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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

July 2, 2002

Mr. John A. Johnson  
Commissioner  
Office of Children and Family Services  
Capital View Office Park  
52 Washington Street  
Rensselaer, New York 12144

Re: Overtime Controls at the Statewide Central  
Register of Child Abuse and Maltreatment  
Report 2001-S-34

Dear Mr. Johnson:

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 audited overtime controls at the Statewide Central Register of Child Abuse and Maltreatment. Our audit covered the period April 1, 1999 through November 30, 2001.

**A. Background**

The Office of Children and Family Services (OCFS) is responsible for overseeing New York State's child welfare programs, which include programs for protecting children against abuse and neglect. One such program is the Statewide Central Register of Child Abuse and Maltreatment (Register). As part of its administration of this program, OCFS maintains a toll free telephone number (the "Hotline") to receive reports of possible child abuse or maltreatment within New York State. The Hotline is staffed to receive calls 24 hours a day, seven days a week. These calls may be made by people who are required by law to report suspected cases of child abuse and maltreatment (such as medical personnel, school officials and child care workers), or they may be made by any member of the public. After a call is received, Register staff report the possible abuse to the appropriate local social services district for follow-up and investigation, create a record documenting the call, and monitor the progress of the local district's follow-up efforts. In addition, in accordance with procedures set forth in law, Register staff may be asked to determine whether reports of possible child abuse or maltreatment have been recorded for persons seeking certain types of employment, licensures or approvals related to the care of children.

About 240 employees work for the Register. They receive about 340,000 telephone calls a year on the Hotline, about half of which result in reports of alleged child abuse or maltreatment. In addition, Register staff search for past reports of alleged child abuse or maltreatment for nearly 150,000 potential employees a year. The Register authorizes overtime for its employees in order to manage incoming call volume, address unprecedented workload increases in legally mandated database checks and to provide supervision to a high number of inexperienced staff. For the fiscal years ended March 31, 2000 and March 31, 2001, about \$1.0 million and \$724,000, respectively, were spent on overtime payments to register staff.

## **B. Audit Scope, Objective and Methodology**

We audited overtime controls at the Register for the period April 1, 1999 through November 30, 2001. The objective of our financial-related audit was to determine whether the controls established by OCFS over the time and attendance practices of Register employees provide reasonable assurance that overtime payments to these employees are necessary, and fully supported by time and attendance records. To accomplish our objective, we interviewed OCFS officials, reviewed OCFS overtime policies and procedures, and examined time and attendance and overtime records. We obtained data about overtime payments from New York State's automated payroll system (PaySR). In addition, we performed two unannounced floorchecks of Register employees who were scheduled to work overtime.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess OCFS operations that are included within our audit scope. Further, these standards require that we understand OCFS' internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures, as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

## **C. Internal Control and Compliance Summary**

Our consideration of OCFS' internal control structure focused on controls over time and attendance as related to overtime payments. We identified weaknesses in such controls, which are discussed throughout this report.

## **D. Results of Audit**

We found that OCFS has established controls to provide reasonable assurance that when overtime is incurred, it is necessary. We also found that Register supervisors generally are reviewing and verifying overtime documentation, however, we did identify instances in which overtime payments to Register employees were not fully supported by time and attendance records. In these instances, required time and attendance records either were not completed, were not available for review, or were not consistent with other time and attendance records. As a result, OCFS managers have less assurance that employees actually work all the overtime hours claimed. The instances we identified could have been prevented if supervisors had been more effective in their review and verification of time and attendance records relating to overtime. We also identified three incorrect overtime payments (one duplicate payment and two small apparent underpayments), and determined that controls over overtime payments would be improved if certain time and attendance records were retained for longer periods.

### **1. Compliance with Required Procedures**

OCFS issued Overtime Performance Criteria (Criteria), which contain the policy and procedures that Register employees and supervisors must follow when working and documenting scheduled overtime. According to the Criteria, employees reporting for overtime are to sign in on the Overtime Log Sheet, filling in the date, time in and out, their name, and Register unit assignment. They must also prepare a Record of Overtime, which contains their name, the times they signed in and out, the total number of hours they worked, their signature, and the overtime supervisor's signature. The overtime supervisor's signature is supposed to indicate that the supervisor compared the Record of Overtime against the Overtime Log Sheet to verify that the times and hours worked agree and that the employee signed in on the Overtime Log Sheet.

In addition, each payroll period, employees must complete an Additional Compensation Request (if they worked any overtime during the payroll period) and a Time and Accrual Record. The Additional Compensation Request indicates all the overtime hours worked by the employee during the payroll period, and is used for data entry of overtime hours into PaySR. The Time and Accrual Record indicates both the regular and the overtime hours worked by the employee during the payroll period.

The Register's overtime protocols also include supervisory oversight. Supervisors are available on-site twenty-four hours a day, seven days per week. The employee's regular supervisor must sign both the Additional Compensation Request and the Time and Accrual Record attesting to their accuracy. The regular supervisor should compare the Additional Compensation Request, Time and Accrual Record, Record of Overtime, and the Overtime Log Sheet to determine whether these documents agree with each other and are accurate and complete. Any inaccuracies or inconsistencies should be resolved before the supervisor certifies that the information is true and accurate.

We selected a sample of Register employees who were paid overtime during the 2000-01 and 2001-02 fiscal years. For fiscal year 2001-02, we randomly selected 50 of the 118 employees who received overtime payments in at least one of the three payroll periods that ended in August 2001 (the three periods ended on August 1, August 15 and August 29). At the time we

selected our sample, these three payroll periods were the only payroll periods for which overtime Log Sheets had been retained. During these three payroll periods, the 50 employees received 117 overtime payments totaling \$52,315 for 1,934 overtime hours worked. For fiscal year 2000-01, we judgmentally selected the 13 payroll periods in the middle of the fiscal year (i.e., those that ended between July 5 and December 20, 2000) and selected 48 of the 111 employees who received at least one overtime payment in that period. For our sample of 48 employees, we selected 18 employees who had either high, medium or low overtime amounts, and an additional 30 employees who we randomly selected. During these 13 payroll periods, the 48 employees received 385 overtime payments totaling \$163,925 for 6,080 overtime hours worked.

Our review of the sampled overtime payments identified a total of 32 instances (26 instances in the 2001-02 sample and six instances in the 2000-01 sample) in which employees were paid overtime even though they did not comply with the Criteria. We also identified one overpayment and two apparent underpayments. We conclude that many of the problems we identified could have been prevented if the related overtime documentation had been reviewed by supervisors in accordance with the requirements contained in the Criteria. To improve the supervisory review of overtime documentation, we recommend that OCFS conduct periodic audits of Register overtime records, and use the results of the audits to evaluate the extent to which the Register's overtime practices comply with the Criteria.

**a. Overtime Log Sheet**

Employees are required to complete the Overtime Log Sheet when reporting for scheduled overtime. However, we found that nine employees, with 14 instances of claimed overtime, did not sign Overtime Log Sheets for 41.5 of the 1,934 overtime hours included in our 2001-02 sample. The Register had Overtime Log Sheets available for all of the 42 days in this sample period. In our 2000-01 sample, an Overtime Log Sheet had not been completed for six instances of overtime (totaling 18 hours) claimed by three different employees. The Register had Overtime Log Sheets available for 139 of the 182 days (76 percent) of our sample period. When the Overtime Log Sheet is not completed, supervisors have less assurance that the employees actually worked all the overtime hours claimed.

At the time of our review it was the policy of Register management to retain the Overtime Log Sheets for only one month (our 2001-02 sample was restricted to the three payroll periods ended in August 2001 because, at the time we selected our sample, these three payroll periods were the only payroll periods for which Overtime Log Sheets had to be retained). As a result of this record retention policy, Overtime Log Sheets sometimes were not available for the instances of overtime included in our sample selected from the 13 payroll periods in the 2000-01 fiscal year. However, some of the Overtime Log Sheets from these payroll periods had not been discarded and were available for our review. From this limited review of Overtime Log Sheets, we were able to identify the six instances in which an Overtime Log Sheet had not been completed by an employee who received an overtime payment. As a result of this audit, the Register increased the record retention policy for all overtime records to three years.

**b. Record of Overtime**

Employees who work overtime are required to prepare, and the overtime supervisor is required to approve, a Record of Overtime, which indicates when the overtime hours were worked. We found two minor instances where a Record of Overtime either had not been prepared or was not available in our six week 2001-02 sample period.

At the time of our audit it was the policy of Register management to retain the Record of Overtime for only three months. As a result of this policy, Records of Overtime were not available for the 2000-01 fiscal year, and therefore could not be included in our examination of selected overtime payments from that year. As noted above, as a result of this audit, the Register increased the record retention policy for all overtime records to three years.

**c. Supporting Documentation**

The employee's regular supervisor is required to compare the Additional Compensation Request, Time and Accrual Record, Record of Overtime, and Overtime Log Sheet to ensure that the documents are consistent with each other and are complete. However, we found that for 7 of the 117 overtime payments included in our 2001-02 sample, these documents either were not consistent or were not complete. These 7 payments related to 10 instances of claimed overtime, as follows:

- in five instances, the Overtime Log Sheet was not consistent with the other documents (e.g., in one instance, the Overtime Log Sheet indicated that the employee worked 4 p.m. to 7 p.m., but the Time and Accrual Record indicated that the employee worked 8 p.m. to 11 p.m.), and
- in two instances, the Time and Accrual Record was not consistent with the other documents (e.g., in one instance, the Time and Accrual Record recorded fewer overtime hours than the Additional Compensation Request), and in three instances, employees did not fill out the overtime documents completely (e.g., in one instance, the total number of hours worked was recorded, but the starting and ending times were not recorded).

Since at the time of our audit the Overtime Log Sheet was generally retained for only one month and the Record of Overtime was retained for only three months, we were unable to determine whether these two documents were complete and consistent with other overtime documents for our sample of overtime payments from the 2000-01 fiscal year.

**2. Overtime Payments**

As part of our examination of the sampled overtime payments, we compared the overtime documentation maintained by OCFS to the overtime payments recorded on PaySR for the sampled employees. We found that one of the sampled employees was paid twice for the same overtime hours, and two of the sampled employees were paid for fewer overtime hours than were documented as worked.

In our review of selected overtime payments from the 2000-01 fiscal year, we found that an employee received a duplicate overtime payment of \$1,321, as the employee was paid twice for the same 42 hours of overtime. This employee revised a previously submitted Additional Compensation Request to add 7.5 holiday hours to the 42 hours of overtime recorded on the original document. Upon receipt, the OCFS Payroll Unit reentered the 42 overtime hours into PaySR, resulting in a duplicate payment of \$1,321. We note that this overpayment could have been prevented if the Payroll Unit had compared the revised Additional Compensation Request to the original document.

In our review of selected overtime payments from the 2001-02 fiscal year, we found that two employees may have been underpaid. One employee may have been underpaid by \$31, as the employee was paid for one less hour of overtime than was recorded on the employee's Record of Overtime. The other employee may have been underpaid by \$66, as the employee was paid for two less hours of overtime than were recorded on the employee's Record of Overtime.

### **Recommendations**

1. *Update (as necessary) and reissue the Overtime Performance Criteria to employees and supervisors, and emphasize the need to comply with the requirements.*
2. *Recover the overpayment we identified. Investigate the two apparent underpayments we identified, and pay the employees any underpaid amounts.*
3. *Require the Payroll Unit to compare revised Additional Compensation Requests to the original documents to prevent duplicate overtime payments.*
4. *Conduct periodic audits of Register overtime records, and use the results of the audits to evaluate the extent to which the Register's overtime practices comply with the Overtime Performance Criteria.*

A draft copy of this report was provided to OCFS officials for their review and comment. Their comments have been considered in preparing this report, and are included as Appendix A. OCFS officials concurred with the report's recommendations, indicating they had already implemented them during the course of the audit.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Children and Family Services shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Major contributors to this report were Richard Sturm, Donald Geary, Michael Cantwell, Kelly Downes, Madeline Johnston, Stephen Capozza, and Dana Newhouse.

We wish to thank the management and staff of the Office of Children and Family Services and the Statewide Central Register of Child Abuse and Maltreatment for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

William P. Challice  
Audit Director

cc: Deirdre Taylor  
Maryellen Flaxman



New York State  
Office of  
Children & Family  
Services

George E. Pataki  
*Governor*

John A. Johnson  
*Commissioner*

June 7, 2002

**FAX AND MAIL**

Mr. William P. Challice, Audit Director  
Office of the State Comptroller  
Division of Management Audit & State Financial Services  
123 William Street – 21<sup>st</sup> floor  
New York, New York 10038

Re: OSC Draft Audit #2001-S-34

“Overtime Controls at the State Central Register”

Dear Mr. Challice:

The Office of Children and Family Services has reviewed the above-cited draft audit report, issued May 7, 2002 and offers the attached response for your consideration.

Sincerely,

Kevin D. Robinson, Director  
Office of Audit and Quality Control

cc: M. Flaxman  
file



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Response to OSC Draft Report #2001-S-34

Overtime Controls at the State Central Register of Maltreatment and Abuse”

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The Office of Children and Family Services (OCFS) has reviewed the above-referenced draft report and offers the following response:

**General Comments**

The report notes instances where the SCR criteria for documentation requirements for overtime were not met and refers to this throughout the report as a problem. However, the audit found only one actual overpayment and two underpayments related to overtime. This demonstrates that in fact the SCR documentation criteria for overtime function effectively, as the documentation requirements achieve in almost all instances the ultimate goal of the criteria, which is accuracy of the actual overtime payments. Where employees fail to properly document something, the SCR overtime criteria provides sufficient checks and balances that such errors are detected and rectified, thus avoiding improper overtime payments in all but a couple of isolated instances.

Because overtime accountability protocols are multi-layered, a recording error on any one form is not fatal to the accountability design. The audit results show that the overtime procedures, extensive controls and a strong supervisory presence and oversight preserve the integrity of the SCR's overtime environment and present no risk that overtime paid may not have been worked.

**Response to Recommendations** *(It is noteworthy that all of the audit recommendations were fully implemented by OCFS and the SCR prior to the issuance of the draft audit report)*

**Recommendation#1: Update (as necessary) and reissue Overtime Performance Criteria to employees and supervisors, and emphasize the need to comply with the requirements.**

**OCFS Response:** Because of the SCR's commitment to continuous improvement, together with staff turnover, core protocols involving several different operational areas are re-issued on a regular basis. In fact, the SCR re-issued the "Overtime Performance Criteria" document during the course of the audit. This protocol document is periodically re-issued as a refresher and important reminder to all staff. The document is readily available at any time in a reference manual that is easily retrievable from every worker's desktop.

**Recommendation #2: Recover the overpayment we identified. Investigate the two apparent underpayments we identified and pay the employees any underpaid amounts.**

**OCFS Response:** The 42-hour overpayment for Carol A. S. was recovered in a check issued 12/5/01. (documentation to be provided on request)

The two underpayments were discrepancies identified on the State Central Register (SCR) Record of Overtime Log, not on the Time and Accrual Record or Additional Compensation Request Form. The Record and Form received in the Time Records Unit Home Office showed that Melanie A. worked 1.5 hours of overtime on July 18, 2001 and was paid for such. (documentation to be provided on request)

The Time and Accrual Record and Additional Compensation Request for Maria B. did not indicate that any overtime payments were due. (documentation to be provided on request)

**Recommendation #3: Require the Payroll Unit to compare revised Additional Compensation Requests to the original documents to prevent duplicate overtime payments.**

**OCFS Response:** Action has been taken to rectify this situation. The Office of Human Resources (OHR) issued OHR Bulletin 02-14, Submittal of Additional Compensation Request Forms for Annual Salaried Employees, on February 28, 2002 to improve the agency's overtime payment process. (documentation to be provided on request)

In addition, we have begun to conduct refresher-training sessions for supervisors and Facility Directors on how to review time cards and additional compensation forms so that entries on both forms are consistent with Time and Attendance Rules and OCFS Policies. Staff from the OHR Time and Attendance Unit is conducting these sessions. For example, sessions have been conducted at the State Central Register (April 2002) and for all Facility Assistant Directors (May 2002). We are currently scheduling additional sessions for all supervisors in the agency and all Facility Directors.

It would be advantageous to have OSC explore the possibility of adding an edit to the PaySR system that would not allow duplicate payments of overtime for the same day without an override. This would provide an automated check that is not as labor intensive as an additional manual audit.

**Recommendation #4: Conduct periodic audits of Register overtime controls, and use the results of the audits to evaluate the extent to which the Register's overtime practices comply with the Overtime Performance Criteria.**

**OCFS Response:** The SCR had established an oversight function for audits of SCR overtime records prior to issuance of the OSC draft report,