



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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June 21, 2018

The Honorable Joe Negron
President of the Senate
409 The Capitol
404 South Monroe Street
Tallahassee, Florida 32399-1100

The Honorable Richard Corcoran
Speaker of the House of Representatives
420 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1300

Dear President Negron and Speaker Corcoran:

The current contract maintained by the Department of Management Services for the operation of the Gadsden Correctional Facility will expire on July 31, 2019. Pursuant to Section 957.07(1), Florida Statutes, in letters dated March 30, 2018, and June 20, 2018, the Department of Corrections (Department) provided the 2016-17 fiscal year operating per diem for a similar correctional facility operated by the Department and requested a certification of the operating per diem amounts. In response to that request, we provide the following information.

The Auditor General performed selected procedures to evaluate the 2016-17 fiscal year operating costs provided by the Department for the State-operated Lowell Correctional Institution that was identified by the Department as substantially similar to the Gadsden Correctional Facility. Operating per diem is primarily a function of costs and inmate population. The operating cost data provided by the Department was primarily derived from Florida Accounting Information Resource Subsystem (FLAIR) Departmental accounting records and Offender Based Information System (OBIS) daily population counts. The Auditor General reviewed the completeness of the FLAIR expenditure data and evaluated the applicability of FLAIR expenditure data to the prescribed activities and inmate populations. We also evaluated the reasonableness of the reported inmate populations by comparing the average daily population, type of facility, and geographic location of the State-operated correctional institution to that of the privately operated correctional facility.

Lowell Correctional Institution

The Department selected Lowell Correctional Institution, located in Ocala, Florida, as a State-operated correctional facility substantially similar in size, type, and location to the Gadsden Correctional Facility located in Quincy, Florida. Based on the procedures performed, we concluded, pursuant to Section 957.07(1), Florida Statutes, that the 2016-17 fiscal year Lowell Correctional Institution operating per diem of \$63.47 calculated by the Department was reasonably consistent with the State's accounting and budgeting records and OBIS data. The operating per diem was calculated utilizing the 2016-17 fiscal year Lowell Correctional Institution total operating costs of \$56.87 million and average daily population of 2,455 adult and youth

President Negron and Speaker Corcoran

Page 2

June 21, 2018

female inmates (1,260 housed at the Lowell Annex, 893 housed at the Lowell Correctional Institution, and 302 housed at the Lowell Work Camp). The Lowell Correctional Institution operating per diem of \$63.47 is an appropriate amount to which necessary adjustment may be made for variations in Gadsden Correctional Facility operations.

The Auditor General work performed regarding the operating per diem was conducted in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform procedures to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our objectives.

Please address inquiries regarding this letter to Barry L. Bell, CPA, Audit Supervisor, by e-mail at barrybell@aud.state.fl.us or by telephone at (850) 412-2752.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
June 21, 2018

SFN/blb

c: The Honorable Rick Scott, Governor
Julie L. Jones, Secretary, Department of Corrections
Steven Fielder, Chief of Staff, Department of Corrections
Lester Fernandez, Inspector General, Department of Corrections
Kimberly Banks, Chief Financial Officer, Department of Corrections
Mark Tallent, Chief, Budget and Financial Management, Department of Corrections
Erin Rock, Secretary, Department of Management Services
David Zeckman, Chief of Staff, Department of Management Services
Dawn Case, Inspector General, Department of Management Services
Kelley Boree, Director, Specialized Services, Department of Management Services
Eric Miller, Chief Inspector General, Executive Office of the Governor
Senator Jeff Brandes, Chair, Senate Criminal and Civil Justice Appropriations Subcommittee
Representative Bill Hager, Chair, House Justice Appropriations Subcommittee
Senator Randolph Bracy, Chair, Senate Committee on Criminal Justice
Representative Chris Sprowls, Chair, House Judiciary Committee
Tim Sadberry, Staff Director, Senate Criminal and Civil Justice Appropriations Subcommittee
Kristin Gusky, Budget Chief, House Justice Appropriations Subcommittee
Lauren Jones, Staff Director, Senate Committee on Criminal Justice
Michael Poche, Staff Director, House Judiciary Committee
Philip Twogood, Coordinator, OPPAGA
Matthew Tracy, Deputy Auditor General, Auditor General's Office
Barry Bell, Audit Supervisor, Auditor General's Office

Public Per Diem with Adjustments for Gadsden

Facility to be used as comparison	<u>Lowell</u>	
2016-17 Operations Per Diem	\$	41.99
Education Per Diem		1.39
Substance Abuse Per Diem		1.20
Health Svc Per Diem		14.92
2016-17 Indirect Cost		3.97
Total FY 2016-17 Per Diem	\$	63.47
2016-17 Population (ADP)		2,455
Contract Population		1,250
Total Operational Costs (less education, substance abuse and health services based on current population of 1,250.	\$ 20,969,250	\$ 45.96
	Cost	Per Diem Adjusted to Contract Population
Adjustments to operating costs		
Health Services		
Population Served	1,250	
Department Per Diem Based on Population Served	10.02	
Health Services Costs	\$ 4,571,625	\$ 10.02
* Adjustment based on Department Projected Cost for providing healthcare to contracted population		
Total Operational Cost Based on Current Population	\$ 25,540,875	\$ 55.98
Programming		
Education		
Program Slots	415	
Department Per Diem Based on Population Served	\$5.43	
Education Costs	\$822,509	\$ 1.80
Substance Abuse		
Program Slots	315	
Department Per Diem Based on Population Served	\$6.47	
Substance Abuse Costs	\$743,888	\$ 1.63
Behavioral/Transition		
Program Slots	296	
Department Per Diem Based on Population Served	\$4.53	
Behavioral/Transition Costs	\$489,421	\$ 1.07
* Adjustments based on Department Projected Cost for providing programming services to contracted population		
Total Programming Cost based on Current Population	\$ 2,055,818	\$ 4.50
	Cost / Reduction	Per Diem Adjusted to Contract Population
OTHER ADJUSTMENTS		
DC Security Lapse Rate		
Remaining Vacancies minus 3% naturally occurring lapse	36	
Average Salary CO	\$ 55,752	
Total Salary and Benefits	\$ 2,007,059	\$ 4.40
Lowell Overtime	\$ (1,998,374)	\$ (4.38)
Lowell Maintenance	\$ (132,167)	\$ (0.29)
Lowell Classsification (28 FTE)	(\$1,542,923)	\$ (3.38)
Lowell 10-1-17 Pay Raise	\$1,791,183	\$ 3.93
STAFFING ADJUSTMENTS FOR MISSION		
PRIDE, Death Row, Youthful Offender, Close Mangament		
LIEUTENANT (6)	\$ (409,134)	
SERGEANT (5)	\$ (311,612)	
CORRECTIONAL OFFICER (14)	\$ (780,523)	
	\$ (1,501,269)	\$ (3.29)
ANNEX STAFFING		
CORRECTIONAL OFFICER - PERIMETER (7.5)	\$ (418,137)	\$ (0.92)
WORK SQUADS		
LOWELL MAIN/ANNEX UNIT		
SERGEANT (1)	\$ (62,322)	
CORRECTIONAL OFFICER (9)	\$ (501,765)	
LOWELL WORK CAMP		
LIEUTENANT (1)	\$ (68,189)	
SERGEANT (1)	\$ (62,322)	
CORRECTIONAL OFFICER (13)	\$ (724,771)	
	\$ (1,419,370)	\$ (3.11)
WORK CREW OFFICER (1)	\$ 55,752	\$ 0.12
WORK CAMP		
LOWELL WORK CAMP		
MAJOR (1)	\$ (90,432)	
LIEUTENANT (5)	\$ (340,945)	
CORRECTIONAL OFFICER - PERIMETER (5)	\$ (278,758)	
	\$ (710,135)	\$ (1.56)
Total Adjustments Based on Current Population	\$ (3,868,382)	\$ (8.48)
Total Adjusted FY 2016-17 Per Diem	\$ 23,728,311	\$ 52.01
Chapter 957.07, Florida Statute Cost Savings Requirement, 7% per diem		\$ 48.37
Payment in Lieu of Ad Valorem Taxation	\$ 100,000	\$ 0.22
Gadsden Approved POIIWTF for FY18-19	\$ (514,641)	\$ (1.13)
Adjusted 7% per diem for Payment in Lieu of Ad Valorem Taxation and POIIWTF		\$ 47.46