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**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

**OFFICE OF MENTAL
HEALTH**

**MID-HUDSON FORENSIC
PSYCHIATRIC CENTER -
INTERNAL CONTROLS
OVER OVERTIME
PRACTICES**

Report 2007-S-63

AUDIT OBJECTIVE

The objective of our audit was to determine whether overtime at the Mid-Hudson Forensic Psychiatric Center was authorized, justified, and worked.

AUDIT RESULTS - SUMMARY

The Mid Hudson Forensic Psychiatric Center (Mid-Hudson) is one of three forensic psychiatric centers operated by the Office of Mental Health (OMH). It provides a comprehensive program of evaluation, treatment, and rehabilitation for patients admitted by court order. As of March 31, 2007, Mid-Hudson's payroll expenses were \$31.2 million for fiscal year 2005-06, and \$31.9 million for fiscal year 2006-07. Overtime costs were \$5.4 million for fiscal year 2005-06, and \$5.6 million for fiscal year 2006-07.

To determine whether overtime had been authorized, justified, and worked at Mid-Hudson, we reviewed the records of 30 employees who were the top overtime earners during both fiscal years 2005-06 and 2006-07. We found that the overtime had been pre-authorized, but that the justification for some of it had not been documented adequately. Further, we found instances of inappropriate payments made for overtime that had not been worked, as well as a lack of documentation that would support some overtime worked.

Mid-Hudson's procedures require that all overtime be documented on the Overtime Rosters and Daily Records, depending on the employee's title. Of the 30 employees whose

records we reviewed, we found that 14 had received overtime payments, totaling \$21,713, of which there was inadequate supporting documentation. We also found that four of the employees had received inappropriate payments of \$221 for overtime they had not worked. Further, we noted that several of the employees' overtime hours recorded on the Overtime Rosters and Daily Records had not been approved by their supervisors, as required, at the time the overtime was worked. For example, the Overtime Roster and the Daily Record were approved 43 days and 29 days respectively, after the employee worked the overtime. [Pages 4-5]

For our sample of 25 overtime instances pertaining to our sampled employees, we found supporting documentation justifying 22 instances. However, no such documentation existed for the three remaining instances. [Page 4]

To determine whether the employees had actually worked and were adhering to Mid-Hudson's time and attendance procedures, we conducted floor checks of 36 employees (9 of whom were working overtime) in 2 separate buildings. We found that all 36 employees were working as scheduled, but that 30 (8 of whom were working overtime and 22 of whom were working a regular shift) had not followed proper time and attendance procedures. For instance, 27 of the 30 employees had signed out prior to the end of their work shifts, while 3 had not signed in or out. Such a practice increases the risk that employees may be paid for time not worked. [Page 5]

Our audit report contains six recommendations.

This report, dated May 8, 2008, is available on our website at: <http://www.osc.state.ny.us>. Add or update your mailing list address by contacting us at: (518) 474-3271 or Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

The Office of Mental Health (OMH) operates 26 psychiatric centers throughout the State. These centers care for and treat adults and children with significant psychiatric disabilities. OMH also funds a wide range of community services provided by local governments and private organizations through a network of approximately 2,500 programs serving more than 500,000 people a year.

The Mid Hudson Forensic Psychiatric Center (Mid-Hudson) is one of three forensic psychiatric centers operated by OMH. It provides a comprehensive program of evaluation, treatment, and rehabilitation for patients admitted by court order.

As of March 31, 2007, Mid-Hudson employed 590 individuals. Its payroll expenses were \$31.2 million for fiscal year 2005-06, and \$31.9 million for fiscal year 2006-07. Overtime costs were \$5.4 million for fiscal year 2005-06, and \$5.6 million for fiscal year 2006-07.

AUDIT FINDINGS AND RECOMMENDATIONS

Documentation of Overtime

The Department of Civil Service requires all State employees to maintain a record of actual hours worked. At Mid-Hudson, Security Hospital Treatment Assistants (SHTAs) are required to sign in and out on a Daily Attendance Record (Daily Record) to show that their regular hours were worked, as well as an Overtime Roster when overtime is worked. Supervisors are then supposed to approve and date the Daily Records and Overtime Rosters.

In a similar manner, nurses are required to sign in and out on both the Daily Record and Overtime Rosters. However, unlike the SHTAs' records, both the Daily Records and the Overtime Rosters are used for recording nurses' overtime. The Director of Nursing is responsible for approving the nurses' Daily Records and Overtime Rosters, attesting to their accuracy.

To determine whether overtime was authorized, justified, and worked at Mid-Hudson, we reviewed the records of 30 employees who were the top overtime earners during both fiscal years 2005-06 and 2006-07. For each employee, we selected the pay period with the highest overtime payments and, as appropriate, reviewed the Daily Records and Overtime Rosters supporting each of these payments. For the 30 pay periods we reviewed, there were 377

instances of overtime, totaling approximately 2,843 hours and \$104,627 in overtime payments. Our sampled 30 employees had been paid almost \$2.8 million in overtime pay, representing 26 percent of the total amount of overtime paid by Mid-Hudson for the two fiscal years (\$11 million). The two highest overtime earners had been paid \$174,741 and \$160,982; they had reportedly worked 5,035 and 4,411 hours, respectively.

For our sampled employees, we found that the overtime had been pre-authorized, but that it had not always been justified. Further, we found instances of inappropriate payments made for overtime hours not worked, as well as a lack of documentation to support the overtime recorded as worked.

Pre-Authorization of Scheduled Overtime

While Mid-Hudson does not have written procedures regarding the pre-authorization of scheduled overtime, we determined that it does have a process for ensuring that scheduled overtime is authorized in advance. Mid-Hudson officials determine in advance when overtime is needed. Once this determination is made, the dates and times are posted so employees can voluntarily sign up for the overtime. If there are not enough volunteers, Mid-Hudson maintains a mandated overtime list of eligible employees that it refers to for assigning all the remaining overtime it needs to schedule. The scheduled overtime roster is then approved by the responsible officials.

Justification of Overtime

Mid-Hudson's Overtime Rosters provide a column where supervisors must enter a justification code explaining the need for the overtime scheduled (e.g., unscheduled absence, lateness of incoming shift, training, court appearance, workers' compensation,

close observation, or response to incidents). To determine whether the overtime scheduled on these rosters was justified, we judgmentally selected 25 out of the 377 overtime instances noted in the records of our 30 sampled employees and reviewed the relevant Overtime Rosters and supporting documentation for the justification codes. Of the 25 overtime instances we selected, proper documentation justified 22, but no such documentation existed for the 3 remaining instances.

Without the proper supporting documentation, there is an increased risk that the overtime was not necessary.

Recommendation

1. Document the justification for all overtime worked.

Overtime Payments

Mid-Hudson's procedures require that all overtime be documented on the appropriate time and attendance records (i.e., Overtime Rosters, Daily Records), depending upon the employee's title. To determine whether Mid-Hudson was making appropriate overtime payments, we reviewed the 377 overtime instances noted in the records of our 30 sampled employees. We found that 14 of the sampled employees had received overtime payments totaling \$21,713 for 571.25 hours, but the supporting documentation was inadequate. These payments included the following:

- Two employees' names did not appear on the Overtime Rosters for the days they were paid overtime. Three other employees' names were listed on the Overtime Rosters but the employees had not signed them to attest to the overtime worked. These

5 employees had received \$5,275 for 147.25 hours.

- Two employees (nurses) received a total of \$3,015 for 53.25 hours of overtime without recording that time on the Daily Record, as required. For example, on August 28, 2006, one employee was paid \$492 for 8.25 hours of overtime. However, we did not find a Daily Record for this employee on that date.
- For 7 employees who received \$13,423 in overtime pay for 370.75 hours, we observed that names were printed on some of the Overtime Rosters instead of being signed; and, in other cases, signatures for the same employees appeared to be different on various documents.

We also found overtime payments totaling \$221 for 6.75 hours that had been made to 4 employees who had not worked overtime. While these four employees had noted their start and end times on the Overtime Rosters, the total number of hours recorded on these rosters was incorrect. For example, one employee signed in on the Overtime Roster at 7 a.m. and signed out at 10:30 a.m., making the employee eligible for 3.5 hours of overtime. However, the supervisor authorized payment incorrectly for 8 hours, an overpayment of 4.5 hours.

Mid-Hudson officials agreed with our findings. They said that human errors had occurred during transcriptions from one document to another, and noted that they had instructed supervisors to be more diligent in their reviews of time and attendance documents. Mid-Hudson officials also reported that they had already recovered the \$221 of inappropriate payments.

In addition, we noted several instances in which the Overtime Rosters and Daily Records had not been approved at the time the overtime was worked, as required. For example, the Overtime Roster and the Daily Record were approved 43 days and 29 days respectively, after the employee worked the overtime. Proper controls require that these forms be approved and submitted for payment when the overtime is worked. Mid-Hudson officials agreed with our findings and have since instituted a policy advising supervisors to approve overtime as soon as it is incurred.

Recommendations

2. Follow up on all overtime payments cited in this report and take appropriate action, including recovering any inappropriate overpayments found.
3. Verify that overtime is actually worked before payments are approved.
4. Reinforce instructions to supervisors and employees to adhere to time and attendance policies relating to overtime, including strict compliance with sign-in and sign-out procedures.

Floor Checks

To determine whether employees were actually working and following time and attendance procedures, we conducted floor checks of 36 employees (9 on overtime) on July 19, 2007, almost 2 hours before the end of the employees' work shift. We determined that all 36 employees were working as scheduled. However, we found that 30 of the 36 employees (8 working overtime and 22 working a regular shift) had not followed proper time and attendance procedures.

For the eight employees working overtime, we found that:

- Seven had signed out on the Overtime Roster before their shifts were completed, and supervisors for four of them approved the overtime hours before the shift was completed.
- One employee had signed out on the Daily Record before the shift ended.

In addition, for the 22 employees working regular shifts, we found that:

- 19 had signed out on the Daily Records before their shifts ended.
- Three had not signed in or out on the Daily Record.

Employees who sign the Daily Record and Overtime Roster before their work is completed increase the risk that payments may be made for time that was not worked. Mid-Hudson officials agreed with our findings and said they would take corrective action.

Further, we note that, according to Mid-Hudson's patient observation policy, SHTAs are required to do rounds of patient-occupied areas every 15 minutes and document them on a Patient Room Check form. We found that two of the SHTAs had not completed the forms accurately. One completed it in advance of the round, while the other had not completed the form for three of the rounds that should have taken place during our floor check. As a result, we question whether the rounds were made.

Recommendations

5. Enforce the requirement that employees sign in and out at the appropriate times.

6. Verify that patient observations are performed every 15 minutes, and documented as required.

AUDIT SCOPE AND METHODOLOGY

We conducted our audit in accordance with generally accepted government auditing standards. We audited Mid-Hudson's overtime practices to determine whether overtime was being authorized, justified, and worked. Our audit period was from April 1, 2005, through November 25, 2007.

To accomplish our objectives, we reviewed the time and attendance and overtime policies and procedures of New York State, OMH, and Mid-Hudson, and the Overtime Rosters and Daily Records. We interviewed OMH and Mid-Hudson officials to confirm and enhance our understanding of the policies and procedures. We selected 30 employees from a total population of 590 who had received the highest overtime payments for fiscal years 2005-06 and 2006-07. We then selected the pay period with the highest overtime payment for each of the 30 employees and, as appropriate, reviewed the Daily Records and Overtime Rosters supporting each of these payments. We identified 377 overtime instances for the 30 employees, amounting to 2,843 hours and \$104,627 in overtime payments. Of the 377 overtime instances, we judgmentally selected 25 instances for 17 employees and determined whether the justification for the overtime had been documented properly. We also conducted floor checks on July 19, 2007, of 36 employees working the 11 p.m. to 7 a.m. shift in Buildings 2 and 3 at Mid-Hudson. Our floor checks started at 5 a.m.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York

State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

This audit was performed 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.

REPORTING REQUIREMENTS

We provided a draft copy of this report to OMH and Mid-Hudson officials for their review and comment. Department officials agreed with our recommendations and indicated steps taken to implement them. Their comments were considered in preparing this report, and are included as Appendix.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of OMH 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 not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include William Challice, Albert Kee, Todd Seeberger, Jeffrey Marks, W Sage Hopmeier, Kamal Elsayed, Mark Breunig, Lauren Bizzaro, Bob Backus, and Sue Gold.

APPENDIX A - AUDITEE RESPONSE



State of New York
David A. Paterson
Governor



Office of Mental Health
44 Holland Avenue
Albany, New York 12229
www.omh.state.ny.us

April 14, 2008

William P. Challice
Audit Director
Office of the State Comptroller
Division of State Services
State Audit Bureau
110 State Street, 11th Floor
Albany, NY 12236

Dear Mr. Challice:

The Office of Mental Health has reviewed the draft audit report entitled, Mid-Hudson Forensic Psychiatric Center - Internal Controls Over Overtime Practices (2007-S-63). Our comments to the findings and recommendations contained in the report are enclosed.

The Office of Mental Health appreciates the Office of the State Comptroller's efforts to recommend improvements in our operations.

Many thanks for your continued help and cooperation.

Sincerely yours,

Bruce E. Feig
Executive Deputy Commissioner

Enclosure

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER



OMH/26.01 (P.09)

**MID-HUDSON FORENSIC PSYCHIATRIC CENTER
RESPONSE TO OFFICE OF THE STATE CONTROLLER
DRAFT REPORT 2007-S-63
INTERNAL CONTROLS OVER OVERTIME PRACTICES**

OMH OVERALL COMMENTS

The Office of Mental Health has reviewed the findings and recommendations in the draft report of the OSC audit of Internal Controls Over Overtime Practices at Mid-Hudson Forensic Psychiatric Center. OMH is appreciative of OSC's identification of areas where improvements in documentation can be made and has taken steps to address those areas. OMH is also pleased that, while several documentation issues were identified, all but \$221 of the \$104,627 of overtime payments reviewed by OSC were found to have been for time actually worked and were appropriately paid. We also noted that OSC's unannounced floor checks determined all 36 employees selected for review were working as scheduled.

OMH RESPONSES TO OSC RECOMMENDATIONS

OSC RECOMMENDATION No. 1

Document the justification for all overtime worked.

OMH RESPONSE

OMH agrees that the justification for overtime needs to be documented and will ensure that there is proper documentation to support the justifications codes reported on the Overtime Authorization Rosters (OAR's).

OSC RECOMMENDATION No. 2

Follow up on all overtime payments cited in this report and take appropriate action, including recovering any inappropriate overpayments found.

OMH RESPONSE

OMH has followed up on all instances of overpayment payments cited in the draft report. As reported by OSC, Mid-Hudson has recovered \$221 which represents the total amount of inappropriate overpayments. All other overpayments cited in the report were found to be appropriate.

OSC RECOMMENDATION No. 3

Verify that overtime is actually worked before payments are approved.

OMH RESPONSE

OMH agrees that there must be verification of overtime worked prior to payment and supervisors will be monitoring time and attendance documents to ensure compliance.

Reminder memos have been issued that supervisors are accountable and must verify the accuracy of the overtime records before payments can be processed.

OSC RECOMMENDATION No. 4

Reinforce instructions to supervisors and employees to adhere to time and attendance policies relating to overtime, including strict compliance with sign-in and sign-out procedures.

OMH RESPONSE

Memos were issued requiring staff to adhere to proper sign-in and sign-out procedures. Specifically, staff are required to only sign in when coming on duty and to only sign out when relieved from duty.

OSC RECOMMENDATION No. 5

Enforce the requirement that employees sign in and out at the appropriate times.

OMH RESPONSE

Supervisors have enhanced their monitoring of sign-in/out procedures to ensure that staff sign-in when coming on duty and only sign-out when leaving duty.

OSC RECOMMENDATION No. 6

Verify that patient observations are performed every 15 minutes, and documented as required.

OMH RESPONSE

Staff have been advised that patient rounds must be done every 15 minutes and documented on observation forms at the time the rounds are made. Supervisory staff will review the observation forms during rounds to ensure that these required actions have been properly performed and will sign the forms to document this review.