

Scarsdale Union Free School District

Overtime

DECEMBER 2022



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

Contents

- Report Highlights 1**

- Overtime 2**
 - How Should District Officials Ensure Overtime Was Properly
Approved, Accurate and Monitored?. 2
 - District Officials Did Not Ensure Overtime Was Accurate 3
 - District Officials Did Not Properly Monitor Overtime 3
 - What Do We Recommend? 5

- Appendix A – Response From District Officials 6**

- Appendix B – OSC Comment on the District’s Response. 7**

- Appendix C – Audit Methodology and Standards 8**

- Appendix D – Resources and Services. 10**

Report Highlights

Scarsdale Union Free School District

Audit Objective

Determine whether the Scarsdale Union Free School District (District) officials ensured overtime was properly approved, accurate and monitored.

Key Findings

Although overtime was properly approved, District officials did not monitor overtime to ensure it was accurate. Had officials established adequate controls, the District's overtime costs may have been reduced by at least \$167,000. As a result, officials are paying more for overtime than necessary.

Officials:

- Overpaid 20 employees a total of \$11,961 for overtime.
- Paid 20 employees overtime totaling \$524,934, primarily for routine services, including \$123,113 for cleaning services. With appropriate scheduling, over \$155,516 of these overtime payments could have been avoided or reduced.

Key Recommendations

- Implement procedures for supervisory review of hours worked to ensure the accuracy of overtime charges.
- Adopt policies and procedures with clear guidelines for overtime work, including the approval of overtime, to ensure that only necessary overtime charges are being incurred.

District officials generally agreed with our recommendations and indicated they planned to initiate corrective action. Appendix B includes our comment on an issue that was raised in the District's response letter.

Background

The District is located in the Town of Scarsdale, Westchester County. It is governed by a seven-member Board of Education (Board) responsible for the general management and control of financial and educational affairs.

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

Employees' immediate supervisors are responsible for scheduling overtime. Immediate supervisors and central administration department staff are responsible for approving overtime.

Quick Facts

Overtime	
Paid For:	
Non-Routine	\$65,488
Routine	\$447,485
Overpayment	\$11,961
Total Reviewed	\$524,934
Employees	
Paid Overtime	141
Reviewed	20

Audit Period

July 1, 2020 – January 31, 2022

Overtime

How Should District Officials Ensure Overtime Was Properly Approved, Accurate and Monitored?

While overtime pay may be an expected cost of doing business, it must be carefully monitored and controlled. Overtime not only impacts and increases a District's current payroll costs but can also increase an employee's future pension benefit. As a result, overtime payments increase the amount owed by the District, annually to the State, for its share of the cost of the District's employees' retirement benefits. Therefore, it is important to have adequate internal controls for overtime, which include written policies and procedures that address how and when overtime may be incurred and the documentation necessary to support the time worked, including whether employees may earn overtime while working from home. In addition, overtime should be incurred only when necessary.

Preapproval of overtime should be obtained in all instances where overtime is planned, such as for a school program or the second day of an emergency event, using a written authorization form. In emergency situations, supervisors could verbally preapprove overtime to be incurred and follow up with the written form.

To ensure controls are effective, department heads and supervisors should regularly review available documentation and accounting records to confirm controls are being properly followed. The District uses an electronic timekeeping system to document employees' time worked including overtime. Electronic timecards are approved by the employee's direct supervisor and department director. In addition, the terms and conditions of collective bargaining agreements (CBAs) related to overtime should be clearly communicated to those responsible for payroll processing to ensure overtime is only paid when appropriate.

The District's Custodial, Grounds and Maintenance CBA sets forth the regular number of hours to be worked by employees covered by the agreement during the school calendar year, as well as summer months. For instance, full-time employees covered by the CBA are generally required to work 40 hours per week during the school year. However, the CBA states that summer hours will be in place for at least seven weeks during July and August of each school year. During such months, full-time employees are to work either 33 or 35 hours per week, depending on their job title.

With respect to overtime, full-time employees covered by the CBA generally receive overtime, paid at a rate of time and one-half hour, for time worked in excess of his or her regular hours. The CBA stipulates, that if an employee is required to work on a Sunday or designated holiday, that employee is to be compensated at twice their regular hourly rate.

The CBA further indicates that employees subject to Saturday security work assignments are to receive either a half hour or hour lunch break, depending on

the number of hours that employee works that day. The CBA does not stipulate whether such lunch breaks may be included for purposes of an employee being eligible for overtime compensation.

District Officials Did Not Ensure Overtime Was Accurate

Although time records were approved by the employee's immediate supervisor, we found that certain supervisors, as well as the payroll clerk did not effectively review overtime charges for accuracy prior to payments being issued. As a result, the District overpaid \$11,961 in overtime to all 20 employees tested. We found 197 of 885 time records we reviewed (22 percent) contained errors. Although the CBA does not stipulate whether lunch breaks may be included for purposes of an employee being eligible for overtime compensation, we found that in some instances, employees were paid overtime for their lunch breaks, while other employees were not paid for their lunch breaks, despite working the same hours. Nineteen of 20 employees tested inappropriately received overtime payments, totaling \$3,822 for their lunch break. District officials acknowledged that such employees should not have received payment for lunch breaks. However, a formal policy or procedure to enforce this is not in place.

Additionally, with the exception of the summer work schedule, the CBA is silent regarding the number of hours full-time employees are required to work during school breaks. Nonetheless, certain employees received overtime for working their regular shift during school break periods. As a result, 19 employees received overtime, totaling \$5,805, for working a regular 40-hour shift, because such employees were paid based on the summer break schedule of 35 hours, therefore receiving overtime after 35 hours. Given the fact that the CBA did not include provisions for a reduced schedule for school breaks, we question whether the 19 employees should have received overtime for these time periods.

Because District officials did not ensure overtime was paid accurately and provide adequate review of time records, multiple employees were paid for overtime they may not have been entitled to pursuant to the CBA.

District Officials Did Not Properly Monitor Overtime

District officials did not properly monitor the use of overtime. During our audit period, the District paid approximately \$1.23 million in overtime wages. We analyzed the overtime paid to 20 employees with the highest overtime charges for the audit period and reviewed all of their time records and payments totaling \$524,934. Our review of the time records for these 20 employees found \$447,485 (87 percent) of the overtime charges were for routine anticipated events that could have been avoided with scheduling adjustments (Figure 1). For example, had the

District adjusted employee schedules, such as a Tuesday through Saturday work week or staggered work schedules, some of the overtime charges could have been avoided, and employees working on Saturday or after school hours could have been paid the regular rate. For example, we found that the District paid overtime, totaling \$123,113 to six of the 20 employees in our sample to clean the school on Saturdays or after school hours, despite the District knowing that coverage would be needed ahead of time.

In addition, District officials and department heads were not properly monitoring overtime charges. While the need for certain overtime can be difficult to anticipate, routine work for other events should be planned in a more cost-effective manner than using overtime. We found the District incurred overtime costs for the use of substitute staff, sporting events, cleaning and contractor visits, which could have been easily prevented with adequate planning and schedule adjustments.

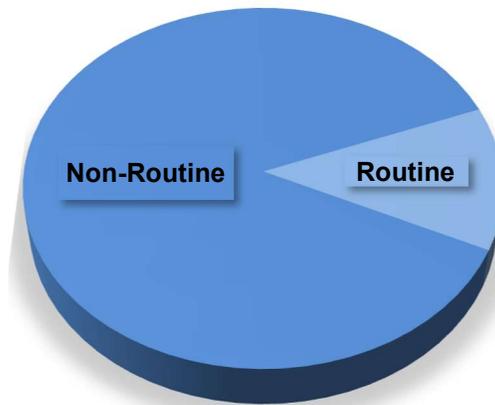
We determined that had the District adjusted employees' schedules, some of these charges may have been avoided or paid at regular pay. As a result, the District could have saved over \$155,516 in overtime expenses.

District officials told us that the majority of overtime spending was due to custodial and maintenance staff overtime that was required to keep the buildings properly cleaned. However, the District did not perform a cost-benefit analysis to determine whether hiring additional staff or adjusted employees' schedules could have reduced overtime expenses or the overall costs in wages paid.

Because District officials did not ensure overtime was properly monitored and did not provide adequate review of time records, the District is spending more for overtime charges than necessary. Additionally, the increased overtime will also increase the amount owed by the District, annually to the State, for its share of the cost of the District's employees' retirement benefits.

FIGURE 1

Overtime Analysis^a



a) \$512,973 paid for routine and non-routine work plus the variance of \$11,961 for overpayments totaling \$524,934.

What Do We Recommend?

The Board should:

1. Adopt written policies and procedures relating to overtime controls.
The policy should also address the approval of overtime when written preapproval cannot be reasonably obtained and scheduling to cover employees who are absent from work.

District officials should:

2. Implement procedures for supervisory review of hours worked to ensure the accuracy of overtime charges.
3. Ensure overtime is properly monitored.
4. Ensure overtime is paid in accordance with the CBAs including lunch breaks and summer hours.

Appendix A: Response From District Officials



Scarsdale Public Schools

2 Brewster Road Scarsdale, NY 10583

Drew Patrick
Interim Superintendent

(914) 721-2410
Fax: (914) 722-2822
apatrick@scarsdaleschools.org

November 15, 2022

New York State Office of the State Comptroller
Newburgh Regional Office
Attn: Dara Disko-McGragg, Chief Examiner
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725

Dear Ms. Disko-McGragg:

The purpose of this letter is to respond on behalf of Scarsdale UFSD to the Report of Examination issued by your office which is entitled "Overtime". The Scarsdale Union Free School District wishes to express its appreciation for the professional and courteous manner in which your staff carried out their important audit responsibilities.

The Board of Education and Administration is committed to ensuring that the District's operations are conducted with the highest level of integrity and in such a way that the interests of the District's taxpayers are properly protected. The District would also note that the Audit Period (July 1, 2020 - January 31, 2022) for this Report predominately fell during the global Covid-19 pandemic, which created unique and burdensome challenges. For example, the amount of custodial work (cleaning, provision of supplies, moving of desks, chairs, etc.) required to safely operate in-person instruction during this time period was unprecedented and complex. It was nearly impossible to anticipate new health and safety requirements, which were often shared by health officials only hours prior to required implementation. This made advanced planning for unpredictable work needs next to impossible.

See
Note 1
Page 7

The District has reviewed the recommendations made by your office and looks forward to developing, submitting, and implementing our Corrective Action Plan in response to the final audit report.

In closing, the District once again wishes to express its appreciation for the Comptroller's assistance in ensuring the District's Administration and Board are being fiscally responsible and accountable. Please let us know if your office has any questions about the District's response or the Corrective Action Plan to the recommendations made in the Report of Examination.

Sincerely,



Dr. Andrew Patrick
Interim Superintendent for Schools
Scarsdale Union Free School District

Appendix B: OSC Comment on the District's Response

Note 1

We acknowledge that COVID could have contributed to the overtime. However, overtime costs were incurred for substitute staff, sporting events, routine cleaning and contractor visits, which could have been easily prevented with adequate planning and schedule adjustments.

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, our audit procedures included the following:

- We interviewed District officials, department heads and supervisors to obtain an understanding of the policies and procedures for the approval of overtime.
- We reviewed the District's CBAs to determine whether overtime payments were paid in accordance with the agreements.
- We reviewed the total overtime payments for all employees and departments during our audit period to determine which employees and departments had the highest overtime charges. We used our professional judgment to determine our sample size of the 20 highest paid employees of the 144 employees receiving overtime payments.
- We reviewed all the time records for the audit period for the 20 employees in our sample to determine if overtime worked was for routine work, for Saturday hours and/or for substitution and if the time was calculated correctly.
- We documented all the budget estimates listed on the 2020-2021 and 2021-2022 adopted budgets and then compared to the budget status reports and overtime reports. We then calculated the difference to determine if the District's budgeted estimates were reasonable compared to the actuals.
- We calculated overtime charges at regular pay to determine potential cost savings.

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 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

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

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

Local Government and School Accountability Help Line: (866) 321-8503

NEWBURGH REGIONAL OFFICE – Dara Disko-McCagg, Chief of Municipal Audits

33 Airport Center Drive, Suite 103 • New Windsor, New York 12553-4725

Tel (845) 567-0858 • Fax (845) 567-0080 • Email: Muni-Newburgh@osc.ny.gov

Serving: Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, Westchester counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)