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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 5, 2001

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

Re: Report 2001-F-21

Dear Commissioner 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 reviewed the actions taken by officials of the New York State Department of Correctional Services (Department) as of July 20, 2001, to implement the recommendations contained in our report: *Queensboro Correctional Facility Selected Payroll Practices* (Report 98-S-16). The report, issued January 25, 1999, examined selected payroll practices at the Queensboro Correctional Facility (Facility).

Background

Queensboro Correctional Facility is a 610-bed, minimum-security correctional facility within the New York State Department of Correctional Services. It serves males who are 16 years of age and older, and offers work release, general confinement, and residential treatment programs. During fiscal year 2001, the Facility had approximately 276 employees with payroll costs of about \$12 million.

Summary Conclusions

Our prior audit of payroll practices at the Facility, found that some Facility employees were paid for military leave even though they had not submitted the required documentation. More than half of the military leave payments, we reviewed, lacked one or more of the required supporting documents. Moreover, individuals were paid for more than the 22 days permitted annually.

We also found that the Facility needed to improve its controls over overtime payments. Our review of a sample of overtime payments found that many of the payments either were not supported by the employee time card or the time card lacked the required evidence of supervisory review and approval. Controls for entering adjustments into the overtime payroll also needed to be improved.

Our follow-up review found significant improvement in payroll practices at the Facility.

Summary of Status of Prior Recommendations

Of the seven prior audit report recommendations, Facility officials have implemented six recommendations and partially implemented one recommendation.

Follow-up Observations

Recommendation 1

Ensure that military leave documentation is submitted on a timely basis, and that employees are not paid for more than 22 days of military leave each year as, as required.

Status – Implemented

Agency Action – Employees who use military leave are issued copies of Department Directive 2212 when they present their orders for military leave. According to the Directive, an employee who receives leave with pay for serving in the National Guard or Reserves is required to provide the supervisor with verification of attendance (a military pay stub known as a Leave and Earnings Statement). Employees are given two pay periods to provide the necessary documentation to support military leave pay. Employees who do not submit the documentation are issued a “Notice of Deduction” indicating that a payroll adjustment will be made if the paperwork is not received by the date specified on the Notice.

Facility officials indicated that one employee was eligible for military leave at the time of our review. We reviewed his records for the period January 11, 2001 to April 18, 2001. We found that this individual submitted the required military leave documentation. This employee’s leave did not exceed 22 days.

Recommendation 2

Recover overpayments or adjust leave accruals for employees who do not submit the required military leave documentation and for employees who were paid for more than 22 days of military leave in a year.

Status – Implemented

Agency Action – Our prior audit found that required documents were missing for 87 days of military leave worth \$17,747. In response to our prior report, Department officials indicated that the Facility had investigated the overpayments and had adjusted employee leave accruals, where appropriate. However, during our follow-up review, the Facility was unable to locate the documentation regarding these adjustments; pointing out that the requested documentation was outside of the three-year record retention requirement for such documents.

Since documentation relating to the previous findings was unavailable, we reviewed the current use of military leave. One employee was eligible for military leave at the time of our review. All of his leave was documented and his total leave did not exceed 22 days that year.

Recommendation 3

Ensure that time cards support all overtime payments and are reconciled to the overtime report in a timely manner.

Status – Implemented

Agency Action – Employee overtime is recorded daily on a computerized listing. Supervisors compare the data on the listing to the employee time cards to ensure the information is accurate. In addition, the timekeeper confirms that the overtime information on the time cards agrees with the time recorded on the security staffing charts. The timekeeper then prepares a biweekly Employee Overtime Report which is reviewed and approved by the appropriate supervisors. An administrative employee verifies the accuracy of this Report by comparing it to the time cards.

For a sample of three employees who earned overtime during a sample review period (March 28, 2000 to April 14, 2000), we traced the overtime from the Employee Overtime Report to employee time cards. All overtime was recorded accurately and was approved by a supervisor.

Recommendation 4

Ensure that all overtime entries evidence supervisory review, as required.

Status – Implemented

Agency Action – Time cards are now being reviewed and signed daily by supervisors.

Recommendation 5

Provide adequate control over overtime payroll adjustments.

Status – Implemented

Agency Action – Requests for overtime payroll adjustments are sent to the timekeeper who verifies their validity by reviewing the appropriate time card. The request must then be approved by the Deputy Superintendent for Administration before the payroll adjustment is processed.

Recommendation 6

Ensure that all time cards are submitted to the timekeeper by the Monday following the pay period.

Status – Partially Implemented

Agency Action – An exception list is created for employees who do not submit their time cards timely. For the payroll period ended March 7, 2001, there were 17 employees who did not submit time cards promptly. At the time of our review (May 31, 2001), the Facility had obtained time cards for 14 of these employees. The remaining three employees submitted time cards on June 4, 2001. Facility officials advised us that they would promptly act to fully implement this recommendation.

Recommendation 7

Investigate the cited overtime discrepancies and recoup any excess payments.

Status – Implemented

Agency Action – Facility officials indicated that they corrected the overtime discrepancies and found that most were clerical errors that did not result in any monetary loss. Two instances did result in excess payments totaling \$46.26, which were recouped from the employees.

Major contributors to this report were Ronald Skantze, Barry Mordowitz and Jagdeshwar Mohunlall.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address the unresolved matter discussed in this report. We also thank the management and staff of the Queensboro Correctional Facility for the courtesies and cooperation extended to us during this review.

Very truly yours,

William P. Challice
Audit Director

cc: D. Felter
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