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July 15, 2010

Ms. Marie Andreacchio, President
Allen Health Care Services
175-20 Hillside Avenue
Jamaica, NY 11432

Re: Limited Audit of Allen Health Care Services 2008 Compliance with the Nassau County
Living Wage Law and Limited Follow Up on the 2007 Audit Findings

Dear Ms. Andreacchio:

A limited compliance audit was performed of contracts #CQSS07000137 and #CQSC08000068 between Allen Health Care Services (“Allen”) and Nassau County. The objective of the audit was to determine whether Allen was in compliance with the Living Wage Law (“the Law”) and the related Rules. The review period was calendar year 2008. The audit also included a follow-up review to ensure that corrective actions were taken as a result of our audit of compliance covering calendar year 2007 (“prior audit”¹). Certain tests were also performed to review subsequent transactions. To accomplish our objectives, we reviewed Allen’s pertinent books and records and interviewed personnel.

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

Audit Finding:

Compensated Days off

We tested the accumulation of compensated days off for 27 out of 97 employees for the second half of 2008 and found that Allen had understated the number of covered hours worked for three of the

¹ <http://www.nassaucountyny.gov/agencies/Comptroller/NewsRelease/2008/documents/AllenHealthCareFinalReport103008.pdf>

employees by a total of 60 hours. As a result, Allen under accrued compensatory time off owed the three employees by a total of 2.7 hours, aggregating to \$33.37. We brought these discrepancies to the attention of Allen; it agreed with our findings and reimbursed the three employees for the amounts owed.

Audit Recommendations:

Based on an error rate of three errors in the 27 employees tested in the calculation of compensated days off, we recommend that Allen perform a self-audit of its 2008 calculations to ensure that no other employees were underpaid. Allen should:

- a) complete its self audit;
- b) compensate any other employees who may have been underpaid; and
- c) advise us in writing of the findings of its self-audit within six weeks from the issuance of this report.

Follow-up Review to the 2007 Audit - Payment for Compensated Days Off

Our prior audit found that Allen had underpaid one employee \$58.43 for compensated time off earned in 2007. Allen reimbursed its employee for this underpayment in two payments, one on March 27, 2008 for \$52.80, and one on October 23, 2008 for \$5.63.

Auditor's Follow-up:

Allen has implemented the prior audit's recommendation and we make no further recommendations regarding 2007 compliance.

Sincerely,



Joy M. Watson

JMW:AS

The matters covered in this report have been discussed with the management of Allen during the course of this audit. On April 20, 2010, our Office submitted a report in draft for Allen's comments. Allen provided its comments on May 7, 2010, and revised comments on June 10, 2010. Allen's comments, and our responses to those comments, have been included as Appendix A in this final report.

APPENDIX A



Ms. Lisa Tsikouras, Director of Field Audit
Office of the Nassau County Comptroller
240 Old Country Road
Mineola, New York 11501

Re: Limited Audit of Allen Health Care Services 2008 Compliance with the Nassau County Living Wage Law and Limited Follow Up on the 2007 Audit Findings

Dear Ms. Tsikouras:

The following is our response to the Audit Recommendations related to the limited audit of the 2008 Nassau County Living Wage Law.

1. Allen will complete a self audit of the living wage payments made to employees for compensated days off in 2008.
2. Allen will reimburse any employees that are determined to be underpaid.
3. Allen will complete the self audit and reimburse any underpaid employees no later than June 11, 2010. We will notify the Office of the Nassau County Comptroller with the results of our self audit findings.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Rasmusson", written over a horizontal line.

Charles Rasmusson
Vice President of Finance
Allen Health Care Services



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APPENDIX A



Ms. Lisa Tsikouras, Director of Field Audit
Office of the Nassau County Comptroller
240 Old Country Road
Mineola, New York 11501

June 10, 2010

Re: Limited Audit of Allen Health Care Services 2008 Compliance with the Nassau County Living Wage Law and Limited Follow Up on the 2007 Follow up to Audit Findings

Dear Ms. Tsikouras:

This letter serves as a following up to our response to the Audit Recommendations related to the limited audit of the 2008 Nassau County Living Wage Law.

Allen's initial response is presented below:

1. Allen will complete a self audit of the living wage payments made to employees for compensated days off in 2008.
2. Allen will reimburse any employees that are determined to be underpaid.
3. Allen will complete the self audit and reimburse any underpaid employees no later than June 11, 2010. We will notify the Office of the Nassau County Comptroller with the results of our self audit findings.

Allen's follow up response as of 6/10/10:

1. Allen has completed a self audit of the living wage payments made to employees for compensated days off in 2008. This self audit was completed on 6/4/10.
2. Effective with the June 11, 2010 payroll, Allen has reimbursed any employee that was determined to be underpaid.
3. The self audit of 2008 revealed 5 employees with small underpayments totaling a combined \$36.15. In Allen's 6/11/10 payroll all underpayments were reimbursed to the affected employees. The details of the findings are available should the Office of the Nassau County Comptroller request the information.

Sincerely,

Charles Rasmusson
Vice President of Finance
Allen Health Care Services



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Auditor's Follow-Up Response

We concur with the corrective action taken by Allen. In response to our draft report, Allen conducted a self-audit to determine if it had understated the total eligible hours used to calculate the accrued hours due its employees. Allen found that it had underpaid five other employees a total of \$36.15, which it paid out on June 11, 2010. We reviewed Allen's calculations of the underpayment for these five employees, concur with the results and verified that the payments were made.

We conducted a second limited review in which we checked the total eligible hours Allen had computed to determine the accuracy of its self-audit. We reviewed 37 employees out of 127, and found two employees' whose eligible hours were understated resulting in an additional \$7.87 in total.

Allen agreed with the results of our review and indicated that it had paid the employees on June 24, 2010.