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Secretary of State

State of Oregon

DEPARTMENT OF CORRECTIONS  
**SPECIAL PAYROLL INVESTIGATION**



Audits Division

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*Auditing for a Better Oregon*

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During the audit of the Board of Public Safety Standards and Training (board), we identified apparent irregularities in the time records of one Oregon Department of Corrections (department) employee. This report contains the results of our investigation of those irregularities. The results of the Board of Public Safety Standards and Training audit are presented in a separate report.

Our special investigation was limited to the payroll records for the department employee for the period of November 1, 1993, through April 30, 1996. Our objectives were to:

- Identify inappropriately claimed sick leave and unreported leave; and
- Determine the costs of inappropriate sick leave and unreported leave.

We conducted the investigation in accordance with applicable generally accepted government auditing standards. In this regard, we made inquiries of agency personnel and examined relevant payroll records and other documentation. This special investigation was

conducted in cooperation with the department's Inspector General, who independently substantiated the results of our investigation.

A department employee claimed and received \$3,050 in compensation for sick leave from the department while teaching for the board. Furthermore, the employee claimed an additional \$3,115 from the department for hours not worked. We have provided the details of our investigation to the department's management with a recommendation to take action to recover the inappropriate compensation.

## OREGON AUDITS DIVISION

Don Waggoner, CPA  
State Auditor

Fieldwork Completion Date:  
October 31, 1996

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## SUMMARY

In March 1996, the Oregon Audits Division began an audit of the Board of Public Safety Standards and Training (board). Many of the board's 96 part-time instructors were also full-time employees of other public entities. Our review of selected payroll records disclosed that one instructor, Richard Flory, claimed sick leave pay from his full-time employer, the Oregon Department of Corrections (department), while he was teaching for the board. As a result of this finding, we expanded our review of Richard Flory's time records.

This investigation disclosed additional instances of inappropriate sick leave claims and instances of unreported leave. Specifically, Richard Flory inappropriately claimed and received a total of \$6,165 in compensation from the department while working at the board. Of this total, \$3,050 in pay and benefits was received for false sick leave claims and \$3,115 in pay and benefits for hours he was not working for the department.

Our report recommends that the department recover the \$6,165 in inappropriate compensation paid to Richard Flory. Recommendations related to the board's management of part-time instructors were included in a separate report to that agency. This special investigation was conducted in cooperation with the department's Inspector General. In its response, which is included in this report, the department agreed with the findings and recommendations.



## **INTRODUCTION**

Our audit of the Board of Public Safety Standards and Training (board) for the period July 1, 1992, through December 31, 1995, included examining expenditures for the Oregon Public Safety Academy's part-time instructors. The academy is operated to provide for certification and training of police officers, corrections officers, parole and probation officers, and emergency telecommunication operators.

At the time of our audit, the board employed approximately 96 part-time instructors to teach at its academy. Most of these part-time instructors also held full-time positions with other public entities. Of those employed in the public sector, most were employees of local government. However, five were employees of state agencies.

The related objective of our review was to determine whether any instructors were doubly compensated as a result of their employment at other public agencies. A sample of eleven instructors was selected from the population of 96 part-time instructors. Six instructors in the sample were full-time employees of local governments; all five instructors who were full time state employees were also selected. For each selected instructor, we compared the time report submitted to the board for the individual's instructional services to the corresponding time report submitted to the individual's full time employer. Our review found that Richard Flory, a part-time firearms instructor at the board, claimed pay from his full-time employer, the Oregon Department of Corrections (department), while also working at the board. In his regular capacity, Richard Flory is a parole and probation officer with the department. On the basis of these findings, we expanded our examination of Richard Flory's time reports.

## **SCOPE AND METHODOLOGY**

The objective of the special investigation was to determine the extent to which Richard Flory was claiming and receiving pay from the department while also claiming and receiving pay from the board. As part of the investigation, we reviewed state laws, administrative rules, policies and procedures at both the board and the department. We also interviewed officials and reviewed related time and pay records at the department and the board.

To identify inappropriately reported hours, we compared the time reports of Richard Flory at the department and the board for the period of November 1993 through April 1996. Instances of inappropriate

pay claims made by Richard Flory were identified and costs calculated and summarized.

This special investigation was conducted in cooperation with the department's Inspector General, who independently reviewed the pay reports and interviewed Richard Flory.

The audit was conducted in accordance with generally accepted auditing standards.

## AUDIT RESULTS

### LEAVE CLAIMS

Our special investigation of Richard Flory's time reports at the department and the board found that he inappropriately claimed a total of \$6,165 in pay and benefits. Of this total, \$3,050 was claimed for sick leave and \$3,115 was claimed as regular pay although the hours were not worked for the department. Of the 30 time reports examined, 14 (47 percent) contained either false claims of sick leave hours or claims of hours not worked. The reports were prepared by Richard Flory and signed by his supervisors.

Employees at both the board and the department are paid through the Oregon State Payroll System. At both agencies, employees are required to sign a monthly payroll time report. By signing the report, employees attest that hours reported are true and accurate. Supervisors are also required to sign the time reports, providing an endorsement that the hours reported were actually worked.

From November 1993 through April 1996, Richard Flory certified 126 hours of sick leave for his parole and probation position on department time reports. On the days he reported sick leave, certified board time records indicated that he was working at the board as a firearms instructor. Also, during this same period, Mr. Flory's time reports at the department indicated that he performed 124 hours of work as a parole and probation officer on days that his board time reports show him working as a firearms instructor at the board.

The salary costs attributable to the 126 hours of sick leave that Richard Flory inappropriately reported to the department total \$2,482. Other payroll costs, including retirement benefit transfers and the employer's share of federal payroll tax, add an additional cost of \$568. The salary costs associated with the 124 hours of reported hours not worked for the department total \$2,524. Other payroll costs associated with these unworked hours total \$591.

Our investigation results were provided to the department's Inspector General in August 1996.

Subsequently, the Inspector General conducted her own investigation, including interviews with Mr. Flory. The Inspector General's investigation substantiated our audit results.

**We recommend** that the Department of Corrections recover the \$6,165 in compensation paid to Richard Flory for false sick leave claims and for hours not worked for the department. We also recommend the department consider taking appropriate personnel disciplinary actions.

## **REPORT DISTRIBUTION**

This report is a public record and is intended for the information of the Oregon Department of Corrections management, the governor of the state of Oregon, the Oregon legislative assembly, and all other interested parties.

## **COMMENDATION**

The courtesies and cooperation extended by the officials and employees of the Board of Public Safety and Training, and the Department of Corrections during the course of our audit were very commendable and are sincerely appreciated.

## **AUDIT TEAM**

Gary L. Colbert, CGFM  
Andrew A. Bromeland, CPA  
Allan T. Hirata



**AGENCY'S RESPONSE TO THE AUDIT REPORT**



January 21, 1997

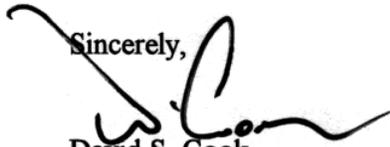
Sharron Goggins, CPA  
Deputy State Auditor  
Secretary of State  
255 Capitol Street NE, Suite 500  
Salem, Oregon 97310

Dear Ms. Goggins:

I appreciate the opportunity to respond to your audit titled "Special Payroll Investigation" dated October 31, 1996.

As noted in the audit report, the department's Inspector General worked in cooperation with your audit team and we concur with the audit findings. The evidence was reviewed by the State Police and the District Attorney's office. The matter was not pursued for prosecution. The employee resigned from his position with the Department of Corrections, was hired by a county corrections agency and then resigned again before any steps could be taken to recover the overpayment. The Department is reviewing the possibility of collection, however, since the employee has resigned, collection costs may exceed the amount recovered.

Sincerely,

  
David S. Cook  
Director

John A. Kitzhaber  
Governor



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