

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

FINANCIAL AUDIT SERVICES

Procedural Report
Issued September 6, 2023

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Department of Public Safety and Corrections – Corrections Services

September 2023

Audit Control # 80220064

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 findings 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 on selected controls and transactions relating to movable property, payroll expenditures, time computations, pharmaceutical inventory, and fuel card expenditures and fuel inventory.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in the Department's procedural report dated March 16, 2022. We determined that management has resolved the prior-report finding related to Non-Compliance with Civil Service Rules. The prior-report finding related to Inadequate Review of Time Computations has not been resolved and is addressed again in this report.

We also reviewed the status of the finding Inadequate Controls over Inventory in the Department's procedural report dated October 23, 2019. We determined that management has resolved the finding.

Current-report Finding

Inadequate Review of Subsequent Changes to Time Computations

For the third 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 18 subsequent changes to initial time computations worked between July 1, 2022, and December 31, 2022, we noted that nine (50%) 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 application of credits and forfeitures were identified in the nine computations.

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, the Department has implemented procedures to perform a statewide review of offender time calculation records on a monthly basis. However, the monthly 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 initial time computations, and policies that standardize the review process, where possible. Management should also consider including subsequent changes to initial time computation records as part of the monthly review process. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Movable Property

The Department maintains approximately \$99 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 20 Certifications of Annual Property Inventory due to the Louisiana Property Assistance Agency between June 2021 and December 2022. 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.

Payroll Expenditures

Salaries and related benefits comprise approximately 57% 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 35 employees during the period July 1, 2022, through December 31, 2022, for Allen Correctional Center (ALC), David Wade Correctional Center (DWCC), Dixon Correctional Center (DCI), Elayn Hunt Correctional Center (EHCC), Louisiana State Penitentiary (LSP), and Raymond Laborde Correctional Center (RLCC). We also reviewed overtime recorded in the payroll system from July 1, 2022, through December 31, 2022, for the entire Department. Based on the results of our procedures, ALC, DWCC, DCI, EHCC, LSP, and RLCC had adequate controls in place to ensure overtime from manual overtime records was approved and properly recorded in the payroll system; and the Department had adequate controls in place to comply with Civil Service Rule 21.7 and departmental policy related to the earning of compensatory time.

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, 2022, through December 31, 2022, the Department processed approximately 15,000 offender 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 30 of the time computations worked during the period July 1, 2022, through December 31, 2022, to determine that controls were in place to ensure the time computation 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).

Pharmaceutical Inventory

As of June 30, 2022, the Department reported approximately \$2 million in pharmaceutical inventory. We obtained an understanding of controls over the pharmaceutical inventory at EHCC and LSP. We selected items for testing from the March 2022 and December 2022 quarterly pharmacy inventory reports. We observed physical counts of inventory during June 2022 and February 2023, and performed procedures to reconcile the observed physical count to the quarterly inventory

reports. Based on the results of our procedures, we determined that the Department had adequate controls in place for the pharmaceutical inventory at EHCC and LSP.

Fuel Card Expenditures and Fuel Inventory

The Department participates in the state of Louisiana’s Fueltrac card program and uses fuel cards to purchase fuel and auto maintenance for their fleet of vehicles and equipment. The Department also maintains tanks of fuel on-hand at certain facilities which are reported in inventory. We obtained an understanding of controls over the use of the fuel cards at ALC, DCI, DWCC, and RLCC and fuel inventory at ALC, DWCC, and RLCC. We obtained a listing of fuel card transactions for the period July 1, 2021, through March 31, 2022, and reviewed selected transactions and supporting documents, including receipts and logs, for ALC, DCI, DWCC, and RLCC. We obtained the March 2022 quarterly fuel inventory reports and logs. We observed fuel readings at ALC, DWCC, and RLCC, during the period May 2022 through June 2022, and performed procedures to reconcile the observed readings to the quarterly inventory reports and logs. Based on the results of our procedures, we determined that the Department had adequate controls in place for the fuel card expenditures at ALC, DCI, DWCC, and RLCC, and fuel inventory at ALC, DWCC, and RLCC.

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

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DOC 2023

APPENDIX A: MANAGEMENT'S RESPONSE

Department of Public Safety & Corrections

State of Louisiana
Office of Management and Finance

JOHN BEL EDWARDS
Governor



JAMES M. LE BLANC
Secretary

August 16, 2023

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 review of time computation and is taking the following corrective action:

In 2021, the Department created and established a new set of positions in the Pre-Class Division, dedicated to compliance review of offender intake information, which includes but is not limited to, time computation. In addition to the initial review conducted by a pre-class supervisor after the completion of intake, compliance staff conduct a complete audit of each offender intake record (utilizing an audit checklist template) within two to three weeks of the intake completion. Furthermore, one compliance person is assigned to the immediate audit of all new intakes at risk of imminent or immediate release. As to the subsequent review of CTRP credits applied, it is important to note that the computation impact of CTRP credit awards and goodtime forfeitures is driven by the underlying offender class, the governing offense, and the applicable goodtime rates, which is information input into the offenders record during the pre-class intake, which is subsequently reviewed by both the supervisor and as a part of the compliance audit. On a rolling basis, Pre-class staff enter the numerical value of the award or forfeiture, and the current Cajun system calculates the impact on the sentence based upon the offender's governing offense/offender class information included in the record. However to further reduce the risk of error, the Department plans to dedicate an additional position solely to the role of additional review of subsequent changes to time computations such as CTRP awards, goodtime forfeitures and or restorations etc. To enhance internal controls, the Department is in the process of developing a written policy that clearly documents these above compliance review process and procedures.

Lastly, it is important to note that in 2021 in effort to utilize technology to further reduce the risk of error, the Department contracted with Mi-Case to develop an automated time computation platform, a functionality that will fully integrate into the CIPRS offender management system. This automated platform will generate sentence calculations utilizing custom algorithms developed from and in accordance with Louisiana's complex time calculation requirements. This platform will automatically

update the sentence calculation on a rolling basis with the input of new time computation related information such as jail credits, CTRP credits, goodtime loss/restoration, new convictions, revocations, etc. The Department is currently in the final testing phase for the implementation of the MiCase automated time computation functionality.

Should you have any questions or require additional information, please contact Stacey Brown, Chief Financial Officer.

Sincerely,

A handwritten signature in blue ink that reads "for Thomas Buchanan". The signature is written in a cursive style and is positioned above the typed name and title.

James M. LeBlanc
Secretary

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Public Safety and Corrections – Corrections Services (Department) for the period from July 1, 2021, through June 30, 2023. 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, payroll expenditures, time computations, pharmaceutical inventory, and fuel card expenditures and fuel inventory.
- 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.