



Hon. George Maragos
Nassau County Comptroller



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VIA E-MAIL

April 2, 2013

Daphne Haynes, Executive Director
Peace Valley Haven, Inc.
86 Park Avenue
Roosevelt, NY 11575

Re: Limited Audit of Peace Valley Haven, Inc.’s 2010 and 2011 Compliance with the Nassau County Living Wage Law

Dear Ms. Haynes:

A limited Living Wage compliance audit was performed of Peace Valley Haven, Inc. (“PVH”). The objective of this audit was to determine whether PVH was in compliance with the Living Wage Law (“Law”) and the related Rules¹. The review period was calendar years 2010 and 2011. To accomplish our objective, we reviewed PVH’s pertinent books and records.

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

Audit Finding (1)

Hourly Rates Paid to Employees Were Less than the Rates Mandated by the Law

We reviewed PVH’s individual Employee Payroll History Reports to verify that the hourly rates paid to their employees were in compliance with the Law.

We noted that a total of 26 employees earned less than the Living Wage during the 2010 and 2011 calendar years. During the onset of our limited review, PVH informed us of two clerical employees that did not earn the Living Wage rate as stated in the Law. After reviewing numerous documents, which included individual Employee Payroll History Reports, we noted 24 additional employees earned less than the Living Wage rate in 2010 and 2011. Based on our

¹ Rules of the Nassau County Comptroller and Rules of the Nassau County Executive.
Limited Audit of Peace Valley Haven, Inc.’s 2010 and 2011 Compliance with the Nassau County Living Wage Law

calculations, PVH collectively owes these employees in excess of \$120,000 due to paying hourly rates lower than the rate mandated by the Law. The 26 undercompensated employees are categorized as follows:

Number of Employees	Job Title	Related Educational Requirement
2	Clerical and/or Secretarial	None Specified
22	House Manager	"High School or equivalency diploma"
1	Residence Supervisor	"Bachelor's Degree in Human Services"
1	Case Manager	"Master's Degree in Social Work or graduation from an accredited school of Social Work"

Audit Recommendation:

PVH should:

- a) Calculate how much each of these 26 employees should have earned using the rates mandated by law.
- b) Pay the monies due the covered employees and provide proof of payment to our Office with supporting calculations.

Audit Finding (2)

Compensated Time Off Policies at PVH are Not in Line With The Law, Leaving Opportunities for Employees Being Denied Days Off Mandated by Law

We reviewed PVH’s Personnel Policies Manual and payroll documents to verify that their policies comply with the Law.

Based on our limited audit, we noted several of PVH’s Personnel Policies were not in compliance with all aspects of the Law for 2010 and 2011. Their policies caused or could cause some of their covered employees to be denied benefits mandated by the Law. We noted numerous inconsistencies with the Law, as follows:

- 1. §204 II B Employee Resignation
 “If an employee fails to provide proper written notice, the employee will forfeit, day for day, earned unused vacation.” This is in conflict with §3b of the Law, which states “Compensated days off shall not be forfeited upon separation from service; such days shall be paid out to the employee upon such separation at the living wage rate at the time of separation.”
- 2. §204 III E Employee Resignation Procedure
 “Upon the notice of resignation, no employee will be granted sick pay without a physician's note.” This is in conflict with §3b of the Law, which states “Compensated

days off shall not be forfeited upon separation from service; such days shall be paid out to the employee upon such separation at the living wage rate at the time of separation.”

3. §302 Notice of Termination

“Employees who are terminated for cause, including, but not limited to, performance based reasons, policy violations, failure to comply with applicable laws and regulations, and other similar reasons, will not be paid accrued vacation except in states where such payment is required by law.” This is in conflict with §3b of the Law, which states “Compensated days off shall not be forfeited upon separation from service; such days shall be paid out to the employee upon such separation at the living wage rate at the time of separation.”

4. § 403 Employment Terminations

“Non-Supervisory employees who voluntary terminate their employment with Peace Valley are urged to give their supervisor no less than two weeks' written notice prior to the termination date.....Terminating employees will be entitled to payment of their remaining balance of vacation time if they have completed one full year of employment and give at least the minimum amount of notice specified above, except that employees who are terminated because of gross misconduct are not entitled to the payment of any accrued benefits, including vacation.” This is in conflict with §3b of the Law, which states “Compensated days off shall not be forfeited upon separation from service; such days shall be paid out to the employee upon such separation at the Living Wage Rate at the time of separation.”

Audit Recommendations:

PVH should:

- a) Recalculate all compensated days off based on the Living Wage Law, pay any monies due the covered employees, and provide proof of payment to this office with documentation including the compensated days off schedule and supporting calculations;
- b) Implement procedures to ensure that those covered employees with compensated time off balances who were not paid at each year-end, have their balances carried forward to the following year; and
- c) Amend their Personnel Policies Manual with a statement that includes the wording “Federal, State, and Local Laws supersede PVH’s policies”.

The matters covered in this report have been discussed with the officials of Peace Valley Haven, Inc. during the course of this audit. On February 25, 2013 our Office submitted a draft report to Peace Valley Haven, Inc. for comment. Peace Valley Haven provided its comments on March 11, 2013. Those comments have been included as an appendix to this final report.

Sincerely,

JoAnn F. Greene

A handwritten signature in cursive script that reads "JoAnn F. Greene".

Director of Field Audit

JFG:AS



Peace Valley Haven Inc.

Transitional and Emergency Housing for Homeless Men and Women
250 Fulton Avenue, Suite M199, Hempstead, NY 11550
Phone: 516-223-2355; Fax: 516-223-8677
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March 11, 2013

Office of the Comptroller
240 Old Country Road
Mineola, New York 11501

Dear Ms. Joann Green,

Peace Valley Haven Inc. (PVH) received the draft letter dated February 25, 2013 and indeed we agree that we have underpaid several employees during the years 2010 and 2011. This was not done maliciously but occurred because of an oversight on our part.

Peace Valley Haven has recalculated all the employees during the audit period in accordance with the Nassau County's mandate of the Living Wage Law and the total owed to the employees is \$69,155.99. The details of the calculation are attached.

There are several items in the calculations that require an explanation. They are itemized as follows:

Initial Start Date of Employees

The initial employee that was hired occurred in late May of 2010. Since we did not have the medical coverage in place until August 2010, all six employees employed during the May through July 2010 period were recalculated using a pay rate of \$13.11, a rate prescribed where employees were not offered medical insurance.

Medical Insurance

Medical insurance was offered to all employees in August 2010. At that time, all twenty three of the employees opted to decline the medical insurance being offered. Copies of the employee's response were documented and are on file in

the Peace Valley Haven corporate office headquarters. During the August 1, 2010 to July 31, 2011 PVH calculated the living wage at \$12.5 per hour.

Compensated Days Off

Each employee was offered a minimum of one (1) day per month time off that includes vacation, personal days, sick days and holidays. The total number of days was converted to hours, 96 hours total for the year. For those employees that did not complete one year, their time off was prorated, 1 day for each month of completed service.

In some cases, the uncompensated days off were carried over from 2010 to 2011, see the column that is labeled, Carryover Uncompensated Days Off.

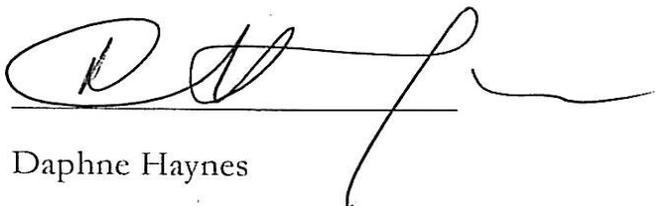
Acting on Audit Recommendations

PVH, as stated earlier, has recalculated the employees pay that they should have earned in accordance with the rates mandated by law. Unfortunately, PVH does not have the funds to meet the \$69,155.99 that is due. We offer the county therefore, a payment plan that would pay each employee or former employee a minimum of one hundred dollars per month until the deficiency is complete. If agreeable, PVH will keep the county updated on the progress of the plan quarterly.

PVH will correct its Policy Manual to be consistent with the law. The wording will be amended to include "Federal, State, and Local Laws supersede PVH policies where applicable"

PVH would like to extend its appreciation to the Office of the Comptroller for being patient and understanding in this matter.

Sincerely,



Daphne Haynes

Director

Appendix

Auditor's Follow-up Response:

We have reviewed Peace Valley Haven's March 11, 2013 response to our draft review dated February 25, 2013 along with the accompanying calculation schedules. Although the Comptroller's Office is pleased to see that Peace Valley Haven admits to having underpaid their employees, we noted the following exceptions in the calculations provided with the response:

- a) From August 1, 2010 – July 31, 2011, salaries owed to employees were calculated using \$12.10 as the Living Wage Rate; the correct rate for that time period is \$14.16. Peace Valley Haven admits that these employees did not receive health benefits. Therefore, under the law, they were entitled to receive the higher Living Wage rate in lieu of benefits.²*
- b) From August 1, 2011 – December 31, 2011 salaries owed were calculated using \$12.90 as the Living Wage Rate; the correct rate for that time period is \$14.61. Peace Valley Haven admits that these employees did not receive health benefits. Therefore, once again, under the law, they were entitled to receive the higher Living Wage rate in lieu of benefits.³*
- c) An employee was paid for over 1,900 hours in 2011; however, these hours do not appear on the worksheet provided with Peace Valley Haven's response.*

The Living Wage Law states, "Compensated days off shall not be forfeited upon separation from service; such days shall be paid out to the employee upon such separation at the living wage rate at the time of separation."⁴

Based on the responses above, Peace Valley Haven should re-calculate the monies owed to its employees. Employees who have been terminated should be paid for accrued compensated days off in accordance with the Living Wage rates in force at the time of separation.

The revised calculations should be provided to the Comptroller's Office as soon as possible. All back payments should be paid to these employees as expeditiously as possible until the deficiencies are resolved. Proof of payment should be provided to the Comptroller's Office.

² "Nassau County Living Wage Law," Nassau Co. Misc. Laws, Title 57, § 3(a)(2007).

³ Ibid.

⁴ "Nassau County Living Wage Law," Nassau Co. Misc. Laws, Title 57, § 3(b)(2007).