

Longwood Central School District

Overtime

DECEMBER 2021



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

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Report Highlights

Longwood Central School District

Audit Objective

Determine whether Longwood Central School District (District) officials appropriately approved and documented overtime for non-instructional employees.

Key Findings

District officials did not appropriately approve and document overtime for non-instructional employees. As a result, there is an increased risk that overtime costs totaling \$774,499 were more than necessary. We found:

- The Board of Education (Board) did not adopt written policies to ensure that all overtime hours worked were pre-approved, adequately recorded and incurred only when necessary.
- Non-emergency overtime was not generally pre-approved in writing.
- Officials did not maintain documentation to justify compensatory (comp) time earned.

Key Recommendations

- Adopt a payroll policy with clear guidelines and procedures for overtime work, including pre-approval of overtime and comp time.
- Ensure all non-emergency overtime and comp time is pre-approved, properly documented and monitored.

District officials disagreed with certain aspects of our findings and recommendations, but indicated they have initiated corrective action. Appendix B includes our comments on issues raised in the District's response letter.

Background

The District is located in the Town of Brookhaven, Suffolk County. It is governed by the Board, which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs.

The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

Quick Facts

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|---|-----------|
| Overtime Paid to Non-Instructional Employees During the Audit Period | \$774,499 |
| 2019-20 Employees | 1299 |
| 2019-20 Enrollment | 9260 |

Audit Period

July 1, 2018 - February 29, 2020

Overtime

While overtime pay may be an expected cost of doing business, it should be carefully monitored and controlled to help minimize costs. Comp time is earned and accrued by an employee in lieu of receiving additional pay for time worked beyond their normal scheduled work hours to be used at a later date and time. Both overtime and comp time should be incurred only when circumstances arise and cannot be avoided.

The District generally pays overtime worked and comp time earned at time and one-half basis for any time worked in excess of 40 hours per week, in accordance with its collective bargaining agreement (CBA). If an employee is required to work on a Sunday or a holiday designated in the CBA, the overtime pay is double the employee's regular hourly rate. The District utilizes an electronic timekeeping system to document employees' time worked including overtime and comp time. Electronic timecards are approved by the employee's direct supervisor and department director.

How Should District Officials Approve and Document Overtime and Comp Time Earned?

Adequate controls for overtime and comp time include the adoption of a written payroll policy and procedures that dictate how and when overtime and comp time may be incurred and what constitutes adequate documentation of time worked. The policy should require written justification and pre-approval of both overtime and comp time. Pre-approval should be obtained in all instances where overtime and comp time can be planned in advance, such as for a school program or the second day of an emergency event. Written pre-approval provides documentation that alternatives were considered and overtime costs could not be avoided. In addition, the use of comp time should be monitored, as it may result in other employees working overtime to provide coverage when another employee is using comp time.

Officials Did Not Properly Approve and Document Overtime and Comp Time

District officials did not establish a written policy or procedures to ensure that all hours worked that results in overtime or the accumulation of comp time were pre-approved, adequately recorded and incurred only when necessary.

District officials stated overtime is verbally approved by the department supervisor. They use an overtime payment claim form (form) to document the overtime hours an employee worked. The form is prepared after overtime hours are worked and is used to document who worked overtime, the reason for working overtime, time in and out, total overtime hours worked, the date the overtime was worked and that overtime should be paid instead of earning comp time. While

Both overtime and comp time should be incurred only when circumstances arise and cannot be avoided.

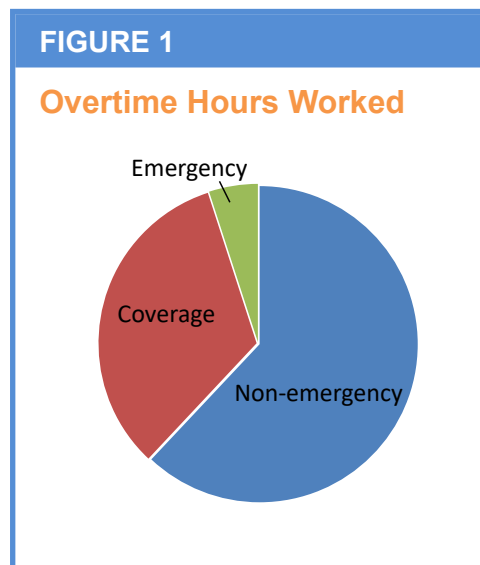
the form is signed by a direct supervisor, an employee was not required to obtain prior written approval for hours that result in overtime or comp time. As a result, overtime was incurred, and comp time was earned for non-emergency events.

Overtime – Non-instructional employees received \$774,499 in paid overtime during the audit period. Approximately 34 percent of paid overtime was earned by 16 non-instructional employees totaling \$261,502. We reviewed a sample of overtime payments paid to these 16 employees during June and November 2019. Although they were paid for 455.50 overtime hours, totaling \$21,960, we found limited documentation to support the employees received prior written approval to work the extra hours and 113.5 of the hours (25 percent) lacked any support. When a form was used to document overtime, the supervisor who would certify the hours were worked did not sign the form supporting 143 hours (31 percent) of overtime. As a result, 56 percent of the time overtime reviewed lacked proper approval or adequate support.

At the exit conference, the Assistant Superintendent for District Operations provided documentation for overtime worked by three employees for 71.75 overtime hours, totaling \$3,449. The documentation included a form, emails and calendar entries. While these documents may indicate a supervisor pre-approved the overtime, due to the lack of formal policies and procedures it is unclear whether alternatives were considered and if overtime could have been avoided.

Overtime we reviewed can be classified into three categories: non-emergencies, coverage when another employee is out sick or on vacation, and snow or emergencies.

Overtime pay, totaling \$13,523 (62 percent), was for non-emergency work, in which the employee performed routine job duties or worked after school events and activities, which should have been planned and pre-approved (Figure 1). For example, on October 11, 2019 and on October 12, 2019, a buildings and grounds employee was paid \$1,272 for 19.5 hours of overtime for working during school activities. Despite these being planned school activities, the overtime hours worked were generally not pre-approved in writing.



Overtime totaling \$7,249 (33 percent) was described as substitutions or coverage but the overtime descriptions generally did not state whether the coverage was due to unexpected sick calls or planned leave such as vacation coverage. As a result, we cannot determine how much of the coverage should have been pre-approved and possibly avoided.

The remaining \$1,187 (5 percent) was for unforeseen circumstances, which appeared to be for unavoidable reasons such as urgent plumbing or electrical repairs.

While emergency overtime can be difficult to anticipate, non-emergency overtime, worked primarily for planned events and substitutions, may be avoided or reduced with adequate planning and scheduling.

Comp Time – Non-instructional employees earned 5,010 hours in comp time during the audit period. Sixteen employees earned approximately 41 percent of the comp time earned during this period valued at \$54,189. We reviewed 545 hours of comp time valued at \$13,002 earned by these 16 employees over a three-month period. District officials provided electronic timecards that showed that comp time was earned by these employees; however, there was no documentation that the time was pre-approved, and for 196 hours valued at \$4,400 the reason why comp time was necessary was not stated. District officials stated they were unable to find the records that backup the comp time entries due to their movement into a new building. The remaining 349 hours totaling \$8,602 appeared to be for routine work and scheduled school events.

Further, we reviewed the same sample of 545 hours of comp time earned by 16 employees to determine whether hours earned were accurately recorded in attendance records. We found minor discrepancies between the electronic timecards and attendance records that we discussed with officials; however, without adequate review of comp time records, errors and/or irregularities could occur without being detected.

Because officials did not establish written guidance relating to overtime and comp time, require employees to obtain written pre-approval, and maintain adequate oversight of comp time, they cannot be certain that the District is not incurring unnecessary overtime and comp costs.

What Do We Recommend?

The Board should:

1. Adopt a payroll policy with clear guidelines and procedures for overtime work and comp time earned, including pre-approval of overtime and comp time.

District officials should:

2. Ensure all non-emergency overtime and comp time is pre-approved in writing, properly documented and monitored.
3. Consider scheduling employees' work hours to cover both non-emergency events and substitutes for those employees whose absences are pre-approved, to reduce overtime costs.

Appendix A: Response From District Officials

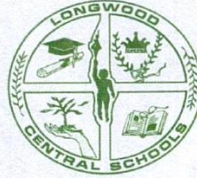
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November 22, 2021

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Re: Longwood CSD – Overtime Report of Examination 7/1/18 – 2/29/20
Response Letter

Dear Mr. McCracken:

Longwood Central School District has had the opportunity to review the findings and recommendations of the Overtime Report of Examination (2021M-126) for the period of July 1, 2018 through February 29, 2020. First, we would like to state that the District is always appreciative of the feedback that we have received from the Comptroller's Office over the years.

Over the past several years, the District has recognized the importance of documenting our overtime whether it is paid or earned as comp time. In addition, although we do agree that there is some room for improvement in our documentation, especially in the area of comp time, we do not agree that any of our overtime is unnecessary.

The District also acknowledges the need for consistent controls and procedures relating to overtime. The District does have controls and procedures in place to review overtime approvals prior to processing payments. As such, the District does not agree with the audit's claim that there is an "increased risk that overtime costs totaling \$774,499 were more than necessary." All overtime is pre-approved, but is not necessarily in writing or on a standardized form.

The Comptroller has stated that written pre-approval on a standardized form will reduce risk of unnecessary overtime. The District does not necessarily agree. All overtime is secured by our supervisory staff who are required to ensure that their departments are fully staffed to cover shifts and special events.

See
Note 1
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Note 2
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Note 3
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Our process is to call in substitutes whenever possible and practicable. It is only when we cannot or should not use a sub that we even offer overtime to our staff.

The District utilizes various methods when handling non-emergency overtime that adhere to the needs of the specific department; these including rotational call lists based on seniority or last called for overtime, email communication identifying coverage needed, and verbal acknowledgement of work to be completed prior to employees working overtime. While it may not be documented on a standardized type form that the comptroller would prefer, these recordkeeping methods are generally documented and maintained in each department. The District does acknowledge that there were documents that were missing or not signed. However, these forms are not required and therefore not part of our payroll. All payroll documents are electronic and properly authorized.


All overtime paid by the District was recorded in a time clock system and authorized by multiple supervisors prior to payment. Whether the District had a “written” pre-approval does not negate the need for the work that was completed during the audit period.

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| See Note 4 Page 8 |
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With respect to the implementation of a Board Adopted policy for formal guidelines and procedures pertaining to overtime and comp time, the District will take the advisement from the District’s legal counsel as to how to proceed on this matter.

The District will submit a Corrective Action Plan for the audit. We appreciate the consideration in this matter; and as always, the District looks forward to working with the Office of State Comptroller in the future.

Sincerely,


Rhonda Stitham, Ed.D.
Board President

Appendix B: OSC Comments on the District's Response

Note 1

Our report does not state that the overtime was unnecessary. Without documented pre-approval, there is an increased risk that overtime costs were more than necessary. Written pre-approval provides documentation that overtime could not be avoided.

Note 2

Without documentation, management cannot be certain all overtime is pre-approved.

Note 3

Our report does not recommend a standardized form. The Board and Officials should enact procedures that meet the needs of the District and ensure pre-approval is documented.

Note 4

The District's authorization prior to making payments for overtime work takes place after the overtime is worked, it does not address the need to authorize overtime in advance of it being worked.

Appendix C: 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, we performed the following audit procedures:

- We interviewed District officials to gain an understanding of overtime and comp time procedures.
- We reviewed the District's collective bargaining agreements to determine whether overtime payments were paid in accordance with the agreements.
- We reviewed overtime forms and electronic timecards for 16 employees to determine why overtime was earned and whether officials utilized overtime claim forms. To select our sample, we totaled all non-instructional employees' overtime for the audit period. We selected 10 employees that received the highest dollar amounts of overtime payments during the audit period. These 10 employees were either maintenance, custodial, groundkeeper or security workers. The remaining six employees who received the highest dollar amounts of overtime payments were clerical, technology support or aides workers. We then sorted the overtime earned by the 16 employees and selected two months that included the highest amount of overtime earned. We then reviewed the three highest amounts of overtime earned by each employee during that two-month period. We classified and quantified the overtime earned by these employees during that period into the following three categories: substitution, emergencies and non-emergencies.
- We reviewed comp time earned by 16 employees to determine the reasoning for the overtime. We then compared the comp time earned as stated on timecards to attendance records to determine whether the attendance records were accurate. We selected the 16 employees who earned the most comp time during the audit period. We reviewed all comp time earned by the 16 employees for the three months that had highest comp time hours earned.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-1(3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the fiscal year. 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 Clerk's office.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

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

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

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

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/files/local-government/publications/pdf/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

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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