

Brentwood Public Library

Leave Accruals

APRIL 2018



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

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Report Highlights

Brentwood Public Library

Audit Objective

Determine whether business office employee leave accrual records are accurate.

Key Findings

- Leave accrual records for five of the seven Business Office employees were overstated by a total of 272 hours. Vacation, sick and personal leave earned exceeded collective bargaining agreement (CBA) limits, and vacation and sick leave was accrued and/or used at rates other than specified in the CBAs.
- The administrative assistant's vacation leave balance was overstated by 70.31 hours.
- The Library Director started 2016-17 with 84 hours of vacation leave and 14 hours of personal leave more than his CBA allowed.

Key Recommendations

- Develop and implement written procedures to provide details for the maintenance of leave accrual records and ensure that accurate leave accrual information is maintained and monitored.
- Institute procedures for verification of leave accrued with CBAs and leave accrual records and correct any discrepancies found.
- Review all Business Office employees' leave accrual records for compliance with CBA terms and maximum leave balances, and correct any discrepancies.

Library officials generally agreed with our findings and indicated they will take corrective action. Appendix B contains our comment on an issue raised in the Library's response.

Background

The Brentwood Public Library is located in the Town of Islip in Suffolk County.

An elected five-member Board of Trustees (Board) governs the Library and is responsible for its financial affairs, including payroll and leave accrual records. The Board-appointed Library Director (Director) is the chief executive officer and is responsible for the Library's day-to-day administration.

Leave accrual records for the Library's Business Office are maintained by an administrative assistant who reports to the Business Manager.

Quick Facts

2016-17 Expenditures and Other Uses	\$9.3 million
Active Cardholders	43,807
2017-18 Employees	104

Audit Period

July 1, 2016 – August 31, 2017

Leave Accruals

What Is an Effective Leave Accrual Process?

Leave accruals represent time off earned by employees. The Board is responsible for ensuring that employee leave benefits are properly provided and used and accurately accounted for to ensure employees accrue and use only the leave to which they are entitled.

Employees' individual employment contracts and/or CBAs establish how they accrue leave time, the maximum carryover amounts and incremental usage allowances. Generally, vacation balances are limited to a maximum amount above which an employee forfeits any unused balance; employees must use sick leave in half-day (3.5-hour) increments; and personal time is awarded quarterly and may be carried into the following year, except for the Director, whose CBA does not allow personal leave to be carried over. The Director's CBA allows 280 hours, or 40 days, of vacation leave per year. The administrative assistant's¹ CBA allows 70 hours, or 10 days, of vacation leave per year.

Business Office Employees' Leave Accrual Records Are Not Accurate

We reviewed the leave accrual balances for all seven Business Office employees from July 2016 through January 2017 and found errors in accrued leave balances for five. These included vacation, sick and personal leave earned exceeding CBA limits, and vacation and sick leave accrued and/or used at rates other than those specified in the CBAs. As a result, leave accrual records for the five employees were overstated by a total of 272 hours. More than half of the discrepancies affected the administrative assistant and the Director. For example:

- The administrative assistant started the 2016-17 year on July 1, 2016 with a vacation balance of 121.58 hours. This was 51.58 hours more than the 70 hours (10 days) per year, allowed by her CBA. However, from July 2 through January 31, 2017, she actually accrued 4.03 hours of vacation per pay period, or 105 hours (15 days) per year. As a result, by January 31, 2017, the administrative assistant's vacation balance was overstated by 70.31 hours (10 days), valued at \$2,244. Finally, the administrative assistant's sick leave use was recorded in half-hour increments in six instances,² totaling 17.5 hours, even though her CBA requires that she use sick leave in half-day (3.5-hour) increments. Had the sick leave been used in 3.5-hour increments each day, it would have totaled 21 hours.

1 This administrative assistant reports to the Director and is not involved in Business Office operations.

2 Recorded as 4.0, 3.0, 2.5, 3.0, 2.0 and 3.0 hours, respectively, for the six days

-
- The Director started the 2016-17 year with a vacation balance of 364 hours, or 84 hours (12 days) more than the 280 hours (40 days) allowed by his CBA. In addition, the Director carried over 14 hours of personal leave from the prior year, which his CBA does not allow. The 98 excess hours are valued at \$12,380.

When Library officials do not adhere to CBA leave accrual requirements, employees could accrue and/or use more leave time than allowed, potentially increasing the Library's costs.

What Do We Recommend?

Library officials should:

1. Develop and implement detailed written procedures for maintaining leave accrual records and ensure that accurate information for accruals is maintained and monitored.
2. Institute procedures for random verification of compliance with CBAs, accuracy of accrual records and correction of any discrepancies.
3. Review all Business Office employees' leave accrual records to ensure compliance with CBA terms and requirements and correct any discrepancies.

Appendix A: Response From Library Officials



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LIBRARY DIRECTOR: THOMAS A. TARANTOWICZ

April 9, 2018

Office of the State Comptroller
Hauppauge Regional Office – Room 3A10
250 Veterans Motor Parkway
Hauppauge, New York 11788-5533

Attn: Ira McCracken, Chief Examiner

Re: Brentwood Public Library
Response to Preliminary Audit Report
Report of Examination 2018M-26

Dear Mr. McCracken:

The Board of Trustees and Administration of the Brentwood Public Library are in receipt of the above-referenced Draft Report of Examination.

First and foremost, we wish to express our appreciation for your efforts and the efforts of your auditing team in conducting a comprehensive review of the Library's financial records, purchasing and bill paying procedures, personnel payroll records and fiscal policies in evaluating the financial condition and fiscal processes of the Library. Your comments and findings were both insightful and instructive, and as a result, the Board of Trustees and Library Administration will immediately update the Library policies and procedures to ensure that the Library's records of vacation, sick and personal leave accruals of Business Office and Administrative staff will strictly adhere to the leave accrual provisions of the applicable employment benefits agreements.

Specifically, the Library will update its policies and procedures so as to (1) require that all records of Business Office and Administrative staff accruals and carryover of vacation, sick and personal leave adhere to the limits specified in the employment benefits agreements in effect for such personnel; and (2) establish procedures for verification of vacation, sick and personal leave accruals being in conformance with accrual limitations specified in the employment benefits Agreements in effect for such personnel.

In addition to the foregoing, the Library Board of Trustees will direct its independent auditors to review the records of accruals and carryover of vacation, sick and personal leave as specified in the employment benefits Agreements in effect for Business Office and Administration staff at the inception of the 2016-17 fiscal year, and thereafter; and all such records shall be adjusted, as appropriate.

Based upon a review of the Library's records, the Board of Trustees has determined that the Library's records, which reported a total of staff accrued leave of two hundred seventy (270) hours in excess accrued hours of vacation and personal leave as of July 1, 2016, was so reported in the Library's records by reason of circumstances where several administrative and Business Office staff deferred usage of such leave as a result of work demands during the months of May and June 2016. The excess reported accrued hours of leave were, in fact, taken by Library Administrative and Business Office Staff during July and August 2016. Inasmuch as the deferred usage of such accrued leave hours was not strictly in accord with the staff employment benefit agreements then in effect, the Board of Trustees has directed that the records be corrected and that procedures be implemented to ensure that future employment agreements specifically authorize administrative staff to defer use of such accrued leave for a period not exceeding ninety days following the end of the fiscal year; thereby providing a means by which Administrative and Business Office staff can defer use of such leave until the summer months when their vacation use must be deferred by reason of work scheduling demands.

Finally, the Board of Trustees and Library Administration question the "Quick Facts" "Background" portion of the "Report Highlights" which indicates Library 2016-17 Expenditures of "9.3 million". As discussed during the recent interview, the Library's records indicate that the total Library "Expenditures" for the 2016-17 fiscal year were "\$6,851,864". We respectfully request that the "Quick Facts" entry be revised accordingly, or that an explanation be provided.

See Note 1 Page 6

The Board of Trustees is pleased to note that there were no other findings by your Office of Library financial records and processes requiring corrective action.

We again wish to thank you, and your auditing staff, for your time, attention and courtesies throughout the Auditing process.

Respectfully submitted,

Mary Reid
President, Board of Trustees
Brentwood Public Library

Appendix B: OSC Comment on the Library's Response

Note 1

We modified the reference on the Report Highlights page to clarify that the \$9.3 million amount consists of 2016-17 general fund expenditures plus other uses (\$6,701,252 in "expenditures" and \$2,640,541 in "other uses," i.e., a transfer to the capital projects fund), as reported in the Library's 2016-17 financial statements.

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed Library employees responsible for maintaining employee leave accrual records and calculating payments to gain an understanding of the process.
- We reviewed CBAs and individual employment agreements for the seven Business Office employees to understand the conditions under which they may accrue and use leave.
- For all seven Business Office employees, we examined the time sheets and attendance records for the first six months of the audit period. We recalculated their current vacation, sick and personal leave balances by starting with the beginning balance in fiscal year 2017, adding accruals as stated in the employment contracts and deducting time off. We compared our calculations to the balances on the employees' time sheets and investigated any differences.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

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 Library to make the CAP available for public review in the Director's office.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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www.osc.state.ny.us/localgov/index.htm

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

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