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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 29, 2005

Mr. John Johnson
Commissioner
Office of Children and Family Services
52 Washington Street
Rensselaer, NY 12144-2796

Re: Report 2004-F-42

Dear Mr. Johnson:

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 followed up on the actions taken by officials of the Office of Children and Family Services to implement the recommendations contained in our audit report, *Selected Payroll Practices (Report 2001-S-63)*.

Background, Scope and Objectives

The Office of Children and Family Services (OCFS) serves New York's public by promoting the well being and safety of our children, families and communities. Among the agency's responsibilities is the administration of juvenile rehabilitative services for the custody and care of nearly 2,000 youth remanded to the agency's custody and care by the family and criminal courts. OCFS rehabilitative services include counseling, education and training designed to promote the development of these youth and to foster their successful return to the community. OCFS provides these rehabilitative services at 45 residential juvenile justice facilities (facilities) and day-placement centers statewide. OCFS facilities vary in type: secure centers are surrounded by two fences to provide the highest level of security; limited secure centers are surrounded by a single fence; and non-secure centers, the least restrictive, are not fenced.

OCFS' Home Office promulgates policies and procedures for employee time and attendance practices, overtime, and the use of military leave to all facilities and day placement centers. However, OCFS allows each facility to follow facility-specific practices to control employee time and attendance. For example, OCFS policies require supervisors to verify the accuracy of facility employees' time and attendance records, but do not specify the control procedure to use to do the verification. At the facilities we visited during our initial audit, supervisors verified time and attendance by reviewing facility logbooks, which register the times employees begin and end their work shifts.

Our initial audit report, which was issued on December 13, 2002, determined whether controls over payroll at OCFS facilities provided for accurate time and attendance records, properly

authorized overtime, and appropriately documented military leave. Our report concluded that while controls over maintaining accurate time and attendance records, authorizing overtime, and verifying documentation to support paid military leave were generally adequate at the facilities we visited, we believed OCFS could further enhance its assurance of payroll accuracy by defining the documentation needed to support military leave, by encouraging the implementation of consistent time and attendance review practices, and by improving communication between the Home Office and the facilities. The objective of our follow-up, which was conducted in accordance with Generally Accepted Government Auditing Standards, was to assess the extent of implementation, as of February 25, 2005, of the five recommendations included in our initial review.

Summary Conclusions and Status of Audit Recommendations

We found that OCFS has made progress in correcting the problems we identified in our audit report. Of the five recommendations, four have been implemented and one has been partially implemented.

Follow-up Observations

Recommendation 1

Follow up on the discrepancies in time and attendance records identified in this report, and recover any related overpayment to the extent possible.

Status - Partially Implemented

Agency Action - Except for the incident noted below, OCFS officials were unable to provide any evidence to support that the discrepancies noted in our initial report were followed up on, by either the Home Office or the facilities.

Officials from the Home Office's time and attendance unit stated that the missing entries (e.g., sign-ins and/or sign-outs) in the log books were a facility issue, rather than a Home Office issue. Subsequent to their meeting with us, Home Office officials did issue a memo to an employee at the Brookwood Secure Facility, notifying him that his accruals would be charged for an undocumented military leave day.

Recommendation 2

Periodically verify that facilities and their employees comply with OCFS military leave procedures.

Status - Implemented

Agency Action - OCFS had issued a new policy on July 22, 2002 (during our initial audit's fieldwork) designating what documentation is acceptable proof of attendance at military duty. All required supporting documentation must be provided to OCFS's Home Office no later than six weeks after completion of a military assignment. Once the Home Office receives the time sheets from the facilities, it is the responsibility of a Time Record Auditor to ensure that all the required supporting documentation for military leave is included with the time sheet.

Recommendation 3

Remind supervisors of the need to verify employees' time and attendance records.

Status - Implemented

Agency Action - OCFS issued a memo on March 8, 2004, reminding managers/supervisors of their responsibility to closely monitor the time and attendance of their subordinates in order to prevent any overpayment or underpayment of an employee's salary.

Recommendation 4

Strengthen controls and accountability over facility logbooks to preserve documentation of employee time and attendance and incidents that occur at the facility.

Status - Implemented

Agency Action - OCFS issued a memo on December 1, 2004, notifying facilities of the policies and procedures related to controls over facility logbooks.

Recommendation 5

Improve communication between the Home Office and the facilities, and improve monitoring of facilities' compliance with OCFS policies and procedures.

Status - Implemented

Agency Action - OCFS officials provided documentation that they have communicated time and attendance and military leave policies to the facilities as a means of improving communication between the Home Office and the facilities. OCFS has also improved its monitoring of facility compliance with OCFS policies and procedures. For example, see agency action for Recommendation 2.

Major contributors to this report were Richard Sturm, Donald Geary and ShaDina Currie.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issue discussed in this report. We also thank the management and staff of the Agency for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

William P. Challice
Audit Director

cc: Robert Barnes, Division of the Budget
Lynn Dobriko, OCFS Audit Liaison