

OVERVIEW

Financial Audit of the Hawai'i Youth Correctional Facility

Report No. 07-01, January 2007

Summary

The Legislature initiated a financial and operational audit of the Hawai'i Youth Correctional Facility through Act 1, Session Laws of Hawai'i 2006. The operational audit of the facility was previously conducted and issued during May 2006 as Report No. 06-03, *Management Audit of the Hawai'i Youth Correctional Facility*. This financial audit was conducted by the Office of the Auditor and the certified public accounting firm of Grant Thornton LLP. We assessed selected fiscal issues of the Office of Youth Services and the Hawai'i Youth Correctional Facility, including, but not limited to, a review of sick leave, overtime, ward trust accounts, and procurement issues. The Office of Youth Services is responsible for leading the State's services to at-risk youths. The youth correctional facility is a branch of the Office of Youth Services.

Our audit found that the facility incurs significant overtime costs and sick leave usage among its youth corrections officers (YCOs). For example, for the 20 YCOs' payroll histories that we reviewed, an average of 35 percent of their gross compensation was earned through overtime during FY2004-05. In fact, one YCO earned \$44,845 in overtime compensation as compared to \$36,494 in base pay. We also reviewed the sick leave patterns for these YCOs, noting they took an average of 164 hours of sick leave and 234 hours of compensatory time off in lieu of sick leave during FY2004-05. However, we found that high vacancy levels among the facility's YCOs and the inherently stressful nature of the work were the primary drivers of overtime costs and sick leave usage.

We also found that internal controls over the collection of salary overpayments could be improved; controls over processing, disbursing, and reporting of wards' trust accounts should be strengthened; and improved compliance with procurement laws and rules is needed.

Recommendations and Response

We recommended that the facility develop and implement a formal system of monitoring overtime and sick leave usage among all employees concurrently to identify any patterns of abuse. The facility should also work with the Office of Youth Services to fill vacant youth corrections officers positions as soon as possible. We also made a number of recommendations to the Hawai'i Youth Correctional Facility and the Office of Youth Services regarding monitoring salary overpayments, handling of wards' trust accounts, and complying with procurement laws and rules.



The Office of Youth Services agreed with our findings and expressed appreciation for the professionalism and courtesy afforded by our staff and Grant Thornton LLP. The office provided details of corrective actions being taken or already implemented since the conclusion of our audit fieldwork.

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