



New York State Office of Parks, Recreation and Historic Preservation

The Governor Nelson A. Rockefeller Empire State Plaza • Agency Building 1, Albany, New York 12238
www.nysparks.com

David A. Paterson
Governor
Carol Ash
Commissioner

July 23, 2010

Ms. Cindi Frieder
Audit Manager
Office of the State Comptroller
Division of State Government Accountability
123 William Street – 21st Floor
New York, NY 10038

Dear Ms. Frieder:

The New York State Office of Parks, Recreation & Historic Preservation (OPRHP) has reviewed the Office of the State Comptroller's (OSC) audit report 2010-F-23 which is a follow up to audit report 2007-S-89 entitled "*Selected Payroll Practices at the Long Island Region.*"

As summarized by the attached, we generally concur with the conclusions made in the audit and have already implemented many changes and improvements in personnel and payroll practices. The audit is generally a positive one. We thank the OSC team for their professionalism and their efforts on our behalf in conducting this review.

If you have any questions regarding the Agency's response, please contact Brian D. Jackson of OPRHP's Office of Internal Audit at (518) 473-3390.

Sincerely,

Peter C. Finn
Deputy Commissioner for
Finance and Administration

cc: Commissioner Ash
Andy Beers
Dan Kane
Ron Foley
Chuck Parmentier
Brian Jackson

Enclosure

New York State Office of Parks, Recreation & Historic Preservation
Response to the Office of the State Comptroller's Audit Report
Selected Payroll Practices at the Long Island Region – Follow Up
2010-F-23

The Office of Parks, Recreation & Historic Preservation's (OPRHP) response to the Office of the State Comptroller's (OSC) audit report number 2010-F-23 which is a follow up to an earlier 2007 audit report (2007-S-89) entitled "*Selected Payroll Practices at the Long Island Region*" is presented below. OPRHP has reviewed the conclusions presented in this follow-up audit report. In the following section, we have noted where we differ in opinion to the described conclusions outlined in this report.

Response to Summary Conclusions and Status of Audit Recommendations

The following section presents OPRHP's response to each conclusion contained in the report.

- o **Recommendation 1:** Establish a policy and procedure that require all seasonal employees to sign off on their time records, attesting to the accuracy of hours worked, and all supervisors to sign off on all employees' time records, reflecting their review and approval.

OSC Observation:

Status: *Implemented*

Agency Action - In June 2007, while the initial audit was being conducted, OPRHP issued Internal Control Note #11 (Note #11), which stated that every employee is responsible for signing his or her timecard and that every supervisor is responsible for certifying the correctness of the timecards submitted. At the time of the initial audit, OPRHP officials stated that Note #11 did not apply to seasonal employees who use a punch card system. However, in June 2008, OPRHP officials notified the L.I. region park managers that, effective immediately, Note #11 would apply to these seasonal employees. As a result, while we concluded that OPRHP has implemented our specific recommendation, we also observed that the policy is still not being followed consistently. We selected a sample of ten time records for seasonal employees at two L.I. parks and found that none of the five records examined from one park had been signed by the employees.

Agency Response: *OPRHP agrees with the conclusion.*

- **Recommendation 2:** Take appropriate action against those employees who were paid for time not worked.

OSC Observation:

Status: Not Implemented

Agency Action - Our prior audit identified two employees who had been paid a total of \$265 for time not actually worked as a result of various internal control weaknesses. We found insufficient evidence that any action was taken against the employees who were paid for time not worked.

Agency Response: OPRHP agrees with the conclusion. We are unable to document that we recouped the \$265 overpayment in 2007.

- **Recommendation 3:** Monitor the new policy restricting staff from entering into HRIS their own time and the time of their relatives.

OSC Observation:

Status: Not Implemented

Agency Action - During our prior audit, OPRHP officials established a policy restricting staff from entering their own time and the time of their relatives into the Human Resource Information System (HRIS). However, we found they have not taken steps to monitor compliance with this policy.

Agency Response: OPRHP disagrees with the conclusion. New policies and procedures have been implemented to prohibit this practice. What we have failed to implement is an auditing procedure that ensures that this new policy is being followed. The identification of possible "relatives" based on a post-audit use of surnames is, at best, an incomplete process. Given the current economic position of New York State and the shortage of staff and difficulties facing OPRHP in operating state parks we feel the implementation of the new policy adequately addresses the concerns of OSC. However, OPRHP's Office of Internal Audit (OIA) is working to design and implement a plan to periodically test HRIS transactions based on OSC's recommendation.

- **Recommendation 4:** Expand the audit function to include a periodic comparison of seasonal employees' time records with data input into HRIS.

OSC Observation:

Status: Not Implemented

Agency Action - OPRHP officials stated that, due to limited resources, they focus on audits that carry higher risks, such as revenue audits. Consequently, they have not expanded the audit function to include a periodic comparison of seasonal employees' time records with data input into HRIS.

Agency Response: *OPRHP disagrees with the conclusion. OPRHP does not consider this observation to be a "High Risk" area. OPRHP's preferred solution, to have seasonal employees enter time directly into the agency's automated system (LATS), is too costly to implement given current budgetary limitations.*

However, OPRHP's OIA will consider a plan to periodically test and reconcile seasonal employees' time records with data input into HRIS based on OSC's recommendation.

- **Recommendation 5:** Take appropriate action against those employees not found during our floor check that either did not charge time or were paid for time not worked.

OSC Observation:

Status: Partially Implemented

Agency Action - OPRHP took action against four of the seven employees not found during our floor check, adjusting the timecard for each of the four, and issuing a letter of reprimand to one of the four. The supervisor of the fifth employee advised that that employee had, in fact, been working at the time of the floor check, so no action was taken. For the remaining two employees, no action was taken, and there was insufficient documentation to show officials had followed up on the matter.

Agency Response: *OPRHP partially agrees with the conclusion. Immediate action was taken by OPRHP and all situations were reviewed and resolved. For the two employees identified, we have been unable to adequately document, in 2010, actions taken in 2008. OPRHP will work towards improving the documentation supporting these actions.*

- **Recommendation 6:** Implement a system for tracking the follow up and resolution of exceptions identified by all audits (regional and individual parks). This should include the disposition of the 12 individuals for whom there was no evidence of any follow up or verification.

OSC Observation:

Status: Implemented

Agency Action - OPRHP has established a log to track the follow up and resolution of exceptions indentified by all audits. The log captures pertinent information including the location of the audit and deficiencies noted and follow up actions taken. We observed that the vast majority of audits involve cash counts and cash register reviews. OPRHP officials explained that the 12 employees who were identified as not present during floor checks were seasonal employees and they were no longer on OPRHP's payroll at the time OPRHP received the audit containing this recommendation.

Agency Response: *OPRHP agrees with the conclusion.*

- **Recommendation 7:** Recoup the overpayment made to the employee who was not deleted timely from the payroll.

OSC Observation:

Status: *Not Implemented*

Agency Action - Our prior audit identified \$659 overpaid to an employee who was not deleted from the payroll timely. OPRHP officials have not recouped this overpayment.

Agency Response: *OPRHP partially agrees with the conclusion. Action was taken by OPRHP to recoup the \$659 overpayment. On 1/25/07 a transaction was entered into HRIS to recoup the lost time for the period from 1/18/07-1/24/07. However, on 2/8/07 a transaction was entered taking the employee off the payroll effective 1/25/07, therefore he did not have a paycheck on 2/21/07 for us to recover the lost time. We believed "successful" action was taken but due to the timing of these transactions the lost time was not recovered.*

It should be noted that this is not a problem unique to this agency and, in recovering periodic over-payments we follow general procedures established by OSC's Bureau of State Payroll Services for this purpose. Given the amount involved in this instance, it would not have been cost-effective for the state to initiate a legal (civil) recovery action.

- **Recommendation 8:** Ensure all required approvals and documentation are present and complete for all additions and deletions to the payroll. This includes confirmation with the Sexual Offender Registry and the I-9 forms.

OSC Observation:

Status: *Partially Implemented*

Agency Action - For the period January 1, 2009 to April 30, 2010, there were 53 employees added to the payroll. We selected a random sample of six of them and found each had completed Employment Eligibility I-9 Forms (and the required supporting documentation) in their personnel files. We also found that completed I-9s (and the required supporting documentation) were now present for two of the three employees identified during the original audit. The third employee is no longer employed by OPRHP.

However, we found that the names of two of the six sampled employees had not been confirmed against the Sexual Offender Registry. OPRHP officials explained that this occurred because the date of birth for each of these employees was not entered into HRIS. Confirmation is conducted only for those employees whose date of birth is provided. This same problem (i.e., no action is taken when the date of birth is missing) was reported in our initial audit. OPRHP officials advised they will take steps to identify employees who do not have the dates of their birth recorded in HRIS and take steps to confirm them with the Registry.

For the period January 1, 2009 to April 30, 2010, 47 employees left the L.I. region's payroll. We selected a random sample of 5 of the 47 and verified that the final work dates reflected on the employees' time records agreed with the final dates on the payroll, and the effective dates of their separations.

Agency Response: *OPRHP agrees with the conclusion. It is the policy of OPRHP that all agency employees are screened prior to hire and assignment. It should be noted that OPRHP is not required to screen employees against the Sexual Offender Registry and the initial OSC review was concerned with I-9 compliance only. However, we will continue to update hiring procedures as necessary to ensure compliance with applicable laws, rules, regulations, contract provisions, policies and procedures governing payroll processing and to ensure public health and safety.*