



County of Erie

Erie County Courthouse

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TO: Barry Grossman, County Executive; James Veshecco, Warden;
Phil Fatica, County Council Chair; James Sparber, Finance Director;
Jack Daneri, District Attorney; Citizens of Erie County

FROM: Mary E. Schaaf, County Controller

DATE: October 15, 2012

RE: Investigative Report of Alleged Irregularities in Work-Related Employee Time
Records and Personal use of Ammunition

Introduction

On Thursday, July 26, 2012, an anonymous letter along with supporting documentation was delivered to Mary E. Schaaf, Erie County Controller as well as Barry Grossman, County Executive and the Accounting office. This letter expressed concern over the blatant misuse of premium time at the Erie County Prison. There were alleged discrepancies in the number of vacation and sick days used by a Prison employee but not reported to payroll. According to the letter this practice has been ongoing for some time. The second allegation dealt with the controls related to the ammunition at the Prison.

In order to verify the validity of these allegations, the County Controller's Office immediately initiated their independent review of the Prison records related to payroll and ammunition. The Controller notified the District Attorney of the allegations and asked for his assistance if necessary. The Controller's Office has received the full cooperation of the Prison and the Finance Office in obtaining pertinent records and access to the Prison premises. The County Controller and the County Executive both acknowledged the immediate need to perform independent investigations and inform the public.

During this investigation, it was revealed that Erie County does not have a policy regarding protection of identity of whistleblowers and access to confidential surveillance tapes. This report offers remediation of these deficiencies.

Findings and Recommendations

Payroll/Leave

In order to determine the validity of the allegation related to the proper recording of time for pay purposes, we compared the daily roll call sheets for the individual in question to the daily individual time cards and then to the County payroll records. We met with the County Executive, the Finance Department, the Personnel Director and the Warden.

The Controller questioned why in this specific case the Officer in Charge who takes the roll and forwards the time cards to the County and the suspected Prison employee are related, which is in violation of the Erie County Anti-nepotism Policy preventing immediate supervision by a relative. The Personnel Director stated that this existing relationship was allowed to continue as a past practice due to Union opposition to a change in the employees' status, but that the Policy is enforced for all new hires.

The comparison of the time and pay records by the Controller's Office revealed that the suspected Prison employee used 90 hours of vacation time and 27.5 hours of sick time during 2011 and 2012 (through July) that was not charged against his available leave balance. Additionally, 8 hours of Sportsman's time off in excess of the policy allowance of 8 hours was taken. The total value of the unreported absence and excess time, including fringes was \$3,428.59 for 2011 and 2012. Pay cards for 2010 are no longer available for examination. Therefore, for 2010, we rely on the County Finance Department for their analysis of their payroll records. Their analysis showed 60 hours of unrecorded absences and excess time in 2010 for a total of \$1,176.85 of wages including fringe benefits.

In order to determine the scope of the time omissions, we traced the time for all other Prison employees on the same shift that were also on leave on the same day as the employee in question was on leave. We found that the time for all other employees was properly recorded.

During our examination of the Prison pay cards, we found that white out was used to change time previously recorded. Changes to the pay cards were not initialed. Pay cards were not double checked and then approved by a senior Prison officer. Access to pay cards is not controlled or limited. The person recording the time on the pay card is not indicated on the card.

The Administration has placed one employee on unpaid leave pending completion of this investigation and due process. The Controller's Office recommends additional disciplinary action be taken by the Administration against other involved Prison employees.

RECOMMENDATIONS FOR PAYROLL/LEAVE REPORTING

To better control the current paper payroll process at the Prison, we recommend that the Prison Warden ensure that the following controls are implemented.

1. The Prison employee recording the time on the pay card must initial the card.
2. Each completed pay card is approved by a senior Prison employee before the time is recorded on the payroll time sheet.
3. All changes to pay cards are initialed and the use of white out be prohibited.
4. A Deputy Warden will review and approve all pay cards before submission.
5. Strictly enforce the County Anti-nepotism Policy preventing immediate supervision by a relative.

Even though the County has implemented an electronic payroll system effective October 1st of this year for other County departments, the Prison electronic system has not been implemented. We recommend immediate implementation of an electronic payroll system at the Prison to prevent further manipulation of the payroll records.

Control over Ammunition & Firearms

The allegation that ammunition was taken by the same Prison employee was made. In order to determine if the allegation was true, the Controller's Office performed the following procedure:

1. Interviewed the Warden and Deputy Warden. The suspected employee is coincidentally the Armorer who prepares the monthly Armory Inventory Reports and controls the Armory.
2. Examined the monthly Armory reports including comparing the invoices of the ammunition purchased to the reports and the usage for practice, qualification, etc. We recalculated the reports due to the errors and omissions to obtain the Controller's computed inventory number.
3. Physically conducted an inventory of the Prison's firearms and ammunition as of 8/3/12 and compared it to the reported 7/31/12 inventory by the Armorer.
4. Reviewed the Prison's written policies related to the control of firearms and ammunition.

After conducting the audit procedures, we found the following control weaknesses:

1. Lack of supervision of the Armorer and Armory reports by the Deputy Warden.
2. The monthly Armory reports for the month of March, April, May and June were not completed and given to the Deputy Warden on a timely manner by the Armorer.

3. The inventory of ammunition, as reported on the Monthly Armory Reports is not compared physically to the quantities on hand. Several of the Monthly Armory Reports had incorrect or missing entries which would have been detected by a physical inventory by the Deputy Warden.
4. Undocumented removal and transport of ammunition to the private residences of the Deputy Warden and the Armorer. This was discovered after the Controller questioned the Warden and Deputy Warden regarding the Monthly Amory report for April 2011 which showed an unexplained change in the "on hand" listing. Both the Deputy Warden and Armorer are firearms instructors. Partial amounts of ammunition had subsequently been returned by both employees per the attached Exhibit.
5. A comparison of the actual inventory of firearms and related items to the County's inventory of fixed assets disclosed several discrepancies including a chemical launcher not recorded in the County inventory. All firearms in current usage were in the Armory. One firearm placed in service in 1982 and carried on the County's inventory on 8/2/12 was not present.
6. Inadequate procedures to document each employee who enters the ammunition storage area. Several employees can enter at one time if only one has a key.
7. Inadequate supervision of the Armorer and the Monthly Armory Reports. Inadequate reporting on Monthly Amory Reports.
8. The Controller's Office performed a reconciliation of the Monthly Armory Reports, ammunition and firearms invoices paid by the County, and the physical count of the inventory. The total approximate value of irreconcilable ammunition inventory for 2011 was \$323.74 and for 2012 was \$95.35. The written notes for usage did not match the computations on the Monthly Armory Reports and declines in inventory were not explained. The manipulation of the Monthly Armory Reports for an extended period of time in the past rendered inadequate and unsubstantiated data for auditing purposes.

RECOMMENDATIONS FOR ARMORY CONTROL

Based upon the procedures used as well as the control weaknesses found, we recommend that the Warden ensure that the following suggestion for improvements be implemented:

1. The monthly Armory report be completed by the Armorer and turned in to the Deputy Warden by the 15th of the following month for the Deputy Warden's review.
2. The inventory amounts listed on the monthly Armory report are to be physically compared to the actual quantity on hand. The requirement for a monthly inventory is required under Section 95.241 Security of Title 37 of the PA Code.
3. All unused ammunition left over after the Prison's semi-annual certification be returned to the Armory for safe-keeping.
4. The County's report of fixed assets be corrected by recording the chemical launcher and removing one firearm previously destroyed.

5. Install an electronic access system to gain access to the ammunition and gun storage room in order to document each employee who enters.
6. Require each issuance of ammunition for training and qualification be initialed on a log by each Prison employee. Require a count of ammunition before leaving the range and documentation upon returning to the Armory.
7. The County Controller's Office will conduct random audits of inventory.

Identity Protection for Whistleblowers

We found that no policy or formal procedure exists within Erie County Government with regard to the protection of the identity or access and preservation of surveillance records citizens who take the time and effort to disclose suspected wrongdoing on the part of County employees are to be encouraged in all respects and their anonymity vigorously protected.

ENCOURAGEMENT OF WHISTLE-BLOWERS AND PROTECTION OF THEIR IDENTITIES

1. Whistle-blowing is to be encouraged. The identity of anonymous whistle-blowers is to be protected and not disclosed without his or her written consent.
2. County employees are to take no action to discover the identity of a whistle-blower.
3. No adverse action shall be taken against any employee who is a whistle-blower.
4. It shall be the responsibility of the Erie County Controller, in conjunction with the Administration, to advise County employees on at least a yearly basis, of the existence of the Erie County Controller's Fraud, Waste and Abuse Hotline anonymous reporting on the Erie County website and the anonymous phone Hotline at 814-451-6369.

CONTROL OF COURTHOUSE SURVEILLANCE RECORDS

1. No-one shall have access to surveillance records except law enforcement agencies, which includes the Office of the Erie County Sheriff, during the course of a current criminal investigation or by the Court.
2. It shall be the responsibility of the Erie County Sheriff, to safely maintain surveillance records, in a manner consistent with County policies.

The Controller's Office requests immediate implementation of these recommendations by the Prison and other proper County departments and a subsequent report of implementation at the Erie County Prison within thirty days. We offer any assistance which may be needed. We appreciate the cooperation provided by the County Executive, the Finance Department, and the Warden.

The Controller's Office is very grateful to the individual who alerted the County to this situation at the Prison and welcomes the opportunity to improve the performance of County government. We will aggressively investigate each report and take whatever action is necessary to protect County tax dollars.