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April 19, 1999

Mr. Glenn S. Goord
Commissioner
Department of Correctional Services
The Harriman Campus
1220 Washington Avenue
Albany, New York 12236-2050

Re: Report 98-F-17

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 as of March 17, 1999, to implement the recommendations contained in our audit report, *Department of Correctional Services Security Staff Overtime* (Report 94-S-75). Our report, which was issued on July 1, 1996, reviewed the effectiveness of the Department's system for monitoring and controlling security overtime costs.

Background

As of March 8, 1999, the Department of Correctional Services (Department) operated 70 correctional facilities which housed nearly 70,000 inmates. The Department's Commissioner and Central Office officials, in conjunction with management at each facility, are responsible for overseeing and managing the facilities.

The Department allows overtime when sufficient security personnel are not available to maintain essential services. Facilities offer overtime to employees based on their seniority and qualifications. Total overtime costs for inmate supervision exceeded \$28.9 million during the 1997-98 fiscal year and \$26.6 million for first eight months of the 1998-99 fiscal year.

The Central Office Security Information Staffing Unit (SISU) acts as a liaison between the

Department's Central Office and the superintendents at the facilities. The facilities report daily staffing data to SISU. SISU's primary functions are to: monitor, evaluate, and assist facility managers in the effective and efficient utilization of security staff; and identify the causes of and reduce the amounts of excessive overtime at facilities.

Summary Conclusions

In our prior audit, we identified several deficiencies in the Department's operating practices. We found that Department and facility managers were not always effective in managing security staff overtime costs. We also found that the Department did not always document that employees actually worked the overtime they were paid. The audit identified a number of areas where the Department could improve its control and oversight of security overtime costs.

In our follow-up review, we found that the Department officials have made progress in implementing the recommendations contained in our prior audit report. Department officials continually monitor their staffing needs and overtime usage through the SISU reporting process and any irregularities are investigated. The Department also sought and received Division of the Budget (DOB) approval to increase the number of security staff positions. The Department established a workers' compensation investigation unit to minimize the potential of fraud and abuse of the system. In addition, the Department improved follow-up procedures for its SISU review process and has automated many aspects of the SISU reporting system pertaining to overtime usage. However, the Department did not take any steps beyond those identified at the time of the initial audit to recover overtime payments that could not be documented as being worked.

Summary of Status of Prior Audit Recommendations

Of the seven prior audit recommendations, Department officials have implemented five recommendations, partially implemented one recommendation, and did not implement one recommendation.

Follow-up Observations

Recommendation 1

Minimize the occurrence of overtime by reassessing facility staffing to ensure security staff are efficiently deployed.

Status - Implemented

Agency Action - The Department relies upon SISU as the link between the Department's Central Office and the superintendents at the facilities. SISU reviews staffing data that is input by the facilities on the Department's computerized reporting system and reports the results of

these reviews to officials in Central Office and the facilities. Biweekly, quarterly and yearly reports are routinely distributed to monitor staff utilization and overtime. In addition, daily overtime, absence and additional services monitoring reports are distributed to identify the primary uses of resources and to make appropriate adjustments. These reports are reviewed by executive management and security staffing teams for follow-up action.

In addition, Department officials provided documentation which indicates that the Department sought and received approval from DOB to increase their Budget Fill Level (BFL) by 151 security staff positions. These positions were used to fill critical functions at several facilities. Despite this increase, Department officials contend that security staffing is 176 positions below the security plot plan.

Recommendation 2

Reemphasize the need for Central Office and facility managers to provide the necessary oversight in this area.

Status - Implemented

Agency Action - As indicated with regard to recommendation 1, Department and facility officials are working together to minimize overtime to the extent possible. Other measures taken by the Department to minimize overtime include the establishment of a Workers' Compensation Investigation Unit (Unit), which was formed in 1998. The Unit investigates workers' compensation cases to minimize fraud and abuse of the system. According to Department officials, they anticipate that employee awareness of the Unit's existence to fight fraud and abuse, in itself, will help reduce employee abuse of the system. A major responsibility for the Unit's investigators is completion of activity checks, which involve brief surveillance of a suspect employee's residence for the purpose of gathering information to determine possible fraud or abuse. Information gathered while conducting activity checks determines if a case will be assigned or if no further action is warranted. Statistics provided to us by the Department indicate that during the eight month period ended December 1998, 516 activity checks were performed which led to the assignment of 111 cases. The results of these investigations include 3 arrests, 4 terminations, 4 referrals for prosecution and 40 employees returned to work without any evidence of misconduct. The Department's preliminary estimate of expected reimbursement to the State Insurance Fund for the employees arrested in 1998 for workers' compensation fraud is \$54,000.

Department officials also provided information which indicates that they established a formal Leave Days Earned Formula process in 1997 to formally calculate vacation schedules. This was done to ensure compliance with Department policy regarding scheduled leave time. In addition, Department officials indicated that they have taken

steps to improve coordination of inmates' trips outside facility grounds, to consolidate trips and coverage in an effort to reduce the number of hours devoted to such activities.

Recommendation 3

Require senior agency management to take a more active role in monitoring and ensuring continuous improvement in facility security staff overtime costs. In this regard, site visits and data reviews by SISU should be used to help identify causes of and solutions to high overtime use. Follow-ups should be made to ensure facility managers implement recommendations made by the Deputy Commissioner and SISU.

Status - Implemented

Agency Action - According to Department records, SISU performed 47 security staffing reviews from November 1, 1997 to October 31, 1998. There were 42 in need of corrective action in one or more category. A facility's use of overtime is analyzed in every SISU review. Reports are distributed to the facility Superintendent, the Supervising Superintendent and Correctional Facility Assistant Commissioners for review and follow-up. In addition, the Department has expanded its review to include ratings of compliance (acceptable, needs work, or unacceptable) for each specific area of review. Ratings other than acceptable include recommendations for corrective action.

We reviewed a sample of five SISU reports to determine whether appropriate follow-up measures were taken to ensure that the recommendations contained in the SISU reports are implemented. In each instance, the Department provided evidence which indicated that appropriate follow-up measures were taken.

Recommendation 4

Continue examining alternatives to the current timekeeping system that will result in an effective method for controlling overtime or regular hours worked. Seek input from facility managers and staff.

Status - Implemented

Agency Action - The Department has taken steps to improve its timekeeping system for monitoring overtime and regular hours worked. Overtime hours worked are tracked through the SISU reporting system. Since the initial audit, the Department has automated many aspects of the SISU system. The overtime authorization process has been linked to many of the overpayments and duplicate payments identified in previous audits. Department officials stated their belief that by automating this process, they have significantly reduced the likelihood of error. In addition, the reason why the overtime was incurred is noted on the system. Daily overtime for all three shifts is reviewed and

approved by the facility superintendent or his designee. The Department uses the automated SISU report as the basis for payment of employee overtime.

The Department is also exploring an interface between SISU automated overtime charts and the State's new payroll system, PaySR, which would further reduce the chance of errors and duplicate entries. However, this interface has been delayed.

Recommendation 5

Review the payroll discrepancies identified by this audit and recover any excess payments.

Status - Not Implemented

Agency Action - The prior audit identified over 1,300 hours of overtime payments, which exceeded \$34,000, that the Department could not document as being worked. Department officials provided evidence indicating that a total of 24.75 hours in excess overtime payments were recovered. However, these recoveries were identified at the time of the prior audit and no additional recoveries have been sought. Department officials concluded that the remaining undocumented overtime was worked.

Recommendation 6

Enforce proper recording and approval of work hours on time records.

Status - Partially Implemented

Agency Action - Department officials stated that, pursuant to Departmental Directive 2205, procedures are in place that require all employees maintain an adequate and accurate record of attendance. We saw evidence of improvements in the recording of hours on time records based upon our follow-up review at Queensboro Correctional Facility (Report 96-F-14) and our audit at Arthur Kill Correctional Facility (Report 97-S-6). However, neither facility was consistently following policy which requires that all written entries be approved and justified by a supervisor.

Recommendation 7

Ensure that facilities accurately report the reason(s) for overtime on the SISU system.

Status - Implemented

Agency Action - As indicated in the Agency Action section for recommendation 4, overtime hours are tracked through the SISU system. Overtime usage is monitored on a daily basis by SISU staff and facility personnel. The SISU system now records the overtime hours

incurred and the reasons why the overtime was needed, and this report is forwarded to the facility payroll office for processing.

Major contributors to this report were Ed Durocher and Marianne Boyer.

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

Very truly yours,

Kevin M. McClune
Audit Director

cc: Charles Conaway