

MARTHA INGLE



CLERK OF COURT, WALTON COUNTY, FLORIDA

Walton County
Department of Corrections
Inmate Welfare Audit

Martha Ingle
Clerk of the Courts

Internal Audit Department

Johnny Street
Internal Audit Manager

Report 0104
December 2010

REPLY TO:

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MARTHA INGLE



CLERK OF COURT, WALTON COUNTY, FLORIDA

December 21, 2010

Stan Sunday, Corrections Director

The Internal Audit Department has conducted an audit of Walton County Department of Correction's Inmate Welfare program. The program accounts were reviewed for the period of October 1, 2009 to September 30, 2010 to determine if internal controls for the programs accounting are working properly. Also, to determine if the Department was in compliance with applicable statutes, laws, rules, regulations, policies, and procedures.

The audit was conducted in accordance with generally accepted government auditing standards, and included such tests as considered necessary for the area under review. These standards require the audit to be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions. Based on the audit objectives, Internal Audit believes the evidence obtained provides a reasonable basis for the findings and conclusions.

Responses to our Recommendations for Improvement were received from the Department and are incorporated herein and included as Attachment A.

Internal Audit appreciates the cooperation of the personnel of the Corrections Department during the completion of this audit.

Johnny Street
Internal Audit Manager

Approved:

Martha Ingle
Clerk of Court

c: Board of County Commissioners
County Administrator

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EXECUTIVE SUMMARY

Executive Summary

The Internal Audit Department conducted a review of the Walton County Department of Corrections (Department) Inmate Welfare program (program). The review included an examination of the inmate (resident) accounts for the period of October 1, 2009 through September 30, 2010. The objective of the audit was to determine if adequate controls were in place to ensure deposits and charges to the accounts were accurate, timely, and legitimate. Also, to ensure the accounts were properly closed and any remaining funds were returned.

In the opinion of internal audit, controls over the Inmate Commissary Program were adequate during the audit period. Based on the results of the work performed, nothing came to the auditor's attention to indicate that the program accounts were not materially accurate or complete. Opportunities for improvement were noted in certain areas and are included in this report. The opportunities are summarized as follows:

The prices charged for certain commissary items exceeded the fair market value for comparable products sold in the surrounding community. This does not comply with Florida Statutes (FS).

The Keefe Commissary system did not always charge the appropriate fee to the resident's accounts. The daily fee begins on the third day of incarceration. The daily fees did not always begin or end at the appropriate time. Sometimes the system would not charge the daily fee for several days.

Walton County Resolution No. 2009-59 gives the Department the authority to charge each inmate's account a \$2.00 daily subsistence fee that begins on the third day of incarceration. The resolution does not address the timing of the fee if someone is re-incarcerated. Upon re-incarceration, the fee for some accounts begins on the first day and on the third day for others.

A review was conducted of the program's revenue and expenditures. Nothing came to the auditor's attention that would facilitate a recommendation for improvement. The Internal Audit Department commends the efforts of the Corrections Department in ensuring that the residents' accounts are properly administered.

INTRODUCTION



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Background

The corrections department houses inmates who are incarcerated for less than a year. The department provides a welfare program which allows the residents to purchase certain necessities such as tooth paste, tooth brush, and soap. The residents may also purchase certain comfort items including clothing, snacks, books, and writing materials. In addition, the Walton County Board of County Commissioners adopted Resolution 2009-59 on June 6, 2009 which provides a schedule of fees for reimbursement of subsistence fees, medical costs and damage to County property. The department uses the Keefe Commissary Network System (system) to track and record the resident's accounts. An account is established when the resident is processed into the jail. Any money that the person has with them when they are booked into the jail is deposited into their account. Additionally, anyone can provide the residents with additional funds using money orders and checks. The money received is recorded into the resident's account and the money is deposited into the Inmate Welfare Account. The balance in the residents' account may be used to purchase items through the system.

Once each week the residents are allowed to order a limited amount of items through the system if they have available funds. If they have no funds they may only requested the necessities noted above and/or a clothing pack consisting of under garments. The orders are charged to the residents account. In addition, the department charges each resident a two dollar per day subsistence fee unless the resident is a trustee, juvenile, or federal inmate. If the resident needs medical services or damages County property, their account is charged the amount based on the fee schedule.

When the resident is released, their account is closed out and the balance in their account is refunded by a County check. If the resident has a negative balance, that amount remains in their account. If they return at a later date the account and any balance is reinstated.

Scope, Objectives, and Methodology

The review of the welfare program was conducted for the period of October 1, 2009 through September 30, 2010. The objective of the review was to determine if the departments' internal controls over the collection, deposit, and accounting of the program are adequate. The proper segregation of duties for the receipt of money, deposits, and the refund of accounts were also reviewed. Additionally, the review was completed to ensure that the resident's accounts were properly charged for items ordered and fees due.



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A sample of residents was selected from a recent invoice from the Keefe Commissary Network Sales. The account activity for each of the sampled residents was reviewed. The accounts were recalculated to ensure accuracy and completeness. The resident's charges noted on a selection of invoices were compared to their accounts. The resident's initial deposit was traced to the corresponding deposit slip. Withdrawals from the accounts were traced through the Navaline Accounting System. In addition, the price of products provided by Keefe was compared to the price of comparable products in the vicinity of the Correctional Facility as required by FS 951.23(9)(e).

Overall Conclusion

Based on the results of the work performed, the Walton County Department of Corrections provided good internal control over the Inmate Welfare program and materially complied with applicable laws, rules, and regulations and policies and procedures. In the opinion of Internal Audit, the system of internal controls over the program was adequate. Recommended improvements are included in this report.

RECOMMEDATIONS FOR IMPROVEMENT

RECOMMENDATIONS
FOR IMPROVEMENT

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1. **Keefe Product Pricing did not Always Comply with Florida Statutes.**

Residents with a positive balance in their accounts may purchase items through the Keefe Commissary System. The residents may choose from a list of items provided by Keefe. Some of the prices charged for the items do not comply with Florida Statute 951.23(9) (b) which states, in part, that the prices shall not exceed the fair market value for comparable products sold in the immediate community. Subsection (e) requires the audit to certify the pricing requirement.

The Department's policy is to conduct a price comparison of items in the general vicinity of the facility and use this information to compare and adjust prices. This policy states in part; "the commissary clerk will perform annual cost comparisons.....price discrepancies that can be justified by taxes being included and/or the cost of shipping/delivery are acceptable." However, it was noted that certain items tested during the audit exceeded the fair market price of comparable items. However, some of the items were not identical in brand and/or size. Internal Audit attempted to compare items that were similar products with comparable sizes. In addition Keefe is required to provide certain products in special packaging to ensure the package cannot be used inappropriately. This might cause the product to be more expensive.

Good internal control would be to periodically review price comparisons and determine if any variance between Keefe prices and the prices in local stores can be rectified. Without this control the commissary prices might outpace those of the local markets.

Internal Audit Recommends the department continues to conduct cost comparisons to ensure the prices charged the residents are within the fair market value of comparable items. When a discrepancy is noted the price should be analyzed to determine if an adjustment should be made based on the products compared. Management should work with Keefe to ensure the product pricing of comparable products complies with Florida Statutes.

Management's Response: We will continue to conduct a cost comparison study each year to ensure the prices we charge our inmates are within fair market value of comparable items in our community. We agree that when a discrepancy is noted we will analyze it to determine if a price adjustment should be made. Management will continue to work with Keefe to ensure our prices comply with Florida Statutes. Instead of waiting until

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the end of this calendar year, we will review our current commissary price list with a fresh cost comparison study within 60 days to reevaluate and address any items that may still exceed the fair market value of comparable items.

2. **The Keefe Commissary System does not always Record Fees Properly.**

On June 9, 2009, the Board of County Commissioners adopted Resolution No. 2009-59 to provide for an Inmate Welfare Account and a fee schedule of items that are charged to the residents' account. The schedule includes items such as subsistence fees, medical fees, and damaged property fees. This resolution provides for a daily subsistence fee of two dollars per day beginning on the third day of incarceration for their stay at the Correctional Facility. The department began charging the daily fee on June 26, 2009. Internal Audit reviewed the accuracy of the charges to the residents' account. The system automatically charges this fee each day to the resident's welfare account. Internal Audit noted that this charge is not always posted to each account properly.

The auditor noted that the system did not always properly record the daily fee to every resident's account. Of the 20 accounts tested 10 or 50% had incorrect charges. If this omission is detected by a correction's employee, a manual entry for that account must be completed. Further, it was noted that the charges for services; i.e., haircut, were not always charged at the allowed rate.

Good internal control would entail a level of management oversight of the information that is input into a computer system, especially any information that requires a manual adjustment. Without proper review management cannot ensure that the information in the system is correct and accurate.

Internal Audit Recommends that management work with Keefe to determine the cause and corrective action needed to ensure the system records the charges accurately. An exception report should be generated each time the daily subsistence fee starts or stops for each account. This report could be reviewed periodically to ensure that the daily fees are proper, authorized, and accurate.

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Management's Response: Management works year-round with Keefe to determine causes to system problems and corrective actions. Through this last year we were able to identify and correct many issues. We kept noticing at infrequent times when the Keefe software \$2.00 daily subsistence fee would stall. After some investigation we determined these events occurred after Keefe tech staff had to enter our server remotely from St. Louis. Keefe has since created and added a program to prevent this from happening again. We are currently in coordination with Keefe Support Services to develop an Exception Report that can be generated each time a daily subsistence fee starts or stops with each account. This along with other measures we have initiated will help us periodically review inmate accounts to ensure the daily fees are proper, authorized, and accurate.

3. **Certain Charges do not Comply with the County's Fee Resolution.**

Board of County Commissioners Resolution No. 2009-59 establishes a daily subsistence fee for incarceration in the Correctional Facility. This fee is to begin on the third day. Internal Audit noted that the daily fees begin on the first day of incarceration when an individual returns to the facility after being released. The resolution does not address re-incarceration.

Internal Audit was advised that the Keefe system automatically starts the daily fee on the first day of re-incarceration. The Department has not been able to find a solution to this issue. The resolution does not include re-incarceration; therefore, the fees should start on the third day. Since a resident is provided subsistence on the first day of incarceration and this imposes an additional burden on the Department and the taxpayers, the County should consider charging the daily fee on the first day the resident is in custody.

Controls should be in place to ensure the proper fees are charged to the residents' accounts. When discrepancies are noted a procedure should be developed to correct the issue. Without the proper controls, incorrect charges may not be detected.

Internal Audit Recommends that management either work with Keefe to find a solution to the improper charges for daily fees or request the fee resolution be modified to allow for the daily fee to be charged on the first day of re-incarceration. The Department should also consider requesting the resolution allow for subsistence fees to be charged on the first day of incarceration.



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Management's Response: We currently have plans to approach the Board of County Commissioners with a suggested change to their resolution concerning the start date of our \$2.00 daily inmate subsistence fees. We will recommend having the fee start on the first day of the inmate's incarceration. Keefe's tech support staff has tried unsuccessfully for years to be able to fully support the department's initial desire to initiate these charges on the third day of their incarceration.