



**New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor**

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**Department of Corrections  
Vroom Central Reception and  
Assignment Facility**

July 1, 2012 to June 30, 2014

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**Stephen M. Eells  
State Auditor**

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## New Jersey State Legislature

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Enclosed is our report on the audit of the Department of Corrections, Vroom Central Reception and Assignment Facility for the period of July 1, 2012 to June 30, 2014. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, appearing to read 'Stephen M. Eells', with a large, sweeping flourish at the end.

Stephen M. Eells  
State Auditor  
November 17, 2014

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## *Scope*

We have completed an audit of the Department of Corrections, Vroom Central Reception and Assignment Facility (CRAF) for the period of July 1, 2012 to June 30, 2014. Our audit included financial activities accounted for in the state's General Fund. We also reviewed employee access rights to Timepoint, a custody scheduling application, and the state financial systems. We did not audit the financial transactions of the non-appropriated funds since they are audited by the department's internal auditors. CRAF serves as a central processing unit for all adult males sentenced to the New Jersey Department of Corrections. It is responsible for objectively classifying all state inmates and completing all intake examinations and evaluations including medical, dental, educational, and psychological. Annual expenditures averaged \$43.9 million during the audit period.

## *Objectives*

The objectives of our audit were to determine whether financial transactions were related to the facility's programs, were reasonable, and were recorded properly in the accounting systems. In addition, we determined the adequacy of select general controls over certain information systems including policies and procedures to manage user logical access.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

## *Methodology*

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, circular letters promulgated by the Department of the Treasury, and policies of the department and the facility. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and testing. We also read the budget messages, reviewed financial trends, and interviewed department and facility personnel to obtain an understanding of the programs, information systems, and internal controls.

A nonstatistical sampling approach was used. Our samples were designed to provide conclusions on our audit objectives, as well as internal controls and compliance. Sample populations were sorted and transactions were judgmentally selected for testing.

### *Conclusions*

We found that the financial transactions included in our testing were related to the facility's programs, were reasonable, and were recorded properly in the accounting systems. In making this determination, we noted certain internal control deficiencies involving the monitoring of inmate clothing inventory, employees' sick leave and other leaves of absence, and business office operations that merit management's attention.

In addition, we found weaknesses in key information systems' logical access controls. However, we did not find any instances where these weaknesses were used to impact the systems' data.

## **Inmate Clothing Inventory**

**The facility should utilize a perpetual inventory system for the inventory of inmate clothing and personal items.**

The facility does not maintain a perpetual inventory control system for the inmate clothing inventory. As a result, there is an increased risk of purchasing inefficiencies, supply shortages, and unauthorized items being taken without detection. Inmates processed at CRAF receive a set of standard issue clothing and personal hygiene items including shirts, pants, sneakers, bath towels, and laundry bags. The facility processed 9,500 inmates in calendar year 2013. The inmates take these items with them when they are transferred to their assigned prison. The facility spent approximately \$1.4 million on inmate clothing in fiscal year 2013. The clothing inventory is maintained in a secured area in the basement of the facility.

Although the inmate management system is used to track clothing issued, there is no maintenance of information regarding inventory purchases. Inventory items are only reordered after a physical count or visual inspection identifies low quantities. A physical count was taken on April 1, 2014 and adjusted for April merchandise received and issued per CRAF records to arrive at an ending inventory on May 1, 2014. However, our physical count performed on May 1 disclosed both inventory overages and shortages. For example, the analysis disclosed a shortage of 279 bath towels, 435 pairs of socks, 153 laundry bags, and 685 khaki shirts. Conversely, there were 2,090 more boxer shorts on hand. A perpetual inventory system that maintains current inventory balances would improve the accountability of the inventory.

### **Recommendation**

We recommend that the facility institute a perpetual inventory system for the inmate clothing inventory. In addition, periodic physical counts should be required to verify the accuracy of the inventory records and variances should be investigated timely.



### **Sick Leave**

**The Office of Human Resources should properly monitor employee sick leave and obtain medical documentation when required.**

The Department of Corrections (DOC), Office of Human Resources, responsible for CRAF payroll and personnel functions, is not adequately monitoring employee sick leave. As a result, employees may be abusing their sick leave benefits. The facility had over 280 custody employees as of January 1, 2014. The custody operation requires specific staffing levels to be maintained 24 hours each day. Strong monitoring and oversight of sick leave usage is necessary to reduce scheduling disruptions and overtime which may result. Our analysis and review of calendar years 2012 and 2013 sick leave usage disclosed the following.

- The average number of sick days used by custody employees who were in a pay status at least 75 percent of the year exceeded 14 days in both calendar years 2012 and 2013. Fifteen days represents a year's allowance. In addition, 24 custody employees exhausted their sick leave in calendar year 2013 and took additional leave without pay that was not part of a pre-approved, intermittent or full-time leave of absence.
- DOC Human Resources Bulletin 84-17 requires an employee to submit a doctor's verification of illness to their department head for all absences in excess of 15 days in a calendar year. A total of 91 employees took more than 15 sick days in calendar year 2013 including 19 who took at least 20 days. This does not include employees who took sick time as part of a pre-approved leave of absence. Our sample of 25 employees who took more than 15 sick days in calendar year 2013 found 24 did not submit the required medical documentation. Currently, CRAF department heads are not required to forward medical verification to the DOC Office of Human Resources. As a result, Human Resources has no means to determine compliance with DOC Human Resources Bulletin 84-17.

### **Recommendation**

The DOC Office of Human Resources should monitor employee sick leave usage for potential abuse and ensure CRAF department heads obtain medical documentation as required by DOC Human Resources Bulletin 84-17.



### **Leaves of Absence**

**The DOC Office of Human Resources should actively monitor employees on a leave of absence to reduce potential abuse of the policy.**

All required documentation was not on file for employees who were granted a full-time or intermittent leave of absence. The lack of documentation and proper approvals increases the risk employees will abuse the leave of absence policy. All leaves of absence must be approved by the DOC Office of Human Resources. To qualify for a leave of absence, a CRAF employee must complete a DOC leave package consisting of a Request for Leave Form With or Without Pay and a Certification of Health Care Provider form. The medical certification should contain the nature of the illness, dates of absence, return to work date, and the health care provider's signature.

A total of 109 employees were approved for a leave of absence in calendar year 2013. Our sample of 8 employees of the 54 that were approved for an intermittent leave of absence for medical or family reasons, found 6 did not have the required leave package forms on file or an approval letter for the entire duration of the leave. In addition, absences for six of the sampled employees exceeded the number of intermittent absence days allowed by the doctor. One employee, who was authorized by his doctor to take off twice a month for medical reasons, took 13 days of intermittent leave in one month.

In order to fulfill the department's mission to ensure the safe, secure, and orderly operation of all DOC correctional facilities, custody employees must provide a fitness-for-duty certification before returning to work. A separate sample of eight custody employees who returned to work after taking a full-time medical leave of absence in calendar year 2013 found four did not have a fitness-for-duty certification on file allowing them to resume work.

### **Recommendation**

The DOC Office of Human Resources should actively monitor the attendance of employees granted an intermittent leave of absence to ensure compliance with the policy, approved dates, and physician instructions involving the frequency and number of intermittent days taken. In addition, the office should ensure custody employees provide fitness-for-duty certification prior to resuming work.



### **System Access Controls**

#### **Employee access controls to key computer systems at the facility need to be strengthened.**

Our review of employee access rights to Timepoint, a custody scheduling application, and CRAF accounts on the state's financial systems noted the following weaknesses.

- Five of 22 users of the Timepoint application should no longer have access since they were transferred to a different facility, received a title change, or separated employment. As a result of the audit, four had their access deleted in July 2014 including one employee, who separated from the DOC in 2011. None of the five users accessed the application after their employment status changed.
- Users of the Timepoint application are not required to change passwords periodically and the application does not lock a user out if their password is entered incorrectly a specified number of times.
- Two former business office employees continued to have access to CRAF accounts on the state's financial systems. One employee retired in 2011 and the other employee transferred to a different department in 2012. Neither of the two accessed the CRAF accounts on the state's financial systems subsequent to their separation and they have since had their access terminated.

As a result of the above weaknesses, users who should not have access may have the ability to manipulate data, change data, or process erroneous transactions.

### **Recommendation**

We recommend the facility periodically review employee access to their systems, remove those that are no longer working at the facility, and strengthen password controls to ensure users have appropriate access rights.

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### **Business Office Operations**

#### **Internal controls over payment processing and the postage stamp inventory need improvement.**

Our analysis of vendor payments for the period July 1, 2012 to March 31, 2014 found six duplicate payments totaling \$11,326. The payments were primarily for recurring monthly services. The business office does not maintain formal payment logs that track billing periods for recurring services such as copy machine maintenance. The vendors in question have been contacted and reimbursements have been requested. As of the end of field work, less than \$500 had been reimbursed and other correspondence suggested credits would be given against future invoices.

We also noted inadequate controls over the postage stamp inventory. The business office routinely purchases blocks of 4,000 postage stamps for resale to inmates through commissary orders. The stamps are maintained in a locked safe but there are no procedures in place to reconcile postage stamp distribution and inventory quantities. Additionally, a report issued on July 24, 2012 by the Department of Corrections Bureau of Auditing noted "significant shrinkage of postage stamps during fiscal year 2011, totaling 1,066, with a value of \$469."

### **Recommendation**

We recommend the facility's business office strengthen internal controls to avoid duplicate payments. A payment log that identifies the billing period and other pertinent information could be utilized for recurring services. We also recommend that the business office implement reconciliation procedures to properly account for its postage stamp inventory.

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November 12, 2014

John J. Termyna  
Assistant State Auditor  
Office of the State Auditor  
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Dear Mr. Termyna,

I have reviewed the audit report of the NJDOC, Vroom Central Reception and Assignment Facility (CRAF) performed by your office for the period of July 1, 2012 to June 30, 2014. Thank you for the opportunity to respond and provide comments to your office prior to the release of the audit.

Our understanding of the objectives of the audit was to determine whether financial and personnel related transactions related to the facility's programs, were reasonable, and were recorded properly in the appropriate systems. In addition, the adequacy of select general controls over certain information systems including policies and procedures to manage user logical access.

**Inmate Clothing Inventory**

The State of NJ is implementing the NJSTART Procurement System which is scheduled for January 2015. Part of the system will include an inventory component which will allow the NJDOC to keep track of our inmate clothing inventory. Additionally, periodic physical counts will be required to verify the accuracy of inventory records and all variances will be investigated. Until the system is fully operational a spreadsheet will be utilized to record all purchases as well as keeping track of physical inventory.

### **Sick Leave**

Beginning in January 2015, the Office of Human Resources will conduct timekeeper training for custody and civilian timekeepers. Follow up training will be conducted quarterly as deemed necessary. The training will include proper usage of attendance notification memos for those employees who have utilized 6 or 15 sick days not covered by an approved FMLA entitlement in a calendar year as well as reinforcement of the requirement of staff to provide medical documentation for sick leave usage in excess of 15 days in a calendar year.

The Office of Human Resources will also review time usage reports with CRAF Operations and Department Head staff bimonthly to ensure timekeeping and supervisory staff is appropriately utilizing the Time And Leave Reporting System (TALRS) biweekly reports to generate attendance notification memos as well as recommending appropriate disciplinary action if warranted.

### **Leaves of Absence**

The Office of Human Resources will continue to actively work with CRAF's Operations Unit to establish more effective methods of communication to ensure appropriate notification of employees requesting leaves of absences.

Internal audits of the status of employees on intermittent or full time leaves of absence will be conducted at the end of each 4<sup>th</sup> pay period by the Leave Unit and Payroll Unit Human Resources Managers to ensure appropriate leave documentation has been received and processed timely.

### **System Access Controls**

It has been recommended that the NJDOC access controls to key computer systems need to be strengthened. Based upon an internal investigation as to the reason why access for two employees were not deleted, it was determined that NJOIT has a "1000 Day Policy" which indicates that user ID's are not to be deleted prior to 1000 days of inactivity. The NJDOC did suspend their ability to access their treasury profiles; however the 1000 day period had not yet expired for these individuals, so the access had not been deleted by NJOIT. A subsequent follow-up has determined that the access for the two individuals in question has now been deleted.

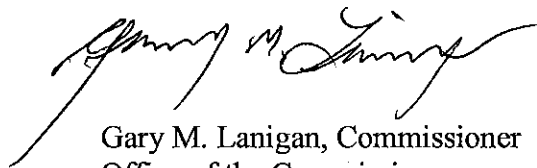
### **Business Office Operations**

It has been recommended that the NJDOC CRAF Business Office strengthen their internal controls to avoid duplicate payments for monthly services. The Business Office is now maintaining a comprehensive electronic ledger to centrally compile all vendors with recurring monthly payments. The Business Office staff that is responsible for generating Purchases Orders as well as paying invoices will now be able to update and review all information prior to paying any invoice. This additional control mechanism will provide the CRAF Business Office with the assurance of oversight to prevent duplicate payments.

The Business Office has also started to maintain a log sheet to track postage stamps sold in the inmate commissary. All purchases are consistently logged into the spread sheet along with daily sales of stamps. This will address any differences between the physical and perpetual inventory balances.

In closing, I would like to thank your audit staff for their continued diligent work and professionalism exhibited during the audit.

Very truly yours,



Gary M. Lanigan, Commissioner  
Office of the Commissioner

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c Judi Lang, Chief of Staff  
Mark Farsi, Deputy Commissioner  
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Patricia Loreti, Director, Office of Financial Management  
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