Department of Corrections
Adult Diagnostic and Treatment Center

July 1, 2003 to May 31, 2005
The Honorable Richard J. Codey  
Acting Governor of New Jersey

The Honorable Richard J. Codey  
President of the Senate

The Honorable Albio Sires  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Corrections, Adult Diagnostic and Treatment Center for the period of July 1, 2003 to May 31, 2005. If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair  
State Auditor  
November 10, 2005
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>1</td>
</tr>
<tr>
<td>Objectives</td>
<td>1</td>
</tr>
<tr>
<td>Methodology</td>
<td>2</td>
</tr>
<tr>
<td>Conclusions</td>
<td>2</td>
</tr>
<tr>
<td>Findings and Recommendations</td>
<td></td>
</tr>
<tr>
<td>Noncompliance with Prior Audit Issues</td>
<td>3</td>
</tr>
<tr>
<td>Auditee Response</td>
<td>4</td>
</tr>
</tbody>
</table>
Scope

We have completed an audit of the Department of Corrections, Adult Diagnostic and Treatment Center for the period July 1, 2003 to May 31, 2005. Our audit included expenditure activities accounted for in the state’s General Fund. We did not audit the non-appropriated funds administered at the center, since they were audited by the department for fiscal year 2004.

Annual expenditures of the center are approximately $48 million, including expenditures relating to the department administered medical services contract. This contract was not audited by us; however, we reviewed charges to the accounts of the Adult Diagnostic and Treatment Center totaling $8.7 million. The prime responsibility of the Adult Diagnostic and Treatment Center is to provide custody and inpatient services for adult male sex offenders. The Rahway Camp and Kearny Unit are Special Treatment Units for civilly committed sexual predators.

Objectives

The objectives of our audit were to determine whether expenditure transactions accounted for in the General Fund were related to the center's programs, were reasonable, and were recorded properly in the accounting systems. We also tested for resolution of the significant conditions noted in our prior report dated August 23, 2000.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1, 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.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by the State Comptroller, and policies of the center. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of expenditure transactions. We also read the budget message, reviewed financial trends, and interviewed center personnel to obtain an understanding of the programs and the internal controls.

A nonstatistical sampling approach was used. Our samples of expenditure transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample populations were sorted and transactions were judgmentally selected for testing.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the center and walked through the system to determine if the corrective action was effective.

**Conclusions**

We found that the expenditure transactions included in our testing were related to the center's programs, were reasonable, and were recorded properly in the accounting systems. We also found that the center has resolved the significant issues noted in our prior report, except for matters related to compensatory time and sick leave usage. These issues are updated in our current report.
Noncompliance with Prior Audit Issues

Adult Diagnostic and Treatment Center (ADTC) management has not complied with our prior audit report recommendations concerning the use of compensatory time and monitoring excessive sick leave usage.

We previously reported that average sick leave usage is not considered in determining staff scheduling needs when requested compensatory leave time is approved. In its response, ADTC management stated that “Granting compensatory time may create additional overtime as a result of unanticipated sick leave absences by other employees assigned to the shift. The department will modify the current policy regarding the granting of compensatory time to minimize incurring additional overtime costs.”

Our prior audit report estimated that $90,000 could be saved if the center compensated overtime in cash rather than additional leave time. We noted the center has not adopted our recommendations or implemented their proposed corrective actions. As a result, the condition still exists and the estimated annual savings has increased to $200,000 in 2004.

The Department of Corrections – HR Bulletin 84-17 requires a doctor’s note when sick leave exceeds 15 days in a calendar year. We previously reported that 44 of 343 employees used more than 15 sick days and, in most cases, doctors’ notes were not obtained. In 2004, we noted that 105 of 467 employees used more than 15 days and did not submit a note.
Recommendation

We recommend that the ADTC management factor in the average sick leave usage when scheduling shift coverage and approving the use of compensatory leave. It should make an effort to compensate all overtime earned with cash payments to avoid the creation of additional overtime compensation. We also recommend management adhere to departmental requirements concerning the employee's documentation of excess sick leave usage through a doctor's note.
November 7, 2005

Richard L. Fair, State Auditor
Office of Legislative Services
PO Box 067
Trenton, NJ 08625-0067

Dear Mr. Fair:

I have reviewed the report prepared by your office summarizing the audit of the Department of Corrections’ Adult Diagnostic and Treatment Center (ADTC) for the period July 1, 2003 to May 31, 2005. I appreciate the opportunity to respond to its findings and recommendations and ask that you consider the following:

Noncompliance with Prior Audit Issues

Compensatory Leave - The management at ADTC is calculating shift needs in accordance with our Human Resources Bulletin #95-03. The department does pay close attention to sick time utilization and patterns in the daily scheduling of the workforce. The scheduling is an intricate process and requires much more analysis than a review of hours for a past year. In response to compensatory time, Article 20 of the agreement between the State and the Senior Correction Officers’ Union allows employees to accumulate compensatory time up to 100 hours in-lieu of cash. The other bargaining units have a similar provision. Thus, complete abatement of compensatory time is not possible.

Sick Leave Usage - Our staff at ADTC has found that 21 of the employees identified in your report were approved for provisions authorized under the Family Medical Leave Act (FMLA) during the audit period. We are still not pleased with the revised number of employees exceeding 15 sick days in a calendar year. Thus, while this number is relatively small considering the 461 individuals employed at that facility, I will insist that our management strictly enforce our sick leave policy. As such, if an employee has not been approved for FMLA and has used more than 15 sick days, a doctor’s note will be required for each absence. Failure to enforce the policy will result in disciplinary action.
In closing, I would like to thank your audit staff for their diligence and cogent recommendations.

Sincerely,

[Signature]

Devon Brown
Commissioner

c: Charles Ellis, Chief of Staff
    Peter T. Roselli, Assistant Commissioner
    George Hayman, Assistant Commissioner