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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

July 21, 2004

Mr. Thomas A. Maul  
Commissioner  
Office of Mental Retardation & Developmental Disabilities  
44 Holland Avenue  
Albany, NY 12229-0001

Re: Report 2004-F-17

Dear Mr. Maul:

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 followed up on the actions taken by officials of the Office of Mental Retardation and Developmental Disabilities (OMRDD) to implement the recommendations contained in our audit report, *Overtime Expenditures* (Report 2001-S-54).

**Background, Scope and Objectives**

OMRDD serves and supports New Yorkers who are developmentally disabled through a network of nonprofit providers and State-operated developmental centers and community-based programs. OMRDD currently operates 14 Developmental Disabilities Services Offices (DDSOs), and 6 developmental centers, and employs approximately 17,480 persons, most of who work directly with the agency's clients. OMRDD's personal service expenditures for the fiscal period ending March 31, 2004 were \$832.5 million, and its overtime expenditures for the same period were \$50.4 million. Overtime expenditures have increased over 10 percent since the 2001-02 fiscal year.

Our initial audit report, which was issued on November 27, 2002, addressed selected controls over overtime expenditures, as well as related time and attendance practices. Our report identified a number of internal control weaknesses. In particular, we found instances of duplicate overtime payments and errors in employee time and attendance records. We also found that OMRDD's budgeting and monitoring practices for overtime expenditures needed improvement. We concluded that, because of these and other weaknesses, OMRDD paid more for overtime than it should have during our audit period. The objective of our follow-up, which was conducted in accordance with Generally Accepted Government Auditing Standards, was to assess the extent of implementation, as of May 26, 2004, of the three recommendations included in our initial report.

## **Summary Conclusions and Status of Audit Recommendations**

We found that OMRDD officials have made progress in correcting the problems we identified. Of the three audit recommendations, two recommendations have been implemented and one recommendation has not been implemented.

### **Follow-up Observations**

#### **Recommendation 1**

*Follow up on suspected duplicate payments and recover monies resulting from erroneous payments.*

Status - Implemented

Agency Action - OMRDD officials have taken steps to recover duplicate overtime payments. They have recovered over \$37,400. To help prevent duplicate payroll transactions, OMRDD's Central Office is working with the DDSOs to utilize payroll queries that are available on the PaySR Time Entry Transaction system. DDSO payroll staff can use these queries to identify the duplication of previously-submitted time and attendance data.

#### **Recommendation 2**

*Revise existing time and attendance guidance to provide DDSOs with more explicit procedures for documenting staff time and attendance and monitoring overtime hours worked. At a minimum, these control procedures should:*

- *require employees to complete their own time and attendance records; and*
- *require supervisors to reconcile completed time and attendance records with sign-in/out sheets, overtime authorizations and supervisor signatures.*

Status - Implemented

Agency Action - In September 2003, OMRDD's Central Office sent out memos to all DDSO Directors reminding them of their responsibilities for complying with OMRDD time and attendance policies and Personnel Memorandum # 98-12. Central Office asked the DDSOs to follow-up on findings cited in our initial audit report. DDSOs described various actions taken by them to change/enhance local DDSO policies and procedures for time and attendance.

In addition, OMRDD is currently completing the development of a new time management system called the Time Information Management Electronic (TIME) system. Officials informed us that the TIME system is scheduled for testing at the Central Office and three DDSOs by the end of 2004 and to be operational at all DDSOs in 2005. Officials claim that the new system will eliminate many of the errors cited in our initial audit report. For example, instead of having separate records for overtime, pass days, holiday leave, etc., all time and attendance data will be on the one TIME system, and both the employee and

supervisor will have to sign the electronic record for it to be processed. TIME will also have a monitoring mechanism by providing for Human Resource Office sign off.

To better understand the management of overtime, OMRDD has established a subcommittee of labor and management representatives to study the different ways DDSOs manage staff resources, including overtime. The subcommittee has sent surveys to each DDSO and summarized the information gathered. Officials say the information is discussed regularly at labor-management meetings; however, the draft report has yet to be issued.

### **Recommendation 3**

*Prepare a personal services budget for each DDSO with realistic estimates for overtime and monitor against these budgets.*

Status - Not Implemented

Agency Action - OMRDD officials continue to budget personal service expenditures as they have in the past, where each DDSO is allocated regular personal service resources to cover 100 percent of each authorized full-time equivalent position and a specified percent for overtime. Officials believe this methodology provides sufficient resources to allow each DDSO to fulfill its mission. They feel it has worked very well since OMRDD has never exceeded its personal service appropriations. They continue to believe that allocating overtime for each DDSO would not be beneficial because each DDSO is unique, and unplanned occurrences such as staff shortages, weather problems, natural disasters and other factors make establishing realistic overtime projections extremely difficult. We continue to believe OMRDD should actively plan for and control the growth of overtime costs, which have increased by over 10 percent since our initial audit, to avoid the potential for future overspending.

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

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of the Office of Mental Retardation and Developmental Disabilities for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Robert Barnes, Division of the Budget  
Vincent Slesman, OMRDD