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STATE COMPTROLLER



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OFFICE OF THE STATE COMPTROLLER

August 15, 2002

Mr. Glenn S. Goord
Commissioner
Department of Correctional Services
The Harriman State Campus
1220 Washington Avenue
Albany, New York 12226-2050

Re: Report 2002-F-22

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 reviewed the actions taken by officials of the Department of Correctional Services (Department) as of July 18, 2002, to implement the recommendations contained in our audit report, *Ulster Correctional Facility Selected Payroll Practices* (Report 2001-S-6). Our report, which was issued on July 27, 2001, examined the internal controls relating to various payroll practices at the Ulster Correctional Facility.

Background

The Ulster Correctional Facility (Facility) is located in the town of Napanoch, New York. It is a medium-security reception facility for newly-incarcerated males and for parole violators who are returning to other Department facilities to serve the remaining terms of their sentences. With the capacity to house 882 inmates, the Facility spent approximately \$18.5 million for personal services during the 2001-02 fiscal year, including \$1 million for overtime. It currently employs 411 staff, including 278 correction officers.

Summary Conclusions

In our prior audit, we found that controls over regular payroll, overtime, payroll additions and deletions, and regular days off were generally functioning as intended. However, Facility management needed to strengthen controls over military leave and shift differential.

In our follow-up review, we found that the Facility has made significant progress in all areas where improvements were needed. However, Facility officials continue to disagree with our recommendation to recoup certain excess shift-differential payments, because they feel it was a Facility error that caused the overpayment.

Summary of Status of Prior Audit Recommendations

Of the five prior audit recommendations, Facility officials have implemented four recommendations, and have not implemented one recommendation.

Follow-up Observations

Recommendation 1

Comply with Department policy regarding obtaining documentation for paid military leave and regarding the sending of letters to employees who claim military leave without submitting attendance documentation timely.

Status – Implemented

Agency Action – In response to our original audit, the Facility Superintendent sent out a memorandum to all employees reminding them of the requirements to document the use of military leave in a timely manner, as well as the consequences to any employee who does not document such leave adequately. To determine whether the Facility was complying with the Department's policies for military leave, we reviewed files for five employees who had used paid military leave. For all five employees, the Facility had adequate documentation supporting the use of paid military leave.

Recommendation 2

Require the employee we identified to submit copies of his Leave and Earnings Statements to substantiate attendance at military leave he claimed. If military leave attendance cannot be substantiated, take appropriate disciplinary action including recoupment of funds.

Status – Implemented

Agency Action – The Facility sent the employee a letter notifying him that, if he did not document the dates of the active military leave identified during our audit, his leave accruals would be charged for those dates. Although the employee was unable to produce Leave and Earnings Statements (LES) for each date in question, his military Unit Commander sent letters to the Facility attesting to the employee's participation in military duties on all of the dates. Such letters are acceptable documentation under the Department's current procedures related to military leave. These procedures state that alternative documentation of military leave may be accepted if the employee can clearly demonstrate that the LES cannot be obtained. Such documentation must be on military company letterhead, signed by the Company Commander or appropriate designee, and provide sufficient detail with respect to the time and location of the military leave.

Recommendation 3

Require the employee who received more military leave than entitled to charge two days leave accruals.

Status – Implemented

Agency Action – Facility officials sent a letter to the employee, notifying him that he would be charged two days of leave accruals for the overpaid military leave time. We reviewed Facility payroll records and noted that the leave accruals were charged as recommended.

Recommendation 4

Ensure that shift differential is paid only to those employees who meet the criteria of working a regular shift that falls between the qualifying hours.

Status – Implemented

Agency Action – The Facility has established a new procedure in which the Payroll Clerk generates a monthly “Shift Differential Report,” which provides a list of employees receiving shift-differential pay. The Payroll Clerk sends this report to the Time Keeper and Unit Supervisor for certification. To determine whether this process was working as expected, we compared employee time cards for three employees with those of a list of employees currently paid shift-differential pay, and found that all three were entitled to the additional pay.

Recommendation 5

Recoup the shift differential overpayments identified.

Status – Not Implemented

Agency Action – Facility officials continue to disagree with our recommendation. Officials restated the position they have taken since our audit, that the nurses in question were hired for the 3 p.m. to 11 p.m. shift and primarily worked this shift during the period in question. When they worked the 7 a.m. to 3 p.m. shift, it was at the request and direction of supervisory staff to provide essential services. Officials stress that payment at the higher (shift differential) rate was clearly due to a Facility error for which they do not believe the employees should be held accountable. Officials stated that new procedures should prevent this type of error from recurring.

Major contributors to this report were John Buyce, Larry Wagner, and Don Wilson.

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 Facility management and staff for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Frank J. Houston
Audit Director

cc: Joseph T. Smith, Superintendent
Leo Bisceglia, Director of Internal Audit
Deirdre A. Taylor, Division of the Budget