



ALEX ALFORD

CLERK OF COURTS & 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

Tori Waters
Internal Auditor

Report 1401
February 2014



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February 14, 2014

Board of County Commissioners

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, 2012 to September 30, 2013 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.

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: Mike Atkinson, Walton County Sheriff's Department
County Administrator

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 October 1, 2012 to September 30, 2013. 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 areas of interest 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 fees established by Board Resolution 2013-08. Internal Audit noted discrepancies in certain fees charged to the inmates' accounts. Of the 20 accounts reviewed, nine had fees that were not accurate. In addition, Internal Audit could not reconcile one account. There was a \$24.00 difference between the account balance and the auditor's recalculation of the balance.

The inmates are allowed to purchase commissary items through the Oasis system. The Department established a \$200/week limit on purchases. This amount is divided into 2 categories which allow \$100.00/week for clothing and hygiene supplies and \$100.00/week for food, snacks and beverages. This limit was not always enforced appropriately per testing results. In addition, there is no formal written policy which defines the limit.

The Lockdown system is set up to allow inmates with negative account balances, resulting from fees approved by the Board, to purchase items from the commissary with 50% of money deposited to their account. When the inmate receives a deposit into their account, 50% of the deposit is used to pay a portion of their existing debt and 50% is retained in their account for commissary purchases. This debt collection method was not approved by the Board of County Commissioners.

A review was conducted of the program's revenue and expenditures. Nothing came to the auditor's attention that would facilitate a statement of interest. 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 2013-08 on February 26, 2013 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 Lockdown system 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 inmates have no funds, they may request the necessities noted above and/or a clothing pack consisting of under garments. As mentioned in the Executive Summary, inmates with negative balances that receive deposits to their accounts may order items with 50% of the amount of the deposit added to their account. 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. An inmate will not receive a debit card until all debts owed are reconciled. 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.



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Inmate Welfare Audit

Scope, Objectives, and Methodology

The review of the welfare program was conducted for the period of October 1, 2012 to September 30, 2013. 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. Opportunities for Improvement are included in this report.

OPPORTUNITIES FOR IMPROVEMENT



OPPORTUNITIES 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.

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.

2. Board-approved fees were not always recorded properly.

The Board approved Resolution No. 2013-08 providing for certain fees to help offset the cost of incarceration and provide for inmate education and job training among other services. One such fee prescribed by the resolution is a subsistence fee of two dollars per day charged to the inmate's account beginning on the first day of incarceration at the Correctional Facility. Another fee is a booking fee of twenty dollars charged to the inmate's account upon incarceration. Additionally, the Board approved a five dollar sick call charge when an inmate seeks medical attention. During our review, discrepancies were noted in these three charges.

Internal Audit reviewed the deposits added and charges deducted from the accounts in order to recalculate the inmates' balances. We selected a sample of 20 accounts and noted that 9 of the 20 accounts tested or 45% had incorrect resolution fees charged that were not accurate. Of the nine improperly charged accounts, 5 or 25% were errors related to daily subsistence fees; 3 or 15% had incorrect booking fee charges; and 1 or 5% had improper charges due to a user error in the manual medical billing process.



OPPORTUNITIES FOR IMPROVEMENT**Inmate Welfare Audit**

In addition, one of the 20 accounts tested could not be reconciled. The Department indicated that the discrepancy may have occurred during an upgrade of the system by the vendor.

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.

3. Commissary purchasing limit was not always adhered to properly.

Inmates who have funds available in their accounts may purchase commissary items from Oasis. The inmates are limited to \$200 of purchases per week which is broken down into \$100 allowable for food purchases and \$100 allowable for other commissary items. Internal Audit reviewed the accuracy and completeness of purchases made by the residents for the period of October 1, 2012 to September 30, 2013. A sample of 20 accounts was selected for review. It was noted that 1 of the 20 accounts tested or 5% exceeded the limit set forth by the Department. This particular account placed 11 orders for general commissary items of which 7 orders or 64% did not adhere to the \$100 per week food limit.

The Department has no formal written policy related to this weekly purchase limit. A written policy approved by management would enhance the controls that would help ensure compliance with this policy. Management would benefit from inquiring of the vendor about having the system set up to enforce the purchasing limits per the policy.

4. Policies affecting county fee collections were not approved by the Board.

Internal Audit noted that inmates, who owe the County for fees adopted by Fee Resolution 2013-08, are allowed to make commissary purchases with funds deposited into their account prior to paying their entire debt. If an inmate has debt accumulated from fees such as subsistence fees, sick call, haircuts, etc., they are allowed to retain 50% of a deposit made to their account to purchase commissary items from Oasis. The other 50% is used to pay down the debt owed. As part of our test work, Internal Audit reviewed the accuracy and completeness of purchases made by the residents for the period of October 1, 2012 to September 30, 2013. A sample of 20 accounts was selected for review. It was noted that 6 of the 20 accounts tested or 30% of inmates were allowed to purchase commissary items prior to settling their debt with the County. Prior to this policy, inmates were required to settle all existing debts before making purchases from the commissary.



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OPPORTUNITIES FOR IMPROVEMENT

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Internal Audit inquired with Okaloosa and Holmes County Jails, who also use Oasis as their vendor, and determined that they require all debts be paid prior to commissary purchases. We also contacted detention centers in other areas who did allow a portion of the deposit to be used for purchases. The departments that employed this policy presented valid arguments from a business and detention perspective.

The debt that is allowed to accumulate can be directly associated with the fees established by the Board. These fees were established to help offset some of the costs of operating the detention center; therefore, Internal Audit feels this policy decision should have been presented to the Board for approval.