

**Montgomery County, Maryland
Office of the County Executive
Office of Internal Audit**



**Correctional Officer Salary Schedule
Conversion by
DOCR and OHR:**

June 1, 2012

Prepared by Cherry, Bekaert & Holland, L.L.P.

Highlights

Why MCIA Did this Audit

In July 2007, The Montgomery County Department of Corrections and Rehabilitation (DOCR) transitioned to a new Correctional Officer Salary Schedule. Through subsequent review, it was determined that multiple Correctional Officers were incorrectly converted to the new salary schedule, which ultimately resulted in incorrect pay. In December 2008, the Office of Human Resources (OHR) performed a review of the Correctional Officers converted when DOCR management had concerns that some of the officers were incorrectly converted. OHR concluded, based upon its review, that 130 officers were incorrectly converted and proceeded to recoup overpayments from those employees or true-up underpayment to those employees. The Municipal and County Government Employees Organization (MCGEO) Labor Union expressed concern regarding the correction process. Both MCGEO and OHR agreed to have an independent third party (MCIA) review the conversion to determine if all officers were properly converted and/or corrected. This report is a reissuance of a report we issued in November 2011 (See page 4 for a discussion of “subsequent events” which led us to reissue this report.)

What MCIA Recommends

MCIA recommends OHR correct the salaries of the 7 officers that we found to still be in error. We also offer several recommendations aimed at improving the planning for and implementation of any future complex County initiatives to avoid the types of problems the County

experienced with the conversion of Correctional Officer’s pay. For example, we recommend that formal operating procedures be prepared and be pre-tested before the initiative is implemented. DOCR concurred with all recommendations. OHR concurred with 3 of the 4 recommendations, and disagreed with part of the report’s conclusions. MCGEO disagreed with our conclusion regarding the collective bargaining agreement’s ambiguity and commented that it should have a central role in correcting any erroneous payments and in the implementation of any future changes to pay systems.

June 2012

Correctional Officer Salary Schedule Conversion by DOCR and OHR: Many Problems Resolved but Others Remain

What MCIA Found

Our audit generally confirmed OHR’s review results. We found that 152 or 53% of the initial conversions of the 287 COs to the DOCR Correctional Officer Salary Schedule were performed correctly and 138 incorrectly. OHR correctly identified and corrected 128 (45% of the 287) of the 135 incorrect conversions. We found that OHR incorrectly converted the remaining 7 or 2% of the 287 COs and remained incorrect at the completion of our audit. (See table 1.) Therefore, 98% of the original 287 COs have been correctly converted. Additionally, the County and the Union disagree on the continuous application of a five (5) percent salary incentive for 63 officers that received a Salary Grade Adjustment for prior qualified experience when hired by the County.

We believe that the overall problems with the implementation of the Correctional Officer Salary Schedule by OHR and DOCR were caused by (1) the ambiguity of an agreement between the County and MCGEO as to the guidance given to implement the Correctional Officer Salary Schedule and, (2) insufficient controls to ensure OHR and DOCR had a common understanding of how the implementation was to occur. In summary, our audit shows that there are lessons to be learned regarding the level of planning, formal guidance, and oversight needed for the successful implementation of any future complex initiatives.

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Objectives

This report summarizes the work performed by Cherry, Bekaert & Holland, L.L.P. (CBH) in an internal audit of the Montgomery County Office of Human Resources (OHR) Correctional Officer (CO) Salary Schedule conversion. The scope of this engagement included all CO's on the Department of Corrections and Rehabilitation (DOCR) payroll on July 8, 2007. The objectives of the audit were as follows:

- Determine whether Correctional Officers were properly classified in the new Correction Officer (CO Matrix) based pay system during the 2007 conversion.
- Review whether rates of pay for about 130 individuals that OHR and the Finance Department have determined to be in error are correct and were made in accordance with the CO Matrix in the MCGEO Labor agreement.
- Determine whether pay to Correctional Officers that the County has determined were not in error (payments to approximately 157 individuals based on procedures we completed in Phase 1 of the audit) are in fact accurate and in accordance with the CO Matrix in the MCGEO labor agreement
- Perform additional conversion calculations for 63 Correctional Officers hired with a five (5) percent salary incentive.
- Assess the adequacy of internal controls used by the County to convert DOCR officers to the matrix.

The objectives of this audit did not include CBH confirming and assessing if the actual amounts paid to or recovered from CO's were correct or accurate.

This internal audit report was performed in accordance with consulting standards established by the American Institute of Certified Public Accountants (AICPA) and generally accepted government auditing standards (GAGAS) established by the Government Accountability Office (GAO), as appropriate. Our proposed procedures, developed to meet the objectives stated above, were reviewed and approved in advance by Montgomery County Internal Audit (MCIA). Interviews, documentation review, and field work were conducted from February 2011 through August 2011.

Background

Overview

DOCR is a department in the County's Executive branch and its Correctional Officers are governed by the labor agreement between MCGEO, United Food and Commercial Workers, Local 1994, and Montgomery County Government. For purposes of this audit, the applicable agreement was effective for the years July 1, 2007 through June 30, 2010.

Starting in July 2007, all DOCR CO's were converted to a new Correctional Officer Salary Schedule based upon their rank and years of service. The conversion occurred on the CO's first

anniversary date¹ after July 8, 2007. DOCR was tasked with determining when and where each CO was to be placed on the Correctional Officer Salary Schedule and completing the Personnel Action Form (PAF) with the CO's new salary and step combination. Upon receiving the PAF from DOCR, OHR staff would review the form to verify the salary and step were proper per the Correctional Officer Salary Schedule and process the salary change.

As OHR had no written documentation describing the procedures performed by County staff when performing the conversion, we requested OHR prepare for us the precise procedures followed by County staff when they converted CO's to the new salary schedule and when OHR did its subsequent review. Appendix A contains the OHR prepared written procedures.

On October 16, 2007, a Memorandum of Understanding (MOU) titled "Adjustment of Correctional Officer Service Increment Dates" was agreed to by OHR and MCGEO. The purpose of the MOU was to establish when the service increment date for the CO's being converted to the new Correctional Officer Salary Schedule would be set. Per the MOU, "the service increment date² of all Correctional Officers will be reset to a date that is one (1) year from the FY2008 anniversary date of their employment with the Department of Correction and Rehabilitation. For example, for an employee hired with the County through the Department of Transportation on October 15, 2003 and later transferred to DOCR on December 27, 2005 the employee's FY2008 anniversary date would be the beginning of the pay period covering December 27, 2007 and their service increment date would be reset to December 27, 2008 for FY2009. Following this MOU, MCGEO advised OHR that the calculation of employee tenure was to be based on years of employment with the County and not just with DOCR.

During the early months of the conversion several issues were identified. The issues as detailed in the memo *Chronology of Events – Correctional Officer Salary Schedule* provided to us by an OHR official are summarized below:

- *Awarding of Service Increment Wage Increases*
 - The labor agreement stipulates in Article 5, Wages, Salary, and Employee Compensation that bargaining unit members are eligible for service increment each year. Receipt of a service increment shall be conditioned upon the provisions of Article 6, Service Increments, which also states that each merit system employee is eligible to be considered each year for a service increment award to be effective on the assigned service increment date. In years prior to the conversion, on a CO's service increment date more commonly referred to as an employee's "anniversary date" if entitled the employee's salary would increase. However, in converting COs to the new salary schedule it was still unclear whether employees were to receive their service increment increase before, as part of, or after being converted to the new schedule.
- *Defining Anniversary Date and Years of Service Calculation*
 - The term "anniversary date" was interpreted to mean the date of employment with DOCR and not employment with the County. The date of employment with DOCR was used for the years of service calculation, which resulted in some CO

¹ Defined as the employee's date of hire.

² The increment date equals an employee's date of hire (month and day) unless the originally assigned increment date has been reassigned under the terms of the union agreement.

being credited for fewer years than actually employed with the County. After the MOU was executed in October, the Union further defined that the employment date with the County should be used in the calculation of employee tenure.

- *Correction of Pay Deficiencies*
 - Actions taken to correct errors in conversion sometime resulted in additional errors. The additional errors required more changes to correct the initial and subsequent errors which impacted employee's pay multiple times.

OHR Review

In response to a request from MCGEO in October of 2008, OHR Records Management reviewed the OHR personnel file of each CO to determine if the employee's conversion to the Correctional Officer Salary Schedule was properly completed and the employee was receiving the correct pay. The results of the OHR review determined that approximately 130 employees were not being properly paid at some point during the conversion period of July 2007 to June 2008. (The most common error OHR found was that employees had been improperly given a service increment increase prior to being converted to the new salary schedule.) In a meeting on November 12, 2008, OHR provided MCGEO with a copy of the completed analysis and the associated documents from employee personnel files supporting their conclusion of over or under payment.

Starting in December 2008, OHR started notifying employees of the administrative error in their pay and informed them of their over or under payment status. An example of the letter can be viewed at Appendices B1 and B2. In letters sent to employees from December 2008 through November 2009, each impacted CO was provided with worksheets detailing the nature and duration of the payment error. CO's that were overpaid were informed that they would have to repay funds to the County. In order to mitigate the impact of the action to recover the overpayment, it was subsequently agreed that the payroll deductions would not commence until the respective employee's next anniversary date of their employment with DOCR. If the employee was underpaid, they were informed of the exact amount of underpayment and a check for that amount was distributed. Employees were given the option to provide written comments within ten workdays of receipt of the letter, which would be evaluated by OHR before making a final decision.

Arbitration Suspension

In September 2010, the County and MCGEO decided to postpone arbitration on the matter and that the County would suspend collection efforts until a third party could complete an audit. At the time the decision was made the Payroll Division in the Department of Finance had calculated the approximate total of overpayments to be \$148,000. In addition, payroll deductions were still due for 28 employees who owed a combined \$8,600 to the County.

Five (5) Percent Special within Grade Adjustment

Another issue related to the conversion to the new Correctional Officer Salary Schedule, is the treatment of COs who qualified for a five (5) percent within grade adjustment based on prior correctional experience when hired. In December 5, 2000 a memorandum from DOCR Director and MCGEO President sets forth that Correctional Officers hired after May 1, 1998, with 18 months of uninterrupted service as a Correctional Officer in another agency will be offered a five

(5) percent special within grade salary adjustment³. It was agreed that 10 Correctional Officers hired a short time before May 1, 1998 and with 18 months of uninterrupted service as a Correctional Officer in another agency would also be offered the five (5) percent special within grade salary adjustment. At the time the December 2000 memorandum was issued, the CO salary grades consisted of salary ranges that were defined by a minimum, a midpoint and a maximum.

MCGEO and OHR have differing views as to whether the treatment of the five (5) percent % salary adjustment for this select group of COs continues in perpetuity. MCGEO's opinion is that CO awarded the five (5) percent salary adjustment will always have a salary five (5) percent higher than their peers who were not entitled to the adjustment. In contrast, OHR's opinion is that the five (5) percent salary adjustment only impacted where an officer was to be initially placed on the new salary schedule but does not carry on in perpetuity and assure that this officer will always be five (5) percent higher than peers.

Subsequent Events

After issuance of a final report in November 2011, OHR provided us additional information regarding the methodology it applied when converting officers to the salary matrix as well as officer hire and merit dates. We used this additional information to reevaluate our previous conclusions regarding the propriety of OHR's salary conversions. Based on these efforts we determined that OHR's successful conversion rate was higher than we originally reported in November. Despite that improvement, we have concluded that our observations and recommendations related to the planning and implementation of the initiative continue to be valid. This revised report incorporates the changes in the number of incorrect conversions. In addition, OHR provided information regarding actions taken to address recommendation number one.

Scope and Methodology

We performed our review of the matrix pay conversion of Correctional Officers in two phases. Phase I consisted of interviewing responsible officials from OHR, DOCR, and MCGEO to gain an understanding of how the conversion was planned and implemented, what the issues were with the conversion, and what actions were taken to correct errors. In addition, we reviewed documentation that supported the conversion process. Appendices G and H contain a listing of the individuals interviewed and the primary documents reviewed. The results of the procedures performed in Phase I were the determination of the correct application of the Correctional Officer Salary Schedule, which was used as the basis for developing the approach for Phase II testing. We designed the testing to provide coverage over employees whom OHR classified being converted to the matrix correctly and incorrectly, and experienced employees hired with the incentive of receiving a salary five (5) percent higher than less experienced employees in their same position.

Population Determination

We obtained from Payroll the listing of all CO's employed by DOCR as of July 8, 2007, the date that Matrix 1 became effective. We also obtained additional listings of DOCR employed CO's from June 2008, December 2008, June 2009, December 2009, June 2010, and January 2011 from OHR. We compared the payroll listing as of July 8, 2007 to the subsequent listings to ensure

³ A within-grade adjustment is an increase, within a salary range or from one step to another step within a salary matrix.

completeness of the population. We noted consistency in the number of officers on each listing with minor differences due to terminations, transfers, and new hires. We have determined that the total population of COs who were converted to the Correctional Officer Salary Schedule was 287. Of those, OHR had determined that 130 had been incorrectly converted, contained errors and required adjustments and 157 were properly converted.

Phase I Sample Selection and Testing

We obtained from OHR the listing of COs for which OHR had reviewed and determined to be incorrectly converted. We performed limited testing by judgmentally selecting five officers from this listing to test for Phase I. Our selection was based on specific officers that MCGEO advised have had conversion problems. OHR did not keep documentation of officers determined to be correctly converted, therefore we extracted from the payroll listing those officers that were determined by OHR as correctly converted and randomly chose five officers for testing in Phase I. This resulted in a total Phase I sample of 10 COs.

For each sample, we reviewed the officer's PAF in effect before conversion to the matrix. We then reviewed the PAF, completed by DOCR, that assigned the officer to the matrix and subsequent PAFs until the officer's next service increment. Based on a methodology provided by OHR and prepared at our request, which we then evaluated and confirmed, we re-performed the steps of assigning the CO to the matrix. We then compared our results to DOCR's PAFs and to OHR's review, if available.

Since the procedures performed in Phase I were applied to the remaining 277 records, the testing results are included in our discussion of results for Phase II. For actual results of Phase I Testing, see Appendix C.

Phase II Sample Selection

After the completion of Phase I testing, MCGEO and OHR agreed that the remaining 277 COs should be tested. Testing of the entire population would give assurance that the conversions were properly performed and any necessary corrections were properly made. Selected for Phase II testing were the remaining 277 COs as follows:

- One hundred twenty-five (125) conversions that OHR has pre-determined were incorrectly converted (130 conversions minus the 5 that were tested in Phase I) for 100% coverage.
- One hundred fifty two (152) conversions selected from the population of officers that are not included in the OHR listing of incorrectly converted officers (157 conversions minus the 5 that were tested in Phase I) for 100% coverage.

In regards to the COs who were hired with the five (5) percent special within grade salary adjustment we identified from a listing provided by OHR the 63 CO's to be tested.

Phase II Detailed Testing

For conversions determined by OHR to be incorrect, we tested the accuracy of OHR's review, which included reviewing the OHR records pertaining to a CO's initial placement on the Correctional Officer Salary Schedule and subsequent movement to the correct step as deemed by OHR. We also verified that the CO was notified of the error via a letter from OHR.

OHR did not maintain documentation for the conversions it determined to be correct. Therefore, we tested whether or not the CO was in fact placed on the salary schedule correctly. For the entire population of 157 officers we verified the subsequent movement along the salary schedule was performed correctly from initial conversion or correction, which occurred in 2007 or 2008, through June 2009.

For the 63 officers brought in with the five (5) percent special within grade salary adjustment, we recalculated the conversion in accordance with the audit methodology, agreed to on May 25, 2011 by MCGEO and OHR. As discussed earlier, we drafted this methodology for us to perform the officer conversions based on OHR and MCGEO positions as to how the salary incentive should be treated. This methodology required us to compare the results of OHR's calculation of the 5% incentive, which we tested for accuracy, to our calculating the incentive according to MCGEO's position. The MCGEO position, in effect, stipulates that whenever an officer is placed on or moves along the salary schedule, he or she will always be paid at least five (5) percent more than had that officer not had prior qualified work experience. We also calculated the annual pay on the dates of the individual's PAF's (service increment, general wage adjustment, promotion, leave of absence, etc.) based on OHR's position and compared it to the MCGEO position methodology.

As previously explained, OHR and MCGEO disagree on how to apply the five (5) percent incentive. We observed that the agreement between MCGEO and OHR mentioned above pertains to how CBH was to calculate placement of the COs on the schedule. The agreement does not explicitly state whether or not the five (5) percent special within grade salary adjustment is to remain in effect in perpetuity. Full detail of procedures performed can be found at Appendix D.

Results

Our review found that the initial conversions of 152 or 53% of the 287 COs to the DOCR Correctional Officer Salary Schedule were performed correctly. OHR correctly identified and corrected 128 (45% of the 287) of the 135 incorrect conversions. The remaining 7 or 2% of the 287 COs were found to have been incorrectly converted and have not been corrected at the time of our audit. (See table 1.) Ninety-eight percent of the 287 COs have been correctly converted.

Table 1 – Results Breakdown

Total Population			
287			
OHR Determined Correctly Paid		OHR Determined Incorrectly Paid	
157		130	
CBH Agree	CBH Disagree	CBH Agree	CBH Disagree
152	5	128	2

Based on our review we identified the following findings:

1. Correctional Officer Salary Schedule Conversion

We found the reasons for the remaining 7 incorrect conversions varied between the timing of when a person was converted or step assignment or a combination of both. A breakdown of the specific reasons is noted in the table below.

Table 2 – Summary of Reason for 7 Remaining Incorrect Conversions

Reason for Incorrect Conversion	Number
Assigned to matrix at the correct service increment date <i>but incorrect step</i>	5
Assigned to matrix at the correct step and correct service increment date, <i>but subsequently was moved to an incorrect step or moved at an incorrect date.</i>	2

We determined that all 7 of the COs were overpaid. Our testing did not include calculation of the cumulative overpayment or underpayment or the confirmation that amounts paid or recovered were correct. The testing was designed to determine the annual salary and hourly wage difference and the length of time the hourly wage was incorrect for the period under review. See the detail listing of the 7 incorrect conversions at Appendix E.

2. Five (5) Percent Special within Grade Salary Adjustment

As agreed to by OHR and MCGEO, we compared the results of applying the 5% salary incentive using the opposing methods advocated by the two parties. The results of our comparison indicated that the dollar value of the salary increases needed for each CO to maintain the 5% incentive, which is MCGEO position, range from \$2,086 to \$5,570 over the salary they were being paid as of their salary increment date during FY 2009. The salary increase amount equates to a 7% salary difference between the two methodologies for salary being paid to the CO on their respective salary increment date during FY 2009. To reiterate, OHR strongly disagrees with MCGEO on this point and maintains that this was never the intent of the conversion process or its agreement with MCGEO to maintain the 5% incentive. See the detail listing of each of the 63 officers at Appendices F1 and F2.

3. Weaknesses in Identifying all Key Issues regarding the Implementation of the Correctional Officer Salary Schedule Adjustment

Prior to the implementation of the matrix, there was no formal document providing instructions as to the implementation of the plan. As mentioned previously, at our request, OHR prepared a written methodology for implementing the matrix. Details of this methodology can be found in Appendix A. In addition, no piloting or testing of the conversion procedures were performed to determine if performance of the procedures as designed would provide the proper result. Informal email communication was noted between certain OHR staff members. OHR Records

Management relied on DOCR to properly complete the PAF's and only checked that the step and salary on the form matched the corresponding step and salary on the matrix. In addition key issues, such as, the treatment of the 5% special within grade salary adjustment and the treatment of service increments were not even formally considered or evaluated for impact on the conversion. OHR and DOCR each had their own interpretations on how to execute the conversion. Executing the conversion without first ensuring all those involved have a clear understanding of the necessary and proper procedures increases the potential for errors, omissions, and inaccuracies.

4. Weaknesses in Documentation Regarding the OHR Review of the Implementation of the Correctional Officer Salary Schedule

OHR did not retain any documentation supporting the work OHR staff performed in reviewing those CO conversions it deemed to have been performed correctly, therefore we could not assess the adequacy of their review since how they reached their conclusions could not be confirmed or analyzed. It is good business practice to retain documentation supporting work performed when performing a post review of an implementation of a plan or procedures. At a minimum the documentation should be retained until all issues have been resolved.

Conclusions

OHR and DOCR have had continuing problems in converting COs to a matrix pay schedule. While OHR has since corrected almost all of the original conversion errors it reviewed, we found seven errors (see recommendation 1 below) that were still outstanding as of our fieldwork completion. Additionally, there is continuing disagreement on how to apply the special 5% percent salary adjustment. Subsequently, OHR has indicated that action has been taken to follow up on the seven exceptions noted and a final resolution has been determined for each officer.

We believe the overall problems with the implementation by OHR and DOCR were caused by (1) the ambiguity of the MCGEO Agreement and the guidance given to implement the Correctional Officer Salary Schedule and, (2) insufficient controls to ensure OHR, DOCR, and MCGEO had a complete understanding of how the implementation was to occur. We believe that the recommendations described below will provide OHR and DOCR an effective means of addressing the issues outlined in this report and the implementation of any future complex initiatives.

Recommendations

We recommend that the Director of OHR

For the current situation:

1. Ensure that salaries for the 7 Correctional Officers we found to still be in error are corrected. With assistance from Payroll, determine the cumulative pay differences - for each officer and take steps to either pay to or recoup funds from the officers, subject to any governing agreements, regulations or law.

For the future:

2. Ensure detailed and formal procedures are prepared and pre-tested for the operating personnel and the departments who will be implementing changes of a complex nature such as the initiation of new pay systems for employee groups or other initiatives that impact large numbers of employees.
3. Have a discussion and comment period after a policy is drafted to allow affected and involved individuals, departments, and other critical stakeholders with more specific knowledge to raise concerns, potential foreseeable problems, and suggested changes.
4. Consider the need to pilot test complex initiatives before implementing it for an entire universe of employees.

Comments and MCIA Evaluation

We provided OHR, MCGEO and DOCR with a draft of this report for review and comment on October 18, 2011. OHR and MCGEO responded with written comments on October 25, 2011 and DOCR responded orally on October 26, 2011. DOCR told us that it concurred with the recommendations contained in the report. OHR concurred with 3 of the 4 recommendations, and disagreed with part of the report's conclusions. MCGEO comments indicated disagreement with the implementation of the recommendations and the role of MCGEO in that process. MCGEO also disagreed with one of our findings and the related conclusion. Both OHR and MCGEO also suggested editorial or minor factual changes, and we have made necessary changes. The written responses from OHR and MCGEO have been incorporated in the report at Appendix I. On May 14, 2012 OHR provided CBH with subsequent information regarding management action taken to address recommendation number one. While we did not perform any audit procedures on the information provided, based on the details by OHR we feel management has taken adequate steps to address the recommendation.

OHR disagreed with the current recommendation 3 by noting that the implementation of the Matrix was negotiated through the collective bargaining process and that any changes, such as having a discussion or comment period would also have to be negotiated. We continue to believe that having a period of discussion or comment for policy changes will allow parties impacted by the change to voice concerns or reach consensus though we acknowledge that this may require negotiation between OHR and MCGEO in the future.

OHR also disagreed with draft language in our conclusion section regarding the impact of the implementation on the 5% salary grade adjustment. While we have revised our conclusion to reflect that there were insufficient controls over the salary conversion process in general, it is noteworthy that OHR's disagreement is based on its interpretation of the treatment of the 5% salary grade increase. However, as we have reported OHR and MCGEO continue to disagree on the treatment of the 5% salary grade increase. Furthermore, our audit showed that there are substantial monetary implications, both to the County and correction officers, depending on precisely how the 5% salary increase is applied.

MCGEO asserts that all the report recommendations be changed to reflect the role of MCGEO and the Collective Bargaining Agreement in addressing the correction of errors. MCGEO appears to be concerned that our report implies that OHR should take unilateral action to correct the problems we identified. That is not the case. We fully understand that OHR will have to work with or seek input from MCGEO to resolve most if not all the issues raised in this report. For example, Recommendation 1 states that any action taken by OHR should be subject to any

agreements, regulations or laws. We also point out that the Office of Internal Audit has no audit authority over MCGEO, and addressing recommendations to MCGEO would not be appropriate.

MCGEO disagrees with our finding and conclusion regarding the Collective Bargaining Agreement (CBA), referred to in the report as the MCGEO agreement. Their disagreement is with our use of the term “ambiguity” in connection with the CBA and contends that we have reached an inappropriate legal conclusion. In response, our findings, conclusions, and recommendation refer to both the CBA and the related guidance issued pertaining to the implementation of the matrix. To be clear, as auditors, we have not made any legal conclusions. We have, however, drawn audit conclusions which we believe are fully supported by our work and therefore remain unchanged. Our conclusions are based on the results of our audit during which we determined that a clear, single understanding of how to implement the matrix was not documented in the CBA or in subsequent implementation guidance. We believe this is a primary cause of the differences in opinions by the County and MCGEO regarding precisely how the salary adjustment should be applied to the Salary Schedule Matrix.

Appendix A: OHR Proposed Conversion Steps

Conversion of Department of Correction and Rehabilitation (DOCR) Uniformed Personnel from Banded Pay to the Salary Matrix

Listed below are the steps that should have occurred as described by OHR when converting DOCR uniformed personnel to the salary matrix in FY2008 (July 1, 2007 through June 30, 2008).

HR Liaison

1. Determine all affected employees' anniversary date of employment with DOCR. Anniversary date reflects the date employee started working for DOCR. If an employee transferred from a non-uniform position in DOCR to a CO, their anniversary date will be their date of employment with DOCR and not the date they started as a CO. The Employment Date field on the Personnel Action Form (PAF) is the employee's most recent employment date with the County. In addition, it is the latest start date in a merit system status position. The employment date with the County can be different from the employment date with DOCR. If the employee was hired in another position in the County and transferred to DOCR, the employee's employment date with the County will be different from their anniversary date with DOCR.

Example:

3/3/2003 – John Smith was hired into a merit system status Liquor Clerk

6/5/2008 – Employee transferred to a Correctional Officer Candidate position with DOCR

Employment Date = 3/3/2003

Anniversary Date with DOCR = 6/5

The DOCR department HR liaison will have the employee's DOCR start date in the Department Personnel File. This date will be used to determine when the employee will be converted to the salary matrix.

2. Create a Personnel Action Form (PAF) to convert the employee to the salary matrix effective the first day of the pay period in which the employee's anniversary date falls. (Listed below are the fields to be updated on the PAF.)
 - A. Effective Date – Always the first Sunday of the pay period in which the anniversary date falls. (Example: If employee's anniversary date with DOCR is March 8, 2008, the effective date for their conversion to the salary matrix is March 2, 2008.)
 - B. Increment Date – An increment is defined as an increase in base salary granted on an annual basis to an eligible employee whose performance is at least satisfactory. An employee's increment date is their date of employment, unless the increment date has been reassigned to a different date (Montgomery County Personnel Regulations [MCPR] 12-1(b)). Per the October 16, 2007, Memorandum of Understanding, in FY2008 all uniform personnel were to be placed on the matrix on their anniversary date with DOCR and their increment date was to be reset to one year from their FY2008 anniversary date. (Example:

If the employee's anniversary date was March 8, 2008, the employee's next increment date will be March 8, 2009.)

- C. Comment – Write in the Comment box, a brief description of the personnel transaction.
- D. Annual Base Salary – All merit system status (MCPR 1-39) employment with the County is considered when calculating a DOCR employee's years of service (YOS) to determine what Step the employee will be placed. (Example: If an employee had five years as a Bus Operator before transferring to DOCR as a Correctional Officer (CO) two years ago, the employee has seven years of service and will be placed on Step 8 at the time of conversion.) An employee can have a higher number of YOS than their employment date if they had a break in service (Example: Employee hired as a CO on May 1, 2000. The employee resigned on June 30, 2005 and was rehired on May 31, 2007. All time in a merit system status position is combined to determine an employee's YOS.) Using the FY2008 Correctional Officer Uniform Salary Schedule, determine what Step the employee is to be placed based on their merit system status YOS and their current (prior to conversion) annual base salary. Enter the appropriate Step's annual salary in this Annual Base Salary field.
- (1) When hired as a CO with no prior experience, CO Candidates' starting salary was 10% over the minimum of a grade 15.
 - (2) CO's with at least 18 months of previous experience (per the memorandum dated December 5, 2000) were hired at 15% over the minimum of a grade 15. The annual base salary just prior to the employee's conversion to the salary matrix would have included the 5% additional pay. CO's were not to receive an additional 5% after being placed on the matrix. Acceptable documentation to determine if the 5% differential should apply – almost all employee files have some type of documentation that verifies the 5% should apply; i.e. employee's resume shows previous experience as a CO. CBH should accept the documentation in the employee's file as evidence the employee was/was not eligible for the 5% differential.
 - (3) If an employee's annual base salary is above the Step where they should be placed at the time of conversion (based on total merit system status YOS with the County), the employee will be placed on the next higher step above their current salary. No employee will receive a salary reduction.
- E. Longevity – If the employee had longevity prior to the conversion or receives it at the time of conversion, enter the dollar amount and percent in the appropriate longevity fields to coincide with the longevity salary on the FY2008 CO Uniform Salary Schedule.
- F. Total County Salary – Add together the employee's Annual Base Salary + Longevity Dollars + other pay differentials, if appropriate, to determine the employee's Total County Salary.

- G. Hourly Rate of Pay – Calculate hourly rate of pay to the third decimal (Total County Salary divided by 2,080).
- 3. Grade – Enter the employee’s new Grade.
- 4. Step – Enter the employee’s new Step.
- 5. Once approved by the department approver, submit the transaction to OHR Records Management for processing.

OHR Records Management

- 1. Review and approve the PAF submitted by the department. Make revisions as appropriate.
 - A. Effective Date – Verify the effective date of the personnel transaction is effective the first Sunday of the pay period in which the employee’s new increment date falls.
 - B. Increment Date – Confirm the employee’s next increment date is approximately one year from the effective date of conversion to the salary matrix.
 - C. Comment – Read what the department has provided in the Comment box concerning the transaction.
 - D. Annual Base Salary – Ensure the department HR liaison has entered the correct salary based on the employee’s merit system status YOS. This is done by reviewing all PAFs in an employee’s imaged record.
 - E. Longevity – If the employee had longevity prior to the conversion or receives it at the time of conversion, verify the dollar amount and percent are correct.
 - F. Total County Salary – Validate the Total County Salary by adding together the employee’s Annual Base Salary + Longevity Dollars + any other pay differentials to determine the employee’s Total County Salary.
 - G. Hourly Rate of Pay – Validate the employee’s hourly rate of pay (to the third decimal).
- 2. Grade – Verify the employee’s new Grade.
- 3. Step – Verify the employee’s new Step.
- 4. Approve the transaction and prepare the PAF and any attachments for imaging.

Appendix B1: First Letter Sent to Incorrectly Paid COs by OHR

Letter sent by OHR to employees notifying them that their pay was incorrect, OHR was going to correct it with the next paycheck, and that deductions would begin for the overpayment on the employees next anniversary date. This letter gave employees 10 working days to provide written comments.



OFFICE OF HUMAN RESOURCES

Isiah Leggett
County Executive

December 15, 2008

Joseph Adler
Director

Dear DOCR Employee:

This letter is to inform you that in conjunction with the implementation of the FY2008 Correctional Officer Salary Schedule, due to an administrative error, you were not placed on the proper salary step and this resulted in you being overpaid. The enclosed worksheet provides detailed information on the nature of the error and the duration of the overpayment.

As of the date of this correspondence, your annual base salary and, if necessary, your salary step have been corrected. The correction to your base salary will be reflected in your December 19, 2008, paycheck. In addition, a copy of your worksheet has been given to Payroll to calculate the exact amount of the gross/net overpayment. The completed analysis will be mailed to you no later than February 13, 2009, and will include the biweekly amount to be deducted from your paycheck and the number of paychecks that will be affected by this action. The deduction for the overpayment will be held in abeyance and will commence on the next anniversary date of your employment with the Department of Correction and Rehabilitation (DOCR).

Pursuant to the provisions of Article 5.19 of the bargaining agreement:

- You will not be required to repay any portion of the overpayments which extend beyond a 12-month period. Therefore, any overpayments that may have occurred prior to December 9, 2007, will not be collected.
- The interval of the repayments will be based upon the period of time in which the overpayment occurred. For example, if you were overpaid for 12 pay periods, then you will have 12 pay periods to repay the overpayment.

This letter constitutes notice to you of the overpayment and of the County's intention to recover the amount of the overpayment. You may provide written comments within 10 workdays of receipt of this notice. If you provide comments, we will evaluate them before making a final determination. Comments should be directed to:

Appendix B2: Second Letter sent to Incorrectly Paid COs by OHR

Letter sent by OHR to employees 4 days after the first letter informing them of the overpayment, but letting the employees know that the correction would not happen in the next paycheck because the employees must be given an opportunity to respond and comment. This letter notifies the employee that they have 10 working days to comment and 30 days to file a grievance.



OFFICE OF HUMAN RESOURCES

Isiah Leggett
County Executive

December 19, 2008

Joseph Adler
Director

Dear DOCR Employee:

This letter is to inform you that in conjunction with the implementation of the FY2008 Correctional Officer Salary Schedule, due to an administrative error, you were not placed on the proper salary step and this resulted in you being overpaid. A worksheet detailing information on the nature of the error and the duration of the overpayment was mailed to you earlier this week.

On, or about December 8, 2008, action was taken to correct your base salary and/or salary step. This action should not have occurred before the opportunity for response and comment expired. Therefore, your base salary and/or salary step in effect prior to the date of this adjustment has been reinstated and you will receive a full reimbursement for monies due from this adjustment.

This letter constitutes notice to you of the overpayment and of the County's intention to recover the amount of the overpayment. You may provide written comments within 10 workdays of receipt of this notice. If you provide comments, we will evaluate those comments before taking action to implement this adjustment. Comments should be directed to:

Maureen O'Hara
Office of Human Resources
Records Management
101 Monroe Street, 8th Floor
Rockville, Maryland 20850

Under the terms of the negotiated agreement with MCGEO, Local 1994 and Montgomery County Government, the Union, on your behalf, may appeal this action by filing a grievance within 30 calendar days of the date that you receive this notice.

If you have any questions concerning this correspondence, you may contact me at (240) 777-5035 or, via email, at maureen.ohara@montgomerycountymd.gov.

Sincerely,

Maureen P. O'Hara
Administrative Specialist III
OHR Records Management

cc: Gail Heath, MCGEO
Kaye Beckley, OHR
Ivonne Gutierrez-Anglin

101 Monroe Street • Rockville, Maryland 20850 • 240-777-5000
www.montgomerycountymd.gov

Appendix C: Phase I Results

Procedures performed as part of Phase I of the audit included review the officer's Personnel Action Form (PAF) in effect before conversion to the matrix. We then reviewed the PAF, completed by DOCR, that assigned the officer to the matrix and subsequent PAFs until the officer's next service increment. Based on a methodology provided by OHR, which we then evaluated and confirmed, we re-performed the steps of assigning the officer to the matrix. We then compared our results to DOCR's PAFs and to OHR's review, if available. Below is a summary of the procedures performed and results per project.

Employee Data (Prior to Conversion)			Attributes									
Sample	Anniversary Date	Service Increment Date	A	B	C	D	E	F	G	H	I	J
1	8/23/2004	8/23/2007	✓	✓	✓	✓	NO	NO	✓	1	N/A	✓
2	8/16/1999	4/17/2008	✓	✓	✓	2	3	3	✓	1	N/A	✓
3	4/17/2006	4/17/2007	✓	✓	✓	✓	NO	NO	✓	1	N/A	✓
4	3/5/2001	4/17/2008	✓	✓	✓	✓	3	3	✓	1	N/A	✓
5	9/5/2006	9/5/2007	✓	✓	✓	✓	NO	NO	✓	1	N/A	✓
6	3/22/2004	3/22/2008	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
7	8/9/2004	8/9/2007	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
8	6/16/2003	6/16/2008	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
9	10/31/2005	10/31/2007	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
10	12/19/1988	12/19/2007	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A

A	PAF has appropriate approvals
B	Grade, step, and salary on PAF agree to each other and the matrix
C	Effective date agrees to beginning of pay period of anniversary date
D	Service increment date was changed to one year after FY08 anniversary date
E	CBH determination of step agrees to PAF
F	Subsequent PAFs related to matrix are correct
G	CBH determination agrees to OHR determination
H	If employee was classified in error, classification was subsequently corrected
I	If underpaid, communicated to employee and underpayment paid to employee
J	If overpaid, communicated to employee with proper notice and collection of overpayment commenced

Legend:

✓	Attribute tested without exception
N/A	This attribute is not applicable to the employee.
NO	Does not agree.
1	OHR did not create PAFs for the corrections. CBH reviewed the PAF for employee's next service increment as evidence that salary had been corrected.
2	Service Increment Date was not changed at time of conversion but at a later time.
3	Initial PAF was correct. Subsequent PAFs made incorrect changes.

Appendix D: Phase II Detailed Audit Program Steps

For conversions determined by OHR to be incorrect, CBH tested the following:

1. Obtain all Personnel Action Forms for each sample that are effective just prior to 7/8/2007, when implementation of the matrix began, to the service increment after placement on the matrix.
2. Determine if PAFs have appropriate approvals.
3. Determine if the combination of grade, step, and salary agree to each other as well as agree to the matrix.
4. Review effective date and determine if it agrees to beginning of pay period of anniversary date.
5. Determine if service increment date was changed to one year after FY08 anniversary date per the MOU.
6. Calculate years of service and determine appropriate step on matrix.
7. Compare calculation of appropriate step to that indicated on conversion PAF. Determine if conversion assignment was correct and in accordance with the MOU and the implementation guidance provided by OHR.
8. Review subsequent PAFs for any step and/or salary changes. Determine if subsequent changes related to the matrix conversion are correct and in accordance with the MOU and the implementation guidance provided by OHR.
9. Review OHR's analysis and compare CBH results from step 7 to OHR results and follow up with OHR on any discrepancies.
10. If correctional officer was incorrectly converted, ensure officer was subsequently corrected by OHR:
 - a. Verify that the correctional officer's classification was corrected.
 - b. If the correctional officer was underpaid, review communications from OHR to the officer and verify that underpayment was paid to employee.
 - c. If the correctional officer was overpaid, review communications from OHR to the employee and verify that OHR gave the employee 10 days to respond and commenced collection of the overpayment from the employee.

For conversions not documented by OHR, CBH tested the following:

1. Obtain all Personnel Action Forms for each sample that are effective just prior to 7/8/2007, when implementation of the matrix began, to the service increment after placement on the matrix.
2. Determine if PAFs have appropriate approvals.
3. Determine if the combination of grade, step, and salary agree to each other as well as agree to the matrix.
4. Review effective date and determine if it agrees to beginning of pay period of anniversary date.
5. Determine if service increment date was changed to one year after FY08 anniversary date per the MOU.
6. Calculate years of service and determine appropriate step on matrix.
7. Compare calculation of appropriate step to that indicated on conversion PAF. Determine if conversion assignment was correct and in accordance with the MOU and the implementation guidance provided by OHR. Follow up with OHR for any discrepancies.
8. Review subsequent PAFs for any step and/or salary changes. Determine if subsequent changes related to the matrix conversion are correct and in accordance with the MOU and

the implementation guidance provided by OHR. Follow up with OHR for any discrepancies.

For officers hired with a five (5) percent hiring incentive, CBH calculated the following:

1. Step and salary which puts employee at least 5% above where he or she would have been had they not had prior experience at the employees FY2008 service increment date.
2. Step and salary which puts employee at least 5% above where he or she would have been had they not had prior experience at the July 6, 2008 General Wage Adjustment.
3. Step and salary which puts employee at least 5% above where he or she would have been had they not had prior experience at the employees FY2009 service increment date.
4. Step and salary which puts employee at least 5% above where he or she would have been had they not had prior experience for any additional PAF generated between July 7, 2007 and July 5, 2009 due to leave without pay, promotion, probation, suspension, merit status, etc.
5. Difference between actual salary applied and CBH calculated "Union methodology" at each of these dates.
6. CBH's agreement or disagreement with the actual salary applied by OHR for each PAF between July 7, 2007 and July 5, 2009

Appendix E: Incorrect Conversions of the Correctional Officer Salary Schedule

OHR Deemed "Correct" and CBH Deemed "Incorrect"		Incorrect Pay Rate Occurred during this time			Actual at "Start" Date		CBH Proposed at "Start"				
Position	Action	Start	Finish	# Pay Periods (2 weeks)	Salary	Hourly Rate*	Salary	Hourly Rate*	Hourly Rate Differential *	Reason code	Overall
1 Sergeant	Service Increment (+1 year)	10/14/2007	02/17/2008	9.0	\$ 80,152	\$ 38.53	\$ 78,002	\$ 37.50	\$ 1.03	NO-9	Over
2 Sergeant	Service Increment/Assign to Matrix	11/11/2007	07/06/2008	17.0	\$ 77,441	\$ 37.23	\$ 74,822	\$ 35.97	\$ 1.26	NO-2	Over
	4.5% General Wage Adjustment	07/06/2008	11/09/2008	9.0	\$ 80,926	\$ 38.91	\$ 78,189	\$ 37.59	\$ 1.32	NO-2	
	Service Increment (+1 year)	11/09/2008	07/05/2009	17.0	\$ 83,759	\$ 40.27	\$ 80,926	\$ 38.91	\$ 1.36	NO-2	
3 CO II	Service Increment/Assign to Matrix	08/05/2007	12/19/2007	10.0	\$ 50,074	\$ 24.07	\$ 48,380	\$ 23.26	\$ 0.81	NO-2	Over
4 CO II	Service Increment/Assign to Matrix	03/16/2008	05/30/2008	4.5	\$ 53,641	\$ 25.79	\$ 51,827	\$ 24.92	\$ 0.87	NO-2	Over
	Return from LWOP	08/10/2008	09/12/2008	2.5	\$ 56,053	\$ 26.95	\$ 54,157	\$ 26.04	\$ 0.91	NO-2	
5 CO I / CO II	(Retro) Promotion to CO II (PFC)	10/12/2008	06/21/2009	18.0	\$ 45,597	\$ 21.92	\$ 44,055	\$ 21.18	\$ 0.74	NO-5	Over
	Service Increment (+1 year) at CO II	06/21/2009	07/05/2009	1.0	\$ 43,426	\$ 20.88	\$ 45,597	\$ 21.92	\$ (1.04)	NO-5	

* Hourly rate differential calculated using a 2,080-hour year.

OHR Deemed "Incorrect" and CBH Deemed "Incorrectly Corrected"		Incorrect Pay Rate Occurred during this time period:			Actual at "Start" Date		CBH Proposed at "Start" Date				
Position	Action	Start	Finish	# Pay Periods (2 weeks)	Salary	Hourly Rate*	Salary	Hourly Rate*	Hourly Rate Differential*	Reason code	Overall Result
1 **CO III	Service Increment/Assign to Matrix	06/08/2008	07/05/2008**	3.0	61,701	\$ 29.66	59,005	\$ 28.37	\$ 1.30	NO-5	Over
2 Sergeant	Service Increment (+1 year)	04/12/2009	07/04/2009	6.0	80,926	\$ 38.91	\$ 78,189	\$ 37.59	\$ 1.32	NO-3	Over
* Hourly rate differential calculated using a 2,080-hour year.											
** Employee hired with 5% incentive											
*** Payroll Data details provided by OHR indicated the particular payperiods the CO was over paid											

Appendix F1: Five (5) Percent Special within Grade Salary Adjustment – OHR Determined Incorrect

	Last Action prior to 7/5/2009 GWA	OHR Applied Amount	CBH Computed/ Union Method	\$ Difference	% Difference
1	Service Increment (+1 year)	54,157	58,015	(3,858)	-7%
2	Service Increment (+1 year)	52,325	56,053	(3,728)	-7%
3	Service Increment (+1 year)	52,325	56,053	(3,728)	-7%
4	Service Increment (+1 year)	63,819	68,365	(4,546)	-7%
5	Service Increment (+1 year)	53,731	57,559	(3,828)	-7%
6	Service Increment (+1 year)	63,819	66,053	(2,234)	-4%
7	Service Increment (+1 year)	57,559	61,660	(4,101)	-7%
8	Service Increment (+1 year)	51,914	55,612	(3,698)	-7%
9	Service Increment (+1 year)	51,914	55,612	(3,698)	-7%
10	Service Increment (+1 year)	61,660	66,053	(4,393)	-7%
11	Service Increment (+1 year)	51,914	55,612	(3,698)	-7%
12	Service Increment (+1 year)	59,574	63,819	(4,245)	-7%
13	Service Increment (+1 year)	57,559	61,660	(4,101)	-7%
14	Service Increment (+1 year)	63,819	68,365	(4,546)	-7%
15	Service Increment (+1 year)	53,731	57,559	(3,828)	-7%
16	Service Increment (+1 year)	51,914	55,612	(3,698)	-7%
17	Service Increment (+1 year)	54,157	58,015	(3,858)	-7%
18	Service Increment (+1 year)	45,597	48,845	(3,248)	-7%
19	Service Increment (+1 year)	54,157	58,015	(3,858)	-7%
20	Service Increment (+1 year)	63,819	68,365	(4,546)	-7%

	Last Action prior to 7/5/2009 GWA	OHR Applied Amount	CBH Computed/ Union Method	\$ Difference	% Difference
21	Service Increment (+1 year)	61,660	66,053	(4,393)	-7%
22	Service Increment (+1 year)	55,612	59,574	(3,962)	-7%
23	Service Increment (+1 year)	53,731	57,559	(3,828)	-7%
24	Service Increment (+1 year)	45,597	48,845	(3,248)	-7%
25	Service Increment (+1 year)	45,597	48,845	(3,248)	-7%
26	Service Increment (+1 year)	68,365	70,758	(2,393)	-4%
27	Service Increment (+1 year)	58,015	62,148	(4,133)	-7%
28	Service Increment (+1 year)	70,520	75,544	(5,024)	-7%
29	Service Increment (+1 year)	45,597	48,845	(3,248)	-7%
30	Service Increment (+1 year)	47,193	50,555	(3,362)	-7%
31	Service Increment (+1 year)	53,731	57,559	(3,828)	-7%
32	Service Increment (+1 year)	59,574	63,819	(4,245)	-7%
33	Service Increment (+1 year)	51,914	55,612	(3,698)	-7%
34	Service Increment (+1 year)	51,914	55,612	(3,698)	-7%
35	Promotion to CO III	50,158	53,731	(3,573)	-7%
36	Service Increment (+1 year)	57,559	61,660	(4,101)	-7%
37	Service Increment (+1 year)	68,135	72,989	(4,854)	-7%
38	Promotion from CO III to SGT	65,830	70,520	(4,690)	-7%
39	Service Increment (+1 year)	45,597	48,845	(3,248)	-7%
40	Service Increment (+1 year)	53,731	57,599	(3,868)	-7%
41	Service Increment (+1 year)	61,660	66,053	(4,393)	-7%
42	Service Increment (+1 year)	51,914	55,612	(3,698)	-7%

	Last Action prior to 7/5/2009 GWA	OHR Applied Amount	CBH Computed/ Union Method	\$ Difference	% Difference
43	Service Increment (+1 year)	54,157	58,015	(3,858)	-7%
44	Service Increment (+1 year)	59,574	63,819	(4,245)	-7%
45	Service Increment (+1 year)	59,574	63,819	(4,245)	-7%
46	Service Increment (+1 year)	59,574	63,819	(4,245)	-7%
47	Service Increment (+1 year)	55,612	59,574	(3,962)	-7%
48	Service Increment (+1 year)	54,157	58,015	(3,858)	-7%
49	Service Increment (+1 year)	63,819	68,365	(4,546)	-7%
50	Service Increment (+1 year)	53,731	57,559	(3,828)	-7%
51	Service Increment (+1 year)	53,731	57,559	(3,828)	-7%
52	Service Increment (+1 year)	54,157	58,015	(3,858)	-7%
53	Service Increment (+1 year)	63,819	68,365	(4,546)	-7%
54	Service Increment (+1 year)	59,574	61,660	(2,086)	-4%
55	Service Increment (+1 year)	61,660	63,819	(2,159)	-4%
56	Proficiency Adv from CO II to CO III	50,158	53,731	(3,573)	-7%
57	Service Increment (+1 year)	59,574	63,819	(4,245)	-7%
58	Service Increment (+1 year)	55,612	59,574	(3,962)	-7%
59	Service Increment (+1 year)	55,612	59,574	(3,962)	-7%
60	Prof. Adv. To CO II	44,055	47,193	(3,138)	-7%
61	Service Increment (+1 year)	61,660	66,053	(4,393)	-7%

**Appendix F2: Five (5) Percent Special within Grade Salary
Adjustment – OHR Determined Correct**

	Last Action prior to 7/5/2009 GWA	OHR Applied Amount	CBH Computed/ Union Method	\$ Difference	% Difference
62	Service Increment (+1 year)	61,660	66,053	(4,393)	-7%
63	Service Increment (+1 year)	78,189	83,759	(5,570)	-7%

Appendix G: Interviews Conducted

We conducted an entrance meeting with the OHR Director, as well as other key personnel responsible for pension calculations and payments on February 9, 2011. The table below lists all of the personnel by title that participated in various interviews and meetings throughout the course of our CO Matrix Review.

Position Title	Process Role
Human Resources Specialist	Processor of PAF forms
Administrative Specialist, Office of Human Resources	Processor of PAF forms
Administrative Specialist III, Department of Corrections and Rehabilitation	Processor of PAF forms
Union President	Oversight of the relationship between the County and the MCGEO members
Union Field Representative	Oversight of the relationship between the County and the MCGEO members
Union Attorney	Oversight of the relationship between the County and the MCGEO members
Business Operations and Performance Division Manager, Office of Human Resources	Oversight over the salary conversion
Director, Office of Human Resources	Oversight over the salary conversion

Appendix H: Documentation Reviewed

P The table below details the primary documents reviewed as part of this audit. :

Document Reviewed
MCGEO Agreements effective 7/1/2004-6/30/2007; 7/1/2007-6/30/2010; and 7/1/10-6/30/2011.
MOU Effective October 16th 2007
December 8, 2008 Memorandum from OHR Director to MCGEO Local 1994 President. Subject: Notice of Correctional Officer Wage Adjustment
December 5, 2000 Memorandum from DOCR Director to All DOCR Staff. Subject: Correctional Officer Special Within Grade Salary Advancement for Prior Experience Within the Past Two Years
Methodology Used to Determine if Correctional Officer Placed on the Correct Salary When Placed on the Department of Correction and Rehabilitation Salary Matrix - FY 2008 (July 1, 2007 - June 30, 2008)
Personnel Action Forms for all Correctional Officers from 7/8/2007 through 7/4/2009
Correspondence between OHR and Correctional Officers from 7/8/2007 through 7/4/2009
Chronology of Events - CO Salary Schedule, provided by OHR
Listing of Correctional Officers hired with 5% additional pay for previous experience, provided by OHR
Listing of Matrix Problems, provided by the Union
Correctional Officer Payroll Listing obtained from Payroll as of 8/3/2007
Correctional Officer Payroll Snapshots obtained from OHR as of 6/18/2008, 12/22/2008, 6/18/2009, 1/5/2010, 6/17/2010 and 1/3/2011

Appendix I1: Responses to Review – OHR



OFFICE OF HUMAN RESOURCES

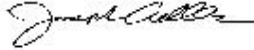
Isiah Leggett
County Executive

Joseph Adler
Director

MEMORANDUM

October 21, 2011

TO: Larry Dyckman, Manager
Office of Internal Audit

FROM: Joseph Adler, Director
Office of Human Resources 

SUBJECT: Response to Draft Audit Report – Correctional Officer Salary Schedule Conversion

The Office of Human Resources has reviewed the draft report of findings, dated October 18, 2011, prepared by Cherry, Bekaert and Holland L.L.P and herewith submits the following formal response to the subject report:

With the exception of item #4, the County concurs with the recommendations documented on page 8 of the subject report. The implementation of the Matrix was negotiated through the collective bargaining process. Therefore, any changes to the agreement would have to be negotiated. The following are the pages in the appended report that either have errors of fact, or errors in grammar and/or spelling: page #: 2; 3; 4; 5; 6; 7; 10; and 25.

The County does not concur with the opinion stated in the "Conclusions" section, item #3, that there was "*insufficient consideration of the impact of the implementation on the five percent salary grade adjustment for officers hired with the salary incentive.*" At the time of employment, the subject employees were hired above the starting salary in recognition of their ability to immediately integrate into the work unit without further training. There was no contemplation of, or commitment to, extending the 5% adjustment into perpetuity.

cc: Arthur M. Wallenstein, Director, Department of Corrections and Rehabilitation

Appendix I2: Responses to Review – MCGEO

BUTSAVAGE & ASSOCIATES, P.C.

ATTORNEYS AT LAW
1920 L STREET, N.W., SUITE 301
WASHINGTON, D.C. 20036
202/861-9700
FAX: 202/861-9711



October 20, 2011

Mr. Larry Dykman
Manager, Office of Internal Audit
Montgomery County Government
101 Monroe Street, 15th Floor
Rockville, MD 20850

Re: UFCW Local 1994 Formal Response to Draft Audit Report

Dear Mr. Dykman:

This letter serves as the UFCW Local 1994's formal response to the draft audit report on Montgomery County correctional officer salary prepared by Cherry, Bekaert & Holland, LLP ("Auditor"). MCGEO has reviewed the report and makes the following comments and objections, which are not to be construed as exhaustive or as waiving UFCW Local 1994's right to make further comments or objections once the final report is issued.

1. *Eliminate all references to any alleged "ambiguity" in the Collective Bargaining Agreement between the parties*

The Auditor refers to an alleged "ambiguity" in the Collective Bargaining Agreement between the parties on both the "Highlights" page in the second paragraph under the "What MCIA Found" subheading and on Page 8 in the second paragraph under the "Conclusions" subheading. As stated in its prior comments to the preliminary draft report, UFCW Local 1994 reiterates that the Auditor comes to an inappropriate legal conclusion about the content of the parties' Collective Bargaining Agreement when it uses the term "ambiguity." The parties have a dispute over the application of the Collective Bargaining Agreement. MCGEO contends that the Agreement is unambiguous with regard to the way in which the Matrix should be implemented and the appropriate pay rates for each employee. The Auditor should eliminate its conclusion to the contrary by ceasing to refer to alleged "ambiguities" in the Collective Bargaining Agreement.

2. *Change the MCIA recommendations to reflect the role of UFCW Local 1994 and the Collective Bargaining Agreement in addressing the correction of any errors resulting from OHR's failure to correctly implement the Matrix conversion*

The Auditor makes recommendations on the "Highlights" page in the paragraph under the subheading "What MCIA Recommends" and reiterates those recommendations under the "Recommendations" subheading on Page 8 of the report. In both sections the Auditor recommends that the Director of OHR take certain unilateral actions to correct previous errors. Any such recommendations run directly contrary to the parties' Collective Bargaining

Agreement, which requires that the parties cooperatively work to remedy errors with regard to employee pay and that certain, well-defined procedures be followed to do so. The Auditor should rewrite its recommendations to highlight the central role of UFCW Local 1994 and the Collective Bargaining Agreement in dealing with any payment errors or implementing any changes in pay systems.

3. *Fix the typographical error on Page 7 of the report, under the subheading "Five Percent Special within Grade Salary Adjustment"*


The second-to-last sentence in the above-referenced subheading is written in a confusing manner due to a typographical omission. UFCW Local 1994 believes this can be remedied by rewriting the sentence as follows: "The dollar value of the salary increases needed to maintain the 5% incentive ranges from \$2,086 to \$5,570 per salary year as of the employee's FY2009 service increment date."

Again, the above-referenced comments and objections are not to be construed as a waiver of any further comments or objections UFCW Local 1994 might raise in any future forum or litigation proceedings with regard to the final report by the Auditor. Moreover, UFCW Local 1994 hereby incorporates the comments it made with regard to the preliminary draft of this report to the extent the Auditor has failed to include them in the instant draft report.

UFCW Local 1994 has expedited its response to this draft report in order to ensure that the final report similarly issues in an expedited fashion. It expects that the final report will be issued no later than 5 days after the deadline for submission of comments to this draft or the date when OHR submits its comments, whichever is sooner.

Please do not hesitate to contact me with any questions.

Very truly yours,



John A. Durkalski
Counsel to UFCW Local 1994