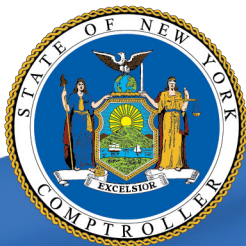


Town of Chester

Time and Attendance Records

MARCH 2018



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

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Report Highlights

Town of Chester

Audit Objective

Determine whether Town officials implemented adequate policies and procedures over employee time and attendance and leave records.

Key Findings

- Some employees did not use time sheets, vouchers or timecards to record the time actually worked.
- Leave request forms were not used to monitor paid leave time.

Key Recommendations

- Implement comprehensive written procedures for time and attendance.
- Require all employees to complete time records and leave request forms requiring employee signatures and department head or Supervisor approval.

Town officials agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Town of Chester (Town) is located in Orange County. The Town is governed by an elected Town Board (Board) composed of four Board members and a Town Supervisor (Supervisor). The Board is responsible for the general management and control of operations. The Supervisor serves as the chief executive and chief fiscal officer.

Quick Facts

2017 Budgeted Appropriations	\$11.8 million
Employees	109
2016 Payroll	\$4.2 million

Audit Period

January 1, 2016 – October 2, 2017

Time and Attendance Records

Why Are Time and Attendance Records Important?

Payroll costs represent a significant portion of Town operating expenditures. To properly control and account for these costs, it is important that the Board develop and implement procedures to ensure that accurate attendance and timekeeping records are maintained so accrued leave used or earned and hours worked are accurately reported.

Town officials should require employees to document days and hours worked and accrued leave credits used on timekeeping records (time sheets or timecards). These records should be reviewed and approved by supervisory personnel who have direct contact with the employee, signed by employees and hours for which the employee is paid should match the hours worked. Town policy requires employees to clock in and out at the beginning and end of the day and meal periods and department heads are required to initial the timecards to document their review.

Time Records Were Not Always Used

We reviewed the time records of all 109 employees and requested time sheets, vouchers and time cards, because each department tracked hours worked differently.¹ While half of employees (50 percent) used some form of time record to record the number of hours worked, 11 full-time employees did not use any time records to document the hours worked and 43 seasonal Recreation department workers were not required to use time sheets or timecards. Seasonal employees' time was submitted by their supervisor who submitted the total hours these employees should be paid but the Recreation department supervisor did not maintain any documentation showing the hours the employees actually worked.

The Supervisor and department heads told us that time sheets are not used for the following reasons:

- Most employees have worked at the Town for many years and are trusted.
- Some employees previously submitted documentation but then stopped and this was not questioned by managers.
- Employees did not fill out time cards for the hours worked because their hours are set.

There is an increased risk that employees could be paid for time not worked when time sheets and time cards are not used.

¹ The Highway department staff use a time clock, the Library department staff use a computer clock-in system, Police department and Town hall staff use time sheets.

Paid Leave Time Was Not Monitored

We reviewed leave accrual records for 60 employees. While 47 employees used leave request forms to document leave accruals used, 13 Town hall staff did not use forms to document their requests to use leave accruals. These employees recorded their accrued leave used on a monthly sheet, a supervisor did not review the leave recorded to ensure all used accrued leave was documented. For example, the Water department employs two staff who serve as co-department heads and signed off on each other's overtime and on-call pay requests. Although one of these employees was entitled to and received a payment of \$1,321 for 40 hours of accrued vacation leave, the payment was approved by the other co-department head rather than the Supervisor.

The Supervisor told us that most employees have worked for the Town for many years and are trusted. By not using leave request forms to provide an audit trail for leave earned and used, Town officials do not have adequate assurance that employees receive the pay and accrued leave to which they are entitled and there is an increased risk that payroll errors or irregularities could occur and go undetected.

What Do We Recommend?

Town Officials should:

1. Implement comprehensive written procedures for time and attendance.
2. Require that all employees complete a time record and use accrued leave request forms. Require that all time sheets or timecards and leave request forms are signed by employees and approved by their respective department head or the Supervisor before payroll is processed.

Appendix A: Response From Town Officials

Supervisor - Alexander Jamieson

Town Board

Brendan W. Medican
Cynthia Smith
Robert Valentine
Ryan C. Wensley

Town Justices -

Janet M. Haislip
Sharon Worthy-Spiegel

TOWN OF CHESTER

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Town Clerk - Linda A. Zappala

Highway Supt. - Anthony LaSpina

Receiver of Taxes - Vincent A. Maniscalco

Building Inspector - James Farr

Assessor - John Schuler, III

Police Dept. - Daniel J. Doellinger, Chief

February 26, 2018

To the Office of the State Comptroller,

I would like to thank your office for conducting the audit for the Town of Chester. As Town Supervisor, I feel these audits play a major role in the overall makeup of the town in regards to conforming to the state requirements and recommendations. I have read your findings in our report and agree with those findings. The town has, since the completion of the audit, started to implement the recommendations from the report. The town is in the process of completing the corrective action plan, and will share that with your office as soon as it is finished. I greatly appreciate the time your office put into this report and will say your staff was professional and always very cooperative and courteous with my staff here at town hall.

Sincerely,

Alexander Jamieson

Town of Chester Supervisor

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, we performed the following audit procedures:

- We interviewed Town officials and reviewed Board minutes and the Board-adopted employee handbook to gain an understanding of the processes and procedures over time and attendance procedures and payroll processing.
- We reviewed all 109 employees' time sheets, timecards or vouchers, to determine whether the hours these employees worked agreed with the hours paid and identified 60 employees who used leave.
- We reviewed the time-off documentation for the 60 employees who used leave and compared their records to the time accrual records to determine whether the time was deducted from the accruals.
- We judgmentally selected and reviewed all employee records from each department for certain months during our audit period. We tested all records for Library personnel for October 2016 and May 2017, Police department personnel for September 2016 and April 2017, Highway department personnel for February 2016 and March 2017, Water department personnel for February 2016 and March 2017, Justice Court personnel for December 2016 and January 2017, town hall employees for December 2016 and January 2017 and Parks and Recreation department employees for June and July 2016 and August 2017.

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 relevant population size 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 Board to make the CAP available for public review in the Town Clerk's office.

Appendix C: 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

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.state.ny.us

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

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

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