

Putnam / Northern Westchester County Board of Cooperative Educational Services

Overtime

2023M-82 | November 2023

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Report Highlights

Audit Objective

Determine whether Putnam Northern Westchester County Board of Cooperative Educational Services (BOCES) officials ensured non-instructional employee overtime was properly monitored, approved and accurately calculated.

Key Findings

The Board of Education (Board) did not always ensure non-instructional employee overtime was properly monitored, approved or calculated.

The 15 highest overtime earners received overtime totaling \$254,820 during the audit period. Our review determined BOCES officials may have been able to reduce overtime by up to \$28,337, or almost 11 percent. BOCES officials:

- Paid a total of \$66,295 to 13 employees for work on Saturdays that included \$22,091 additional pay for working overtime on a Saturday. However, the BOCES Classified Employees' Association collective bargaining agreement (CBA) supports a Tuesday through Saturday work week. Therefore, this overtime may have been avoided if some employees worked Tuesday through Saturday, as outlined by the CBA.
- Paid \$5,445 to employees who charged a full day to their leave accruals while working a partial day. Had employees only charged leave for the hours not worked, the overtime payments may have been avoided or reduced.
- Made overtime calculation errors totaling \$408 and paid \$393 in overtime that was not approved.

Key Recommendations

- Adopt written policies and procedures to convey management's expectations for reviewing, approving and supporting overtime.
- Ensure overtime is properly monitored.

BOCES officials generally agreed with our recommendations and indicated they plan to initiate corrective action.

Background

BOCES consists of 18 component school districts and is governed by a seven-member Board elected by the board of the component districts. The Board is responsible for the general management and control of BOCES' financial and educational affairs.

The BOCES Superintendent is BOCES' chief executive officer and is responsible, along with other administrative staff, for BOCES' day-to-day management and for regional educational planning and coordination.

The Board appointed the Director of Human Resources to certify payrolls, including overtime. Supervisors and department directors are responsible for approving overtime.

Quick Facts

Non-Instructional Overtime (OT) Paid During the Audit Period	\$314,856
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Total OT Reviewed

Routine	\$198,855
Non-routine	\$55,965
Total	\$254,820

Employees

Paid OT	43
Reviewed in Audit	15

Audit Period

July 1, 2021 – June 30, 2022

Overtime

BOCES uses an electronic timekeeping system to record employees' time worked, including overtime. Depending on the department, the employee's direct supervisor, if applicable, and the department's director approve time records.

The CBA includes custodial, grounds and maintenance employees and sets forth general timekeeping, work hours and work week information (Appendix A).

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

BOCES officials should establish adequate written policies and procedures that address how and when overtime may be incurred and the documentation necessary to support the time worked. Written overtime policies should also address the procedures for reviewing approved overtime to help ensure that overtime was accurately calculated and properly approved by BOCES officials. In addition, BOCES officials should clearly communicate the terms and conditions of CBAs related to overtime to those responsible for payroll processing to help ensure overtime, when necessary, is correctly paid. While overtime pay may be an expected cost of doing business, BOCES officials must carefully monitor and control this cost. For example, while overtime impacts and increases BOCES' current payroll costs, it also may increase the amount BOCES owes for its share of the cost of BOCES employees' retirement benefits. Therefore, overtime payments can have long-term implications on BOCES' future operational costs.

In addition, BOCES should incur overtime only when necessary. 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. As such, officials should use a written authorization form to obtain preapproval of overtime when it is planned, such as for a graduation event. While supervisors may verbally preapprove overtime in emergency situations, such as inclement weather, employees should follow up with a written authorization form as soon as practical. Finally, BOCES' directors and supervisors should also regularly review available documentation and accounting records to confirm staff are properly following established policies and procedures for overtime.

The Board Did Not Adopt Overtime Policies and Procedures

While BOCES has informal payroll processing procedures, it has no written policies or procedures specific to overtime, including how and when employees may incur overtime, if leave accruals may be included for purposes of calculating overtime, the approvals needed, and the documentation required to support the time worked. As such, there were inconsistencies between departments regarding the approval, documentation and calculation of overtime. This may have occurred, in part, because some departments use time and attendance software, while other departments use paper overtime request forms.

... [T]here were inconsistencies between departments regarding the approval, documentation and calculation of overtime.

During the audit period, two individuals – the Director of Operations and Maintenance (Director) and the Assistant Superintendent for Business (Assistant Superintendent) – supervised 13 of the 15 employees’ records we tested. The Director subsequently retired in January 2022, and the Assistant Superintendent temporarily assumed the Director’s responsibilities until June 2022, when BOCES hired a new Director.

The Assistant Superintendent told us that the former Director preapproved overtime and that the Assistant Superintendent verbally preapproved overtime while he was temporarily assuming the former Director’s responsibilities. However, the Assistant Superintendent was unable to provide us with any written documentation to confirm that either individual preapproved overtime during our audit period. Therefore, BOCES officials have less assurance that overtime is properly approved, documented and incurred only when necessary.

BOCES Officials Did Not Ensure Overtime Was Accurate

The Director of Human Resources, who is responsible for certifying payrolls, and the immediate supervisors and department directors, who are responsible for approving overtime hours worked and time records, did not effectively review overtime charges for accuracy prior to payment.

We reviewed all overtime payments paid to the 15 employees with the highest overtime charges for the audit period totaling \$254,820 and determined BOCES paid \$5,445 to five employees who charged a full day to their leave accruals while working a partial day, made overtime calculation errors totaling \$408 and paid \$393 in overtime that was not approved.

The Director of Human Resources, immediate supervisors and department directors did not adequately review the use of leave accruals on days partially worked. The five employees were paid overtime totaling \$5,445 on 24 separate dates in which they partially worked and charged full day leave accruals. For example, one employee repeatedly worked 2.5 hours a day, but charged seven hours of vacation leave (a full day) that same day, resulting in the employee receiving 2.5 hours of overtime. The CBA is silent with respect to allowing employees to receive overtime when also using leave accruals in the same day. In the absence of clear language in the CBA allowing for this practice, it is questionable whether the employees were entitled to earn overtime when using leave accruals during the same day. In addition, BOCES officials could not provide any policies or procedures that would support the use of leave accruals on days partially worked.

This occurred, in part, because BOCES uses two separate software programs: one to track the earning and use of leave accruals and the other to document time worked for payroll purposes. However, BOCES officials did not ensure

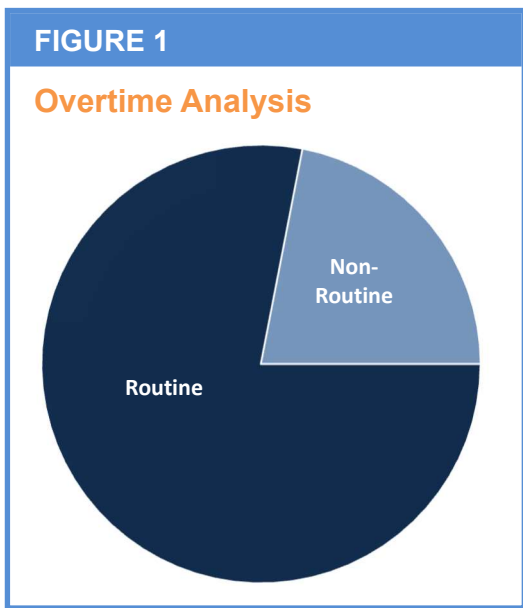
supervisors or department directors, when approving timesheets electronically, reviewed both software programs to identify when leave accruals were used in excess of an employee's normal daily work hours. As a result, the employee's immediate supervisor and/or the director of the department preapproved timesheets electronically but did not review the use of leave accruals on days partially worked to ensure overtime was accurate. Overtime increases BOCES' current payroll costs and may increase future operational costs for its share of the employees' retirement benefits.

BOCES Officials Did Not Properly Monitor Overtime

BOCES officials did not properly monitor the use of overtime. During our audit period, BOCES paid \$314,856 in overtime wages. We analyzed and reviewed all the time records and overtime payments paid to the 15 employees with the highest overtime charges for the audit period totaling \$254,820.

Time records for the 15 employees indicated that \$198,855 (78 percent) of the \$254,820 in overtime charges were for routine anticipated events (Figure 1). As such, the overtime portion may have been avoided with scheduling adjustments. For example, \$22,091 of the \$66,295 was paid for Saturday overtime due to BOCES utilizing a traditional Monday through Friday work week. This overtime may have been avoided had BOCES utilized a Tuesday through Saturday work week, as outlined in the CBA.

The Assistant Superintendent for Business stated that they discontinued using the Tuesday through Saturday work week because BOCES had implemented that schedule for certain projects that are no longer active. Also, the Director stated they found that a Tuesday through Saturday schedule created a shortage of cleaners on Mondays, and the Director of Human Resources stated they had difficulty hiring employees to work the Tuesday through Saturday shift before the COVID-19 pandemic and maintaining staffing levels during the pandemic. However, the CBA provides that employees hired after July 1, 2013 may have a work week that is Tuesday through Saturday and, therefore, BOCES may require current employees to work that schedule. Five of the 15 employees were eligible to work the Tuesday through Saturday schedule. In response to



this audit, the Director and Director of Human Resources told us they are in the process of reviewing current work schedules, removing part-time cleaners, and developing a substitute list to reduce overtime.

Because BOCES only utilized the Monday through Friday work week, employees were paid \$66,295 in overtime on Saturdays for mostly routine procedures such as groundskeeping, painting and other maintenance that may have been paid at their regular hourly rate totaling \$44,204, had BOCES implemented a Tuesday through Saturday work week for some employees. In addition, increased overtime also increases BOCES' overall payroll and employee benefit costs.

What Do We Recommend?

The Board should:

1. Adopt written policies with clear guidelines for overtime work, including how and when overtime may be incurred, the approvals needed, and the documentation required to support the time worked.

BOCES officials should:

2. Implement procedures for supervisory review of hours worked to help ensure the accuracy of overtime charges.
3. Ensure overtime is properly monitored.
4. Explore available options to reduce overtime costs.

Appendix A: BOCES Classified Employees' Association CBA - Overtime

The BOCES Classified Employees' Association 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 example, full-time employees covered by the CBA are generally required to work 35 to 37.5 hours per week during the school year depending on their job title. However, the CBA states that, when BOCES schools are closed per the school calendar, the workday is reduced by one-half hour.

Employees covered by the CBA generally receive overtime, paid at a rate of time and one-half hour for all overtime hours worked more than 40 hours in a regular work week. Overtime is also authorized pursuant to the CBA when an employee works:

- On a non-workday,
- Before or after their regular shift,
- For snow removal, building check, alarm call or other emergency, or
- When the BOCES campus is closed for snow removal or another emergency.

The CBA further states that the general work week is Monday through Friday, except for employees assigned to the Operations and Maintenance Department and hired after July 1, 2013, who may have an alternate workweek of Tuesday through Saturday.

Appendix B: Response From BOCES Officials



Putnam | Northern Westchester
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Neil Boyle
District Superintendent/Chief Executive Officer

October 30, 2023

Ms. Dara Disko-McCagg
Chief of Municipal Audits
Newburgh Regional Office
33 Airport Center Drive, Suite 102
New Windsor, NY 12553

Dear Ms. Disko-McCagg:

The Putnam Northern Westchester BOCES appreciates the comprehensive review of its internal controls and subsequent focused audit conducted by the State Comptroller's Office. The on-site audit team was extremely thorough and professional during the extensive months spent collaborating with our BOCES staff.

We acknowledge the four recommendations presented in your draft report and have already begun to develop a Corrective Action Plan (CAP) designed to address your recommendations. The CAP will be submitted within 90 days from the release of the final report.

Sincerely,

District Superintendent/CEO

BEDFORD BREWSTER BRIARCLIFF CARMEL CHAPPAQUA CROTON-HARMON GARRISON HALDANE HENDRICK HUDSON
KATONAH-LEWISBORO LAKELAND MAHOPAC NORTH SALEM OSSINING PEEKSKILL PUTNAM VALLEY SOMERS YORKTOWN

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 BOCES officials and immediate supervisors to obtain an understanding of the policies and procedures for overtime work, including how and when overtime may be incurred, approvals needed, and the documentation required to support the time worked.
- We had discussions with the payroll clerk to gain an understanding of BOCES' payroll processes and procedures for overtime.
- We had discussions with the Director of Human Resources and the human resource clerk to gain an understanding of BOCES' leave accrual processes and procedures.
- We reviewed BOCES' CBAs to determine whether overtime payments were paid in accordance with these agreements.
- We reviewed the total overtime payments for all the employees during our audit period to determine which employees had the highest overtime paid. We used our professional judgment to determine our sample size and selected the 15 highest paid employees out of the 43 employees who received overtime payments.
- We reviewed all the time records for the audit period for the 15 employees in our sample to determine whether overtime paid was for routine work, Saturday hours, weather-related conditions, nonroutine emergency work or subbing for other employees, and to determine whether they were calculated correctly. We also reviewed overtime payments on days leave accruals were charged.
- We calculated the potential cost savings if alternate schedules were reinstated, and overtime charges were paid at regular rates.
- We reviewed all Sunday building checks listing forms to calculate the total overtime paid for the audit period. We also compared building alarm records to building check forms and time records to test for reliability and accuracy.

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. We encourage the Board to make the CAP available for public review in the BOCES' 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

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Contact

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