

Thomas P. DiNapoli  
COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

May 24, 2010

Dr. Nancy L. Zimpher  
Chancellor  
State University of New York  
State University Plaza  
Albany, NY 12246

Re: Report 2010-F-14

Dear Chancellor Zimpher:

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 State University of New York Maritime College (Maritime) to implement the recommendations contained in our audit report, *Controls Over Selected Payroll Practices* (Report 2007-S-107).

**Background, Scope and Objective**

Maritime is one of the specialized colleges within the State University of New York (SUNY) system. Maritime has about 1,757 students and awards undergraduate and graduate degrees, mainly in science and engineering. It prepares students for careers in the maritime industry, government, military and private industry. Maritime is located at Throgs Neck in the borough of the Bronx, within the City of New York. Maritime employs approximately 374 personnel on their main agency payroll, 43 on their student assistant payroll, and 83 employees on their federal work study payroll. Maritime's total payroll expense for the 2008-09 fiscal year was about \$16.4 million.

PayServ is New York State's comprehensive payroll system, which is maintained by the Office of the State Comptroller (OSC). Agencies submit payroll information, through PayServ, to OSC, where paychecks are calculated and produced. Using PayServ, OSC produces paychecks on a bi-weekly basis for State employees. Generally, employees' paychecks remain the same from period to period unless changes are posted to PayServ. Therefore, the accuracy of payrolls generated from PayServ depends on the effectiveness of each agency's payroll update functions. The State Accounting System User Procedure Manual prescribes the appropriate internal controls over key payroll processes. Additionally, OSC issues payroll bulletins that provide State agencies with information and guidance on proper payroll practices. Payroll Bulletin 470 (Bulletin 470) establishes general policies and procedures for the prompt recovery of overpayments. Bulletin 470 also refers to the State Division of the Budget Policy and Reporting Manual, which details procedures for referring

uncollected debts to the New York State Attorney General for further collection efforts.

Our initial audit report, which was issued on March 4, 2008, covering the period April 1, 2003 through October 25, 2007, examined the system of controls over the removal of individuals from the payroll. In addition, we examined Maritime's efforts to recover \$136,380 in overpayments to 57 employees. The objective of our follow-up was to assess the extent of implementation as of April 7, 2010 of the three recommendations included in our initial report.

### **Summary Conclusions and Status of Audit Recommendations**

We found that Maritime officials have implemented the three prior audit recommendations.

#### **Follow-up Observations**

##### **Recommendation 1**

*Ensure that payroll checks, corresponding to payroll overpayments, are returned to PayServ timely.*

Status - Implemented

Agency Action - We reviewed a sample of five payroll overpayments. Based upon this review, we determined that payroll checks were returned to PayServ in a timely manner for each of the five overpayments. We also determined that no paychecks, relating to overpayments, were located in Maritime's safe.

##### **Recommendation 2**

*Ensure that overpayment recoveries are posted properly and timely to PayServ so that the amounts of outstanding balances are accurate.*

Status - Implemented

Agency Action - We reviewed a sample of overpayment recoveries for four employees. Our review found that Maritime officials updated PayServ properly and timely to reflect the overpayment recoveries for each of the four employees. We also determined that the outstanding overpayment balances listed in PayServ matched the balances on Maritime's records for the same four employees.

##### **Recommendation 3**

*Refer uncollected overpayments, which meet the criterion specified by the Division of the Budget, to the Attorney General for further collection efforts, as necessary.*

Status - Implemented

Agency Action - As of April 7, 2010, Maritime officials were in the process of collecting \$38,718 in

overpayments from 24 employees. We reviewed a sample of five of these employee debts that were over 121 days old to ensure the accounts had been referred to the New York State Attorney General as required. We found each account had been referred timely.

Major contributors to this report were Kenrick Sifontes, Stephen Lynch, and Tania Zino.

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

Very truly yours,

Kenrick Sifontes  
Audit Manager

cc: Vice Admiral John W. Craine (Ret) – President  
Michael Abbott, SUNY - University Auditor  
Keith Murphy, Maritime College