

H. CARL McCALL
STATE COMPTROLLER



A.E. SMITH STATE OFFICE BUILDING
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

January 10, 2001

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

Re: Fulton Correctional Facility
Selected Payroll Practices
Report 2000-S-16

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 Fulton Correctional Facility. Our audit covered the period December 17, 1998 through July 5, 2000.

A. Background

The Fulton Correctional Facility (Facility) is a minimum security correctional facility located in the Bronx, New York. The Facility employs about 140 staff, including 80 correction officers. In June 1999, 112 inmates resided 24-hours daily within the Facility. For the 1999-2000 fiscal year, the Facility spent approximately \$6 million in personal service costs, including \$107,000 for overtime.

B. Audit Scope, Objectives and Methodology

We audited selected aspects of time and attendance management at the Facility for the period December 17, 1998 through July 5, 2000. The primary objectives of our financial-related audit were to determine whether the Facility has a payroll system that provides reasonable assurance that the correct payroll amount is paid for hours worked, and has adequate controls to prevent or detect errors.

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 of the Department of Correctional Services (DOCS) which are included in our audit scope. Further, these

standards require that we understand DOCS' internal control structure and compliance with those laws, rules and regulations that are relevant to the operations which are 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 our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach to select activities for audit. We therefore focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. We devote little audit effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our audit reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

C. Internal Control and Compliance Summary

Internal controls are the integrated activities, plans, attitudes, policies, and efforts of the people of an organization working together to provide reasonable assurances that the organization will fulfill its mission. They encompass a comprehensive system that helps an organization manage risk and enables its programs and administrative activities to operate efficiently and effectively. Our evaluation of the Facility's internal controls over payroll processes identified significant weaknesses in the monitoring of entries made on correction officers' time cards, as detailed in the next section of our report.

D. Results of Audit

Facility management needs to strengthen controls over time and attendance. Employee time cards are the official records of employee attendance and are the basis for computing employee compensation. However, we found that Facility management needs to take additional steps to ensure that time cards are accurately completed and properly maintained. In addition, DOCS has an automated timekeeping system that facilities use to monitor employee time and attendance. However, we found discrepancies between information contained on the time cards and information posted to the timekeeping system. Also, the Facility was not using the reports available from the system to ensure that correction officers receive the proper number of regular days off.

We also noted that three employees were on extended assignments at the Inspector General's Office but were still charged to the Facility's budget. We also found that some correction officers were working double shifts for several consecutive days. We believe that this practice could cause fatigue, thereby preventing correction officers from fulfilling their duties as effectively as possible.

1. **Facility Timekeeping Practices**

a. Supervision of Time and Attendance

DOCS requires correction officers to record their hours worked using a time clock and to identify the nature of all absences (e.g., leave usage, swaps, and regular days off) on their time cards. DOCS requires supervisors to review the accuracy of time cards daily as well as at the end of each pay period to ensure time cards are accurate and signed by the employee. The information recorded on the time cards is used to determine correction officers' compensation.

Supervisors submit time cards to the timekeeper for posting to DOCS' automated timekeeping system. Timekeepers are expected to verify that employees' time cards agree with time and attendance information that the timekeepers have already entered into the timekeeping system using time off requests, reports of absences, and daily absence and service needs reports (SSU reports). The timekeeping system has the ability to produce reports which allow for the monitoring of employees' time and attendance records, including leave accrual balances, sick leave usage, tardiness and swaps. A scheduling system produces the SSU reports that identify correction officers' work hours and assignments.

We judgmentally selected five correction officers and compared the daily entries on their time cards to the postings to the timekeeping system for the corresponding days of selected pay periods that occurred during the 26 such periods between December 17, 1998 and December 15, 1999. These five correction officers were selected because they either swapped shifts with other officers and/or had omissions of time clock punches on their time cards. The 47 time card periods involved in our testing covered a total of 658 days of time (46 cards + 1 missing card x 14 days per card).

We discussed with supervisors timekeeping control procedures used at the facility during the audit period. We then reviewed all of the time cards of correction officers that were in the time card rack on June 2, 2000, to test for appropriate supervisory review. We found a general lack of control over the maintenance of time cards, as well as the need for improvements over other aspects of time and attendance, as illustrated by the following examples:

! A supervisor's initials on a time card certify that the entries made on the card are accurate. During our review on June 2, 2000, we noted that two supervisors had initialed cards to indicate completion of their daily review before the correction officers had even started their shift. In addition, a supervisor initialed the time cards of two employees before these employees had completed their shifts. Controls were further weakened since this supervisor had logged out considerably before the shifts of the two employees had ended; therefore, the supervisor had no assurance that the employees followed proper time and attendance procedures in his absence even though he had initialed their cards. Initialing cards in advance is a control weakness which could prevent inaccurate entries from being identified.

- ! Supervisors should review and initial the time cards for their employees on a daily basis. Yet, we found that the Tour II (3 p.m. -11 p.m. shift) supervisor on June 1, 2000, had not reviewed any of the time cards of the correction officers working this shift before the start of the next Tour II shift on June 2. At the end of the pay period, the employee should sign the card attesting to its accuracy, and the supervisor should review and sign it, and send it to the timekeeper for posting to the timekeeping system. We found that a correction officer's time card for the period ended May 31, 2000 was still in the time card rack on June 2. In addition, he had punched in for June 1 without punching out for May 31. The time card entries of this employee had not been reviewed by a supervisor since May 28 and prior supervisory reviews of this time card had not noted the absence of another missing punch out on May 26. Timely identification of missing time clock punches or unclear notations concerning absences is important to accurately recount details about a particular date/time.

- ! Of the 658 days in our sample, we identified 13 days where the information concerning regular days off recorded on the time card and the timekeeping system did not agree, and 18 days where the information concerning swaps did not agree. As a result, we do not believe that the current information in the timekeeping system should be relied on to monitor regular days off or employee swaps. We noted that the timekeeper was not using reports available from the timekeeping system to identify and correct such errors, and that management was not adequately monitoring the timekeepers' activities.

- ! Supervisors are responsible for monitoring the time and attendance practices of their employees and ensuring that appropriate action is taken for officers who repeatedly violate procedures. DOCS policy requires supervisors to closely monitor instances when employees make manual entries on the time cards rather than use the time clock. However, we found that 17 days in our sample had no time in and/or out recorded on the time cards. One employee accounted for 13 of these days, including an entire pay period for which he did not submit a time card but was still paid. This employee also submitted three time cards within a four-month period ended May 3, 2000 that had hand written entries rather than time clock punches. DOCS policy provides for facility managers to apply progressive discipline to employees who do not comply with attendance reporting requirements. The disciplinary procedures range from a verbal notification to formal counseling to a pay dock for recurring offenders. However, there was no written record of this employee's problems with submitting time cards without time clock punches until July 4, 2000, when a record of the meeting between the supervisor and employee, which was held on July 4, 2000, was prepared. We also noted that the timekeeper was not maintaining a record of time card infractions, such as missing time cards and time clock punches, for quarterly review by management, as required.

In response to our preliminary findings, Facility officials indicated that they have reminded supervisors and timekeepers of proper timekeeping procedures. It has also assigned a lieutenant to periodically review time cards. Furthermore, the timekeeper will issue bi-weekly reports of time card infractions to the Facility's Internal Controls Committee and to the Department's Deputy Superintendents for appropriate corrective actions.

b. Regular Days Off

Facilities have been directed to schedule officers for four regular days off per two-week scheduling period. The SSU reports are used to assign regular days off. DOCS uses a Sunday through Saturday work week for scheduling correction officers, but time cards are based on a Thursday through Wednesday work week. Officers' schedules also differ from week to week, normally in accordance with a six-week squad scheduling rotation plan. Because of the different time frames used for scheduling and timekeeping, time cards do not always record officers working 10 days in the 14-day period covered by their time card. In addition, it is difficult for supervisors to ensure that officers are scheduled for the proper number of regular days off by relying solely on the time cards. Due to this cumbersome process, and the fact that regular days off are entered manually by the correction officers rather than preprinted on the time cards, it is possible that officers may receive an improper number of days off.

For example, one employee was listed on the timekeeping system as receiving 114 regular days off during the 52-week period from December 17, 1998 through December 15, 1999 or 10 more than the 104 he is entitled to for this period (52 weeks x 2 regular days off per week). Facility officials advised us that the 114 day off figure was inflated due to posting errors from the time cards to the timekeeping system. However, they could not determine the actual number of days off for this officer. Therefore, it is possible that this officer received more days off than he was entitled to.

(DOCS officials responded that: "The employee mentioned was investigated. The officer, in fact, had two time cards for the period mentioned. One was the computer generated one, and he had another he filled out manually. The computer card was blank, but the manually filled out one showed the actual work time for that period. . . . The officer was formally counseled.")

Further, DOCS procedures provide for the use of SSU reports of daily facility staffing as a backup record to help clarify time and attendance reporting. We found, however, that supervisors and the timekeeper often rely on these reports, rather than time cards, for time and attendance purposes. We believe that this has contributed to the time card problems we found in this audit.

DOCS officials responded that a sergeant will review the current balances of regular days off for all correction officers and make any necessary adjustments. Furthermore, the sergeant will now reconcile the regular days off with the timekeeping system on a weekly basis.

2. Detached Duty Assignments

Certain employees on the Facility's payroll are lent to other DOCS units. The assignment of DOCS' employees from one facility/unit to another is known as detached duty. As of May 2000, three Facility employees had been on detached duty at the DOCS' Inspector General (IG) office for an extended period (two correction officers for more than one year and a support staffer for more than six months). These employees do not report to work at the Facility's Bronx location. Instead, they are currently

assigned to work out of the IG's Long Island City office in Queens. Their combined annual salaries, which total almost \$120,000, plus any overtime paid to them, are currently recorded as an expense of operating the Facility. Consequently, the cost of operating the Facility is overstated, while the cost of operating the IG's office is understated. Costs should be properly allocated to allow for comparing costs for similar services from facility to facility and for evaluating the work of the IG's office.

DOCS officials advised us that they use detached services to address fluctuating workload needs and that staff may be reassigned because it is more expedient than hiring and assigning staff for special assignments. DOCS officials maintain that as long as the funding is accounted for and the employees are appropriately supervised, their assignment is more important than the actual movement of their budget items. Nevertheless, we believe that costs should be properly allocated in cases of extended detached assignments.

3. Swapping

Swapping is a practice which permits officers of equal rank and doing similar work to exchange work hours. DOCS central office has permitted individual correctional facilities and local union representatives to negotiate terms for swapping. The Facility has elected to allow this practice. However, we believe there is a need for guidelines concerning officers working double shifts (16 hours) on consecutive days since officers may not be able to effectively perform their duties due to the risks associated with fatigue and inadequate sleep.

We noted two instances of an employee working double shifts (16 hours) on four consecutive days during the 1999 calendar year. In another instance, this employee worked three double shifts on three consecutive days and four double shifts in five days. Another employee worked three double shifts in four days.

DOCS officials responded that: "The Department is in the process of developing a comprehensive swapping policy that will include restrictions on the number of consecutive double shifts that an employee can work."

Recommendations

1. *Require supervisors to properly check and initial their daily review of time cards entries.*
2. *Remind employees of the need to follow proper timekeeping procedures.*
3. *Establish procedures designed to detect and prevent the posting of erroneous daily activities to the timekeeping system.*

4. *Maintain a record of timekeeping infractions for quarterly review and, if appropriate, action by management.*
5. *Ensure employees submit their time cards, as required. Investigate the instance where an employee was paid without submitting a timecard and take appropriate corrective action.*
6. *Determine, and track on an ongoing basis, the current balance of regular days off due to be worked by officers or due to officers.*
7. *Reconcile regular days off weekly to ensure that all officers receive only two regular days off during each Sunday through Saturday work week.*
8. *For extended periods of detached duty assignments, charge the employees' payroll costs to the facility/unit benefitting from the detached duty assignment.*
9. *Provide correctional facilities with guidelines on the number of consecutive double shifts officers should be permitted to work to effect swaps.*

Draft copies of this report were provided to Facility and DOCS officials for their review and comment. Their comments have been considered in preparing this final report and are included as Appendix A. DOCS officials generally agreed with our recommendations and indicated that corrective actions either have been or will be taken. DOCS disagreed with Recommendation 8. It believes that its current practice "is a more expedient means to hire and assign staff for special assignments than to realign payroll costs as suggested." We continue to believe that for extended detached duty assignments, payroll costs should be appropriately allocated.

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, Barry Mordowitz, John Lang, Jeffrey Marks and Paul Bachman.

We wish to thank the management and staff of the Department of Correctional Services and the Fulton 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 - Internal Controls
Brant L. Kehn, 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

December 11, 2000

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 00-S-16**
Fulton Correctional Facility --
Selected Payroll Practices

Dear Mr. Challice:

In accordance with Section 170 of the Executive Law and in response to your correspondence of November 10, 2000, attached is the Department's reply to the Draft Audit of Fulton 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 December 4, 2000.

Sincerely,

A handwritten signature in black ink, appearing to be "GSG", written over the word "Sincerely,".

Glenn S. Goord
Commissioner

Attachment

FULTON CORRECTIONAL FACILITY

The following is Fulton Correctional Facility's response to the working draft of O.S.C.'s payroll practices audit covering the period December 17, 1999 through July 5, 2000.

Recommendation #1:

Require supervisors to properly check and initial their daily review of time card entries.

Response #1:

All sergeants have been reminded of their responsibility regarding the daily review of time cards and the documentation of their review in accordance with Department directives. To further insure that daily reviews are completed properly, a lieutenant has been assigned to periodically check time cards. In addition, we have reviewed the proper time card procedures with the timekeeper, who will immediately report any discrepancies to the lieutenant.

NOTE: After the closing meeting at the facility, John Lang, auditor in charge, checked the time cards in the rack and verified that the facility was now in compliance with this recommendation.

Recommendation #2:

Remind employees of the need to follow proper timekeeping procedures.

Response #2:

All Fulton employees have been reissued DOCS Directive #2205 "Record of Attendance." Proper timekeeping practices have been on the agendas of the executive team meetings, monthly department head meetings, the Deputy Superintendent's staff meetings as well as the Internal Controls Committee meetings.

Recommendation #3:

Establish procedures designed to detect and prevent the posting of erroneous daily activities to the timekeeping system.

Response #3:

We have established a written procedure outlining the sergeant's responsibilities. This procedure dictates that the oncoming supervisor will monitor and initial the off-duty shift to ensure staff are punching out correctly, and that their time cards are in the rack.

As was mentioned above, (response #1), a lieutenant periodically checks the time cards.

Recommendation #4:

Maintain a record of timekeeping infractions for a quarterly review and, if appropriate, action by management.

Response #4:

The timekeeper will issue biweekly time card discrepancy reports to the appropriate deputy superintendent. In addition, the discrepancy reports will be on the agenda for the Internal Controls Committee quarterly review. Committee findings will be sent to the deputy superintendent for follow up and appropriate corrective action.

Recommendation #5:

Ensure employees submit their time cards as required. Investigate the instance where an employee was paid without a time card and take appropriate action.

Response #5:

The timekeeper is now giving the names of any employee who does not hand in a time card to the appropriate deputy superintendent. The deputy superintendent ensures that a proper time card is handed in. This list is given to the deputy superintendents on a biweekly basis.

The employee mentioned was investigated. This officer, in fact, had two time cards for the period mentioned. One was the computer generated one, and he had another he filled out manually. The computer card was blank, but the manually filled out one showed the actual work time for that period. The employee did submit a card for the work he performed. It was reconciled to his payroll records. The officer was formally counseled.

Recommendation #6:

Determine and track, on an ongoing basis, the current balance of regular days off due to be worked by officers or due to officers.

Response #6:

The Planning Officer will check for squad changes when the planning charts are developed and will ensure that any necessary adjustments are made to an affected officer's schedule during the

first week of the new assignment (add or take away an RDO, as necessary). The Planning Officer will also notify Timekeeping and Payroll of any squad changes and RDO adjustments via copies of the squad change sheet and bid sheet.

Recommendation #7:

Reconcile regular days off weekly to ensure that all officers receive only two regular days off during each Sunday through Saturday work week.

Response #7:

See response to #6.

Recommendation #8:

For extended periods of detached duty assignments, charge the employee's payroll costs to the facility unit benefiting from the detached duty assignment.

Response #8:

We disagree with the audit recommendation above since it is a more expedient means to hire and assign staff for special assignments than to realign payroll costs as suggested. The Department believes that as long as the funding is accounted for and the employees are appropriately supervised, their assignment is more important than the actual movement of their items.

Recommendation #9:

Provide correctional facilities with guidelines on the number of consecutive double shifts officers should be permitted to work to effect swaps.

Response #9:

The Department is currently in the process of developing a policy regarding swapping. This policy will include restrictions on the number of consecutive double shifts that an employee can work.