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Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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August 3, 2017

The Honorable Joe Negrón
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 Negrón and Speaker Corcoran:

The current contract maintained by the Department of Management Services for the operation of the Gadsden Correctional Facility will expire on January 31, 2018. Pursuant to Section 957.07(1), Florida Statutes, in a letter dated April 21, 2017, the Department of Corrections (Department) provided the 2015-16 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 2015-16 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 performing a multi-year trend analysis and 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 2015-16 fiscal year Lowell Correctional Institution operating per diem of \$57.76 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 2015-16 fiscal year Lowell Correctional Institution

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total operating costs of \$55.57 million and average daily population of 2,628 adult and youth female inmates (1,362 housed at the Lowell Annex, 940 housed at the Lowell Correctional Institution, and 326 housed at the Lowell Work Camp). The Lowell Correctional Institution operating per diem of \$57.76 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 David R. Vick, CPA, Audit Manager, by e-mail at davidvick@aud.state.fl.us or by telephone at (850) 412-2817.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
August 3, 2017

SFN/drv

- c: The Honorable Rick Scott, Governor
- Julie L. Jones, Secretary, Department of Corrections
- Lester Fernandez, Inspector General, Department of Corrections
- Kimberly Banks, Chief Financial Officer, Department of Corrections
- Mark Tallent, Chief, Budget and Management Evaluation, Department of Corrections
- Steven Fielder, Chief of Staff, Department of Corrections
- Erin Rock, Secretary, Department of Management Services
- Dawn Case, Inspector General, Department of Management Services
- Michael Weber, Director, Specialized Services, Department of Management Services
- Eric Miller, Chief Inspector General, Executive Office of the Governor
- Senator Aaron Bean, 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
- Jennifer Hrdlicka, 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
- David R. Vick, Audit Manager, Auditor General's Office

Attachment I - Operating Per Diem Certification

Public Per Diem with Adjustments for Gadsden

Facility to be used as comparison		<u>Lowell</u>	
2015-16 Operations Per Diem		\$	39.16
Education Per Diem			1.33
Substance Abuse Per Diem			0.97
Health Svc Per Diem			12.98
2015-16 Indirect Cost			3.32
Total FY 2015-16 Per Diem		\$	57.76
<i>2015-16 Population (ADP)</i>			2,628
<i>Contract Population</i>			950
Total Operational Costs (less education, substance abuse and health services based on current population of 1,544.		\$	14,770,296
		\$	42.48
			Per Diem Adjusted to Contract Population
Adjustments to operating costs		Cost	Population
Health Services			
Population Served		950	
Department Per Diem Based on Population Served		<u>9.24</u>	
Health Services Costs		\$ 3,211,802	\$ 9.24
* Adjustment based on Department Projected Cost for providing healthcare to contracted population			
Total Operational Cost Based on Current Population		\$ 17,982,098	\$ 51.72
Programming			
Education			
Program Slots		355	
Department Per Diem Based on Population Served		<u>\$5.95</u>	
Education Costs		\$772,460	\$ 2.22
Substance Abuse			
Program Slots		255	
Department Per Diem Based on Population Served		<u>\$5.99</u>	
Substance Abuse Costs		\$559,047	\$ 1.61
Behavioral/Transition			
Program Slots		228	
Department Per Diem Based on Population Served		<u>\$5.87</u>	
Behavioral/Transition Costs		\$489,723	\$ 1.41
* Adjustments based on Department Projected Cost for providing programming services to contracted population			
Total Programming Cost based on Current Population		\$ 1,821,230	\$ 5.24
			Per Diem Adjusted to Contract Population
		Cost / Reduction	Population
OTHER ADJUSTMENTS			
DC Security Lapse Rate			
Remaining Vacancies minus 3% naturally occurring lapse		18	
Average Slaary CO		\$ 52,463	
Total Salary and Benefits		\$ 944,334	\$ 2.72
Lowell Overtime		\$ (1,335,766)	\$ (3.84)
Lowell Maintenance		\$ (143,920)	\$ (0.41)
Lowell Classification (28 FTE)		(\$1,299,184)	\$ (3.74)
WORK SQUADS			
LOWELL MAIN/ANNEX UNIT			
SERGEANT (1)		\$ (57,749)	
CORRECTIONAL OFFICER (11)		\$ (608,095)	
LOWELL WORK CAMP			
LIEUTENANT (1)		\$ (56,789)	
SERGEANT (1)		\$ (57,310)	
CORRECTIONAL OFFICER (11)		\$ (601,189)	
		\$ (1,381,132)	\$ (3.97)
WORK CREW OFFICER (1)		\$ 52,463	\$ 0.15
WORK CAMP STAFFING			
LOWELL WORK CAMP			
MAJOR (1)		\$ (83,075)	
LIEUTENANT (5)		\$ (326,414)	
CORRECTIONAL OFFICER - PERIMETER (5)		\$ (253,028)	
		\$ (662,517)	\$ (1.91)
Total Adjustments Based on Current Population		\$ (3,825,722)	\$ (11.00)
Total Adjusted FY 2015-16 Per Diem		\$ 15,977,606	\$ 45.95
Chapter 957.07, Florida Statute Cost Savings Requirement, 7% per diem			\$ 42.73
Payment in Lieu of Ad Valorem Taxation		\$ 100,000	\$ 0.29
Adjusted 7% per diem for Payment in Lieu of Ad Valorem Taxation			\$ 43.02