

**Nassau County  
Office of the Comptroller  
Field Audit Bureau**



**Nassau Community College**

**Limited Review of Timekeeping and Personnel Practices**

**2002 - 2004**

**HOWARD S. WEITZMAN**

*Comptroller*

**MA4-06**

**April 4, 2006**

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**OFFICE OF THE COMPTROLLER**

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## **Executive Summary**

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### **Background**

Nassau Community College (College) is one of thirty community colleges in the State University (SUNY) system. Pursuant to the New York State Education Law, it is funded in part by the County, in part by the State and through tuition payments. In accordance with the Education Law, the College Board of Trustees (Board) is responsible for policy formulation and overseeing College fiscal and academic operations. The College President, who serves pursuant to an employment agreement with the Board, is the chief executive and administrative officer of the College. His powers, authority, and responsibilities include the budget, personnel management and labor relations.

In 2004, the College employed 3,424 individuals, 1,170 full-time and 2,254 part-time, to provide academic, administrative and operational services to approximately 20,000 students. The terms of employment for most College employees are governed by collective bargaining agreements. Senior administrators have terms of employment governed by Nassau County Ordinance 543-95 (the Ordinance).<sup>1</sup> There are 49 full-time and more than 200 part-time Ordinance employees. In 2001, the Board passed a resolution adopting the unamended provisions of the Ordinance as College policy. The collective bargaining unit for faculty is the Nassau Community College Federation of Teachers (NCCFT). Adjunct faculty employees are members of the Adjunct Faculty Association (AFA). Civil Service employees are members of Civil Service Employees Association (CSEA) Local 830.

Since 1993, the college has used the Nassau Unified Human Resource System (NUHRS) as its official timekeeping system. This system records all employee and payroll information.

The Comptroller conducted this audit of time and leave policies and practices at the College pursuant to Nassau County Charter §402.

### **Audit Scope and Methodology**

The scope of our audit was limited to an examination of the College time and leave policies and procedures; compliance with the collective bargaining agreements, examination of supporting documentation and the recording of time and leave in NUHRS for the years 2002 through 2004.

This audit was conducted in accordance with generally accepted government auditing standards. These standards require that the audit is planned and performed to obtain reasonable assurance that the audited information is free of material misstatements. The audit includes examining documents and other evidence to substantiate the accuracy of information tested, including all relevant records and contracts. It includes testing for compliance with applicable laws and regulations and any other auditing procedures

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<sup>1</sup> The unamended Ordinance 543-95 governs the terms of employment for College employees not covered by collective bargaining agreements.

## **Executive Summary**

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necessary to complete the examination. We believe that the audit provides a reasonable basis for the audit findings and conclusions.

### **Summary of Significant Audit Findings**

#### **Retirement Plan Contributions for Retired Employees**

For the past 20 years, the College has made contributions to the *Teacher's Insurance Annuity Association-College Retirement Equity Fund* (TIAA-CREF) retirement plan for retired employees who return to work part-time at the College. These contributions were not authorized by State law.<sup>2</sup> In the three-year audit period, NCC contributed approximately \$300,000 unauthorized payments to TIAA-CREF for 36 retired employees. Also not authorized by State law,<sup>3</sup> the College made retirement plan contributions to TIAA-CREF for employees based on their retirement incentive payouts, and contributed more than the statutory rate to the President's retirement account.

#### **Grant of Compensatory Time for Routine Academic and Administrative Functions**

Senior College officials have been granted compensatory time for attending events such as graduation, faculty meetings, meetings of the Board of Trustees, and award ceremonies. The Ordinance permits the grant of compensatory time only in extraordinary circumstances. The College President's contract also provides for compensatory time only in extraordinary circumstances. The College should consider whether it is appropriate to grant compensatory time to its senior officials. If the College continues to grant compensatory time to these officials, it should end the practice of granting compensatory time for attendance at routine events in the life of the College.

#### **Travel Expense Budget Monitoring and Policy Approval**

Travel expenses are not properly monitored to stay within budgeted amounts. The College consistently exceeded its budget for travel expenses by more than 50% for each year under review. Following the audit period, the College tripled the travel budget to over \$300,000 and stayed well within budget authority in that year. In April 2003, the Board of Trustees requested that College administrators provide a monthly analysis of actual to budgeted travel expenses; however, the analysis was not provided to the Board. College administrators also implemented a change in the Travel Approval Policy without Board approval.

#### **Invalid Social Security Numbers**

In order to work in the United States, nonresident foreign students must obtain social security numbers and must obtain Immigration and Naturalization Service (INS) approval for the proposed employment. The College employed nonresident foreign students who did not yet have social security numbers as part-time student aides. The College assigned

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<sup>2</sup> Education Law § 390[3]

<sup>3</sup> Education Law §§ 390[3], 392

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these students a temporary number until they received an official social security number. The College does not follow-up to ensure that these students obtain and report an official number and receive INS approval to work. Some of these nonresident student aides never reported an official social security number to the College. The College-assigned temporary identification numbers were entered in the place of social security numbers on the W-2's reporting earnings for these students. The College also used its internal identification number as a social security number on an INS form.

### **Procedures and Controls Relating to Leave Time**

In general, the College lacks formal written policies and procedures for the granting and recording of leave time. Some departments maintain leave documentation; others, however, dispose of it as soon as the time is posted to the employee's timesheet. As a result, auditors were unable to verify whether leave was properly requested and approved for some employees. Where written policies and procedures do exist, the College does not uniformly adhere to these policies.

### **Post-Retirement Employment**

Under State law, when public service retirees are hired under a contract with the College, the State must approve the contract. We found instances where the College did not obtain the required approvals.

### **Employee Service Contracts - Independent Contractor vs. Employees**

The treatment of instructors of Adult Lifetime Learning Program courses as employees instead of contractors resulted in an additional payroll tax expense (FICA) to the College of approximately \$134,000 during the audit period.

### **Physical Plant Timekeeping**

Physical Plant employees use a time clock to record their time. In twenty percent of the records tested we found that employees were paid for more hours than had been recorded on the timecards and none of those employees took leave time for the hours that the timecards indicated they did not work. In addition, employees were paid for more overtime hours than their time cards indicated they had worked. We also found that while employees are required to initial the timecard each day and sign it at the end of the week to certify that the hours are correct, 20 out of 92 timecards reviewed were not signed.

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### **College Response**

The matters covered in this report have been discussed with officials of the college administrators during this audit. On January 10, 2006 we submitted a draft report to the

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college with a request for comments. The college's comments, received on February 22, 2006, and our response to those comments are included as an addendum to this report (Appendix).

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## Findings and Recommendations

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### **Audit Finding (1):**

#### **Retirement Plan Contributions for Retired Employees in TIAA-CREF**

Full-time College faculty and ordinance employees are required to join a retirement plan and may choose between the *NYS and Local Retirement System*, the *NYS Teacher's Retirement System* or the *Teacher's Insurance Annuity Association-College Retirement Equity Fund (TIAA-CREF)*.<sup>4</sup> Part-time staff members who have term appointments or are designated management/confidential have the option to choose one of the three retirement systems; all other part-time employees are not eligible to join the TIAA-CREF retirement plan. When an employee joins TIAA-CREF, the College contributes a specified percentage of the employee's salary into the employee's TIAA-CREF account. The contribution percentages and other regulations for retirement plan eligibility are set by State law.<sup>5</sup> When employees retire from the College and begin to receive a distribution from their TIAA-CREF account, the College is no longer permitted to make contributions to that retired employee's account, even if the retiree returns to work.<sup>6</sup>

- The College continued to contribute towards the retirement plans for retired employees in TIAA-CREF when they returned to work. When we questioned this practice, the Vice President of Human Resources claimed it was College policy for over twenty years to continue making retirement account contributions for TIAA-CREF members who return to work after retirement. We reviewed the NUHRS payroll records of 50 retired College employees who had been rehired by the College and were members of TIAA-CREF. During the 3-year audit period, the College contributed approximately \$300,000 for 36 of the 50 retired employees or an average of \$100,000 per year, to TIAA-CREF. The College failed to instruct the county to stop TIAA-CREF retirement contributions for these retired employees who return to work at the college. The College also continued to deduct 3% of these employees' salary for the nontaxable employee contribution to TIAA-CREF. The employee contribution should also cease at retirement.
- The College President's contract provides that the College will contribute an additional 1% towards the President's TIAA-CREF retirement account. This additional 1% is over the statutory contribution rate. David Morrell, University-Wide Benefits Administrator for SUNY has confirmed that employer contributions "may not deviate from" the formula established by law.
- Twenty-one of the 36 retired employees received early retirement incentives, and the College continued to contribute a percentage of the early retirement incentive payment into their TIAA-CREF retirement accounts. Under the NCCFT contract, the early retirement incentive was 90% of their final year's salary paid in equal annual installments over the course of a five year period. These employees are

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<sup>4</sup> Education Law §393[1]

<sup>5</sup> Education Law §392

<sup>6</sup> Retirement and Social Security Law §§210 - 215

## **Findings and Recommendations**

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receiving a contractual payout, but as retirees are no longer receiving a salary and the College should not be making retirement account contributions on their behalf. David Morrell, University-Wide Benefits Administrator for SUNY confirmed that the practice of contributing to retired employees' TIAA-CREF retirement accounts based on their retirement incentive is not in accord with governing law.

- SUNY permits part-time employees with "term contracts" or part-time personnel designated "management/confidential" to participate in the TIAA-CREF retirement plan. Term contracts are defined as contracts to teach for a term of years, not a semester or course(s) at a time; our understanding is that College adjuncts and part-timers do not have "term contracts". In addition, part-time teachers and adjuncts are not classified management/confidential (only administrative personnel receive that designation). David Morrell, University-Wide Benefits Administrator for SUNY has confirmed that "part-time employees at community colleges are not eligible to participate in" the TIAA-CREF plan. Nevertheless, in our review of the TIAA-CREF participants at the College, we found that many part-time employees participate. The College apparently permits their participation without checking whether they are permitted to participate pursuant to SUNY guidelines.

### **Audit Recommendations:**

The College should:

1. cease making retirement contributions to retired employees by providing the Comptroller's Office Payroll Unit with a list of all retired employees as they retire so that NUHRS can be programmed to ensure that retirement system contributions are no longer made. The College should implement and adhere to a policy which carefully monitors retired employees' status in the NUHRS system going forward;
2. cease making contributions over the statutory rate to the College President's TIAA-CREF retirement account;
3. recoup the College's excess contributions to the employees' TIAA-CREF retirement plans;
4. review with SUNY the employment status of all adjunct and part-time employees of the College to confirm their eligibility to participate in the TIAA-CREF retirement plan;
5. review the SUNY regulations governing retirement plan participation to ensure that the College is conforming to those rules; and

## Findings and Recommendations

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6. in the future, seek guidance from SUNY in all matters related to retirement plan contributions.

### Audit Finding (2):

#### Grant of Compensatory Time for Routine Academic and Administrative Functions

Compensatory time is authorized for employees hired under the Ordinance only in extraordinary circumstances. The Board of Trustees adopted the Ordinance as College policy in 2001. The College President's employment contract also provides that compensatory time may be granted in "extraordinary circumstances." We found that compensatory time was granted for attendance at routine campus events, which cannot be considered extraordinary circumstances. We also found that compensatory time was sometimes granted without the proper authority.

- Senior College officials, including the President, claimed compensatory time for normal College functions, such as attending graduation, monthly Board meetings, faculty luncheons, award ceremonies, the campus fashion show, the biannual College Open House, and the Theatre Department reunion. Annual compensatory time granted the President during the audit period averaged 120 hours per year.

#### Top Administration Compensatory Time Accruals

Title	2002	2003	2004*	Total
President	134.75	109.25	117.25	<b>361.25</b>
Vice President of Finance	71.50	61.50	64.25	<b>197.25</b>
Vice President of Legal	73.75	64.75	92.75	<b>231.25</b>
Vice President of Administration	55.50	70.00	52.50	<b>178.00</b>
Associate Vice President of Finance	60.75	49.50	51.25	<b>161.50</b>
Associate Vice President of Public Services	65.25	37.5	33.00	<b>135.75</b>
Associate Vice President of Administration	63.50	78.75	146.25	<b>288.50</b>
Assistant Vice President of Fiscal Affairs	0.00	82.75	44.50	<b>127.25</b>
Assistant Vice President of Finance	40.25	36.50	35.75	<b>112.50</b>
<b>Totals</b>	<b>565.25</b>	<b>590.50</b>	<b>637.50</b>	<b>1,793.25</b>

\* Through November 2004

- The President is required to obtain Board of Trustees approval for his compensatory time. We found that compensatory time was granted to the President without the approval of the Board.
- Compensatory time request forms were not properly approved. Although the request form requires the President's signature, four finance administrators were granted compensatory time to attend Board meetings and graduation on the sole authorization of the Vice President of Finance.

## **Findings and Recommendations**

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### **Audit Recommendations:**

1. The time and leave benefits granted to senior College officials should reflect their position and job responsibilities. We recommend that the College end the practice of granting senior officials compensatory time;
2. If the College decides to continue to provide compensatory time to senior officials, the College should ensure that the time is granted consistent with the language of the President's contract and the provisions of the Ordinance. The College should not grant compensatory time to College administrators except in extraordinary circumstances. Attendance at normal College functions should be considered ordinary duties for employees hired as senior College administrators;
3. The College should review the appropriateness of the compensatory time granted as posted in NUHRS and reverse accruals that were not made for extraordinary circumstances; and
4. Compensatory time should not be granted without requisite approvals.

### **Audit Finding (3):**

#### **Travel Expense Budget Monitoring and Policy Approval**

1. A comparison of the College's actual travel expenses to those budgeted shows that the College exceeded its travel expense budget by approximately 50% every year during the audit period. In the 2004-2005 academic year, which followed the audit period, the College tripled the budgeted amount for travel to \$334,341 and managed to stay well within budget authority in that year. Although we requested that the College provide us with the justification it provided to the Board for the over budget spending, we were not given any such documentation.
2. The Board of Trustees is responsible for monitoring College finances and for policy formulation. We found that the Board was not provided with requested financial information and that the Finance Committee unilaterally weakened the Board's authority.
  - Since 1995, College policy required all travel requests to be pre-approved at various College levels (e.g. departmental, vice president or president, and the budget office). Travel expenses of \$600 or more also required pre-approval by the Finance Committee of the Board of Trustees. At the November 10, 2003 Board meeting, the Vice President of Finance presented a proposal and recommendation to increase the Finance Committee's approval threshold to \$1,500. College administrators implemented this change in the Travel Policy effective November 10, 2003. There is no record, however, in the Board minutes that the Board of Trustees approved a change in the College travel policy.

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- The Board of Trustees asked the administrators to provide a monthly comparison of actual travel expenses to the travel budget at the Board's October 14, 2003 meeting. At the time of the audit, the requested comparison had not been provided to the Board.

### **Audit Recommendations:**

The College administration should:

1. Stay within its annual budget for travel expenses or obtain appropriate approval to amend the budget to authorize additional spending;
2. provide the Board of Trustees with all the requested financial information so that the Board can make informed fiscal decisions. The monthly comparison of actual travel expenses to the travel budget should be provided to the board as requested;
3. only implement changes in College policy that are approved by the Board of Trustees and documented in the Board minutes; and
4. review its control mechanisms to prevent spending over budgeted amounts.

### **Audit Finding (4):**

#### **Use of Invalid Social Security Numbers**

Foreign students are hired as student aides and are identified in NUHRS under a College-assigned nine-digit number beginning with 888 until they receive a social security number. Students are instructed to apply to the Social Security Administration for an employment number (which is valid for work only and requires INS approval) and to report it to the Human Resources Department when it is received. When the student reports the social security number, all NUHRS records are transferred from the 888 number's record to the official federal employment number. This process deletes the record of the 888 number from NUHRS.

The Internal Revenue Service (IRS) web site explains that employers must report income on the W-2 form for all employees, including foreign workers who are waiting to receive social security numbers. The publication explains that if the social security number is not available when the W-2 is filed, the employer should enter "applied for" on the form, and update the information with a form W-2c when the social security number is available.

The College does not monitor foreign student employees for compliance with IRS regulations requiring the reporting of wages under an official social security number. If student employees never give the College a social security number, the College-assigned temporary 888 number is used as a social security number on form W-2. In addition, the College uses the 888 number in place of a social security number on federal Employment Eligibility Form I-9.

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NUHRS contains only the temporary College-assigned identification number for 170 nonresident student aides who have worked at the College. During the audit period, W-2s were sent to the IRS reporting approximately \$61,000 in wages earned by these nonresident foreign students under the College-assigned 888 numbers in place of social security numbers. In addition, two employees had duplicate records in NUHRS, one under the 888 number and one under the official federal employment number because the 888 records had not been properly transferred to the official employment number.

### **Audit Recommendations:**

The College should:

1. develop a procedure to monitor nonresident employees who need to obtain a social security number. Nonresident employees who fail to provide a social security number should not be permitted to continue to work;
2. comply with IRS regulations concerning reporting wages on W-2 forms. The College should cease using its temporary numbers on W-2 forms and should note when an employee has applied for a social security number and file a corrected W-2 (W-2c) with the identifying number when it has been issued;
3. comply with INS regulations. According to the Department of Justice regulations for completing the federal Employment Eligibility Form I-9, the employer is responsible for ensuring the form is properly completed. Only valid social security numbers should be entered on the form and accepted by the College; and
4. develop and follow procedures for the transferring of records to an official social security number and the deletion of the 888 record from NUHRS to ensure NUHRS information is accurate.

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### **Audit Finding (5):**

#### **Procedures and Controls Relating to Leave Time**

The College lacks formal written policies and procedures for the granting and recording of leave time. Some departments maintain leave documentation; others, however, dispose of it as soon as the time is posted to the employee's timesheet. As a result, auditors were unable to verify whether leave was properly requested and approved for some employees. Where written policies and procedures do exist, the College does not uniformly adhere to these policies. The College did not comply with the State Education Department's Records Retention and Disposition Schedule, which requires records of "employee request for and/or authorization given to employee to use sick, vacation, personal or other leave, or to work overtime" to be retained for a minimum of six years.<sup>7</sup> Our review of the College's leave time policies and procedures disclosed the following:

1. **Sick Leave** – Although sick leave is recorded on employee timesheets, employees are not required to use supporting documentation to report sick leave usage as it occurs, and employees do not certify their use of sick leave.
2. **Sabbatical Leave** – The NCCFT contract allows for up to 24 faculty employees to take some form of sabbatical leave per year. NCCFT faculty are permitted to take sabbatical leave after their sixth year of appointment and then every six years thereafter. Although all records reviewed were found to be in compliance with the NCCFT contract requirements for approval and documentation, NUHRS records did not agree with the documentation for two employees, and the College failed to establish the appropriate sabbatical code in NUHRS for one employee's job title. As a result, there is no record in NUHRS of the employee being on sabbatical.
3. **Compensation for Emergency Services (ECOMP)** – The county allows employees who are volunteer firefighters and certified emergency personnel an hourly paid absence for the purpose of engaging in emergency missions that protect the safety and welfare of the community. Annually, this compensated leave is limited to the hourly usage of the equivalent of four working days for each qualifying employee and is recorded in NUHRS as ECOMP. Although a NUHRS report showed no usage by any College employee of ECOMP time, a review of 2002 timesheets for one employee showed 15 occasions when ECOMP time was used. Supporting documentation for the use of this ECOMP time was also missing.
4. **Military Leave** – Under section 242 of the New York State Military Law, employees are entitled to military leave, with pay, for 30 calendar days or 22 work days (whichever provides the greater benefit to the employee). Our review of the timesheets for a College employee on military leave in 2003 and 2004 showed 22 days used in 2003 and 30 days used in 2004. However, a NUHRS

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<sup>7</sup> Records Retention and Disposition Schedule CO-2 for Use by Counties § 7. [378] page 63.

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report showed no military leave applied to any College employees. The employee military leave time was coded as regular pay in NUHRS. Failure to use the correct codes hinders the ability to monitor usage to ensure that employees do not exceed their entitlements.

5. **Supplemental Leave at Half Pay (SLHP)** – An employee who was out on SLHP from her full-time position at the College beginning in September 2003, worked and was paid in a part-time position at the College beginning in March 2004 and continued to receive her SLHP. The College terminated the employee’s part-time position in April and the employee has since retired.

### **Audit Recommendations:**

The College should:

1. establish a leave form for the reporting of all leave categories in NUHRS. Usage of all leave, including sick leave, should be documented as it occurs;
2. properly record sabbaticals in NUHRS, and ensure that the computer system permits coding of sabbatical leave to NUHRS for all contract titles eligible for sabbaticals;
3. record military leave and ECOMP in NUHRS in order to track usage limits;
4. establish uniform, timekeeping policy for the departments;
5. require departments to maintain supporting documentation for leave used by employees to ensure that leave is requested, properly approved by a supervisor and accurately posted to the timesheet;
6. immediately end Supplemental Leave at Half Pay when an employee returns to work in a part-time position; and
7. comply with State law requirements on document retention.

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### **Audit Finding (6):**

#### **New York State Personal Service Contract Approval for Post-Retirement Employment**

Sections 211, 212 and 213 of the Retirement and Social Security Law (RSSL) establish the conditions for post-retirement public employment of public service retirees under the age of 65. There is generally no restriction on retirement earnings once the age of 65 is reached. Under these provisions:

- An individual may return to public employment and collect a pension, but the amount s/he may earn without obtaining a waiver of restrictions on public employment depends on the individual's age and retirement tier. For example, in 2004, a Tier 4 retiree under the age of 65 working either as an employee or as a consultant for a public employer could earn no more than \$27,500.
- Consultant contracts with retired public employees are to be submitted to the Retirement System by the employee or the employer to be reviewed for compliance with the law. A written determination is sent to the employee.
- Returning retirees are prohibited from becoming a member of a state administered retirement system or pension plan.

During the audit period, two employees who had retired from the College and who were under the age of 65 returned to work at the College. After retiring, both employees were hired as consultants under personal service contracts. Although we requested documentation that these contracts were submitted to the NYS Retirement System for approval as required by the RSSL by either the College or by the consultant, no documentation of the requisite approval was provided.

### **Audit Recommendations:**

1. Personal service contracts with retired College employees under the age of 65 should be submitted by the college or consultant for approval by the Retirement System.
2. The College should comply with the requirements of the Retirement and Social Security Law when it hires former public employees as employees or as consultants.

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### **Audit Finding (7):**

#### **Employee Service Contracts - Independent Contractor vs. Employees**

The College offers Adult Lifelong Learning Continuing Education, which includes various noncredit courses to the general public. Instructors, lecturers, and tutors for these programs are hired for one semester, for a specific task, based on a contract. However, the College treats these instructors as employees, not as independent contractors. The IRS has specific criteria to determine whether an individual is an independent contractor or an employee. IRS topic 762, found on the IRS Web site, serves as a guideline in determining whether an individual is an employee or independent contractor, and states the following: “[t]o determine whether a worker is an independent contractor or an employee under common law, you must examine the relationship between the worker and the business. All evidence of control and independence in this relationship should be considered. The facts that provide this evidence fall into three categories – Behavioral Control, Financial Control, and the Type of Relationship itself.” NCC does not appear to have carefully evaluated the employment status of these employees using these IRS guidelines. Alternatively, the IRS will make a determination on an individual’s employment status if the employer files an IRS form SS-8. The College did not file an IRS form SS-8 for these employees.

For many of the instructors, the Adult Lifetime Learning Program part-time position is their only college employment. Nevertheless, these instructors are hired as College employees even though under IRS regulations many could be treated as independent contractors. Treatment of Adult Lifetime Learning Program contractors as employees resulted in an additional payroll tax expense (FICA) to the College of \$134,000 during the audit period. We also found that the College and county incurred additional administrative expenses. By treating these contractors as employees, they must be processed through all the civil service employment steps, the College and county’s human resources and payroll departments. The payroll and civil service related administrative costs would be avoided if these instructors were treated as independent contractors instead of employees.

### **Audit Recommendations:**

The College should:

1. not treat workers who meet the IRS criteria of independent contractors as county employees and not pay the FICA employer contribution for those working under a temporary service contract; and
2. file an IRS Form SS-8 to determine whether a specific individual is an independent contractor or an employee, if the College cannot make that determination.

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### **Audit Finding (8):**

#### **Manual Timecards and Leave Balances and Postings to NUHRS**

Manual timecard forms are prepared and distributed by the county for use by employees to maintain their own records of time and leave accruals and usage. The College maintains manual timecards for all 1,170 full-time college employees. The College's payroll department transfers the leave recorded on the employee's timesheet to the manual card. The leave is then posted from the card to NUHRS, thereby duplicating the recording of time and leave. Leave balances on the manual cards did not match leave balances in NUHRS. With the 1993 implementation of NUHRS as the official county record for time and leave, all county departments were instructed to cease using manual record cards and only NUHRS balances are officially recognized.

A Nassau County *Statement of Accumulated Time and Leave Benefits* is printed from the NUHRS system for each employee and issued monthly to each employee. Employees can then compare the records they maintain against the official NUHRS record and resolve any discrepancies. However, the College does not distribute these reports to the employees. Instead, the College uses a manual process and completes an internal form *Status of Leave Time – for Full-Time Employees* twice a year to report leave balances to employees. The current balances recorded on the employees' manual leave card, rather than NUHRS balances, are manually noted on the form. Without official NUHRS balances, employees will not be able to determine if there are errors in the official accumulation of leave balances.

In addition, postings to NUHRS were found to be incorrect and not entered in a timely manner. For example:

- Anniversary dates are not revised timely when they should be adjusted for absence without pay. The result is that employees are granted bonus days and personal leave time prior to its being earned.
- Unearned automatic NUHRS accruals are not reversed, and so employees' leave balances in NUHRS are greater than the actual available balance.

### **Audit Recommendations:**

The College should:

1. eliminate the duplicative and unnecessary tasks associated with the manual employee time and leave record cards and adopt the NUHRS system as the official timekeeping system, as instructed by the county in 1993;
2. distribute the NUHRS monthly *Statements of Accumulated Time and Leave Benefits* to employees so that employees can compare the official record with their personal time and leave record card and resolve any discrepancies with the NUHRS balances; and

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3. update employee records in a timely manner to reflect accurate information in NUHRS.

### **Audit Finding (9):**

#### **Overtime**

The individual departments submit overtime hours to payroll on an Overtime Record form. The form states the pay period, employee's name and overtime or compensatory hours worked. This form is supported by a Request for Approval authorized by the department head and administration. However, the College's overtime documentation does not include employee certification of overtime hours worked.

### **Audit Recommendations:**

The College should require all actual overtime hours worked to be certified by the employee.

## Findings and Recommendations

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### Audit Finding (10):

#### Physical Plant Timekeeping

The Physical Plant employs 113 employees, 95 full-time and 18 part-time. All are CSEA members. Timekeeping procedures in the Physical Plant differ from the other College departments. Employees use a time clock to record their hours. Employees are required to initial the time clock cards daily and sign them at the end of the week to certify that the total hours shown are correct. The timekeeper completes the biweekly timesheets and only posts leave used, not hours worked. We reviewed timekeeping records and documentation for the pay period November 26, 2004 thru December 9, 2004 and found the following discrepancies:

- Timecards for 31 employees were tested for hours worked. Six employees came in late or left early for a total of approximately 22 hours. One employee came in late seven days and left early two days for a total of about 12 hours. All employees were paid for full days worked. No one was docked leave or pay.
- Eighteen employees worked overtime during the test period. The time cards for two employees did not agree with the time submitted on the overtime record on December 3, 2004. Both employees were paid until 11 pm, timecards show one left at 9:40 pm and the other 10:30 pm.
- Ninety-two employee timecards were reviewed for employee initials and signature. We found 20 instances of employees not initialing daily and/or signing the card weekly. Fifteen of these employees neither signed nor initialed their timecards to attest to their time.

### Audit Recommendations:

The College should:

1. require employees to initial and sign their timecards in compliance with department procedures. All time posted should be certified by the employee as being correct;
2. monitor employee timecards for lateness and incomplete work days. Lateness should be accumulated and charged against the employee's leave in accordance with the CSEA contract. Leave entitlements should be charged for time not worked; and
3. verify overtime worked by reviewing employee timecards before submitting the overtime record to payroll for payment. This will ensure that employees are paid only for time worked.

## Findings and Recommendations

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### Audit Finding (11):

#### Review of Part-Time Employees' Timecards

The College employs 2,250 part-time workers. Excluding part-time teaching employees, all part-time employees submit timecards to payroll to receive payment for the hours they work. Over 1,100 timecards are processed by payroll biweekly.

Employees are identified in NUHRS by social security number. The social security number is used to identify the employee's full-time position. Employees with multiple positions are identified by job in NUHRS by an alphabetical appointment ID after their social security number. Because each part-time position has its own hourly pay rate, employees need to be paid under the appropriate employee identification numbers for each job.

#### Review of Part-Time Employee Timecards

We reviewed 120 timecards (60 for part-time clerical workers and 60 for part-time nonteaching faculty) for the pay period ending November 25, 2004 for proper authorization and payment. Our review disclosed the following internal control weaknesses:

- four timecards were not signed, as required, by the employee but were signed by the supervisor;
- an employee claimed overlapping hours at two College positions. He was paid under both job titles for the same time. This employee was hired on a tutoring contract, and had certified as part of the contract requirements that there would be no conflict between the schedules of the two positions;
- this same employee was incorrectly paid at the rate of his higher paid job because the incorrect appointment ID number was entered for payment;
- this employee also worked and was paid for additional hours not contracted for. The 2004 fall tutoring contract had a maximum contract cost of \$1,500. Calculation of the tutoring timecard hours submitted and the rate erroneously paid shows the College paid the employee approximately \$274 more than the contracted amount. Overlapping hours and payment under the wrong ID number made it difficult to track to which contract the hours were charged; and
- a signature stamp was used instead of a signature, to certify timecards.

## **Findings and Recommendations**

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### **Audit Recommendations:**

The College should:

1. monitor pay rates for employees with multiple part-time positions so that the correct pay rate is paid for each position worked. The appropriate job/employee ID should be entered into NUHRS for the correct pay rate to be applied;
2. develop a procedure to ensure employees are not paid for the same hours in different departments. Department supervisors should review timecards and only approve hours actually worked;
3. monitor employees under tutoring contracts to ensure the scheduled hours cited in the contract are adhered to. Additional hours may result in overpayment of the contracted amount;
4. review contracts to ensure consistency with regard to the number of hours required and number of hours scheduled;
5. require all part-time employees to certify their hours submitted on timecards. Supervisors should not approve or submit timecards to payroll which are not signed by the employee; and
6. require timecards to be personally approved and signed by supervisors to ensure that hours submitted for payment are authorized. The College should prohibit the use of signature stamps on financial documents.

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**College's Response and Auditor's Follow-up**

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**College Response to Executive Summary:**

The College has thoroughly reviewed the above mentioned report, and our responses to each audit finding are indicated in the body of this memo. We agree with many of the findings, but not all of them. However, the overall audit process helped the College re-examine its internal controls and pointed out areas where improvements should and will be made. These enhancements to internal controls will help to further safeguard College assets. The audit process was time consuming, but will certainly provide a future benefit to Nassau Community College.

The following are the College responses to the Summary of Significant Audit Findings, which is included in the Executive Summary section of the report. It would be appreciated if these responses were also included in that section of the report:

**Retirement Plan Contributions for Retired Employees**

**College Response:**

The audit report is correct with respect to retired full-time faculty being ineligible for retirement contributions on their active part-time (adjunct) faculty earnings. This practice was immediately suspended when notified by the Comptroller's Office in September, 2005. The report is also correct with respect to installment incentive award payouts made subsequent to retirement, and these were also suspended.

The College accepts responsibility for this error, and the Comptroller deserves credit for identifying it, as it has gone undetected for many years. However, it should be noted that the retirement and termination of all College employees are always reported to and processed directly through the County, and retirement contributions (to TIAA-CREF) are paid pursuant to County NUHRS report entitled TIAA-CREF ARS Detail Report.

**Auditor's Follow-up:**

*We agree with the corrective action taken by the college. However, it is the responsibility of the college to report to the county all retiring employees with TIAA-CREF membership which are to be deleted. In the future the above mentioned NUHRS report should be reviewed by the college for accuracy prior to requesting payment of contributions to TIAA-CREF.*

**Procedures and Controls Relating to Leave Time**

**College Response:**

The Comptroller's comment relates to the *advance pre-approval* of employees requesting to take time off, and the maintenance of pre-approval documentation; it does not relate to the *actual approval and recording* of the actual time taken. The College does properly record, approve, and save all documentation for *actual* time taken by employees.

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The College does agree that policies and procedures for advance pre-approval of employee requests for time off should be in writing and should be uniformly followed. The College will develop these written policies, procedures, and forms.

**Auditor's Follow-up:**

*We concur with the college's plan to implement and formalize policies, procedures and forms for the approval of leave time requests.*

**Post-Retirement Employment**

**College Response:**

The "pensioner" (retired public employee), not the public employer, is required to have the contract reviewed by the retirement system prior to obtaining a consultant contract with a public employer.

Upon notification, the College did obtain retirement system approval on behalf of the two pensioners and will include additional language in future consulting contracts clarifying that it is the "pensioner's" obligation to obtain such approval themselves.

**Auditor's Follow-up:**

*We agree with the corrective action to be taken, but do not agree that it is the pensioner who must have the contract reviewed. We refer the college to the NYS Comptroller's Office NYS and Local Retirement System web site which states, "A contract.....must be submitted to the Retirement system **by you [employee] or your employer.**"*

**Improper Budgeting of Travel Expenses**

**College Response:**

The conclusions reached in the Comptroller's comment are out of context in light of the extensive efforts made by the College and its Board to monitor and control travel expenses. Actual travel costs represent *less than one-tenth of one percent* of the operating budget, and is painstakingly controlled and monitored by the College and the Board of Trustees. The travel sub-object code (*six one-hundredths of one percent* of the operating budget) is a component of the "general" budgetary code, and this general budgetary code has not been exceeded. The sub-object travel budget code was increased in the 2005 fiscal year.

The Finance Committee of the Board of Trustees determined that too much effort was expended with controlling and monitoring travel and was diverting the Board's focus from other important matters. Accordingly, the Finance Committee of the Board of Trustees changed their Travel Approval Policy, although not in writing, and the College was directed to comply. (Therefore, the College did not implement a change in travel policy without Board approval.) However, upon subsequent notification from the

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Comptroller, the policy, which was being followed pursuant to Board direction, was documented in writing and formally approved by the Finance Committee at their March, 2006 meeting. The trustees review all travel costs of \$600 and greater, pre-approve all travel requests of \$1,500 and greater, and receive related reports on a monthly basis. They have been satisfied with these procedures and reports and did not additionally require monthly analyses of budget to actual travel expenses at the sub-object level.

**Auditor's Follow-up:**

*We agree with the corrective action taken. However, college travel expense is a sub object of the object code "Miscellaneous expenses". All sub object codes should be properly budgeted for monitoring purposes at the sub object and the object level. The college's Board must be able to make informed budget approvals.*

**Employee Service Contracts – Independent Contractor vs. Employees**

**College Response:**

The College has reviewed the IRS guidelines and the relationship between the College and the instructor strongly appears to be that of an employer/employee relationship under IRS guidelines.

The implementation of this Comptroller comment could violate the IRS guidelines, which were developed to curtail certain abusive practices which avoided payroll taxes by treating employees as independent contractors.

However, the college will file a request with the IRS asking their opinion on the matter.

**Auditor's Follow-up:**

*The Comptroller's office does not recommend a particular treatment of these employees, only an adherence to IRS criteria and the submission of the appropriate form in order to receive an official determination from the IRS. We agree with the corrective action to be taken.*

**Physical Plant Timekeeping**

**College Response:**

Internal controls (including *video surveillance* of the time clocks) exist at the time clock recording point, and the redundant control of also requiring these employees to sign the time clock generated timecards was not considered necessary. However, the College will require these timecards to be signed in the future.

The discrepancies between hours recorded on the timecards and hours paid, although minor, will be addressed through better enforcement of existing policies.

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**Auditor's Follow-up:**

*The finding was based on non-compliance with the Physical Plant's own timekeeping policies and procedures. In addition, we do not consider the findings from our sample of timecard discrepancies minor.*

**Invalid Social Security Numbers**

**College Response:**

The College agrees with the finding and will not allow nonresident foreign students to work (as part-time student aides) until a social security number is obtained.

**Auditor's Follow-up:**

*We agree with the corrective action to be taken, although our recommended approach of complying with IRS guidelines and implementing better monitoring procedures might better meet the employment needs of the college. Although our finding relates specifically to nonresident foreign students employed as student aides, all nonresident foreign student employment should be adequately monitored for compliance with IRS guidelines.*

**College Response to Audit Findings**

**Audit Finding (1)**

**Retirement Plan Contributions for Retired Employees in TIAA-CREF**

**College Response:**

The report has four specific audit findings relating to this area. NCC has contacted SUNY and obtained a legal opinion from outside counsel on these findings. Unfortunately, the SUNY guidance and the outside legal opinion did not agree on all points. The County Comptroller's Office indicated that SUNY guidance was authoritative, and the College will follow the SUNY guidance.

Accordingly, NCC concurs with the report finding relating to the cessation of TIAA-CREF contributions (on adjunct faculty earnings) when the employee retires from his or her full-time position but continues to work as an adjunct faculty, as well as for contributions on early retirement incentive payouts. It should be noted that TIAA-CREF contributions for these employees were immediately suspended last September 1, 2005 when NCC received verbal notification from the County Comptroller's Office

The College concurs that the additional 1% contribution towards the president's TIAA-CREF retirement account is fixed and his contract will be referred back to the Board of Trustees for renegotiation.

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The College does not agree, however, with the audit finding relating to “term contracts”. Term contracts relate to state operated (4 year) campuses and not to community colleges. The College does check to see if adjuncts are permitted to participate in TIAA-CREF, and with the exception of retirees (to which we previously concurred and have already changed) the College is in compliance.

As mentioned in the College response to the Executive Summary, the College accepts primary responsibility for this error, and the Comptroller deserves credit for identifying it, as it has gone undetected for many years. However, it should be noted that the retirement and termination of all employees are always reported to and processed directly through the County, and retirement contributions (to TIAA-CREF) are paid pursuant to a County generated NUHRS report (entitled TIAA-CREF ARS Detail Report).

**Auditor's Follow-up:**

*We concur with the corrective action taken by the college. However, it is the responsibility of the college to report to the county all retiring employees with TIAA-CREF membership which are to be deleted. Although generated by NUHRS, the above mentioned report must be reviewed by the college for accuracy prior to its submission to the Comptroller's Office for payment of contributions to TIAA-CREF. In addition, the college should consult with SUNY in regard to the eligibility of adjunct part-time employees.*

**Audit Finding (2)**

**Grant of Compensatory Time for Routine Academic and Administrative Functions**

**College Response:**

The College strongly objects to the conclusions drawn by the auditors with regard to the underlying propriety of the compensatory time issues. While policies and procedures may have to be better documented in written format, the College has generally complied with the spirit and proper granting of such leave in accordance with the County ordinance.

New York Code of Rules and Regulations, Section 604.2 sets forth the responsibilities of the college trustees under the time-honored practice of American colleges and universities. This Code section specifically grants the board of trustees the responsibility of formulating the policies and procedures with regard to conditions of employment of the college president and the other professional administrative personnel. To that end, the Board of Trustees passed a resolution on February 13, 2001, adopting the provisions of the county ordinance which sets the terms and conditions of employment for the ungraded administrators.

Within that ordinance, compensatory time may be earned “...in instances where, in the judgment of the department head, there are extraordinary circumstances”. While the College president and other administrators frequently work past the normal 6 ¾ hour

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work day or 33 ¾ hour work week, College policy only grants compensatory time for a relatively few instances when College administrators are required to attend certain College meetings or events that have been scheduled during the evening or on weekends. Compensatory time is not granted solely because an administrator decides to stay late or arrive early to catch up on some work, even though such work may result in an administrator working in excess of a 6 ¾ work day or 33 ¾ work week. The College will, however, seek additional guidance from the newly created Policy and Planning committee of the Board of Trustees on this issue. After the Board's input, we will formulate written guidelines for implementation of this policy.

**Auditor's Follow-up:**

*We reiterate that under the college's own guidelines, compensatory time is authorized for employees hired under the Ordinance, only in extraordinary circumstances. The College President's employment contract also provides that compensatory time may be granted only in "extraordinary circumstances". We found that officials claimed and were granted compensatory time for attendance at routine campus events, which cannot be considered extraordinary circumstance, in more than a "few" instances. During the audit period, each of the top nine college administrative officials averaged over six weeks of compensatory time.*

**Audit Finding (3)**

**Travel Expense Monitoring and Approval Policy**

**College Response:**

NCC strongly disagrees with this finding in light of the great efforts made by the College and its board to monitor and control travel expenses. The conclusions reached in the comment are out of context. Actual travel costs were *less than one-tenth of one percent* of the operating budget.

Control over travel expenses includes:

1. The person seeking to travel must make a formal request in writing; approval is required by supervisor, department chair, and related vice president or the president, and the College's budget office – all in advance of the actual travel.
2. Finance Committee of BOT must pre-approve all travel requests of \$1,500 and greater, and they are read into the minutes of the full BOT meeting.
3. All travel expenses of \$600 and greater (and year to date details) are reported every month to the Finance Committee of BOT, which is distributed to all BOT members.

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The Finance Committee of the BOT historically has reviewed and approved travel expenditures and has set the criteria for its review. This BOT committee recently changed the criteria (increasing the pre-approval amount from \$600 to \$1,500, but maintaining the reporting of travel expenses to them of \$600 and greater). Monthly reports indicating all travel of \$600 and greater, as well as all pre-approved travel of \$1,500 and greater are provided to this BOT committee. Travel approval has always been under the purview of the Finance Committee of the BOT, and full BOT approval is neither necessary nor warranted. However, the College concurs with the audit recommendation that written approval should be obtained for this travel policy, and the Finance Committee of the BOT has formally adopted this policy in writing at the March 2006 meeting.

Actual travel expense (sub-object code 301) had been relatively consistent (approximately \$150,000 each year) although it did exceed the *sub-object* budget during the audit period. However, budgetary authority is monitored at the *object* level, and this level of funding has *not been exceeded*. The travel sub-object budget has been increased in fiscal 2005 to reflect the actual costs and to reflect certain sub-object code restructuring. An additional monthly analysis of actual travel to the budget sub-object has not been further provided as the Trustees have been satisfied with the existing controls and monthly reports provided on travel.

**Auditor's Follow-up:**

*Proper monitoring and control of expenses includes staying within the approved budget. College travel expense is a sub object of the object code "Miscellaneous expenses". All sub object codes should be properly budgeted for monitoring purposes at the sub object and the object level. The college's Board must be given accurate information in order to be able to make informed budget approvals.*

**Audit Finding (4)**

**Use of Invalid Social Security Numbers**

**College Response:**

Nonresident foreign students are presently allowed to work temporarily while they are applying for their social security numbers and their INS approvals. Once received, their employee records are updated to reflect their proper social security numbers. However the audit finding is correct; working nonresident foreign students who never receive social security numbers cannot be properly reported to the IRS. NCC will correct this by precluding nonresident foreign students from working until after they receive their social security numbers and INS approval to work.

**Auditor's Follow-up:**

*We agree with the corrective action to be taken and in the alternative reiterate our recommendation that the college implement better monitoring policies for the transfer of*

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*the nonresident student aides' records from the temporary 888 number to the official social security number, once it is received, as allowed by the IRS. Our recommended approach of complying with IRS guidelines and implementing better monitoring procedures might better meet the employment needs of the college. Although our finding relates specifically to nonresident foreign students employed as student aides, all nonresident foreign student employment should be adequately monitored for compliance with IRS guidelines.*

**Audit Finding (5)**

**Procedures and Controls Relating to Leave Time**

**College Response:**

In general, policies for the granting and recording of leave time are driven by the collective bargaining agreements and ordinances, although formal written policies for the pre-approval of requests for time off are lacking. However, the College takes great exception to the finding that "Some departments maintain leave documentation; others, however, dispose of it as soon as the time is posted to the employees' timesheet." Such records are, in fact, documented in the *actual* timesheets that are signed by employees and by their supervisors and such records are kept by the College for many years. The audit finding relates to the *advance pre-approval* of leave time and advance pre-approval documentation, and not to the documentation and approval of *actual time taken*. The College does properly record, approve, and save documentation for *actual time taken* by employees.

**Auditor's Follow-up:**

*All leave posted to NUHRS should be supported by a request form for proper monitoring. For example, a timesheet covers a two-week period and a number of employees. Without supporting documentation, a supervisor cannot be expected to certify leave usage accurately. We reiterate our recommendation that the college require departments to maintain supporting documentation for leave use to ensure that leave is properly requested, approved by a supervisor and accurately posted to the timesheet.*

**1. Sick Leave**

The College does not agree with this finding. Sick leave is *reported directly on the timesheet*, which is signed by the employee and approved by an appropriate supervisor. In the Physical Plant, the system has been modified to accommodate the specific needs of that area, where sick leave is recorded on the timeclock cards. Subsequent to being recorded on the timeclock cards, a third party completes the clerical task of transcribing this information to the bi-weekly timesheet and approval by the supervisor is indicated by signature.

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**Auditor's Follow-up:**

*All leave posted to NUHRS should be supported by a request form for proper monitoring. Timesheets cover a two week period for a number of employees. It is difficult and less accurate for a supervisor to monitor leave usage reported on a biweekly basis.*

**2. Sabbatical Leave**

The College concurs with the audit finding. One sabbatical, although recorded in NUHRS, was, in fact, recorded, but recorded in the wrong semester. This will be corrected. The other sabbatical could not be entered into NUHRS because it was for a technical assistant title which does not have an academic rank. This is an infrequent occurrence. On the next occasion that a sabbatical to a non-academic rank is approved, the College will make sure the County establishes a proper title class code in NUHRS.

**Auditor's Follow-up:**

*We concur with the corrective action being taken and reiterate that the NUHRS record for the employee whose sabbatical leave was not posted, should be corrected.*

**3. Compensation for Emergency Services (ECOMP)**

The College did not know of the existence of ECOMP. The EVNT screen in NUHRS is confusing when it states ECOMP is "comp time pay to estate". Emergency compensation is, nevertheless, recorded on the timesheet which is signed by the supervisor and then recorded on the manual leave card. Documentation from the fire company of which the one employee noted is a member can be found in her personnel file. The College will record ECOMP in NUHRS as long as the NUHRS system accepts it.

**Auditor's Follow-up:**

*It is the College's responsibility to report problems with NUHRS entries to the County for correction and/or assistance. The above mentioned supporting documentation in the employee's personnel file was requested and not provided to the auditor at the time of the audit.*

**4. Military Leave**

The College uses manual leave cards to monitor and control military leave. The one employee noted was allowed to use 30 days of military leave in 2004. Military leave reported on the timesheet in excess of 30 days was charged to his accumulated vacation leave. The College concurs that military leave was not recorded in NUHRS, and we will record future military leave in NUHRS as long as the NUHRS system accepts it.

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**Auditor's Follow-up:**

*It is the College's responsibility to report problems with its use of NUHRS to the county for correction and/or assistance.*

**5. Supplemental Leave at Half Pay (SLHP)**

The College agrees that an employee was employed for two pay periods as a part-time employee while also receiving SLHP. This was quickly uncovered by the College payroll department and the part-time position was terminated.

**Auditor's Follow-up:**

*We concur with the college's actions taken and reiterate the need for enhanced procedures and policies for the monitoring and recording of leave time.*

**Audit Finding (6)**

**New York State Personal Service Contract Approval for Post-Retirement Employment**

**College Response:**

State Retirement and Social Security Laws require the "pensioner" to submit his or her contract to the Retirement System, not the employer. However, upon receiving notification from the auditors, the College has submitted contracts on behalf of the pensioners and has, in fact, received documentation from the Retirement System indicating its approval and has provided the documentation to the auditors.

NCC will enhance controls to ensure that NCC retirees (the only ones regarding which the College has the relevant information) obtain approval from the Retirement System before the contract is processed.

Additionally, NCC will include in all future professional and personal service contracts that NYS municipal retirees are required to obtain the approval in advance (for those retirees from other municipalities regarding which the College does not have the relevant information).

**Auditor's Follow-up:**

*We agree with the corrective action to be taken and refer the college to the NYS Comptroller's Office NYS and Local Retirement System web site which states, "A contract.....must be submitted to the Retirement system **by you [employee] or your employer.**"*

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**Audit Finding (7)**

**Employee Service Contracts – Independent Contractor vs. Employees**

**College Response:**

The College has reviewed the IRS guidelines and believes that the relationship between instructors for Adult Lifelong Learning Continuing Education courses and the College appears to be that of an employer/employee relationship under the IRS guidelines. The instructors do not exercise control or independence in the performance of their duties.

The implementation of this Comptroller comment could violate IRS guidelines, which were developed to curtail certain abusive practices which avoided payroll taxes by treating employees as independent contractors.

However, the College concurs with the audit recommendation and will file a request with the IRS (form SS-8) asking for its opinion on the matter.

**Auditor's Follow-up:**

*The Comptroller's office does not recommend a particular treatment of these employees, only an adherence to IRS criteria and the submission of the appropriate form in order to receive an official determination from the IRS. We agree with the corrective action to be taken.*

**Audit Finding (8)**

**Manual Timecards and Leave Balances and Postings to NUHRS**

**College Response:**

The College agrees that NUHRS is the official automated County time-leave system and should be utilized to the fullest extent possible. The College will take action to move toward greater utilization of NUHRS in an effort to reduce redundant and manual processes. However, there are many instances where NUHRS does not accept College transactions, or where it is not feasible or not cost effective to enter certain transactions immediately into NUHRS. For example, due to the workload in recording of time and leave for almost 1,200 full-time employees, we do not adjust anniversary dates each pay period because certain abusers of time require adjusting of their anniversary dates in many pay periods. It is much more efficient to make the adjustments (which require preparing forms and processing and tracking through the County) on a periodic basis. This process will not result in certain employees who maintain low time and leave balances receiving entitlements earlier than they should because our manual record prevents the employee from using these entitlements until such time as they are legitimately earned. The anniversary dates are adjusted when all documentation is reviewed and approved.

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There are also other reasons an employee would have leave time balances remaining in NUHRS, for example, waiting for termination transactions to be cleared in NUHRS, and return of severance forms from the employee.

**Auditor's Follow-up:**

*It is the responsibility of all county departments to ensure the accuracy of the official records of time and leave by updating NUHRS in a timely manner.*

**Audit Finding (10)**

**Physical Plant Timekeeping**

**College Response:**

The College uses a timeclock system at the Physical Plant, and, therefore, uses practices and procedures that may differ from the rest of the College to achieve internal control over Physical Plant timekeeping. Such procedures and controls include the use of a *timeclock and video surveillance of the timeclocks.*

However, certain instances of non-compliance with existing procedures were discovered. NCC will address this by better enforcement of existing policies and procedures, and by implementing additional internal controls.

The audit findings noted in the report appear correct. The College offers the following explanations and/or corrective actions:

Audit finding a) - Physical Plant employees use the timeclocks and are not required to also initial their timesheets after transcription from the timeclock system to a timesheet by clerical staff. In the future, the College will enforce procedures requiring all employees outside of the Physical Plant timeclock system to sign their timesheets before being paid. The College will also review internal controls regarding the timeclocks and consider if requiring employees to also sign the timesheet will enhance controls.

Audit finding b) - College procedures for lateness follow guidance provided for in the CSEA Collective Bargaining Agreement Sec. 42-4(d). Time is accumulated and then charged against the employee's time. However, College procedures were not followed in the audit exceptions noted. These will be corrected, and adherence to the policy will be strictly enforced in the future.

Audit finding c) - The College processes the payroll for numerous employees in a short period of time, and these two employees were paid for a total of one hour and fifty minutes more than they worked. The clerical staff will be reminded the importance of accurate reporting.

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**Auditor's Follow-up:**

*a) The audit does not recommend that Physical Plant employees sign the timesheet but that they comply with the department's own policies and procedures by initialing and signing their timecards.*

*b) We agree with the corrective action to be taken.*

*c) We agree with the corrective action to be taken.*

**Audit Finding (11)**

**Review of Part-Time Employee Timecards**

**College Response:**

The audit findings are correct, and the College will take corrective action. All part-time employee timecards will be required to be signed by the employee before being processed; and the use of a signature stamp to approve timecards will be discontinued. However, the three remaining errors all were the result of a *single* transactional error relating to *one employee*. This was an isolated occurrence. The College will advise the supervisors and clerical staff to be more careful in the future.

**Auditor's Follow-up:**

*We agree with the corrective action to be taken.*