

Highland Central School District

Non-Instructional Overtime

JUNE 2021



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

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Report Highlights

Highland Central School District

Audit Objective

Determine whether Highland Central School District (District) officials properly authorized and monitored overtime for non-instructional employees.

Key Findings

District officials did not properly authorize and monitor overtime for non-instructional employees or review the overtime payment calculations. As a result:

- 20 non-instructional employees were paid overtime totaling \$203,444, primarily for non-emergencies. With appropriate scheduling, over \$60,000 of these overtime payments could have been avoided or reduced.
- 10 employees were overpaid for 189.75 overtime hours totaling \$7,551 and seven employees were underpaid for 39.25 overtime hours totaling \$1,158.

Key Recommendations

- Adopt policies and procedures with clear guidelines for overtime work, including approval of overtime, to ensure that only necessary overtime charges are being incurred.
- Implement procedures for supervisory review of hours worked for accuracy of manual calculations of overtime charges.
- Ensure these policies and procedures are monitored and enforced.

District officials generally agreed with our recommendations and indicated they plan to initiate corrective action.

Background

The District is located in the Towns of Esopus, Lloyd, Marlborough, New Paltz and Plattekill in Ulster County. It is governed by an elected seven-member Board of Education (Board) responsible for the general management and control of financial and educational affairs.

The Superintendent of Schools is the chief executive officer responsible, along with other administrative staff, for day-to-day management under the Board's direction.

Employees' immediate supervisors are responsible for scheduling overtime. Immediate supervisors and central administration are responsible for approving overtime.

Quick Facts

2018-2019 Expenditures	\$44,659,882
2019-2020 Appropriations	\$44,442,937
Total Overtime Paid During the Audit Period	\$308,968
Employees	494
Enrollment	1,668

Audit Period

July 1, 2018 – January 31, 2020

Non-Instructional Overtime

How Should District Officials Control Overtime?

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.

Preapproval of overtime should be obtained in all instances where overtime can be planned in advance, such as for a school program or the second day of an emergency event, using a written authorization form. In emergency situations, supervisors should verbally preapprove overtime to be incurred and follow up with the written form.

To ensure that controls are effective, department heads and supervisors should regularly review available documentation and accounting records to confirm that controls are being properly followed. In addition, the terms and conditions of collective bargaining agreements should be clearly communicated to those responsible for payroll processing to limit inaccuracies.

The District's Highland Support Association (HSA) contract states overtime must be scheduled by the employee's immediate manager and be approved by central administration. The HSA contract outlines that employees will receive overtime at the rate of time and one-half for all hours worked in excess of the required number of daily duty hours, except bus drivers. Bus drivers who work in excess of five hours in a single work day will be paid straight time for hours worked in excess of five hours until they work 37.5 hours during a work week. Any hours above 37.5 will be paid at the rate of time and one-half for the remaining hours worked during that work week.

District Officials Did Not Properly Approve and Monitor Overtime

Existing controls over the payroll overtime process, such as written preapproval of overtime, were not being followed. As a result, District employees would add any additional time worked on their timesheets either without preapproval from their immediate supervisor or with only verbal preapproval from their supervisor. In both situations, the overtime was worked without obtaining central administration's approval as required by the HSA contract.

We selected 20 employees with high overtime charges for the audit period¹ and reviewed all of their timesheets and any additional preapproval documentation for overtime charges totaling \$203,444 and found none of them had prior written authorization. Our review of the timesheets for these 20 employees also

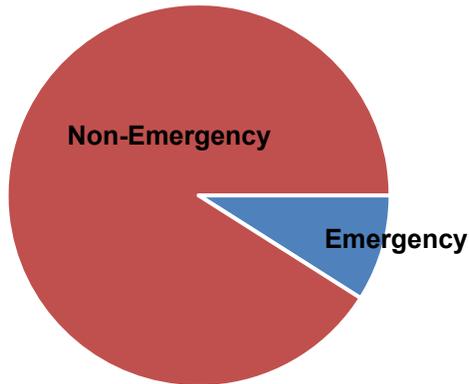
Overtime should be incurred only when circumstances arise and cannot be avoided.

...[O]vertime was worked without obtaining central administration's approval.

¹ Refer to Appendix B for information on our sampling methodology.

FIGURE 1

General Overtime Analysis^a



a) \$197,051 paid for emergency and non-emergency work plus the variance of \$6,393 for overpayments totals \$203,444.

found that 91 percent of the overtime charges were for non-emergency events (Figure 1).

In addition, District officials and department heads were not adequately monitoring overtime charges. While emergency overtime can be difficult to anticipate, non-emergency overtime worked was primarily for substitutions, sporting events, dances and contractor visits, which could have been easily prevented with schedule adjustments. We determined that had the District adjusted employee schedules, some of these charges could have been avoided or paid at regular pay. As a result, the District could

have saved over \$60,000 in overtime expenses.

Furthermore, District officials and department heads did not effectively review overtime charges for accuracy prior to payments being issued. There are multiple points of review from when the employee signs their timesheet to when the payroll is finalized, including the employee's supervisor and the payroll clerk. However, our review of these 20 employees' timesheets found:

- 136 out of 767 timesheets reviewed (18 percent) contained errors. While some of these errors were due to mathematical mistakes, most were due to employees that should have been paid straight time instead of overtime based on their contract.
- 10 employees were overpaid for 189.75 hours totaling \$7,551. For example, three bus drivers were paid \$5,372 for overtime in weeks in which they were off for holidays, reducing their hours worked, instead of working a total of 37.5 hours in a week at straight time prior to earning overtime as the HSA requires.
- Seven employees were underpaid for 39.25 hours totaling \$1,158 because their timesheet hours were inaccurately calculated.

These errors occurred because District officials did not establish a written policy or procedures to ensure that all overtime hours worked required preapproval documentation, were incurred only when necessary and were adequately

recorded. In addition, although the HSA requires preapproval of all overtime worked, District officials could not provide an explanation on why it was not being followed. Because District officials did not ensure overtime was preapproved and monitored and did not provide an adequate review of timesheets, the District paid more than necessary in overtime costs.

What Do We Recommend?

The Board should:

1. Adopt written policies and procedures relating to overtime control. The policy should also address the approval of overtime for emergencies and unforeseen circumstances when written preapproval cannot be obtained and scheduling to cover employees who are absent from work.

District officials should:

2. Monitor and enforce District policies, procedures and collective bargaining agreements regarding overtime charges and preapproval to ensure that only necessary overtime charges are being incurred.
3. Implement procedures for supervisory review of hours worked to ensure the accuracy of the manual calculation of overtime charges.

Appendix A: Response From District Officials

HIGHLAND CENTRAL SCHOOL DISTRICT

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Superintendent

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April 22, 2021

The Highland Central School District has had the opportunity to review the report entitled "Non-Instructional Overtime". The district accepts the report and plans to implement all the "Key Recommendations":

1. The District subscribes to the Erie I Policy service. We will work with them to develop policies and procedures governing all aspects of overtime.
2. Procedures will be implemented for supervisory review of all overtime including in-service training.
3. Steps will be taken to ensure compliance with the policies and procedures.

Respectfully Submitted,

Thomas Bongiovi
Superintendent

Appendix B: 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 District officials and department heads to obtain an understanding of the policies and procedures for the approval of overtime.
- We reviewed the District's collective bargaining agreements to determine whether overtime payments were paid in accordance with the agreements.
- We reviewed the total overtime payments for all employees and departments during our audit period to determine which employees and departments had the highest overtime charges. We used our professional judgement to determine our sample size of the 20 highest paid non-instructional employees out of the 98 employees receiving overtime payments.²
- We reviewed all timesheets for the audit period for the 20 employees in our sample to determine if overtime worked was for emergency or non-emergency events, for Saturday hours and/or for substitution and if their time was calculated correctly.
- We calculated overtime charges at regular pay to determine potential cost savings.
- We requested written documentation to support preapproval of overtime worked for the sample of 20 employees.

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.

² One employee was excluded from testing because the overtime paid was the result of a student's Individualized Education Program requirements.

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. The CAP should be posted on the District's website for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/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.state.ny.us/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

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

www.osc.state.ny.us/local-government/academy

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