



# Columbia County Payroll

## Report of Examination

Period Covered:

January 1, 2012 — October 3, 2013

2014M-121



Thomas P. DiNapoli

# Table of Contents

	<b>Page</b>
<b>AUTHORITY LETTER</b>	2
<b>INTRODUCTION</b>	3
Background	3
Objective	4
Scope and Methodology	4
Comments of Local Officials and Corrective Action	4
<b>PAYROLL</b>	5
Payroll Processing	5
Leave Time Accrual Records	8
Recommendations	10
<b>APPENDIX A</b> Response From Local Officials	12
<b>APPENDIX B</b> OSC Comments on the County's Response	23
<b>APPENDIX C</b> Audit Methodology and Standards	24
<b>APPENDIX D</b> How to Obtain Additional Copies of the Report	25
<b>APPENDIX E</b> Local Regional Office Listing	26

# State of New York Office of the State Comptroller

---

## **Division of Local Government and School Accountability**

August 2014

Dear County Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and County Board of Supervisors' governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of Columbia County, entitled Payroll. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

Columbia County (County) is located in eastern New York and has a population of approximately 63,000. The County is governed by a Board of Supervisors (Board) which is composed of 23 members, one of whom also serves as the elected Chairman, who is the County's chief executive officer. The Board has final administrative authority over County operations and delegates overall responsibility for policy direction and oversight of County departments to committees comprising individual Board members. All County departments report to one of seven<sup>1</sup> committees. Expenditures for the 2013 fiscal year totaled \$137,524,935. The County's budgeted appropriations for the 2014 fiscal year are \$148,650,278. At the time of our audit, there were 1,029 active employees, of whom 724 were full-time, 220 were part-time and the remaining were temporary or per diem employees.

The Payroll Department, consisting of the Payroll Director and two employees, reports to the Controller. The Payroll Director oversees the convergence of the departments' payroll batches into the biweekly payroll files, runs and reviews processing exception reports and monitors systemically generated change reports to leave accruals. The Payroll Department also retains signed payroll registers, enters new employee information, calculates separation payments, maintains leave accrual balances and responds to employee and department head inquiries.

The County converted to a new financial accounting software program in January 2012 that included modification to its payroll processing function. Timekeepers were designated in each County department and began reporting biweekly activity to the Payroll Department by electronic batch processing. The new payroll program is exception based – only deviations from the scheduled hours of full-time employees are entered by the departments' timekeepers. The timekeepers enter overtime hours, compensatory time earned and used, paid holidays and all leave time taken by employees. Automatic biweekly payment routines are set up for part-time employees who work fixed work schedules through a program referred to as "auto-pay." Biweekly payroll batches are supposed to be approved by the department heads, who are also responsible for certifying the payroll registers.

---

<sup>1</sup> The committees are County Government, Economic Development, Finance, Health and Medical Service, Human Services, Public Works and Public Safety.

**Objective**

The objective of our audit was to determine if controls over employee time and attendance and leave accruals were adequate. Our audit addressed the following payroll-related question:

- Did County officials establish adequate internal controls to ensure that time, attendance and leave accrual records were accurate, complete and properly approved?

**Scope and Methodology**

We examined payroll transactions processed, and time, attendance and leave accrual records maintained for five selected County departments<sup>2</sup> for the period January 1, 2012 through October 3, 2013. We expanded the scope of our examination to November 21, 2013 for one department to review the payout payment for unused vacation leave at separation for one employee.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix C of this report.

**Comments of Local Officials and Corrective Action**

The results of our audit and recommendations have been discussed with County officials and their comments, which appear in Appendix A, have been considered in preparing this report. Except as indicated in Appendix A, County officials generally agreed with our findings and recommendations. Our comments concerning the County officials' response can be found in Appendix B.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the 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 this plan available for public review in the Clerk's office.

---

<sup>2</sup> See Appendix C, Audit Methodology and Standards, for details on our sample selection.

# Payroll

One of the Board's and County officials' responsibilities is to establish a system of internal controls over payroll to ensure that employees are paid only those wages, salaries and benefits to which they are entitled. Good internal controls for payroll consist of written policies and procedures to provide reasonable assurance that payroll transactions are authorized, recorded and reported properly, and that work performed is monitored and reviewed routinely. Two important components of any internal control system are properly segregating financial duties to ensure that one person does not control all phases of a transaction and providing management oversight.

County officials need to improve internal controls over employee time and attendance practices and payroll processing. We found that the County overpaid \$18,724<sup>3</sup> to employees for time not worked or for leave time taken and not charged to leave accruals. We also identified an additional \$24,824 in leave taken and not charged to leave accruals that County officials corrected as a result of our audit. This occurred because none of the departments examined had an effective system for reporting and recording time and attendance. Some County employees are not required to document their hours worked, and others report and approve their own attendance and leave records without independent verification and oversight. Therefore, County officials do not have adequate assurance that employees have worked the hours for which they have been paid. In addition, department heads did not require employees to submit formal time off request forms when taking time off. Consequently, some employees used accrued leave time that was not properly documented, available or deducted from leave accrual balances. If County officials do not improve their controls over the payroll system, the risk is increased that employees will continue to accrue time not earned and get paid for time not actually worked.

## Payroll Processing

Written payroll policies and procedures help to ensure that each employee understands the overall objectives and his or her individual role in the payroll process. An important principle of internal controls requires that one individual should not have uncontrolled access to an entire processing cycle. County officials must establish a system of checks and balances to ensure that payroll processing duties are adequately segregated. As such, employees should be required to maintain daily records of hours worked, and supervisors should be

---

<sup>3</sup> \$18,724 = \$10,142 overpaid to part-time attorneys + \$236 overpayment of compensatory time to the Clerk and Deputy Clerk + \$231 net balance of uncharged leave accruals for employees that the County has not corrected + \$8,115 overpayment to attorney who resigned

required to approve their employees' time records to ensure time worked is properly recorded before the departments' payroll batches are submitted to the Payroll Department for processing. It is also important that County officials certify the final payrolls to ensure accuracy of the payroll journals.

The County did not have comprehensive written policies and procedures to provide proper guidance and internal controls over preparing and processing payroll. Consequently, payroll duties were not adequately segregated. Each department head designates an individual to serve as a timekeeper and enter biweekly payroll data into electronic batches for payroll processing. Once the payroll batches are approved, they are accessible by the Payroll Department to process. The designated department timekeeper enters payroll data on an exception basis. Standard biweekly work hours (70 or 80 hours) are paid unless the department timekeeper enters other information by specified code and hours, which may include overtime pay, compensatory time earned, holiday pay or leave accruals used during the payroll period. According to the Payroll Director, once entered, the batch should be reviewed and approved by the department head. The department head is also responsible for certifying the departmental payroll register upon receipt of the payroll checks and pay advices and then returning the departmental payroll register to the Payroll Department once the checks are issued.

We selected and examined four payrolls totaling \$381,619 for five County departments comprising a total of 52 employees.<sup>4</sup> We found an inadequate separation of payroll processing duties in four of the five departments:

- In one department, two employees entered and approved biweekly payroll batches without supervisory oversight or approval.
- In two departments, the payroll registers were signed by the departments' timekeepers, one of whom also entered and approved the payroll batches.
- In one department, three individuals enter payroll data, one of whom also approves the batch.

In addition, payroll registers in three departments were not certified by the department head, as required, for 11 of the 20 payroll registers we reviewed. The County's lack of comprehensive written policies and

---

<sup>4</sup> See Appendix C, Audit Methodology and Standards, for details on our sample selection.

procedures to provide proper guidance over preparing and processing payroll, coupled with inadequate segregation of duties, increases the potential for risk that errors or irregularities could occur and remain undetected and for fraud and abuse to occur.

Time and Attendance Records – Although County officials informed us that some County departments use formalized time and attendance systems (i.e., Highway Department, Sheriff’s Office and County Nursing Home), there is no overall County-wide requirement that all employees complete and certify their hours worked on a time record, such as a time sheet or time card. We reviewed the time records for all 52 employees in the five departments selected, comprising 172 payroll entries for the four payroll periods. The regular full-time and part-time employees should have submitted a total of 151 time sheets; however, none were submitted. Temporary and per diem employees working in four departments should have submitted 21 time sheets; however, employees who worked in two departments submitted 17 time sheets. None of the time sheets reviewed showed evidence of supervisory review or approval.

In addition, the payroll system is configured to issue biweekly checks for part-time employees for pre-determined hours (i.e., 60 hours for part-time attorneys) in a process called auto-pay. The pre-set hours include holidays not worked and employee absences. We obtained departmental records, when available (e.g., wall calendar and electronic calendar), from the District Attorney’s Office, Public Defender’s Office and County Attorney’s Office to identify absences of part-time attorneys, along with holidays that fell within the pay periods tested that were not worked. In total, \$101,483 for 3,180 hours was paid to 16 part-time attorneys; we identified \$10,142 for 322 hours that had been paid to these attorneys for hours not worked. The use of the auto-pay function eliminates human review because it prepares paychecks for a pre-determined amount or number of hours in each pay period. While recognized as a time saving measure, its use can promote complacency and result in errors or omissions occurring and remaining undetected.

Compensatory Time – Compensatory time is earned by the Clerk and Deputy Clerk to the Board of Supervisors for attendance and coverage of meetings after normal business hours. Although records of compensatory time were maintained by the Clerk and Deputy Clerk, there is no management oversight of compensatory time earned. In addition, both individuals enter and approve their own biweekly payroll batches which include hours worked and leave time taken. We tested 27.25 compensatory hours earned and determined that Board and committee minutes supported 20 of these hours. Consequently, \$236 for 7.25 hours was inappropriately paid for compensatory time.

This occurred because time logs are not maintained, and compensatory time earned is not reviewed and approved by the Board or committee chair after each meeting, or by the department head as part of the biweekly payroll review. Although the cost to the County for these discrepancies was not material, the cumulative impact of such errors over time could be substantial.

These control deficiencies occurred because there is no Board-adopted policy requiring that all employees complete and certify a record of their time worked. With the absence of properly completed, certified and approved time records, County officials do not have assurance the wages paid to employees are for hours actually worked, which increases the risk that employees could be paid for time not worked.

### **Leave Time Accrual Records**

The State Education Department requires that counties retain employees' time records covering leave, absences, hours worked and scheduling for six years. Such time records include, but are not limited to, employees' time cards or sheets, requests for change of work schedule, vacation schedules, reports of absence and requests for leave without pay. A good system of accounting for employee leave time requires periodic verification that the records for leave time earned and used and leave allowances earned by employees are accurate and prepared in a timely manner. The County should have comprehensive policies and procedures in place that provide for periodic independent reviews of leave time accrual records and balances throughout the year. It is important for procedures to be designed to ensure that leave time is earned in accordance with County policies, collective bargaining agreements and Board resolutions, and that days used are properly deducted from employee leave time accruals.

The County does not have comprehensive written policies and procedures to provide proper guidance and internal controls over leave time, and the Board did not ensure that department personnel were following retention schedules. Each department established its own procedures for employee leave accruals and the records to be maintained. For example, two departments used leave request forms, and a third department began using these forms as the result of our audit. However, within these three departments, leave request forms were not required to be submitted by all employees who used leave time. In the two departments where leave request forms were used, the forms were retained in departmental storage. For those departments where leave request forms were not used, record retention varied. One department tracked absences on a wall calendar, which was destroyed after two years. An electronic spreadsheet was used by another department to record absences; however, the spreadsheet maintained for 2012 had been overwritten and the 2013 record did

not include all leave reported to the Payroll Department. In the last department, a personal record of leave time taken was entered into in a word processing application on a department employee's computer. The record was not printed annually for retention.

Of the five departments selected, we reviewed all of the 26 full-time employees' leave accrual records for four payroll periods to determine if departmental records supported the leave accrual records maintained by the County Payroll Department. Departmental records indicated 168 instances of leave time taken covering 1,050 hours. We found 40 instances<sup>5</sup> covering 241.50 hours with variances between departmental records and the Payroll Department's records. The most common variance occurred when department records showed an employee was absent but the Payroll Department records did not have a corresponding charge to leave accruals. This occurred in 26 instances totaling 165.50 hours, valued at \$6,976. During our limited test, the majority of uncharged leave totaling 112.5 hours, valued at \$5,542, was taken by four attorneys in one department. The remaining 53 hours, valued at \$1,434, were taken by four non-attorneys.

We expanded our review of the four attorneys' leave accrual records for the period from June 2012 through October 2013 and found that they took a combined total of 113.50 days (794.5 hours) of vacation, sick and personal leave time, valued at \$39,138, that had not been deducted from their accruals and may have gone undetected without our audit. This amount included leave time valued at \$15,517 taken and not charged by an attorney who had resigned and received a separation payment prior to completion of fieldwork. Leave time not charged by the other three attorneys collectively totaled 68.50 days (479.50 hours), valued at \$23,621. After we brought the deficiencies to the department head's attention, he obtained detailed records of leave taken by seven employees<sup>6</sup> and submitted them to the County Payroll Department to correct the accrual records. These corrections totaled \$24,824, leaving an uncorrected balance of \$231.

As the result of this department's failure to properly record leave time taken by its full-time attorneys, a separation payment of \$7,598 for 154.24 hours of unused vacation time plus a payment of \$3,448 for 10 days of leave with pay, authorized by the department head, was paid in November 2013 to one of the attorneys discussed above who resigned from County employment. Had this employee's leave time been properly recorded for all of his absences, the total payment would have been \$2,931 for 59.50 hours of unused, accrued vacation time. Therefore, the attorney was paid \$8,115<sup>7</sup> more than he

<sup>5</sup> Each day taken within a payroll period was considered an instance (e.g., leave time taken on two consecutive days was counted as two instances).

<sup>6</sup> Three active attorneys included in both the limited and extended testing and four non-attorneys identified in the limited testing

<sup>7</sup>  $\$7,598 + \$3,448 - \$2,931 = \$8,115$

was entitled to. Although the department's timekeeper notified the Payroll Department on November 14, 2013 via email identifying 37 leave days to be deducted from the resigning attorney's accruals, the email was not opened before the separation payment was issued on November 21, 2013.

It should be noted that we found the discrepancies in this department because it was the only department that had sufficient records to test. Such records consisted of leave request forms and an electronic calendar that documented daily absences.

The public trust is endangered when records of leave time earned and used are not maintained and separation payments made are not fully supported.

## **Recommendations**

1. The Board should adopt comprehensive written policies and procedures outlining County-wide requirements for employee time and attendance and leave accruals, including a requirement that all employees complete and certify their hours worked on a time record, such as a time sheet or time card.
2. The Board and department heads should ensure that the duties of payroll batch entry and approval are properly segregated.
3. The Board should require time and attendance records to identify start and end times and the number of daily hours worked to be recorded and certified by all employees. Time records should be reviewed and approved by appropriate supervisors or department heads.
4. The committee chairperson should approve all compensatory time earned for Board and Committee meetings. Compensatory time records should be made available to the department head when payroll batches and payroll registers are reviewed for approval and certification.
5. The Board should review the method by which part-time attorneys are paid, and the associated hours reported, to ensure they are paid for only the hours that are worked.
6. Department heads should ensure that leave requests are documented and approved for all leave time taken.
7. Department heads should maintain payroll records, including time and attendance records and leave request forms, in accordance with formal retention schedules.

8. The Board should seek reimbursement for the excess amount of the separation payment identified in this report.

**APPENDIX A**  
**RESPONSE FROM LOCAL OFFICIALS**

The local officials' response to this audit can be found on the following pages.



**Columbia County  
Board of Supervisors**

401 State Street  
Hudson, New York 12534

Telephone 518-828-1527

Fax 518-822-0684

**Patrick M. Grattan**  
Chairman

**Richard Keaveney**  
Deputy Chairman

**Matt Murell**  
Deputy Chairman

**Kelly S. Baccaro**  
Clerk

**Rebecca Vinchiarello**  
Deputy Clerk

July 18, 2014

VIA FEDERAL EXPRESS  
State of New York  
Office of the State Comptroller  
Newburgh Regional Office  
33 Airport Center Drive, Suite 103  
New Windsor, NY 12553

Re: Columbia County Payroll Audit  
Report of Examination from January 1, 2012-October 3, 2013

To Whom It May Concern:

Please accept this letter as the County of Columbia's response to your office's draft report of examination dated June 10, 2014 of Columbia County's payroll and internal controls covering the period of January 1, 2012 through October 3, 2013.

On behalf of Columbia County, we accept the findings set forth in your office's report with the following caveats/responses, several of which were expressed during the County's exit interview held on June 25, 2014:

1. The primary concerns raised by your office staff were the lack of segregation of duties and the absence of a comprehensive countywide time and attendance policy. Due to the County's limited resources by way of payroll and personnel staff, it has been difficult to establish a more detailed payroll system and segregation of functions. However, notwithstanding same, specifically, during the period of time that this audit covers, as well as subsequent thereto, the County has taken several steps to address the issues identified. For instance, in 2012, the County obtained and instituted the [REDACTED] payroll system. While it is acknowledged that there were

initial difficulties with said system, the County has made great strides in addressing any initial deficiencies as well as learning to utilize the full capabilities of the system.

2. With regard to the compensatory time items identified, a closer review of compensatory time by the individuals tasked with management and review thereof would support all time recorded. Nonetheless, a lack of internal controls may result in potential errors and thus it is acknowledged that compensatory time and leave accruals must be reviewed and approved by a manager/department head at the end of each pay period. However, to the extent that there were errors discovered, corrections were made.
3. Discrepancies in payment of leave accruals to resigning/retiring staff have occurred, but as acknowledged by the report, this was a direct result of the payroll department failing to process the information from the department head and adjust the numbers within the system. It is believed that had this clerical error not occurred, the correct amount due would have been processed. Further, in order to avoid any further errors, the County has instituted a policy that all leave accrual payouts must be reviewed and approved by the department head, human resources, and finally the controller prior to payroll being authorized to issue payment. This tri-part review is designed to ensure that discrepancies are caught and provide the necessary checks and balances.
4. Notwithstanding the aforementioned, with regard to the one individual identified in the report, it is not disputed that an overpayment has been made, but as indicated above, it is believed that this was an error in the processing of information from the effected department head. Irrespective and consistent with the new County procedure, an independent review of the time used, accrued and paid is presently being made to confirm the accuracy of the amount due. Once confirmed a formal repayment plan will be entered into with the individual in question and the County will recoup the funds. However, the County disputes the assertion within the report that this individual is required to repay the County for the ten days that the employee was placed on paid administrative leave. The County, through the Department Head, placed the individual on involuntary paid leave, pending an investigation of the employee's conduct. Payroll records reflect that the individual was put out on paid administrative leave, which was contemporaneously memorialized and signed for by the appropriate department head. As it was paid administrative leave that the employee was involuntarily placed, there is no basis to demand repayment. Moreover, any suggestion that this is an employee benefit, is incorrect.
5. While there may have been instances of incomplete records of time and attendance, the respective departments (particularly with regard to the salaried, full- and part-time

See  
Note 1  
Page 23

professional staff) ensured that the requisite minimum hours per week (thirty-five (35) hours for full-time employees and thirty (30) hours for part-time employees) were, in fact, worked. Thus, absences from the office do not demonstrate that an employee was being paid for hours not worked. In fact, on many occasions professional salaried staff (i.e., full- and part-time attorneys) work well in excess of their “normal work hours” in order to attend to the essential work functions and duties of the office (e.g., weekend work, trial preparation, trials, night court, arraignments, etc.). However, notwithstanding same, it is recognized that consistent record keeping is critical and that the development of clear written policies for recording such time and attendance will eliminate any confusion and instill public confidence. Further, it should be noted that as a result of the payroll audit and the concerns expressed by the auditors, that the attorney departments reviewed their respective records and made the appropriate adjustments to employee accruals to accurately reflect full and half days taken for sick, personal and vacation.

See  
Note 2  
Page 23

6. The County disputes the assertions that part-time attorneys were overpaid when they received their full salary on a week when a County holiday occurred. First, if the County is closed, they cannot be expected to report to work. This also fails to recognize that many attorneys work beyond “normal work hours”, as indicated above. But perhaps more critically, the lack of a written policy memorializing the longstanding practice that part-time attorneys are paid for County holidays does not create an overpayment but rather exposes a lack of policy, which is being corrected.
7. The County’s historical approach has been to rely on key individuals/staff to perform payroll functions and assist within the respective departments. However, it is recognized that doing so may result in inconsistencies. Thus, the County is committed to addressing same and establishing comprehensive policies to ensure that time and attendance are correctly recorded and maintained.

See  
Note 3  
Page 23

Therefore and based upon the foregoing, we appreciate the recommendations made by your office and specifically respond as follows:

Recommendations:

1. The Board should adopt comprehensive written policies and procedures outlining County-wide requirements for employee time and attendance and leave accruals, including a requirement that all employees complete and certify their hours worked on a time record, such as a time sheet or time card.

**Response 1:** The County is in the process of developing policies and procedures setting forth time and attendance as well as requiring all employees to certify hours worked. In light of the fact that such certification is not possible using the [REDACTED] system, we are in the process of developing an appropriate system that would allow for individual certification by employees with variations tailored to suit the specific needs and breadth of resources of each respective department (e.g., computer access, use of time clocks, sign time sheets).

2. The Board and department heads should ensure the duties of payroll batch entry and approval are properly segregated.

**Response 2:** Steps will be taken to determine that payroll batch entries will be created by one individual and approvals will be performed by someone else within the department. In order to accomplish this, the Chairman of the Board of Supervisors will issue a directive to the County department heads. This directive will be included in the soon to be finalized and adopted payroll policies and procedures.

3. The Board should require time and attendance records to identify start and end times and the number of daily hours worked to be recorded and certified by all employees. Time records should be reviewed and approved by appropriate supervisors or department heads.

**Response 3:** With regard to requiring start/end times to be included in all time and attendance records, this practice is appropriate and practical for all employees paid hourly. For professional staff, a new system will be developed to address a minimum number of hours worked per week and track whole and half days off and will be set forth in the policies and procedures to be developed and finalized. Also, to the extent that departments have varying policies to address departmental needs, the individual policies shall be filed with the County Attorney's office with copies to payroll and the Human Resources Department for tracking purposes.

4. The committee chairperson should approve all compensatory time earned for Board and Committee meetings. Compensatory time records should be made available to the department head when payroll batches and payroll registers are reviewed for approval and certification.

**Response 4:** New tracking forms for compensatory time that is earned as a result of Board of Committee meetings have been created and implemented. The committee chair is required to sign same, and a copy of which is attached to their time records which will be reviewed and approved by the controller and/or Chairman of the Board of Supervisors, as may be

July 18, 2014

Page 5 of 6

so designated. Moreover, a time used form has been developed which is signed by the employee, and the supervisor to be submitted with the payroll.

5. The Board should review the method by which part-time attorneys are paid, and the associated hours reported, to ensure they are paid for only the hours that are worked.

**Response 5:** The County shall develop and implement a policy requiring all attorneys, both full- and part-time, to document attendance and hours worked on a standardized form/schedule in order to ensure that each employee is working the minimum number of hours per week in order to be entitled to receive their paycheck (respectively, thirty-five (35) and thirty (30)). The Board of Supervisors shall adopt a Resolution clarifying that, as salaried employees, attorneys are in any event not being paid for hours worked in excess of their minimum required hours. Moreover, a policy confirming the standing practice that part-time attorneys are paid for County Holidays will also be adopted.

6. Department heads should ensure leave requests are documented and approved for all leave time taken.

**Response 6:** While presently most County departments have a leave request system in place pursuant to which leave requests are reviewed and approved by the department head (including one of the departments that was the subject of this audit), it is agreed that consistency in this regard is critical. Thus, the County shall develop a leave request form to be used countywide and develop a formal record retention policy that would encompass such forms.

7. Department heads should maintain payroll records, including time and attendance records and leave request forms, in accordance with formal retention schedules.

**Response 7:** The County shall develop and adopt a formal countywide record retention policy for payroll records and leave requests.

8. The Board should seek reimbursement for the excess amount of the separation payment identified in this report.

**Response 8:** As indicated above, steps will be taken to address same. Presently, the County is confirming the amounts due and owing. In accordance with the County's new procedure, the amounts due and owing must be independently verified by three separate departments: the Controller, the Department Head and Human Resources. Once accomplished, demand for payment will be made.

July 18, 2014  
Page 6 of 6

The County is still finalizing its various policies and procedures applicable to payroll and leave records. The County hopes to furnish a formal corrective action plan in the near future in accordance with the required statutes.

Finally, on behalf of the County, we want to thank your office for its report and acknowledge the work of your examiners. We will take all reasonable steps moving forward to ensure appropriate records are kept with respect to payroll.

COUNTY OF COLUMBIA

---

Patrick Grattan  
Chairman of the Board of Supervisors

cc: Robert Fitzsimmons, County Attorney  
Paul Czajka, District Attorney  
Robert Linville, Public Defender  
Ronald Caponera, Controller



**DISTRICT ATTORNEY**  
County of Columbia  
State of New York

Paul Czajka

David M. Costanzo  
James A. Carlucci  
Carl G. Whitbeck, Jr.  
Lynelle Hopkins

July 21, 2014

VIA FACSIMILE, EMAIL AND OVERNIGHT MAIL

Tenneh Blamah, Chief Examiner  
Office of the State Comptroller  
Newburgh Regional Office  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553



Office of the State Comptroller  
Newburgh Regional Office  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553

Re: Columbia County Payroll Audit

Dear Ms. Blamah and

I submit this letter as and for a response to the draft report of the payroll audit of the New York State Office of the Comptroller, in my capacity as the duly elected District Attorney for the County of Columbia.

On January 1, 2012, I began serving my third, non-consecutive term as Columbia County District Attorney. As I did in 1988, soon after assuming office in 2012, I requested of the New York State Comptroller that my office be audited with respect to all "accounts and practices."

Thereafter, conducted that audit, referred to as a "risk assessment." On May 7, 2012, Chief Examiner Christopher Ellis sent me the enclosed letter after concluded her work. As the letter indicates, she found and discussed "improvement opportunities" but found no need for "further services." Nor did she discover, as far as was reported to me, any issues with the manner in which this office handled and calculated the payroll. Later in 2012, I again requested of the New York State Office of the Comptroller that an audit be performed. *The draft report does not mention that I personally requested both audits.*

See  
Note 4  
Page 23

325 Columbia Street, Suite 260, Hudson, New York 12534  
DistrictAttorney@ColumbiaCountyNY.gov  
(518) 828-3414  
ColumbiaCountyvDA.us

Tenneh Blamah, Chief Examiner  
July 21, 2014  
Page 2

I have given OSC full and complete access to all of our files and to all staff, in any manner OSC chose, without any restrictions or supervision whatsoever. During the second audit, OSC recommended a number of changes to our practices not recommended after the first audit. Although I would have preferred that OSC had made these recommendations after their first audit, I am grateful for them. We have adopted or are in the process of implementing all of them. However, notwithstanding the aforementioned, I believe that there may be a fundamental misunderstanding of the nature of the work of prosecutors, especially in a small office in a County with numerous Courts, including night Courts in various Towns and Villages. Prosecutors are salaried attorneys who work substantially more than 35 hours per week and attend night courts and work nights and weekends on criminal cases that do not arise during the normal work week. Regardless, we re-calculated the vacation, sick and personal time of the entire staff and sent those re-calculations to the County Payroll Department.

See  
Note 4  
Page 23

See  
Note 5  
Page 23

As we did with the entire staff, my office recalculated the vacation, sick and personal time of an ADA who resigned on November 1, 2013. We sent those figures to the Payroll Department seven (7) days before the Payroll Department processed that ADA's final pay-out check. Had Payroll taken into account our re-calculation, this employee would likely have received a substantially smaller payment for unused vacation, personal and sick time. However, it is important to note that, of all of the necessary re-calculations, *none* resulted in overpayment and a loss of any county funds, except this one, which occurred notwithstanding our timely report. A staff person from this office has advised this individual that there was an overpayment. It is my understanding that the County is in the process of recovering these funds.

~~Yours truly~~

Pat Czajka

PC:lb

Enclosures

Cc: (w/ enclosures – via email, facsimile and regular mail)

Hon. Patrick M. Grattan

Elena DeFio Kean, Esq.

Nelson B. Sheingold, Esq.

COUNTY OF COLUMBIA  
DISTRICT ATTORNEY'S OFFICE



PAUL CZAJKA  
DISTRICT ATTORNEY

January 12, 2012

Christopher Ellis, Chief Examiner  
New York State Comptroller's Office  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553

Re: Audit of Columbia County District Attorney

Dear Mr. Ellis:

Confirming our telephone conversation of this morning, I respectfully request of the New York State Comptroller that he conduct an audit of the funds and practices of the Columbia County District Attorney.

I understand that the Columbia County Treasurer has at least two (2) accounts, the sources of which are forfeitures made pursuant to Federal and/or state and/or county proceedings. I have also learned that there is an "investigative" fund containing \$38,995.83 in TD Bank.

I do not know if there are additional accounts.

It is of critical importance that I learn whether the seizures were done correctly. If not, I will need to learn the proper method to remedy the errors; if so, I will need to learn the proper method to use the funds and the acceptable uses of the funds.

I would also greatly appreciate any additional advice relative to similar matters.

Thank you.

Yours truly,

Paul Czajka

PC:lb

325 COLUMBIA STREET • HUDSON, NEW YORK 12534 • 518-828-3414



THOMAS P. DINAPOLI  
COMPTROLLER

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER  
110 STATE STREET  
ALBANY, NEW YORK 12236

STEVEN J. HANCOX  
DEPUTY COMPTROLLER  
DIVISION OF LOCAL GOVERNMENT  
AND SCHOOL ACCOUNTABILITY  
Tel: (518) 474-4037 Fax: (518) 486-6

May 7, 2012

Paul Czajka, District Attorney  
County of Columbia District Attorney's Office  
325 Columbia Street  
Hudson, NY 12534

Dear District Attorney Czajka:

A primary objective of the Office of the State Comptroller is to identify areas where local governments can improve their operations and provide guidance that will assist local officials in making those improvements. We believe that regular contact with local governments constitutes one of the major components in effectively and efficiently accomplishing this objective.

In accordance with this objective, we conducted a risk assessment of selected operational areas in March 2012 to assess whether operational improvement opportunities exist for the Columbia County District Attorney's Office, and to determine if we should perform further services. This assessment was limited to interviews with District Attorney Office personnel, observations, and inspection of financial records, reports, and various other documents. Our procedures were not designed to provide assurance as to the District Attorney Office's financial statements, internal control structure or extent of compliance with statutory and regulatory requirements. While we were on-site we identified and discussed a number of improvement opportunities. However, our Office plans to provide no further services at this time for the Columbia County District Attorney's Office.

Thank you for your cooperation during this survey process. If you have any questions, please feel free to contact me at (845) 567-0858.

Sincerely,

Christopher J. Ellis  
Chief Examiner

## APPENDIX B

### OSC COMMENTS ON THE COUNTY'S RESPONSE

#### Note 1

General Municipal Law Section 92(1) authorizes county governing boards, by local law, ordinance or resolution, to provide for leaves of absence with or without pay. County officials have provided no documentation that, pursuant to General Municipal Law Section 92, the County Board, by resolution, ordinance or local law, has adopted or ratified a plan for involuntary paid leave, pending investigation of the employee's conduct. We are aware of no other statutory authority or requirement for the provision of such paid leave for the employee in question, and, despite repeated requests, County officials have not provided documentation for any other underlying authority for the paid leave.

#### Note 2

County officials have not provided any documentation to support their assertions that minimum required hours have been worked.

#### Note 3

If it is the County's longstanding practice that part-time attorneys are paid for County holidays, County officials should formalize the benefit and ensure payroll records reflect payment of holiday pay for all employees authorized to receive it.

#### Note 4

We did not perform an audit in 2012. We performed an on-site risk assessment focused on expressed concerns regarding forfeiture accounts of the DA's office. A cursory review of departmental practices covering cash management, cash receipts, cash disbursements, purchasing, payroll and information technology was also performed. We discussed the results of the on-site risk assessment with the District Attorney. The payroll weaknesses identified during the risk assessment were the absence of employee-certified timesheets and the lack of independent review of the leave time taken summary prepared for payroll.

#### Note 5

All employee hours worked should be documented and certified.

## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the County's accuracy of employee time and attendance and leave accruals. To accomplish our payroll-related objective and obtain relevant audit evidence, our procedures included the following:

- We interviewed County officials and employees and reviewed collective bargaining agreements, Board resolutions and various reports to gain an understanding of the County's processing of payroll and maintenance of time and attendance and leave accrual records.
- We interviewed the Payroll Director to gain an understanding of the payroll batch processing methods used, as well as the procedures followed under the former payroll processing system.
- We obtained an auto-pay report for review.
- We interviewed employees and department heads of the five departments selected for audit - Clerk to the Board of Supervisors, Controller's Office, County Attorney's Office, District Attorney's Office and Public Defender's Office - to determine the processes followed and identify the records available, maintained and retained. We judgmentally selected these departments for review based on concerns brought to our attention by government agencies.
- We judgmentally selected four biweekly payroll periods within the audit period to test time and attendance and leave accrual records. The payroll periods were selected based on the likelihood of leave time usage.
- We obtained a listing of active employees and determined that our examination would include testing of 100 percent of the employees in the five departments selected for the four biweekly payroll periods.
- We obtained the official payroll registers for the payroll periods tested and employee leave accrual reports for 2012 and 2013 for all full-time employees of the five departments tested.
- We obtained and reviewed departmental time and attendance records, leave request forms, paper and wall calendars, electronic calendars and spreadsheets for comparison to payroll registers for the periods tested.

We conducted this performance audit in accordance with 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.

## APPENDIX D

### HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller  
Public Information Office  
110 State Street, 15th Floor  
Albany, New York 12236  
(518) 474-4015  
<http://www.osc.state.ny.us/localgov/>

**APPENDIX E**  
**OFFICE OF THE STATE COMPTROLLER**  
**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller  
Nathalie N. Carey, Assistant Comptroller

**LOCAL REGIONAL OFFICE LISTING**

---

**BINGHAMTON REGIONAL OFFICE**

H. Todd Eames, Chief Examiner  
Office of the State Comptroller  
State Office Building - Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313  
Email: [Muni-Binghamton@osc.state.ny.us](mailto:Muni-Binghamton@osc.state.ny.us)

Serving: Broome, Chenango, Cortland, Delaware,  
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

**BUFFALO REGIONAL OFFICE**

Jeffrey D. Mazula, Chief Examiner  
Office of the State Comptroller  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510  
(716) 847-3647 Fax (716) 847-3643  
Email: [Muni-Buffalo@osc.state.ny.us](mailto:Muni-Buffalo@osc.state.ny.us)

Serving: Allegany, Cattaraugus, Chautauqua, Erie,  
Genesee, Niagara, Orleans, Wyoming Counties

**GLENS FALLS REGIONAL OFFICE**

Jeffrey P. Leonard, Chief Examiner  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, New York 12801-4396  
(518) 793-0057 Fax (518) 793-5797  
Email: [Muni-GlensFalls@osc.state.ny.us](mailto:Muni-GlensFalls@osc.state.ny.us)

Serving: Albany, Clinton, Essex, Franklin,  
Fulton, Hamilton, Montgomery, Rensselaer,  
Saratoga, Schenectady, Warren, Washington Counties

**HAUPPAUGE REGIONAL OFFICE**

Ira McCracken, Chief Examiner  
Office of the State Comptroller  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, New York 11788-5533  
(631) 952-6534 Fax (631) 952-6530  
Email: [Muni-Hauppauge@osc.state.ny.us](mailto:Muni-Hauppauge@osc.state.ny.us)

Serving: Nassau and Suffolk Counties

**NEWBURGH REGIONAL OFFICE**

Tenneh Blamah, Chief Examiner  
Office of the State Comptroller  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553-4725  
(845) 567-0858 Fax (845) 567-0080  
Email: [Muni-Newburgh@osc.state.ny.us](mailto:Muni-Newburgh@osc.state.ny.us)

Serving: Columbia, Dutchess, Greene, Orange,  
Putnam, Rockland, Ulster, Westchester Counties

**ROCHESTER REGIONAL OFFICE**

Edward V. Grant, Jr., Chief Examiner  
Office of the State Comptroller  
The Powers Building  
16 West Main Street – Suite 522  
Rochester, New York 14614-1608  
(585) 454-2460 Fax (585) 454-3545  
Email: [Muni-Rochester@osc.state.ny.us](mailto:Muni-Rochester@osc.state.ny.us)

Serving: Cayuga, Chemung, Livingston, Monroe,  
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

**SYRACUSE REGIONAL OFFICE**

Rebecca Wilcox, Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, New York 13202-1428  
(315) 428-4192 Fax (315) 426-2119  
Email: [Muni-Syracuse@osc.state.ny.us](mailto:Muni-Syracuse@osc.state.ny.us)

Serving: Herkimer, Jefferson, Lewis, Madison,  
Oneida, Onondaga, Oswego, St. Lawrence Counties

**STATEWIDE AUDITS**

Ann C. Singer, Chief Examiner  
State Office Building - Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313