

Audit



Highlights

Highlights of Legislative Auditor report on the Department of Corrections, Administration, issued on December 14, 2006. Report # LA06-25.

Background

The Nevada Department of Corrections (NDOC) is responsible for the supervision, custody, treatment, care, security, and discipline of all offenders sentenced to imprisonment in the state system. The NDOC Director oversees the Department under the direction of the Board of State Prison Commissioners and establishes regulations with the approval of the Board.

In fiscal year 2006, offenders were housed at 20 facilities throughout the State. Actual expenditures for NDOC for fiscal year 2006 totaled \$225 million, with personnel costs accounting for about 76% of the total. The Department's legislatively-approved budget for fiscal year 2006 included 2,655 full-time equivalent positions. NDOC is primarily funded with General Fund appropriations. The Department reported having an average offender population of 12,103 in fiscal year 2006. The average cost per offender was about \$18,600 annually or about \$51 per day.

Purpose of Audit

The purpose of this audit was to evaluate the Department's financial and administrative activities, including whether activities were carried out in accordance with applicable laws, regulations, policies, and procedures. This audit included a review of the Department's non-medical expenditures and accountability over property and equipment for the 18 months ended December 31, 2005.

Audit Recommendations

This audit report contains nine recommendations to improve the Department's fiscal and administrative practices. Three of the recommendations relate to improving controls over payroll expenditures. One recommendation concerns obtaining written agreements with employees working variable schedules to clarify when overtime is earned. In addition, two recommendations relate to requirements on evaluating employee performance and compensatory time agreements. Finally, we made three recommendations that enhance controls over equipment at NDOC facilities to help ensure it is safeguarded against loss or unauthorized use.

The Department, in its response to our report, accepted the nine recommendations.

Status of Recommendations

The Department's 60-day plan for corrective action is due on March 14, 2007. In addition, the six-month report on the status of audit recommendations is due on September 14, 2007.

Department of Corrections Administration

Results in Brief

The Department of Corrections generally complied with laws, regulations, policies, and procedures significant to its financial and administrative activities. However, we noted some problems related to payroll, personnel requirements, and accountability over property and equipment.

Specifically, the Department's controls over its payroll expenditures can be improved to provide greater assurance that all employees are paid correctly. The Department also needs to obtain written agreements with staff working a variable schedule to clarify when overtime is earned. In addition, we noted the Department did not comply with personnel requirements related to evaluating employee performance and agreements for how overtime will be compensated. Finally, to properly safeguard equipment, the Department needs to ensure a physical count is performed annually at all locations and records are updated.

Principal Findings

Timesheets for Department employees contained errors resulting in both under and overpayments to employees. In our review of 134 employees at five institutions, 10 (7.5%) had payment errors during the pay period tested. Most of the timesheet errors occurred at one institution. Errors ranged from 40 hours of shift differential being underpaid to an overpayment of 40 hours of overtime.

The Department did not always comply with statutory requirements to approve overtime before it is worked. We tested 36 employees who worked overtime and found 23 did not receive prior written approval. Most of the problems were at Southern Nevada Women's Correctional Center and the Casa Grande Transitional Housing facility.

In our testing at five institutions, we were unable to locate written agreements for about half (26 of 48) of the custody staff working a variable schedule. Written agreements document the employee's request and management's approval to work a variable work schedule and an understanding of overtime rules applicable when working a variable work schedule. Without signed agreements, we estimate the Department could potentially be liable for up to \$4.8 million annually in additional overtime pay.

The Department did not complete performance evaluations required by state law for many of the employees tested. We reviewed personnel files for 128 employees at five institutions and found that 72, or about 56%, did not receive a performance evaluation in accordance with state law. Our testing found that the issue of performing employee evaluations is a problem at some, but not all, institutions. Additional oversight by Central Office staff would help ensure employee evaluations are performed at all institutions.

The Department did not have written agreements with its employees to allow compensatory time in lieu of cash payment when overtime was worked, as required by state regulation. Of the 60 employees we tested with compensatory time, none had entered into agreements with the Department. As of December 31, 2005, the Department's liability for accrued compensatory time was approximately \$800,000.

The Department did not always perform required procedures to ensure its equipment records reflected what it currently had at its facilities. Specifically, NDOC did not perform a complete physical count at all of its locations in 2005 and 2006. For example, in the Department's physical count performed in 2006, inventory reconciliation lists were not returned for 20% of the Department's locations.

Our testing of equipment at the main administrative office and five institutions revealed records were not always updated to reflect dispositions, transfers, and additions. For example, we were unable to physically locate 5 of 62 items we tested, including 3 laptop computers. Department personnel indicated they had notified State Purchasing that the computers had been previously deleted from inventory records. However, NDOC did not have documentation of this, and there was no evidence of disposition reports in State Purchasing's equipment inventory system.

Equipment at two new Department facilities was not added to state inventory records until we made inquiries. This included 15 weapons at a facility recently taken over by NDOC that had not been inventoried for a period of approximately 20 months. We also noted assets totaling \$170,000 purchased for the new transitional housing facility were not added to state inventory records.