



Town of Amenia

Leave Accruals

Report of Examination

Period Covered:

January 1, 2012 — October 10, 2013

2013M-361



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	2
INTRODUCTION	3
Background	3
Objective	3
Scope and Methodology	3
Comments of Local Officials and Corrective Action	3
LEAVE ACCRUALS	5
Recommendations	6
APPENDIX A Response From Local Officials	7
APPENDIX B Audit Methodology and Standards	9
APPENDIX C How to Obtain Additional Copies of the Report	10
APPENDIX D Local Regional Office Listing	11

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

February 2014

Dear Town Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Town Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Town of Amenia, entitled Leave Accruals. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Town of Amenia (Town) is located in Dutchess County and has a population of approximately 4,400. The Town is governed by a Town Board (Board) which comprises the Town Supervisor (Supervisor) and four elected Board members. The Board is responsible for the general oversight and control of the Town's operations and finances. The Supervisor serves as the Town's chief executive officer and chief financial officer and is responsible for day-to-day management. The Board has appointed a part-time bookkeeper to assist with maintaining the Town's accounting records.

Budgeted expenditures for the general and highway funds for 2013 totaled approximately \$1.45 million and \$1.09 million, respectively. These expenditures were funded primarily with revenues from real property taxes, sales tax, franchise fees, departmental income, State aid and Federal aid. Budgeted personal services for 2013 were approximately \$775,000 for each of the funds.

Objective

The objective of our audit was to determine whether employees were receiving the amount of compensation and leave accruals approved by the Board. Our audit addressed the following related question:

- Do Town officials ensure that employees are being accurately compensated and accruing leave that they are entitled to?

Scope and Methodology

We examined the Town's payroll records for the period January 1, 2012 through October 10, 2013.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

Comments of Local Officials and Corrective Action

The results of our audit and recommendations have been discussed with Town officials and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your

CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Clerk's office.

Leave Accruals

The Board is responsible for establishing and approving all wages paid to Town employees. Because payroll represents a significant cost to the Town, it is imperative that the Board ensure that Board-approved wages are paid. Town employees also are entitled to vacation, sick and personal time. It is essential for Town officials to maintain accurate leave accrual and usage records to ensure employees are paid only for the time that they are entitled.

Internal controls in the payroll department were generally operating effectively. We tested payroll payments for all 54 employees, including full-time, part-time, seasonal and temporary employees, to determine whether they were paid Board-approved wages. We found that employees were compensated accurately but that leave accrual records were not properly maintained.

Town employees are granted vacation, sick and personal paid leave time according to the positions they hold and the lengths of time they have been employed by the Town. In addition, employees may earn compensatory time in lieu of overtime pay for authorized hours worked in excess of 40 hours in a given workweek. For example, full-time employees are granted five days vacation leave after they complete their first year of service, 10 days for two years to six years of service, 15 days for seven to 14 years of service and 20 days after 15 years or more of service. Hourly part-time employees are also granted vacation leave as outlined in the employee handbook, based on years of service and hours worked. Vacation leave may not be carried forward from one year to the next without the approval of the department head.

Sick leave is granted at the rate of eight hours per month to full-time employees and five days annually to eligible part-time hourly employees. Sick days may be accumulated to a maximum of 1,000 hours and be used upon separation from employment with the Town to offset future health care costs. Personal leave is granted at the rate of five days annually to full-time employees and may not be accumulated from year to year. Although the employee handbook contains policies regarding the accrual and usage of leave time, there are no policies or procedures governing how accrual records are to be maintained or who is responsible for keeping track of leave time balances. As a result, with the exception of the highway department, the Town does not maintain records of leave accruals for Town employees.

We tested the leave time used by all six highway department employees for whom leave records were maintained and found minor discrepancies that we discussed with Town officials. Because the Town did not maintain leave accrual records for other employees, Town officials have no way of determining the accuracy of time for vacation, sick and personal leave accruals.

The Supervisor was aware of the problem with the records for leave accruals and stated that upon taking office in 2012 he assigned two Board members to determine the leave balances for each Town employee. The Board members failed to do this and as of the end of our fieldwork in November 2013, leave accrual records were still not established for all Town employees.

Without proper leave time records, the Board has no assurance that employees are paid only for the time that they are entitled which could cause taxpayers to fund payroll expenses that are not valid. Furthermore, because employees are paid for certain unused leave time upon separation from employment, Town officials do not know what is rightfully owed to employees. For example, the deputy Town clerk is planning to retire, but is currently in dispute with Town officials about her leave accrual balance.

Recommendations

1. The Board should establish policies and procedures for tracking employee leave accruals and monitor to ensure these policies are followed.
2. The Board or Town officials should determine the amount of leave each current employee is entitled to and maintain accurate, up-to-date leave records going forward.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.



TOWN OF AMENIA

4988 ROUTE 22, AMENIA, NY 12501
(845) 373-8860 Ext 105 Fax (845) 373-9147

February 16, 2014

Ms. Tenneh Blamah
Chief Examiner of Local Government and School Accountability
Office of the State Comptroller
Newburgh Regional Office
33 Airport Center Drive
Suite 103
New Windsor, New York 12553

Dear Ms. Blamah:

The Amenia Town Board agrees with the findings of the Office of the Comptroller regarding Amenia Town Hall employees' leave accruals. Historically there have not been policies and procedures in place to adequately track leave accruals except in the Town of Amenia Highway Department where the Highway Superintendent tracks Highway Department employee leave accruals. The Amenia Town Board going forward will be establishing policies and procedures to track Amenia Town Hall employee leave accruals along with a monitoring system. The amount of leave each employee is entitled to will be maintained by the bookkeeper on a spreadsheet. In addition, employees will be notified monthly what the balance of their leave accruals are. More specific information will be included in the Corrective Action Plan which will be submitted to the Office of the State Comptroller at a later date.

The Amenia Town Board appreciates the guidance and information provided in the audit from the Office of the Comptroller. If you have any further questions or comments, please contact me at 845 373-8860 Ext. 111.

Sincerely,

Victoria Perotti
Town of Amenia Supervisor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

We assessed internal controls over the Town's payroll for the period January 1, 2012 through October 10, 2013. To accomplish our audit objective and obtain valid and relevant audit evidence, we performed the following procedures:

- We interviewed Town officials and reviewed Board minutes and the employee handbook to identify controls over payroll.
- We tested payroll payments for all 54 employees, including full-time, part-time, seasonal and temporary employees, to determine whether they were paid Board-approved wages.
- We reviewed the employee handbook to determine how much of each type of accrual (vacation, sick, personal and compensatory time) each employee was entitled to earn during the audit period.
- We reviewed the time cards for all six highway employees and documented the beginning leave balances for each employee and how much time was used during the audit period.
- We calculated ending leave balances by taking the beginning balance, adding accruals earned and subtracting time used. We compared our calculation to the amounts reported on the employee time cards to determine if ending leave balances were accurate.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller
Nathalie N. Carey, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building - Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Robert Meller, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Buffalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street – Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building - Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313