



# Watervliet Housing Authority

## Timekeeping and Leave Records

### Report of Examination

Period Covered:

January 1, 2014 – February 28, 2015

2015M-186



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

October 2015

Dear Housing Authority Officials:

A top priority of the Office of the State Comptroller is to help authority officials manage their authorities efficiently and effectively and, by so doing, provide accountability for dollars spent to support authority operations. The Comptroller oversees the fiscal affairs of authorities statewide, as well as authorities' 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 authority operations and Board governance. Audits also can identify strategies to reduce authority costs and to strengthen controls intended to safeguard authority assets.

Following is a report of our audit of the Watervliet Housing Authority, entitled Timekeeping and Leave Records. This audit was conducted pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution.

This audit's results and recommendations are resources for authority officials to use in effectively managing operations and in meeting the expectations of taxpayers. 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 Watervliet Housing Authority (Authority) is located in the City of Watervliet (City) in Albany County. The Authority was established pursuant to Section 459 of the New York State Public Housing Law (Law) in 1959 to provide low rent housing for qualified individuals in accordance with relevant provisions of the Law and the rules and regulations prescribed by the Federal Department of Housing and Urban Development (HUD).

The Authority's 2014 fiscal year operating expenditures totaled approximately \$2.5 million. These costs were funded mainly by rental income from tenants and subsidies from HUD. The Authority maintains 400 public housing units and administers 160 Section 8 Housing Choice Vouchers.<sup>1</sup>

The Board of Commissioners (Board) is composed of seven Commissioners. The City's Mayor appoints five of the Commissioners for five-year terms, and two are elected by the tenants for two-year terms. The Board is responsible for the general management and control of the Authority's financial affairs. The Board appoints an Executive Director (Director), who is the Authority's chief executive officer and is responsible for the Authority's day-to-day operations.

The Authority uses a third-party vendor to process payroll. The Director and Secretary are responsible for reviewing time records, and the Tenant Relations Specialist submits the necessary payroll information to the vendor for processing.

## Objective

The objective of our audit was to examine the internal controls over the Authority's timekeeping and leave accrual processes. More specifically, our audit addressed the following related question:

- Were time sheets and leave records adequately maintained, supported and approved?

## Scope and Methodology

We examined the timekeeping and leave accrual processes for the period January 1, 2014 through February 28, 2015.

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 are

<sup>1</sup> The Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market.

included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of  
Authority Officials**

The results of our audit and recommendations have been discussed with Authority officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Authority officials generally agreed with our findings.

## Timekeeping and Leave Records

The Board is responsible for designing a system of internal controls over payroll. Internal controls over a payroll system include effective policies and procedures to provide reasonable assurance that payroll transactions are authorized, recorded and reported properly. It is management's responsibility to implement an effective timekeeping system to ensure employees' hours worked are accurately recorded and that leave benefits are properly provided, used and accounted for.

A good payroll system includes mechanisms for recording time worked and retaining information used to support an employee's weekly time sheet. The timekeeping system, coupled with effective management oversight, should ensure employees are accurately paid for time worked. An effective payroll process also includes policies, procedures and practices that ensure leave accruals are granted in accordance with applicable employment contracts or personnel policy provisions and that leave accrual balances are accurate and monitored. Records of each employee's accruals and use of leave time should be maintained and periodically reviewed throughout the year to provide additional assurance that they are accurate and in accordance with the applicable guidelines.

Timekeeping – The Authority has policies and procedures in place that define the hours to be worked and establish processes for the recording of time worked and supervisory approval of the use of leave accruals. On a weekly basis, employees hand write their in and out times and accruals used on a time sheet. The Director reviews and approves these time sheets. The Tenant Relations Coordinator enters the time sheets into the timekeeping system and transmits the information to the third party payroll processor via telephone. The Authority retains all time sheets on file.

We tested all eight full-time employees' submitted time sheets for eight randomly selected one-week payroll periods during our audit period to determine if they were approved by the Director and supported the amounts paid. Other than minor issues that we discussed with Authority management, all time sheets we reviewed were approved by the Director and supported the amounts paid.

Leave Accruals – Employees who work 40 hours or more per week on a regular basis (full-time employees) earn and use leave time subject to the personnel policy and the collective bargaining agreement. Of the Authority's eight full-time employees, three were covered by the collective bargaining agreement and five were covered by the personnel policy (which grants annual and sick leave in accordance

with the collective bargaining agreement). Depending on their length of service, employees may earn 15 to 20 days of vacation per year.<sup>2</sup> Leave time is requested in advance and approved by the Director, subject to the Authority's staffing needs. The Secretary enters approved leave time on the calendar. The Secretary uses the employees' time sheets to enter leave time taken in the leave management system<sup>3</sup> and initials each time sheet to indicate she has entered accrual information into the system.

We tested eight randomly selected one-week pay periods for the Authority's eight full-time employees and found that leave was appropriately approved and accurately recorded in the leave records. We also tested employees' leave balances, accruals and use during our audit period to determine if leave time used was accurately and properly earned and the balances were correct according to the personnel policy or collective bargaining agreement, as appropriate. Except for minor exceptions which we discussed with Authority management, leave time was properly approved and recorded.

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<sup>2</sup> Upon completion of one year of service, employees are entitled to 15 days of vacation per year with pay. Thereafter, employees earn vacation at the rate of 1.25 days per month. Upon completion of 15 years of service, employees are entitled to 20 days of vacation per year with pay.

<sup>3</sup> The Authority uses a software program to track each employee's leave accruals.

## **APPENDIX A**

### **RESPONSE FROM AUTHORITY OFFICIALS**

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



Sandra J. Beston  
Chairwoman  
Charles A. Jeseo  
Vice Chairman  
Bert Bouchey  
Jeffrey Czarnecki  
Jane Hayes  
Roberta Gilson  
Regina Warner

# *Watervliet Housing Authority*

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Charles V. Patricelli  
Executive Director

Tracey Freemantle C.P.A.  
Fee Accountant

September 21, 2015

Office of the State Comptroller  
Division of Local Government & School Accountability  
PSU - CAP Submission  
110 State Street, 12th Floor  
Albany, NY 12236

The Watervliet Housing Authority recently had an audit of its operations conducted by the NYS office of the State Comptroller's office.

Audits can be taken two ways, one as a check and balance and the other as a learning tool. In this case both were achieved. Both the office staff and Board of Commissioners benefited greatly by this audit in that it was both educational and a reinforcement tool for our operation.

Both auditors were extremely helpful in providing suggestions to improving our administrative and financial operations and many of the suggestions were put in place immediately.

More specifically our leave recording system was updated to reflect more accurate records via our software and have set up internal procedures to review the balance on regular basis.

Sincerely

Charles V. Patricelli  
Executive Director

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to determine whether the Authority's payroll system was operating effectively. To accomplish this, we interviewed appropriate Authority officials, tested records and examined pertinent documents for the period January 1, 2014 through February 28, 2015. Our procedures included the following:

- We interviewed Authority officials and reviewed the Board minutes, policy manual and collective bargaining agreement to determine the internal controls over the payroll process.
- We reviewed timekeeping documentation to determine if sufficient documentation was maintained for compliance with the policies and procedures.
- We reviewed all eight full-time employees' time sheets (five office and three maintenance) and part-time/seasonal employees that were paid from eight randomly selected payrolls to determine if they showed regularly scheduled work hours, times of arrival and departure; if they were signed by the employee and supervisor; and if the hours worked agreed with the hours paid on the certified payroll.
- To determine if the Authority was properly maintaining leave accrual records, we verified that accrued leave earned and carried over and accrued leave payouts agreed with policies, contracts and Board resolutions.
- We traced reported use of accrued leave on time sheets and other source documentation to determine if it was properly approved, documented and recorded in the Authority's leave tracking software.

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

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**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller

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