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STATE COMPTROLLER



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

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

October 17, 1996

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

Re: Report 96-F-14

Dear Mr. Goord:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V, of the State Constitution and Section 8, Article 2 of the State Finance Law, we have reviewed actions taken by officials of the Queensboro Correctional Facility as of May 31, 1996, to implement the recommendations contained in Report 93-S-68. The report, which was issued February 28, 1994, examined certain financial related practices at the Queensboro Correctional Facility.

Background

The Queensboro Correctional Facility (Facility) is a minimum security facility for males 16 years of age or older. As of December 1995, the Facility's inmate population was approximately 1,100. For the 1994-95 fiscal year, Facility expenditures amounted to \$16.1 million; \$12.4 million for personal services and \$3.7 million for other expenses. The Facility employs 167 security personnel and 135 civilians.

Summary Conclusion

During our prior audit, we found that Facility managers needed to improve their oversight of operations to ensure that internal controls are functioning as intended. Specifically, we found:

- that managers needed to improve supervision over the payroll and timekeeping process;
- personnel in charge of cash management did not properly reconcile inmate accounts;
- controls over purchasing needed strengthening; and

- management must adequately review medical bills.

In our follow-up review, we found that Facility management had addressed some of the recommendations identified in our prior audit report. It strengthened its payroll controls, trained employees on the use of the computerized timekeeping system, and improved both cash management and purchasing controls.

Summary of Status of Prior Audit Recommendations

Of the 13 recommendations in our prior audit, facility management have fully implemented seven, partially implemented five and not implemented one of the recommendations.

Follow-Up Observations

Recommendation 1

Evaluate the causes of the deficiencies cited in this report and develop action plans to prevent or limit the reoccurrence of such deficiencies in the future.

Status - Partially Implemented

Agency Action - Facility officials indicated that all concerns addressed in the report were investigated and corrective actions have been initiated, including but not limited to:

- providing training to supervisors,
- documenting all training activities,
- tightening internal controls in the payroll, timekeeping, cash and purchasing areas,
- recovering overpayments, and
- establishing a monthly reporting system for each area to determine the status of various tasks.

Auditors' Comments - As noted in the text of this report, only seven of the twelve other recommendations have been fully implemented. Facility management must take additional actions to address the unresolved matters.

Recommendation 2

Require supervisors to ensure the proper recording and documentation of time worked including overtime.

Status - Partially Implemented

Agency Action - In August 1994, a memo was sent by the Deputy Superintendent of Administration to all supervisors on proper timekeeping procedures. We sampled 10 employees' time and attendance records for six payroll periods to ensure that they properly recorded and documented their time worked. We found five examples of employees making handwritten entries on time cards without a supervisor properly initialing the card. However, in all cases reviewed, absences were duly noted, overtime paid was supported by the time card, and there were no blank entries.

Recommendation 3

Determine why time cards are being submitted late and take appropriate action to rectify the situation.

Status - Fully Implemented

Agency Action - Facility officials stated that previously there had not been a system in place to ensure time cards were submitted on a timely basis. Currently, if a card is not submitted timely, the Deputy Superintendent of Administration is notified. She, in turn, notifies the appropriate supervisor.

Recommendation 4

Use the time cards for the basis of authorizing payroll expenditures and ensure that all time cards are received before paychecks are distributed.

Status - Not Implemented

Agency Action - Facility officials indicated they cannot use the current timecard for the basis of authorizing payroll expenditures. Also, they cannot ensure all time cards are received before pay checks are distributed. They stated that due to the nature of the State's lag payroll, the recommendation is unattainable. They added that time card audits are performed timely and payroll discrepancies are corrected on the next payroll submission.

Auditors' Comments - As cited in our prior report, the time cards are the official documentation of employees' time and attendance, and therefore should be used as the basis for authorizing payroll expenditures. Further, paychecks should not be distributed to those employees who do not submit timely their time cards as required by time and attendance policy. Additionally, the State's lag payroll provides a time frame to accommodate the timely submission of the cards.

Recommendation 5

Review the computerized leave system to ensure that it is functioning properly and that employee leave balances are accurate. Provide training to employees on how to use the system.

Status - Partially Implemented

Agency Action - The Facility never had a full review by Department personnel of the computer leave system nor did they add an edit function to detect unusual entries. Facility officials indicated that they performed an extensive review of leave balances after the prior audit, but were unable to provide us with the documentation of the review. Computer tapes of time and attendance balances are periodically submitted to Central Office for review. Our review of time and attendance records for 10 employees revealed all time off was properly charged and leave time was properly accrued on the system. In addition, payroll staff received training in the computerized system.

Recommendation 6

Review the payroll errors and potential abuses identified by this audit, recover any excess payments and institute proper controls. Take action where there is evidence of negligence or fraud and refer the matter to the appropriate prosecutory authorities.

Status - Partially Implemented

Agency Action - Facility officials indicated that they reviewed and corrected the payroll errors and recovered any excess payments for those individuals noted in the audit. In addition, they instituted proper controls such as checking the daily overtime reports to the time cards and, when discrepancies are identified, make the necessary adjustments. Based on their review of the payroll discrepancies, they found no evidence of fraud, therefore, no referrals were made to prosecutory authorities.

Auditors' Comments - While continuing to state that full recovery was made for all errors identified in the prior report, Facility officials provided documentation to support recoveries for only a minimal number of instances. Central office staff should ensure that the Facility makes complete recovery and maintains documentation to support those recoveries.

Recommendation 7

Follow prescribed procedures for disbursements, account reconciliations and retention of documentation.

Status - Fully Implemented

Agency Action - Facility staff now follow prescribed procedures. Officials also demonstrated that there is a system in place to ensure checks outstanding for over one year are submitted to the State Comptroller's Office of Unclaimed Funds, reconciliations of all accounts are performed adequately and documentation to support reconciliations is maintained.

Recommendation 8

Investigate the discrepancies identified in this report and initiate appropriate action to correct the Facility records.

Status - Partially Implemented

Agency Action - Facility staff investigated the discrepancy between the cash on hand and the individual inmate account balances per the books. They were able to account for \$42,021 of the \$44,000 difference between the cash on hand and the account balance per the books.

Recommendation 9

Remit the overage of \$9,500 from the Facility advance accounts to the Office of the State Comptroller.

Status - Fully Implemented

Agency Action - The Facility has remitted the overage of \$9,500 from the Facility advance accounts.

Recommendation 10

Review medical bills to ensure that they are accurate and that payments are made only for services rendered and maintain documentation to support the review.

Status - Fully Implemented

Agency Action - The Facility has established a process where a nurse reviews all medical bills and a log is maintained each time an inmate requires medical services. We reviewed ten cases of inmates receiving medical treatment and, in each case, full documentation was available.

Recommendation 11

Adhere to State purchasing requirements to ensure that goods and services are obtained at reasonable prices.

Status - Fully Implemented

Agency Action - Facility officials indicated training has been provided and each purchase order is reviewed by a supervisor to ensure guidelines have been adhered to. We reviewed ten recent purchase orders and found that documentation was in the files showing that each purchase was obtained at a reasonable price.

Recommendation 12

Follow requirements for documenting purchases.

Status - Fully Implemented

Agency Action - In our review of ten purchases, we noted each file contained a fully documented package including purchase request, purchase order, receiving report and invoice.

Recommendation 13

Follow up on deficiencies cited in this report. Obtain refunds for any inappropriate charges.

Status - Fully Implemented

Agency Action - The prior audit cited three examples of refunds due the Facility. In each instance, the Facility received the refund.

Major contributors to this report were David R. Hancox, Carmen Maldonado, Brian Reilly and Mitchell Schmeltzer.

We would appreciate your response to this report within 30 days, indicating any action planned or taken to address the unresolved matters discussed in this report. We also thank the management and staff of the Facility for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Robert H. Attmore
Deputy Comptroller

cc: Patricia A. Woodworth