

Village of Fort Plain

Leave Benefits

NOVEMBER 2020



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Village of Fort Plain

Audit Objective

Determine whether Village of Fort Plain (Village) officials established appropriate control over employee leave time.

Key Findings

Village officials did not establish appropriate controls over employee leave time.

- The Board did not establish comprehensive leave benefit policies and procedures.
- Officials did not accurately maintain employee leave records. Leave used and compensatory time (comp time) earned was not always properly recorded or supported by Village records.
 - 133 hours of accrued comp time, valued at approximately \$4,600, was not supported by an employee's time and attendance records.
 - 33 hours of comp time and eight hours of personal time, valued at approximately \$900, were used but not deducted from employee leave records.

Key Recommendations

- Implement procedures that ensure leave earned, used and carried over is supported by time and attendance records and leave request forms.
- Update the employee benefits policy (policy) and ensure all employees involved in the payroll process are aware of relevant leave policies.
- Ensure the policy, collective bargaining agreement (CBA) and Police Chief's contract (contract) cover accrued leave limits and conditions for the payment of unused leave.

Village officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Background

The Village is located in the Towns of Minden, Palatine, and Canajoharie in Montgomery County. The Village is governed by an elected Board of Trustees (Board) composed of a Mayor and four Trustees. The Board is responsible for the general management and control of Village finances and overseeing financial activities.

The Clerk-Treasurer and the Deputy Treasurer maintain leave records for all employees.

Village policy, the CBA, the contract and a 2017 Board resolution (Conversion of Qualifying Sick Leave and Comp Time to Obtain Health Insurance Coverage upon Retirement) outline employee benefits including, accrued leave and payment for unused leave.

Quick Facts

Employees Eligible for Leave Benefits	11
2020-21 Appropriations	\$2.14 million
Population	2,236

Audit Period

June 1, 2019 – January 31, 2020. We extended our audit period back to May 1, 2019 to review year-end leave balances and carryovers.

Leave Benefits

Leave represents paid time off earned by employees. A well-designed system of accounting for employee leave time requires policies and procedures that provide guidance and oversight for employees who maintain leave records. These policies and procedures help to ensure that leave, such as vacation, sick and comp time are properly earned, used and accurately recorded.

Payroll cost and employee benefits, such as paid leave, make up a significant portion of the Village's operating expenditures. Time and attendance records for employees not only serve as a basis for Village officials to authorize salary payments but also permit officials to track the hours worked and leave time earned and used.

How Should Officials Accurately Maintain Leave Records?

A board should adopt comprehensive leave policies that clearly identify the positions that earn leave benefits and allowable carryover limits. Additionally the board should establish procedures that require using time and attendance records and leave request forms, which support the time earned and document employees' advance requests to use leave for covered absences.

Village officials are responsible for ensuring employee leave benefits are accurately accounted for and employees earn and use only the leave to which they are entitled. Officials should establish procedures for periodic independent reviews of leave records and balances for accuracy and periodically provide available leave balances to employees. Further, village officials should ensure that leave time used is properly calculated and deducted from an employee's leave balance, and that leave is earned, carried over and paid out in accordance with the village policies, CBAs, contracts and board resolutions.

The Board Did Not Establish Comprehensive Leave Benefit Policies and Procedures

The Village's policy did not clearly identify which positions were eligible to receive leave benefits. For example, the policy states that it applies to "regular employees" but does not define what positions, titles or other classifications would be considered as "regular employees."

The policy also permits employees to earn comp time, but does not state which employees may earn comp time or how it is earned and used. Additionally, the policy does not describe terms and conditions for the payment for accumulated comp time. Both the CBA and the contract allow for payments of comp time, with no limit, and floating holidays, with a limit of 40 hours.

The policy, CBA and contract allowed for the payment of vacation leave (with no limit) and sick leave (that can only be paid upon retirement), but did not describe

the terms and conditions for payments of unused personal time. Additionally, the policy, CBA and contract did not address payments of unused leave when employees leave Village employment.

In July 2017, the Village passed a resolution that permitted department heads, with at least 30 years of service in the New York State and Local Retirement System, 25 years of continual service with the Village and 1,500 hours of accrued sick leave and 1,500 hours of accrued comp time, to convert the unused sick and comp time upon retirement to obtain retiree health insurance for themselves and their spouse. However, the terms and conditions of the Board resolution were not reflected in either the policy or the contract and conflicted with the pre-established sick leave and comp time limits.

We found the accrued leave balances were not properly supported for the Clerk Treasurer, the Deputy Treasurer and the Department of Public Works (DPW) Supervisor because these officers and employees were not required to complete time and attendance records. During the course of our audit, the Board was in the process of updating its policy.

In addition, we found the DPW Supervisor carried over comp time and sick leave in 2019 and the Police Chief carried over comp time in 2019. The carryover of comp time and sick leave by these employees exceeded the policy and contract limits, but was permitted by the 2017 Board resolution. Without adequate clarification of policies officials cannot ensure employees earn and are paid for leave benefits as the Board intended.

Officials Did Not Maintain Accurate or Supported Leave Records for All Employees

Village officials did not implement adequate procedures to ensure that the policy, the CBA and the contract were enforced. Although officials had procedures in place for periodic independent reviews of leave records and balances for accuracy, no documentation was maintained for this verification and errors still occurred.

We reviewed time and attendance records maintained for eight employees who earned leave and completed time and attendance records, and all leave request forms for the 11 employees eligible for leave benefits during our audit period to determine whether leave time was accurately accounted for and supported.¹ We found that leave earned and used was not always accurately recorded or supported and Village leave practices did not align with their policies.

...[T]he terms and conditions of the Board resolution were not reflected in either the policy or the contract and conflicted with the pre-established sick leave and comp time limits.

...[V]illage leave practices did not align with their policies.

¹ We included all eight employees who completed time and attendance records.

During the course of our audit period, we found that 133 hours of comp time earned by one employee, valued at approximately \$4,600, was not supported by time and attendance records. We also found that 33 comp time and eight hours of personal leave used by three employees as shown on employee leave request forms and time and attendance records, valued at approximately \$900, were not recorded in the leave records. These omissions occurred because one employee was not required to maintain leave records that tracked comp time balances and the Clerk Treasurer did not review time sheets and compare them to the leave records.

We reviewed the leave records for all 11 employees who earn and accrued leave and found the following:²

Vacation Leave – In October 2019, one DPW laborer carried over 79 hours of vacation leave, 39 hours in excess of the one week limit, valued at \$719.

Comp Time – As of January 2020, the Police Sergeant accrued 57 hours of comp time, 17 hours in excess of the limit, valued at \$382.³

Both the Clerk Treasurer and the Deputy Treasurer told us that they were unaware of the policy's one-week carryover limit for vacation time or the policy and CBA comp time limits.

Because the Board did not ensure policies were enforced and Village officials did not implement adequate procedures over leave records, employees accrued more leave time than allowed, which could potentially increase personnel costs. Furthermore, without a documented periodic independent review of leave records there is an increased likelihood that errors will continue to occur without detection.

What Do We Recommend?

The Board Should:

1. Update the policy to incorporate the 2017 resolution and clearly identify positions eligible to receive leave benefits and the benefits to which they are entitled.
2. Ensure the policy, future CBAs and the contract cover accrued leave limits and define terms and conditions for payments of unused leave.

² We also compared time and attendance records that were maintained for the eight employees to the manual records.

³ The CBA states that comp time accumulation may not exceed 40 hours and must be used within the fiscal year it is earned. With Board approval, upon the written request of the employee, comp time may be granted in excess of the 40 hour limit when it is in the best interest of the Village. At the end of the fiscal year unused time should be paid out to the employee at their normal hourly rate. We did not find any evidence that the Board approved for the Police Sergeant to exceed the 40 hour limit.

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3. Develop written procedures for maintaining leave records for all employees that earn and use time and ensure that accurate information to support accrued leave is maintained and monitored.
 4. Provide for a documented periodic independent review of all leave records and all leave balances for accuracy.

Village officials should:

5. Ensure that all employees involved in processing payroll and involved with approving leave earned, used and carried over are familiar with the requirements within Board policy, the CBA and the contract.
6. Implement procedures that ensure leave time earned, used and carried over is in accordance with the policy, the CBA and the contract, and is supported by time and attendance records and leave request forms.
7. Review all employee leave records to ensure compliance with Board policies, the CBA, and contract terms and correct any discrepancies including those identified in this report.

Appendix A: Response From Village Officials

Mayor
MARK NEARBIN
Deputy Mayor
RODNEY G. STRAIT
Trustees
MICHAEL S. CALBET
LOUIS DEARAUJO
JOHN VESP
Clerk Treasurer
DAVID W. BRIGGS
Deputy Clerk
ANNETTE D. RORICK
Attorney
JOHN L. KIRKPATRICK

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October 8, 2020

Gary Gifford, Chief Examiner
Glens Falls Regional Office
Office of the State Comptroller
Division of Local Government and
School Accountability
One Broad Street Plaza
Glens Falls, NY 12801-4396

Dear Chief Examiner Gifford:

This letter will serve as a response by the Village of Fort Plain to the recent audit by the Office of the State Comptroller concerning Leave Benefits.

The Village Board acknowledges your findings and agrees with the recommendations set forth in the audit. The board will formulate a Corrective Action Plan to address the issues to be submitted within the next 90 days which implements procedures that ensure leave earned, used and carried over is supported by time and attendance records and leave request forms; updates the employee benefits policy, and which ensures all employees involved in the payroll process are aware of relevant leave policies, and ensures the policy, collective bargaining agreement and police chief's contract cover accrued leave limits and conditions for payment of unused leave.

The Village Board looks forward to working with you to implement the recommendations.

Sincerely,

MARK NEARBIN,
Mayor

The Village of Fort Plain is an Equal Opportunity Provider and Employer, Federal Law prohibits decimation. Complaints of discrimination may be filed with USDA director Office of Civil Rights, Room 326W, Whitten Building 14th & Independence Ave. SW Washington, DC 20250-9410

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Village officials to gain an understanding of the process for tracking and maintaining leave accrual records and employees to determine if they were provided a copy of the respective policy, CBA, or contract.
- We reviewed the employee benefits policy, the CBA, the Chief of Police's contract and the July 2017 Board resolution to gain an understanding of the conditions under which employees may accrue, use, and carry over leave time.
- We reviewed the leave used by all employees during our audit period to determine whether the leave time recorded on time and attendance records, leave request forms and Deputy Treasurer's manual leave records was properly deducted from leave balances. We also determined whether the amounts of leave credited and carried forward during the audit period agreed with the policy, the CBA, the contract and the July 2017 resolution.
- We recalculated all comp time earned by employees who accrued comp time during the audit period based on employee time and attendance records and compared these balances to the Deputy Treasurer's leave records.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of 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 the CAP available for public review in the Village Clerk-Treasurer's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

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