

# Department of Corrections and Rehabilitation

## Its Poor Internal Controls Allowed Facilities to Overpay Employees for Inmate Supervision

REPORT NUMBER I2009-0702, NOVEMBER 2009

### *Department of Corrections and Rehabilitation's response as of November 2010*

Many of the Department of Corrections and Rehabilitation's (Corrections) employees receive extra pay called a pay differential for supervising inmates who perform the work that a civil servant would typically perform. To receive the pay differential, the employees must supervise at least two inmates who collectively work at least 173 hours. We examined Corrections' payments for inmate supervision to 153 employees at six correctional facilities using a random sample of payments made from March 2008 through February 2009.

### **Finding #1: Corrections overpaid employees for inmate supervision and failed to collect overpayments it previously made.**

Our investigation concluded that Corrections had overpaid 23 of the employees we reviewed a total of \$34,512. The overpayments to the individual employees ranged from \$380 to \$3,900. Based on our sample, we estimated that Corrections may have overpaid its employees as much as \$588,376 statewide during the 12-month period we reviewed. In addition, we found that for the most part Corrections had not initiated collection efforts to recover the improper payments it had identified after we reported on an investigation at another correctional facility in October 2008.

We recommended that Corrections initiate accounts receivable for the employees identified as receiving improper payments and begin collection efforts for these accounts.

### ***Corrections' Action: Partial corrective action taken.***

In October 2009 Corrections inferred that we applied the requirements for receiving the pay differential too strictly and supplied some information it received from the Department of Personnel Administration (Personnel Administration). However, we concluded that much of the information from Personnel Administration did not affect our investigation. In addition, we disagreed with a Personnel Administration opinion that inmates did not necessarily need to work the required number of hours for the employees to qualify for the pay differential.

Corrections subsequently stated that it established a task force of key staff to fully review the information received from Personnel Administration. It also noted that some grievances had been filed about establishing accounts receivable and that the grievances were put on hold pending the outcome of task force's actions and direction from its legal staff.

### ***Investigative Highlights . . .***

*Our investigation of inmate supervision payments made by the Department of Corrections and Rehabilitation (Corrections) revealed the following:*

» *Corrections overpaid 23 employees a total of \$34,512 over a 12-month period at five of the six correctional facilities we visited.*

» *Based on our sample, Corrections may have improperly paid as much as \$588,376 to its employees statewide during the same 12-month period.*

» *Corrections failed to implement sufficient controls to ensure that employees who received inmate supervision pay met the requirements.*

» *Except in a few instances, Corrections had not initiated collection efforts to recover improper payments it identified subsequent to our initial investigation.*

Corrections reported in June 2010 that it decided not to pursue collection efforts against the employees whom we identified as receiving improper payments. It explained that it did not believe it would prevail in an arbitration hearing since it had not established a formal operating procedure at the time of our investigation and it lacked documentation to demonstrate that the payments were improper.

**Finding #2: Corrections lacked sufficient controls to ensure that only employees satisfying the inmate supervision requirements received the pay differential.**

Five of the six facilities we visited had few or no policies in place during the period we reviewed to ensure that employees receiving the pay differential for supervising inmates met the necessary requirements each month. The remaining facility had implemented a policy requiring employees to submit inmate time sheets along with their own time sheets each month. However, the policy did not apply to all employees who received the pay differential. In addition, we noted weaknesses in document retention at the facilities in our review and found that many employees' personnel files did not contain certain required documents related to inmate supervision.

We recommended that employees at all of its facilities submit copies of the supervised inmates' time sheets to their personnel offices each month along with their own time sheets so personnel staff can use these documents to verify each employee's eligibility to receive the pay differential. We also recommended that Corrections take steps to develop clearer requirements that specifically define what constitutes "regular" supervision of inmates. Finally, we recommended that Corrections provide adequate training and instruction to its employees who supervise inmates and the personnel staff reviewing time sheets regarding the requirements for receiving the pay differential and proper documentation.

***Corrections' Action: Corrective action taken.***

Corrections reported that in May 2010 it issued a department-wide operational procedure that clarified and defined the criteria for receiving inmate supervision pay, identified documentation and training needs, and established an internal audit process. Corrections also reported that in June 2010 it had conducted training with its personnel officers and personnel staff regarding its new department-wide procedure. In November 2010 Corrections stated that it was still developing an internal audit process to examine compliance with the operating procedure and that it anticipated scheduling its first annual audit between July and September 2011.