

EXECUTIVE DIGEST

CORRECTIONS OFFICERS' SUPPLEMENTAL PAY AND RETIREMENT

INTRODUCTION

This report, issued in April 1998, contains the results of our performance audit* of Corrections Officers' Supplemental Pay and Retirement, Department of Corrections.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency* .

BACKGROUND

The Department of Corrections operates 38 prisons that house over 40,000 prisoners.

Each prison is required to maintain specific staffing levels of corrections officers for duty 24 hours each day. In order to maintain these staffing levels, it is generally necessary to incur a certain amount of overtime. In addition, overtime can occur because of essential special assignments* (ESAs). The ESAs include supervising construction, guarding prisoners who are in hospitals, and monitoring emergencies. Provisions in the bargaining agreement limit

the Department's ability to use officers from other prisons to provide coverage for the ESAs.

In 1976, the State Employee's Retirement Act was amended to provide additional retirement benefits for State employees responsible for guarding and overseeing prisoners. The State deemed employees in these covered positions* to be exposed to additional personal risks. These positions include corrections officers and those Department employees who can demonstrate that they meet certain criteria relating to risks associated with housing prisoners.

Also, the State compensation plan includes special pay for corrections officers and those Department employees who can demonstrate that they meet certain other criteria relating to their contact with prisoners.

The prisons had over 13,000 employees as of May 3, 1997, of which over 7,900 were corrections officers. During fiscal year 1995-96, the Department expended over \$38 million on overtime and \$2.6 million on special pay.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of the Department's efforts to monitor and control the use of overtime.

Conclusion: We concluded that the Department's efforts to monitor and control overtime were generally ineffective. We identified the following material condition* :

- The Department did not have effective procedures to ensure that overtime data was properly reported by

prisons. Also, the Department did not have procedures to monitor, compare, and analyze the costs involved with overtime usage at all prisons (Finding 1).

The Department concurs with the finding and has informed us that it has taken steps to comply with the corresponding recommendations by establishing and filling a central office overtime coordinator position. However, the Department disagrees with the audit conclusion that efforts to monitor and control overtime were generally ineffective.

Noteworthy Accomplishments: The Department has implemented practices that have resulted in a \$2.5 million decrease in overtime at the prisons from fiscal year 1994-95 to fiscal year 1995-96.

Audit Objective: To assess the effectiveness of the Department's controls to ensure that employees are included in the proper retirement classification, as required by law.

Conclusion: We concluded that the Department's efforts to ensure that only eligible employees are included in the proper retirement classification were generally ineffective. We identified the following material condition:

- The Department was not effective in monitoring and controlling the use of covered positions (Finding 2).

The Department responded that it will monitor the retirement codes of employees who become ineligible for covered position status because of their age. Also, the Department informed us that it has reminded prison personnel offices to obtain central office

approval for all new appointments to covered service for any classifications which are not specifically mentioned in the statute as eligible.

Audit Objective: To assess the effectiveness of the Department's controls to ensure that only eligible employees receive supplemental pay.

Conclusion: We concluded that the Department's efforts to ensure that only eligible employees receive supplemental pay were generally effective. However, we noted reportable conditions* related to the use of supplemental pay and bargaining agreement issues (Findings 3 and 4).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the procedures and records related to the Department of Corrections' supplemental pay and retirement. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included examinations of the pay and retirement records and activities for individuals employed by the Department during the period October 1, 1994 through July 31, 1997.

To accomplish our objectives, we obtained extracts of various payroll data from the Personnel-Payroll Information System for Michigan and examined the information to determine the variations in the amount of overtime among

prisons, job classes* , shifts, and other related areas. We also obtained and examined data maintained by the Department to document the reasons for the overtime. In addition, we assessed the reasonableness, in relation to the statutory requirements, of those individuals who were included in covered positions for retirement purposes. Also, we evaluated the propriety of the payments to those individuals who received supplemental pay.

We interviewed Department personnel at the central office and at the following six prisons: Brooks Correctional Facility, Carson City Correctional Facility, Egeler Correctional Facility, Mound Correctional Facility, Oaks Correctional Facility, and Western Wayne Correctional Facility. We reviewed how the prisons implemented the Department's overtime policies and tracked overtime usage. We also reviewed policies related to the designation of covered positions and supplemental pay.

AGENCY RESPONSES

Our audit report includes 4 findings and 5 corresponding recommendations. The Department agreed with all of the findings and informed us that it will take action to implement the applicable recommendations.