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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

August 22, 2001

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

Re: Edgecombe Correctional Facility  
Selected Payroll Practices  
Report 2001-S-7

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 Edgecombe Correctional Facility. Our audit covered the period of December 12, 1999 through March 31, 2001.

**A. Background**

The Edgecombe Correctional Facility (Edgecombe or Facility), located in the Upper Manhattan Washington Heights section of New York City, is a minimum-security work-release facility for males 16 years of age or older. Edgecombe offers work-release, day-reporting and residential drug treatment programs. Its principal objective is to provide inmates with a physical, motivational, and supportive setting for meaningful work- and educational-release programs within, or in close proximity to, the communities where they plan to live after they are released. The Facility's program centers on individual and family counseling and the upgrading of vocational skills and abilities. Its counseling and support services are designed to help inmates make an orderly return to society.

For fiscal year 2000-01, according to its records, Edgecombe spent approximately \$6 million in personal service costs and \$234,342 in overtime payments. It currently employs about 140 employees, 68 of whom are correction officers (officers). The Department of Correctional Services (DOCS) requires correction officers to use a time clock for recording the hours they work, and to

identify the nature of all absences (e.g., leave usage, swaps, and regular days off) on their time cards. Supervisors are to review the time cards each day, as well as at the end of each pay period; and to verify the accuracy of the entries, which determine the amount of compensation, and the presence of the employee's signature. Supervisors then submit the cards to the timekeeper for posting to DOCS' automated timekeeping system. Timekeepers are expected to match the time and attendance information on the employees' time cards to the data they have already entered into the system based on time off requests, reports of absences, and daily schedules known as staff planning grids. This system enables the timekeeper to produce reports that allow management to monitor employees' time and attendance records, including leave accrual balances, sick leave usage, tardiness, and swaps. A scheduling system produces the staff planning grids, which identify correction officers' work hours and assignments.

## **B. Audit Scope, Objectives, and Methodology**

We audited selected aspects of time and attendance management and practices at Edgecombe for the period of December 12, 1999 through March 31, 2001. The primary objectives of our financial-related audit were to determine whether the Facility's payroll system provides reasonable assurance that the correct payroll amount is paid for hours worked, and whether it has adequate controls for preventing or detecting errors. To accomplish our objectives, we reviewed employee time records, interviewed appropriate personnel, and analyzed other records and relevant information pertaining to the Facility's time and attendance, and payroll practices. Our audit focused on the following areas: timekeeping practices, overtime, military leave, and detached-duty assignments. We found exceptions in each of these areas, which are detailed in the following sections of the report.

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 which are included in our audit scope. Further, these standards require that we understand the Facility's 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, but we found that Facility management is not taking adequate steps to enforce the requirement that time cards be completed accurately and maintained properly. Nor is the Facility using the reports available from the timekeeping system to make sure that correction officers receive the proper number of regular days off. In addition, Facility management is not verifying that overtime paid to employees is required, authorized, and paid appropriately; and that employees are providing proper documentation of their military leave. We also noted that five employees paid by Edgecombe were actually assigned to work out of other facilities, and that three employees were working at Edgecombe while being paid by another facility. These arrangements could result in misstatements of the Facility's budget.

#### **1. Timekeeping Practices**

##### **a. Supervision of Time and Attendance**

DOCS Directive 2205 states: "An adequate and accurate record of attendance must be maintained by each employee. Such record of attendance will be maintained on the employee's time card." It further states that all time cards should be accurate and complete prior to sign-off by the supervisor. Actual times of arrival and departure at the beginning and end of the workday must appear on the employee's time card, along with leave credits used for each absence. Supervisors are responsible for the daily review of time cards, initialing each card to certify that the entries made on it are accurate. The supervisor verifies that each time card is accurate and that it has been signed by the employee; then signs it and submits it to the timekeeper for posting to the computerized timekeeping system. Any discrepancies, irregularities, or deficiencies on the time card are supposed to be corrected before the supervisor signs off on it and sends it to the Personnel Department.

To test for appropriate supervisory review, we reviewed the 59 correction officers' time cards that were in the time card rack on February 21, 2001. We found the following:

- Supervisors had signed six of the time cards before the last shift in the pay period was completed.
- Supervisors had signed off on 13 of the time cards before the employees signed them.
- Five time cards did not show evidence of supervisory review for one or more days in the pay period.
- One or more time punches were missing on eight of the cards. Four of these time cards had manual entries in lieu of machine punches.
- Time punches on two time cards showed that, even though the employees had not worked an entire shift, they had not charged the unworked time to leave accruals.

In addition, we reviewed the time cards for an additional 32 employees (82 time cards) for compliance with time recording and supervisory review procedures. These cards covered a total of 1,148 calendar days. Of the cards we examined, we noted that four had not been signed by the employees; while two had not been signed by supervisors. In addition, we found no evidence of supervisory review for 9 days of the selected pay periods, 50 instances in which times had been entered manually, and 13 instances in which time punches were illegible.

In response to our preliminary findings, Edgecombe officials stated that memorandums have been issued to all staff regarding the maintenance of time cards, and that staff will be reminded to follow proper timekeeping procedures.

b. Regular Days Off

Facilities have been directed to assign correction officers for four regular days off during each two-week scheduling period. Staff planning grids are used to assign regular days off. DOCS uses a Sunday-through-Saturday workweek for scheduling officers, but timecards are based on a Thursday-through-Wednesday workweek. 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 indicate that officers worked on 10 days in the 14-day pay period. In addition, it is difficult for supervisors to rely solely on the time cards to verify that officers have been scheduled for the proper number of regular days off. Because this process is so cumbersome, and regular days off are entered manually by the correction officers rather than preprinted on the time cards, it is possible for officers to receive an improper number of days off.

DOCS' timekeeping system can generate a report that shows how many regular days off employees have received. However, we found that the Facility has not been utilizing this report on a regular basis to identify individuals who may have received an improper number of regular days off. We asked Edgecombe officials to run this report for the period of December 12,

1999 through December 30, 2000, and noted that the report listed the names of 32 employees who had received an excessive or insufficient number of regular days off. These numbers ranged from six days fewer to four days more than what was required.

Edgecombe officials responded that all regular days off are now reconciled for each pay period through the use of a bi-weekly printout and the planning lieutenant will review squad changes so that regular days off can be scheduled.

## **2. Overtime**

For fiscal year 2000-01, Edgecombe spent approximately \$6 million in personal service costs and \$234,342 in overtime payments. DOCS directives state: "Overtime is allowed only when it can be demonstrated that sufficient personnel are not available to maintain essential services and that an effort has been made to fill the available vacant positions." In addition, the unit supervisor must approve unscheduled overtime in writing before it is implemented.

Our audit disclosed that overtime worked by Edgecombe employees was not pre-approved in writing as required. Employees are instructed verbally to work overtime, and sergeants prepare a daily summary sheet that lists the names of employees who put in the extra hours as well as the amount of overtime each one worked on a particular day. After the Deputy Superintendent signs off on this summary sheet, the data is entered into the timekeeping system. DOCS' Division of Budget and Financial Control runs an Employee Overtime Report based on this information, while the timekeeper uses information contained on employee time cards to generate a bi-weekly overtime report. This report is then given to the payroll clerk, who compares the information it contains with the data on the overtime summary sheets in an effort to identify and resolve any discrepancies.

Edgecombe needs to improve its system of identifying the need for overtime and demonstrating that essential services could not be maintained. The overtime summary sheets, which are intended to explain the reasons for the overtime, often contain no explanations or ones which are vague. For example, when we reviewed all 45 instances of overtime worked by Edgecombe employees for the pay period that ended on November 1, 2000, we determined that, in ten instances, the summary sheets offered no reason for the overtime claimed. In five other instances, the reasons cited for the overtime were not specific; they simply stated a location, such as "office." In three other instances, it appeared that overtime had been claimed for the performance of routine maintenance tasks, such as changing light bulbs throughout the facility or painting tasks.

We also noted four instances in which the overtime reported on the time cards did not match the specific hours on the Employee Overtime Reports, which are used to generate overtime payments. This discrepancy occurred because employees are required to attend pre-shift briefings for 15 minutes before the start of their shifts. Employees are granted an additional quarter-hour of overtime for these periods if they are called in to the facility specifically to work overtime. However, employees are not to be credited with additional overtime for further briefings if they are simply required to work beyond their regularly-assigned schedule. In two of the four instances we

identified, the employees were not eligible for additional overtime resulting from pre-shift briefings, and their overtime payments had to be corrected.

In response to our findings, Edgecombe officials stated that, in the future, all staff overtime will be approved in writing before it is implemented. They also stated that the timekeeper will print a timekeeping system report on a bi-weekly basis that will be compared with the payroll overtime report submitted through the payroll system. They said discrepancies between the two reports will be identified and verified against the time cards/sheets and corrections made. In addition, they noted that adjustments were made for employees who were incorrectly paid for pre-shift briefings.

### **3. Military Leave**

According to DOCS Directive 2212, an employee who receives leave with pay for serving in the National Guard or Reserves during regular work hours is required to provide the supervisor with verification of attendance (a military pay stub known as a Leave and Earnings Statement) within one week after it is received. If available, standard military orders or appropriate written verification from the unit commander or higher ranking military authority must be submitted at the time of the request. Supervisors are required to retain all relevant documentation until the employee furnishes verification of attendance. If the employee fails to submit verification within a reasonable period, management should initiate an investigation and take appropriate administrative action. Once the required documents have been obtained, the supervisor is to forward them to the Deputy Superintendent for Administration.

We reviewed the supporting documentation for all 118 days of paid military leave that were claimed during our audit period. We found that military pay stubs pertaining to three employees were missing for seven of these days; subsequently, the employees had been charged other leave accruals for two of these days. For the other five days, Edgecombe officials accepted letters from the employees' military commanders stating that they had indeed participated in military training during that time. This acceptance was made under an addendum to DOCS Directive 2212 that states: "Alternative documentation of military leave may be accepted if the employee can clearly demonstrate that the Leave and Earnings Statement cannot be obtained." However, in one instance that we reviewed, the alternative documentation submitted by an employee to support two days of paid military leave should not, in our opinion, have been accepted without further verification, since its authenticity appeared to be suspect. The Facility should ensure that military leave usage is documented properly. Also, we suggest that DOCS revisit their decision to accept alternative documentation in lieu of pay stubs since the pay stubs are official documents and offer more assurance that military duty was served.

Edgecombe officials responded that, in the future, they will comply with DOCS Directive 2212 in a timely manner. They said they would send a memorandum to all staff stressing the importance of acting promptly to obtain the Leave and Earnings Statements for documentation of all military duty. They noted that alternative documentation will be accepted only when employees

can clearly demonstrate that the Leave and Earnings Statement is not available, in which case alternate documentation will be expected to meet the stringent standards of Directive 2212.

#### **4. Detached-Duty Assignments**

Certain employees on the Edgecombe payroll are lent to other DOCS units. Such assignment from one facility/unit to another is known as detached duty. As of February 2001, five Edgecombe employees had been on detached duty for an extended period. These employees do not report to work at the Facility's Manhattan location; they are currently assigned to work out of other facilities. Conversely, three employees working at Edgecombe are being paid by another facility. Consequently, the cost of operating Edgecombe may be overstated; and operating costs may be misstated at the other facilities, as well.

DOCS officials maintain that, so long as the funding is accounted for and the employees are supervised appropriately, their assignment is more important than the actual movement of their budget items. Nevertheless, we believe that costs should be allocated properly in cases of extended detached-duty assignments so that the costs of providing services at one facility can be compared with the costs at another.

#### **Recommendations**

1. *Require supervisors to check time card entries properly and to initial their daily reviews.*
2. *Remind employees to follow proper timekeeping procedures.*
3. *Determine, and verify on a regular basis, that correction officers are receiving the correct number of regular days off.*
4. *Comply with DOCS requirements relating to overtime.*
5. *Verify that overtime is being paid for the appropriate number of hours worked.*
6. *Verify that military leave documentation is being submitted on a timely basis. Reconsider the policy of accepting documentation other than official pay stubs to document military leave usage.*
7. *For extended periods of detached-duty assignments, charge the employees' payroll costs to the facility/unit benefiting from each assignment.*
8. *Investigate the discrepancies cited in this report pertaining to overtime, military leave, and regular days off; and recoup any excess payments.*

Draft copies of this report were provided to DOCS and Facility 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 taken or will be taken. DOCS disagreed with Recommendation 7, asserting 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.” We continue to believe that, when the detached duty assignment is for an extended period, 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, Cindi Frieder, Sal D’Amato, Altagracia Rodriguez, and Marticia Madory.

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

Very truly yours,

William P. Challice  
Audit Director

cc: Deirdre A. Taylor, DOB  
Harold McKinney, Superintendent  
Donald Felter, Director - Internal Controls



GLENN S. GOORD  
COMMISSIONER

STATE OF NEW YORK  
DEPARTMENT OF CORRECTIONAL SERVICES  
THE HARRIMAN STATE CAMPUS  
1220 WASHINGTON AVENUE  
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August 7, 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: Draft Audit of Edgecombe Correctional  
Facility's Selected Payroll Practices,  
2001-S-7**

Dear Mr. Challice:

In accordance with Section 170 of the Executive Law and in response to your correspondence of July 6, 2001, attached is the Department's reply to the Draft Audit of Edgecombe 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 August 1, 2001.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Goord", written over a horizontal line.

Glenn S. Goord  
Commissioner

Attachment

**Appendix A**



GLENN S. GOORD  
COMMISSIONER

STATE OF NEW YORK  
DEPARTMENT OF CORRECTIONAL SERVICES  
THE HARRIMAN STATE CAMPUS  
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CHARLES M. DEVANE  
DEPUTY COMMISSIONER  
ADMINISTRATIVE SERVICES

### EDGECOMBE CORRECTIONAL FACILITY'S REPLY TO THE COMPTROLLER'S AUDIT OF SELECTED PAYROLL PRACTICES

The following is our facility's response to your July 6, 2001 Payroll Practices Draft Audit Report, which was received on July 9, 2001. I submit the following:

1. **Recommendation:** Require supervisors to check time card entries properly and to initial their daily reviews.  
**Response:** All employees have been reminded of their responsibility regarding the daily review of time cards and the documentation of their review in accordance with Department Directives.
2. **Recommendation:** Remind employees to follow proper timekeeping procedures.  
**Response:** The facility issued memorandums of instructions on 2/8/01, 3/19/01 and 3/22/01 to all staff. We will continue to remind staff to follow proper timekeeping procedures.
3. **Recommendation:** Determine and verify on a regular basis that correction officers are receiving the correct number of RDO's.  
**Response:** We will complete reviews timely. All RDO's will be reconciled each pay period utilizing the biweekly RDO printout. The planning lieutenant will review squad changes to schedule RDO's and advise the timekeeping unit and employees of any changes. Additionally, the timekeeper will complete RDO reconciliations each pay period and advise the planning lieutenant of any discrepancies so that adjustments are made.
4. **Recommendation:** Comply with DOCS requirements relating to overtime.  
**Response:** All facility employees have been notified in writing of the procedures to follow as they relate to overtime.
5. **Recommendation:** Verify that overtime is being paid for the appropriate number of hours worked.  
**Response:** On a biweekly basis, the timekeeper will print an Overtime Report from the automated Timekeeping System. This report, along with the Payroll

Overtime Summary Report, will be reviewed by a third party for accuracy. Discrepancies will be identified and appropriate adjustments made.

6. **Recommendation:** Verify that military leave documentation is being submitted on a timely basis. Reconsider the policy of accepting documentation other than official pay stubs to document military leave usage.

**Response:** All facility staff have been reminded of their responsibility to provide appropriate documentation to verify all absences relating military leave. Employees must submit the Leave and Earnings Statement in a timely fashion. Alternative documentation will only be accepted when an employee clearly demonstrates that the Leave of Earnings Statement is not available.

7. **Recommendation:** For extended periods of detached duty assignments, charge the employees' payroll costs to the facility/unit benefiting from each assignment.

**Response:** We disagree with the audit recommendation to realign payroll costs as suggested. The Department has determined 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.

8. **Recommendation:** Investigate the discrepancies cited in this report pertaining to overtime, military leave, and regular days off, and recoup any excess payments.

**Response:** All discrepancies cited in this report pertaining to overtime, military leave and RDO's have been investigated. Any excess payments have been recouped.