



Village of Islandia

Overtime

2023M-121 | February 2024

Contents

- Report Highlights 1**

- Overtime 2**
 - How Should Village Officials Approve, Document and Control Overtime? 2

 - Village Officials Did Not Properly Approve, Document and Control Overtime. 2

 - Village Officials Did Not Adequately Monitor the Overtime Budget . . . 6

 - What Do We Recommend? 7

- Appendix A – Response From Village Officials 9**

- Appendix B – OSC Comment on the Village’s Response 14**

- Appendix C – Audit Methodology and Standards 15**

- Appendix D – Resources and Services 17**

Report Highlights

Village of Islandia

Audit Objective

Determine whether Village of Islandia (Village) officials properly approved, documented and controlled overtime for employees.

Key Findings

Village officials did not properly approve, document or control overtime for employees. During our audit period, the Village paid eight employees a total of \$149,964 in overtime that was not properly approved or supported by the employees' timecards. During the audit period:

- Ninety-five percent of the Village's overtime was paid to the Fire Marshal and Building Inspector. The overtime paid to them was equivalent to 73 percent and 49 percent of their budgeted salaries, respectively.
- The Fire Marshal approved his own overtime that totaled \$88,718. The Fire Marshal did not provide any documentation he claimed to have in support of his overtime pay.
- The Building Inspector approved his own overtime that totaled \$53,719 for the audit period. Village officials and the Building Inspector had no documentation to support the hours that resulted in overtime, or the actual work performed.
- Six employees were paid, in total, \$7,528 without preapproval or documentation explaining why the overtime was necessary.

The Board of Trustees (Board) and Village officials did not monitor overtime and relied on the Fire Marshal and Building Inspector to only work overtime when they believed it was needed.

Key Recommendations

- Develop clear overtime procedures, including written preapproval of non-emergency overtime.
- Monitor the salary and overtime budgets to facilitate control of these expenditures.

While Village officials disagreed with certain findings and recommendations, they indicated they have initiated or would initiate corrective action. Appendix B includes our comment on issues raised in the Village's response.

Audit Period

January 1, 2019 – December 31, 2020.

We extended our audit period forward to April 30, 2021 to review the Fire Marshal's time and attendance records.

Release of this report was held in abeyance while the matter was under review by outside law enforcement.

Background

The Village, located in the Town of Islip (Town) in Suffolk County, is governed by the elected Board, which includes the Mayor, Deputy Mayor and three Trustees.

The Board and Mayor are responsible for the general management, oversight and control of the Village's finances.

The Board-appointed Treasurer is the chief fiscal officer and, along with the bookkeeper, is responsible for verifying time and attendance records and processing the payroll.

Quick Facts

2019 Salary & Hourly Wages	\$992,957
2019 Overtime	\$77,677
2020 Salary & Hourly Wages	\$1,030,593
2020 Overtime	\$63,760
Number of Employees	5 full-time 35 part-time & seasonal
Employees Earning Overtime	8

Overtime

How Should Village Officials Approve, Document and Control Overtime?

Village officials should develop and implement procedures to ensure all overtime is approved, documented and controlled. While overtime pay may be an expected cost of government, it should be carefully monitored and controlled to help minimize costs. Overtime should be incurred only when circumstances arise that cannot be avoided.

Adequate controls for overtime include the adoption of a written policy and procedures that dictate how and when overtime may be incurred and what constitutes adequate documentation of time worked. The policy should require written justification and preapproval of overtime. Supervisors should monitor employee schedules and ensure all non-emergency overtime hours have been approved prior to employees performing overtime work. Preapproval should be obtained in all instances where overtime can be planned in advance, such as a scheduled village event or the second day of an emergency event. Written preapproval should include documentation that alternatives were considered, and overtime costs could not be avoided.

To control overtime costs, village officials should develop a written plan to guide the assignment of overtime hours in the most efficient and effective manner. When the factors that create overtime are analyzed, management may be able to take alternative action without using overtime. Additionally, village officials should monitor the budget to ensure that appropriations are available for overtime. This helps village officials ensure that overtime is incurred only for valid and needed purposes, and that adequate funding for overtime is included in the budget.

Village Officials Did Not Properly Approve, Document and Control Overtime

The Board adopted a personnel policy stating that overtime hours will be expected of non-salaried employees during emergency situations and must be approved and recorded by the department head. However, Village officials did not establish a written policy to ensure that all overtime hours worked were preapproved in writing, adequately recorded and incurred only when necessary. Overtime was paid at time and one-half after 40 “regular” hours worked in a week (e.g., someone with a 35-hour work week would have their first five hours of overtime paid at their regular pay rate and all remaining overtime paid at time and one-half). The Village used a punch time clock system to document employees’ time worked, including overtime. However, handwritten entries were also permitted on the timecards. Timecards were approved by the employee’s department head.

Overtime should be incurred only when circumstances arise that cannot be avoided.

During our audit scope period, eight Village employees, including two department heads, received, in total, \$149,964 in paid overtime. The Mayor stated that department heads verbally approved overtime for employees. The Mayor also stated that, while some employees made notations on their timecards documenting the reason for overtime worked, such notations were not a part of a Village policy and may have been required by the employees' department heads. Some of the reasons for working overtime included covering a shift, emergency snow removal or working a Village-sponsored movie night, barbecue, tree lighting, or Memorial Day event as ad hoc public safety. Since employees were not required to obtain prior written approval for overtime hours worked, overtime was incurred for non-emergency events. Furthermore, two of the three department heads (the Fire Marshal and Building Inspector) were eligible for overtime; however, since the department heads did not report to another Village official, they worked overtime without approval and for non-emergency events.

Fire Marshal – The Fire Marshal asserted that he was the public safety supervisor; however, the Village had nothing in writing (e.g., job description, Village policy, Board resolution, etc.) that gave him the authority to answer public safety calls that were not fire-related. From January 1, 2019 through December 31, 2020, the Fire Marshal received \$80,190 in paid overtime for 1,782 hours, which was equivalent to 73 percent of his budgeted salary. Because of the volume of extra hours resulting in overtime, and the lack of documentation for prior approvals or that the work was actually performed, we also examined the Fire Marshal's overtime for January 1, 2021 through April 30, 2021, during which he received another \$8,528 in paid overtime for 190 hours.

The Fire Marshal approved his own overtime. Moreover, the Board and Village officials did not question why the Fire Marshal clocked-in early and/or clocked-out late nearly every day or ensure that he was deducting meal periods. Based on our review, the Fire Marshal was paid approximately \$50,000 in overtime for 524 instances of working early/late and for 67 meal periods. His overtime also included significant time for responding to public safety and fire-related calls, Village events,¹ and weekend and holiday work with no reasons for the overtime or descriptions of the work performed (Figure 1).

¹ Village events included Memorial Day, Easter and Christmas events; a pumpkin event; an unnamed event and a tag sale.

Figure 1: Examples of Fire Marshal Overtime

	Number of Instances	Overtime Hours Claimed	Total Overtime Paid
Arrived Early/Left Late	524	1,055	\$47,492
Public Safety Calls	126	362	16,308
Fire-Related Calls	94	285	12,827
Weekend and Holiday Work (No Reason Given)	27	149	6,721
Meal Periods	67	65	2,933
Village Events	6	39	1,735

The Fire Marshal said he typically claimed an automatic three hours for any public safety or fire-related call, even when the call took less time, based on a clause in a collective bargaining agreement (CBA) of the Town. However, the CBA only applied to Town employees with no mention of the Village, and the Mayor stated that the Board and Village officials never formally or informally adopted any such rule. Furthermore, we requested 94 incident reports from the Hauppauge and Central Islip Fire Districts (Fire Districts) for the corresponding fire-related calls in which the Fire Marshal was paid overtime by the Village. The Fire Districts provided incident reports for 52 of the 94 fire-related calls that the Fire Marshal claimed as overtime. Based on our review, 39 reports did not have any indication that the Fire Marshal was called and 13 incident reports supported that the Fire Marshal was on site at fire calls for 15 hours out of the 285 hours that he had claimed on his timecards and for which the Village paid him \$12,827 in overtime. The Fire Districts did not have any records for the remaining 42 fire-related calls for which the Fire Marshal was paid overtime totaling \$5,713. Finally, as the Village provided no written documentation to support that the Fire Marshal was authorized to answer public safety calls that were not fire-related, we question whether the Fire Marshal was entitled to \$16,308 of overtime for 362 hours claimed in response to non-fire-related public safety calls.

While the Fire Marshal stated that he maintained supporting records for public safety and fire-related calls because they could be necessary in legal proceedings, he did not provide any of these records to the audit team.

Despite claiming to review the biweekly payroll reports to monitor overtime, the Mayor, Treasurer and Village Attorney were unaware of the Fire Marshal's overtime until we brought it to their attention in January 2021. Subsequently, the Board adopted a resolution on April 16, 2021 to limit the Fire Marshal's overtime. After an internal investigation and disciplinary hearing conducted by the Village, the Fire Marshal resigned on September 27, 2021.

Building Inspector – During the audit period, the Building Inspector was paid \$53,719 for 1,193.75 overtime hours, which was equivalent to approximately 49 percent of his budgeted salary. The Building Inspector also approved his own overtime. Additionally, the Building Inspector did not typically document his rationale for overtime on his timecards or other payroll records. We reviewed the Building Inspector’s overtime payments and payroll records, and determined that he received overtime pay for extra hours in 51 of 52 weeks in 2019 and 40 of 52 weeks in 2020. Timecards for 2019 and 2020 showed that the Building Inspector often worked extra hours in the mornings and evenings outside of the Village’s regular operating hours, and on weekends and holidays.

The Building Inspector said that his schedule involved site visits, and he needed to work extra hours to catch up on documentation review (i.e., permits, applications) related to his position. The Building Inspector further stated that he did not obtain prior approval from the Mayor for overtime hours worked, and that Village officials expected him to “do the right thing” and complete his job “the right way.” The Mayor said that the Village was responsible for the Building Inspector needing to work extra hours to complete tasks related to his position, as the Mayor often utilized the Building Inspector for his knowledge in certain areas outside of his regular duties, such as automotive and construction matters, and relied on the Building Inspector to work closely with the Village’s Board-appointed engineering vendor. Even though a Village official did not preapprove or document the reasons for overtime worked by the Building Inspector, the Mayor and Treasurer expressed their confidence that any extra hours worked by the Building Inspector were valuable to the Village and for valid purposes. However, with no supporting documentation for the hours that resulted in overtime or the actual work performed, Village officials had no assurance that the Building Inspector worked the extra hours claimed and paid as overtime.

Non-Supervisory Employees – We reviewed overtime paid to non-supervisory employees totaling \$7,528 for 237 hours during the audit period. The non-supervisory employees who received overtime included:

- Code enforcement officer,
- Senior court clerk,
- Court clerk,
- Highway mechanic,
- Parks department crew leader, and
- Parks department aide.

Village officials could not support that non-supervisory employees received prior approval to work the extra hours. Generally, except for limited instances, employees did not document the purpose for overtime worked on their timecards.

The Mayor, Treasurer and Village Attorney stated that the senior court clerk and court clerk were both paid overtime for limited occurrences because of a litigation project; the parks department aide's overtime was for coverage when other employees took vacation; and the code enforcement officer attended a training event requiring overtime. The Mayor further explained that the parks department crew leader and highway mechanic were paid for overtime in 2019 and 2020 because they were local, dependable and reliable employees who occasionally worked extra hours that resulted in overtime. While these explanations demonstrate that Village officials were aware of the overtime worked by non-supervisory employees, due to the lack of formal policies and procedures, it is unclear whether a supervisor preapproved the overtime or considered alternative measures so overtime could have been avoided. Furthermore, since most, if not all, of the overtime was for non-emergency work, the overtime could presumably have been planned and should have been preapproved. While emergency overtime can be difficult to anticipate, non-emergency overtime, worked primarily for planned events and filling in for absent employees, may be avoided or reduced with adequate planning and scheduling.

Village Officials Did Not Adequately Monitor the Overtime Budget

Village officials did not adequately monitor the budget to ensure that sufficient appropriations were available for overtime costs. The Village's budget included a single account code for all personal service costs under each department, but did not include separate account codes to capture the amounts budgeted and expended for salaries, hourly wages, holiday pay, or overtime. The Mayor and Treasurer stated that they monitor overtime by periodically reviewing budget status reports and the biweekly payroll reports, but that, aside from the Fire Marshal and Building Inspector, overtime paid to non-supervisory employees was not material enough to be scrutinized.

Overtime is only recorded as "overtime" in the payroll records and paid at time and one-half after an employee has worked 40 hours in a given week. If an employee works 40 or fewer hours, but more than their normal schedule, the "extra" hours are paid at the employee's regular hourly payrate and not captured as overtime on the biweekly payroll report. Furthermore, because the Village's budgets only used one personal service account code for each department, Village officials were unable to see what caused multiple departments, including Engineering, Safety Inspection, Street Maintenance and the Justice Court, to exceed their personal service budgets in 2019 and 2020. By expanding the budget to include more detailed object codes, as shown in Figure 2, officials would be better able to monitor and control the Village's budget.

Figure 2: Budget Code Examples

Description	Dept	Object
Salaries and Wages	3620	101
Part Time	3620	114
Overtime	3620	115

We compared the year-end payroll reports to the budget salary schedules for 2019 and 2020 and determined that the extra hours worked and overtime paid to the Fire Marshal and Building Inspector were the largest cause of the over-expended personal service budget lines. Additionally, eight job titles² in 2019 and 10 job titles in 2020 each exceeded their budgeted salary by a total of \$103,695 and \$113,585, respectively.

Furthermore, the 2020 Village budget included \$54,600 for the Fire Marshal's salary, or 35 hours per week at his \$30 hourly rate. The budget did not include an allowance for \$7,800 paid for 260 extra hours or \$35,854 paid for 797 hours of overtime for the Fire Marshal. If Village officials reviewed the biweekly payroll report and budget status reports, they would have seen that the Fire Marshal incurred overtime not included in the budget and followed up to confirm overtime was necessary and worked.

Because the Board and Village officials did not ensure overtime was properly approved, documented and controlled and did not properly monitor the budget, they had little assurance that overtime work was always necessary or actually occurred.

What Do We Recommend?

Village officials should:

1. Develop clear guidelines and procedures for overtime work, including the written preapproval of overtime, adequate documentation of overtime and other hours in excess of an employee's regularly scheduled work hours.
2. Consider using more detailed object codes in the Village budget to facilitate the monitoring of salaries, wages and overtime.
3. Ensure that all non-emergency overtime is preapproved in writing, properly documented and monitored.

² Job titles could be held by more than one employee.

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4. Ensure that the salary and overtime budgets are periodically monitored to ensure that overtime and other time in excess of employees' regularly scheduled work hours are controlled.
 5. Consider scheduling employees' work hours to cover non-emergency events, such as overnight calls and filling in for employees with preapproved absences, to reduce overtime costs.

Appendix A: Response From Village Officials

Village officials included three exhibits in their response. Because their response included sufficient information to indicate their intentions, we did not include these exhibits in the final report.



INCORPORATED VILLAGE OF
ISLANDIA

Village of Islandia . . .
Second to None

Response of Village of Islandia to New York State Comptroller's Payroll Report of Examination [2023M-121]

I. Introduction

This document is filed by the Village of Islandia's ("Village") as the official response ("Response") to the Office of the New York State Comptroller's ("OSC") draft "Village of Islandia Overtime Report of Examination 2021M-2023" ("Report"), that was issued for the two-year period of January 1, 2019 through December 31, 2020 ("Audit Period").

The Village of Islandia has already instituted the recommendations of the Report, many of which were actually in place during the audit period, and a Corrective Action Plan will be submitted to the Comptroller within the specified time period as required.

The Village of Islandia notes that an initial draft of the Report was issued by the New York State Comptroller, and the Village of Islandia indicated to the Comptroller's staff during the exit interview that there were several items in the initial draft Report that required modification. The Comptroller subsequently issued modifications to the draft Report by email that was sent to the Village on November 22, 2023, a copy of which is attached to this Report. See **Exhibit 1**.

While this Response is made to the Report, as modified, the Village states for the record that the draft Report continues to contain several statements or points of information that the Village found were erroneous or intentionally or unintentionally misleading, in addition to those that were corrected in the current modified version of the draft Report.

II. Overarching Village Responses

1. The Village respectfully, but strenuously, disagrees with many of the findings and ultimate conclusions in the Report.
2. As directed from Albany, the Comptroller's Audit was internally flawed with poor management and supervisory controls, bureaucratically undertaken. At its core, the audit process reflected a lack of a basic understanding of the proper operations of a small village and its government processes. The audit took four years to complete, during which time the Village was deprived of ready access to many of its critical records, which to date, still have not yet been returned. The audit, thus, has had the collateral consequence of negatively hampering efficient Village operations for years.
3. The Village delivers essential services to its more than 3,500 residents with an annual budget of only approximately four million dollars with annual taxes that have either been

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- reduced or frozen in the past several years. Notwithstanding, the factual misstatements contained in the Report [e.g., Report Highlights: Quick Facts, p.3] the Village employes a staff of only 5 full-time employees and an average of only 27 part-time employees.
4. Most of the Recommendations offered by the Report, were, in large form already in place or have already been implemented by the Village. Thus, bi-weekly payroll records, including overtime, have been reviewed and monitored by the Mayor, and as noted in the Report pp. 4-5, verbally approved by the department heads for years. Simply stated, the “Key Recommendation” in the Report [p. 5], that the Village should “closely monitor salary and overtime budget to facilitate control over these expenditures,” is without basis. The Village Board has adopted a resolution to prohibit overtime for the fire marshal. [Resolution Attached as **Exhibit 2**].
 5. As outlined below, the Village building inspector’s overtime discussed in the Report was a required part of the essential services that the building inspector delivered to the Village taxpayers.
 6. The Report fails to address critical and relevant facts that existed during the audit period, January 1, 2019 – December 31, 2020, most important, the obvious negative impact of the COVID-19 Pandemic. It is thus important to contextualize the Audit Period, which covered the two calendar years of 2019 and 2020. As we are all keenly aware, March 2020, and in particular March 13, 2020, commenced the onset in the community of the Village of what became the worst global Pandemic in at least 100 years. It goes without saying that it completely altered the life of each Village official, employee, vendor, contractor and citizen. Without any assistance from New York State, the Village and its officials and employees, remained a critical resource for Village residents and community throughout 2020, and the extension of the report period to April, 2021, by obtaining, distributing and providing, amongst other things, critical PPE, information and support. The Village even continued to provide community programs and services in 2020, on a modified basis, to provide some form of continuity and normalcy, while ensuring the safety of the businesses, institutions, and families in the Village. The Village is very proud of the job it did in this regard during the height of the Pandemic.
 7. The Report fails to reflect that because of the hard work and dedication of a very small group of people, the Village has successfully staffed and at a very low taxpayer cost, a service-oriented operation that is equivalent to a small city in our State.
 8. The overall staff overtime amounts outlined in the Report [See Report Highlights: Quick Facts, p.3] fail to reflect that for the year 2019, out of total Village salaries paid of \$992,957.00, total overtime was only \$77,677.00 or 7.8%; and that for the year 2020, out of total salaries paid of \$1,030,593.00, total overtime was only \$63,760.00 or 4.9%, for a yearly average of only 6.35%.
 9. To continuously improve all aspects of village governance, the Village has engaged and consulted with Special Counsel along with the Village attorney to obtain more effective methodologies and processes to best monitor and supervise the expenditure of public funds, including overtime expenses.

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10. In sum, the Village currently has efficient and reliable processes and procedures in place to effectively monitor and control the relatively minimal overtime required by essential staff to conduct business on behalf of the residents of Islandia.
 11. During and subsequent to the report period, the Village instituted and continued to develop payroll and overtime control measures including a biometric payroll system, new payroll personnel, and restrictions on overtime that can be taken, in addition to the required pre-approval.

III. Detailed Responses of Village to Report

1. Key Findings, page 2: Of note is that the overtime was within the budgeted salary.
2. Key Findings, bullet points 2 and 3: The Fire Marshal and the Building Inspector were the heads of their departments. It is not true that the Fire Marshal and Building Inspector did not provide written documentation. Both provided explanations on time cards, although the Village in August, 2021 commenced a disciplinary hearing against the Fire Marshal based in part on the explanations for overtime given on the time cards.
3. Key Findings, bullet point 3: Statements regarding the Building Inspector are inaccurate and misleading. While as a department head the building inspector approved payment for his overtime much of the overtime was directed and preapproved. The building department services activity that exceeds the level in every city in the State, but is staffed by only one full time and one part time person.
4. Key Findings, bullet point 4: This statement is misleading and disrespectful to the people that were involved who continued to work for their community and the Village through Covid, including court personnel, public safety and highway personnel. The fact that there was only \$7,528, which is less than .0035 of the payroll over two years, during the time of a horrific Pandemic where more than one million people died in order to keep the court and office going and continuing to provide essential services to the Village residents is heroic and should not have been criticized by the OSC. Several of these people kept the Village Office open, kept the Court open, kept the assessment and taxing functions operating, as well as the building and other departments.
5. The building inspector was often directed to work overtime, and due to the significance of his work load and time requirements for opening and closing permits and inspections, the building inspector was expected to work until necessary assignments were completed.
6. The statements on page 4 of the Report were only accurate for a portion of the audit period. After dealing with the initial stages of the pandemic the Village acquired a biometric sign in system which required employees to physically and personally check in and check out.
7. The statement at the end of page 4 of the Report is a repackaging of the previously indicated figures in order to mislead the public to appear that employees were making \$20,000 each in overtime, which is false. In fact, two people made less than \$100 each in overtime.

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8. Report Page 5: The misstatements about attending events were corrected; however, it must be emphasized that the Report had originally alleged that Village employees were paid for attending events, which is untrue. The Village Administration holds community events where as many as eight hundred people attend, requiring the presence of many public safety and other employees, who are working very hard, often under very difficult circumstances. These included several in which protective masks were distributed to Village residents who waited in long lines of cars in order to support the safety of the residents and their families.
 9. Report Page 5: Building Inspector - The Village strongly disagrees with the Report's claim that there was no preapproval for building inspector overtime and no documentation, The work done by the Building Inspector was documented by the various reports and certificates that he issued based on this work, violations that were issued and other back up.
 10. Report Page 7: The allegation that the Village did not "adequately monitor the overtime budget" is not true; Village officials received monthly statements of the financial position of the Village which indicated the percentage of the budgeted salary lines, including overtime, that had been used to date at each point in the fiscal year.

IV. Village Responses to Report's Recommendations

The Audit presents Five Recommendations. They are answered in the order presented in the Report at p. 8.

First, the Comptroller recommended that the Village Board should:

"Adopt a payroll policy with clear guidelines and procedures for overtime work, including the written preapproval of overtime, adequate documentation of overtime and other hours in excess of an employee's regularly scheduled work hours."

The Village has adopted an overtime policy and preapproval requirement. Put into effect in 2022, it expressly requires prior written approval by the Mayor for non-emergency overtime (**Exhibit 3**) in a program that is monitored bi-weekly both by the Mayor and bookkeeper, who functions as the Village payroll supervisor. For almost twenty years prior, the Village required prior oral approval by department heads for overtime, with notations placed on time cards, which process was overseen by the Mayor. [See Report pp. 4-5]. The Village thus, has always monitored the total salaries vs. the budgeted salaries, and as recognized in the Report several times, the overtime only amounted to less than the budgeted salary.

Second, the Comptroller Recommended that Village Board:

"Consider using more detailed object codes in the Village budget to facilitate the monitoring of salaries, wages and overtime."

The Village has considered this Recommendation and must respectfully decline this advice as impractical and not feasible. The designation by "object codes" in a budget for a Village with

five full-time employees simply would not further efficient and proper governance or public transparency. Instead, it would merely create a cosmetic cover. Simply stated, emergencies, such as traffic accidents, hurricanes, fires, snow storms and power outages must be handled by Village staff without resort to feel-good financial methods of moving funds from line to line. As such and contrary to the ultimate conclusions presented in the Report [p. 7, Bolded Box], “Overtime ... is incurred only when circumstances arise that cannot be avoided.”

Third, the Comptroller also recommended that Village officials should:

“Ensure that all non-emergency overtime is preapproved in writing, properly documented and monitored.”

This is the current policy and practice of the Village. The audit period included 15 months of an international Pandemic where more than one million people were lost in the United States alone. The few fulltime and several part time employees performed heroic services by sacrificing their well-being and that of their families to service the Islandia community. The policy in place was that department heads pre-approved overtime. The issued raised in the Report largely has to do with the over time of the two department heads, one of which, the Fire Marshal, was also a public official. The building inspector was largely directed and expected to perform overtime if necessary to meet time deadlines and complete his important duties.

Fourth, the Comptroller also recommended that Village officials should:

“Ensure that the salary and overtime budgets are periodically monitored to ensure that overtime and other time in excess of employees’ regularly scheduled work hours are controlled.”

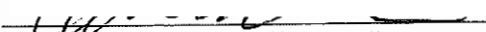
This is the current policy and practice of the Village.

And finally, the Comptroller recommended that Village officials should:

“Consider scheduling employees’ work hours to cover non-emergency events, such as overnight calls and filling in for employees with preapproved absences, to reduce overtime costs.”

This is the current policy and practice of the Village.

Approved by the Mayor and Islandia Village Board December 14, 2023


Honorable Mayor Allan M. Dorman

Appendix B: OSC Comment on the Village's Response

While the audit stands for itself, we feel the following overarching comment is warranted.

Village officials allege that the current report contains several statements or points of information that the Village believes are erroneous or misleading. Based on conversations with Village officials at the exit discussion, certain language within the report was clarified and report figures were updated. However, with respect to other alleged errors or misleading statements within the report, Village officials did not provide sufficient details of such alleged errors at the exit discussion or thereafter, including the Village's response to the report.

As for the Mayor's statement in the Village's response that, "...the Village was deprived of ready access to many of its critical records, which to date, still have not yet been returned[,]" all Village records were reviewed on-site, and no original documents were removed from Village Hall. Therefore, we respectfully disagree with this statement in the Village's response.

With regard to our discussions of the Village's poor internal controls for overtime, we maintain that officials need to further strengthen their controls. While the Village's response indicates that, "[d]uring and subsequent to the report period," the Village acquired a biometric sign in system, no such system was in place during our audit period. Moreover, at our exit discussion, the Treasurer expressed that the officials believed their controls were sufficient and that they would not be adding any new controls, stating that any controls must be subjected to a cost-benefit analysis, and it would cost the Village too much to implement any additional controls over overtime. However, additional controls, such as proper written documentation of overtime approval, can be done at no cost to the Village.

Finally, while Village officials rejected our recommendation of more detailed object codes as "impractical and not feasible," the Village's budget, in its current form, is not detailed enough to show what amount is budgeted and expended for regular salaries versus what is budgeted and expended for overtime. This lack of detail impedes the Village's ability to closely monitor its salary and overtime budget. Using more detailed object codes would enable Village officials to distinguish between these expenditure types more easily and would not involve routinely moving funds from one expenditure account code to another.

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. 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 reviewed Board-adopted policies governing payroll and overtime procedures and interviewed Village officials to gain an understanding of procedures for monitoring and controlling overtime.
- We identified all employees who received overtime payments and examined the employee's timecards and Village payroll reports during the audit period. We compared the timecards to the payroll reports to determine whether overtime was accurately paid and aligned with the hours worked on the timecards.
- We reviewed time and attendance records to determine whether extra hours and overtime were preapproved. We documented whether the employee's timecards were reviewed by a supervisor and included the rationale for extra hours worked.
- We reviewed the Village's budget status reports to determine whether the Board-adopted budgets included overtime. We compared the budget status reports to yearly payroll summaries to determine whether all salaries and wages, including overtime, were captured by the budget status reports and if employees and departments exceeded the Board-adopted budgets.
- We performed extra audit procedures on the Fire Marshall because he incurred significant overtime costs. We requested records from third parties to corroborate information documented on the Fire Marshal's time and attendance records.

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 should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. 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 Village Clerk's office.

Appendix D: 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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