



AUDITOR GENERAL

William O. Monroe, CPA



FLORIDA DEPARTMENT OF CORRECTIONS IMPLEMENTATION OF GENERAL APPROPRIATIONS ACT PROVISIO LANGUAGE AND SUBSTANTIVE LEGISLATIVE REQUIREMENTS OPERATIONAL AUDIT

SUMMARY

This audit focused on the Florida Department of Corrections' implementation of General Appropriations Act proviso language and substantive legislative requirements. We noted that improvements are needed in the following areas:

- ◆ *Department use of specific funds did not always appear to be within the intent of the accompanying proviso language or substantive legislation and Department records did not always support amounts reported on various required reports. Additionally, in some instances, required reports were either not filed or not timely filed and supporting records were not maintained.*
- ◆ *The Department has not established formal written procedures addressing the identification of proviso language requirements or substantive legislation, assignment of responsibility for implementing such requirements and legislation, or the process for monitoring compliance with the requirements. Absent these procedures, the Department cannot provide assurance that the specific requirements are being met.*

INTRODUCTION

The Florida Department of Corrections was created by and operates under the provisions of Section 20.315 and Chapters 944, 945, 946, 948, and 958, Florida Statutes. The purpose of the Department is to protect the public through incarceration and supervision of offenders and to rehabilitate offenders through the application of work, programs, and services.

Using the Department's legislative budget request and other information, the Governor and Legislature approve an annual budget for the operation of the Department which is incorporated into the General Appropriations Act (GAA). The GAA contains requirements, generally referred to as proviso language, regarding the use of appropriations and the reporting of specific information. This required information is used by the Executive Office of the Governor (EOG), Office of Policy and Budget, and specified Senate and House committees and councils to assist in fulfilling their responsibilities for State agency oversight.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: The Department did not always comply with, or was unable to document compliance with, the proviso language requirements or substantive legislation.

As shown in the following table, our review of specific proviso language and substantive legislation disclosed that the Department's use of specific funds did not always appear to be within the intent of the legislation and that Department records did not always support amounts reported on various required reports. Additionally, in some instances, required reports were either not filed or not timely filed and supporting records were not maintained.

We recommend that the Department ensure appropriated funds are utilized in accordance with specific legislative requirements. In addition, Department personnel should take care during the preparation of reports to the Legislature and EOG to ensure that information is reported timely and accurately.

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Laws of Florida	Item	Fiscal Year	Specific Appropriation Proviso Language and Substantive Legislative Requirements
2000-166	673	2000-01	<p><u>Interagency Community Service Contracts</u></p> <p>Funds and positions from the Correctional Work Program Trust Fund are provided for interagency contracted services funded by State agencies or local governments. These positions and funds shall be released as needed upon execution of interagency community service squad contract(s).</p>
2000-166	694A	2000-01	<p><u>Major Repairs, Renovations, and Improvements</u></p> <p>DOC shall submit quarterly reports to the Senate Budget Committee; House Fiscal Responsibility Council; and EOG, Office of Policy and Budget, detailing allocation of funds, estimated cost, projected start and completion dates, and current status information concerning projects for major repairs, renovations, and improvements for correctional institutions.</p>
2000-166	694B	2000-01	<p><u>Improvements to Security System</u></p> <p>DOC shall submit quarterly reports to the Senate Budget Committee; House Fiscal Responsibility Council; and EOG, Office of Policy and Budget, detailing allocation of funds, estimated cost, projected start and completion dates, and current status information concerning improvements to security systems at correctional institutions.</p>
2000-166	717	2000-01	<p><u>Global Positioning System Monitoring</u></p> <p>DOC is to use \$1.5 million to expand the use of supervising offenders using Global Positioning Satellite (GPS) monitoring. The funds are to be released upon the execution of a contract with "the most qualified vendor that includes mutually agreed upon performance measures."</p>
2001-253	669	2001-02	<p><u>Motor Vehicles</u></p> <p>DOC shall maintain accurate records related to motor vehicle inventory, vehicle maintenance, miles traveled, the number of inmates transported and all costs associated with inmate transportation. This information is to be reported semiannually to the House Fiscal Responsibility Council and Senate Appropriations Committee. In addition, the report shall include the status of actions taken by the Department to correct deficiencies related to fleet management noted by the Auditor General in report No. 01-065 and the Office of Program Policy Analysis and Government Accountability in report No. 00-23.</p>
2001-253	674	2001-02	<p><u>Correctional Officer Training Reports</u></p> <p>DOC shall submit a report to the Senate Appropriations Committee; House Fiscal Responsibility Council; and EOG, Office of Policy and Budget, by September 1, 2001, detailing for the 2000-01 fiscal year: names of employees trained at DOC expense as correctional officers and correctional probation officers; the amount of money spent by DOC to train those employees (including, but not limited to, tuition costs, salaries and benefits, and expense); employees who voluntarily terminated their employment within one year; and the actions taken and amounts recovered from employees under the provisions of Section 943.16, Florida Statutes.</p>
2001-380			<p><u>New Institutions</u></p> <p>DOC shall develop a plan to construct a new major institution on property adjacent to the DeSoto Correctional Institution. The plan is to be provided to the President of the Senate, Speaker of the House of Representatives, and the EOG by February 1, 2002.</p>

Note: DOC is the Florida Department of Corrections.

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Results

Contractual services provided by DOC did not include the use of community service squads (inmate work squads).

DOC entered into a contract with the Department of Children and Family Services (DCFS) and received a budget amendment releasing funds totaling \$1,181,284 from the Correctional Work Program Trust Fund to provide perimeter and transport/medical escort security for sexually violent predators.

- DOC used appropriated funds to pay for salaries, expenses, salary incentive payments, and operating capital outlay to support officers and operating costs associated with providing the contracted services for DCFS. It is not apparent that providing security services for DCFS was within the original intent of the proviso language since the contract did not provide for the use of inmate work squads.

DOC submitted major repairs, renovations, and improvements reports late or not at all and did not adequately support reported estimates.

- DOC filed the report for the first quarter of the 2000-01 fiscal year 46 days after the quarter ended.
- Although a third quarter report was prepared for the 2000-01 fiscal year, DOC could not provide evidence that the report was filed.
- DOC did not prepare or file a report for the fourth quarter of the 2000-01 fiscal year.
- Although funds provided by this specific appropriation continued to be expended during the 2001-02 fiscal year, DOC did not prepare or file any reports for the 2001-02 fiscal year.

In addition, our review of documentation for projects on the first quarterly report disclosed that for one of the projects at the Cross City Correctional Institution:

- An initial estimate of \$160,000 could not be supported. DOC provided documentation for a similar project with a proposed cost of \$108,780 to support the estimate.
- The April 29, 2002, status report shows the project as complete at a total cost of \$16,097 and does not provide an explanation for the approximately \$144,000 difference from the estimate.

DOC submitted required security system reports late or not at all.

- DOC filed the report for the first quarter of the 2000-01 fiscal year 46 days after the quarter ended.
- Although a third quarter report was prepared for the 2000-01 fiscal year, DOC could not provide evidence that the report was filed.
- DOC did not prepare or file a report for the fourth quarter of the 2000-01 fiscal year.
- Although funds provided by this specific appropriation continued to be expended during the 2001-02 fiscal year, DOC did not prepare or file any reports for the 2001-02 fiscal year.

DOC entered into a GPS contract absent mutually agreed-upon performance measures.

DOC conducted meetings with vendor employees and surveyed field offices to help gauge problems with equipment and services. However, absent mutually agreed-upon performance measures, DOC was unable to evaluate the vendor as the proviso language required.

DOC did not submit required motor vehicles reports.

DOC staff comments on the *Tracking Sheet* (see Finding No. 2) indicate that "Fleet management doesn't collect any type of 'inmate per transport' info. The Transportation Section collects amount of 'transfers' per year, but not broken down by specific vehicle. There is no collection done at the institutional level of all transports per vehicle (medical appointments, work squads, etc.). . . still working on gathering requested info, difficult because [DOC] doesn't track much of what has been requested."

DOC reports contained misstated information and DOC did not always pursue appropriate reimbursements for training costs.

DOC did not have a reliable methodology for identifying the complete population of officers receiving training at DOC expense or for reporting tuition, salary, benefits, and other training costs incurred. In addition, DOC did not have a systematic methodology in place to ensure that training cost reimbursements were sought for all employees who voluntarily terminated employment within one year. (Similar findings were noted in audit report No. 01-077)

We noted:

- DOC failed to report training costs totaling \$12,461 for 13 of 53 employees identified in the personnel database as voluntarily terminating employment.
- DOC incorrectly reported salary and benefits, tuition, and expenses. For the costs related to 30 employees, salary and benefits were misstated in excess of \$1,000 for 7 employees; tuition costs were misstated from \$(293) to \$551 for 14 employees; and expenses were misstated from \$(5,816) to \$4,389 for 15 employees.
- For an additional 20 employees included in DOC training reports, tuition costs totaling \$2,783 were misstated for 13 employees (misstatements ranged from \$(293) to \$1,116).
- For 7 of 17 employees who voluntarily terminated employment within one year, DOC sent letters requesting reimbursement, but there was no evidence of collection or follow-up.
- For 6 of 17 employees, DOC sent the initial letter requesting reimbursement subsequent to our audit inquiry, 9 to 14 months after the employee resigned.
- For 4 of 13 employees erroneously omitted from DOC training reports (see first bullet), DOC sent letters requesting reimbursement, but there was no evidence of collection. For another 6 of these employees, DOC did not send, or sent the initial letter requesting reimbursement only after our audit inquiry.
- For 7 of 19 additional terminated employees identified in DOC training records, there was no evidence DOC sent any reimbursement request letters.

DOC submitted the plan for a new institution late and there were inconsistencies and errors in the reported information.

- DOC submitted the plan on May 22, 2002 (approximately four months after the due date).
- The plan included inconsistencies in the number of beds to be constructed and numerous mathematical extension errors resulting in an overstatement of \$29,949 and indicating that more care needs to be exercised during report preparation.

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Finding No. 2: The Department has not established formal written procedures describing the internal coordination of activities necessary to ensure compliance with specific proviso language requirements or substantive legislation.

Pursuant to Section 216.292(1)(a), Florida Statutes, funds provided in the GAA shall be expended only for the purpose for which appropriated. Also, reports containing certain information should be filed by the Department as specified within the proviso language in the GAA.

The Department has a manual system in place for tracking legislative requirements that includes utilizing a document entitled *Implementation Tracking Sheet Substantive Legislation (Tracking Sheet)*. However, our review disclosed that the information contained on the *Tracking Sheet* was not always complete and accurate and, therefore, provided limited assurance that the legislative requirements were being met.

We also noted that the Department has not established any formal written procedures describing the internal coordination of activities necessary to ensure compliance with specific requirements. The absence of such procedures appears to have contributed to the compliance deficiencies reported on pages 2 and 3.

We recommend that the Department establish formal written procedures describing the internal coordination of activities necessary to ensure compliance with specific proviso language or substantive legislative requirements. Such procedures should address the identification of the proviso language requirements or substantive legislation, the assignment of responsibility for implementing the requirements and legislation, and the process for monitoring compliance with the requirements.


SCOPE, OBJECTIVES, AND METHODOLOGY

This operational audit focused on the Department's implementation of General Appropriations Act proviso language and substantive legislative requirements. Our objective was to determine Department compliance with stated reporting requirements and specific uses of funding.

In conducting our audit, we interviewed Department personnel, observed Department processes and procedures, performed tests of Department transactions and records, and performed various other procedures/tests as determined necessary. Our audit included examinations of various transactions (as well as events and conditions) occurring during the period July 2000 through January 2002, and selected actions taken through May 22, 2002.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.


William O. Monroe, CPA
Auditor General

AUDITEE RESPONSE

As required by law, our preliminary and tentative findings and recommendations were provided to the Secretary of the Florida Department of Corrections. In a letter dated October 22, 2002, the Secretary concurred with our findings and recommendations. The Secretary's response can be viewed on the Auditor General Web site.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was made in accordance with applicable **Government Auditing Standards** issued by the Comptroller General of the United States. This audit was conducted by Scott Fennell, CPA, and supervised by Charles J. Gaboardi, CPA, and Nancy Tucker, CPA. Please address inquiries regarding this report to Dorothy R. Gilbert, CPA, Audit Manager, via E-mail at dorothygilbert@aud.state.fl.us or by telephone at (850) 488-5444.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone (850 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).



FLORIDA
DEPARTMENT of
CORRECTIONS

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October 22, 2002

Mr. William O. Monroe, CPA
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Monroe:

Pursuant to the requirements of Florida Statutes, the attached is my response to you on the preliminary draft findings and recommendations related to:

Department of Corrections -
Implementation of General Appropriation Act Proviso Language
and Substantive Legislative Requirements

This response reflects the specific action taken or contemplated to address the deficiencies cited.

Thank you for your continued cooperation and presentation of recommendations for the improvement of our operations.

Sincerely,

Michael W. Moore
Secretary

MWM/JC/sc
Attachment

cc: Richard Dugger, Deputy Secretary
Fred Schuknecht, Inspector General
Jerry Chesnutt, Chief, Bureau of Internal Audit
Richard Prudom, Deputy Director of Administration

FINDINGS AND RECOMMENDATIONS

Finding No. 1: The Department did not always comply with, or was unable to document compliance with, the proviso language requirements or substantive legislation.

We recommend that the Department ensure appropriated funds are utilized in accordance with specific legislative requirements. In addition, Department personnel should take care during the preparation of reports to the Legislature and the Executive Office of the Governor to ensure that information is reported timely and accurately.

The Department concurs with this recommendation.

Finding No. 2: The Department has not established formal written procedures describing the internal coordination of activities necessary to ensure compliance with specific proviso language requirements or substantive legislation.

We recommend that the Department establish formal written procedures describing the internal coordination of activities necessary to ensure compliance with specific proviso language or substantive legislative requirements. Such procedures should address the identification of the proviso language requirements or substantive legislation, the assignment of responsibility for implementing the requirements and legislation, and the process for monitoring compliance with the requirements.

The Department concurs with this recommendation. Procedure 213.001 is being routed with modifications that describe the internal coordination necessary to ensure compliance with specific proviso language or substantive legislative requirements. The procedure addresses the identification of the proviso language requirements or substantive legislation, the assignment of responsibility for implementing the requirements and legislation, and the process for monitoring compliance with the requirements.