplinary action will continue to be taken, as needed, to address noncompliance with time and attendance procedures. In the past two months, two such notices of discipline were issued. Lastly, the Institute will revise and reissue time and attendance procedures for employees impacted by the elimination of the time clocks in August.

OSC Recommendation No. 3

Where a manual system for daily attendance is chosen, a uniform sign-in/out sheet should be required. This sheet should provide assurance that employees are sequentially signing in and out each day.

OMH Response

The Institute is in general agreement and will issue guidelines for the use of a daily attendance form which can be used by all employees required to sign-in and out.

OSC Recommendation No. 4

Correct the accrual balance errors that we noted for the four sampled employees.

OMH Response

The Institute's Department of Human Resources has corrected the accrual records for the four employees noted by OSC. Human Resources is now auditing and verifying the accuracy of time and accrual records on a more regular basis.

OSC Recommendation No. 5

Where the swipe card system is chosen, employees should be reminded as to the necessity to swipe their identification cards upon arrival and departure from the Institute each day. Swipe card scanners should be posted at all entrances to the Institute with visible signs posted to remind employees to swipe their identification cards.

OSC Recommendation No. 6

Where the swipe card system is chosen, the Institute should monitor instances where employees fail to swipe their identification cards and require the employee to use leave accruals for time not accounted for unless supervisors provide adequate proof of their attendance.

OMH Response to Recommendation Nos. 5 and 6

As previously described, the Institute plans to phase out the swipe card system by August 1999. Therefore, these recommendations will no longer apply. Until the system is phased out, the Institute will remind employees to swipe their identification cards when arriving and departing the Institute each day. The Institute will also monitor those instances where employees do not use their swipe cards and will take appropriate action.

OSC Recommendation No. 7

Where the automated system is chosen, refrain from using a preprinted daily attendance form so that sequential arrivals and departures can be monitored.

OMH Response

The Institute disagrees with this recommendation, as presented, since the preprinted names and scheduled hours are a requirement of this exception-based system. In addition, most employees using this system are not required to record actual times of arrival and departure. The Institute is currently reviewing other methods of monitoring employee arrivals and departures to enhance controls over the automated system.

OSC Recommendation No. 8

Where the automated system is chosen, monitor the accuracy of the daily input of employee arrivals, departure, and leave charges.

OMH Response

The Institute will remind supervisors and employees of the need to verify the accuracy of data when reviewing and signing time and attendance forms.

OSC Recommendation No. 9

Investigate all instances where we noted that employees' were paid for work attendance which could not be documented.

OMH Response

The Institute agrees and has begun investigating those instances noted in the OSC report where employees were paid for work, and attendance could not be documented. Appropriate adjustments to accruals will be made. The Institute expects to complete its review by June 30, 1999.

OSC Recommendation No. 10

Issue procedures that require employees who are requested to work overtime to separately indicate their overtime start and end times to document that overtime was actually worked. These procedures should address the specific shortcomings described in our report.

OMH Response

Based on an internal review of sign-in/out practices for overtime eligible employees, procedures will be revised and issued as part of the Institute's renewed emphasis on payroll and time and attendance practices. Procedures regarding overtime practices will also be included as part of revised time and attendance procedures resulting from the phase out of the swipe card system.

OSC Recommendation No. 11

Remind employees in the Direct Deposit Program of the requirement to submit their official T&As in a timely fashion. Consider alternatives procedures to obtain compliance by employees in the Direct Deposit Program with Institute procedures for timely submission of T&A reports.

OMH Response

The Institute will strengthen efforts to obtain time and attendance records in a timely fashion. Also, increased coordination between Human Resources and Payroll Office staff has resulted in better management of the process. However, the Institute does not believe this is an area of high risk since employees are not paid for time worked until a full three weeks after the completion of a payroll period (three week lag). Further, in September 1997, the Institute established certain requirements before its employees can participate in the Direct Deposit Program. These requirements include the following:

- Employees must be on the payroll for at least three months and may not have had any late time and attendance record submissions in the previous three months.

- Employees must have a satisfactory attendance record (i.e., no notice of discipline for time and attendance issues and no instance of unauthorized absence in the past year).

OSC Recommendation No. 12

Ensure that Institute fellows submit time records that are verifiable.

OMH Response

Institute management met with the Directors of the Fellowship Program in January 1999. At that meeting, the Institute reviewed timekeeping procedures and reminded the directors of the need for Fellows to maintain verifiable time and attendance records. The directors of the Public Psychiatry and Child Psychiatry Fellowships have identified mechanisms that they believe are appropriate for verifying attendance for staff in those settings, which require rotations through a number of sites, sometimes on a daily basis. The Institute has considered and accepted the proposal from the Fellowship Directors and will monitor the procedures established for the verification of time and attendance to ensure that they are followed.

OSC Recommendation No. 13

Determine if there are additional undocumented fellowship agreements. Formalize such agreements if they can be shown to benefit the Institute and do not violate any internal or external regulations. Terminate all other undocumented agreements.

OMH Response

Institute management discussed this matter with the Fellowship Directors and has been assured that there are no additional undocumented agreements. As of July 1, 1999, the time and attendance requirements for the Fellowship Program will be formalized and made a part of each Fellows' employment packet.

OSC Recommendation No. 14

Review the circumstances of the fellowship noted in our report and, if appropriate, recover any overpayment.

OMH Response

The Institute has reviewed the fellowship agreement cited in the OSC final report and is seeking reimbursement of $5,150 (the amount of the overpayment).