

# Hauppauge Union Free School District

## Leave Accruals

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**DECEMBER 2022**

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

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# Report Highlights

## Hauppauge Union Free School District

### Audit Objective

Determine whether Hauppauge Union Free School District (District) officials properly accounted for employees' leave accruals and accurately calculated payments for unused leave accruals.

### Key Findings

District officials did not properly account for leave accruals for 19 of the 49 employees' accrual records that we tested. The District may incur \$46,271 in additional payroll costs if the errors are not corrected.

- Nine employees did not always record their hours worked or not worked, which resulted in leave balances which may be overstated by 27 days.
- Ten employees' electronic and manual timekeeping records did not match, reflecting a difference of 15 days.
- Two employees received a total of 81 more days of leave than their collective bargaining agreements (CBAs) stipulated.
- Unused leave accrual payments that we tested were properly calculated.

### Key Recommendations

- Ensure leave accruals are accounted for in accordance with written procedures, CBAs and individual contracts.

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

### Background

The District serves the Towns of Islip and Smithtown in Suffolk County.

The seven-member Board of Education (Board) is responsible for the general management and control of the District's financial and education affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management.

The Deputy Superintendent for Personnel and Administration (Deputy Superintendent) oversees personnel office staff who maintain attendance records and leave accruals. The Deputy Superintendent reviews unused leave accrual balances before they are given to the business office for final review and payroll office for payment.

#### Quick Facts

Full-Time Employees	650
2021-22 Appropriations	\$120 million
Leave Accrual Totals for Employees Tested	\$6.7 million
Payments for Unused Leave During the Audit Period	\$1 million
Leave Accrual Liability as of June 30, 2021	\$20 million

### Audit Period

July 1, 2020 – December 31, 2021

# Leave Accruals

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Leave accruals represent time off earned by employees. Payroll costs and employee benefits, such as accrued leave, make up a significant portion of a school district's (district's) operating expenditures.

The District has five collective bargaining agreements (CBAs) and 14 individual employment contracts that stipulate employment terms and benefits. The CBAs and employment contracts include provisions that allowed eligible employees to earn and use leave accruals, receive payments for unused leave accruals and receive payments for unused leave accruals when leaving District employment.

## **How Should Leave Accruals Be Accounted For?**

Timekeeping records should be maintained for employees because these records serve as a basis for district officials to authorize biweekly salary payments and allow officials to track hours worked and accrued leave earned and used.

District officials should periodically review and reconcile leave accrual records and balances throughout the year to help ensure that employees' leave balances are correct and that employees use only the leave to which they are entitled. If there are provisions that allow employees to receive payments of unused leave accruals, officials are responsible for implementing procedures to ensure that these payments are accurate.

Earned and used leave accruals should be supported by accurate time and attendance records. These records should be reviewed by supervisors before they are submitted to the payroll department for processing.

## **Leave Accruals Were Not Properly Accounted For**

A district board is responsible for ensuring that employee leave benefits are accurately accounted for, so that employees only use accrued leave to which they are entitled. To track employee time and attendance, the District used various methods, including an automated system to schedule and record absences, and manual timekeeping records, such as sign-in and sign-out logs, weekly reports, monthly calendars, timesheets and timecards.

The method and documentation used to track time and attendance depended on employees' positions. For attendance purposes, employees were classified as either teacher, teacher assistant, clerical, building and grounds, security, monitors, special education aides, principals, assistant principals, directors and central office staff.

The Deputy Superintendent established written procedures, in accordance with CBAs and individual contracts, for each classification group that described required documentation for tracking time and attendance. Based on this documentation, personnel office clerical staff and the building and grounds

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clerk recorded employee attendance in the financial software, where leave accrual balances were maintained. Each employee classification group was assigned a profile in the financial software based on their respective CBA. The personnel office staff perform an annual rollover procedure that distributes accrual allotments based on the assigned profile to employees' leave records on July 1 of every year.

The personnel office clerical staff reconciled and reviewed accrual balances for all employees in May of each year. During this process, the clerical staff ensured that leave accrual balances were accurate before they were carried over into the next fiscal year, in accordance with standards set in the CBAs and individual contracts.

We reviewed attendance and accrual records for 49 of 650 employees, who were entitled to leave benefits during our audit period and found that leave accrual records for 19 employees<sup>1</sup> were improperly accounted for, which resulted in potential costs of \$46,271. We found the following:

- Nine employees did not always comply with written procedures when recording their attendance, such as signing in and out on attendance logs at their respective work locations. As a result, their leave balances may be overstated by 27 days, with a potential cost of \$18,983. For example, one teacher did not sign in or out on an attendance log for eight days, with a potential cost of \$5,642. Initially, personnel office clerical staff could not explain why this teacher did not record their attendance and why the teacher's leave accruals were not reduced. After the end of our fieldwork, the Deputy Superintendent told us that seven of the nine employees were working remotely and, therefore, were not required to sign in or out for 23 days. However, while "work from home" was noted on the sign-in lines for other employees, the attendance logs for the seven employees did not include this designation.
- Two employees received a combined 81 days of vacation, sick, personal leave and floating holidays (with a potential cost of \$18,339) more than the annual allotment, as stated by the respective CBAs. For example, one employee received a promotion, and the financial software erroneously allotted accruals to the employee's previous and current position. While the employee should have been allotted only 24 days in total leave accruals, the software allotted 83 days (with a potential cost of \$10,758) which exceeded the employee's allowed allotment by 59 days. The personnel office clerk told us that the allotment was corrected during the annual reconciliation performed in May 2022. However, these errors occurred because the financial system allowed employees to exceed the entitlement allowed in the respective CBAs.

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<sup>1</sup> Some employees had more than one error identified.

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- The manual timekeeping records for 10 employees did not reconcile to the financial system's leave accrual records. During our audit period, leave accrual records reflected a difference of 15 days as compared to manual timekeeping records, with discrepancies totaling \$8,949. For example, a teacher's manual timekeeping records indicated that they used seven sick days. However, the financial software indicated that they used four sick days. The personnel office clerical staff told us this occurred due to a data-entry-error, in which the staff reduced the leave accrual balance of another employee who had a similar name as the teacher.

In addition to these errors, we found other minor discrepancies that we discussed with District officials.

The errors we identified occurred due to an inefficient timekeeping process, and inadequate review, which did not ensure employees always followed written procedures, CBAs and individual contracts. When District officials do not have an adequate timekeeping process, the District has an increased risk that staff and the financial system will not properly account for employees' leave accruals.

### **Officials Correctly Calculated Payments for Unused Leave Accruals**

District officials established an effective system for determining payments for unused leave accruals that included properly documenting eligibility and reviewing calculations. Specifically, personnel office clerical staff used CBAs and employment contracts to determine eligibility for payments for unused leave accruals. The Deputy Superintendent reviewed the determined eligibility and prepared letters for employees that were also shared with the business office. The payroll clerk calculated the payments for employees who were leaving District employment.

During our audit period, 31 employees left District employment and were eligible for and received payments for unused leave accruals totaling \$1,014,570. We reviewed payments made to five employees totaling \$554,866 to determine whether they were correctly calculated and had adequate supporting documentation. We found that payments were correctly calculated according to CBA or contract provisions and were properly supported with accrual records.

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## What Do We Recommend?

The Board and District officials should:

1. Ensure employees always comply with written procedures when recording their attendance, such as signing in and out on attendance logs at their respective work locations.
2. Explore options for establishing a more-efficient timekeeping system and process to help ensure that individuals who are responsible for maintaining accrual records follow written procedures, CBAs and individual contracts.

# Appendix A: Response From District Officials

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## HAUPPAUGE PUBLIC SCHOOLS

495 Hoffman Lane  
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DR. DONALD B. MURPHY  
*Superintendent of Schools*

December 15, 2022

Ira McCracken  
Chief Examiner  
NYS Office of the State Comptroller  
250 Veterans Memorial Highway, Room 3A10  
Hauppauge, New York 11788-5533

**Unit Name: Hauppauge Union Free School District**  
**Audit Report Title: Leave Accruals and Separation Payments**  
**Audit Report Number: 2022M-150**

Dear Mr. McCracken,

Please find this letter as our Audit Response to the Leave Accrual and Separation Payments Report which was provided to the District on November 17, 2022. The Board of Education and Administration appreciate your efforts to examine our procedures and provide us with suggested improvements. The District has already implemented changes to our current procedures to streamline data flow and ensure all processes are understood and followed. The District has also confirmed that no additional compensation or benefits were realized by any district employee.

**Key Finding: Nine employees did not always comply with written procedures when recording their attendance, such as signing in and out on attendance logs at their respective work locations.** As noted in the report the District does have multi-tiered written procedures connected to recording absences for employees throughout the district. The teacher's absence is initiated when they request a substitute teacher using [REDACTED]. This request serves as our first communication with the district regarding their absence and request for a substitute to be assigned for their absence. The staff included in these findings failed to sign in, but nevertheless did not use [REDACTED] to request a substitute and/or communicate their absence to their building and/or district. Another step in our process includes each building sending a weekly report that lists staff who were absent each day of that week. This weekly report is generated by the staff member who assigns the coverage for the absent teacher. In all these instances the weekly report and [REDACTED] aligned and confirmed the teacher was present. It is also important to note that as indicated within your report 23 out of the 27 days in question were district mandated remote days occurring while the District navigated challenges

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connected to the COVID-19 pandemic. During these days all students were home learning remotely and our teachers were given the option to teach remotely either from home or remotely from their classroom. The staff members who did not sign were teaching from home and failed to indicate this on the building sign in sheet. Again, in these cases [REDACTED] and the building report confirmed these teachers were present.

**Key Finding: Ten employees' electronic and manual timekeeping records did not match.**

In January of 2022, we finalized a procedure to sync the data on [REDACTED] with [REDACTED] on a daily basis eliminating the potential for human error as mentioned in the report. In addition to that new process, we eliminated paper requests connected with personal and vacation days for both instructional and clerical staff. Utilizing the digital platforms to sync all data will help eliminate future data entry errors.

**Key Finding: Two employees received a combined 81 more days of leave than their collective bargaining agreements (CBA) stipulated.**

In March of 2022, when the audit started, the spreadsheet provided to OSC indicated that two employees received more time than they were entitled. These employees did not use any days they were not permitted to use. As indicated in your report the financial system "*erroneously allotted accruals to the employees previous and current position.*" This discrepancy was discovered prior to the auditing team alerting personnel. We discovered the issue and corrected the mistake during our annual communication with our staff in May when we shared accrual information. Our staff also notified the software company of a glitch in the software regarding the issue.

Sincerely,

Donald B. Murphy, Ed.D.  
Superintendent of Schools

## Appendix B: Audit Methodology and Standards

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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 District officials to gain an understanding of how leave accruals are earned, deducted, carried forward and paid.
- We reviewed CBAs and individual employment contracts to determine the terms authorizing the earning, usage and payout of leave accruals.
- We used our professional judgment to review the leave accrual records of 49 employees to determine whether their leave accruals were properly credited, deducted and carried forward up to the maximum allowed. To obtain our sample, we selected the 40 employees who had the highest available leave accrual balance as of December 31, 2021, four employees who earned the highest annual leave on July 1, 2020, and five employees who earned the highest annual leave on July 1, 2021.
- We used our professional judgment to review five employees who received the highest separation payments for leave accruals during our audit period. We calculated the payouts to determine whether they were paid according to CBAs.

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.

The Board has the responsibility to initiate corrective action. 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-a (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 next 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. The CAP should be posted on the District's website for public review.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://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](http://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](http://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](http://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](http://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](http://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](http://www.osc.state.ny.us/local-government/required-reporting)

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[www.osc.state.ny.us/local-government/academy](http://www.osc.state.ny.us/local-government/academy)

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