

H. CARL McCALL  
STATE COMPTROLLER



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ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

April 18, 2001

Mr. Glenn S. Goord  
Commissioner  
NYS Department of Correctional Services  
State Campus, Building 2  
Albany, NY 12226

Re: Shawangunk Correctional Facility  
Selected Payroll Practices  
Report 2000-S-38

Dear Mr. Goord:

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 have audited selected payroll practices at the Shawangunk Correctional Facility. Our audit covered the period January 1, 1999 through October 31, 2000.

**A. Background**

The Department of Correctional Services' (Department) Shawangunk Correctional Facility (Facility) is located in the town of Wallkill, NY. It is a maximum-security facility housing inmates serving terms from 25 years to life. For the 1999-2000 State fiscal year, the Facility spent approximately \$13.8 million in personal service costs including \$421,721 in overtime. Currently, the Facility employs 379 staff, including 252 correction officers.

**B. Audit Scope, Objective and Methodology**

We audited selected aspects of time and attendance management at the Facility for the period January 1, 1999 through October 31, 2000. The primary objective of our financial-related audit was to determine whether the Facility's authorization, documentation and payment of regular payroll, overtime, sick leave, workers' compensation leave and military leave were appropriate. To do this, we reviewed financial- and management-related records and interviewed Facility personnel.

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 Facility operations that are included within our audit scope. Further, these standards require that we

understand the Facility's internal control structure and its compliance with those laws, rules, and regulations that are relevant to the operation 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 deem 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 use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those activities we have 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.

### **C. Results of Audit**

Facility management needs to strengthen controls over military leave. The Facility did not require individuals taking military leave to submit the appropriate documentation. We identified several instances of military leave abuse, whereby two individuals falsified records showing that they were on military duty when, in fact, they were not. These individuals received more than \$3,800 in military leave pay that they were not entitled to. We also found that some improvements were needed in certain time and attendance practices. We found no exceptions in the areas of overtime, sick leave, and workers' compensation.

#### **1. Military Leave**

State employees who are members of the National Guard and the Reserves, and are ordered to military duty are entitled to receive up to 22 working days or 30 calendar days of fully compensated military leave in each calendar year. According to Department Directive 2212, an employee who wants to receive compensated military leave must submit a military pay stub (Leave and Earnings Statement [LES]) to his or her employer within one week of receipt of the LES to document attendance at military duty. Facility officials informed us that they had not followed this policy, but had instead accepted various forms of documentation, including schedules of military events, military orders and memos from commanding officers attesting to employees' attendance at military duty. To help ensure compliance with Department requirements, officials issued a July 31, 2000 memo to all employees indicating that, as of that date, only an LES would be accepted as documentation of attendance at military service.

We reviewed the records of the ten personnel at the Facility who were in the National Guard or the Reserves between April 1, 1999 and October 31, 2000. Out of the ten, one employee had no occasions of military leave, and nine employees had 106 occasions of military leave for a total of 291 days. None of this compensated military leave was supported by an LES. Twenty-nine of the 291 days of documentation, covering six correction officers, were not even on military stationary.

We contacted officials from the Department of Military and Naval Affairs (DMNA) and asked them to verify that four of the nine employees who were in the National Guard were actually on military duty on the days that they claimed military leave. DMNA officials provided us with records that showed that two of the four employees had claimed military leave on days that they were not on military duty. One of the two employees had falsified his attendance records and was granted military leave for 33 days that he was not entitled to. For this employee we found that the letters reportedly documenting his attendance were apparently signed by a relative. The other employee received military leave for two days for which he was not entitled. The total value of the improper military leave was approximately \$3,800. This information was provided to Department officials who are investigating the irregularities. The other two employees had no exceptions.

The remaining five employees with military leave were in the Reserves and DMNA could not verify their attendance, such verification can only be done by contacting their respective branch of service. Given the results of our DMNA verification, we suggest that the Department follow up on this matter.

## 2. Completeness of Time Records

Department Directive 2205 requires that correction officers maintain a detailed record of their daily attendance using a time clock, and states that punching another employee's time card is grounds for disciplinary action. The Directive also states that an employee must attest to the accuracy of all time card entries by signing it at the end of each time card period. An employee's time card must include actual times of arrival for duty at the beginning of the work-day and departure at the end of the day, leave credits used for each absence, and absences not charged to leave credits (i.e., leave without pay, military leave). According to Facility rules, time cards must also show relevant shift swapping data: an employee off on a swap must indicate who is working the shift; an employee working a swap must indicate who he or she is working for. Supervisors are responsible for the daily review of time cards. This review is intended to ensure that each employee's time card is accurate and signed by the employee.

To determine whether employee time records conformed to Department requirements, we reviewed payroll registers and time records for two judgmentally selected time periods, December 2-15, 1999 and July 13-26, 2000. For this test, we reviewed a total of 743 time cards for 359 Facility employees on the payroll as of December 1999, and for 384 Facility employees on the payroll as of July 2000. We found 52 errors on the timecards of 36 employees in the December 1999 time period, and 78 errors on the timecards of 45 employees in the July 2000 time period. Time cards for some of these individuals had multiple errors. Specifically, we found 29 time cards in December 1999 and 53 time cards in July 2000 that had been punched in and punched out on dates the employees had not reported to work. We also found 23 time cards in December 1999 and 25 in July 2000 that did not properly indicate both parties to a mutual swap (a practice whereby two correction officers agree to exchange work hours), as required. We reported these deficiencies to Facility officials who stated that they would strengthen controls in this area.

## **Recommendations**

1. *Comply with Department directives regarding documentation of paid military leave.*

2. *Review the instances of improper military leave usage and take appropriate disciplinary action including recoupment of funds.*
3. *Verify with the individual service branches the incidences of military leave for the five correction officers cited in this report who were in the Reserves.*
4. *Strengthen existing control procedures to ensure that:*
  - *each individual punches only his or her own time card; and*
  - *both parties to a swap are identified on the time cards of the individuals involved in the swap.*

Draft copies of the matters contained in this report were provided to officials of the Department of Correctional Services for their review and comment. Their comments have been considered in preparing this report and are included as Appendix A. Department of Correctional Services officials agreed with our recommendations and indicated that corrective actions have been taken.

Within 90 days after 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.

Major contributors to this report were Abe Markowitz, Ronald Skantze, Richard Moriarty, Alina Mattie, Clyde Bynoe, Mike Filippone and Nancy Varley.

We wish to thank the management and staff of the Department of Correctional Services and Shawangunk Correctional Facility for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

William P. Challice  
Audit Director

cc: Charles Conaway, DOB  
Donald Felter, Director of Internal Control  
Leonard Portuondu, Superintendent



GLENN S. GOORD  
COMMISSIONER

STATE OF NEW YORK  
DEPARTMENT OF CORRECTIONAL SERVICES  
THE HARRIMAN STATE CAMPUS  
1220 WASHINGTON AVENUE  
ALBANY, N.Y. 12226-2050

March 16, 2001

Mr. William P. Challice  
Audit Director  
Office of the State Comptroller  
Division of Management Audit &  
State Financial Services  
123 William Street, 21st Floor  
New York, New York 10038

Re: **Audit Report 2000-S-38**  
**Shawangunk Correctional Facility –**  
**Selected Payroll Practices**

Dear Mr. Challice:

In accordance with Section 170 of the Executive Law and in response to your correspondence of February 14, 2001, attached is the Department's reply to the Draft Audit of Shawangunk Correctional Facility - Selected Payroll Practices.

We have complied with the provisions of the Budget Policy and Reporting Manual, Item B-410, by forwarding two copies of this response to the Division of the Budget on March 9, 2001.

Sincerely,

A handwritten signature in black ink, appearing to read "G. S. Goord".

Glenn S. Goord  
Commissioner

Attachment



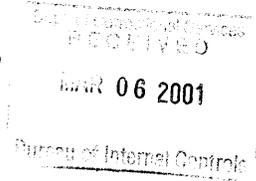
GLENN S. GOORD  
COMMISSIONER

STATE OF NEW YORK  
DEPARTMENT OF CORRECTIONAL SERVICES

**SHAWANGUNK CORRECTIONAL FACILITY**

P.O. BOX 750, PRISON ROAD  
WALLKILL, N.Y. 12589  
PHONE: (845) 895-2081

LEONARD A. PORTUONDO  
SUPERINTENDENT



February 28, 2001

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

RE: Shawangunk Correctional Facility  
Selected Payroll Practices  
Audit Report # 2000-S-38

Dear Mr. Challice:

The attached are Shawangunk Correctional Facility's responses to Audit No. 2000-S-38 that was conducted during the Month of August, 2000, covering Selected Payroll Practices for the period January 1, 1999, through July 31, 2000.

If further information is required to address the recommendations, please contact my office.

Very truly yours,

Leonard A. Portuondo  
Superintendent

LAP/lb  
Attachment

cc: Charles Conaway, DOB  
Donald Felter, Director of Internal Control  
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**SHAWANGUNK CORRECTIONAL FACILITY**  
**RESPONSE TO SELECTED PAYROLL PRACTICES AUDIT REPORT #2000-S-38**

1. **Recommendation:**

Comply with Department directives regarding documentation of paid military leave.

**Response:**

We agree with this recommendation. This facility took steps to implement this prior to the Comptroller initiating this audit. We informed the Comptroller's auditors of this at the opening meeting. The memo cited in the draft report was actually issued on July 31, 2000.

All employees have been advised that Leave and Earnings Statements are the acceptable verification that an employee was legitimately on military leave. The information has been made part of our new employee orientation.

Since the memo was put out anyone not providing LES's within a reasonable amount of time has been docked for the days in question until the documentation is provided. Compliance as a result is no longer an issue.

2. **Recommendation:**

Review the instances of improper military leave usage and take appropriate disciplinary action including recoupment of funds.

**Response:**

We agree with this recommendation. One employee identified as not having appropriate documentation to support his military leave attendance (33 days over 2 years) has been referred to Labor Relations for appropriate action. The second employee is in the process of producing documentation attesting to his participation in military training. If he cannot produce appropriate documentation, then his pay will be docked for the two days in question.

3. **Recommendation:**

Verify with the individual service branches the incidences of military leave for the five correction officers cited in this report who were in the Reserves.

**Response:**

We agree with this recommendation. Letters have been sent to the specific Army Reserve Units requesting verification of attendance for the five correction officers cited in the report. Shawangunk staff are following up with the individual units to get documentation as soon as possible. Depending on the outcome of this process, further appropriate action will be taken.

4. **Recommendation:**

Strengthen existing control procedures to ensure that:

- each individual punches only his or her own time card; and
- both parties to a swap are identified on the time cards of the individuals involved in the swap.

**Response:**

We agree with this recommendation, though the number of errors found in our record keeping was not overwhelming. Specific verbal and written direction have been given to security supervisory staff, and to correction officers restating the need for individuals to punch only their own time cards, and to ensure that both parties to a swap are identified on the time cards.