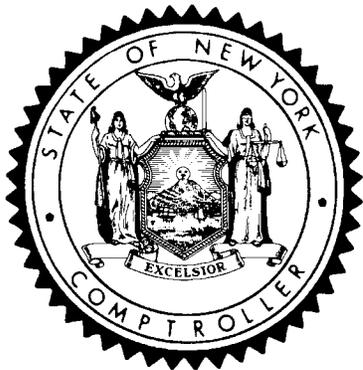


***State of New York
Office of the State Comptroller
Division of Management Audit
and State Financial Services***

**DEPARTMENT OF CORRECTIONAL
SERVICES
WATERTOWN HUB**

**SELECTED FINANCIAL
MANAGEMENT PRACTICES**

REPORT 99-S-38



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit and State Financial Services

Report 99-S-38

Mr. Glenn S. Goord
Commissioner
New York State Department of Correctional Services
Building #2, State Campus
1220 Washington Avenue
Albany, New York 12226-2050

Dear Mr. Goord:

The following is our report on selected financial management practices of the Department of Correctional Services' Watertown HUB.

This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. We list major contributors to this report in Appendix A.

*Office of the State Comptroller
Division of Management Audit
and State Financial Services*

August 29, 2000

Executive Summary

Department of Correctional Services

Watertown HUB

Selected Financial Management Practices

Scope of Audit

The Department of Correctional Services (Department) groups its 70 correctional facilities into 9 operational regions, or HUBs. The Watertown HUB (HUB) consists of five medium-security facilities in northern New York State: Ogdensburg, Riverview, Gouverneur, Cape Vincent and Watertown. Each HUB facility is run by a Superintendent. A Supervising Superintendent oversees HUB operations. The five facilities employ over 2,400 staff and house over 5,000 inmates. Fiscal year 1998/99 expenditures for these facilities exceeded \$96.5 million.

Department directives require HUB facilities to establish controls over employee time and attendance, purchasing and inmate cash. HUB facilities must document most employees' work time through the use of time cards, which must be signed by supervisors. Each facility enters this data on a computerized time and attendance system. HUB facilities must also follow Office of the State Comptroller (OSC) and Office of General Services guidelines to ensure adequate controls over purchasing and inmate cash accounts. In 1998, HUB facilities began to use the State's new payroll system (PaySR). Since facility employees now enter payroll changes directly into PaySR (formerly, OSC employees performed this function), facilities are responsible for ensuring these changes are authorized. The Department allows the practice of mutual shift swapping (swapping) at its facilities, whereby employees doing similar work agree to exchange work hours. The Civil Service Law (Law) requires that swapped time be paid back with work hours, and it prohibits State employees from accepting extra compensation for working swapped time.

Our audit addressed the following questions about operations in the Watertown HUB for the period April 1, 1997 through February 29, 2000:

- ! Are HUB facilities' internal controls adequate to ensure appropriate financial practices, properly documented time and attendance, and accurate payroll processing?

- ! Does management ensure that HUB swapping practices comply with the Law?

Audit Observations and Conclusions

We found that all five HUB facilities maintain adequate controls over purchasing and inmate cash, and that two facilities properly control time and attendance. One facility (Cape Vincent) needs to improve its time and attendance controls to ensure correction officers work the hours they are paid

for. Further, at three of the five HUB facilities, we identified individuals who appeared to abuse their swapping privileges. (See p. 5)

At the Cape Vincent facility, we found that a significant number of security personnel do not adhere to Department directives covering time card use. We reviewed time cards for one payroll period during 1999 and found that 141 of 346 time cards did not properly document time worked. Exceptions included time cards that were unsigned, not punched and punched on days the employee was not at work; two cards were not turned in at all. Consequently, the facility did not have adequate documentation to support over \$200,000 in salary payments. We recommend that Cape Vincent require its supervisors to document their review of time cards and discipline employees who have persistent time card problems. (See pp. 7-9)

Our recent audit of swapping practices at another Department facility (Report 99-S-21, issued April 7, 2000) found instances in which it appears that employees did not repay swaps with work time and/or accepted cash for working swaps. Our current audit also found instances of potential swapping abuse at three HUB facilities. We searched for individuals who owed significant swap time or worked a lot of excess shifts. At Ogdensburg, we found that 7 officers owed 654 shifts and 5 officers had worked 763 excess shifts. We found similar usage patterns at Cape Vincent and identified at least one potential abuser at Gouverneur. Employees who do not repay swapped shifts earn full-time benefits for part-time jobs; employees who accept money for working swaps violate the Law. We recommend disciplining employees who abuse swapping privileges and developing effective monitoring practices to help ensure swapping conforms to the Law. Department officials said they are developing a statewide policy for controlling swapping practices. (See pp. 11-15)

Shift swaps often result in one officer working consecutive shifts: a regular shift plus the swapped shift. Facilities pay officers overtime for attending a 15-minute briefing before every shift. We found that Watertown officers who work these double shifts attend only one pre-shift briefing, but were paid for both. If the other four facilities show similar swap patterns, HUB facilities may have paid officers as much as \$108,000 in 1999 for briefing pay to which they were not entitled. (See pp. 15-16)

Comments of Department Officials

Department officials indicated that they are implementing our recommendations.

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Introduction

Background

In 1990, the Department of Correctional Services (Department) developed its HUB program, in which all prisons it operated at the time were grouped into operational regions or HUBS. Currently, there are 70 facilities grouped into nine HUBS, each of which has a Supervising Superintendent at a designated facility who coordinates and monitors HUB operations. The Watertown Hub (HUB) includes five medium security facilities in two counties in northern New York State. The five facilities are: Ogdensburg, Riverview, Gouverneur (St. Lawrence County), Cape Vincent and Watertown (Jefferson County). Ogdensburg and Riverview are located near each other in Ogdensburg, and the remaining three facilities are located at distances ranging from 36 to 69 miles from Ogdensburg. Each facility is managed by a Superintendent, who is assisted by management staff, including a Deputy for Administration. The Supervising Superintendent for the HUB is at the Gouverneur facility. The five facilities employ over 2,400 staff and house over 5,000 inmates. Fiscal year 1998/99 expenditures for these facilities exceeded \$96.5 million, of which \$89.1 million was for personal service.

Personal service cost accounts for most of the cost of operating Department facilities, including HUB facilities. Department directives require facilities to document the work time of most facility employees, including security staff, through the use of time cards. Employees punch the time cards to indicate their attendance at work. Supervisors review time cards daily and sign completed cards to ensure their completeness and accuracy. The Department has also established a computerized system for each facility to use to track and control employee time and attendance data for payroll purposes.

In 1998, HUB facilities converted to payroll processing on the State's new PaySR system. The new system requires personnel at individual facilities to enter payroll changes (such as adding new employees or changing an employee's total work hours) directly in PaySR. Formerly, personnel from the Office of the State Comptroller performed this data entry function. The new system requires facilities to adjust their systems of internal control to accommodate the change in data entry procedures.

The Department requires facilities to follow Office of General Services (OGS) and Office of the State Comptroller (OSC) guidelines for making purchases and for controlling inmate cash accounts. The Department's central office provides facilities with directives to guide managers in preparing internal control plans to ensure compliance with these guidelines.

About 1,600 employees at HUB facilities, constituting over 65 percent of total staff, are eligible to participate in mutual shift swapping (swapping), a practice by which Department employees doing similar work agree to exchange work hours. This staff is generally security personnel (correction officers) at each facility, although certain other employees may occasionally use shift swaps. Employers are specifically permitted by Section 134 of the Civil Service Law (Law) and the Federal Fair Labor Standards Act to allow employees to exchange hours of work with other employees doing similar work in the same State institution. Section 135 of the Law prohibits an employee from receiving extra salary or compensation for working swapped time. HUB facilities document swapped time in Swap Books, in which officers enter swaps on appropriately dated pages and (at three HUB facilities) on swap slips, which note the officers involved in the swap and the swap repayment date. Four of five HUB facilities also record swaps on their automated time and attendance system.

Audit Scope, Objectives and Methodology

We audited selected financial management practices and swapping practices at each of the facilities in the Watertown HUB for the period April 1, 1997 through February 29, 2000. The objectives of our financial-related audit were to assess whether HUB facilities' internal controls are adequate to ensure appropriate financial practices, properly documented time and attendance and accurate payroll processing, and whether HUB facilities' swapping practices comply with the Law. To accomplish our objectives, we interviewed Department officials as well as the managers and staff at each of the five facilities in the HUB. We reviewed internal controls over payroll processing, purchasing and inmate cash at each facility, as well as controls over swapping practices. As part of this audit, we followed up on a complaint we received alleging misuse of inmate cash at a HUB facility.

Where we judged controls to be deficient, we tested samples of transactions. We also reviewed applicable laws, rules, regulations, policies and procedures and we examined time and attendance records and reports, including time cards and Swap Books. Further, we downloaded and analyzed swap activity data from the computerized time and attendance systems at four of the five facilities.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations which are included in our audit scope. Further, these standards require that we understand the Department's and HUB facilities' internal control structure and their compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we

consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We used a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an “exception basis.” This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Internal Control and Compliance Summary

Our evaluation of the internal control structure at the HUB facilities identified several internal control weaknesses related to the authorization of payroll changes and the oversight of swapping practices. As a result of these deficiencies, there is a risk that employees are overpaid for pre-shift briefings, are able to make unauthorized payroll changes and engage in swapping practices that do not comply with the Law. These matters are presented in relevant sections of this report.

Comments of Department Officials

We provided draft copies of this report to Department and HUB facility officials for their review and comment. Their comments have been considered in preparing this final report and are included as Appendix B.

Within 90 days after the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Correctional Services shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein and where recommendations were not implemented, the reasons therefor.

Controls Over HUB Facilities' Operations

Facility management is directly responsible for establishing and maintaining adequate control over facility operations in conformance with Department expectations and relevant guidelines. We assessed the effectiveness of HUB facilities' controls over various facility operations and tested transactions, as necessary, to confirm our assessments. We examined internal controls intended to:

- ! ensure purchases are made in accordance with OSC and OGS requirements;
- ! safeguard monies in inmate cash accounts;
- ! ensure employees work the hours for which they are paid;
- ! ensure payroll changes are accurately processed and properly authorized; and
- ! prevent employees' abuse of swapping privileges.

Our review of controls over purchases and tests of transactions at each facility showed that these controls are adequate and that purchases conformed to OSC and OGS requirements. Further, each facility maintained adequate controls over inmate cash. Our tests of transactions at Gouverneur showed that records were accurate and that allegations of misuse of inmate funds at this facility were without merit. Two HUB facilities also had adequate controls over their time records. Cape Vincent's controls over time and attendance need significant improvement to provide assurance that its correction officers work the hours for which they are paid. We also found that controls over swapping at the Cape Vincent, Gouverneur and Ogdensburg facilities are not adequate to prevent or detect swapping abuses. We identified individuals at each facility who appear to be abusing swapping privileges.

Payroll Processing Controls

A primary supervisory function is to ensure accurate and timely reporting of employee attendance. Properly performed, this practice will detect and prevent abuse. The Department's central office provide the facilities with directives to guide managers in establishing internal controls over facility operations. One such directive specifies Department requirements with regard to employees' use of time cards and supervisory review of time cards to ensure completeness and accuracy.

We reviewed internal controls over payroll processing at each facility. We concluded, that four of the facilities (Gouverneur, Ogdensburg, Riverview and Watertown) had implemented adequate controls over time and attendance records and that these records generally supported payroll expenditures. However, time records for security staff at Cape Vincent frequently did not conform to Department standards. As a result, we could not be sure that all payroll expenditures at this facility were appropriate. We also concluded that three facilities could improve their controls by verifying that data entered into the State's new payroll system (PaySR) is accurate and properly authorized

Cape Vincent Time Records

While summarizing time cards for our swap review at the Cape Vincent facility, we observed numerous instances in which correction officers' time cards were not punched, were not turned in or were possibly punched by other employees. As a result, we reviewed time cards for an entire pay period (October 21 - November 3, 1999) and found that, of 346 time cards required to be submitted, 141 did not meet Department standards. For example, 64 cards were not signed by the employee and 18 cards were not signed by the supervisor; 77 cards were missing punches or punches were adjusted; 20 cards were punched on days when the employees were absent from work. Numerous time cards were deficient in two or more ways. Two employees did not turn in time cards at all for this period. Based on average salaries for correction officer staff, these 141 cards represent over \$200,000 in salary payments that were not adequately documented.

Timekeeper records show that, during the two years ended February 3, 2000, 13 time cards were never received and 51 time cards were never returned to the timekeeper after they were sent back to the employees for explanation. Since the Department has no procedure to withhold pay from individuals who do not submit time cards, these 64 individuals were paid about \$94,000 without adequate proof that they earned the pay. In view of these time card deficiencies, we conclude that supervisors charged with reviewing the cards daily are not performing this function.

We further compared time cards and corresponding work location logs during all or part of 1999 for three correction officers with significant instances of time card problems to determine if they worked the hours they were paid for. This comparison produced the following results.

- ! One individual failed to either punch in or punch out 25 times during calendar year 1999. When we reviewed log books at this individual's work stations on these occasions, we could not conclusively document that he was in attendance for the duration of his assignments on 10 of the 25 instances. These ten days are equivalent to one biweekly pay period or about \$1,500 in salary.
- ! Another employee did not turn in a time card for two pay periods and lost the original punched time card for another pay period. As a result, there is no official documentation to show that this person worked the hours for which he was paid a total of more than \$4,500. This employee's other cards also had missing punches, altered punches and one punch on a day he did not work. We found 23 days in 1999 for which this person did not have a valid punched card. We could not determine his whereabouts during these work shifts.
- ! The third individual had a number of punches adjusted and missing punches. On one occasion, his card was punched on a day he was absent from work.

Officials at Cape Vincent told us that they have taken action against employees who abuse time and attendance rules. However, the extent to which we found improperly completed time records indicates that these actions have been largely ineffective.

Data Entry Controls

In the old State payroll system, data entry was done by OSC employees. The State's new payroll system (PaySR), requires that facility employees enter facility payroll changes directly into it. Supporting payroll documents should be maintained by each facility. Also, facilities should have a review and approval process which includes a post review of information entered into PaySR to verify that the payroll conformed to management's authorizations and that the data entered was free from error. We found that Watertown, Gouverneur and Ogdensburg have not implemented such a review process. Therefore, the certifying managers at these facilities cannot be sure that the approved changes are the only changes entered in the system and that these entries are accurate.

The Department's central office makes certain reports available to business managers that result from entries into PaySR. Other reports are available

directly from the PaySR system. These reports can be used together to verify the accuracy of data entered. We reviewed these reports at each facility and found that the three facilities either did not review this information or only reviewed it sporadically.

We tested payroll transactions at these three facilities extensively. Our testing showed that, except for minor issues, transactions conformed to management's authorizations and that payroll changes were data entered correctly. However, we believe that managers at Gouverneur, Watertown and Ogdensburg should implement a procedure to independently review the work of the payroll clerk to prevent future errors and irregularities from occurring.

Recommendations

The Supervising Superintendent should:

1. Take disciplinary action against any employee who repeatedly fails to properly punch time cards. When an employee does not punch a time card, verify that the employee was at his or her assigned post for the entire shift.
2. Remind all HUB facility supervisors to review time cards daily and document their review of time cards in accordance with Department directives, and periodically monitor adherence to these requirements.
3. Ensure that employees submit time cards for every pay period.
4. Require all HUB facilities to trace payroll adjustments to the supporting worksheets and authorizations to ensure the accuracy of the data entered into the PaySR system. This review should take place prior to payroll certification.

Swapping Practices

Our recent audit of swapping practices at the Adirondack Correctional Facility (Report 99-S-21, issued April 7, 2000) found numerous instances in which employees appear to have abused swapping privileges by not repaying swaps with work time and/or by accepting cash for working swaps. In response to that audit, the Department stated that it is in the process of negotiating a statewide policy that would eliminate open-ended swaps (swaps with no set repayment date) and provide greater accountability and control over the swapping process. Our current audit found instances of potential swapping abuse at three of the five HUB facilities. The existence of potential swapping problems beyond the Adirondack facility should confirm the need for a statewide policy to establish uniform controls over swapping to ensure that its use conforms with the Law.

Swapping at HUB Facilities

To test for abusive swapping patterns at HUB facilities, we obtained the current swap files (two to four years of data) from each of the four facilities that use the Department's computerized time and attendance system. The time and attendance system records the participants in the swap, the date of the original swap and the repayment date. In analyzing this data, we searched for individuals with a large imbalance between the number of shifts "swapped off" (i.e., shifts worked by another officer) and the number of swapped shifts actually worked. We also looked for a pattern of misuse that continued for an extended period of time. At the Gouverneur facility, where employees do not record swaps on the time and attendance system, we examined time cards for a judgmental sample of 12 employees who appeared to have engaged in significant swapping activity during 1999. As a result of these tests, we found potential swapping abuse at three of the five HUB facilities: Ogdensburg, Cape Vincent and Gouverneur.

Ogdensburg

At Ogdensburg, we obtained a download of time and attendance system data on November 29, 1999 and examined the swap data on the system as of that date. This data included swaps from January 1998 through November 1999 and beyond, since swap repayment dates are generally set for a future date. Our analysis identified 12 individuals whose swapping patterns suggested abuse, as shown in *Table 1* below. Seven of the individuals swapped off more times than they worked swaps. For the period we reviewed, these seven individuals owed other officers 654 swaps. The remaining five individuals worked 763 more shifts than they swapped out during this period.

Table 1: Results of Swapping Analysis at Ogdensburg				
Employee	Swaps Off	Swaps Worked	Swaps Owed	Excess Worked
#1	176	2	174	-
#2	136	19	117	-
#3	263	162	101	-
#4	84	0	84	-
#5	113	45	68	-
#6	78	16	62	-
#7	74	26	48	-
#8	153	427	-	274
#9	211	377	-	166
#10	118	257	-	139
#11	110	205	-	95
#12	218	307	-	89
Total			654	763

Officers at this and other facilities who swap off work time without repaying the shifts they owe other officers earn salary and benefits that accrue to full-time State employees, including leave and pension benefits, without actually working full-time jobs. To illustrate, the officer who owed 174 swaps worked less than 60 percent of the time during this two-year period. Yet this person earned the same vacation benefits and accrued the same sick leave and pension time as other employees who worked the entire two years. Further, the New York State Retirement System indicates that State employees who pay others to work swapped time may be violating rules and regulations governing pension eligibility. Thus, officers who do not work full-time and pay others to work for them could be jeopardizing their State pensions.

As for the officers who worked excess shifts, we believe - and facility officials agree - that these individuals are receiving pay to work the extra swaps. Any officer who accepts compensation for swap time worked does so in violation of the Law, which prohibits State employees from receiving extra salary or compensation for performing their jobs. In addition, any payments made privately as compensation would constitute income under both Federal and State tax laws. Correction officers who received such payments would be required to report them on their tax returns. If such

payments were not reported, the officers would be liable for the unpaid taxes, as well as for any associated interest and penalties.

Cape Vincent

Our analysis of the swap data at the Cape Vincent facility also showed a number of individuals with potentially abusive patterns. At Cape Vincent, we attempted to test for swap activity by downloading at least a two-year period of time and attendance data, as we had done at Ogdensburg. However, we found that 1997 data was incomplete and 1998 data contained many errors; only 1999 data appeared to be complete and accurate. Therefore, we selected 8 of a total of 19 officers whom we believed to be potential swapping abusers, based on their swap activity in 1999. We then manually reviewed these employees' time cards for both calendar years 1998 and 1999. The results of our review, as shown in *Table 2* below, showed that these 8 officers collectively owed 242 shifts and worked a total of 604 excess swaps. While these officers appear to be swapping abusers, a number of them may have legitimate reasons for owing, or having worked, a relatively high number of swaps. Cape Vincent management must determine whether these individuals did, in fact, abuse swapping privileges.

Employee	Swaps Off	Swaps Worked	Swaps Owed	Excess Worked
#1	74	282	-	208
#2	15	205	-	190
#3	253	161	92	-
#4	232	322	-	90
#5	104	17	87	-
#6	266	348	-	82
#7	76	13	63	-
#8	57	91	-	34
Total			242	604

As stated earlier, our analysis focused on both the number of shifts employees swapped off or worked as well as swapping patterns. Our time card review disclosed that swapping imbalances grew much more pronounced in 1999 for most of the above eight individuals. Facility managers told us that they stopped using swap slips as a means of documenting swap time during 1998. Swap slips document the participants' names and the swap repayment date of an intended swap. We discuss the

effectiveness of swap slips as a means of monitoring swapping practices later in this section.

Gouverneur

As previously mentioned, Gouverneur does not record swaps on the automated time and attendance system. This hampered our ability to review swap activity in its entirety. In order to review swap activity at the facility, we selected a sample of 12 individuals based on swap activity recorded on time cards and in the facility Swap Book during 1999. This selection was not based on apparent abuse, as was the case at other facilities. Our review identified one Gouverneur employee who appeared to be abusing swapping privileges. We also reviewed 1998 swapping activity for this employee. For the two-year period, this officer swapped off more shifts than he worked, so that he owed other officers a total of 65 swaps.

We believe that officers at the three facilities with apparent swap abuses were able to engage in abusive swapping practices because the Department, as well as management at these facilities, had done little to control the swapping process to help ensure compliance with the Law. The Law requires that a mutual exchange of hours takes place, and each HUB facility has a labor-management agreement which sets the conditions under which this exchange can occur. The Department does not formally recognize swapping or issue policies for controlling its use. Therefore, facility management is responsible for establishing controls to help ensure that swapping practices conform to the Law and the local labor agreement. However, management at the three facilities where swapping problems occurred told us that they did not question how the swapping process worked as long as security posts were covered on each shift. As indicated previously, in response to our recent audit, the Department stated that it is in the process of negotiating a statewide policy that would eliminate open-ended swaps (swaps with no set repayment date) and provide greater accountability and control over the swapping process.

Initially, the labor management agreements at all five facilities were similar with regard to swapping practices. For example, all five facilities required the participants in a swap to submit swap slips. Since that time, however, Gouverneur, Cape Vincent and Ogdensburg have eliminated the requirement to use swap slips. Gouverneur and Cape Vincent managers told us they considered the slips to be unnecessary, while Ogdensburg managers did not know why swap slips were not being used. Although the three facilities do require that swaps be recorded in a Swap Book, our review of the Swap Books at these facilities showed that the books do not include all swaps that occurred. For example, we examined the Swap

Book at Gouverneur over a two-month period for the swaps recorded by the one employee who appeared to be abusing swapping privileges. We found that he had recorded only 5 of his 26 swaps for this period in the Swap Book. As a result, the Swap Books alone are not reliable tools for monitoring swapping activity. We believe that eliminating the use of swap slips has significantly reduced these three facilities' ability to monitor swapping activities.

Our review of swapping data at Riverview and Watertown did not disclose any abusive patterns. Officials at these facilities told us the key monitoring tool was the swap slip. They both require the swap participants to submit a slip for each swap and to record the repayment date on the slip. This information is also recorded in a Swap Book and in the computerized time and attendance system. Riverview monitors the swaps to ensure they occur as recorded. If the swap does not occur as recorded, Riverview requires an amended swap slip with a new repayment date. Watertown's monitoring, while not as rigorous as Riverview's, has succeeded in preventing swapping abuses. In our opinion, the swap slip could be an effective tool for monitoring swapping practices.

Overpayment for Pre-Shift Briefings

Officers are required to assemble 15 minutes before the start of a work shift to attend a briefing. In recognition of this requirement, officers are paid 15 minutes at their overtime rate to attend the briefing, with a minimum guarantee of \$4.80 per day. When officers agree to a mutual swap, it is common for one officer to work two consecutive shifts - his regular shift plus the swapped shift. The facilities view each shift as discrete, and pay for a pre-shift briefing for every shift. However, our review at the facilities indicated that the working officer attends only one pre-shift briefing on days when he works a double shift. Therefore, one officer (either the working officer or the officer who swapped out the shift) collects a briefing pay to which he is not entitled. Facility officials agree that our observation is correct.

To determine the number of swaps that are the result of working a double shift, we selected a random sample of 100 swaps from the Watertown swap data file. We reviewed the employee time card associated with the swap to determine if the swap resulted from a double shift being worked. We found that 77 of the 100 shifts in our sample were double shifts. Based on our testing results, we determined with a 90 percent confidence level that the actual occurrence rate of double shifts at Watertown is between 66.9 percent and 86.3 percent.

The four facilities with valid swap data (i.e., all but Gouverneur) used over 50,900 swaps in 1999. If the occurrence rate at Watertown prevailed at all four facilities, we believe that the four facilities could have spent between \$84,000 and \$108,000 unnecessarily on pre-shift briefing pay in

1999. Department facilities commonly adjust officers' pay for pre-shift briefings not attended when officers are on leave. We believe this adjustment should also be made for days when officers work a double shift as a result of a swap.

Recommendations

The Supervising Superintendent should:

5. Review swapping activity for the individuals identified by this audit who appear to be abusing swapping privileges and determine if abuses have occurred. If so, take appropriate disciplinary action against those individuals, and ensure that any swaps owed are scheduled to be repaid.
6. In conjunction with the Department, establish effective procedures to monitor swapping, such as the use of swap slips, at each facility to ensure that each swap is a mutual exchange of hours as provided for in the Law. The Gouverneur facility should consider recording swaps on the automated time and attendance system to assist them in monitoring swaps.
7. When officers' swapping activity results in one of them working two consecutive shifts, pay only for the pre-shift briefing that is attended.

Major Contributors to This Report

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GLENN S. GOORD
COMMISSIONER

STATE OF NEW YORK
DEPARTMENT OF CORRECTIONAL SERVICES
THE HARRIMAN STATE CAMPUS
1220 WASHINGTON AVENUE
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August 9, 2000

Mr. William Challice
Audit Director
Office of the State Comptroller
Division of Management Audit
& State Financial Services
270 Broadway 19th Floor
New York, New York 10007

Re: Draft Audit 99-S-38 DOCS
Watertown Hub Selected Financial
Management Practices

Dear Mr. Challice:

In accordance with Section 170 of the Executive Law and in response to your correspondence of July 7, 2000, attached is the Department's reply to Draft Audit 99-S-38, DOCS Watertown Hub Selected Financial Management Practices.

We are complying with the provisions of the Budget Policy and Reporting Manual, Item B-410, by simultaneously forwarding two copies of this response to the Division of the Budget on August 1, 2000.

Sincerely,


Glenn S. Goord
Commissioner

Attachment



Glenn S. Goord
Commissioner

STATE OF NEW YORK
DEPARTMENT OF CORRECTIONAL SERVICES

GOUVERNEUR CORRECTIONAL FACILITY

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An Equal Opportunity Employer

Thomas M. Poole
Superintendent

July 24, 2000



Mr. William P. Challice
Audit Director
Office of State Comptroller
A.E. Smith State Office Building
Albany, NY 12236

**RE: O.S.C. Draft Audit of
DOCS Watertown HUB**

Dear Mr. Challice:

We are in receipt of your O.S.C. Draft Audit of the DOCS Watertown HUB. We have commented on your recommendations in a manner which we believe addresses each issue.

If you have any questions with regard to our response, feel free to contact my office.

Sincerely,

Thomas M. Poole
Supervising Superintendent

TMP/jl

Copy: Stephen Bernardi, Deputy Commissioner
Bruce Baker, Assistant Commissioner

**DEPARTMENT OF CORRECTIONAL SERVICES
WATERTOWN HUB
PAYROLL PROCESSING CONTROLS**

Recommendation # 1: Take disciplinary action against any employee who repeatedly fails to properly punch time cards. When an employee does not punch a time card, verify that the employee was at his or her assigned post for the entire shift.

Response: When time cards are not properly completed, DOCS Directive # 2205, "Record of Attendance" will be strictly adhered to. Line up, employee checks, and shift charts will aid in accurate accountability to document attendance.

Recommendation # 2: Remind all HUB facility supervisors to review time cards daily and document their review of time cards in accordance with Department Directives, and periodically monitor adherence to these requirements.

Response: All supervisors have been reminded of the requirement of a daily review of time cards in accordance with DOCS Directive # 2205, "Record of Attendance." The Superintendents will ensure that a review will be conducted on a periodic basis to ensure compliance with these requirements.

Recommendation # 3: Ensure that employees submit time cards for every pay period.

Response: DOCS Directive # 2205, "Record of Attendance" will be strictly adhered to, ensuring that time cards are submitted for each pay period. A biweekly review of time card submission record will be completed at the executive level.

Recommendation # 4: Require all HUB facilities to trace payroll adjustments to supporting worksheets and authorizations to ensure the accuracy of the data entered into the PaySR System. This review should take place prior to payroll certification.

Response: Prior to certification, the facility Steward or designee will obtain detailed reports of payroll changes to the PaySR System and trace adjustments to the supporting worksheets and authorization to ensure the accuracy of the data entry function.

**DEPARTMENT OF CORRECTIONAL SERVICES
WATERTOWN HUB
SWAPPING PRACTICES**

Recommendation # 5: Review swapping activity for the individuals identified by this audit who appear to be abusing swapping privileges and determine if abuses have occurred. If so, take appropriate disciplinary action against those individuals, and ensure that any swaps owed are scheduled to be repaid.

Response: We will review swapping activity for the individuals identified by this audit who appear to be abusing swapping privileges to determine if abuses have occurred. If abuses are established, those employees will be instructed to submit a schedule for the repaying of any swaps owed.

Recommendation # 6: In conjunction with the Department, establish effective procedure to monitor swapping, such as the use of swap slips at each facility to ensure that each swap is a mutual exchange of hours as provided for in the Law. The Gouverneur Correctional Facility should consider recording swaps on the automated time and attendance system to assist them in maintaining swaps.

Response: All facilities within the Watertown HUB will establish necessary procedures to monitor swap activities to ensure that each swap is a mutual exchange of hours as provided for in Civil Service Law. All facilities will record swaps on swap slips and record all swaps on the automated time and attendance system.

Recommendation # 7: When officers' swapping activity results in one of them working two consecutive shifts, pay only for the pre-shift briefing that is attended.

Response: The current statewide timekeeping system does not automatically amend pre-shift briefing payment for an officer working consecutive shifts on a swap. It is recommended that the Department's timekeeping system be updated to make such adjustments. During the interim, the security supervisors will notify the Timekeeper and Payroll staff when officers swap shifts by working two consecutive shifts.