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October 30, 2008

Mr. Steven Rosenberg, Finance Director
Allen Health Care Services, Inc.
175-20 Hillside Avenue
Jamaica, NY 11432

Re: Limited Audit of Allen Health Care Services, Inc. Compliance with the Nassau County Living Wage Law

Dear Mr. Rosenberg:

A limited compliance audit was performed of contract #CQSS07000137 between Allen Health Care Services, Inc. ("Allen") and Nassau County. The objective of this audit was to determine whether Allen was in compliance with the Nassau County Living Wage Law (the Law) and the related Rules. The review period was calendar year 2007. Certain tests were also performed to review your subsequent transactions. To accomplish our objective, we reviewed Allen's pertinent books and records and interviewed personnel.

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

Audit Finding:

Compensated Days Off

Allen did not comply with the Law's requirement for compensated days off for its covered employees. The Law mandates that employers provide "no fewer than twelve paid days off per year for sick leave, vacation or personal necessity at the employee's request. Full-time employees shall accrue such leave at a rate of one day per month of full-time employment. Part-time employees who work twenty or more hours per week shall accrue such leave in increments proportional to the rate of accrual for full-time employees. Any employee shall be eligible to begin using such accrued leave six months following his or her start date of employment, or consistent with company policy, whichever is sooner."¹

¹ "Nassau County Living Wage Law," Nassau Co. Misc. Laws, Title 57, § 3 (2007). The Law and the related Rules can be found on the Comptroller's website, at <http://www.nassaucountyny.gov/agencies/Comptroller/LivingWage/index.html>.

Allen's policy did not make any provision for covered employees to receive compensated time off after six months of service. Instead it provided, in part, that "union members who have performed at least 1500 hours of paid service during the one year period ending the last pay period preceding May 1 and who have been employed at least 2 years as of May 1, 2007 shall receive 5 days PTO (paid time off) for 2-8 years of service." This policy resulted in some full-time employees, with less than two years of service, being underpaid by \$1,056 for the year 2007. Some part-time employees, who worked a minimum of twenty hours per week, were underpaid by \$528.

We informed Allen about the deficiencies in its policy and on March 3, 2008, it revised its policy to comply with the Law. Allen made payments totaling \$45,061 to covered employees to correct these underpayments. We tested Allen's calculation of the \$45,061 and noted one exception, that an employee due \$58.43 was omitted from the calculation.

Audit Recommendations:

Allen should pay the employee who was omitted from its calculation \$58.43 for compensated time off.

Allen should also ensure that all covered employees are provided a copy of the policy so that they are aware of the benefits accruing to them under the Law.

Response from Allen Health Care:

As per your audit recommendations, Allen Health Care:

- *Has repaid the employee who was omitted from our calculation \$58.43 for compensated time off, and*
- *Has ensured that covered employees are provided a copy of our policy so that they are aware of the benefits accruing to them under the Living Wage Law.*

Auditors Follow-up Response:

We concur with the corrective actions taken by Allen Health Care. Appropriate formal records of the corrective actions taken should be maintained and should be made available to us when we perform our compliance audit for the 2008 contract.

Sincerely,



Aline Khatchadourian
Deputy Comptroller for Audit and Special Projects