

# OVERVIEW

THE AUDITOR  
STATE OF HAWAII

## Financial Audit of the Department of Public Safety

### Summary

The Office of the Auditor and the certified public accounting firm of Coopers & Lybrand conducted a financial audit of the Department of Public Safety for the fiscal year July 1, 1991 to June 30, 1992. The audit examined the department's financial records and its systems of accounting and internal controls and tested these for compliance with applicable laws and regulations.

In the opinion of Coopers & Lybrand, the department's financial statements present fairly its combined financial position and the combined results of its operations for the fiscal year ended June 30, 1992. All were in conformity with generally accepted accounting principles.

Coopers & Lybrand noted no matters involving the internal control structure and its operation that they considered to be material weaknesses as defined in the report on the internal control structure. They also noted, with respect to items tested, that the department has complied, in all material respects, with laws and regulations applicable to the department.

However, Coopers & Lybrand noted reportable conditions involving the department's internal control structure concerning controls over the use and payment of overtime at the correctional facilities. The State paid \$8.4 million in overtime pay to employees at the correctional facilities; the appropriation for this purpose was \$3.8 million. The department's lack of supervisory controls over employee scheduling, overtime, timesheets, attendance records, and leave records jeopardizes the validity of its payroll payments and records and contributes to the large overage in its overtime expenditures.

We found that a pattern of abuse of overtime has been allowed. Employees consistently have been allowed to work a double shift on their scheduled days off and then take vacation or sick leave on their next scheduled work day. Thus they get the same number of days off as originally scheduled, but receive 24 hours' pay for working on their scheduled day off.

We also found that shift supervisors have been approving erroneous timesheets, resulting in payments for unearned overtime. Employees are claiming overtime for working during their normal shifts or for working three consecutive weekends when, in fact, they had not worked three consecutive weekends.

Additionally we found that attendance records were missing, incomplete, or improperly completed. We also found that employees' leave records did not accurately reflect leave actually taken and earned. The department needs to improve its control of inmates' accounts and stores inventory at its correctional facilities and to develop a policies and procedures manual.

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## Recommendations and Response

We recommend that the department review its policies and procedures for establishing employee work schedules and institute controls over the approval and use of overtime. We also recommend that the department take whatever steps necessary to ensure that timesheets are accurately filled out when they are approved. Further, we recommend that the department take steps to ensure that attendance records are properly prepared and kept, and that leave taken is properly recorded on DPS Form 7.

In addition, we recommend that reconciliations of inmate trust accounts be performed on a regular basis, cash receipt functions be properly segregated, and inventory controls be improved at the Halawa facility. Finally, we recommend that the department expedite the development of its policies and procedures manual and distribute it to all staff upon its completion.

The department did not respond to our report draft.

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