



County of Cortland

Departmental Operations

Report of Examination

Period Covered:

January 1, 2011 — December 12, 2012

2013M-157



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 2013

Dear County Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and the County Legislature's governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of Cortland County, entitled Departmental Operations. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

Cortland County (County) is located in central New York State and has a population of approximately 49,000. The County is governed by an elected Legislature (Board) which is composed of 19 members, one of whom also serves as the Chairman of the Board. The Board has final administrative authority over County operations, and delegates overall responsibility for policy direction and oversight of County departments to committees¹ comprising individual Board members. The County Administrator (Administrator) is the chief administrative officer of the County and is charged with the County's overall administrative operation under the direct supervision of the Board. The Administrator is responsible for the general supervision and coordination of the activities of all County departments to efficiently implement the Board's directives. In 2012, the County's total expenditures were \$115.9 million. The County's budgeted expenditures for the 2013 fiscal year are \$123.1 million.

The Sheriff's Office provides services under the supervision of an elected Sheriff, the Board, and Administrator. The Office performs various law enforcement services, including overseeing the operations of the correctional facility and the road patrol/civil office. All overtime costs are incurred in the jail and road patrol.² The budget for 2013 was \$8.3 million.

The Probation Department provides services under the supervision of a Director, the Board and Administrator. The Department is responsible for intake and supervision functions for the local criminal, family, and County court systems. The Department staff is responsible for collecting and disbursing restitution payments (court-ordered fees paid by convicted individuals to reimburse crime victims). The budget for 2013 was \$1.3 million.

Objective

The objective of our audit was to examine the County's departmental financial operations. Our audit addressed the following related question:

- Are County officials ensuring that various departmental operations and functions are operating at the lowest possible cost to taxpayers?

¹ The Judiciary and Public Safety Committee, consisting of six Board members, provides oversight over the operations of the Sheriff and Probation Departments.

² In 2013, the Emergency Response Unit, which also incurred significant overtime in the past, was removed from the Sheriff's Office budget. We, therefore, did not review the overtime incurred in that unit.

**Scope and
Methodology**

We examined selected departmental financial operations of Cortland County for the period January 1, 2011, through December 12, 2012. We extended our scope period back to January 1, 2008 to review Sheriff's Office overtime trends, County crime statistics, and provide additional information for perspective and background.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix C of this report.

**Comments of
Local Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with County officials and their comments, which appear in Appendix A, have been considered in preparing this report. County officials generally agreed with our recommendations and indicated they planned to initiate corrective action. Appendix B includes our comments on the issues raised in the County's response letter.

The Legislature has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Legislature to make this plan available for public review in the Clerk of the Legislature's office.

Departmental Operations

County officials should ensure departmental operations and functions are operating at the lowest possible cost to taxpayers. They should continually monitor and analyze personal service costs, particularly relating to overtime, to identify potential cost savings alternatives. This is especially important because these costs can accumulate quickly and have a significant impact on the County's budget. Additionally, while the Legislature has the discretion to allow some operations to be subsidized by real property taxes, for proper equity among County residents, departments that can charge fees should generate revenues sufficient to cover the costs of the program to the extent determined by the Legislature. Further, meaningful performance measures assist officials in evaluating departmental efficiency.

County officials are not ensuring that various departmental operations and functions are operating at the lowest possible cost to taxpayers. The Sheriff's office is understaffed and incurring an average of more than \$500,000 annually in overtime. The County could save from \$44,000 to \$177,000 a year depending on the number of additional officers hired in the jail and road patrol.³ The County is also not imposing certain allowable fees that the probation department could collect, ranging between \$9,500 and \$42,300 annually.

Sheriff's Office

Personal service costs represent a significant portion of the County's budget. While overtime pay can be an expected cost of doing business, it is a cost that must be carefully monitored and controlled. Although some overtime hours are unavoidable, the majority of overtime hours earned can be managed through adequate staffing levels. Overtime should be incurred only when unplanned or unforeseen circumstances arise.

During 2012, 76 employees worked approximately 15,600 overtime hours costing about \$572,000: 34 road patrol employees worked about 6,400 overtime hours at a cost of approximately \$259,700; 42 jail employees worked 9,168 overtime hours at a cost of approximately \$312,000. Approximately 50 percent of the overtime incurred in the Sheriff's office was for shift coverage (e.g., unscheduled sick leave) due to inadequate staffing levels; the remaining 50 percent was due to drug investigations, contractual obligations, and other uncontrollable events. County officials told us that the major causes of overtime were an overly generous collective bargaining agreement's sick-

³ Assuming the additional officer(s) would exclusively replace avoidable overtime hours.

leave provisions and officers assigned to light-duty because of work-related injuries. Some County officials questioned whether the jail was actually understaffed and told us there haven't been funds in the budget for the unstaffed positions.

Based on our analysis for the jail, the current staffing level of 38 positions⁴ is well below the staffing needed to avoid significant overtime.⁵ Potential jail overtime savings could be achieved by hiring between one and five additional correction officers for savings of between \$22,000 and \$110,000 per year. Our analysis also revealed that road patrol could also reduce overtime by hiring additional staff. Potential road patrol overtime savings could be achieved by hiring between one and three additional officers for savings⁶ of between \$22,000 and \$66,000 per year.⁷ The Sheriff hired two road patrol officers in April 2013. The effect of these savings should be noticeable next year after the officers receive adequate training.

Probation Department

New York State Law allows counties to adopt a local law requiring individuals convicted of a crime under Article 31 of the Vehicle and Traffic Law, and who are sentenced to probation supervision, to pay an administrative fee to the County Probation Department of \$30 per month.⁸ Additionally, via the adoption of a local law, the Legislature may impose fees for drug screening and electronic monitoring.

The Probation Department supervised an average of 525 individual cases per month in 2012, but did not impose administrative fees for probation supervision, drug screening, or electronic monitoring. In 2012, there were 1061 months of DWI supervision, 1,336 days of electronic monitoring, and 33 drug screening tests.

The Director of Probation stated that they do not charge any fees to offenders for probation supervision, drug screening, or electronic monitoring because imposing such fees would, in many cases,

⁴ Six of the 38 positions were part-time.

⁵ A staffing needs analysis performed by the NYS Department of Corrections in 2005 calls for 44 full-time security staff positions at the jail.

⁶ The extent of these savings would be dependent on how efficiently officials manage overtime use. Because of the number of variable factors involved, our analysis was based on assuming new officers would be used to replace overtime hours exclusively and does not include training costs.

⁷ We calculated an hourly rate to hire a new officer, including benefits, to be \$32.36. Estimated overtime rate to pay the same officer (minimum savings as most officers are paid at a higher rate) is \$42.92, a difference of \$10.56. Annual savings if new officer's hours replaced overtime hours is approximately \$22,000 (2,080 hours x \$10.56).

⁸ The Law requires probation departments to waive all or a portion of the fee due to indigence, or if it would create an unreasonable hardship on the probationer, the probationer's immediate family, or other dependents.

impose additional administrative costs to the Department to enforce collection and would ultimately be uncollectable because of the County's high poverty rate. However, other counties⁹ are routinely imposing and collecting fees for DWI supervision, drug testing, and electronic monitoring.

As a result, during 2012, the Department could have collected between \$9,500 and \$42,300¹⁰ for these fees if they had been imposed. During the five-year period from 2008 to 2012, the potential revenue lost was between \$48,000 and \$212,000.

Performance Measures

Meaningful performance measurements assist officials in identifying financial and program results, evaluating past resource decisions, facilitating qualitative improvements, and communicating service and program results to the community. One such measurement is to compare the cost of services provided to the cost incurred by comparable units providing the same service.

While County management and staff evaluate certain aspects of various programs, no one has compared the level of services provided or the cost of providing those services to other counties throughout the State.¹¹ Moreover, County management has not taken any formal steps to identify particular operations that unduly drain County resources.

We compared the financial results of other County departments for 2011 and determined Cortland County's results varied considerably from the results of the other counties in New York State. Based on our review of departmental expenditures, we found the following:

⁹ We contacted seven counties in the Binghamton region to find out what fees they charge for these services.

¹⁰ DWI Supervision fees can be assessed on a sliding scale or waived. Drug testing fees are dependent on the type of test required.

¹¹ We compared the financial results of Cortland County to all counties throughout the State outside of New York City, except for Columbia and Schulyer Counties (no annual reports were available) from information provided in the annual update documents as reported to OSC.

Table 1: County Comparison^a				
		Departmental Revenues less Expenditures		
Function	Basis for Comparison	Cortland County	Other Counties Average	Difference^b
Aging	Population over age 62	(\$78.00)	(\$35.23)	(\$345,249)
Employee Benefits	Per Capita	(\$281.66)	(\$253.28)	(\$1,400,192)
Mental Health	Per Capita	(\$21.46)	(\$3.60)	(\$881,246)
Planning	Per Capita	(\$11.60)	(\$8.52)	(\$152,127)
Public Works	Per Lane Mile	(\$31,061.67)	(\$27,128.37)	(\$974,278)
Social Services	Per Capita	(\$282.77)	(\$239.48)	(\$2,135,936)
Sheriff	Per Capita	(\$45.02)	(\$51.94)	\$341,422
Probation ^c	Per Probationer	(\$1,853.74)	(\$2,031.64)	\$81,659
Public Health	Per Capita	\$5.95	(\$7.56)	\$666,296

^a Comparison includes all counties outside of New York City, except for Columbia and Schuylar Counties (no annual report was provided).

^b Difference between Cortland County and the other counties' averages applied to Cortland County's population.

^c Revenue for fees charged to probationers were not consistently reported. Probation revenues are limited to State and Federal aid.

The above chart shows that Cortland County's net per capita cost to the taxpayers for aging, employee benefits, mental health, planning, public works, and social services were higher than the average for all other counties. However, many of the decisions regarding these departments and/or services rest with management and were not within our purview to make specific recommendations. Although environmental and other regional factors may be partially responsible for the higher expenditures, using performance measures to identify discrepancies, and taking action, would lead to additional cost-savings for the County.

Recommendations

1. County officials should consider hiring additional positions in the Sheriff's office.
2. County officials should consider imposing fees for probation supervision, drug testing, and electronic monitoring.
3. County officials should further review various departmental operations and functions, and compare the level of cost and services provided to similar counties, to ensure they are operating at the lowest possible cost to taxpayers.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.



CORTLAND COUNTY

60 Central Avenue
Cortland NY 13045

Michael R. Park
Chairman of the Legislature

Jeremy Boylan
Clerk of the Legislature

August 16, 2013

Office of the State Comptroller
State Office Building, Room 1702
44 Hawley Street
Binghamton, New York 13901-4417

To Whom It May Concern:

Cortland County Government appreciates the opportunity to respond to your draft Report of Examination for Departmental Operations, January 1, 2011 – December 31, 2012. Your report asserts County officials are not ensuring that various departmental operations and functions are operating at the lowest possible cost to the taxpayers.

The Comptroller's stated objective (page 4 of draft examination) was to examine the County's departmental financial operations. The audit addressed the related question: "Are County officials ensuring that various departmental operations and functions are operating at the lowest possible cost to taxpayers?" The draft report focused on the Sheriff's office and Probation Department.

County staff agrees "While overtime pay can be an expected cost of doing business, it is a cost that must be carefully monitored and controlled. Overtime should be incurred only when unplanned or unforeseen circumstances arise" (page 6). On the other hand, staff feels the Report is overly simplistic as it does not understand or consider the full complexity of overtime in a 24-hour, 365-day operation. The assumption (footnote 4, page 6) that new officers would be used to replace overtime hours exclusively is unrealistic and inefficient from both a personnel and financial perspective.

See
Note 1
Page 11

The County Legislature and staff will discuss imposing and collecting fees for probation supervision, drug screening, and electronic monitoring during the 2014 budget deliberations and continue to review various departmental operations and functions on a regular basis.

Table 1 (page 8) comparing the cost of services provided to similar counties is also a very rudimentary evaluation tool that is overly simplistic. Cost comparisons do not take into account the level of government services necessary to meet the unique needs and circumstances of each county. One critical factor not considered is the number of non-government providers and level of service they provide which varies widely from county to county and directly impacts taxpayer cost of services.

See
Note 2
Page 11

Thank you for your examination of our departmental operations and functions and the opportunity to comment on the draft Report. We appreciate your assistance in ensuring we are operating at the lowest possible cost to our taxpayers.

Sincerely,

Michael Park, Chairman
Cortland County Legislature

APPENDIX B

OSC COMMENTS ON LOCAL OFFICIAL'S RESPONSE

Note 1

The full complexity of overtime in a 24-hour, 365-day operation does not invalidate our analysis of the potential savings to the Department. With careful tracking and analysis of the reasons overtime is incurred, County officials would have the information needed to realize at least a significant portion of the projected savings.

Note 2

We addressed this concern in the body of the report. See paragraph following Table 1.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

We analyzed departmental revenues and expenditures and identified the functions that represented the highest cost to the taxpayer and had the most material opportunities for cost savings and improvement. We determined the areas that had the most opportunity for cost savings were the Sheriff's office overtime costs, and the Probation Department's fees. We interviewed County officials and reviewed minutes, policies, and employment contracts to gain an understanding of the internal controls over departmental operations. We then performed the following procedures:

Sheriff's Office

- We inquired of the Sheriff and his staff the reasons the department incurs overtime and documented how they track and report overtime hours.
- We obtained 2012 payroll overtime reports for the number of overtime hours and costs incurred, identified the top five overtime earners, and determined if they had any authority to approve or authorize overtime.
- We analyzed overtime costs for 2008 through 2012 and compared them with total payroll costs to identify any trends.
- We analyzed County crime statistics over the last five years to identify any trends.
- We examined a NYS Department of Corrections study and inquired of the Sheriff's staff to determine the number of unfilled positions during our scope period. We inquired of County officials and the Sheriff's staff to determine why the positions were not being filled.
- We calculated the cost of a new patrol and corrections officer by projecting salary based on labor contracts and a trend history, projecting retirement costs based on the highest percentage in our trend, and projecting insurance costs and clothing allowances based on labor contracts and historical trends.
- We calculated the maximum total overtime and compensatory time hours that could be eliminated if the County filled five jail and three road patrol positions.

Probation Department

- We interviewed the Director and Department employees and reviewed Department policies and various financial records and reports related to the Department's financial operations to gain an understanding of the internal controls over financial operations.
- We interviewed the Director to determine what fees the Department was and was not collecting and the reasons why.

- We reviewed surcharges collected for one month during our audit period to verify they were accurately calculated and remitted on a timely basis.
- We inquired of seven counties in the Binghamton region to determine what fees, if any, they were charging for probation supervision, drug testing, and electronic monitoring. We then determined, based on the range of possible fees, the revenue that could have been collected during the five-year period from 2008 - 2012.

Performance Measures

- We categorized the individual revenue and expenditure account codes into specific operational departments/programs as reported to the OSC by all counties in New York State (excluding the five New York City counties) for the 2011 fiscal year. We then compared the County's expenditures and revenues, per capita (or other representative comparison basis such as number of lane miles, number of probationers, and population over the age of 62 obtained from the U.S. Census Bureau), to those of the other counties.
- Using information available in the other counties' departmental annual reports and on their websites, we documented any background information that would be helpful in analyzing the comparisons.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX D

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