



Mary Taylor, CPA
Auditor of State

VILLAGE OF ALBANY
ATHENS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Albany
Athens County
P.O. Box 153
Albany, Ohio 45710

To the Village Council:

We have performed the procedures enumerated below and for the period January 1, 2004 to December 31, 2006, which were agreed to by the addressees, solely to assist the Village of Albany, Athens County, Ohio (the Village), in evaluating the compensation of former employee Marvin Hale as Sewer Inspector/Plant Operator. Management is responsible for the Village's monitoring of payroll disbursements and determining if employees were properly compensated. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements. The sufficiency of the procedures is solely the responsibility of the Village. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures were as follows:

1. We reviewed the minutes of the Village Council for the period January 1, 2004 through December 31, 2006, to determine the compensation authorized for the Sewer Inspector/Plant Operator of the Village.

We noted there was no formal action in the minutes establishing the pay rates or raises of the Plant Operator or the Plant Manager.

2. We reviewed and recalculated payroll expenditures of Marvin Hale for the period January 1, 2004 through December 31, 2006, to determine if the compensation for the Sewer Inspector/Plant Operator of the Village was paid in accordance with amounts authorized by the Village.

We examined each time card and recalculated the gross pay based on actual hours worked per the time card, noting any overtime worked and comp, sick or vacation leave used. Our testing disclosed Marvin Hale was over compensated \$462.50 in 2004, was under compensated \$113.61 in 2005 and was over compensated \$323.01 in 2006.

We also noted the Village was paying Marvin Hale for overtime hours when he was using sick leave during the same pay period.

3. We reviewed the overtime/comp time earned for the Sewer Inspector/Plant Operator of the Village to determine if the amount earned was in accordance with Village policies.

Our testing revealed Marvin Hale did not earn any comp time during the period on his time sheets. He was paid for all overtime hours he worked. However, the Village Administrator did keep track of Mr. Hale's comp time for attending school and meetings and this overtime was not recorded on his time sheets. The approval of this comp time was not documented as being approved in the minutes, but the former Mayor signed all of the weekly comp time sheets to indicate approval.

3. Marvin Hale started off with a comp time balance at January 1, 2004 of 44 hours. He subsequently earned 86.5 hours and used 58 hours in 2004, earned 155 hours and used 90 hours in 2005 and earned 141 hours and used 143 hours in 2006. Mr. Hale was also paid for 40 hours of comp time that was approved by Village Council on March 7, 2006. This resulted in an ending balance of 95.5 hours of comp time at December 31, 2006. The total value of the comp time balance at December 31, 2006 was \$1,504.10, based upon a pay rate of \$15.75 per hour.
4. We reviewed the sick leave, vacation leave and comp time used by the Sewer Inspector/Plant Operator to determine if the amount per the leave records agreed to the timesheets.

Our testing revealed a 1 hour difference of sick leave used between the time cards and the amounts recorded per the sick leave record kept by the Village Clerk. Our testing also revealed 40 hours of vacation used that was not recorded on the vacation leave record kept by the Village Clerk. The Village does not pay their employees for sick leave balances at the time of separation; therefore, we will not take exception to the one hour variance. Our testing also revealed that Mr. Hale was properly paid for his vacation leave at separation. Therefore, we will not take exception to the 40 hours not recorded on the leave record kept by the Village Clerk.

Our testing revealed the Village Clerk kept vacation and sick leave records and the Village Administrator kept a separate comp time record.

5. We reviewed the severance pay for the Sewer Inspector/Plant Operator to determine if the amount paid is accordance with Village policies and to determine if the correct leave balances were used in the pay out.

Our testing revealed Marvin Hale was properly paid for his vacation balance of 80 hours on February 9, 2007. However, we could not determine if Mr. Hale was paid for his comp time balance as of this date. At December 31, 2006, Mr. Hale had a comp time balance of 95.5 hours valued at \$1,504.10.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on these transactions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the addressee listed above and is not intended to be, and should not be used by anyone else.



Mary Taylor, CPA
Auditor of State

April 28, 2008

Finding 1

Recommendation

Payroll payments to Village employees should be compensated according to time cards and to Village policies.

Marvin Hale, former employee, received various over/under payments relating to payroll and comp time.

During our testing, we examined each time card for Mr. Hale for calendar years 2004, 2005 and 2006 and recalculated the gross pay based on actual hours worked per the time card, noting any overtime worked and comp, sick or vacation leave used. Our testing disclosed Marvin Hale was over compensated \$462.50 in 2004, was under compensated \$113.61 in 2005 and was over compensated \$323.01 in 2006. These errors were calculation errors on the time cards.

During our testing of compensatory time, our testing revealed Mr. Hale did not earn any comp time during the period on his time sheets. He was paid for all overtime hours he worked on the time sheets. However, the Village Administrator was keeping track of Mr. Hale's comp time for attending school and meetings and other overtime that was not recorded on his time sheets on weekly sheets. The approval of this comp time was not documented as being approved in the minutes, but the former Mayor signed all of the weekly comp time sheets as evidence of approval. We found that Mr. Hale was owed for 95.5 hours of comp time earned, but not used, as of December 31, 2006, at \$15.75 per hour for a total of \$1,504.10.

During the period reviewed, the Village did not have a policy regarding compensatory time.

The following table recaps the over/under payments:

2004 Payroll Overpayment	(\$462.50)
2005 Payroll Underpayment	113.61
2006 Payroll Overpayment	(323.01)
Comp Time Earned But Not Paid	1,504.10
Total Owed to Mr. Hale	<u><u>\$832.20</u></u>

We recommend the Village compensate Marvin Hale, former employee, in the amount of \$832.20 for variances relating to payroll and comp time covering the period January 1, 2004 through December 31, 2006. We also recommend the Village adopt policies regarding comp time.

Finding 2

Noncompliance Citation

Ohio Rev. Code Sections 733.27 and 733.28 provide that all official actions of the Village and all pertinent information shall be recorded in the record of proceedings (minutes).

During our review of the Village Council minutes, we noted the minute record did not contain sufficient detail of all official actions of the Village including the hiring and pay rate of Marvin Hale as Plant Operator during 2004 and Plant Manager in 2006. Mr. Hale was given a \$0.75 pay increase during 2005 as Plant Operator. This was also omitted from the minute record. This resulted in the lack of a permanent document of all official actions of the Village Council and could result in unauthorized changes taking place and going undetected for an extended period of time.

We recommend all official actions of the Village be recorded in sufficient detail in the minutes, to include the information noted above.

Finding 3

Recommendation

The Village Clerk should keep an accurate record of leave balances, including accruals and usages, for each Village employee.

The Village Clerk did not keep accurate records of leave accrual and usage for the period January 1, 2004 through December 31, 2006, with a 1 hour variance noted in sick leave used and a 40 variance noted in vacation leave used. This could result in inaccurate leave balances which could result in overpayment of severance pay.

We also found that although the Village Clerk kept vacation and sick leave records, the Village Administrator kept a separate comp time record. This could result in different leave balances being calculated and could result in inaccurate reporting of leave/comp time earned and used.

We recommend the Village Clerk keep an accurate record of all leave and comp time accumulated and used to ensure accurate leave balances of employees. We also recommend the Village Clerk refer back to Village policy for the proper accumulation of leave and approval of comp time earned.



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VILLAGE OF ALBANY

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 29, 2008**