



Western Suffolk Board of Cooperative Educational Services

Clerical Overtime

2023M-124 | March 2024

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Report Highlights

Western Suffolk BOCES

Audit Objective

Determine whether Western Suffolk Board of Cooperative Educational Services (BOCES) officials appropriately monitored and approved overtime for clerical employees.

Key Findings

BOCES officials did not appropriately monitor and approve overtime for clerical employees.

Although the audit period overlaps with the pandemic timeline, which BOCES officials indicated as the cause for overtime, the BOCES practice of verbally preapproving overtime, rather than in writing, does not provide support that the overtime we reviewed was preapproved and necessary. As a result, officials may have paid more overtime than necessary. Officials:

- Paid 17 employees overtime totaling \$123,276 without written preapproval.
- Paid 13 employees overtime totaling \$72,218, without any explanation as to why the overtime was worked.
- Paid 13 employees for unsupported overtime totaling \$19,932.

Key Recommendations

- Ensure all non-emergency overtime is approved in writing prior to work being performed and document why the overtime is necessary.
- Monitor overtime to ensure overtime hours are supported by timekeeping records.

BOCES officials disagreed with certain aspects of our findings in our report, but indicated they planned to implement our recommendations. Appendix B includes our comments on BOCES' response.

Audit Period

July 1, 2021 - March 31, 2023

Background

Western Suffolk BOCES is an association of 18 component school districts in Suffolk County. BOCES is governed by a seven-member Board of Education (Board) elected by the component school districts. The Board is responsible for the general management and oversight of financial and educational affairs.

The District Superintendent is the chief executive officer responsible, along with the Chief Operating Officer and other administrative staff, for BOCES day-to-day management. The Chief Financial Officer (CFO) supervises all business office functions. The employee's immediate supervisor and the administrator in charge of the particular department are responsible for approving overtime.

Quick Facts

Clerical Employee Overtime

Number Paid	74
Reviewed	17
Total Paid	\$519,845
Reviewed	\$123,276

Clerical Overtime

How Should BOCES Officials Approve and Monitor Overtime?

Officials should develop and implement adequate controls to properly approve overtime, including adopting a written payroll policy and procedures that convey management's expectations regarding how and when overtime may be incurred and what constitutes adequate documentation of time worked, such as documenting why the overtime was worked.

BOCES officials should adhere to the adopted personnel policy that requires all overtime to be preapproved by an employee's immediate supervisor. As such, best practice would require that preapproval should be obtained in all instances where overtime can be planned in advance, using a written authorization form, for events such as for a school program or for the second day of an emergency event. In emergency situations, supervisors could verbally preapprove overtime, and follow up with the written form.

When the events that cause overtime are analyzed, management may be able to take alternative action without using overtime, such as adjusting schedules or staffing. Written preapproval provides documentation that alternatives were considered, and overtime costs could not be avoided.

Employees in clerical positions are responsible for a broad range of duties, including but not limited to maintaining, preparing, and updating financial accounts and records and assisting with BOCES' daily operations. While overtime pay may be an expected cost of doing business, it must be carefully monitored and controlled to help minimize costs. Overtime should be incurred only when circumstances arise and cannot be avoided.

Department heads and supervisors should regularly monitor overtime and review available documentation, such as timekeeping and accounting records, to ensure overtime is only worked when necessary.

BOCES Officials Did Not Appropriately Approve Overtime

We analyzed the overtime paid to 17¹ employees in clerical positions and reviewed their time records and payments for a six-month period totaling \$123,276 and found that while all overtime hours were summarized on a manual payroll report that was signed by the employees' immediate supervisors, there was no indication that any of the overtime was preapproved, but instead was approved after it was worked.

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

¹ See Appendix B for sampling methodology.

For timekeeping purposes, employees either sign in and out on a manual log indicating the time they arrived and the time they departed or use their identification badges to electronically swipe in and out of their respective location. The method of timekeeping used depends on the clerical employee's work location. To document overtime worked, clerical employees prepare and submit a manual time record that indicates their name, work location, the date overtime was worked, the beginning and ending time, the number of overtime hours worked and the employee's signature after overtime hours are worked. This information is then summarized in a manual payroll report. The manual payroll report is signed by the employee's supervisor and the administrators in charge of the department.

The CFO stated that it is understood that all overtime worked is preapproved verbally. However, approving overtime verbally provides no evidence that overtime was actually preapproved, and results in a lack of documentation to ensure that overtime controls are effective, and policies are adhered to.

Our review of the time records for these 17 employees also found \$72,218 (59 percent) of the overtime charges for 13 employees did not contain any explanation as to what the overtime was for, or why it was necessary. For example, during the six-month period reviewed, a clerical employee was paid \$14,220 in overtime wages with no explanation indicated on any of her time records. The CFO was unable to provide an explanation as to why overtime was authorized to be paid without an explanation but indicated that they recognized that there was room for improvement in the approval process and have since updated the authorization procedures to require a written explanation for its necessity. Authorizing the payment of overtime without a stated reason increases the risk that BOCES will incur unnecessary overtime costs.

The remaining overtime charges reviewed, totaling \$51,058, consisted of routine work such as processing bills and updating financial records which, because it was not an unexpected emergency, could have been preapproved. For example, the claims auditor was paid \$2,188 for 27.75 hours of overtime during the audit period due to "volume of work" and "catching up from being off." The CFO stated that during the audit period, BOCES had a significant turnover in clerical staff resulting in new hires and 13 vacancies that they have been unable to fill. As a result of the unfilled clerical positions and training new staff, clerical overtime has been necessary to fulfill the day-to-day responsibilities of the positions.

While payroll reports summarizing overtime were signed to authorize payment, non-emergency overtime should be approved before it is worked and there should be an explanation as to why all overtime is worked before it is authorized for

Authorizing the payment of overtime without a stated reason increases the risk that BOCES will incur unnecessary overtime costs.

payment. Because BOCES officials did not ensure that written preapproval was obtained for all overtime worked, document why overtime was necessary, or that alternatives were considered, officials cannot be certain that BOCES did not incur unnecessary overtime costs.

BOCES Officials Did Not Adequately Monitor Overtime

We found that supervisors did not always effectively monitor overtime charges by ensuring timekeeping records supported overtime records prior to payments being issued. As a result, of the \$123,276 in overtime reviewed, BOCES paid \$19,932 to 13 of the 17 employees whose records we tested without supporting documentation for the overtime hours paid. Of the 1,962 overtime hours we reviewed, 391 hours (20 percent) were not supported by timekeeping records. Although manual signature logs and electronic swipe logs were used for timekeeping purposes, they did not always match authorized overtime payroll reports. For example, one clerical employee was paid \$8,427 for 168 hours of overtime; however, she did not sign in or out on the manual logs, as required, for 83 of those hours, totaling \$4,080. For the remaining 85 hours for which the clerk was paid \$4,347, the sign in and out time did not agree with the overtime hours submitted and paid. For example, on one day the employee signed out at 3:45 p.m., but the time record submitted for overtime stated that she worked until 5:45 p.m., resulting in two hours of unsupported overtime paid. The payroll supervisor confirmed that both manual and electronic signature logs are used for timekeeping purposes, including overtime, and was unable to explain why the signature logs did not support the employee time record forms used to claim overtime.

Because BOCES officials did not effectively monitor overtime charges to ensure that written preapproval was obtained and the reason for overtime was included, and for accuracy by adequately reviewing timekeeping records to ensure that the records agree with the time claimed, multiple employees were paid for overtime that may not have been necessary or was not earned.

What Do We Recommend?

BOCES officials should:

1. Ensure clerical employees' non-emergency overtime is approved in writing prior to work being performed and document why the overtime is necessary.
2. Ensure overtime hours are supported by timekeeping records.

Appendix A: Response From BOCES Officials



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February 26, 2024

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Re: Response to the Audit of Western Suffolk BOCES' Clerical Overtime
(Audit 2023M-124)

Dear Mr. McCracken:

I am in receipt of the draft report that the Office of the New York State Comptroller ("OSC") prepared concerning its audit of the processes used by the Western Suffolk Board of Cooperative Educational Services ("BOCES") to monitor and approve its clerical employees' overtime. Please allow this letter to serve as BOCES' audit response.

BOCES appreciates, and fully supports, the important role that the OSC plays in identifying steps that we can take to reduce costs and strengthen our financial controls. In this case, however, we believe that there is essential context that is absent from the draft report and that should be included in the final version.

First, the draft report states that "[o]vertime should be incurred only when circumstances arise and cannot be avoided." We agree. Notably, though, the audit period was July 1, 2021 through March 31, 2023, which overlapped with much of the COVID-19 Pandemic and its aftereffects. During this time, it was extremely difficult, if not virtually impossible, to hire, onboard and train clerical employees. BOCES had a significant number of critical clerical vacancies that were, for all practical purposes, unfillable. Indeed, even when new clerical employees were hired, they often left soon after or they needed significant training before they could efficiently and effectively perform their duties. In other words, in the vast majority of cases, the overtime that was incurred during the audit period, despite the amount, was necessary and could *not* be avoided. The final report should make this very clear.

See
Note 1
Page 8

Second, the draft report recommends that BOCES "adhere to the adopted personnel policy that requires all overtime to be preapproved by an employee's immediate supervisor." Likewise, in multiple places, including the "Key Findings," the draft report states, or implies,

Board of Cooperative Educational Services
Second Supervisory District of Suffolk County
www.wsboces.org

that BOCES did not have any process for the preapproval of overtime. However, during the entire audit period, BOCES had in place, and diligently adhered to, a system for the *oral* preapproval of overtime. Put differently, BOCES' clerical employees were not permitted to work overtime unless it was first orally approved by the appropriate supervisor. BOCES respectfully requests that this be made very clear in the final audit report.¹

See
Note 2
Page 8

Third, in light of the manner in which the Pandemic negatively affected staffing, often, overtime was, by necessity, pre-scheduled and pre-authorized for a specific, reoccurring purpose “until further notice.” For example, one clerical employee was asked to work overtime to assist with COVID-19 testing on the same two days each week, after her regular hours, until such time as testing was no longer required or additional staff could be hired to help. Likewise, the draft report notes that one clerical employee was paid \$14,220 in overtime wages “with no explanation indicated on any of her time records.” However, this employee was under instructions to assist with ensuring that, each pay period, the payroll was completed. While she may not have written “assist with payroll” on her time records, BOCES' leadership clearly understood what she was doing, and why. Not only was this employee's overtime preapproved, it was (in the absence of any other viable option) affirmatively requested. Put differently, that clerical employees were asked just once to volunteer for repetitive, predictable, additional duties (instead of a supervisor repeatedly asking them each time for weeks on end), and that there was no written record of this request, does not mean that the overtime was worked without BOCES' knowledge and approval. Nor does it mean that their overtime was unnecessary, that the reason that these employees were working was unknown or that alternatives (such as there were any) were not considered. This reality should be incorporated into the final audit report.

See
Note 3
Page 8

Fourth, given the overwhelming, Pandemic-related need, the final report should also unambiguously state that the amount of overtime that was incurred does not, in of itself, indicate that there was any problem with BOCES' process for monitoring and approving its clerical employees' overtime. To the contrary, because the cost of paying overtime on an as-needed basis to a few clerical employees was *less* than the cost of paying the salaries and benefits of the additional clerical employees that BOCES ordinarily would have had (and needed), less money was spent on clerical employees during the audit period than would have ordinarily been. While the functional inability to hire and retain staff meant that there was extremely important work that could not be done, or done in a timely manner, because BOCES was unable to hire sufficient staff, the net effect, even accounting for the overtime, was a savings.

Fifth, it is important to recognize that, while there may have been differences between clerical employees' manual log records of the time at which they arrived and departed compared to the records of when their identification badges were used to electronically swipe in and out of their respective work location, this does not necessarily indicate that the overtime recorded in the manual logs was not worked or approved. There are a variety of reasons why an employee might “swipe” out and then continue to work, including, for example, that the overtime involved outdoor bus duty. The draft report also does not account for the fact that the electronic swipe system was put into place during the audit period and, consequently, some of discrepancies

See
Note 4
Page 8

¹ We note that there was one individual supervisor who did not properly adhere to this procedure. That person is no longer employed by BOCES.

identified may have been the result of initial confusion among certain employees about when the electronic system became active and whether they were expected to continue keeping manual records.²

Lastly, the draft report recommends that BOCES should implement a process for the *written* preapproval of overtime. Again, we agree. Indeed, this has already been done and, we respectfully submit, BOCES' decision to accept this recommendation, even before it is formally made, should be conspicuously noted in the final report.

Thank you for your consideration.

Very truly yours,

Ilene Herz, Esq.
President
Western Suffolk BOCES Board of Education

cc: Michael Flynn, Chief Operating Officer
April E. Poprilo, District Superintendent
Warren Taylor, Chief Financial Officer
Dr. Hugh Gigante, Executive Director, Personnel

² In addition, on page 6 of the draft report, there is a discussion of one clerical employee for whom the auditors determined that the manual signature logs and the electronic swipe logs did not match the authorized overtime payroll reports, including one day on which the employee signed out at 3:45 p.m., but the time record submitted for overtime stated that she worked until 5:45 p.m. In this case, though, the sign in/out sheets used for the employee's regular workday were separately kept from the sign in/out sheets used for overtime. For the overtime, there was a independent sign in/out log, on which the employee signed in at 3:45 p.m. and signed out at 5:45 p.m.

Appendix B: OSC Comments on BOCES' Response

Note 1

We updated the Key Findings to note the time overlap with the pandemic and officials' assertion that overtime was verbally preapproved.

Note 2

While our report states officials said all overtime was preapproved verbally, verbal approvals do not provide management or those charged with ensuring compliance with BOCES policies with any evidence that overtime was preapproved. As a result, the lack of documentation prevents officials from ensuring that overtime controls are effective, and policies are adhered to. We edited the Key Findings to clarify that we were referring to written preapproval. A written preapproval process would have provided support to show the overtime was preapproved, necessary and could not be avoided.

Note 3

Officials did not provide any documentation to support overtime was "pre-scheduled and pre-authorized for a specific, reoccurring purpose..." The lack of documentation prevents officials from ensuring that overtime controls are effective, policies are adhered to and overtime was necessary.

Note 4

We reviewed both electronic swipe records and manual logs during fieldwork. We did not take exception if we were provided with either one to support the hours paid. When we did not have time records to support overtime paid, we provided names and dates to officials and made requests for additional documentation. We were not provided with the information either during fieldwork, at the end of fieldwork meeting, or at the exit conference. In addition, officials should have investigated instances where time records were inconsistent to ensure overtime was only paid for hours that were approved and worked.

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed BOCES officials to obtain an understanding of the policies and procedures for the approval of overtime.
- We reviewed BOCES' CBAs and Board resolutions documenting employment stipulations to determine whether overtime payments were made in accordance with the agreements.
- We reviewed the total overtime payments made to all clerical employees during our audit period to determine which employees had the highest overtime charges. We used our professional judgment to determine our sample size of the 15 highest paid clerical employees of the 74 clerical employees receiving overtime payments. In addition, we reviewed the overtime payments made to the treasurer and the claims auditor.
- We reviewed the time records for these 17 employees for a six-month period (April, May and June of 2022, and January, February and March of 2023) to determine whether the overtime was authorized, preapproved, the reason for overtime was documented, the overtime worked was for routine work, and whether manual and electronic timekeeping logs supported overtime time records.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To

the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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.

Appendix D: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/fiscal-monitoring

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/resources/planning-resources

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

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

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

www.osc.ny.gov/local-government/required-reporting

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

www.osc.ny.gov/local-government/publications

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

www.osc.ny.gov/local-government/academy

Contact

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