



# Allegany County County Jail Payroll and Inmate Prescription Medications

## Report of Examination

Period Covered:

January 1, 2012 — June 5, 2013

2013M-218



Thomas P. DiNapoli

# Table of Contents

|   | <b>Page</b> |
|---|-------------|
| <b>AUTHORITY LETTER</b>   | 2           |
| <b>EXECUTIVE SUMMARY</b>  | 3           |
| <b>INTRODUCTION</b>   | 5           |
| Background  | 5           |
| Objective   | 6           |
| Scope and Methodology   | 6           |
| Comments of County Officials and Corrective Action              | 6           |
| <b>COUNTY JAIL PAYROLL</b>                                      | 7           |
| Jail Overtime   | 8           |
| Administrative Overtime   | 10          |
| Payroll Timekeeping   | 13          |
| Recommendations   | 16          |
| <b>INMATE PRESCRIPTION MEDICATIONS</b>                          | 18          |
| Recommendations   | 19          |
| <b>APPENDIX A</b> Response From County Officials                | 20          |
| <b>APPENDIX B</b> OSC Comments on the County’s Response         | 27          |
| <b>APPENDIX C</b> Audit Methodology and Standards               | 28          |
| <b>APPENDIX D</b> How to Obtain Additional Copies of the Report | 30          |
| <b>APPENDIX E</b> Local Regional Office Listing                 | 31          |

# State of New York Office of the State Comptroller

---

## **Division of Local Government and School Accountability**

January 2014

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 County Legislature 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 Allegany County, entitled County Jail Payroll and Inmate Prescription Medications. 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*



## State of New York Office of the State Comptroller

---

### EXECUTIVE SUMMARY

Allegany County (County) is located in the Southern Tier of western New York and has a population of approximately 50,000 residents. The County encompasses 29 towns and 10 villages and covers an area of 1,031 square miles. The County is governed by a 15-member Legislature. The County's budgeted appropriations for 2013 are \$111 million, which includes general fund appropriations of \$86.8 million.

The County Treasurer (Treasurer) is responsible for overseeing the County's finances, including the payroll function. The Treasurer's Office works with the Human Resources and Civil Service Department to ensure accurate payroll processing, maintenance of leave accruals, and certification of employees' salaries.

The County Sheriff's Office provides correctional services at its 164-bed jail located in the Town of Amity. The jail operation is overseen by an elected Sheriff and has approximately 85 full-time employees. Additionally, the jail houses Federal detainees and inmates for other counties. For the fiscal year ending December 31, 2012, the Sheriff's Office operating expenditures totaled \$8.6 million.<sup>1</sup>

#### **Scope and Objective**

The objective of our audit was to evaluate the efficiency of the County's jail operations and to identify cost-savings opportunities for the period January 1, 2012 through June 5, 2013. Our audit addressed the following related questions:

- Are County officials properly monitoring payroll and overtime for jail employees to ensure that the County is not incurring unnecessary costs?
- Are County officials properly monitoring the purchase of inmate pharmaceuticals to ensure they are paying a competitive price?

#### **Audit Results**

The County paid approximately \$4.4 million in wages for correctional staff during the 2012 calendar year. Approximately \$977,000, or 22 percent, was for overtime. We noted that overtime costs were primarily attributed to insufficient staffing, particularly an insufficient number of part-time officers. Had the Sheriff's Office had sufficient full-time and part-time staff, more than \$87,000 in overtime

---

<sup>1</sup> Total operating costs include \$1.6 million in debt service costs, \$4.4 million in wages to correctional staff, \$1.2 million in wages to administrative and support staff and \$1.4 million in building operating and maintenance costs.

costs could have been avoided. Additionally, we identified instances where control weaknesses allowed two administrative employees to receive over \$56,000 in overtime pay without pre-approval and proper supporting documentation.

We also found numerous weaknesses in controls over payroll processing and the maintenance of time and attendance records within the Sheriff's Office. We identified eight instances, totaling approximately \$1,500, where seven officers were paid or compensated for time they did not work. Additionally, we identified two instances, totaling approximately \$500, where two officers were compensated at overtime rates of pay to which they may not have been entitled. These errors and overpayments occurred because the Sheriff and his administrative staff did not provide sufficient oversight to mitigate the risk of erroneous or inappropriate transactions.

During 2012, the County purchased over 2,100 prescription medications for inmates from a local pharmacy. These purchases totaled over \$198,000 and were procured without the benefit of competition or obtaining price quotes. We reviewed 983 of the medications purchased, totaling approximately \$83,000, and found that the County could have purchased the same medications on State bid and realized savings of more than \$32,000 (almost 40 percent).

### **Comments of County Officials**

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. Except as noted in Appendix A, County officials generally agreed with our recommendations and indicated that they have taken, or plan to initiate, corrective action. Appendix B includes our comments on the issues raised in the County's response letter.

# Introduction

## Background

Allegany County (County) is located in the Southern Tier of western New York and has a population of approximately 50,000 residents. The County encompasses 29 towns and 10 villages and covers 1,031 square miles. The County is governed by a 15-member Legislature. While the Chairman of the Legislature is the County's Chief Executive Officer, the Legislature appoints a Chief Administrative Officer who acts as the supervisor of County administrative functions. An elected County Treasurer serves as the Chief Financial Officer. The County's budgeted appropriations for 2013 are \$111 million, which includes general fund appropriations of \$86.8 million.

The County Treasurer (Treasurer) is responsible for overseeing the County's finances, including the payroll function. The Treasurer's Office works with the Human Resources and Civil Service Department to ensure accurate payroll processing, maintenance of leave accruals and certification of employees' salaries. The Sheriff's accountant and secretary are responsible for processing bi-weekly payrolls for the County jail and submitting the data to the Treasurer's Office for further processing and payment.

The Sheriff's Office provides correctional services at its 164-bed jail located in the Town of Amity. Jail operations are overseen by an elected Sheriff and have approximately 85 full-time employees. The Sheriff's Office is responsible for the care and custody of inmates confined by the courts, the NYS Division of Parole, the U.S. Marshals, the U.S. Department of Homeland Security, and the U.S. Immigration and Customs Enforcement Office (ICE), as well as un-arraigned prisoners and those awaiting trial. Besides housing inmates, the jail provides prisoner transportation, prisoner services, supervised visitation, food services and medical services. For the fiscal year ending December 31, 2012, the Sheriff's Office operating expenditures totaled \$8.6 million.<sup>2</sup> The average daily population of the jail during 2012 was 139 inmates of which 71 were local prisoners.

Approximately 75 full-time corrections officers, deputies, and sergeants are affiliated with the County jail operation, responsible for supervising and caring for the inmates. The Sheriff also employs approximately 25 part-time corrections officers to provide additional staffing and coverage when necessary. A full-time nurse practitioner is responsible for providing medical care and prescribing

---

<sup>2</sup> Total operating costs include \$1.6 million in debt service costs, \$4.4 million in wages to correctional staff, \$1.2 million in wages to administrative and support staff and \$1.4 million in building operating and maintenance costs.

all medications, including prescription and over-the-counter drugs. During the 2012 calendar year, the County paid approximately \$4.4 million in wages to correctional staff and an additional \$1.2 million to administrative and support staff.

## **Objective**

The objective of our audit was to evaluate the efficiency of the County's jail operations and to identify cost-savings opportunities. Our audit addressed the following related questions:

- Are County officials properly monitoring payroll and overtime for jail employees to ensure that the County is not incurring unnecessary costs?
- Are County officials properly monitoring the purchase of inmate pharmaceuticals to ensure they are paying a competitive price?

## **Scope and Methodology**

During this audit we examined personal service costs incurred by the Sheriff's Office for the County jail during the period January 1, 2012 through June 5, 2013. Additionally, we examined the County's purchases of inmate prescription medications for 2012.

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 are included in Appendix C of this report.

## **Comments of County 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. Except as noted in Appendix A, County officials generally agreed with our recommendations and indicated that they have taken, or plan to initiate, corrective action. Appendix B includes our comments on the issues raised in the County's response letter.

The Sheriff and Legislature have 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 Sheriff and Legislature to make this plan available for public review in the Clerk of the Legislature's office.

## County Jail Payroll

Salaries, wages, overtime and employee benefit costs comprise the most significant portion of the Sheriff's Office budget. A payroll system with adequate internal controls includes mechanisms for tracking employees' work schedules, accurately recording time worked, advance approval of overtime and leave accruals to be charged, and the retention of key payroll documents used to support each employee's biweekly time-card. An effective payroll process includes policies, procedures and practices that provide for the proper management of overtime and guidance to employees for preparing and approving time records.

The County paid approximately \$4.4 million in wages for correctional staff during the 2012 calendar year. Approximately \$977,000, or 22 percent, was for overtime. During 2012, the average base pay of the 20 highest overtime earners was \$42,200 while overtime earnings for these 20 employees averaged \$23,600 or 56 percent of their base salary. As a result of earning more than \$53,000 in overtime compensation, the highest paid officer more than doubled his annual salary of \$46,000 in 2012.

We analyzed more than \$476,000 in overtime earnings for 2012 that was paid to 21 employees including corrections officers, deputies and sergeants at the County jail. We determined that overtime costs were primarily attributed to insufficient staffing. The hiring of a combination of new full-time correctional officers and part-time officers could present the County with significant cost reductions when compared to paying overtime to full-time employees. Additionally, we found that the overtime earnings of more than \$56,000 paid to two administrative staff members were not supported by records to demonstrate that the overtime was necessary and approved prior to it occurring.

We also found numerous weaknesses in controls over payroll processing and the maintenance of time and attendance records within the Sheriff's Office. The Sheriff and his administrative staff did not provide sufficient oversight to mitigate the risk of erroneous or inappropriate transactions. The Sheriff's accountant and secretary prepared and processed the Office's payroll without management review or verification of their work. Further, the Legislature has not established a countywide time and attendance policy. As a result, the Sheriff's Office failed to maintain adequate time records, since they did not always reflect the actual time worked. We found eight instances where seven officers were compensated for time they did

not work, for a total of approximately \$1,500. Additionally, we identified two instances, totaling approximately \$500, where two officers were compensated at overtime pay when they may not have been entitled to such compensation because they failed to work their regularly scheduled shift.

## **Jail Overtime**

The current collective bargaining agreement (CBA) with the Sheriff's Association requires the County to compensate all officers at a rate of one and one-half times their hourly rate of pay for all hours worked in excess of scheduled hours. Additionally, the New York State Commission of Corrections (COC) establishes the minimum staffing requirements that must be maintained at all times for each County jail. As such, overtime can be paid to maintain minimum shift coverage as required by the COC (mandatory) or for non-mandatory or discretionary work, such as road patrol, when authorized by the Sheriff.

Consequently, overtime pay is an expected cost of doing business for operating a jail, but it is a cost that must be carefully monitored and controlled. A critical control over costs is the periodic review of overtime worked and an analysis of staffing needs, work priorities, and scheduling. This helps ensure that the County incurs only necessary overtime costs.

Although the Sheriff and his administrative staff consistently monitor and review overtime costs, the Legislature is not provided with detailed reporting regarding overtime expenditures and the factors contributing to increases. As a result, the Legislature is unable to properly monitor overtime costs incurred by the Sheriff's Office. Legislative monitoring was limited to receiving verbal updates, providing input during the budget process, or requesting explanations for needed budget transfers. One Legislator indicated to us that managing overtime is difficult due to collective bargaining agreement provisions and coverage issues.

We analyzed more than \$476,000 in overtime earnings paid to 21<sup>3</sup> correctional employees during 2012 to determine the underlying factors contributing to the significant amount of overtime incurred by the Sheriff's Office. We determined that much of the overtime costs were primarily attributed to insufficient staffing, particularly an insufficient number of part-time officers. The most significant factors are addressed in this report.

---

<sup>3</sup> Included 20 of the top overtime earners during 2012, and an officer who was part-time until May 2012. The part-time employee was included in the sample because his overtime earnings totaled more than 43 percent of his base salary.

Inmate Transports – Our analysis revealed that the single largest factor that resulted in overtime costs was inmate transport. The jail houses inmates from other counties, State parole violators, and Federal detainees.<sup>4</sup> In addition to having to transport them to court appearances and other prisons, the jail must occasionally transport inmates to medical care facilities. Of the \$475,500 in overtime earnings analyzed, the amount related to providing transportation services represented approximately 24 percent of total overtime costs or approximately \$115,000.

Although officers are needed to transport inmates on a regular basis, prior to January 1, 2013, the department did not have sufficient full-time officers on staff to provide transportation without generating overtime. As such, whenever the need to provide transportation arose, the Office was required<sup>5</sup> to call upon full-time officers to work an overtime shift either to transport inmates or to provide coverage at the jail for the officer assigned to transport inmates.

Scheduling Shortages – The second largest overtime factor was coverage for non-assigned shifts and posts, which include coverage for inmate visitation, inmates under constant supervision, officers on leave, and vacant positions. The Sheriff's Office incurred overtime costs totaling more than \$77,500 or 16 percent of the total amount reviewed to provide coverage under these various circumstances. We found that the 2012 jail staffing schedule included unassigned shifts identified as vacant slots. Sheriff's Office officials explained that these unassigned shifts were built into the schedule during the normal schedule rotation, which occurred as officers' scheduled work days rotated under the normal 49 day rotation. However, the vacancies did not occur often enough to require an additional full-time officer. Officials also stated that vacant slots are sometimes due to vacancies in normal staffing due to a leave of absence, resignation, or retirement. Of the \$77,500 in overtime, more than \$32,000 could be directly attributed to these vacancies in normal staffing and scheduling.

We recognize that it would not be cost effective to maintain a staff of sufficient size to provide full coverage under all circumstances as this would result in excess staffing during normal circumstances. However, the County's jail should have sufficient staff to cover vacancies under normal circumstances instead of relying on overtime.

---

<sup>4</sup> The County is reimbursed by the Federal government for transporting its detainees. Although not part of our analysis, transport revenues totaled approximately \$143,000 in 2012 and help offset the costs associated with transporting inmates.

<sup>5</sup> The collective bargaining agreement requires the Sheriff's Office to call upon full-time officers when the need for additional coverage arises for staffing shortage or the need for increased manpower.

Paid Time-Off – Approximately 14 percent or \$65,200 of overtime reviewed was attributed to officers working extra shifts to cover officers on sick leave. The CBA requires the Sheriff to cover these shifts by calling upon full-time officers before calling in part-time officers. As such, little can be done by the Sheriff’s Office to control overtime associated with sick time.

We found that 11 percent or almost \$54,000 of the overtime reviewed was attributed to full-time officers covering the shifts of officers out on other types of paid leave including compensatory time, vacation, personal and bereavement leave. In accordance with the CBA, these shifts could be covered by part-time officers. According to officials, they attempt to cover these shifts with part-time staff but that is not always possible because an insufficient number of part-time staff is available. Officials stated that they have not hired certain candidates from the Civil Service list due to various concerns regarding the individuals’ ability to perform the job. However, the County could have saved approximately \$28,000 in overtime costs had part-time officers been available to cover these shifts.

Although we recognize that the County will incur additional expense, such as employee benefit costs, when hiring new full-time officers, these costs may be outweighed by the cost reduction associated with reducing and potentially eliminating overtime. The starting salary of a full-time officer is approximately \$38,000 and the County would spend an additional \$11,000 per year to provide family health insurance coverage or an additional \$4,000 per year to provide single health coverage for new full-time officers. For example,<sup>6</sup> if seven full-time officers were hired at a cost of \$343,000,<sup>7</sup> and 13,888 hours of overtime costing on average \$430,000<sup>8</sup> could be eliminated, then the County could save \$87,000. As such, we encourage officials to continue to monitor the jail’s staffing needs, with an eye towards reducing overtime by hiring additional staff.

## **Administrative Overtime**

An important control over administrative overtime expenditures is requiring written pre-approval based upon a review of appropriate documentation evidencing the need for overtime and having subsequent approval by the Sheriff of the employee’s timesheet for payment. These controls would help ensure that only necessary

---

<sup>6</sup> If our sample of overtime of \$476,000 (49 percent) is representative of total overtime of \$977,000, and overtime attributable of insufficient staff in our sample is \$247,000 and 8,080 hours, then total overtime hours of 16,500 could be attributable to insufficient staff.

<sup>7</sup> Using full-time officer salary of approximately \$38,000 and family health coverage of approximately \$11,000, annually for each officer

<sup>8</sup> Using the average overtime cost within our sample of \$30.98 per hour (\$475,508 divided by 15,349 hours) multiplied by hours provided by seven full-time officers (2,080 hours less 96 holiday hours multiplied by seven employees)

overtime costs are incurred. Keeping detailed logs of work performed also allow for analysis of additional staffing needs or revision of work priorities.

We reviewed overtime earnings totaling more than \$56,000 paid to two of the Sheriff's administrative staff members and found that the Sheriff's Office maintained no records to demonstrate that the overtime hours worked were necessary. There was also no prior approval for the overtime hours worked by these individuals.

Accountant – We reviewed the overtime paid to the accountant during 2012 and found that he had earned more than \$31,000 for working 745 overtime hours on 298 days, which is more than 62 percent of his base salary of \$49,773. Additionally, he does not complete timesheets or any other detailed record documenting the work performed, and does not receive prior approval for overtime. The accountant worked overtime almost every weekday and every Sunday during 2012. For working 50 Sundays, the accountant was paid double his regular hourly rate and earned over \$17,000.

According to the accountant, his overtime can be attributed to his workload because the Sheriff assigned him numerous non-routine duties and various administrative tasks.<sup>9</sup> The Sheriff stated that he did not approve the accountant's overtime prior to being worked but was provided a bi-weekly report of all overtime hours worked during the pay period. As such, the Sheriff was aware of the accountant's significant amount of overtime, and also attributed it to the accountant's workload, particularly with payroll processing.

Officials indicated that a significant amount of the accountant's overtime was the result of the payroll process<sup>10</sup> which requires the manual entry of all<sup>11</sup> payroll data into the County system. However, officials believe that administrative overtime hours could be significantly reduced if the Treasurer's Office would allow a data file generated by the Sheriff's Office time and attendance system into the County's payroll system. The Treasurer stated that since her office converted its computerized accounting system during the 2011 fiscal year, she has not had time to test the system's ability to receive such a data file. However, she would consider this alternative approach in the future when it could be tested to ensure it would work properly.

---

<sup>9</sup> In addition to accounting duties, the accountant stated that he provides assistance on technology-related issues and manages computerized databases including the Transport Log and Sex Offender Registry.

<sup>10</sup> The payroll is entered early Monday morning, before the pay period ends, and includes accrual charges or canceled shifts from the weekend.

<sup>11</sup> Each pay period, hours worked and leave charges for more than 100 employees working three shifts are entered.

Assistant Jail Administrator (AJA) – This individual is responsible for supervising and managing the “working inmate programs,” which include planting and harvesting the jail garden and raising pheasants for release into the wild. During the 2012 fiscal year, the AJA was paid over \$25,000 for working more than 1,200 hours of overtime. His overtime earnings were almost 60 percent of his base salary of \$43,422. However, like the accountant, the AJA does not complete time sheets and does not submit detailed records to the Sheriff to support the overtime work performed. The Sheriff stated that although he does not approve the AJA’s overtime prior to being worked, he reviews a detailed report documenting the hours worked during each bi-weekly pay period.

According to the Jail Administrator, a significant amount of the AJA’s overtime is generated from extra hours worked in caring for the garden and pheasants. However, the Sheriff stated that some of the AJA’s overtime has resulted from a disagreement over his job title. The Human Resources Director (HR Director) explained that the AJA was appointed to his current position in October 2009. Then, approximately three months later, he relinquished this title and assumed his previous job title of corrections officer for payroll and retirement reporting purposes. According to the HR Director, the County was advised by the New York State and Local Retirement System (NYSLRS) that as an administrator, the AJA would no longer be eligible to retire under the Retirement and Social Security Law (RSSL)<sup>12</sup> which allows certain Sheriff’s Office officials to retire after 25 years of service regardless of age.

Although the AJA relinquished his title, he has continued to act as the AJA and performs the administrative job duties related to that position. Nevertheless, the County has continued to report him as a corrections officer to NYSLRS, even though he does not work in the jail or perform the job duties of a corrections officer. Additionally, he has continued to accept the benefits afforded to officers by the CBA which allow him to earn compensatory time and to receive shift briefing and Sunday premium pay. The Sheriff also explained that although the AJA is needed during regular business hours, he works the same rotating schedule worked by corrections officers. As a result, the Sheriff must occasionally call the AJA into work on a scheduled day off to address regular business issues. We have reported this situation to NYSLRS’s Pension Integrity Unit.

Because the Sheriff failed to ensure that overtime earned by his administrative support staff was necessary, pre-approved, and documented to verify actual hours worked, there is an increased risk

---

<sup>12</sup> Retirement and Social Security Law provides a benefit equal to 50 percent of the final average salary.

the County is incurring excessive overtime and making unauthorized and inaccurate overtime payments to these individuals.

## **Payroll Timekeeping**

An important component of the payroll process is using an adequate timekeeping system to ensure that transactions are authorized, recorded and reported properly; employees are accurately paid for time worked and that work performed is monitored and reviewed routinely. The absence of adequate controls over timekeeping may leave a payroll system susceptible to error, abuse, or fraud.

A County-wide time and attendance policy would ensure all departments maintain consistent, accurate documentation of employees' actual work time. Also, such a policy should address the prompt submission of time records prior to payroll processing and require employees to certify that their time records accurately reflect actual hours and dates worked for regular time, overtime, and the use of leave. Supervisors should approve the time records of each employee they supervise to document that hours recorded were accurate. The Treasurer's Office should ensure that the time records support the paychecks issued, while the Human Resources Department should ensure that time records support employee leave accruals.

The Legislature has not established a County-wide time and attendance policy and has not required that departments promptly submit biweekly time records to both the Treasurer's Office (for payroll processing) and Human Resources (for maintaining attendance records) prior to payrolls being processed.

Time Records – The Sheriff's Office uses an electronic time and attendance system to record hours worked, use of leave time, work schedules and overtime authorization.<sup>13</sup> Employees access the system using a unique user name and password and are responsible for entering time worked and leave requests into the system. All deputies and officers are assigned schedules which have been pre-loaded into the time and attendance system. Overtime hours are assigned by the system's automated call-in protocols<sup>14</sup> or by a supervising officer. As such, employees are only required to enter leave charges, shifts not worked as scheduled, and to choose how overtime hours will be

---

<sup>13</sup> The system logs approval of overtime and the use of leave through an electronic signature stamp.

<sup>14</sup> Overtime positions are automatically assigned based on rules established by the collective bargaining agreement. When activated by a supervising officer, employees are notified via an automated calling system based on entitlement order to fill a vacant shift due to an absence or unplanned need for additional coverage.

compensated – with compensatory time or overtime pay.<sup>15</sup> However, employees are not required to verify or certify to the accuracy of the information prior to payroll being processed. Further, the employees' timesheets are not reviewed or approved by an immediate supervisor. Moreover, the accountant has full administrative access to the time and attendance system and, therefore, has the ability to alter time records.

Because the Sheriff's Office's electronic time and attendance system is not integrated with the County's payroll system, the accountant and part-time secretary manually enter all hours worked, overtime and compensatory time earned, and charges to leave accruals into the County's computerized payroll system for each bi-weekly payroll. However, the Sheriff's Office does not submit time records for each employee to Human Resources or to the Payroll Department and no one reconciles the Sheriff's time-and-attendance records to the Treasurer's payroll records or the Human Resources leave records. The lack of proper time records, supervisory approval, and verification of reported hours worked increases the risk that employees could be erroneously or inappropriately paid.

Due to these internal control deficiencies, we tested the time records, leave records and corresponding compensation paid, totaling more than \$1.4 million, to the 21 highest overtime grossing corrections employees for 2012. Although our review of leave records revealed no significant exceptions, we found eight instances, totaling approximately \$1,500, where seven officers were compensated for time they did not work. When we brought these overpayments to the attention of Sheriff's Office personnel, they confirmed that the payments were made in error.

As an example of the overpayments identified during testing, we found that an officer's time records for August 22, 2012 indicated that he had worked nine hours of overtime, but was paid for a total of 17 hours of overtime resulting in an overpayment of \$252. According to the accountant, there is no application control within the system to prevent an employee from allocating the same overtime hours more than once. On this date, the officer was able to allocate his overtime twice and as a result was paid for the same eight hours twice. In a separate instance, we identified an overpayment of \$217 that occurred in July of 2012, when another officer allocated his overtime hours twice and was compensated for 16 hours of overtime after working only eight hours of overtime.

---

<sup>15</sup> In accordance with the terms of the Sheriff's Association CBA, employees may elect to receive compensatory time in lieu of overtime pay. Employees earn compensatory time at the rate of time and one-half for all overtime and holidays worked. The employee may request payment for compensatory time at any time, but all unused time at calendar year-end is paid out at the rate earned.

Additionally, we identified two instances, totaling approximately \$500, where two officers were compensated at overtime rates when they may not have been entitled to overtime compensation. In both instances, the officers failed to work their regularly scheduled shift, charged leave, and then worked an overtime shift on the same day.<sup>16</sup> For example, on July 23, 2012 time records indicated that an officer was taking compensatory time off rather than working his scheduled shift. However, not only was he appropriately compensated \$156 for the eight hours of compensatory time but he was also paid \$234 for working an overtime shift later that same day. Similarly, on March 19, 2012, a different officer called in sick for his regular shift and was appropriately compensated \$171 in sick pay. The officer worked an unscheduled shift later that same day and was paid \$256 of overtime pay. We question whether these officers were entitled to overtime compensation because they had not worked their regularly scheduled shifts.

Because no one reconciles the Sheriff's Office time and attendance with the County payroll records, there is an increased risk that payroll transactions and employee leave records could be incorrect, potentially resulting in erroneous payroll payments and unnecessary costs to the County.

Shift Swapping – As provided for in the CBA, officers may swap a shift with another officer without charging accrued leave time. However, swaps cannot result in overtime, compensatory time off, or the need to replace another employee or position. Ideally, the swapping of shifts should result in the officer who worked another officer's shift being repaid by the same officer working for the first officer within a reasonable period of time. Although the CBA requires the completion of a shift request form, approved by both employees' supervisors, the Sheriff's Office does not use these forms and maintains no other documentation to monitor the shift swaps. The shift swaps are recorded in the time and attendance system, but not reported in the County payroll system. Generally, the employee originally scheduled to work the shift is reported as working and paid for the shift. Therefore, the individual actually working the shift is not acknowledged in the payroll system as having been present. The reverse would occur when the shift is paid back between the two individuals. So, without the required form having been prepared, there is no documentation in the payroll system of the occurrence.

---

<sup>16</sup> Although the collective bargaining agreement prohibits an officer from accepting an overtime shift after calling in sick within the same 24 hour period, the agreement is silent regarding the charging of other forms of leave and working extra shifts at overtime rates within the same 24 hour period.

We compared daily shift logs, which is the only record documenting the officers that were actually on duty in the jail, to the payroll records of the 21 officers in our sample. Eleven of these individuals swapped a total of 47 shifts. We reviewed the swaps to ensure officers who traded shifts with one another were compensated properly and those officers who did not work their scheduled shifts were working another shift to even the trade. We found that of the 47 swaps reviewed, 11 had not yet been paid back. As a result the officers who did not work were paid for hours they did not earn.

Additionally, we identified two instances where shift exchanges improperly resulted in overtime to the officers initiating the exchanges. For example, on March 30, 2012, an officer swapped his regular shift with another officer so he could work an overtime shift as a Court security officer for an officer on vacation. Although the court security officer's absence could have been covered by a part-time officer without incurring overtime pay, the officer initiating the exchange received \$251 in overtime pay in addition to being paid \$167 for the shift he did not work.

Because the Sheriff failed to ensure required shift swap approval forms were used to monitor such activity, unnecessary overtime costs are being incurred and officers are being compensated for time they did not work.

## **Recommendations**

1. The Sheriff's Office should continue to monitor staffing levels and establish an optimal staff size by analyzing staff needs over all functions and determining how best to assign new hires to achieve the greatest reduction in overtime costs.
2. The Sheriff's Office should consider hiring additional correction officers on a part-time basis to maintain an adequate pool of available officers for flexibility in covering shifts.
3. The Legislature should be provided with sufficiently detailed reports to allow for a thorough review of staffing levels and overtime costs within the Sheriff's Office.
4. The Legislature should develop a time and attendance policy to ensure that all County departments submit time sheet and accrual information in a timely manner to both Human Resources and the Treasurer's Office before payroll is processed, and that time records for payroll and time sheets for employee accruals are reconciled.
5. The Sheriff should require administrative staff members to complete time sheets and detailed logs documenting work

performed and hours worked. The Sheriff should review and approve overtime requests in advance of the work. Where possible, the Sheriff should consider redistributing the work load of administrative employees.

6. The Sheriff should require correction officers to complete shift swap request forms and have these forms approved by both employees' supervisors prior to allowing shift swaps to occur. This documentation should be retained and routinely reviewed by the Sheriff to ensure all shifts are paid back in a timely fashion and do not contribute to overtime costs.
7. The Sheriff should ensure all employees complete time sheets, indicating actual hours worked and requiring that employees and their supervisors certify the time records and charges made to leave accruals.

## Inmate Prescription Medications

The Legislature and Sheriff are responsible for ensuring that pharmaceutical services and supplies are procured at the best value (optimal quality, cost and efficiency). Therefore, it is important that County officials periodically solicit competition, enter into written contracts for the services, and monitor the services provided. Although General Municipal Law does not require competitive bidding for the procurement of professional services, soliciting competition helps ensure that quality services are obtained at a reasonable cost and avoids the appearance of favoritism or impropriety. County officials may seek price competition by requesting proposals or obtaining written or verbal quotes from several pharmaceutical vendors.

The County has not solicited competition for pharmaceutical services and prescription medications. County officials stated that they have used the same local pharmacy to purchase inmate medications for more than 20 years. While the Legislature adopted a procurement policy requiring that competitive prices be sought for most purchases, the policy specifically exempts the procurement of professional services, such as pharmacy services, from its price competition requirements and does not provide procedural guidance for officials to procure such services in the best interest of taxpayers. As such, the County could not demonstrate that the lowest cost was obtained and may have incurred unnecessary costs.

According to the Jail Administrator, the local pharmacy and County officials determined the current pricing for medications about two to three years ago using a price list from a large national vendor. The pharmacist verbally agreed to charge a rate lower than the national price list. However, County officials did not retain documentation to indicate how the prices were determined and do not verify that the prices being charged are in keeping with the verbal agreement. Written agreements help to protect the County's interests by clearly defining the services to be provided, the cost of those services, and the terms for payment. County officials can also reference written agreements to ensure the services provided and claims for payment are in compliance with agreed upon terms and conditions.

During 2012, the County purchased over 2,100 prescription medications for inmates, totaling more than \$198,000, from a local pharmacy. We identified 40 of the most frequently purchased medications and compared the prices paid by the County to State contract pricing.<sup>17</sup> We reviewed 983 purchases of medications by

<sup>17</sup> Obtained from the current State contract vendor for prescription medications.

the County totaling approximately \$83,000 and found that the County could have purchased the same medications on State bid for approximately \$50,000 and realized savings of more than \$32,000 (almost 40 percent).

## **Recommendations**

8. The Legislature should revise its procurement policy by prescribing the procedures and documentation requirements for obtaining competitive pricing for professional services. Such procedures could include the use of a request for proposals process, where appropriate.
9. The Sheriff's Office should routinely solicit proposals for pharmaceutical services and prescriptions, and compare to State awarded contract prices, to help ensure the prudent and economical use of public moneys.
10. If the Sheriff's Office determines that the most cost efficient option is to continue using the local pharmacy, a written agreement should be negotiated to clearly define the services to be provided and establish the terms and conditions for payment.
11. County officials should verify that amounts billed are in compliance with contract provisions prior to approving them for payment.

## **APPENDIX A**

### **RESPONSE FROM COUNTY OFFICIALS**

The County officials' response to this audit can be found on the following pages.

# ALLEGANY COUNTY BOARD OF LEGISLATORS

COUNTY OFFICE BUILDING \* 7 COURT STREET  
BELMONT, NEW YORK 14813-1083  
TELEPHONE 585-268-9222 \* FAX 585-268-9446

*Curtis W. Crandall*  
Chairman

*Brenda Rigby Riehle*  
Clerk of the Board

November 25, 2013

Mr. Robert E. Meller, Chief Examiner  
Office of the State Comptroller  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510

Dear Mr. Meller,

Allegany County appreciates the opportunity to respond to your draft Report of Examination of the County Jail Payroll and Inmate Prescription Medications for the period January 1, 2012, to June 5, 2013. The audit report is a valuable tool in helping us improve our operations. We continually strive to provide all County services, including mandated jail and correctional services, in an efficient and cost effective manner. With that in mind, we would like to address some areas of the report where we agree and disagree with the conclusions.

The statement on page "11" that the Accountant "does not complete timesheets" and the statement on page "12" that the Assistant Jail Administrator "does not complete time sheets" are incorrect. The Accountant and the Assistant Jail Administrator both complete and sign time sheets for each payroll period. These time sheets are filed along with the time sheets of all other employees of the Sheriff's Office. The statement in the first paragraph on page "15" that the Department "maintains no other documentation to monitor the shift swaps" is incorrect in that every requirement of the current CBA regarding the shift request form is covered and maintained in the [REDACTED]

See  
Note 1  
Page 27

See  
Note 2  
Page 27

The statement on page "15" that "the Court Security Officer's absence could have been covered by a part-time Officer without incurring overtime pay" is misleading. Although it is true that a part-time Officer could have filled the shift, this statement fails to note that efforts were made to fill the shift with a part-timer, and only after no part-timer would take the shift was it filled by full-time overtime. Therefore, as written, we believe it creates a false impression that no effort was made to utilize a part-time Officer.

See  
Note 3  
Page 27

In addressing the various matters concerning the Jail payroll, staffing concerns noted in the audit must be understood in light of numerous challenges faced by the Sheriff's Office. In 2006, Allegany County opened a new Public Safety Facility containing a 164-bed state-of-the-art Jail. Construction of the new Jail became necessary in order to meet current requirements of the New York State Commission of Corrections (COC). The new Jail was designed with extra capacity so as provide an opportunity for generating additional revenue by housing in out- of-county and federal inmates. The objective was to use the additional revenue to help offset a portion of the debt service on the new Public Safety Facility.

The new Jail began accepting federal inmates in 2007. In 2005, the last year in the old Jail, the average daily Jail population was 55 inmates. In 2012, the average daily Jail population was 139. A jail must be staffed 24 hours a day, 7 days a week, 365 days a year, and staffing levels must meet the minimum requirements of the COC. Required staffing levels fluctuate based upon the number of inmates being housed as well as the composition of a particular jail population. Additional staffing is required to handle

transports to and from court, to other correctional facilities, and to medical facilities. Furthermore, since 2011, the Sheriff's Office has been required to add several more Deputies at the County Courthouse facility due to state mandates governing security and expansion of those facilities. The construction of a new Public Safety Facility and new Court facilities in this small, rural, economically depressed county all took place within a five year period encompassing one of the severest economic recessions in this country's history.

Addressing these two major projects as efficiently as possible, together with dealing with onerous mandates such as Medicaid, has stretched the County's limited resources and greatly limits the County's ability to respond with long-term solutions. A heavy tax burden has the effect of limiting political options and imposition of the 2 percent tax cap only further restricts those options. While we see the audit as a valuable tool in focusing the County's attention on areas where savings might be recognized, from the standpoint of political reality, what should be done and what can be done is very challenging. Increasing the number of public employees as an investment in efficient governmental administration requires the consent of the governed and that consent is not easily granted in a political climate where private sector jobs are scarce and taxes are high.

Having briefly outlined a few of the major challenges faced by Allegany County, we would like to comment on areas of the audit that are not necessarily in error, but which we feel need either clarification or expansion. On page "9" of the audit under "Inmate Transports," as many of those transports are reimbursed by the federal government, we believe reference to the sum of \$143,000 in outside reimbursement should be included in the body of that section and not simply referenced at footnote No. 4. By incorporating that figure in the body as opposed to a footnote, the reader can more easily assess the actual cost for inmate transport.

Although the County agrees with the statement in the second sentence of the second paragraph on page "10" that it "should have sufficient staff to cover mandated posts under normal circumstances," the rest of that sentence implies that the County relies on overtime to handle staffing under normal circumstances. The County disputes the second part of that statement and would contend that overtime is caused by circumstances beyond its control such as an unforeseen fluctuation in the inmate population, unscheduled transports, and unforeseen employee absences as the result of various types of leave provided for in the Collective Bargaining Agreement.

The County agrees with the underlying premise of the fourth paragraph on page "10" that it is advantageous to utilize part-time staff in an effort to reduce overtime expenditures. In fact, as recently as May 29, 2012, (Board resolution 72-12) the County increased the rate of pay for part-time Corrections Officers in an effort to attract more candidates for these positions. However, we believe the statement that the County has been "unwilling to hire certain candidates from the civil service list due to various concerns." should be clarified and expanded. We are a small county with a limited population and the Sheriff's Office is a law enforcement agency. Because of the nature of the Sheriff's Office, employees must go through extensive background investigation and training and those that do not pass cannot be hired. Providing around the clock housing and supervision to a diverse inmate population subjects the County to potential liability well in excess of the County's other governmental operations. It is critical to the safe and efficient operation of the Jail that individuals hired to serve as Corrections Officers possess both a mental aptitude and moral character that will allow them to handle the unique stresses inherent in this job. Therefore, despite appearing on a civil service list, an individual may not exhibit the necessary attributes for the job. Furthermore, even when a qualified part-timer is hired, because most of them have full-time jobs elsewhere, their availability and desire to take a particular shift is not guaranteed. Finally, there is a substantial cost to the County involved in providing the minimum training necessary for a

Corrections Officer to serve. Therefore, although in theory more part-timers could reduce overtime hours, in practice it has proven expensive and extremely difficult to hire enough qualified part-timers to make a significant dent in overtime hours. Notwithstanding those concerns and difficulties, the County will continue to pursue expanding its list of available part-timers in an effort to reduce overtime.

In the first complete sentence at the top of page “11” the draft report recommends hiring additional staff to reduce overtime. In 2013, it should be pointed out that two additional full-timers were hired for the Monday thru Friday “B line.” An additional two full-timers for the same Monday thru Friday “B line” was proposed for 2014, but due to budget concerns those positions were not approved. As stated earlier, adding full-time employees is a difficult “sell” in the current economic and political climate. If projected manpower needs could be established with relative certainty, the economic argument for adding personnel would be easier. However, there are numerous variables beyond the control of the Sheriff’s Office that dictate manpower needs at any point. For example, although not addressed in the audit, as the audit was focused on the Jail Facility, when a position at court security or building security needs to be filled because of a vacancy, that officer is pulled from the Jail. This creates a vacancy at the Jail that must be filled which in turn shows as overtime at the Jail. Although the audit provides valuable data for assessing the actual amount of overtime incurred at a particular time, for a skeptical public and legislature, such data does not rise to the level of “relative certainty” in establishing future manpower needs. Therefore, concerns about potential loss of outside revenue, fringe benefits and “legacy” costs for full-time employees hired at the Jail, when viewed in light of competing demands for limited funds, make the argument for adding full-time employees extremely difficult.

At page “12”, we would like it noted that the Assistant Jail Administrator is a COC mandated position and in addition to the job responsibilities noted in the draft report, the AJA is also responsible for key and lock control, fire safety compliance, OSHA compliance, environmental health and safety compliance, purchasing, security system upgrades and card maintenance. The issues surrounding the AJA’s job title have been corrected. In 2013, the AJA was promoted to Lieutenant, works a Monday thru Friday schedule, and is now out of the union.

The recommendations starting on page “12” regarding payroll timekeeping will be looked into with the goal of establishing a uniform timekeeping process that addresses the concerns noted in the report. It should be noted that most County Departments already submit certified time records on a bi-weekly basis that are reviewed and approved by supervisors. The Treasurer’s Office and Sheriff’s Office will work together to integrate the Sheriff’s electronic time-and-attendance system into the system used by the Treasurer. The Treasurer has been focused on getting the main components of the Treasurer’s recently acquired software system up and running and hadn’t yet gotten around to working on integrating the Sheriff’s system with the Treasurer’s. Furthermore, a convenient mechanism for getting copies of these records to Human Resources will be explored.

On page “13”, paragraph one, the report states that “Supervisors should approve the time records of each employee they supervise to document that hours recorded were accurate.” Because employees can end up working many different shifts with many different supervisors in a pay period, there is the potential that as many as nine separate supervisors would need to sign an employee’s time record in addition to the employee. Logistically, this becomes extremely difficult in that a shift supervisor may not be readily available to sign a time record. Because the Jail operates around the clock seven days a week, a supervisor may be on a different shift or just not working a particular day. Furthermore, even if working at the same time, it may be very difficult for an employee to meet up with a shift supervisor within the Jail due to security measures that prevent easy movement through the Jail. The current process prevents an employee from working an overtime shift unless the work is pre-approved by a supervisor. Given the problems

noted, the Sheriff's Office believes the current process works better than the proposal to have all shift supervisors sign a timesheet.

With regard to the discussion on page 13 addressing "Time Records," we believe the current procedure ensures appropriate documentation and verification of employee "time records." Timesheets are required for all employees. Using the [REDACTED] employees are required to record leave requests and to indicate how their overtime earned should be compensated. The [REDACTED] maintains an audit trail of each transaction recorded within the system and identifies the individual recording the transaction. Employees produce and sign timesheets generated from the [REDACTED] that are collected for payroll input on a schedule identified by the Treasurer's Office. If an employee fails to produce a signed timesheet when required for payroll input, a timesheet can be produced from the [REDACTED] where the employee has recorded information from the specified payroll period. Although this timesheet may not record a physical signature, if questioned, the records used to produce this timesheet can all be verified as being generated by the employee.

The statement that "the Accountant has full administrative access to the time-and attendance system..." is correct, but it should be pointed out that the software automatically produces an audit trail so that one can see who made any change and when the change was made. Also, even deleted records can be viewed if necessary.

The Sheriff's Office believes that the problem noted in the first paragraph on page "14," i.e., that the auditors "found eight instances, totaling approximately \$1,500, where seven officers were compensated for time they did not work" needs to be put in context. Although no instance of erroneous compensation is appropriate, the Sheriff's Office runs over 15,000 shifts annually. The Accountant was made aware of these instances of erroneous compensation and proper steps have been taken to make sure this does not happen in the future.

The Sheriff's Office believes that the statement on page "15" at paragraph one that the Department "maintains no other documentation to monitor shift swaps" is misleading. It creates the impression that the electronic documentation of such shift swaps is somehow inaccurate or subject to manipulation. However, a paper form can also be erroneously filled out or later altered. Every requirement of the CBA dealing with the shift request form is covered and maintained in the [REDACTED] and that system maintains an audit trail. Rather than assuming a paper trail is somehow superior to a data file, perhaps the better approach is to periodically run an audit on the records that do exist. If a data file has been altered, the software should show it.

In response to the recommendations set forth on page "15":

1. The Sheriff's Office currently does this.
2. The Sheriff's Office currently does this as described earlier in this response.
3. These reports are currently produced and reviewed after every payroll period by the administrative staff in the Jail and are always available if requested. In the future, the Chairman of the Public Safety Committee of the Board of Legislators, which has administrative oversight over the Sheriff's Office, will be provided a copy of these reports. If needed, the Public Safety Committee will in turn review these reports to determine, what, if any changes need to be made.

4. This recommendation will be studied by the Personnel Committee of the Board of Legislators in cooperation with the Treasurer's Office, Human Resources Office, and County Administrator with the goal of coming up with a time-and attendance policy that addresses these concerns.
5. The administrative staff does complete timesheets. Beginning January 1, 2014, the Sheriff will require the administrative staff to complete detailed logs of work activity. The issue of the Sheriff reviewing and pre-approving overtime requests will be looked into to determine whether this is feasible or desirable. The workload of administrative employees will be reviewed by the Sheriff to determine whether a redistribution of the workload is desirable.
6. Although no actual "paper forms" are completed for shift swaps, all relevant information is maintained in the [REDACTED] and approved prior to swaps. In order to assure that swaps are paid back in a timely fashion, the Sheriff's Office will now only allow shift swaps within the same pay period.
7. Although we believe this is already being done within the [REDACTED] the County will look at the feasibility and desirability of making certified or verified written records available to the Treasurer's Office and Human Resources Office so as to provide an extra layer of accountability.

Regarding that portion of the draft audit report discussing Inmate Prescription Medications, the County is aware of the concerns voiced in the report and has grappled with this issue in the past. The pharmacy being used sits down the hill from the County Courthouse and old County Jail and a little over a mile north of the current Jail. The pharmacy has been providing prescription medications to the Jail for more than 20 years. It is owned and operated by a local pharmacist and provides not only excellent and critical services, but the owner and employees of this business own homes and invest money in the local community.

The close proximity to the pharmacy is critical in allowing the Jail to provide timely medical care for the inmates. The next closest pharmacy is located in Wellsville, New York, at a distance of approximately ten miles from the Jail. If an employee needed to make a trip to pick up pharmaceuticals in Wellsville, it could easily take an hour of employee time versus ten minutes to the local pharmacy. If pharmaceuticals were mailed or sent by express delivery this would take at least a day and more likely longer. Furthermore, express delivery would most likely add to the basic cost of the drug.

All of these factors have been looked at in the past by the Legislature with the consensus being that staying with the local pharmacy benefits the Jail and inmate population as well as the County at large. Yes, the County may be able to buy drugs cheaper somewhere else, but that is not the only cost involved. We are involved in securing a professional service and not a mere commodity. If a true emergency were to arrive and we needed those services outside normal business hours, we are confident they will be provided. Having confidence in a professional is not something that can easily be quantified. Therefore, although the County is mindful of the concerns and recommendations concerning inmate prescription medications, we respectfully disagree with some of the conclusions relative to the value of the services provided.

In response to the recommendations that begin on page "17":

8. The legislature will look into the propriety of revising its procurement policy regarding procuring professional services, but believes that it has been well served to date by taking a case by case approach concerning the best manner for procuring a professional service. Although not mandated, RFPs have been used in the past when it was felt that an RFP would be useful in

evaluating competing professional services. However, an RFP is not always helpful in securing the best professional service. There is an intangible and unquantifiable aspect to some professional services that can make an RFP ineffective and possibly confusing when trying to weigh different proposals.

9. The Sheriff's Office will meet with the local pharmacist and attempt to negotiate a new formulary that is more in line with State-awarded contract prices.
10. The Sheriff's Office agrees with this recommendation and will work with the County Attorney's Office to prepare such an agreement.
11. The County agrees with this recommendation and will work to establish internal auditing controls so as to make sure amounts billed are in compliance with contract provisions.

In conclusion, Allegany County wishes to thank the Comptroller's Office for the thorough and professional work in conducting this audit. We have endeavored to address some inaccuracies in the draft report as well as provide a bigger picture as to some of the factors behind the concerns noted therein. We trust that our collective efforts will allow us to improve the delivery of services to our County residents.

Sincerely,

Curtis W. Crandall, Chairman  
Allegany County Board of Legislators

## **APPENDIX B**

### **OSC COMMENTS ON THE COUNTY'S RESPONSE**

#### **Note 1**

During our fieldwork, County officials did not provide us with the requested signed timesheets for any of the employees of the Sheriff's Office.

#### **Note 2**

The audit report recognizes that shift swaps are recorded in the Sheriff's Office's electronic time and attendance system; however, they are not recorded in the County's computerized payroll system. In addition, County officials did not provide us with completed shift swap request forms or any other documentation to demonstrate that the swaps were reviewed and approved by both employees' supervisors as required by the CBA.

#### **Note 3**

The shift swap resulted in overtime earnings and should not have been allowed or approved based on the terms of the CBA which prohibit swaps that cause overtime.

## **APPENDIX C**

### **AUDIT METHODOLOGY AND STANDARDS**

Our overall goal was to assess County operations and identify areas where the County could realize efficiencies and protect assets from loss or misuse. To accomplish this, our initial assessment included a review of financial condition, purchasing, payroll, cash receipts, information technology and various County departments.

During the initial assessment, we interviewed appropriate County officials, performed limited tests of transactions, and reviewed pertinent documents, such as policies and procedures, Legislature proceedings, financial records and reports, and payroll records. In addition, we reviewed the County's internal controls and procedures over its computerized financial systems to help ensure that the information produced by such systems was reliable.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed and evaluated those weaknesses for the risk of potential fraud, theft and/or professional misconduct. We then decided on the reported objective and scope by selecting for audit those areas most at risk. We selected the County jail payroll processes, overtime and procurement of inmate prescription medications for further audit testing. To accomplish the objective of this audit and obtain valid audit evidence, our procedures included the following:

#### **County Jail Payroll and Overtime**

- We interviewed staff from the Treasurer's Office, Human Resources, and Sheriff's Office to determine how payroll transactions are authorized, recorded, processed, approved and reviewed.
- We interviewed Sheriff's Office personnel regarding the policies and procedures for recording, reviewing and approving hours worked; use of leave time; work schedules; overtime authorization and processing; and reporting bi-weekly payroll information to the Treasurer's Office and Human Resources Department.
- We reviewed relevant provisions of the most current Collective Bargaining Agreement between the County and the Sheriff's Deputy Association, effective January 1, 2008 through December 31, 2013.
- We reviewed County payroll records and selected for further review the 20 highest overtime grossing jail employees. We included an additional part-time officer in our sample because his overtime earnings totaled more than 43 percent of his base salary.
- We compared payroll reports generated by the County payroll system to electronic time records maintained in the Sheriff's Office's computerized time and attendance system to determine if payroll earnings were properly reported, calculated and supported by sufficient documentation to substantiate hours worked.

- We compared overtime hours and earnings as reported in the County payroll system to the jail's computerized time and attendance system (time records) to determine the factors resulting in overtime. We analyzed more than \$475,000 in overtime earnings paid to the 21 correctional employees in our sample during 2012.
- For the 21 employees tested, we compared electronic time sheet information to leave accrual charges recorded in the County payroll system to determine if leave accrual records were accurate.
- We compared daily shift logs documenting officers on duty in the County jail to the payroll records of the 21 officers in our sample to identify shift swaps. We reviewed the swaps to ensure officers who traded shifts with one another were compensated properly and that those officers who were off worked another shift to even the trade.

### **Inmate Prescription Medications**

- We reviewed the County's adopted procurement policy.
- We interviewed officials and employees regarding policies and procedures for procuring pharmacy services and medical prescriptions for inmates.
- We interviewed Sheriff's Office officials and employees regarding the procedures for prescription ordering and the review of pharmacy invoices for accuracy.
- We reviewed all invoices submitted for payment by the pharmacy during 2012.
- We obtained a list of all prescriptions ordered from jail personnel and traced all the medications and prices to the pharmacy invoices. We selected the 40 most commonly purchased medications on the list for further review.
- We obtained State bid prices for the 40 medications and compared them with the prices paid by the County.
- We compared prescriptions paid for by the County to inmate population reports from the Offender Management System and to the list of corrections officers to ensure all medication purchases were appropriate and necessary (purchased for an inmate housed in the County jail).

We conducted this performance audit in accordance with 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**

### **HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT**

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller  
Public Information Office  
110 State Street, 15th Floor  
Albany, New York 12236  
(518) 474-4015  
<http://www.osc.state.ny.us/localgov/>

**APPENDIX E**  
**OFFICE OF THE STATE COMPTROLLER**  
**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller  
Nathalie N. Carey, Assistant Comptroller

**LOCAL REGIONAL OFFICE LISTING**

---

**BINGHAMTON REGIONAL OFFICE**

H. Todd Eames, Chief Examiner  
Office of the State Comptroller  
State Office Building - Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313  
Email: [Muni-Binghamton@osc.state.ny.us](mailto:Muni-Binghamton@osc.state.ny.us)

Serving: Broome, Chenango, Cortland, Delaware,  
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

**BUFFALO REGIONAL OFFICE**

Robert Meller, Chief Examiner  
Office of the State Comptroller  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510  
(716) 847-3647 Fax (716) 847-3643  
Email: [Muni-Buffalo@osc.state.ny.us](mailto:Muni-Buffalo@osc.state.ny.us)

Serving: Allegany, Cattaraugus, Chautauqua, Erie,  
Genesee, Niagara, Orleans, Wyoming Counties

**GLENS FALLS REGIONAL OFFICE**

Jeffrey P. Leonard, Chief Examiner  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, New York 12801-4396  
(518) 793-0057 Fax (518) 793-5797  
Email: [Muni-GlensFalls@osc.state.ny.us](mailto:Muni-GlensFalls@osc.state.ny.us)

Serving: Albany, Clinton, Essex, Franklin,  
Fulton, Hamilton, Montgomery, Rensselaer,  
Saratoga, Schenectady, Warren, Washington Counties

**HAUPPAUGE REGIONAL OFFICE**

Ira McCracken, Chief Examiner  
Office of the State Comptroller  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, New York 11788-5533  
(631) 952-6534 Fax (631) 952-6530  
Email: [Muni-Hauppauge@osc.state.ny.us](mailto:Muni-Hauppauge@osc.state.ny.us)

Serving: Nassau and Suffolk Counties

**NEWBURGH REGIONAL OFFICE**

Tenneh Blamah, Chief Examiner  
Office of the State Comptroller  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553-4725  
(845) 567-0858 Fax (845) 567-0080  
Email: [Muni-Newburgh@osc.state.ny.us](mailto:Muni-Newburgh@osc.state.ny.us)

Serving: Columbia, Dutchess, Greene, Orange,  
Putnam, Rockland, Ulster, Westchester Counties

**ROCHESTER REGIONAL OFFICE**

Edward V. Grant, Jr., Chief Examiner  
Office of the State Comptroller  
The Powers Building  
16 West Main Street – Suite 522  
Rochester, New York 14614-1608  
(585) 454-2460 Fax (585) 454-3545  
Email: [Muni-Rochester@osc.state.ny.us](mailto:Muni-Rochester@osc.state.ny.us)

Serving: Cayuga, Chemung, Livingston, Monroe,  
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

**SYRACUSE REGIONAL OFFICE**

Rebecca Wilcox, Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, New York 13202-1428  
(315) 428-4192 Fax (315) 426-2119  
Email: [Muni-Syracuse@osc.state.ny.us](mailto:Muni-Syracuse@osc.state.ny.us)

Serving: Herkimer, Jefferson, Lewis, Madison,  
Oneida, Onondaga, Oswego, St. Lawrence Counties

**STATEWIDE AUDITS**

Ann C. Singer, Chief Examiner  
State Office Building - Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313