

**Hon. George Maragos**  
**Comptroller**

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December 31, 2010

Ms. Maureen Dolan, Director of Finance  
South Shore Home Health Care, Inc.  
1225 Montauk Highway  
Oakdale, NY 11769

Re: Limited Audit of South Shore Home Health Care, Inc.'s 2009 Compliance with the Nassau County Living Wage Law

Dear Ms. Dolan:

A limited compliance audit was performed of the Consumer Directed Patient Assistance Program ("CDPAP") agreement between South Shore Home Health Care, Inc. ("South Shore") and Nassau County. The objective of this audit was to determine whether South Shore was in compliance with the Living Wage Law (the "Law") and the related Rules.<sup>1</sup> The review period was calendar year 2009, which was the first year that CDPAP agreements were covered under the Living Wage Law.<sup>2</sup> To accomplish our objectives, we reviewed South Shore's pertinent books and records and interviewed personnel.

Based on our limited audit, our findings and recommendations are as follows:

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<sup>1</sup> Rules of the Nassau County Comptroller and Rules of the County Executive.

<sup>2</sup> Pursuant to Memorandums of Understanding ("MOUs") that the Nassau County Department of Social Services entered into with the CDPAP providers prior to the January 1, 2007 effective date of the Law, CDPAP providers were not subject to the Law until 2009. Once these MOUs expired, new MOUs were entered into with the County requiring these providers to comply with the Law.

## **Audit Finding:**

### **Compensated Days Off**

Our audit found that South Shore's methodology for calculating accrued time off for part-time employees was not in compliance with the Law. The Law requires that "Part-time employees who work twenty or more hours in a week shall accrue such leave in increments proportional to the rate of accrual for full-time employees."<sup>3</sup> South Shore informed us that its computation of compensatory time earned was based on an averaging of the total weekly hours worked for each employee; this resulted in the underpayment of compensated days off for employees who sometimes worked more than twenty hours in a week, but averaged less than twenty hours per week. South Shore also informed us that employees who were employed by the company for only a short time were not always granted leave time for covered hours worked. South Shore paid 96 employees \$57,572 in compensated time off using their own methodology. On a test basis, we verified that 14 of the 96 employees who were granted compensated time off, were paid the amounts asserted by South Shore under its pre-audit methodology.

At our request, South Shore performed a self-audit to determine the amount of the underpayments for compensated days off and made payments to those employees. South Shore found that of the 136 employees who are subject to the Law, 67 of these employees were underpaid a total of \$5,423.54 for the compensatory time earned. We verified that South Shore reimbursed these employees the \$5,423.54 by testing retroactive payments for a sample of 10 of the 67 employees.

We also tested the results of South Shore's self-audit by verifying the accuracy of its recalculations of compensatory time earned for 30 of the 136 employees. We concurred with South Shore's calculations with the exception that one employee was owed an additional \$2.98 due to a misposting in the number of covered hours worked.

### **Audit Recommendations:**

South Shore should:

- a) compensate the employee who is owed \$2.98;
- b) review its posting of the covered hours to ensure that no other posting errors have occurred resulting in underpayments; and
- c) provide to the Comptroller's Office within 30 days, the findings of its review and proof of payment (if any) to any other employees who may have been underpaid.

In addition to the test of compensatory time, we performed a test of wages covering the weeks ending March 29, 2009 and August 23, 2009. Our test of wages paid found that the employees were being reimbursed the proper Living Wage rate for the covered hours.

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<sup>3</sup> "Nassau County Living Wage Law," Nassau Co. Misc. Laws, Title 57, § 3 (2007). The Law and Rules can be found on the Comptroller's website at: <http://www.nassaucountyny.gov/agencies/Comptroller/LivingWage/index.html>.

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The matters covered in this report have been discussed with the officials of South Shore during the course of this audit. South Shore was offered but declined to hold an exit conference. On October 5, 2010, our Office submitted a draft report to South Shore for comment. South Shore provided its comments on November 9, 2010. Those comments have been included as an appendix to this final report.

Sincerely,

A handwritten signature in blue ink that reads "Joy M. Watson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Joy M. Watson  
Deputy Comptroller  
Audit and Special Projects

JMW: AS



**SOUTH SHORE HOME HEALTH SERVICES, INC.**  
Serving Nassau, Suffolk, Queens and Westchester counties since 1986

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November 5, 2010

Joy M. Watson, Deputy Comptroller for Audit and Special Projects  
Nassau County State of NY  
Office of the Comptroller  
240 Old Country Road  
Mineola, New York 11501

RE: 2009 Audit of Compliance with Nassau County Living Wage Law

Dear Ms. Watson:

South Shore Home Health Services, Inc. was unaware of the Nassau County Comptroller's office interpretation of the Living Wage Law. After reading the Living Wage Law, our agency had determined that 35 of the 67 employees in question did not meet the criteria for compensated time off since they had not worked for six months. In addition, of the 35 employees who worked less than six months 9 worked for three weeks or less. The majority of the remaining 32 employees only worked over 20 hours once or twice during a 52 week period earning them as little as 0.92 hours of time. Therefore, South Shore Home Health Services, Inc. made the mistake of omitting these employees from receiving paid time off. This has been rectified and all 67 underpaid employees have been compensated for any time owed. Going forward we will be sure to compensate all employees based on the interpretation provided to us by the Nassau County Comptroller's office.

Yours truly,

Maureen Dolan, Controller

Kellie Smith, Accounts/Payroll Manager

MD: mm



Joint Commission  
on Accreditation of Healthcare Organizations

**Auditor's Follow-up Response:**

*We concur with the corrective actions taken by South Shore. We reiterate our recommendation for South Shore to compensate the employee who is owed additional monies, review its posting of the covered hours to ensure that no other posting errors have occurred resulting in underpayment. We also recommend that South Shore provide to the Comptroller's Office within 30 days, the findings of its review and proof of payment (if any) to any other employees who may have been underpaid.*