

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

**PAYROLL AUDIT
DEPARTMENT OF SOCIAL SERVICES**

May 2001

Alex J. McLaughlin, Comptroller

May 3, 2001

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has audited the payroll for the Department of Social Services for the payroll period ended February 18, 2001. The principle objectives were to ensure that payroll was recorded and distributed in a proper manner and that proper authorization existed for all payroll deductions.

The audit was conducted in accordance with generally accepted auditing standards. Such standards require that the Department of Audit and Control plan and perform the audit to adequately assess the accuracy of the financial records and adequacy of the internal controls, and that we examine, on a test basis, sufficient, competent and relevant evidence to afford a reasonable basis for our conclusions.

Based on the results of our examination, it is our opinion that the Department of Social Services has complied in all material respects with existing rules, regulations, policies and procedures to properly monitor and record departmental payroll transactions.

Sincerely,

Alex J. McLaughlin
Comptroller

cc: Daniel A Schofield, Chairman of the Legislature
Members of the Legislature
Louis P. Augostini, Clerk of the Legislature
Robert K. Houser, Commissioner of Social Services

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-DEPARTMENT OF SOCIAL SERVICES-

FINDING 1: CONTROLS OVER PAYCHECK DISTRIBUTION ARE NOT ADEQUATE

During the process of distributing paychecks at Social Services, a Principal Social Service Examiner insisted that we release, to him, a paycheck belonging to an employee under his supervision. The supervisor explained to us that the employee was on vacation and a family member was coming to pick up the paycheck later that day. The employee had provided no prior written permission.

Releasing paychecks to anyone other than the employee without written permission increases the risk of illegal activities, as well as increasing the county's potential liability.

RECOMMENDATION:

We recommend that department management instruct all supervisors not to release paychecks to anyone other than the employee, unless prior written permission has been provided by the employee.

MANAGEMENT RESPONSE:

The department agrees with this recommendation and will notify all supervisors of proper procedures when releasing paychecks.

FINDING 2: TIMESHEETS DO NOT MEET MINIMUM PERSONNEL POLICY REQUIREMENTS

During the course of our examination, we found that timesheets utilized by the Social Services Self-Sufficiency Center are not in compliance with Broome County Policy. The timesheets do not include the employee's total number of hours worked each day or week or the employee's signature.

Broome County Personnel Department Policy #3060.3 requires that timesheets include the employee's name, date(s) covered by the timesheet, number of hours worked each day, total number of hours worked each week, indication of all hours to be paid other than regular hours, signature of employee and signature or initials of supervisor.

Without the required written documentation, time worked cannot be readily verified for accuracy and authorization.

RECOMMENDATION:

We recommend that Social Services Self-Sufficiency Center revise its procedures relative to timekeeping requirements to ensure proper oversight and compliance with Broome County Personnel Department's Policy #3060.3. We further recommend that the Department of Social Services implement the use of standard timesheet format approved by the Department of Audit and Control (sample attached).

MANAGEMENT RESPONSE:

The department agrees with this finding and will notify the Self-Sufficiency Center to use the standard approved timesheet. The department will also make sure the approved standard timesheet is used by all DSS units.

FINDING 3: HOURS FOR VACATION AND SICK TIME WERE NOT PROPERLY ENTERED INTO THE PAYROLL SYSTEM

During the course of our examination, we discovered several instances where employees recorded sick and/or vacation time on their timesheets, however this time was included in regular earnings on the payroll register. Also, we found other instances where employees had recorded sick and/or vacation time on their timesheets that was entered into the payroll system, but not in the correct amounts.

Each department is responsible for keeping track of their employees' paid time off and properly entering this time into the payroll system. The payroll reports should be verified prior to the issuance of paychecks.

Failure to record paid leave correctly results in the employee being paid for regular hours without charging the proper paid leave category or being charged for the wrong paid leave category; subsequently, the employee's paid time available may be overstated or understated.

RECOMMENDATION:

We recommend that Social Services undertake measures to ensure that paid time off is properly recorded. Under separate cover we have advised Social Services of the specific corrections to be made to the records pertaining to the employees identified in our sample.

MANAGEMENT RESPONSE:

The department agrees with this finding and will review all procedures related to entering vacation and sick time into the payroll system. Balances provided under separate cover will be corrected as identified.

FINDING 4: CHANGES TO TIMESHEET NOT PROPERLY INITIALED

During the course of our examination, we discovered an instance where time recorded on an employee's timesheet was crossed out and changed. Neither the employee nor the supervisor had initialed the entries.

Broome County Personnel Department Policy #3060.3 states that Employees shall record only their own time, and shall not record or alter the time for a co-worker. Employees shall not alter a previously recorded time unless approved, in writing, by a supervisor. Such approval may be indicated by the supervisor's initials. Changes are to be initialed by the employee.

Failure to properly initial timesheet alterations could result in either the employee, the supervisor, or a third party making changes without the knowledge or approval of other(s).

RECOMMENDATION:

We recommend that the Department of Social Services revise its procedures relative to timesheet alterations to ensure proper oversight and compliance with Broome County Personnel Department Policy #3060.3.

MANAGEMENT RESPONSE:

The department agrees with this finding and will educate staff on the recommended procedures.

FINDING 5: EMPLOYEE IN NON EXEMPT POSITION NOT REQUIRED BY MANAGEMENT TO SUBMIT TIMESHEET

During the course of our examination, we found an employee in a non-exempt position (Caseworker Trainee) that is not required by management to fill out a timesheet.

Broome County Personnel Policy/Procedure # 3060.3 requires all non-exempt class employees to record work time on an approved timesheet.

Without an approved timesheet on file for non-exempt positions, disputes can arise regarding the entitlement to and the amount of employee overtime and compensatory time.

RECOMMENDATION:

We recommend that the Department of Social Services require all non-exempt positions to complete and submit an authorized timesheet.

MANAGEMENT RESPONSE:

The department agrees with recommendation and will advise all supervisors approved timesheets must be filled out for all non-exempt positions.

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-DEPARTMENT OF FINANCE-

FINDING 6: AUTHORIZATION FOR PAYROLL DEDUCTION NOT ADEQUATELY DOCUMENTED

During the course of our examination, we found one instance in which an amount for PEBSCO was deducted from an employee's wages that was not supported by an authorization signed by the employee. Also, we found another instance in which the amount being deducted for PEBSCO from an employee's wages did not match the amount authorized for deduction. Additionally, we found that NY State withholding taxes were deducted from an employee's paycheck without a signed State Withholding Allowance Certificate (IT-2104) on file.

Employee payroll files are established and maintained to store information for earnings and deductions and should be complete and up to date at all times.

Without written documentation, deductions can not be readily verified for accuracy and authorization.

RECOMMENDATION:

We recommend that management undertake corrective action to ensure that documentation, signed by the employee, is maintained in the payroll files for every payroll deduction.

MANAGEMENT RESPONSE:

A copy of the employee authorization confirming her payroll deduction has been obtained from the vendor. It has been filed in the employee's payroll jacket as documentation to support the payroll deduction.

The authorization had not yet been filed in the employee's payroll jacket at the time of the audit. It has been found and a photocopy is provided for your convenience.

Letters were drafted and sent to the employee on September 25th and December 12th of the year 2000 requesting completion of new withholding allowance certificates to support both this state and federal tax withholding. This was part of an ongoing attempt to ensure employees have the necessary documentation on file. As we had received no response to date, we contacted the employee's

supervisor and requested their assistance in obtaining the documents. The employee subsequently sent withholding allowance certificates that were documented in the payroll system on Payroll dated 3/9/02 and filed in the employee's payroll jacket.

FINDING 7: FEDERAL TAX WITHHELD NOT CONSISTENT WITH WITHHOLDING ALLOWANCE CERTIFICATE (W-4)

During the course of our examination, we noted an instance where the amount of federal tax withheld from an employee's check is not consistent with the calculated amount of withholding based on the Employee's most recent Withholding Allowance Certificate (W-4) on file. The employee's W-4, dated July 21, 2000, indicates federal tax withholding should be calculated at the single tax rate claiming 0 exemptions. The amount of federal tax actually being withheld from the employee's paycheck is consistent with withholding calculated with 1 exemption and an additional \$2.00. Resulting in the actual amount withheld being \$14.73 per paycheck less than the withholding amount authorized by the employee.

All deductions from employee's paychecks must be supported by and correspond to authorizations maintained in the employee payroll file.

Deductions from employee paychecks that do not correspond to authorizations signed by the employee may result in incorrect amounts being deducted from employee paychecks.

RECOMMENDATION:

We recommend that the Finance Department ensure that deductions in the payroll system correspond to authorizations maintained in the employee's payroll file.

We also recommend that the Finance Department correct the employee's federal withholding.

MANAGEMENT RESPONSE:

The forms W4 and IT-2104 claiming "Single with 0 exemptions" were entered on his Election Department master file in error. The employee has been contacted and has chosen to submit new state and federal withholding certificates claiming "Single with 1 exception," with an additional \$2.00 per pay. This is consistent with his current withholding in the payroll system.