Thomas P. DiNapoli
COMPTROLLER

110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

May 24, 2010

Diana Jones Ritter
Commissioner
NYS Office of Mental Retardation and Developmental Disabilities
44 Holland Avenue
Albany, NY 12229-0001

Re: Report 2010-F-1

Dear Ms. Ritter:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Office of Mental Retardation and Developmental Disabilities (OMRDD) to implement the recommendations contained in our audit report, *Bernard Fineson Developmental Disabilities Services Office Internal Controls Over Employee Separations* (Report 2007-S-116).

Background, Scope and Objective

OMRDD provides a wide range of services to individuals with developmental disabilities. It operates 14 Developmental Disabilities Services Offices throughout the State, including Bernard Fineson (Fineson) located in Queens, New York. Fineson employs 975 individuals and provides services to approximately 350 consumers. Fineson's payroll costs were $50.5 million for fiscal year 2008-2009, and approximately $49.0 million has been budgeted for payroll costs for fiscal year 2009-2010.

Our initial audit report, which was issued on October 9, 2008, examined whether Fineson had adequate controls over employee separations. An employee separation occurs when an employee leaves State service either due to resignation, retirement or termination. The effective date of an employee's separation is the last day the employee should be compensated for unless they have accumulated leave. We found that 58 of the 269 checks issued to employees who separated from State service during the 40 month period ended July 31, 2007 erroneously included payments for time after the effective date of the employees' separation. We concluded that these overpayments occurred because Fineson's Human Resource Office did not enter information about the employees' separation from State service after it occurred. This caused checks to be issued with payments for which the employees were not entitled. The objective of our follow-up was to assess the extent of implementation as of February 1, 2010 of the five recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that Fineson officials have acted to correct the problems we identified. All five of our prior audit recommendations have been implemented.

Follow-up Observations

Recommendation 1

Remind supervisors to comply with the requirement to promptly report to the Human Resources Office any employee who should be removed from the payroll.

Status - Implemented

Agency Action - Fineson's Human Resource Management office (HR) sent notification to all Fineson supervisors to remind them of the need to promptly report to HR all employees that should be removed from the payroll. This requirement is also now incorporated into new supervisor orientation sessions. In addition, on October 22, 2008 a memo was sent to all Fineson staff reinforcing the need for timely notification of HR when there is an employee separation.

Recommendation 2

Encourage employees to provide two weeks written notice prior to their effective dates of resignation.

Status - Implemented

Agency Action - After issuance of our original audit report, Fineson notified its staff that they need to provide HR with the required two weeks written notice prior to their effective date of resignation. The notification also indicated that failure to do so could result in the withholding of payment to the employee.

Recommendation 3

Reinforce the Human Resources Office to promptly enter all employee separations information into PayServ.

Status - Implemented

Agency Action - In response to our prior audit report, Fineson's Director of Human Resources designated the Associate Personnel Administrator as the person responsible for ensuring that employee separations are promptly recorded in PayServ. The Director also monitors the timeliness of such entries. We note that during the 14 month period October 1, 2008 to

December 1, 2009, only one separation resulted in an overpayment, and that was for one day's pay, compared with the 58 overpayments found during the 40 month period covered by our initial audit.

Recommendation 4

Remind the Human Resources Office to promptly enter the retirement date of the employee upon notification by the New York State and Local Retirement System.

Status - Implemented

Agency Action - Fineson's HR Office has developed new procedures for handling retirements, including designating an Associate Personnel Administrator as the responsible person to make sure retirements are promptly recorded in PayServ. As a result, Fineson did not have any retirement-related separation overpayments during the 14 month period between October 1, 2008 and December 1, 2009.

Recommendation 5

Take the appropriate actions to recover the $4,333 in late separation checks issued to the five employees cited in this report.

Status - Implemented

Agency Action - Fineson has taken appropriate actions to recover all amounts due from the five employees cited in our original report. Four of the employees have either fully repaid, or are on payment plans to repay, the amounts due. The New York State Attorney General has ceased collection efforts for the fifth individual, who owed $287.

Major contributors to this report were Santo Rendon, John Lang, and Unal Sumerkan.

We thank the management and staff of OMRDD and Fineson for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Michael Solomon
Audit Manager

cc: V. Sleasman, Audit Liaison
T. Lukacs, Division of the Budget