

ALEX ALFORD



CLERK OF CIRCUIT COURT & COUNTY COMPTROLLER, WALTON COUNTY, FLORIDA

Walton County
Department of Corrections
Inmate Welfare Audit

Alex Alford
Clerk of the Circuit Court
And County Comptroller

Internal Audit Department

Johnny Street
Internal Audit Manager

Report 1202
December 2012

REPLY TO:

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ALEX ALFORD



CLERK OF CIRCUIT COURT & COUNTY COMPTROLLER, WALTON COUNTY, FLORIDA

January 16, 2013

Stan Sunday, Department of 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 June 1, 2012 to October 31, 2012 to determine if internal controls for the inmate welfare program were working properly. Also, to determine if the Department's inmate welfare program 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:

Alex Alford
Clerk of Circuit Court
And County Comptroller

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 accounts for the period of June 1, 2012 through October 31, 2012. 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 program activities complied with applicable laws, rules, and regulations.

In the opinion of internal audit, controls over the Inmate Commissary Program were adequate during the audit period. Based on the results of the test 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 recommendations are summarized as follows:

The prices charged for certain commissary items did not comply with Florida Statute 951.23(9)(b) (FS) which states that canteen prices shall not exceed the fair market value for comparable products sold in the community where the facility is located.

The inmate accounts were not always charged the appropriate subsistence fee. A daily subsistence fee is charged to the inmates' accounts to help offset the daily housing cost of detaining inmates. This fee begins on the first day of incarceration and continues until release or the inmate obtains trustee status. When the Lockdown system was implemented the fee had to be manually added to each account.

The inmates are allowed to purchase items through the Oasis system. The Department established a limit of \$100.00 for clothing and hygiene supplies and a \$100.00 limit for food, snacks and beverages. Since there is no requirement for limits on purchases, Internal Audit recommended management establish a written policy or procedure that enforces their standard practice.

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 inmates' accounts are properly administered.

INTRODUCTION



INTRODUCTION

Inmate Welfare Audit

Background

The corrections department houses inmates who are incarcerated for less than a year. The department provides a welfare program which allows the inmates to purchase certain necessities such as tooth paste, tooth brush, and soap. The inmates may also purchase certain comfort items including clothing, snacks, books, and writing materials. In addition, the Walton County Board of County Commissioners adopted Resolution 2011-11 on February 22, 2011 which revised the schedule of charges for reimbursement of subsistence fees, medical costs and damage to County property. The department uses the Lockdown Residential Banking System (Lockdown) from Oasis Management Systems, Inc. (Oasis) to track and record the inmate's accounts. The Department used the Keefe System prior to Lockdown. Lockdown was implemented in late May 2012.

An account is established when the inmate 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, cashier checks, debit or credit cards, and gift cards. A kiosk is available at the jail for individuals to use to provide funds for the inmates. The funds received are recorded into the resident's account and the money is deposited into the Inmate Welfare Account. The balance in the inmates' account may be used to purchase items through the system.

Once each week the inmates are allowed to order items through the system if they have available funds. If they have no funds they may only request 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 established by resolution.

When the inmate is released, their account is closed out and the balance in their account is refunded on a debit card unless prior arrangements are made or there is an issue with processing a debit card. If the inmate has a negative balance, that amount remains in their account for at least three years. If they are re-incarcerated at a later date the account and any balance is reinstated.

The Department also has a contract for phone service that provides income for the inmate welfare fund. These funds and any profits derived from the sale of commissary items are used for purchases that benefit the inmates.



INTRODUCTION

Inmate Welfare Audit

Scope, Objectives, and Methodology

The review of the welfare program was conducted for the period of June 1, 2012 through October 31, 2012. 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 inmate's accounts were properly charged for items ordered and fees due.

A sample of the inmate accounts was selected from the Lockdown system based on the purchases made by the inmates. The account activity for each of the sampled inmates was reviewed. The accounts were recalculated to ensure accuracy and completeness. The inmate's charges noted on a selection of invoices were compared to their accounts. The inmates' deposits were traced to the corresponding deposit slips. Withdrawals from the accounts were traced through the Navaline Accounting System. In addition, the price of products provided by Oasis was compared to the price of comparable products in the vicinity of the Correctional Facility as required by FS 951.23(9)(e).

Internal Audit also reviewed the revenue received through the contracted pay phone service. In addition, expenditures from the commissary profits and pay phone revenue were reviewed to ensure that they were for the benefit of the inmate as required by Florida Statute.

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.

RECOMMENDATIONS FOR
IMPROVEMENT



RECOMMENDATIONS
FOR IMPROVEMENT

Inmate Welfare Audit

1. **Commissary Pricing did not Always Comply with Florida Statutes.**

Inmates who have funds available in their accounts may purchase items from Oasis. The inmates may choose from a list of items provided by the vendor. 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. It should be noted that Oasis is a new vendor for the Department and certain adjustments should be expected.

Internal Audit would like to commend the Department on their efforts to ensure the commissary pricing is fair and equitable. 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." After the price comparison is completed the Department contacts the vendor to have the price reduced or the item removed from the list of items for sale.

Internal Audit noted certain issues that may help the department in their efforts to control pricing. The prices listed on the Oasis system include applicable taxes which should be deducted before a comparison is made. In addition, the department should identify those items that require special packaging that could increase the normal price of the product. The vendor may be able to provide some insight on the additional expense of special packaging. Any such variances in price comparisons should be thoroughly documented.

Internal Audit Recommends the department continues with their efforts to ensure the inmates are charged a fair and equitable price for commissary products.

Management's Response: We continue to conduct a cost comparison study each year to ensure product prices charged to inmates are within the "fair market value" of comparable items in the community. If we find an item is being sold at a price above the "fair market value" we ask the vendor to either lower their listed price, or if they cannot, remove the item from the menu.



**RECOMMENDATIONS
FOR IMPROVEMENT**

Inmate Welfare Audit

Our classification specialist, a disinterested third party, conducted this year's cost comparison study. She compared our commissary prices with items at five stores in the Defuniak Springs community: Ann's Country Corner, Tom Thumb on Highway 83 North, Piggly Wiggly, 87 Depot, and Thriftway. At the time we conducted our survey, we identified six commissary items selling above prices found in these stores. I e-mailed Mr. Greg Smith, with Oasis Commissary Company, and communicated what the items needed to be priced at to be at, or below, our "fair market value." Oasis lowered their selling price on three items and removed the other three items from our menu.

We will continue to work diligently to ensure our inmates are charged a fair and equitable price for commissary.

2. The Subsistence Fee was not always Recorded Properly.

Walton County Resolution No. 2011-11 provides for a subsistence fee of two dollars per day to help offset the cost of incarceration and help provide for inmate education and job training among other services. The resolution provides for the daily subsistence fee to begin on the first day of incarceration at the Correctional Facility. The department began charging the daily fee on June 26, 2009. When implemented in May 2012, the Oasis system did not automatically charge the fees to the inmate's account. The daily fees for all inmates had to be manually entered into the system. Internal Audit reviewed the accuracy and completeness of charges to the residents' account. A sample of 21 accounts was selected for review.

It was noted that 18 of the 21 accounts tested or 86% had incorrect charges. The system has been updated so that the daily fee is automatically charged to the inmate's account each day. Internal Audit did not find any discrepancies after September 19, 2012. 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 periodically monitor the system to ensure debits and credits to the accounts are accurate. An exception report should be generated each time the daily subsistence fee starts or stops for any account. This report could be reviewed periodically to ensure that the daily fees are proper, authorized, and accurate.



RECOMMENDATIONS
FOR IMPROVEMENT

Inmate Welfare Audit

Management's Response: We agree management monitor our commissary account system to ensure debits and credits are accurate. We have reinforced our practice of having our Programs Manager do this weekly. This is addition to our receptionists checking them daily. We agree an exception report should be generated each time the daily subsistence fee starts or stops for any account. Since our new commissary vendor, Oasis, has addressed the initial problems with this part of their program we have not had any "starts or stops" to the system.

The errors occurred during a time frame from May to September when we were manually adding the changes to the commissary program for our entire jail population while the vendor worked to solve the issues with automation.

The new Oasis system for automatically charging inmates has been in place and working properly since September 2012, and is far more reliable than the former commissary company's program.

We agree proper review of this type information by management is a must and is why it is a part of our practice.