



Bellmore Union Free School District

Payroll

2023M-129 | March 2024

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Report Highlights

Bellmore Union Free School District

Audit Objective

Determine whether Bellmore Union Free School District (District) officials approved, supported and monitored overtime.

Key Findings

District officials did not always approve, support and monitor overtime. As a result, overtime expenditures exceeded budgeted overtime by \$49,576 during the audit period and officials increased the risk that employees may have been paid for unnecessary overtime.

We reviewed 169 overtime request forms (forms) and the associated timesheets for five Facilities and Transportation Department (Department) employees who received overtime pay totaling \$78,595 and determined:

- 100 forms lacked the reason officials paid overtime totaling \$30,291.
- Officials paid unapproved overtime totaling \$2,176.

Key Recommendations

- Update and enforce the District's overtime procedures.
- Monitor the Department's overtime expenditures and make timely budget transfers, when needed.

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

Audit Period

July 1, 2021 – December 31, 2022

Background

The District is located in the Town of Hempstead in Nassau County and serves kindergarten through grade six. It is governed by a five-member Board of Education (Board) responsible for the general management and control of the District's financial and educational affairs.

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

The District's overtime costs are primarily incurred by the Facilities and Transportation Department. The Board, with the help of the Assistant Superintendent for Business and Technology (Assistant Superintendent) and the Director of Facilities and Transportation (Director), is responsible for adopting the Department's budget, including overtime estimates.

Quick Facts

During our Audit Period:

Overtime Expenditures:

Total	\$140,076
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Tested	\$78,595
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Employees:

Paid Overtime	22
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Tested	5
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Overtime

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

School district officials should establish adequate procedures addressing how and when overtime may be incurred, overtime preapproval requirements and the documentation needed to support overtime worked. Prior written approval should be required for all nonemergency overtime and granted only for specific, verifiable purposes, consistent with any collective bargaining agreements. Since it may not be practical or possible to obtain prior written approval for overtime in emergency situations, supervisors could verbally preapprove overtime and then follow up with a written request form and approval. Department heads and supervisors should regularly review available documentation and accounting records to confirm that procedures are being followed.

While overtime pay may be an expected cost of doing business, officials must carefully monitor and control this cost. In order to manage overtime expenditures, officials should periodically monitor the budget to ensure that appropriations are available to cover overtime costs and identify any projected shortfalls. If a shortfall is projected, school district officials should take the appropriate corrective action, such as making a budgetary transfer between appropriations. When budget shortfalls are detected in a timely manner, corrective action can be taken early to address the issue when only small adjustments may be required.

The payroll clerk provided the audit team with a memo dated December 2010 that the Assistant Superintendent and Director said served as the District's overtime procedures. The memo stated that all overtime must be approved by the Director using a form prior to the work being performed. The form required:

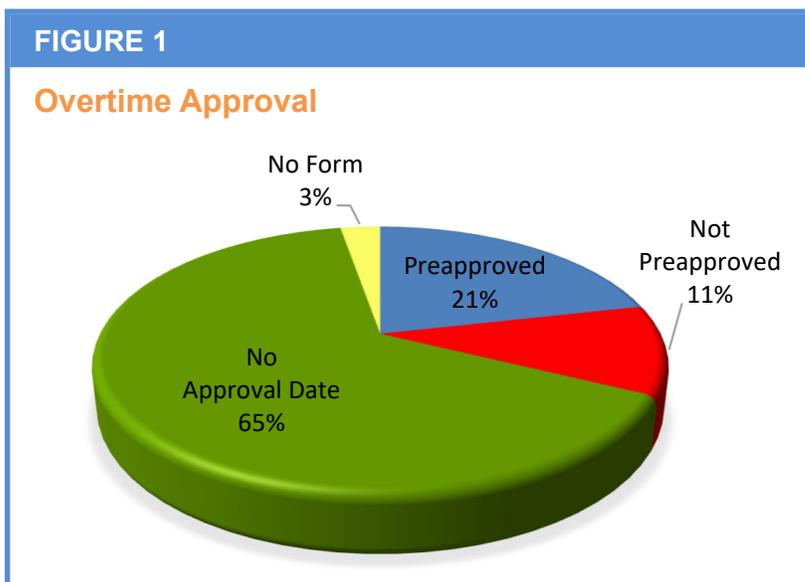
- The employee's name, date and hours of work,
- A description of and reason for the overtime,
- The signatures of the requestor and approver, and
- The date that the overtime was approved.

In accordance with the 2010 memo, when overtime is needed, a head custodian, building principal or District administrator can request overtime to be approved by the Director. The Director can also instruct Department employees to work overtime when needed. Additionally, the overtime hours worked must be recorded on a timesheet and attached to the form to be submitted to the payroll department.

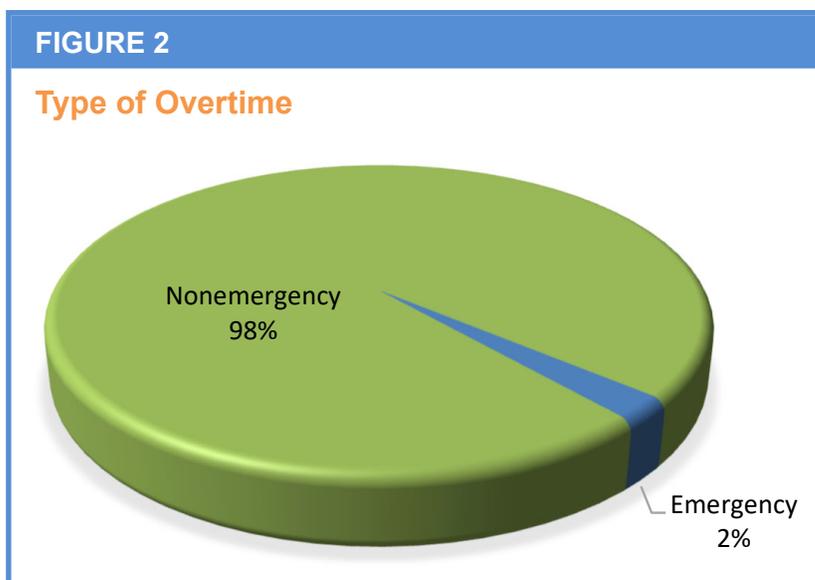
District Officials Did Not Preapprove Overtime and Overtime Was Not Always Supported

During our audit period, the District paid 22 employees a total of \$140,076 for overtime worked. We selected five Department employees who were paid \$78,595 for working 331 overtime shifts. We reviewed their timesheets and forms to determine whether overtime was properly approved using the form; forms included sufficient detail to support the necessity of overtime; forms were dated prior to the date of work; and that timesheets were attached to support the work performed.

We determined that the majority of forms did not include the required information indicating that overtime was needed and preapproved. Timesheets for nine overtime shifts totaling \$2,176 did not have forms attached indicating that the overtime was approved. The Director and Assistant Superintendent could not explain why the forms were not completed for all overtime shifts and referred us to the payroll clerk to confirm they were missing. The payroll clerk said that she was not sure whether the forms were misfiled or never completed, but once she received timesheets with the Director's signature, she processed the overtime payments. The remaining 322 shifts totaling \$76,419 were supported by 169 forms. However, 251 shifts totaling \$54,759 were not preapproved by the Director, including 215 shifts totaling \$45,164 that had forms with no date indicating when the overtime was approved and 36 shifts totaling \$9,595 that were approved by the Director after the overtime was worked. The 71 forms with dates indicating approval was prior to the work being performed were dated by the employee who worked the overtime or the building principal who requested the overtime. The Director did not date any of the forms to indicate when he approved the overtime (Figure 1).



Furthermore, the 169 forms that were not preapproved also did not indicate whether the overtime work was in response to an emergency, and only one timesheet noted that the employee was responding to an alarm at a school building. The Director said that emergencies were not required to be noted on the form or timesheet, but the description of the work, such as a broken pipe or sewer backup, would indicate that the overtime was for an emergency. Based on our review of the descriptions on the forms and discussions with the Director, we determined that six shifts totaling \$1,469 were for overtime related to emergencies. The remaining 245 shifts totaling \$53,290 were for non-emergencies that should have been preapproved and dated (Figure 2).



Additionally, 100 forms totaling \$30,291 did not have the reason that overtime was needed. These sections of the forms were blank, which minimized the effectiveness of the form, communicated that the preapproval process was not important, and increased the likeliness that an employee could be paid for unapproved and/or unnecessary overtime.

The District's procedures lacked clear instructions indicating that all sections of the form should be completed and appropriately dated prior to overtime work being performed to signify preapproval, and that verbal approvals for overtime related to emergencies should be followed up with documented approval indicating the emergency.

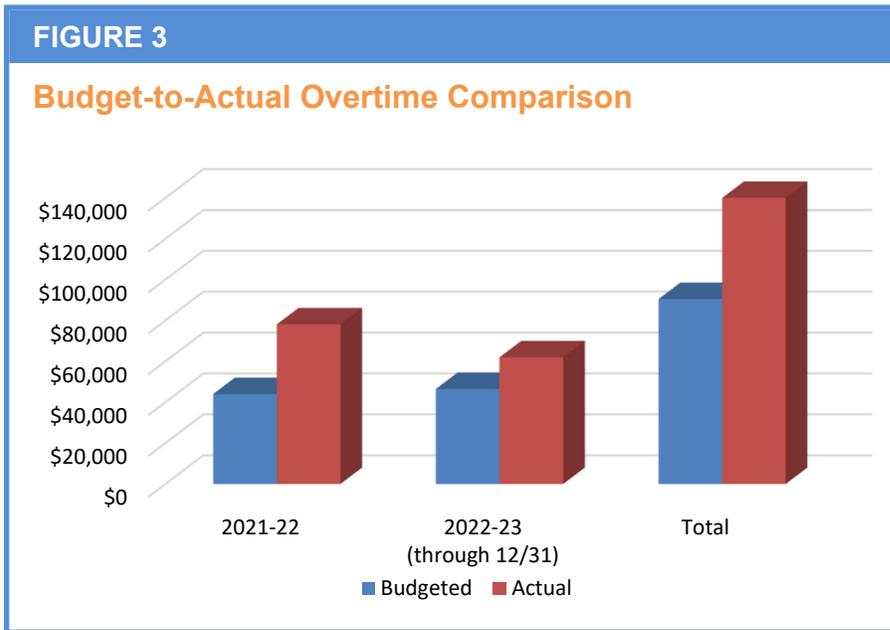
The Director said that he verbally preapproved overtime for both emergencies and non-emergencies, but the forms and timesheets were completed, reviewed and signed at the end of the pay period. The Director said that not dating forms to show preapproval was an oversight on his part, and he noticed that he was not

dating the forms or timesheets after we requested them for review. The Director said that he was aware of all the overtime needs in the District, and forms missing work details and reasons, including whether or not it was an emergency, would still be approved because he would have discussed the reason for the overtime work needed with the requestor when the verbal approval was provided.

The lack of clear instructions for completing the overtime forms and not requiring employees to adhere to District procedures could result in employees working overtime unnecessarily and increase the District’s operational costs. Because District officials did not require preapproval for all overtime worked or document a timely review of overtime when preapproval could not be obtained, they cannot be certain that the shifts were all necessary overtime costs.

District Officials Did Not Properly Monitor and Manage Overtime Expenditures

District officials did not properly monitor and manage overtime expenditures for the Department. As a result, overtime expenditures exceeded budgeted amounts by \$49,576 during the audit period. The Board adopted an overtime budget of \$44,000 for the 2021-22 fiscal year and \$46,500 for the 2022-2023 fiscal year. Actual expenditures for 2021-22 totaled \$78,105, exceeding the budget by \$34,105, and year-to-date expenditures through December 31, 2022¹ for fiscal year 2022-23 totaled \$61,971, which exceeded the budget by \$15,471 (Figure 3).



¹ Unaudited

The Assistant Superintendent said she monitored the overall budget monthly, reviewed each budget line quarterly, checked that funds were available in the overtime account every pay period and confirmed that other accounts had funds that she could use to make budget transfers to cover negative balances. However, the District did not make timely budgetary transfers and, as a result, overtime costs exceeded the amounts budgeted. The Assistant Superintendent also said she was aware of the over-expenditures, and the amount they needed to transfer and from which accounts. The Board received appropriation status reports monthly and was made aware of the over-expended amounts. Although the over-expenditures were discussed, it was the District's practice to transfer funds for anything salary-related at the end of the fiscal year. The Director told us that he monitored the Department's overall budget daily because he had to know what funds were available for planned projects and purchases. However, making budgetary transfers at year-end is neither effective nor transparent, and creates a risk that the District could overspend available funds during the year and incur an unanticipated operating deficit.

The Assistant Superintendent said that the overtime expenditures exceeded the budgeted amounts for multiple reasons during our audit period, including staffing shortages, cleaning District buildings and reconfiguring classrooms. However, while these reasons for overtime may have been justified, the lack of preapprovals and monitoring led to overspent appropriations. Furthermore, although actual expenditures for overtime during the 2021-22 fiscal year significantly exceeded the estimated amounts in the budget, District officials increased the overtime budget for the 2022-23 fiscal year by only \$2,500, which led to another fiscal year of overspent appropriations.

Because overtime expenditures were not properly monitored and managed throughout the year, and timely budget transfers were not made, District officials made budget transfers totaling \$34,105 after June 30, 2022 to remove negative balances in the overtime appropriations. Furthermore, on December 31, 2022, the overtime budget was overspent by \$15,471. When overtime expenditures are not monitored and managed and budget transfers are not made in a timely manner, officials risk not having sufficient funds to cover all expenditures and over-expending appropriation limits.

What Do We Recommend?

The Board should:

1. Monitor budgeted overtime and ensure timely budgetary transfers are made, when necessary.

The Assistant Superintendent and Director should:

2. Make timely requests to the Board for budgetary transfers when warranted.
3. Enforce the District's overtime procedures to ensure overtime approval forms are used and all overtime is approved.
4. Update procedures to include clear instructions indicating that all sections of the form must be completed and appropriately dated prior to overtime work being performed.

Appendix A: Response From District Officials



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February 15, 2024

Mr. Ira McCracken
Chief of Municipal Audits
Division of Local Government & School Accountability

Via email: Muni-Hauppauge@osc.ny.gov

Dear Mr. McCracken:

We are writing this letter in response to the draft Report of Examination 2023M-129, received by the Bellmore Union Free School District via email on January 31, 2024, concerning your audit for the time period July 1, 2021 through December 31, 2022.

The District would like to thank the audit team for their time and professionalism during their review of our overtime procedures. We have reviewed the report and the recommendations.

Recommendation:
Update and enforce the District's overtime procedures.

District Response:
The District was committed to full-time in-person learning throughout the pandemic. During the audit period the majority of overtime worked was the result of unanticipated needs related to COVID and changes in COVID guidelines. All overtime was approved in writing or verbally by the Director of Facilities. It is not and has never been allowable for any staff member to work or be paid for overtime without prior approval.

The District has reviewed and reinforced overtime procedures. We have implemented an electronic, date stamped request form and approval process which contains required fields including indication of emergency/non-emergency, description of work and reason overtime is needed. Payroll cannot pay overtime without a complete pre-approval form. These requirements have been communicated to the facilities staff. This enhanced process was implemented at the end of our audit and has been consistently in use since that time.

Recommendation:
Monitor the Department's overtime expenditures and make timely budget transfers, when needed.

District Response:
As was included in the draft report, the budget is continuously monitored to ensure that the overtime is consistent with approvals. During the audit period, the District was aware that the overtime budget line was exceeded due to a variety of reasons but primarily due to COVID related staffing shortages, late changes in NYS COVID guidelines for in-person education, COVID cleaning protocols, and a Town of Hempstead road construction project that unexpectedly impacted one of our schools. The District analyzed the difference in cost between paying overtime to employees or contracting with outside vendors to complete the work. As the labor rates for outside vendors is 2 to 3 times the overtime rate, it was determined to be more cost

efficient to use District employees even though this caused the overtime budget to be exceeded. Due to these unexpected situations, the District closely monitored all budget lines to ensure that sufficient funds were available to cover the excess overtime required and budget transfers were made at the end of the school year. In addition, COVID related District overtime is reimbursable by FEMA.

Sincerely,

Maryanne Kelly
President, Bellmore UFSD Board of Education

Joseph S. Famularo, Ed.D.
Superintendent of Schools

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed the Assistant Superintendent, Director, school principals and the payroll clerk to gain an understanding of the District's overtime procedures.
- We obtained and reviewed the District's procedures and collective bargaining agreements to determine the established controls for working overtime.
- We obtained and analyzed budget-to-actual reports and payroll records for July 1, 2021 through December 31, 2022 to determine the District's total overtime budget, actual expenditures, variances and the total population of employees paid overtime.
- We calculated the overtime expenditures for our audit period by filtering payroll records to only show payments at time and one half and double time. We determined that the District paid 22 employees at time and one half or double time totaling \$140,076 for the audit period. We judgmentally selected five employees (23 percent) who were paid overtime totaling \$78,595 (56 percent), including four employees paid the highest amount of overtime and one employee paid the eighth highest amount of overtime. We reviewed all timesheets and forms associated with the overtime shifts worked and paid during the audit period.
- We reviewed a sample of 20 regular timesheets for the five employees to ensure that the employees worked their regularly scheduled hours on days that overtime was paid. We identified and selected each employee's highest and lowest overtime payments for the audit period and reviewed the timesheets for those pay periods.

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

Regional Office Directory

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

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/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.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/academy

Contact

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<https://www.osc.ny.gov/local-government>

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

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