



Legislative Post Audit Compliance & Control Audit Report Highlights

Data Mining: Reviewing State Data Systems for Evidence of Inappropriate Payments (January to June 2009)

Report Highlights

July 2009 • 09CC02

Audit Concern

The Legislative Post Audit Committee has directed us to use “data mining” techniques to search for potential fraud, waste, abuse, and non-compliance in various areas of State spending.

Other Relevant Facts & Findings

- The State paid a total of \$13.1 million in overtime pay in fiscal year 2008, including \$4.4 million in overtime premiums, the additional 50% pay workers receive for working overtime shifts.
- Agencies that used the most overtime were the Department of Transportation, Highway Patrol, and the State’s correctional facilities.
- Some agencies use overtime because recruiting qualified employees is a problem, or existing employees want the overtime pay to make their low-paying jobs more attractive.

Estimated Potential Cost Savings as a Result of This Audit:

\$ 240,000 per year

AUDIT QUESTION: Do There Appear To Be Any Instances of Fraud, Abuse, Non-Compliance, or Inefficiency in the State’s Expenditures?

AUDIT ANSWER and KEY FINDINGS:

- Agencies with very high overtime costs could reduce their costs by as much as \$240,000 a year if they could hire additional employees, rather than paying so much overtime to existing employees. (See figure on the back of this page.)
- Agencies generally had reasonable explanations for situations where employees worked significant amounts of overtime, or where State agencies paid their employees as contractors.
- In one instance at the Department of Health and Environment, a manager is married to a subordinate, and the Department hasn’t acted to limit the potential conflict of interest.

We Recommended

- Agencies with high amounts of overtime identified should review their use of overtime and consider hiring additional staff to offset overtime premium costs.
- The Department of Health and Environment should address the situation we identified to ensure the manager isn’t involved in any decisions that directly affect his spouse’s employment.
- The Legislative Post Audit Committee should consider a more in-depth performance audit looking at the State’s use of overtime.

Agency Response: In general, the agencies that responded to the report agreed with the report and our recommendations.

**Potential Savings if Agencies Could Hire Additional Staff to Offset Excessive Overtime Usage
Based on FY 2008 Overtime Usage**

Agency <i>Description of the Department or Sub-Unit(a)</i>	FY 2008 Overtime			# of New Employees the Agency Could Keep Busy at Least 75% of the Time	Estimated Annual Savings From Hiring New Employees
	Total # of Overtime Hours	Total Overtime Pay	50% OT Premium (\$\$)		
Hutchinson Correctional Facility <i>344 security staff</i>	27,956	\$615,654	\$205,218	10	\$71,480
Lansing Correctional Facility <i>409 security staff</i>	21,186	\$483,658	\$161,219	8	\$61,701
El Dorado Correctional Facility <i>276 security staff</i>	19,008	\$389,712	\$129,904	6	\$37,487
Topeka Correctional Facility <i>150 security staff</i>	13,977	\$320,103	\$106,701	5	\$38,359
Kansas Juvenile Correctional Complex <i>63 security staff</i>	13,227	\$267,838	\$89,279	4	\$24,821
Veteran's Commission(b) <i>37 direct care staff</i>	4,848	\$79,405	\$26,468	1	\$3,972
TOTAL	100,202	\$2,156,370	\$718,790	34	\$237,820

(a) The number of staff includes only the number of filled positions in each sub-unit as of July 2008.

(b) This budget unit at the soldier's home contains many types of direct care staff, but we analyzed only the Certified Nursing Assistants (CNA's).

Source: LPA analysis of SHaRP payroll data.

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**DO YOU HAVE AN IDEA FOR
IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?**

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.