

H. CARL McCALL
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 4, 2002

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

Re: Wallkill Correctional Facility
Selected Payroll Practices
Report 2001-S-56

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 Wallkill Correctional Facility. Our audit covered the period January 1, 1999 through November 21, 2001.

A. Background

The Department of Correctional Services' (Department) Wallkill Correctional Facility (Facility) is located in Ulster County, adjacent to the Shawangunk Correctional Facility, and houses 602 inmates. The Facility is a medium security facility and has approximately 277 employees, including 169 Correction Officers (COs) and 108 civilians. In 1999-2000, personal service expenditures were almost \$9.8 million, including more than \$242,000 in overtime payments. In 2000-2001, personal service expenditures exceeded \$10.1 million, including more than \$354,000 in overtime payments. The Facility has a swapping program that enables two COs to trade shifts with each other.

The Facility administers several vocational programs for its inmates: a Farm with 325 cows that provide milk and meat products for the Facility and neighboring correctional facilities; a horse program with 38 retired thoroughbred horses, funded primarily by the Thoroughbred Retirement Foundation; and an optics program, which manufactures over 100,000 pairs of eyeglasses each year for upstate Medicaid recipients, DOCS inmates, youth in facilities run by the Office of Children and Family Services and residents of State mental health facilities. The Facility also maintains a

recycling facility that is used by local area businesses and municipalities. Although it houses inmates with life sentences, the Facility is not surrounded by walls or guard posts.

B. Audit Scope, Objectives and Methodology

We audited selected aspects of time and attendance practices at the Facility for the period January 1, 1999 through November 21, 2001. The objectives of our financial-related audit were to determine whether Facility controls are functioning to prevent or detect payroll-related fraud and/or abuse, and whether Facility payroll practices comply with applicable laws and regulations. To accomplish these objectives we reviewed Facility authorization, documentation and payment of regular payroll, overtime, military leave and shift differential wages. We also assessed Facility procedures covering payroll additions and deletions, regular days off for COs, swapping of shifts, and incidents of leave without pay. 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 Department operations that are included within our audit scope. Further, these standards require that we understand the Department's internal control structure and its 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 recommendation.

C. Results of Audit

We found that the Facility's controls over the processing of regular payroll, overtime, military leave, shift differential, payroll additions and deletions, regular days off for COs, shift swapping and incidents of leave without pay were functioning properly. However, the Department needs to update its Time and Attendance Guidelines, which are provided to all new employees and were last issued in 1987.

1. Regular Payroll

We tested the entire October 18, 2001 payroll (for the period August 23 through September 5, 2001) of 277 employees. We found that the individuals listed on the payroll register had a corresponding timecard or timesheet and the individuals with a timecard or timesheet for the period were listed on the payroll register. In addition, we found the required employee and supervisor attestations for time worked were complied with.

2. Overtime

We judgmentally selected 14 COs who received overtime compensation for the June 29 through July 12, 2000 pay period, and 16 COs who received overtime compensation for the May

17 through May 31, 2001 pay period. We selected one or two overtime instances for each sampled officer totaling 50 overtime instances. For each instance, we verified that the number of hours worked on the employee's timecard matched the hours recorded on the Daily Overtime report. We also verified the existence of justification for overtime, the presence of an appropriate authorizing signature, and payment of the proper amount of overtime, as reported on the payroll register. For all 50 instances, we found the overtime hours reported on the time card/sheet, the Payroll Register and the Daily Overtime Reports were consistent. In addition, the time cards/sheets were signed by appropriate supervisory individuals, signifying their approval of the overtime incurred.

3. Military Leave

There were 13 Facility employees who incurred military leave during calendar year 2000. For each of 5 individuals randomly selected from among these 13 employees, we tested two instances of military leave (10 in total) to determine whether each instance was supported by required military Leave and Earnings Statement (LES). If the individual exceeded annual allowable military leave time, we also verified they used appropriate accruals. We found all military leave tested was supported by required LES and that accruals were properly charged when necessary.

4. Shift Differential Wages

Shift differential is additional compensation over and above basic annual salary provided to those eligible employees who have regular assigned evening or night shifts that qualify for the adjustment. To qualify for the adjustment, the employee must be assigned to work the shift on a regular and continuing basis. Working an occasional evening or night shift does not qualify an employee for the adjustment. Payment of the differential should terminate when an employee ceases to be employed in the qualifying shift.

Once the Facility inputs a shift differential adjustment into the State payroll system, payment of the differential will occur every pay period without further action being required. For our audit period, the annual adjustment amounts are \$3,620 for evenings and \$4,500 for nights. Civil service guidelines require such employees to have regularly assigned shifts with at least four hours between the hours of 4:00 p.m. to midnight (evening shift differential) or midnight to 8:00 a.m. (night shift differential).

We sampled two of the six employees receiving shift differential wages for calendar year 2000 and verified that the employees were working the required shift on a regular assigned basis that qualifies for the adjustment. We found the sampled employees worked regularly assigned qualifying shifts.

5. Payroll Additions and Deletions

We tested Facility processes for adding employees to and deleting employees from the payroll system during calendar year 2001. We selected five additions and five deletions for this test out of a population of 20 adds/deletes. We compared time card/sheets and corresponding payroll registers to verify employee start dates for adds and end dates for deletes. We found no exceptions.

6. Regular Days Off

Using the payroll register for the period that ended July 12, 2000, we selected ten COs to determine if they were allowed the required Regular Days Off (RDOs). Our test included a 52-week period (calendar year 2000). Assuming two days off each week, the total RDOs for each CO should be 104. We found the RDOs for the ten employees tested were reasonably close to 104, considering timing variances at the beginning and end of the period reviewed.

7. Swaps

The Facility has a swapping program that enables two COs to trade shifts with each other. In May 2001, the Department issued a revised swapping policy that became effective in June 2001. Therefore, we performed only limited testing in this area. Our test focused on two areas of the new policy: approved swaps must have a payback date (i.e., no open-ended swapping is allowed); and all COs with a substantial number of outstanding swaps must have a plan to reduce the number of swaps. We found that the Facility had previously established a closed-end swapping requirement (or payback date), and that no Facility COs had a substantial number of swaps.

8. Leave Without Pay

Leave without pay occurs when an employee takes time off from a regularly scheduled shift without having sufficient accruals (vacation, personal or sick leave) for these absences. For our audit period, we selected five employees who had instances of leave without pay to determine if the Facility withheld the proper amount of wages. We found the proper amounts of wages were withheld for each employee in our sample.

9. Department Time and Attendance Guidelines

The Department's Time and Attendance Guidelines (Guidelines) establish the attendance expectations for employees and direction for supervisors who implement the attendance policies. The Guidelines, which are issued to new employees, address such issues as authorized and unauthorized absences, reporting absences, leave without pay, sick leave, maintenance of records, informal and formal discussions with employees and disciplinary action. However, we found that the Guidelines are out of date, since they were last issued in 1987. For example, the Guidelines do not discuss the Department's policy for Regular Days Off/Swaps. The omission of these issues prevents the Guidelines from being comprehensive and does not fully communicate the Department's expectations of both employees and supervisors in these areas. In order to prevent miscommunication, potentially unnecessary informal and formal discussions with employees, and disciplinary action, the Guidelines should be updated to include the Department's policy for Regular Days Off/Swaps.

Recommendation

The Department needs to update the Time/Attendance Guideline to incorporate pertinent changes and new initiatives since 1987.

A draft copy of this report was provided to Department and Facility officials for their review and comment. Their comments were considered in preparing this report, and are included as Appendix A. Facility officials indicated that they have implemented our recommendation.

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 recommendation contained herein, and where the recommendation was not implemented, the reasons therefor.

Major contributors to this report were Richard Sturm, Ron Skantze, Donald Geary, Bob Mainello, Richard Podagrosi and Nancy Varley.

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

Very truly yours,

William P. Challice
Audit Director

cc: Paul W. Annetts, Superintendent
Donald Felter, Director of Internal Control
Deirdre A. Taylor, Division of the Budget



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

GLENN S. GOORD
COMMISSIONER

March 4, 2002

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: **Draft Audit of Walkill Correctional
Facility, Report 01-S-56**

Dear Mr. Challice:

In accordance with Section 170 of the Executive Law and in response to your correspondence of January 31, 2002, attached is the Department's reply to the draft audit of Walkill Correctional Facility Selected Payroll Practices, Report 01-S-56.

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 February 22, 2002.

God Bless America,

A handwritten signature in black ink, appearing to be 'G. Goord', written over a circular stamp.

Glenn S. Goord
Commissioner

Attachment

Appendix A



GLENN S. GOORD
COMMISSIONER

DEPT. OF CORRECTIONAL SERVICES
RECEIVED

FEB 19 2002

BUREAU OF INTERNAL CONTROLS

STATE OF NEW YORK
DEPARTMENT OF CORRECTIONAL SERVICES

WALKKILL CORRECTIONAL FACILITY

P.O. BOX G
WALKKILL, NEW YORK 12589
PHONE: (845) 895-2021

PAUL W. ANNETTS
SUPERINTENDENT

February 11, 2002

Stephen M. Bernardi
Deputy Commissioner
Department of Correctional Services
The Harriman State Campus
1220 Washington Ave.
Albany, N.Y. 12226-2050

RE: O.S.C. Draft Audit of Walkkill CF

Dear Mr. Bernardi,

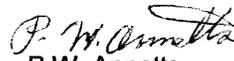
With reference to the O.S.C. Preliminary audit of Walkkill Correctional Facility, Selected Payroll Practices, the report contained one recommendation as stated below:

Recommendation:

The Department needs to update the Time and Attendance Guidelines to incorporate changes and new initiatives since 1993.

During orientation Walkkill Correctional Facility now gives their new employees a copy of the recently updated Attendance Control Program Directive #2202 issued on November 2, 2001 as well as Directive #2223 issued on May 5, 2001 addressing Intershift/RDO Swaps. This will ensure that all staff have updated policy information.

Sincerely,


P.W. Annetts
Superintendent

Cc: Personnel - Walkkill CF
file