

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS – CORRECTIONS SERVICES STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued August 28, 2024

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3342 or Report ID No. 80240014 for additional information.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.33. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Department of Public Safety and Corrections –
Corrections Services

August 2024

Audit Control # 80240014

Introduction

The primary purpose of our procedures at the Department of Public Safety and Corrections – Corrections Services (Department) was to evaluate certain controls the Department uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken action to correct the finding reported in the prior report.

Results of Our Procedures

We evaluated the Department's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the Department's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to movable property, time computations, payroll expenditures, fuel card expenditures, and sheriff housing payments.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the Department's procedural report dated September 6, 2023. The prior-report finding related to Inadequate Review of Subsequent Changes to Time Computations has not been resolved and is addressed again in this report.

Current-report Findings

Inadequate Review of Subsequent Changes to Time Computations

For the fourth consecutive engagement, the Department does not have an adequate review process in place for subsequent changes to time computations to ensure compliance with department policies related to application of credits and forfeitures and to ensure complete and accurate information is maintained in the Department's

offender management system. In a test of 31 subsequent changes to initial time computations worked between July 1, 2023, and December 31, 2023, we noted that 20 (65%) computations related to the application of credits and forfeitures did not have reviewer initials or other support to indicate the change entered in the system was reviewed by someone other than the preparer. No errors related to the 20 changes to credits and forfeitures were identified in the most recent time computation reviewed.

Although the Department has procedures in place to provide a review of initial time computations by a supervisor or other experienced staff, this process is not clearly documented in policy and is not required for subsequent changes to time computations such as the application of credits and forfeitures. Additionally, although the Department has implemented procedures to perform a statewide review of offender time calculation records on a weekly and monthly basis, these reviews are only performed on initial time computations and supplemental dockets. Without an adequate review process in place, there is an increased risk that errors in offender records in the system will not be identified and corrected in a timely manner. Good internal control would provide for a secondary review by a supervisor or other experienced staff to ensure compliance with department policies related to the application of credits and forfeitures and to ensure complete and accurate information is maintained in the Department's system.

Due to the complexity of the time computation process, management should establish formal policies that require a timely secondary review of time computations, including subsequent changes to time computations, and policies that standardize the review process, where possible. Management should also consider including subsequent changes to time computations for application of credits and forfeitures as part of the statewide review process. Management did not concur with the finding, stating that current practices and future ongoing enhancements provide adequate review of subsequent changes to time computations (see Appendix A, pages 1-2).

Additional comments:

The current practice noted in management's response to review supplemental time computations as a part of the release clearing process does not provide a timely review of the changes for credits and forfeitures that occur throughout the term of the offender's sentence. In addition, although second-level reviews are performed on subsequent changes to time computations, these reviews were not performed consistently, and a formal policy was not in place for our testing period.

Inadequate Controls over Fuel Cards

The Department does not have adequate controls in place at Louisiana Correctional Institute for Women (LCIW), Elayn Hunt Correctional Center (EHCC), B.B. Rayburn Correctional Center (RCC), Prison Enterprises (PE), and Dixon Correctional Institute (DCI) to ensure that fuel card transactions are properly monitored and comply with department or facility policies and state regulations, increasing the risk of theft and waste. In a test of 30 fuel card transactions between July 1, 2023, and December 31, 2023, we noted the following:

- 17 (57%) of 30 fuel card transactions tested were not recorded on a log or the log was not accurately completed, as follows:
 - 11 state vehicle transactions at LCIW, EHCC, PE, and DCI were either not recorded on the Daily Vehicle Usage Log (MV3 form) or were recorded inaccurately, resulting in noncompliance with the Louisiana Administrative Code (LAC) and department and facility policies.
 - One gas can transaction at DCI was not recorded on a log, resulting in noncompliance with facility policy.
 - Five gas can or farm card transactions at EHCC, RCC, and PE were not recorded on a log because the department and facilities do not have a policy that requires these transactions to be logged.
- Two (10%) of 21 monthly reconciliations tested did not include a review of fuel costs at LCIW because LCIW does not have procedures in place to reconcile fuel costs to daily vehicle logs or receipts.

Good internal control includes ensuring that adequate records are maintained to safeguard assets and reconcile monthly invoices to fuel usage. The Department has policies in place at each facility requiring fuel costs associated with a state vehicle to be accurately logged on an MV3 form in accordance with LAC Title 34 Part XI. DCI policy further requires non-vehicle fuel card transactions (gas can/departmental) to be logged. However, management is not effectively monitoring these policies. As part of the monthly reconciliation process, management should ensure all fuel card transactions are accurately logged on the MV3 form or other log and reconciled to invoices. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 3).

Movable Property

The Department maintains approximately \$108 million of movable property at various locations across the state. We obtained an understanding of controls over movable property related to the annual property inventory. We reviewed all 12 Certifications of Annual Property Inventory due to the Louisiana Property Assistance Agency between January 2023 and December 2023. Based on the results of our procedures, we determined the Department has adequate controls in place to ensure the annual property inventory is performed timely and complies with state movable property regulations.

Time Computations

The Department is responsible for calculating offender release dates using the laws in effect on each offender's sentence and by applying any credits the offender is

eligible to receive or applying any number of days the offender may be required to forfeit. During the period July 1, 2023, through December 31, 2023, the Department processed approximately 15,000 offender time computations, including approximately 8,000 subsequent changes to initial time computations. We obtained an understanding of the Department's policies and controls over offender time computations and reviewed training rosters and manuals provided to staff. We also recomputed 31 subsequent changes to initial time computations worked during the period July 1, 2023, through December 31, 2023, to determine if controls were in place to ensure the time computation change was calculated in accordance with Department policy and properly updated in CAJUN. Based on the results of our procedures, the Department did not have an adequate review process in place (see Current-report Findings section).

Payroll Expenditures

Salaries and related benefits comprise approximately 54% of the Department's expenditures. We obtained an understanding of internal control over earning and reporting overtime compensation. We selected and reviewed manual overtime records for 20 employees at EHCC, LCIW, RCC, and PE during the period July 1, 2023, through December 31, 2023. Additionally, we reviewed all electronic overtime records for PE and Headquarters (HDQ) for the same period. Based on the results of our procedures, we determined EHCC, LCIW, RCC, and PE had adequate controls in place to ensure overtime on manual overtime records was certified by the employee, approved by a supervisor, and properly recorded in the payroll system. We also determined that PE and HDQ had adequate controls in place to ensure that overtime on electronic overtime records was approved by a supervisor timely and in accordance with department policy.

Fuel Card Expenditures

The Department participates in the state of Louisiana's FuelTrac card program and uses fuel cards to purchase fuel and auto maintenance for its fleet of vehicles and equipment. We obtained an understanding of controls over the use of the fuel cards; obtained a listing of fuel card transactions for the period July 1, 2023, through December 31, 2023; and reviewed 30 selected transactions and supporting documents, including receipts and logs, for DCI, EHCC, HDQ, LCIW, PE, and RCC. Based on the results of our procedures, we determined that the Department did not have adequate controls in place for the fuel card expenditures at DCI, EHCC, LCIW, PE, and RCC (see Current-report Findings section).

Sheriff Housing Payments

The Department expended approximately \$62 million for local housing, transitional work programs, and local re-entry programs for state adult offenders for the period

July 1, 2023, to December 31, 2023. We obtained an understanding of the Department's controls over local housing payments and selected 40 payments from management's schedule of local housing audits completed during the period July 1, 2023, through February 5, 2024, for testing. Based on the results of our procedures, the Department has adequate controls in place to ensure that payments were authorized, not duplicated, supported by offender records in CAJUN and/or at the local facility, and properly recorded in the general ledger.

Trend Analysis

We compared the most current and prior-year financial activity using the Department's Annual Fiscal Reports and/or system-generated reports and obtained explanations from the Department's management for any significant variances.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

KW:DM:BH:BQD:aa

DOC2024

APPENDIX A: MANAGEMENT'S RESPONSES

Department of Public Safety & Corrections
State of Louisiana

JEFF M. LANDRY
GOVERNOR



JAMES M. LE BLANC
SECRETARY

August 16, 2024

Michael J. "Mike" Waguespack, CPA, Legislative Auditor
Louisiana Legislative Auditor's Office
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

The Department does not concur with the audit finding of inadequate review of Subsequent Changes to Time computation and argues that current practices and future ongoing enhancements provide adequate review of subsequent changes to time computation for the following reasons;

- 1. As stated in the LLA findings report, no errors related to the 20 changes to credits and forfeitures were identified in the most recent time computations reviewed, as was also the case in the LLA's previous audit conducted in 2023.**

The Department has a process in place to provide a review of initial time computations and subsequent changes to time computations. Currently, compliance specialists conduct weekly reviews of the all inmate intake records and pre-classification supervisors provide second level review of the supplemental time computations after input and again as a part of the release clearing process. Furthermore, to further enhance this review of subsequent changes to time computation, and as explained to your staff during the audit, the Department intends to reallocate this review of subsequent changes to the compliance specialists' duties. In furtherance of this objective, the Department placed a formal request earlier this year with the Office of Technology for the creation of a weekly report of changes to inmate time calculations. The information in this report is necessary for the weekly audit assignment process and for determining if volume is such that the current compliance specialists can absorb this additional review into their weekly audit assignments or if additional compliance specialist position(s) are needed.

- 2. Department written policy requires a review of (1) all Pre-Classification inmate intake files and (2) all subsequent changes to inmate time computations. This policy also requires that such review/audit be conducted within at least 30 days of the intake and/or subsequent change to an inmate's time computation, and that reviews are conducted using the Departments standard audit form. Furthermore, the policy (1) establishes the functions and duties of the Special Counsel for Pre-Class and Compliance Auditing, a new attorney position established by the**

A.1

Department/filled in October 2023 that is dedicated to the Pre-classification and Compliance section (2) standardizes the development of curriculum and the provision of training for hires and current employees, and (3) establishes and mandates the use of standardized/uniform time computation guidance documents used for supplemental evaluation purposes.

While the substance of these policy revisions have existed in regulation *in draft form* since early December 2023 and were provided to the Compliance Program Manager and the Special Counsel for Pre-class and Compliance Auditing for guidance purposes, as noted to LLA audit staff, the final version of the revised regulation was not formally signed/published until August 11, 2024 because the regulation in its entirety was also part of comprehensive regulation revision project involving interdependent/related/complicated changes to several other department regulations and corresponding attachments resulting from the changes made during the 2024 Special Crime Session and the 2024 Regular Legislative Session.

3. **Ongoing Technology Advancements:** To further enhance accuracy and efficiency, the Department developed and is currently deploying statewide, an electronic document upload portal for the receipt of the required sentencing documentation. This system is designed not only to streamline the document intake process but also to provide a digital mechanism for tracking all uploads from the outset and in real time.

As stated in the previous audit response, in a proactive effort to enhance sentence calculation accuracy, the Department initiated a two year long project to develop a customized computer time computation system designed automate the sentence calculation process and eliminate the risk of human error in these computations. This computation platform, called MYCASE, will fully integrate into and the Department's new Offender Management system and will automate initial and subsequent computations using a series of algorithms designed to account for the applicable Louisiana's statutes governing goodtime rates, parole eligibility rates, CTRP credits, goodtime forfeitures and/or restorations etc. The MyCASE platform is in the last few months of algorithm testing with a projected go live date of November/December 2024.

Should you have any questions, please contact Stacey Brown, Chief Financial Officer.

Sincerely,

A handwritten signature in blue ink that reads "Thomas C. Bluford, III".

James M. LeBlanc
Secretary

Department of Public Safety & Corrections
State of Louisiana

JEFF M. LANDRY
GOVERNOR



JAMES M. LE BLANC
SECRETARY

August 16, 2024

Michael J. "Mike" Waguespack, CPA, Legislative Auditor
Louisiana Legislative Auditor's Office
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

The Department concurs with the audit finding regarding inadequate controls over fuel cards and is taking the following corrective actions:

- The Louisiana Correctional Institute for Women (LCIW), Elayn Hunt Correctional Center (EHCC), Dixon Correctional Center (DCI), Rayburn Correctional Center (RCC) and Prison Enterprises (PE) are reviewing and improving established internal controls in order to ensure that all state vehicle fuel card transactions are recorded accurately on the Daily Vehicle Usage Log (MV3 form) and in compliance with the Louisiana Administrative Code (LAC) as well as department and facility policies.
 - All agencies have provided additional instruction to personnel completing MV3 forms. The agencies have also reiterated with staff the importance of completing MV3 forms accurately and in compliance with the LAC and department and facility policies.
 - DCI has provided staff with additional instruction and examples on how to properly complete MV3 forms to ensure that all non-vehicle (gas can) fuel card transactions are accurately recorded and in compliance with facility policy.
 - EHCC, RCC and PE are updating established facility policies to include logging non-vehicle (gas can) fuel card transactions. The agencies will provide training to staff on the updated policies.
- LCIW has implemented a fuel card management policy to ensure adequate records are maintained and fuel card transactions are reconciled to Daily Vehicle Usage Logs monthly. Training has been provided to appropriate personnel.

Should you have any questions, please contact Stacey Brown, Chief Financial Officer.

Sincerely,


James M. LeBlanc
Secretary

A.3

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Public Safety and Corrections – Corrections Services (Department) on movable property for the period from January 1, 2023, through June 30, 2024, and on all remaining procedures for the period from July 1, 2023, through June 30, 2024. Our objective was to evaluate certain controls the Department uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the Department’s Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The Department’s accounts are an integral part of the state of Louisiana’s financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Department’s operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the Department.
- Based on the documentation of the Department’s controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures on selected controls and transactions relating to movable property, time computations, payroll expenditures, fuel card expenditures, and sheriff housing payments.
- We compared the most current and prior-year financial activity using the Department’s Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the Department’s management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at the Department, and not to provide an opinion on the effectiveness of the Department’s internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.