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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

April 24, 2003

Ms. Erin Crotty  
Commissioner  
Department of Environmental Conservation  
625 Broadway  
Albany, NY 12233-4240

Re: Report 2003-F-5

Dear Ms. Crotty:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the Department of Environmental Conservation (Department) as of March 4, 2003, to implement the recommendations contained in our audit report, *Belleayre Mountain Ski Center Selected Time and Attendance Practices* (Report 2000-S-3). Our report, which was issued on November 15, 2000, reviewed the effectiveness of the Department's efforts to enhance accountability over the payrolls at Belleayre and increase operating efficiency and effectiveness at the ski center.

**Background**

The Department operates the Belleayre Mountain Ski Center (Belleayre) within the Catskill Park in the Town of Shandaken in Ulster County. The Department assumed this authority under Title 9, Sec. 9-0903 of the State Environmental Conservation Law. Belleayre has 8 ski lifts and more than 18 miles of skiable terrain on 37 ski trails. From November 2002 through February 5, 2003, Belleayre provided recreation for more than 105,000 skiers. It employed more than 400 permanent and seasonal workers during the first 10 months of the 2002-03 fiscal year, with personal service costs of about \$1.9 million.

**Summary Conclusions**

In our prior audit, we found that Department and Belleayre management could improve certain internal controls at Belleayre. We identified some control weaknesses that related to time and attendance procedures and staff deployment. We noted that, if the timekeeping system were automated, controls would be strengthened and payroll transactions could be processed more efficiently. We also found that certain improvements could be made in employee scheduling and recruitment practices.

In our follow-up review, we found that Belleayre officials have made substantial progress in implementing our prior audit recommendations.

### **Summary of Status of Prior Audit Recommendations**

Of the ten prior audit recommendations, Belleayre officials have implemented nine recommendations and partially implemented one recommendation.

### **Follow-up Observations**

#### **Recommendations 1 and 2**

*Evaluate staffing and responsibilities in Belleayre's Administration unit to provide for separation of payroll duties or otherwise implement appropriate compensating controls.*

*Provide for independent verification of the Belleayre payroll. This includes, but is not limited to, periodic reviews of payroll transactions to verify State payroll system data to source ski center time and attendance records.*

Status - Implemented

Agency Action - Belleayre officials have increased staffing levels in critical areas, including the administration unit. Operations supervisors are responsible for verifying that time and attendance records agree with the location's daily sign-in sheets, and for completing the payroll data form accurately. Using employee time and attendance records and sign-in sheets as their source documents, administrative payroll staff are responsible for independently verifying the accuracy of payroll data reports prepared by the supervisors. In addition to verifying the regular payroll, administrative payroll staff also ensure that their records accurately reflect the overtime that was actually worked by verifying that overtime authorization forms, completed by the operations supervisors, agree with time and attendance records and sign-in sheets.

#### **Recommendation 3**

*Remind Belleayre operating unit supervisors of the proper employee sign-in and sign-out procedures, and the need to properly monitor that each employee signs his or her own name and time in and out as they start and leave work, not simultaneously.*

Status - Implemented

Agency Action - Each operating unit has sign-in/out sheets on which employees record their names and the date and the time they arrive and depart. The operating unit supervisor is responsible for verifying that each employee's time and attendance record agrees with the information on the sheets, and that this information is posted to the payroll data record. Supervisors send these records to payroll staff, who input the data into the Department's Data General Human Resource Information System (DGHRIS). We reviewed a sample of employee records to

determine whether individual employees had signed in and out properly, and whether entries of such data matched their time and attendance records. We found that the entries we selected for review agreed with the employees' time and attendance records. Although our test indicated that supervisors and staff are using the sign-in/out sheets properly, officials sent a memo to all operating unit supervisors on February 10, 2003, reminding them of their responsibility to ensure that employees are completing these forms properly.

#### **Recommendation 4**

*Improve documentation for overtime authorization and the reasons therefor.*

Status - Implemented

Agency Action - Belleayre officials told us that they do not schedule overtime, even for tasks that are performed after normal operating hours such as snowmaking and grooming. They said that overtime work for such anticipated duties is discussed in general terms and approved during the daily management/supervisor meetings. For all other overtime, operating unit supervisors are responsible for completing the overtime justification form and submitting it, along with the employee's time and attendance record, to the payroll office. At the time of our review, all 16 operating units were using such a form. When we reviewed overtime authorization records for a sample of employees, we found that overtime had been approved properly and that the information on the authorization forms agreed with employee time and attendance records and sign-in sheets.

#### **Recommendation 5**

*Take the necessary steps to ensure Belleayre operating unit supervisors properly follow Belleayre's new procedures for documenting an employee's last day of work.*

Status - Implemented

Agency Action - Belleayre officials have implemented the use of the *Add and Change* form for recording the dates that seasonal staff are officially removed from the payroll. This form is submitted along with the employee's time and attendance record to the payroll unit, where the transaction is recorded on the DGHRIS.

#### **Recommendation 6**

*Instruct Belleayre Administration unit personnel how to generate more useful payroll reports from the Department's payroll system.*

Status - Implemented

Agency Action - Since our prior audit, administrative staff have learned to run several reports based on payroll information captured on DGHRIS. Using these reports, staff compare operating expenses and revenues from period to period and track specific operating costs, such as overtime.

### **Recommendation 7**

*Explore the feasibility and benefits of automating Belleayre's employee timekeeping process.*

Status - Implemented

Agency Action - Belleayre officials are currently evaluating an automated payroll system that they expect to test at the ski school sometime next year. If this test is successful, they told us that they would try the system at other locations. They said the Department is also developing an automated timekeeping system that would be used by all Department operating units, including Belleayre. This project is currently in the pilot test phase.

### **Recommendation 8**

*Continue working to develop solutions to the problems that make it difficult to pay seasonal employees in a timely manner. In addition, keep abreast of changes to the State's payroll system which may make the use of a Special Advance Account a viable solution in the future.*

Status - Implemented

Agency Action - Although the Special Advance Account is still impractical and the lag system remains the same, officials have developed a career path and have added a summer program so that employees can be retained year-round and have an incentive to stay with the ski center. This has helped Belleayre to retain qualified staff and build a base for training new and seasonal staff. Officials report that they have increased staff levels from about 225 during our prior audit to about 425 during our review.

### **Recommendation 9**

*Re-evaluate Lift Operations staffing levels at Belleayre.*

Status - Implemented

Agency Action - Belleayre officials told us that they have evaluated their lift operations and discussed them with the lift manufacturer, who agreed that four people are needed to operate the lifts safely. Officials maintained that, because safety is their primary concern and many of Belleayre skiers are unskilled and require extra care, their staffing levels are proper for the equipment currently in use.

**Recommendation 10**

*Evaluate and document a comparison of whether Belleayre should keep its three 8-hour work shifts or implement two 12-hour work shifts for snowmaking.*

Status - Partially Implemented

Agency Action - Officials at Belleayre told us they have reviewed the cost-effectiveness of scheduling two 12-hour snowmaking shifts instead of three 8-hour shifts. They said they consider the three 8-hour shifts to be more productive and cost-effective than two 12-hour shifts, which would require the ski center to incur overtime expenses. Officials noted that they have reduced overtime at Belleayre in the past year by about 50 percent. However, they could provide no documentation to support their analysis.

Major contributors to this report were Joel Biederman and Don Wilson.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank Belleayre Mountain Ski Center's management and staff for the courtesies and cooperation extended to our auditor during this review.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Henry Hamilton, Internal Audit  
Deirdre Taylor, Division of the Budget