New York State Comptroller
THOMAS P. DiNAPOLI

Town of Amherst

Employee Benefits

July 2026 | 2025M-90

Prepared by the Division of Local Government and School Accountability

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Audit Results

Town of Amherst

Audit Objective

Did Town of Amherst (Town) officials ensure employees received leave time benefits, stipends and separation payments consistent with collective bargaining agreements (CBA) and Town policies?

Audit Period

January 1, 2023 – May 22, 2025

Understanding the Audit Area

In addition to established wages and salaries, towns often provide leave time benefits and separation payments to employees. These employment benefits are generally granted in CBAs, employment contracts, policies or town board resolutions and can represent significant town expenditures. Therefore, town officials should ensure that leave time benefits are accurate and regularly reconciled, and separation payments are authorized and accurate before making payment.

The Town's 2024 payroll and employee benefits expenditures totaled $97.1 million, and the 2025 budgeted payroll and employee benefits totaled $99.9 million. The Town paid more than $3.5 million in separation payments and nearly $618,000 in compensation for employees performing additional work during the audit period.

Audit Summary

Town officials did not ensure employees received leave time benefits, stipends and separation payments consistent with CBA language and Town policies. As a result, the Town provided additional benefits and paid compensation to employees which were not provided for in the applicable CBAs, authorized by the Town Board (Board) or supported by sufficient documentation.

- We reviewed leave records for 116 employees and identified 114 instances in which 13,058 hours of vacation leave, valued at $671,338, was inappropriately carried over, 12 instances in which employees were awarded 387 more hours of leave, valued at $24,618, than authorized by the Board-adopted "Exempt-Employee Benefits" policy (Policy), and 21 instances in which 12 exempt employees accrued 923.6 hours of unauthorized compensatory time, valued at $45,669.

- 22 stipends totaling $328,155 were paid to officials and employees without documentation indicating the additional duties to be performed or the purpose of the additional compensation.

- 78 separation payments totaling $2.5 million were inaccurate or inconsistent with CBA language and Town policies, resulting in potential overpayments of $334,852.

These errors and discrepancies occurred and were not detected or corrected due to a variety of factors including a decentralized process for maintaining leave records and a lack of oversight of leave records, stipends and separation payments. However, a significant contributing factor was that department heads responsible for reviewing leave records were unaware of all provisions of the CBAs and the Policy governing leave time benefits.

Without maintaining adequate leave records, Town officials cannot provide assurance that separation payments will be appropriately authorized and accurately calculated.

Sensitive information technology (IT) control weaknesses identified during our audit and related to our audit objective were communicated confidentially to officials.

The report includes 14 recommendations that, if implemented, will improve the Town's employee benefits processes. Although Town officials generally agreed with our recommendations and indicated they planned to take corrective action, they disagreed with certain aspects of our findings. Appendix C includes our comments on issues raised in the Town's response.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC) authority as set forth in Article 3 of the New York State General Municipal Law (GML). Our methodology and standards are included in Appendix D.

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 GML. 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 Town Clerk's office.

Employee Benefits: Findings and Recommendations

CBAs, policies and town board resolutions are generally used to define benefits that are granted to employees during their employment, as well as when the employee separates from service. According to the Town Code, each department head is responsible for executing Town policies applicable to their department. As such, department heads should ensure that their department is compliant with CBAs, policies and applicable Board resolutions. In addition, it is essential for the Board to monitor compliance with the CBAs, policies and Board resolutions.

The Town's five CBAs and Board-adopted Policy address employee benefits, including paid leave time, stipends and separation payments. More details on the criteria used in this report, as well as resources OSC makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – Officials did not ensure employees received leave time benefits consistent with CBAs and Town policies.

The Board and other appropriate Town officials did not establish a system for maintaining or reviewing leave records. Because the Town's payroll process was decentralized, each department used their own system to maintain leave records. Employees in each department were also allowed to approve their own leave requests and maintain their own leave records and balances without oversight from their direct supervisor or any other official. Lastly, department heads did not receive any form of training with respect to maintaining or reviewing leave records.

We reviewed leave records for 116 employees[1] and determined that certain employees were allowed to carry over earned, but unused vacation leave, which was inconsistent with the applicable CBA or employment policies. We identified 147 instances in which 73 employees were credited with leave time and/or improperly carried a leave balance from one year to the next, as follows:[2]

- 59 instances in which 32 employees carried over a total of 4,820 hours of vacation leave valued at $156,764 but did not follow the requirements set forth in the applicable CBA as it relates to the carrying over and use of vacation leave. Most of these instances related to employees covered by the Civil Service Employees Association (CSEA) CBA. Specifically, we identified 55 instances where CSEA employees carried over 4,558 hours despite the employees not providing at least 90 days advance notice to their department heads as required and 2,388 of these carryover hours were not used within the 90-day time frame provided for in the CBA.[3] Because the CSEA CBA allows for eligible employees to receive a cash payment from unused vacation leave at separation from service, it is important that Town officials ensure the CBA is followed with respect to the carrying over and use of vacation leave.

- 55 instances in which 33 exempt employees improperly carried over 8,238 hours of vacation leave valued at $514,574. The Policy states that an exempt employee's vacation leave cannot accumulate, unless a vacation is deferred at the Town's request. Instead, an exempt employee's unused vacation leave expires at the end of the calendar year. Officials and employees were unable to provide documentation demonstrating that any vacation leave was deferred at the Town's request. For example, the Director of Human Resources (HR Director) carried over 1,319.5 hours of vacation leave from 2023 to 2024 with no documentation indicating any vacations were deferred at the Town's

1 See Appendix D for details of our sampling and testing methodology.
2 Some employees had more than one exception.
3 According to the CSEA CBA, vacation leave accrues annually on the employee's anniversary date. If an employee does not use the earned vacation leave, the vacation leave expires at the end of the employee's annual vacation allotment period (i.e. employee's anniversary). However, upon providing advance notice to the employee's department head of at least 90 days prior to receiving his or her annual vacation allotment, employees may carry over a "reasonable amount" of previously earned vacation leave into the following vacation accrual cycle for a period not to exceed 90 days.

request. This occurred because exempt employees generally record, track and deduct their own leave time with no oversight.

- 12 instances in which nine exempt employees credited themselves with 387 more leave hours than the Policy authorized, valued at $24,618. For example, according to the Policy, exempt employees earn one and a quarter (1 1/4 day) of sick leave per month, for a total of 15 sick days a year. However, three exempt employees credited themselves with an additional 21 sick leave hours, or three days more than authorized by the Policy. The HR Director stated that he was unaware of any agreements or amendments to the Policy that would have allowed this additional accrued sick leave. Furthermore, in six instances, four exempt employees credited themselves with 282 more vacation leave hours than the Policy authorized. The HR Director stated that he would negotiate additional vacation leave time for certain exempt employees and documented the additional vacation leave time in the employee's job offer letter. However, this additional vacation leave was inconsistent with the Policy and was never presented to or approved by the Board. Four Board members agreed that the Board should have approved any deviation from the Policy, because the HR Director was not authorized to extend employees additional leave accruals, benefits or compensation.

- 21 instances where 12 exempt employees accrued 923.6 hours of either compensatory or flex time from January 1, 2023 through December 31, 2024, valued at $45,669. However, the Policy did not allow exempt employees to accrue compensatory time. In addition, the HR Director issued an undated memorandum stating, in part, that "exempt employees are salaried employees, and as such, are not eligible for compensatory time, which is a form of overtime granted in time off in lieu of cash payment." As such, "no exempt employee should be maintaining a running account or listing of extra time worked, as such time is not accruable, and is not to be used in lieu of sick leave or vacation time." Furthermore, the memorandum acknowledges that in some instances it is necessary for the employee to work more than normally scheduled hours to complete work or fulfill obligations. Therefore, the memorandum states that "the Town grants exempt employees the ability to reasonably adjust or "flex" their hours to make up for some excess time which may be worked." This "flex" time is to be used within a reasonable period, generally within two pay periods of when the extra time was worked. We determined that five exempt employees carried over 508.25 compensatory or flex time hours into 2024 and 598.75 hours into 2025, which was inconsistent with the memorandum's guidance.

In addition, the Chief Accountant performed a review of the Town's leave accrual process in 2022, and determined that leave time was not always awarded correctly, leave time was maintained exceeding what was allowed per the respective CBA, carried over leave was not used within the required time frames and exempt employees were unaware of what benefits they were entitled to according to the Policy. The Chief Accountant recommended that training be provided by the Human Resources (HR) Department and the Town Comptroller's (Comptroller's) office, and that department heads monitor their employees' leave time. Although the findings and recommendations were provided to the Town Supervisor (Supervisor), the other Board members, and HR Director, none of these officials took action to address the deficiencies in the leave accrual process. As a result, all departments continued to inconsistently interpret and implement the CBAs and Policy.

Except for the Chief Accountant's review in 2022, Town officials did not perform an independent review of each department's leave records. In addition, although the Chief Accountant identified errors in leave balances when calculating the annual compensated absences liability at fiscal year-end and reported these errors to the department head, Comptroller and HR Director, corrections were not always made and leave balances remained inaccurate.

Had the Board developed and adopted written policies and procedures and/or training to guide the process for maintaining leave accruals, including recording leave use, updating leave balances and verifying leave was recorded accurately, these errors and discrepancies could have been avoided and/or corrected in a timely manner.

Recommendations

The Board should:

1. Require the Supervisor, HR Director or another appropriate official to periodically review leave records and balances and ensure departments' payroll personnel properly calculate and deduct leave time used from employee leave balances and that the leave time earned is in accordance with the applicable CBA or Policy.

2. Ensure the department heads, Town officials or employees having direct supervision over specific departments or individual employees review and approve employees' leave requests and prohibit officials and employees from approving and tracking their own leave usage. If department heads are using leave time, it should be approved by the Supervisor or other appropriate official.

3. Clarify expectations regarding compensatory or flex time for exempt employees.

4. Require periodic training be provided to department heads, officials and payroll personnel involved in maintaining leave records with the leave accrual process and contractual requirements related to earning and carrying over leave time.

5. Require an independent review of leave records and direct department heads to make the appropriate adjustments to leave records for the errors identified in this report.

The HR Director should:

6. Present any additional leave accruals, benefits or compensation he negotiates related to employment agreements to the Board for review and approval.

7. Ensure that all department heads are provided with copies of CBAs and the Policy.

The department heads should:

8. Follow the applicable CBA or Policy terms when awarding and approving leave time, including receiving notification to carryover prior to 90 days and expiration of carryover leave after 90 days as required by the CBAs.

Finding 2 – Officials did not ensure stipends provided to certain employees were appropriate.

In addition to establishing fixed salaries for officers and employees of the Town, the 2023 and 2024 annual budget included reference to 47 stipends,[4] totaling $617,976, for certain officers and employees. However, the Board's approval of the budget, which included the 47 stipends, did not include documentation or other support indicating the purpose of the stipends, or what additional job duties the employees were assigned or expected to perform in exchange for receiving the additional compensation.

Figure 1 shows an example of how the $15,000 stipend within the HR Department was presented to and approved by the Board within the annual budget.

4 Although there is no express statutory authority to provide a stipend within the Town Law, the Town refers to the additional compensation to be received by certain officers and employees as a stipend.

Figure 1
2024 Adopted Budget, Salary and Wage Schedules

HR	*A1430*					
Job Class	2023 Adopted Budget	BU	2024 Proposed Budget	2024 Department Request	2024 Supervisor's Budget	2024 Adopted Budget
Director Human Resources	146,658.23	Exempt	146,658.23	146,658.23	149,591.39	149,591.39
Stipend	15,000.00		15,000.00	15,000.00	15,000.00	15,000.00
Senior Secretary	75,273.48	Exempt	77,531.69	79,857.64	81,454.79	81,454.79
Senior Secretary	70,483.36	Exempt	72,597.85	73,686.82	75,160.56	75,160.56
Secretary	54,060.04	Exempt	56,795.49	58,500.00	58,500.00	58,500.00
	$ 361,475.11		$ 368,583.26	$ 373,702.69	$ 379,706.74	$ 379,706.74

Additionally, at the annual organizational Board meeting, the Board approved the stipends a second time. However, in this resolution the stipend was specifically tied to eight department heads and other exempt employees without documenting the stipend's purpose (Figure 2).

Figure 2
Excerpt From January 2, 2024 Organizational Board Meeting Minutes

EXEMPT SALARIES 2024 Department Heads & Assistant Department Heads	
Class Title	2024 Salary
Town Attorney	143,088.05
Town Comptroller	147,380.69
Director of Human Resources*	164,591.39
Director of Finance	149,591.39
Town Assessor**	126,418.39
Town Engineer***	152,942.81
Commissioner of Buildings****	141,891.35
Planning Director	132,646.76
Director of Economic Development	Vacant
Expansion Coordinator – Special Projects	128,374.45
Director of Youth & Recreation	128,429.69
Director of IT	128,429.69
Engineering Services Administrator*****	147,515.22
Chief of Staff	105,523.79
Director of Senior Services	108,425.70
Deputy Town Comptroller	111,678.47
Sr. Recreation Specialist/Ice Facility Mgr.******	124,925.70
Assistant Town Engineer	105,523.79
Deputy Youth & Recreation Director	108,425.70
Assistant Planning Director*******	113,839.52
Director of Emergency Services & Safety********	127,159.98
Senior Fire Dispatcher	102,159.98
Deputy Hwy Superintendent	73,735.64
* Includes $15,000 Stipend	
** Includes $7,500 Stipend	
*** Includes $7,000 Stipend	
**** Includes $20,000 Stipend	
***** Includes $20,000 Stipend	
****** Includes $16,500 Stipend	
******* Includes $6,000 Stipend	
******** Includes $25,000 Stipend	

We requested written documentation to support the additional duties performed for all 47 stipends approved by the Board. The Supervisor, four Board members and HR Director could not provide us with documentation, or an adequate explanation to support the purpose of 22 stipends[5] (47 percent) totaling $328,155 to employees. For example:

5 Some employees had more than one exception.

- The Commissioner of Buildings (Commissioner) received a $15,000 stipend in 2023 and a $20,000 stipend in 2024. The HR Director told us the Commissioner received the stipend because he was responsible for overseeing the Village of Williamsville's (Village) building permits. According to an intermunicipal agreement, the Village reimburses the Town for the cost of overseeing the Village's building permits with a lump sum annual payment to compensate the Town for the use of its resources, including personnel, office supplies and other indirect costs. There is no indication that this payment was intended to provide the Commissioner with additional compensation. The Commissioner told us he provided the services related to the Village during his normal working hours using Town resources and did not work additional hours. Therefore, we question whether the stipend could have been part of the Commissioner's fixed salary.

- The HR Director received a $15,000 stipend in both 2023 and 2024. The HR Director told us he originally received the stipend because he is a labor attorney, implying that he was providing additional services in this capacity to the Town. However, he later told us the stipend was for COVID-19 pandemic related duties. However, the Town did not have written documentation to support the stipend's purpose. Therefore, to the extent the Town wishes to receive additional legal services from the HR Director, in his role as a labor attorney, the Board should consider authorizing an annual salary commensurate with the expected responsibilities.

- The former Director of Emergency Services and Safety received a $12,500 stipend in 2024 for being the "Pandemic Response Coordinator," but it was unclear what specific duties he provided for the Town. The Supervisor told us that this individual was performing follow-up work related to COVID-19 pandemic financial aid the Town received but could not provide documentation or other support to demonstrate that additional duties were performed in exchange for receiving additional compensation.

The HR Director told us that he knew the purpose of all 47 stipends but did not have written documentation to support the purpose of each stipend. Although the HR Director told us in October 2024 that he would create a list of each stipend with a description of the purpose of the stipend, he did not provide a list until May 2025. Additionally, the list included only 20 stipends with a corresponding job title but no description or purpose.

Four Board members said they did not receive documentation of each stipend's purpose before approving the stipend but were aware of the additional duties expected for some of the stipends. In addition, Town officials did not maintain documentation of the additional hours worked or duties performed by officials who received each stipend. Furthermore, it was unclear whether the officials who received stipends knew what additional duties they were expected to perform related to the stipends.

We spoke to department heads and employees in relation to 23 stipends, and only one employee provided documentation of the additional duties performed for their stipend. Although some of the remaining individuals were aware of the stipend and additional duties, they did not receive documentation regarding their additional duties and believed the HR Director maintained the information. The Supervisor told us that these 23 stipends were approved by Board resolution and indicated that some may have been initially approved, with detail, several years earlier and possibly before he was the Supervisor. However, the lack of documentation and support for providing stipends undermines the transparency of the Town's financial operations, including all amounts paid to employees as compensation. Additionally, the lack of Board oversight resulted in stipends being paid to officials and employees without the assurance that the officials were aware of the additional duties to be carried out or whether the stipends were applicable to the position.

Recommendations

The Board should:

9. Ensure that the additional duties and purpose for all stipends are adequately documented and approval for each is recorded in the meeting minutes, a Town policy or a resolution.

10. Request and review documentation supporting the purpose of each stipend, the additional duties to be performed and time spent on these duties, outside of the department heads' or employees' normal job duties and ensure the need for additional compensation is justified and appropriate.

Finding 3 – Officials did not ensure separation payments paid to employees were consistent with CBAs or the Policy.

We reviewed all 119 separation payments made during the audit period totaling $3.6 million and determined that 78 separation payments totaling $2.5 million were inaccurate or inconsistent with CBAs and the Policy, resulting in potential overpayments of $334,852. For example:

- Three police department employees received separation payments at retirement totaling $234,001 that they may not have been eligible to receive. According to the Amherst Police Club CBA, police officers injured in the performance of their duties were eligible to receive salary and other benefits according to GML Section 207-c. However, in the event an individual receiving GML Section 207-c benefits enters into the 19th month off of work, the recipient would no longer be eligible for benefits, except for receiving their salary, health, dental and eye insurance. As such, the CBA suggests that employees in that circumstance would not be eligible to continue accruing leave, such as vacation and sick leave. However, the Town continued to award benefits to these employees, including one for nearly nine years, one for four years and one for three years. After we brought this issue to Town officials' attention, the HR Director stated that he met with the Assistant Police Chief, and they determined the Town should be enforcing the CBA and would no longer award these benefits.

- One employee, covered by the Policy, received a separation payment of $42,242 at retirement for accrued, but unused vacation leave. However, the employee was potentially overpaid by $11,698 because the employee was paid for 75 vacation days that included 30 vacation days which were carried over from 2023. According to the Policy, unused vacation leave is not permitted to be carried over to the following year, unless a scheduled vacation is deferred at the Town's request. Town officials could not provide us with, and we did not find documentation in the Board meeting minutes to support that the 30 vacation days carried over from 2023 was due to the Town deferring a previously scheduled vacation. Nonetheless, in computing the employee's vacation leave payout upon retiring in 2024, the employee's calculation included the 30 vacation days the employee earned in 2023, which should have expired at the end of 2023. We question why the HR Director and Comptroller approved the additional 30 vacation days in the employee's separation payment. Instead, based on the language in the Policy, the employee should have only been paid for 45 vacation days. This occurred because exempt employees recorded their own leave time, did not obtain approval for carryovers and calculated their own separation payments without a supervisor reviewing their leave records or calculations.

- One employee received a separation payment of $14,224 at retirement but was potentially overpaid by $4,267 because the employee's unused vacation leave accruals, which were converted into a separation payment upon retirement, exceeded the amount authorized by the CBA. We recalculated the employee's vacation leave earned in 2023 and 2024 and determined that the employee was paid 120 hours more than the CBA authorized. The Comptroller told us that he reviewed the separation payment and had concerns about the excessive balances; however, the HR Director advised him to pay the separation payment.

- Three part-time employees, who were not covered by a CBA, received separation payments totaling $4,251 at retirement for earned but unused sick and vacation leave accruals. However, the Town did not have any documentation to indicate part-time employees were eligible to earn sick and vacation leave benefits. The HR Director stated that the former HR Director had agreed to provide part-time employees with benefits, at a reduced rate; however, he was unable to provide documentation or evidence of Board approval of this arrangement. In addition, two of these employees were hired after the current HR Director began employment with the Town; therefore, he would have approved the arrangement for these two employees, not the former HR Director.

Although the HR Director and the Comptroller were generally responsible for reviewing and approving separation payments, these potential errors and overpayments likely occurred and were not detected because the HR Director did not approve 115 of the 119 separation payments made during the audit period, and the Comptroller did not approve nine separation payments. Additionally, the Board did not adopt a policy and Town officials did not develop procedures for department heads to follow when an employee leaves employment and is eligible for separation payments. Various Town officials[6] told us that each department head or department's payroll clerk calculated separation payments and sent the calculation and supporting documentation to the HR Director and Comptroller for review and approval. However, because the HR Director and Comptroller did not always review separation payments, these payments were not always accurate or consistent with the applicable CBAs or the Policy before the payments were processed and distributed.

The HR Director told us that he generally did not review separation payments unless there was an issue and delegated the duty to an employee in his department who at times would sign his name. We determined that four separation payments totaling $44,007 that included the HR Director's signature approving the separation payments were not approved until after we inquired about his lack of approvals. Furthermore, in some instances, employees calculated their own separation payments, maintained their own leave balances and approved their own leave time carryovers.

The Comptroller stated that he had discussions with the HR Director related to the calculations that exceeded what the CBA allowed, but if the HR Director said the calculation was acceptable, he would make the payment. However, these discussions were not documented or retained with the support for the separation payments. Furthermore, we question whether the HR Director should have the authority to approve benefits not negotiated, agreed upon and authorized by the Board and the applicable collective bargaining units.

Because the Comptroller did not properly audit the separation payments and enforce his authority to audit and approve disbursements of the Town, inappropriate separation payments were made. In addition, because Town officials did not enforce the CBA and Policy or establish policies or procedures providing guidelines for calculations, Town officials cannot provide assurance that separation payments are accurate.

Recommendations

The Board and Town officials should:

11. Develop and adopt written policies and procedures to provide guidance for calculating and processing separation payments, including who should be responsible for the initial calculation, who will review the calculation and how they will ensure the leave balances are accurate and calculations comply with the applicable CBA or Policy.

The Board should:

12. Ensure separation payments are accurately calculated and reviewed by an appropriate official, such as the HR Director, department head or someone other than the employee requesting payment.

13. Consult with the Town Attorney to determine what action, if any, should be taken regarding inaccurate, improper or unsupported separation payments.

The HR Director and Comptroller should:

14. Conduct a thorough review of all separation payments to ensure that payments are supported by sufficient documentation, such as leave records and evidence of intent to carry over leave, and to verify that payments were calculated accurately and in compliance with the applicable CBA or Policy, and document their approval.

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6 The Comptroller, HR Director, Director of IT, Director of Senior Services, Supervising Fire Dispatcher, Project Manager and Deputy Town Clerk.

Appendix A: Profile, Criteria and Resources

Profile

The Town, located in Erie County, is governed by the elected five-member Board composed of the Supervisor and four Board members. The Board is responsible for the Town's financial activities.

The Town has five CBAs and a Board-adopted Policy which govern employee benefits for 649 full-time employees. The Supervisor is responsible for administrating Town affairs and appointing department heads. Each elected official and department head is responsible for executing Town policies, Board resolutions and CBAs applicable to their department. The HR Director is responsible for coordinating the Town's personnel activities and assisting in the execution and administration of CBAs. The Comptroller is responsible for processing, auditing and approving all disbursements of Town funds. The Chief Accountant is appointed by the Board and works under the direction of the Comptroller. The Comptroller resigned effective April 30, 2025 and an interim Comptroller was appointed effective May 1, 2025.

Criteria

Accurate leave records reflect each employee's accumulated leave balances and are supported by properly approved timesheets and leave requests. Leave time earned or awarded must be supported by CBAs, town board-approved policies or resolutions. Additionally, leave time used must be deducted from leave balances in a timely manner to ensure the balances remain current. The use of leave request forms should be required for all employees to document prior supervisory approval to use accrued leave credits and support absences covered using leave credits.

A town board is also responsible for establishing and monitoring compliance with written policies and procedures regarding leave time and maintaining leave records. These policies and procedures should clearly designate the individual responsible for maintaining leave records and the individuals responsible for recording leave usage, updating leave balances or verifying leave was recorded accurately. These policies should also require department heads, town officials or employees having direct supervision over specific departments or individual employees to periodically review and reconcile the department's leave records with the payroll system leave records to ensure leave balances are accurate and up to date.

A town board should also require periodic independent reviews of leave records and balances by the town supervisor or another appropriate official. As part of this review, officials should ensure payroll personnel properly calculate and deduct leave time used from employee leave balances and leave is both earned and carried over from year to year according to the applicable agreement, resolution or policy.

According to Town Law Section 27, a town board is generally responsible for fixing the salaries of all officers and employees for services rendered to the town. However, pursuant to a duly authorized local law, a town board may supersede the restrictions set forth in the Town Law and instead provide that certain officers or employees receive an additional amount of compensation for providing additional specified services to the town. In that case, a town board should maintain detailed documentation of what additional duties or responsibilities have been assigned in exchange for additional compensation to help provide public transparency of a town board's intentions for approving the additional payments.

Employees who perform additional assigned duties, outside of and beyond their regular job duties, may be eligible to receive additional compensation, referred to as stipends. However, justification for stipends should be memorialized in writing, as well as approved by the town board and documented in the town board's meeting minutes. Without accurate, reviewed and approved records, town officials may cause unnecessary costs to taxpayers.

Written contracts, resolutions or policies should clearly specify leave benefits available to employees, including the type and amount of leave time that employees are entitled to earn, use, carry over and exchange for payment. They also should specify which employees are eligible to receive leave benefits. Additionally, complete, accurate and reliable leave records are generally used as support for unused, accumulated leave paid to employees when leaving employment as a separation payment. Separation payments should be made according to a town board-approved employment contract or CBA. To help ensure separation payments are accurate and comply with applicable employment agreements, an appropriate town official, independent of the payroll function, should review separation payments to confirm they are accurate and justified under applicable agreements before the payments are processed and distributed.

See Figure 3 for the details of each CBA's vacation time stipulations.

Figure 3
Summary of CBA and Policy Vacation Accruals

CBA/Policy	Cumulative	Carryover Limit	Carryover Use
Amherst Employees' Association	Not cumulative, expires at the end of the calendar year	May carry over up to 2 weeks	Employee is to schedule the time to be taken before the end of the current year to be used by the following April 30
Amherst Highway Employees Association	Not cumulative	May carry over 2 weeks	Not applicable
Amherst Police Club	Not cumulative	Not applicable	Not applicable
Central Fire Alarm Office Association	Not cumulative, expires at the end of the calendar year	May carry over if scheduled vacations are deferred at the Town's request	Employee is to schedule the time to be taken during the months of January, February, March, April and/or May
Civil Service Employees Association	Not cumulative, expires at end of annual allotment period	Must provide 90 days notice prior to receiving annual allotment to the department head requesting to carry over a reasonable amount of vacation leave	Must be used within 90 days of allotment period
Exempt Employees Benefits	Not cumulative, expires at the end of the calendar year	May carry over if scheduled vacations are deferred at the Town's request	Not applicable

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *Information for Town Officials*: https://www.osc.ny.gov/files/local-government/publications/2020/pdf/information-for-town-officials.pdf
- *The Practice of Internal Controls*: https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf
- *Fiscal Oversight Responsibilities of the Governing Board*: https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government.

Appendix B: Response From Town Officials

The content below is a reproduced copy of the original response letter issued by Town officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[7] and may have included changes to spelling and grammar. The substance of the content was not changed.

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

Town of Amherst
Amherst, NY
Amherst Municipal Building – 5583 Main Street – Williamsville, NY 14221
716-631-7000 – toainfo@amherst.ny.us – www.amherst.ny.us

Town of Amherst Response Outline to OSC Audit
Employee Benefits
2025M-90

Introduction

The Town of Amherst ("Town") submits this response to the Office of the New York State Comptroller's Division of Local Government and School Accountability's ("OSC") audit of employee benefits for the period of January 1, 2023, through May 22, 2025. From the start of this response, the Town would like to highlight how seriously it takes the recommendations and findings presented in the audit. The de-centralized payroll system that has been in place for decades is something the Town has been working on updating for years and is close to implementation. This system will address most, if not all, the concerns in the audit. In the interim, the Town has put in stronger oversight and reporting requirements to ensure proper backup support is provided, and that contracts are strictly followed with proof of the same.

It is also important to mention that the majority of the audit deals with the lack of back-up support relating to: (1) vacation carryover for CSEA and exempt employees, (2) the accrual of vacation time and sick time for exempts, (3) the use of "stipends," which are a form of other compensation provided to employees and approved by the Town Board for additional functions, and (4) retirement payouts. The Town has adopted new reporting requirements, adopted clearer internal controls, required stronger backup, and clarified roles of staff on how to handle the situations discussed.

Finding 1 – Leave Time Benefits

The first finding deals with the lack of backup support for certain leave time benefits. OSC reviewed 116 records and determined that 73 employees carried over a vacation balance improperly. The context of this finding is important, and each bullet point will be responded to directly for this finding.

CSEA Carryover – Bullet Point 1

First, OSC reviewed CSEA employees and determined that 32 employees carried over vacation time without requesting a deferment 90 days in advance of the end of their vacation period, and some of that carryover time was not used within the 90 days provided for in the CSEA contract. This is likely because vacations were deferred after the 90-day period had started, some departments did not track vacation carryover appropriately due to a change in the timing of the allotment period in a recent contract, or departments did not implement a written procedure to request carryover [OSC Comment: See Appendix C, Note 1].

7 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule

Many departments and divisions of the Town are small, so the practice has been to have verbal conversations related to carryover. There does not appear to be an allegation that employees improperly used time or used too much time and regularly carried over extra time. The issue is that the Town did not have employees document the carryover appropriately, potentially leading to concerns that improperly carried over vacation time could lead to a higher retirement payout.

Exempt Carryover – Bullet Point 2

OSC reviewed the vacation carryover amounts for exempt employees and found a lack of documentation supporting that the vacations had been deferred at the Town's request. OSC specifically noted that the Director of Human Resources had carried over 1319.5 hours of vacation without documentation. The Director advised OSC during the audit that he had no intention of using any of or requesting a payout for that vacation time. The Director's amount of accumulated vacation time has no financial impact on the Town because the 1319.5 hours is deducted from the year end compensated absences calculation and replaced with the maximum amount allowed per the exempt policy by the Comptroller's Office. The Director explained that he tracks it simply out of his own curiosity, having worked in HR without a deputy for almost three decades and did not take his earned vacation time due to the needs of his department. It's important to note that Exempt employees are generally department heads, deputies, administrative staff, or other high-level staff, and historically have not had a central reporting requirement related to time off requests or carryover. As Fair Labor Standards' Act exempt employees, it was not required by law to track their time off, which is a reason for the past decentralization [OSC Comment: See Appendix C, Note 2]. Since most departments in the Town are relatively small and have few exempt employees, the practice has been to verbally discuss carryover and time off [OSC Comment: See Appendix C, Note 3].

This practice is in the process of being changed, as carryover and time off requests will be centralized for department heads with definitive supportive written documentation. To ensure these issues are resolved and provisions are strictly adhered to, the Town has instituted vacation carryover forms for CSEA, AEA, and Exempt employees. The forms are attached as Exhibit 1 and were sent to Town department heads in April 2026 for use with future carryover. Additionally, the Town is in the process of significantly updating its Exempt Policy to regulate and clarify issues including but not limited to time off requests and carryover requests. This will include a defined hierarchy of who is authorized to approve time off and carryover, so no employee is handling their own. The goal is to put in place standard procedures that are uniform across the Town, and to replace the prior policy that had left departments to interpret and implement rules and procedures on their own. Of important note, the Town is weeks away from implementing a standardized time and attendance program which will not only track employees' work hours, but will track leave time as well, reducing, if not eliminating errors or improper calculations. The new system will zero out vacation time for exempts at the end of the year and if, at the request of the department head, an employee's vacation time must be deferred and carried over, documentation must be submitted proving the deferment was requested and will be taken within the 90-day period as per the policy.

Exempt Accruals – Bullet Point 3

OSC also found issues related to exempt sick accruals and vacation accruals. They found that certain employees were over-credited with sick time. This was done in error and has been corrected. Since sick time is not paid out (except for at the time of retirement and none of the impacted employees retired), there should be no cost to the Town due to this error.

In order to recruit qualified candidates, the Town has routinely offered prospective exempt employees more vacation time than the minimum permitted in the Exempt Policy. For years, the Town has outlined the offer with increased vacation time in the employee's offer letter which was written and sent by the Human Resources Director after consultation with the Town Supervisor [OSC Comment: See Appendix C, Note 4]. This allows the Town to hire employees from other places and encourages union employees to take exempt positions. Without it, employees will be less likely to take exempt positions if they are losing several weeks of vacation time coming from a union or another employer. The Town's draft of the updated Exempt Policy contains language to clarify this procedure.

<u>"Flex Time" – Bullet Point 4</u>

OSC also found issues related to "compensatory time" for exempt employees. It is important to note that exempt employees are not now or have ever received compensatory time, which was explained to OSC during the audit. A copy of the "Exempt 'Flex' Time" Policy, which is mentioned in the audit, is attached as Exhibit 2. The Flex Time Policy clearly states that exempt employees are not entitled to "overtime ... [or to] compensatory time, which is a form of overtime granted in lieu of cash payment." Occasionally, department heads will misuse the term for exempt employees, as their non-exempt employees do get compensatory time and many department heads previously worked in unions and therefore received compensatory time. However, it needs to be exceedingly clear that exempt employees do not earn compensatory time.

Compensatory time is a term of art related to the Fair Labor Standards Act ("FLSA") and its interpretative regulations. 29 CFR § 553.22 allows non-FLSA exempt government employees to earn additional time off (earned at the rate of time in a half) in lieu of paid overtime. Exempt employees are exempt from the overtime pay requirements of the FLSA and therefore are not entitled to overtime or compensatory time under the law or Town policy. This mischaracterization of the program was raised with OSC investigators and the Town confirmed with OSC that employees were earning the time at a 1:1 ratio, and not 1:1.5, which avoids the assumption that the employee is earning compensatory time. OSC claimed that due to the advice of its legal team, it was not able to remove the term of art of "compensatory time" from its report and replace it with the term "flex time," which is more accurate. This decision will undoubtedly confuse the public and cause unnecessary concern. In sum, the Town does not give compensatory time to exempt employees [OSC Comment: See Appendix C, Note 5].

The Town, on the other hand, does permit exempt employees to "flex" their time, as outlined in Exhibit 2. If an exempt employee is required to work outside of their normal work hours, they are permitted to leave early, or come in late, on another day. It is a 1:1 program and therefore it is not compensatory time. It is not meant to be used in lieu of sick or vacation time and by the plain language of the policy, is not intended to be banked in large quantities or held for a significant period of time. It was, however, intended to allow employees to be flexible in their workdays when working outside of their normal work hours. The flex time policy, as referenced in the report, does have an inherent contradiction, as it is not supposed to be accruable, but can also be used in lieu of other leave time. This may have led to the misunderstanding across different departments about the ability to carryover or "bank" the time as well as the length of time the earned flex time would be viable. As mentioned in a few places, this is because as FLSA exempt employees they are not technically required to work a set number of hours under the law. The Town is adding this provision to the Exempt Policy and intends to formally clarify how flex time should be handled in the future to create consistent and defined parameters across all departments.

<u>Conclusion – Finding 1</u>

The overall issue related to this finding deals with the Town's current decentralized payroll process which impacts all the issues raised in this audit. The Town has taken interim steps to ensure compliance with policies and contractual agreements. First, the Comptroller's Office has been randomly auditing the payroll records of various departments. The Comptroller's Office then works with the department head, Human Resources Department, and Finance Department to fix any issues that have been discovered. If there is an issue with a lack of written supportive documentation, the request is tagged as "denied as documentation is required for payment." If there is a contractual issue, the parties have been working with the unions to resolve the issue. As stated above, the Town has implemented vacation carryover forms for the employees in the Amherst Employees' Association, the Civil Service Employees Association, and those under the exempt policy. It is worth noting that any exempt that tries to carry over vacation time, especially in high amounts as indicated in the report, will not be paid out for that time [OSC Comment: See Appendix C, Note 6].

The Town is in the final stages of re-writing the Exempt Policy and submitting it for Board approval. The new policy outlines the rules and procedures surrounding flex time, carryover, and variations from the existing Exempt Policy. This new document will provide stronger internal controls and reporting requirements, including time-off approval procedures for department heads and other centralized approval systems. It also outlines the process which allows for variation from the Policy to recruit candidates to the Town. Additionally, all informal practices that have been historically permitted will be considered by the Board and codified if appropriate or rejected if not. Flex time will also be better defined with an approval process and a use policy. This will be a comprehensive change to the document that has been specifically drafted with the audit in mind.

The Human Resources Department, Finance Department, and IT Department are hosting a department head training in June, and then supervisor training for first line supervisors in July or August. This will include topics such as handling employee discipline, a deep dive into major collective bargaining agreement provisions, and a conversation about the new expectations with time and attendance. This will also be an opportunity to ensure that all supervisors have access to copies of CBAs and can ask questions about their roles and responsibilities under the CBAs in case there is any confusion on the topic. It should be noted that all Town CBAs are available on the Town website and have been throughout this process. When the new Exempt Policy has been approved by the Town Board, a training document will be provided to both department heads and first line supervisors summarizing in detail and providing examples of the new policies and procedures.

Finally, as stated above, the Town will soon implement a centralized time and attendance system which will automate accruals, and other contract and policy rules with the practices of each department. The Comptroller's Office and Finance Department have spent a significant amount of time working on this program, with assistance from the Human Resources Department. The new system will have clear approval processes and hierarchy for time off requests, and vacation carryover. Vacation time zeroes out and will not be carried over without the appropriate backup documentation. The Supervisor's Office is one of the first groups being put online, along with Finance, the Comptroller's Office, Human Resources, Information Technology, the Engineering Department, the Plant, the Facilities Department, Sewer Maintenance, Youth and Recreation, and the Senior Center. Other departments will soon follow. There will be individual meetings with each department to talk about concerns with implementation or contractual issues. Centralized payroll and clear oversight responsibilities will resolve a vast majority of the concerns in the audit.

Finding 2 – Stipends

The audit noted there were concerns regarding the payout of stipends, a form of additional compensation generally provided to employees to perform work above or outside of their job specification. OSC wrote that it reviewed 47 stipends between the 2023 and 2024 budgets, and that there was a lack of documentation indicating the purpose of each stipend. OSC highlighted in its report that the Town did not provide a response on the purpose of 22 stipends. In a meeting with OSC in 2025, the Town requested a list of the specific stipends that OSC needed additional information about [OSC Comment: See Appendix C, Note 7]. Attached as Exhibit 3 is the list that OSC provided in 2025. Attached as Exhibit 4 is a copy of the response from Human Resources Director McCarthy - identifying the title of 20 of the stipends that OSC requested. One of the stipends appears to be a duplicate and was not in the 2024 budget, the 2024 Maintenance and Admin Function assigned to Plant 16 only went to one employee and not two as outlined, and the other stipend was not responded to related to a Deputy Senior Dispatcher position that was contractual in nature [OSC Comment: See Appendix C, Note 7].

Exhibit 5 outlines the full list of stipends that OSC sent in May of 2026, and 18 of the 47 listed are duplicates from year to year (e.g. Deputy Supervisor, Substance Abuse Cami/Opiate Court Stipend (x3), Budget Officer, Deputy Assessor, Human Resources Stipend, Town Engineer (Admin Function)/Town Engineer, Engineering Service Administrator, Senior Dispatcher, Deputy Senior Dispatcher, EMD/EMF, Pandemic Response Coordinator/Director of Emergency Services Stipend, Sr. Recreation Specialist/Ice Rink Manager, Records Management Officer, the Deputy Town Clerk/ZBA/Tax Collector, the Deputy Town Clerk/Town Board/Tax Collector, and the Assistant Planning Director/ZEO. Additionally, the "maintenance and admin function," plant 16, appears to be a duplicate for the WWTP Superintendent Maintenance and was not in the budget or resolution. Eight stipends are contractual in nature, encompassing the twice counted Senior Dispatcher Stipend (2023 and 2024), the twice counted Deputy Senior Dispatcher Stipend (2023 and 2024), the twice counted EMD and EFD Stipend (2023 and 2024), and the twice counted K-9 officer (both in 2024).

Every stipend on the list from Exhibit 5 was approved as part of the 2023 and 2024 budgets, or was adopted by the Board via resolution, as noted by OSC. Attached as Exhibit 6 are the relevant page numbers that show where each stipend is on each budget, or the adopting resolution. The stipends all have names that explain the reason for the stipend and are placed in the proper department [OSC Comment: See Appendix C, Note 7]. The budget process in the Town takes several months, with plenty of revisions, meetings, and public hearings. Additionally, several of these stipends are contractual in nature, specifically those related to K-9s and Central Alarm [OSC Comment: See Appendix C, Note 7]. The rest deal with additional duties performed by employees - all of which is disclosed to the public, the Board, and employees. Although these facts have not historically been documented in writing outside of the budget, the Town was unaware of any requirement surrounding stipends or additional compensation.

OSC indicated that the Town would be permitted to grant other compensation for employees to perform additional duties. That is what the stipends are intended to do. OSC's main concern appears to be specific nature of the detail about each stipend. The Town will incorporate this moving forward during the 2027 budget process and beyond. It is worth noting again that the stipends have been passed as part of the budget for years, and there was a procedure that was readily accessible for questions if the stipends were not clear on their face. The Town has little interest in providing stipends in the future, and has taken, and will continue to take, steps to eliminate them wherever possible. Finally, in a brief review of local government budgets across the State, stipends play a role in a large swath of municipalities' compensation systems.

The Town will continue to pay contractual stipends to remain in compliance with its contractual obligations, as it has no ability to stop them without negotiation. The Town will provide more information about each stipend in the budget process, as it is a good recommendation as a rule of best practice.

Finding 3 – Separation Payments

The majority of the separation payments discussed in the audit report relate to three Amherst Police Department employees who were on disability benefits for a long period of time. This was an error made on several fronts and has been corrected. These situations come up infrequently and a little utilized term of the CBA was missed. The Town has run into this issue on a few occasions since and provided notice to the employees about the contract provision at issue. These employees stopped receiving the relevant benefits at the appropriate time. This should not happen again in the future.

OSC also noted that an exempt employee may have improperly carried over vacation time, which led to a larger retirement payout. OSC states that the carryover was not approved by the Town Board and therefore was carried over inappropriately. There is no requirement in the Exempt Policy that the Town Board approve vacation carryover [OSC Comment: See Appendix C, Note 3]. The current Policy, attached as Exhibit 7, states that the employee must provide notice to the Department Head and Town Comptroller. Although there may have been a lack of supportive documentation, it should be clarified that the Policy does not require Board approval for carryover. The Town is correcting the procedure for department heads regarding carryover and separation payouts so employees cannot calculate and approve their own separation payouts.

The process related to signing off on retirement payouts has never been formalized in the past. The Town has tightened up this process. There was a lack of communication between HR and the Comptroller's office about which office was reviewing the separation payments and for what purpose. The two departments have worked closely together over the last two years, clarified roles, and have formalized many informal processes to close many of the gaps outlined in the audit. Attached as Exhibit 8 is an updated form provided to department heads for sign off on separation payments, specifically indicating that the information provided has been reviewed and is in line with CBAs or the Exempt policy. Department heads have real-time knowledge of how employees have used time, and they are best situated to sign off on the accrual balances regardless of whether or not there's a centralized time and attendance system. Additionally, attached as Exhibit 9, is the Town's updated HR/Comptroller form for HR to review and sign, indicating that HR is signing off that the retirement status and date, and that the rate of pay is correct. This form also gives notice that the Comptroller has approved the accuracy of the calculation for payment. Finally, the Comptroller can reject payouts, or portions of payouts, for which it has no supportive documentation. This has happened several times since the conclusion of the audit.

Any disagreements on the terms of the retirement payout have been and will continue to be brought to the Town Board.

<u>Conclusion</u>

Although there was some need to clarify some of the practices at issue in the audit, the Town recognizes and appreciates that it must keep better written supportive documentation to justify many of its practices to ensure compliance with CBAs and Town policies. Ultimately, Amherst, as a town, has grown significantly, and reached the size of many cities and counties in New York State. The days of verbal agreements without documentation are in the past. The Town is appreciative and accepts the vast majority of the recommendations offered in the audit report. The Town has already been moving in the direction towards automated time and attendance which will address the majority of the concerns related to time use, documentation of carryover, and retirement payouts. Additionally, the Town is committed to providing more information about the relevant stipends to alleviate any and all concerns relating to the duties performed. This audit has provided the Town with valuable insight into some perceived or actual shortcomings, which the Town has already started to address, and plans to fully commit to fixing in the very near future.

Respectfully submitted on behalf of the Town of Amherst by:

Shawn A. Lavin
Town Supervisor
Amherst, New York
Date: May 21, 2026

Appendix C: OSC Comments on the Town's Response

Note 1

Town officials attributed the leave record errors, in part, to a change in the timing of the allotment period in a recent contract. However, the CSEA contract was not executed until March 18, 2025. We reviewed leave records for 2023 and 2024, prior to the execution of the new CSEA contract. Therefore, the contract changes referenced in the Town's response were not applicable to the period reviewed.

Note 2

While the Town's response indicates that the HR Director tracked the accumulated vacation leave "simply out of his own curiosity," documents provided by HR Department staff included a vacation leave balance of 1,319.5 hours, which was inconsistent with the Policy. Even though the HR Director told us that he did not intend to use or receive payment for the accumulated vacation leave, by maintaining official documentation that is not consistent with the Policy, there is an increased risk that payments for the accumulated vacation leave could be made by the Town in the future. Furthermore, although the Fair Labor Standards Act may not require certain exempt employees from tracking leave time, it is important that the Town maintain accurate leave records for its employees.

Note 3

According to the Policy, exempt employees are generally not permitted to accumulate vacation leave from year to year. Instead, if vacation leave is not taken by the employee, it expires at the end of the calendar year. The Policy includes one exception for scheduled vacations, which can be deferred at the Town's request and carried over to the next calendar year. For the example in the report, Town officials could not provide us with, and we did not find any documentation in the Board meeting minutes, to support that the 30 vacation days carried over from 2023 for the exempt employee was due to the Town deferring a previously scheduled vacation. Therefore, while the Policy permits an employee who retires from Town service to receive vacation pay for any unused vacation earned during the year prior to retirement, we question the appropriateness of the Town including the additional 30 hours of vacation leave in this employee's separation calculation. We edited the report to clarify our concern.

Note 4

As the governing body of the Town, the Board is generally responsible for establishing and monitoring compliance with written policies and procedures relating to employee benefits. Although we acknowledge the importance of recruiting qualified candidates, as discussed in the report, deviations from the Policy with respect to the amount of leave time an employee earns on a yearly basis should be approved by the Board. The Board should approve an updated Policy to reflect the increased vacation leave offered to employees.

Note 5

When reviewing leave accruals for the 12 exempt employees, we identified multiple instances in which the employees record listed compensatory time as an accrual. Therefore, we raised this issue in the report because it was not always clear why exempt employees were accruing compensatory time on their timesheets. Furthermore, we acknowledge that the exempt employee benefits memorandum permits flexible scheduling. However, the memorandum does not authorize the long-term accumulation of flex time. Therefore, we question the appropriateness of certain exempt employees maintaining a large amount of flex or compensatory time. We edited the report to clarify our concern.

Note 6

As discussed in the report, exempt employees at the time of retirement received separation payments that included vacation leave days in excess of the Policy limit.

Note 7

At our exit conference, Town officials requested a list of all 47 stipends that we reviewed. As discussed with Town officials, multiple stipends were awarded in both years of the audit period, including some to different individuals. We repeatedly requested documentation (e.g., Board resolutions or collective bargaining agreements) to support the purpose of the 22 unsupported stipends. The stipends that were contractual in nature are included in the 25 supported stipends, and we did not question these payments.

We acknowledge that the list provided by the Town included the title of the position or the name of the stipend. Moreover, we are not disputing that the Board approved the stipends as part of its budget process. However, the list did not include specific details, such as a job description or other explanation, as to what the additional duties would include to help support the purpose of providing that employee with the additional compensation (as demonstrated in the HR Director's $15,000 stipend in Figures 1 and 2). Therefore, as noted in the Town's response, including additional supporting documentation during the budget process, such as an explanation of the additional duties an individual will perform to receive the stipend, can help eliminate concerns regarding the appropriateness of the additional payments to employees.

Appendix D: Audit Methodology and Standards

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

- We interviewed Town officials, employees and department heads and reviewed Board meeting minutes to gain an understanding of the Town's leave accrual and record processes and to determine whether there were any written leave policies and procedures. We also reviewed CBAs, individual employment contracts, leave records and timesheets to identify employee pay rates, leave benefits, leave use, leave balances and to determine eligibility requirements for stipends and separation payments.

- We identified a population of 649 full-time employees who earned leave from January 1, 2023 through December 2024. We used our professional judgment to select a sample of 116 full-time officials and employees based on risk, including employees involved with the payroll process, all department heads and employees from various CBAs and job titles. We reviewed employees' leave records to determine whether the leave used was accurate, supported and approved.

- We identified a population of 119 employees who were terminated, retired or resigned from Town employment between January 1, 2023 and December 31, 2024 and received a separation payment. We included police officers who retired in 2021 and 2022, as their separation payments were paid over a three-year period, resulting in payments made in 2023 and 2024 during the audit period. We identified separation payments for all Town employees totaling $3.6 million. We recalculated all these payments using each employee's CBA or Policy stipulations. We compared our calculation to the Town's calculation to determine whether separation payments were accurate. We also reviewed leave records and separation letters.

- We identified 47 stipends paid to employees between January 1, 2023 and December 31, 2024 totaling $617,976. We reviewed Board meeting minutes to determine whether stipends were approved and additional duties were documented. We interviewed Town officials and employees to determine whether they were provided with descriptions of the additional duties to be performed or tracked the time spent on additional duties. We reviewed the 2023 and 2024 adopted budgets to determine whether the budgets contained a description of duties for these stipends.

The audit also examined the adequacy of certain IT controls. Because of the sensitivity of some of this information, the results were not discussed in this report, but were instead communicated confidentially to Town officials.

OSC auditors conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the 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 relevant population size and the sample selected for examination.

Questions?

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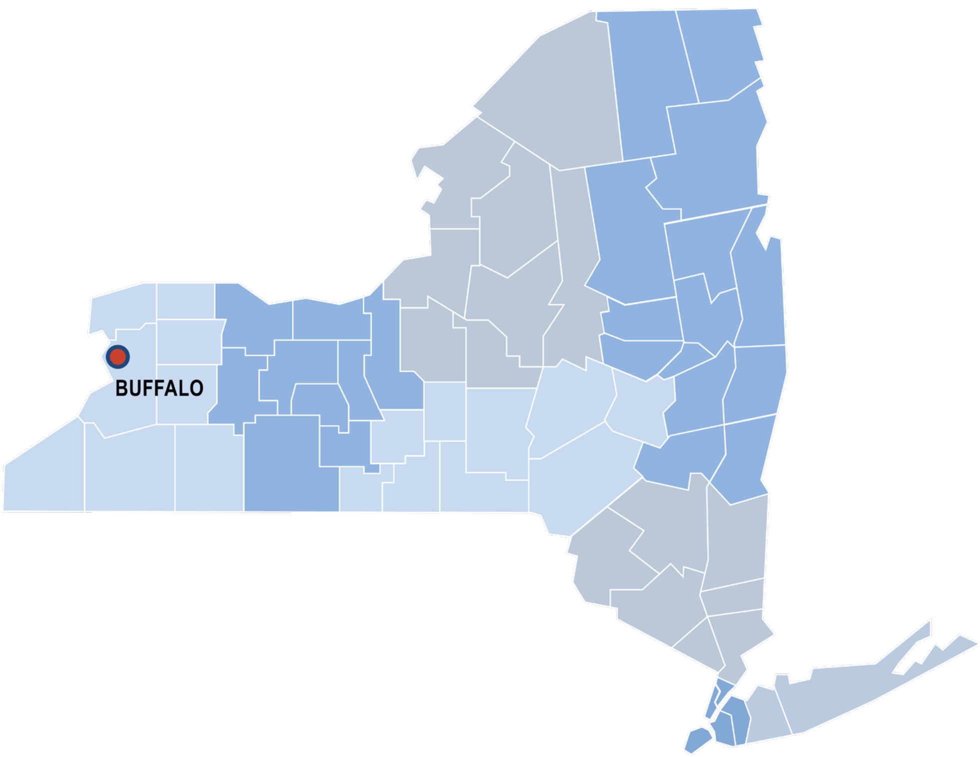

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