

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF CORRECTION
FISCAL YEARS ENDED JUNE 30, 2016 AND 2017*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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March 5, 2020

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes we have audited certain operations of the Department of Correction. The objectives of this review were to evaluate the department's internal controls, compliance with policies and procedures, as well as certain legal provisions, and management practices and operations for the fiscal years ended June 30, 2016 and 2017.

The key findings are presented below:

<p>Page <u>12</u></p>	<p>Inadequate Overtime Documentation – Overtime expenditures for the department totaled \$67,999,714 and \$62,063,904 for the fiscal years ended June 30, 2016 and 2017. We reviewed 10 dates in 5 facilities where overtime was earned and noted discrepancies and missing documentation for all dates reviewed. The Department of Correction should maintain overtime records as required by bargaining contract and automated systems should accurately reflect manual records to ensure overtime is adequately documented and monitored. (Recommendation 6)</p>
<p>Page <u>15</u></p>	<p>Lack of Accountability for Union Leave – Documentation to support the use of union leave was incomplete, not on file, or lacked proper approval. The amount of hours charged appeared to be excessive. The Department of Correction should improve internal controls to ensure time is necessary, properly approved, and documented in accordance with department and union guidelines. (Recommendation 8)</p>
<p>Page <u>30</u></p>	<p>Lack of Accountability for Parole Officers – Our review of 2 months of activity for 10 parole officers disclosed that employee accountability logs and state-owned motor vehicle monthly usage reports were not completed properly, and compensatory time approvals were not adequately supported. The Department of Correction should strengthen internal controls over state-owned vehicles, employee accountability logs, and parole officer compensatory time to ensure the proper use of state time and resources. (Recommendation 19)</p>

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AUDITORS OF PUBLIC ACCOUNTS

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March 5, 2020

INTRODUCTION AUDITORS' REPORT DEPARTMENT OF CORRECTION FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017

We have audited certain operations of the Department of Correction in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2016 and 2017. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;
2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties¹; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate

evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Department of Correction.

COMMENTS

FOREWORD

The Department of Correction operates under Title 18, Sections 18-7 through 18-107 of the General Statutes. Its mission is protecting the public; protecting staff; and providing safe, secure, and humane supervision of offenders with opportunities that support successful community reintegration.

The department is headed by a commissioner who is responsible for the administration, coordination, and control of department operations, including the overall supervision and direction of all institutions, facilities, and activities of the department. Scott Semple was appointed as interim commissioner on August 29, 2014 and confirmed as commissioner on March 10, 2015. Commissioner Semple continued to serve in that capacity during the audited period.

Agency business operations are located within its administrative offices in Wethersfield. The department operates the following 15 correctional facilities that include correctional institutions (CI) and correctional centers (CC):

Bridgeport CC, Bridgeport	Manson Youth Institution, Cheshire
Brooklyn CI, Brooklyn	New Haven CC, New Haven
Cheshire CI, Cheshire	Northern CI, Somers
Corrigan-Radgowski CC, Uncasville	Osborn CI, Somers
Enfield CI, Enfield (closed 01/23/18)	Robinson CI, Enfield
Garner CI, Newtown	Willard-Cybulski CI, Enfield
Hartford CC, Hartford	York CI, Niantic
MacDougall-Walker CI, Suffield	

Correctional centers serve primarily as jails, acting as intake facilities for pre-sentenced males and for the confinement of males with shorter sentences. The Manson Youth Institution is used for confining male inmates between the ages of 14 and 21. The York Correctional Institution is used for sentenced and pre-sentenced female prisoners with all other correctional institutions and annexes generally incarcerating male inmates with sentences greater than 2 years.

Each facility is established at one of 4 levels of security ranging from level 2 (low security) to level 5 (high security). Level 1 is for inmates who have been released into the community but are still in the custody of the department.

According to department statistics, the total incarcerated population as of July 1, 2017, was 14,335, consisting of 13,323 males and 1,012 females. In addition to incarcerated inmates, the department oversaw 3,648 level 1 inmates released into the community as of July 1, 2017.

Board of Pardons and Paroles

The Board of Pardons and Paroles operates under the provisions of Section 54-124a of the General Statutes. The board is an autonomous body, which is within the Department of Correction for administrative purposes only, and was established to provide independence over pardon and parole decisions. Public Act 15-2 of the June Special Session, which went into effect June 30, 2015, reduced the size of the board from 20 to between 10 and 15 members, while increasing the number of members who serve full-time from 6 to 10. The members are appointed by the Governor with the advice and consent of both houses of the General Assembly.

The appointed board members as of June 30, 2017, were as follows:

Full-Time Board Members:

Carleton Giles, Chairperson
Rufaro Berry
Patricia Camp
Joy Chance
Stephen Dargan
Jennifer Zaccagnini
Jeff Hoffman
Christopher Lyddy
Carmen Sierra
Nancy Turner

Part-Time Board Members:

David May
Pamela Richards
Kelly Smayda
Terry Borjeson
1 Vacancy

Legislative Changes

- Public Act 15-1, Section 20, enacted by the December 2015 Special Session of the General Assembly, required the commissioner of Correction and the Secretary of the Office of Policy and Management to issue a request for information regarding options available to the state for the provision of inmate medical services and the costs associated with such options.
- Public Act 17-2, Section 248, enacted by the June 2017 Special Session of the General Assembly, required that on or before February 1, 2018, the Department of Correction and the Secretary of the Office of Policy and Management shall submit a progress report to the General Assembly, on the request for information issued pursuant to Section 20 of Public Act 15-1 of the December Special Session for developing options available to the state for the provision of inmate medical services.

RÉSUMÉ OF OPERATIONS

General Fund Revenues and Receipts

A summary of General Fund revenues and receipts during the audited period and the preceding year is presented below:

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Recoveries – Inmate Costs of			
Incarceration	\$5,669,687	\$5,728,194	\$4,778,428
Child Nutrition Program	871,385	936,180	881,893
All Other	1,826,080	1,535,580	1,656,826
Total Revenues and Receipts	<u>\$8,367,152</u>	<u>\$8,199,954</u>	<u>\$7,317,147</u>

General Fund receipts consisted primarily of recoveries of cost of incarceration collected by the Office of the Attorney General and the Department of Administrative Services Collection Services. Federal Child Nutrition Program revenues and reimbursements from the United States Marshals for board of federal detainees were also primary sources of General Fund revenues.

General Fund Expenditures

A comparison of General Fund expenditures for the fiscal years under review and the preceding year follows:

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Personal Services and Employee			
Benefits:			
Salaries and Wages	\$334,951,843	\$345,305,637	\$317,272,143
Overtime	89,402,563	67,999,714	62,063,904
Meal Allowance	10,335,953	10,098,883	9,411,625
Workers' Compensation Awards	28,218,144	26,454,667	25,696,623

All Other	<u>14,970,517</u>	<u>15,034,136</u>	<u>13,211,402</u>
Total Personal Services and Employee Benefits	<u>\$477,879,020</u>	<u>\$464,893,037</u>	<u>\$427,655,696</u>
Purchases and Contracted Services:			
Contractual Services – Medical Fees	\$86,109,091	\$86,746,265	\$80,566,768
Premises and Property Expenses	38,407,796	35,691,051	31,454,513
Client Services	41,409,228	39,978,282	32,416,912
Commodities – Food	18,228,143	17,701,237	16,093,431
Commodities – All Other	8,800,175	8,451,980	6,969,665
All Other	<u>12,874,848</u>	<u>13,442,120</u>	<u>12,345,255</u>
Total Purchases and Contracted Services	<u>\$205,829,281</u>	<u>\$202,010,936</u>	<u>\$179,846,545</u>
Total Expenditures	<u>\$683,708,301</u>	<u>\$666,903,973</u>	<u>\$607,502,241</u>

General Fund expenditures decreased from the 2015-2016 fiscal year to the 2016-2017 fiscal year primarily due to a reduction in personal services. The number of employees decreased by 573 from the 2015-2016 fiscal year to the 2016-2017 fiscal year. The decrease can be attributed to staff reductions, retirements, and a state hiring freeze due to budget constraints. Overtime expenditures also decreased overall by 31%, or \$27,338,660, from the 2014-2015 fiscal year. The decrease resulted from the department increasing the number of correctional officers, consequently reducing the need to cover vacant roster posts with overtime. There also was a reduction in the number of correctional officer retirements and the partial closing of 2 facilities, which reduced the number of posts.

Federal and Other Restricted Accounts

Federal and other restricted account receipts for the fiscal years ended June 30, 2016 and 2017, respectively, totaled \$3,382,700 and \$3,183,910, consisting primarily of federal aid and grant transfers.

A comparison of expenditures from federal and other restricted accounts for the fiscal years under review and the preceding year follows:

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Personal Services and Employee Benefits:			
Salaries and Wages	\$682,024	\$686,307	\$787,455
Employee Benefits	511,261	510,483	460,186
All Other	<u>86,144</u>	<u>45,674</u>	<u>46,355</u>
Total Personal Services and Employee Benefits	<u>\$1,279,429</u>	<u>\$1,242,464</u>	<u>\$1,293,996</u>
Purchases and Contracted Services:			
Information Technology	\$180,182	\$195,768	\$180,182
Purchased Commodities	1,034,182	502,230	413,959
Capital Outlays – Equipment	75,473	182,997	128,135

Premises and Property Expenses	204,099	48,407	86,284
All Other	1,543,649	985,841	688,409
Total Purchases and Contracted Services	\$3,037,585	\$1,915,243	\$1,496,969
Total Expenditures	\$4,317,014	\$3,157,707	\$2,790,965

Salaries and wage expenditures increased during the audited period due to 2 new Justice Assistance Grants (JAG) from the Office of Policy and Management (OPM). The grants paid for overtime for correctional staff to attend planning and professional development for working with the young adult offender population.

The large decrease in the purchased commodities category from the 2014-2015 fiscal year to the 2015-2016 fiscal year was due to non-recurring grant purchases for law enforcement and security supplies and minor equipment items.

Other Special Revenue Funds

Other special revenue fund expenditures were \$1,210,191 and \$609,074, for the fiscal years ended June 30, 2016 and 2017, respectively. Those expenditures included \$1,149,988 and \$599,674 for equipment purchases from the Capital Equipment Purchase Fund, respectively.

Correctional Industries Fund

The Correctional Industries Fund accounts for the operations of Correctional Enterprises of Connecticut (CEC) and inmate commissaries. Through the use of inmate labor, CEC produces goods and services that are sold primarily to other state agencies. CEC also may sell items to other governmental agencies and private nonprofit entities. During the audited period, approximately 58% of CEC sales were to the Department of Correction. The inmate commissaries sell various personal supplies and food items to inmates. When inmates purchase commissary items, monies are transferred from their fund accounts to the Correctional Industries Fund. A summary of cash receipts and disbursements for the fund during the audited period follows:

	<u>CEC</u>	<u>Commissary</u>	<u>Total</u>
Cash Balance, July 1, 2015	\$3,463,578	\$3,657,537	\$7,121,115
Receipts	8,170,639	18,526,069	26,696,708
Disbursements	(7,345,631)	(16,579,163)	(23,924,794)
Transfers	(1,152,737)	(1,897,244)	(3,049,981)
Cash Balance, June 30, 2016	\$3,135,849	\$3,707,199	\$6,843,048
Receipts	7,423,960	17,810,793	25,234,753
Disbursements	(6,349,943)	(16,917,938)	(23,267,881)
Transfers	(1,164,911)	(1,530,742)	(2,695,653)
Cash Balance, June 30, 2017	\$3,044,955	\$3,069,312	\$6,114,267

The decrease in CEC operations from the 2015-2016 to the 2016-2017 fiscal year was due primarily to a decrease in the inmate population. The largest decrease was in the textile operation, whose primary customer is DOC. The items produced include clothing, bedding, mattresses, and

patches and embroidery for staff uniforms. With the decrease in the inmate population, there was decrease in production. Other shops, such as the metal shop, saw decreases in sales due to reduced orders.

The decrease in the commissary operations that provide goods to inmates is also directly related to the decreased inmate population.

Per Capita Costs

The State Comptroller calculated the daily weighted average per capita cost for the operation of correctional facilities as \$181 and \$185 for the 2015-2016 and 2016-2017 fiscal years, respectively.

Fiduciary Funds

The department maintains 2 fiduciary funds, a Special Projects Activity Fund and an Inmate Trust Fund. Activity funds operate under the provisions of Sections 4-52 through 4-57a of the General Statutes. The Special Projects Activity Fund accounts for various minor inmate events. Inmate funds are custodial accounts for inmates' personal monies.

According to department financial statements, cash and cash equivalents as of June 30, 2016 and 2017, totaled \$81,029 and \$84,076, respectively, for the Special Projects Activity Fund and \$2,992,675 and \$3,116,127, respectively, for the Inmate Trust Fund.

Correctional Managed Healthcare

In 1995, Correctional Managed Health Care (CMHC), a division of the UConn Health Center, started providing inpatient medical services to DOC inmates under the terms of a memorandum of agreement between the 2 agencies. The agencies expanded those services in November 1997 to include medical, mental health, pharmacy, and dental services to all correctional facilities statewide. Effective July 1, 2018, CMHC transitioned inmate health services back to DOC and the parties dissolved the agreement. UConn Health continues to provide care to inmates at its campus, but no longer provides care in the correctional facilities.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the financial records of the Department of Correction disclosed certain areas requiring attention, as discussed in this section of this report.

Untimely and Incomplete Annual Evaluations

Criteria: According to Section 5-237-1 of the State Regulations, annual ratings for permanent employees are to be filed in the office of the appointing authority at least 3 months prior to the employee's annual increase date. DOC Administrative Directive 2.5, Section 5B, states that each initial or promotional working test period employee shall receive a performance appraisal at approximately 3-month intervals and at least 1 month prior to the end of the working test period.

Condition: We reviewed annual service ratings covering the audited period for 10 employees and noted that DOC did not have completed service ratings on file for 6 employees. Of those 6 employees, 1 received an annual increase without an evaluation on file certifying satisfactory performance.

Effect: DOC did not complete annual service ratings in accordance with state regulations and department directives. This increases the risk of employees receiving inappropriate salary increases and promotions.

Cause: There was a lack of managerial oversight regarding completion of annual employee service ratings.

Prior Audit Finding: This finding has been previously reported in the last 3 audit reports covering the fiscal years ending June 30, 2010 through 2015.

Recommendation: The Department of Correction should strengthen internal controls to ensure that annual service ratings are completed timely in accordance with state regulations and department directives. (See Recommendation 1.)

Agency Response: "The agency agrees with this finding and has modified its processes to ensure that annual performance evaluations are completed in an accurate and timely manner. Performance evaluations are conducted and completed by supervisors and managers; Human Resources (HR) has a role in monitoring that the process is executed consistently for all employees. HR has assumed the role of ensuring that the completed evaluation is filed and available.

The human resources function provides single point accountability for each discrete work unit and facility. This HR single point of contact is

responsible for monitoring the performance evaluation process, filing the performance evaluations and ensuring the results are entered into Core-CT.

To reinforce the above, performance evaluations are conducted and written by the employee's manager; HR supports the process by filing the completed form and ensuring the data is updated in Core CT."

Untimely Approval of Compensatory Time

Criteria: In accordance with the Department of Administrative Services Management Personnel Policy 06-02 and Section 12 of the DOC Administrative Directive 2.8, managers must receive advance written authorization by the agency head or a designee to work extra hours as compensatory time.

Condition: We reviewed 243 hours of compensatory time earned by 10 managerial employees and found that the department did not pre-approve the time for 3 employees, totaling 37.25 hours. Approval was received between 1 and 10 days late.

Effect: Compensatory time earned was not pre-approved in accordance with established state and department policies. This may result in time earned that is unjustified.

Cause: The lack of timely approval for compensatory time earned appears to be the result of management oversight.

Prior Audit Finding: This finding has been previously reported in the last 3 audit reports covering fiscal years ending June 30, 2010 through 2015.

Recommendation: The Department of Correction should strengthen internal controls to ensure proper authorization is received prior to employees earning compensatory time. (See Recommendation 2.)

Agency Response: "The agency agrees with this finding and has modified its processes to ensure that compensatory time is approved correctly and in a timely manner. We have reinforced the process within human resources and are monitoring compliance. Where preapproval was not obtained, the employee has been advised of the policy requirements and reminded that compensatory time not preapproved may not ultimately be approved.

We will also work with our lean advisors to identify process improvements that will ensure tight process control in a less manually intensive manner."

Inadequate Termination Payment Documentation

- Criteria:* Termination payments should be made in accordance with union contracts and complete documentation should be maintained to adequately support the payments.
- Condition:* We reviewed termination payments to 10 employees, totaling \$149,645, and noted that the department lacked sufficient supporting documentation for the payments to 6 out of 10 employees.
- Effect:* We were unable to determine the accuracy of termination payments for 6 employees, totaling \$67,599.
- Cause:* The department uses a worksheet to audit employee leave balances upon separation and calculate the final payments. Due to the changes in time and attendance systems and contract language, adjustments to leave balances are often required. The department does not have a procedure in place to formally document the adjustments and reconcile the adjusted leave balances to those reported in Core-CT.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Department of Correction should implement procedures to ensure that leave payments at termination are accurate and adequately supported. (See Recommendation 3.)
- Agency Response:* “The agency agrees with this finding and has since drafted procedures to handle this process as well as developed a new automated form to conduct audits of employee leave balances. Paper documentation continues to be a challenge as staff payroll processed through our ATLAS roster system is maintained at facility level, however the agency is working to ensure these challenges are overcome or mitigated.”

Inappropriate Holiday Time Coding

- Criteria:* Proper internal controls dictate that employee timesheets should be reviewed and approved by a supervisor at the end of each pay period to ensure accuracy and completeness.
- Condition:* Our review of the attendance records of 10 employees who charged holiday time on non-scheduled holidays disclosed that the department incorrectly coded all 188 hours to holiday leave. There were 88.69 hours that should have been coded to holiday compensatory time used, 68 hours that should have been coded to regular time worked, and 31.50 hours for which the department could not determine the appropriate coding.

- Effect:* Attendance records were inaccurate and, in some cases, DOC did not reduce accrued leave balances. Additionally, the department did not reduce an employee's balance for 3 days of used holiday compensatory time, which resulted in an \$803 overpayment upon the employee's separation.
- Cause:* The issues noted appear to be the result of inadequate supervisory review of timesheets.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Department of Correction should strengthen internal controls over the review and approval of timesheets to reduce the risk of errors and potential overpayments. (See Recommendation 4.)
- Agency Response:* "The agency agrees with this finding and has since drafted procedures to handle this process as well as initiated a more thorough process of reviewing ATLAS entries received from the facilities. Paper documentation and review continues to be a challenge as staff payroll processed through our ATLAS roster system is maintained at facility level, however the agency is working to ensure these challenges are overcome or mitigated."

Inadequate Training Documentation

- Criteria:* The DOC Administrative Directive 2.7, Training and Staff Development, requires employees with direct inmate contact to receive a minimum of 40 hours of in-service training annually. Employees with non-direct contact must complete a minimum of 16 hours of in-service training annually.
- Condition:* Our review of annual training disclosed that 9 out of 10 employees reviewed did not complete the annual minimum training requirements for their positions (7 were direct contact employees and 2 were indirect). Five of the 7 direct contact employees did not complete training requirements for 1 of the fiscal years reviewed and 2 employees did not meet the training requirements for both fiscal years. Two indirect contact employees did not complete the minimum training requirements for both fiscal years reviewed. Additionally, we were unable to determine whether training was adequate for a direct contact employee due to a lack of records.
- Effect:* Employees may not be receiving adequate required training for direct/indirect contact with inmates. This may reduce their responsiveness in dealing with various situations.
- Cause:* The department does not have a unified system for tracking and monitoring employee training requirements.

Prior Audit Finding: This finding has been previously reported in the audit reports covering the fiscal years ending June 30, 2010 through 2013.

Recommendation: The Department of Correction should improve internal controls to ensure adequate monitoring and tracking of employee training and compliance with department and professional licensing requirements. (See Recommendation 5.)

Agency Response: “The agency agrees with this finding. The Department of Correction utilizes the SABA/LMS for training documentation. Any facility based training (i.e. simulated codes, restraint application, cell extraction) that is longer than 30 minutes is documented on a training roster and forwarded to the Maloney Center for Training and Staff Development (MCTSD) for inclusion into each individual training transcript. In addition, academy based training or off grounds training is also documented in this system. Some form of training is in progress daily, whether it is pre-service, IST or instructor led.”

MCTSD has developed an action plan to work through the backlog of training records. The work has been divided amongst current staff as an additional duty to their current workload.”

Inadequate Overtime Documentation

Criteria: According to the NP-4 bargaining contract, correction officers who wish to work voluntary overtime must sign a quarterly overtime list. Overtime is then distributed using the “sign-up book system,” which requires each facility to maintain a book containing pages representing each day of the month, separated into sections representing each shift. Only employees who have signed the quarterly overtime list will be allowed to place their names in the sign-up book. When an overtime shift becomes available, the department uses the sign-up book and contacts the employee with the least number of overtime hours for that quarter.

The Department of Correction uses the ATLAS system to manage and maintain time and attendance for correction officers, maintenance employees, food service staff, and counselors. The ATLAS system uses various reports to represent the manual sign-up book system in use at the facilities:

- Quarterly Overtime Report – represents an electronic version of the manual quarterly overtime sign-up sheet maintained in the facilities.
- Sign Up Book Report – represents an electronic version of the manual daily overtime sign-up sheet maintained in the facilities.

- Post Roster – documents the correction officers who worked an overtime shift and specifies the day, shift, and post.

We obtained both the manual documentation maintained at the facilities and verified the information was accurately input and maintained in the ATLAS system to determine whether overtime was equally distributed among staff.

Condition:

Overtime expenditures for the department totaled \$67,999,714 and \$62,063,904 for the fiscal years ended June 30, 2016 and 2017, respectively. We reviewed 10 dates at 5 facilities, which consisted of 3,304 hours of earned overtime totaling \$397,708. We noted the following discrepancies and missing documentation:

- **Manual quarterly overtime sign-up sheets:** Manual quarterly overtime sign-up sheets were not on file for 7 of the 10 dates tested. Additionally, the 3 that were on file did not match the ATLAS quarterly sign-up sheet. We noted a lack of signatures and desired shift for those requesting overtime and inclusion of employees who did not sign up for overtime on the manual sheets on the ATLAS reports.
- **Manual daily overtime logs:** We reviewed 30 manual daily overtime logs, 1 for each of the 3 shifts for the 10 dates selected, and noted the following:
 - Logs were not on file for 2 of 30 shifts reviewed.
 - Employees on the manual daily logs were not included on the manual quarterly logs maintained by the facilities for 4 of 30 shifts reviewed.
- **ATLAS Sign-Up Book Report:** We reviewed 30 ATLAS Sign-Up Book Reports, 1 for each of the 3 shifts for the 10 dates selected, and noted the following:
 - The ATLAS Sign-Up Book Report did not match the manual daily overtime log maintained by the facility for 7 out of 30 shifts reviewed.
 - DOC included an employee on both manual and ATLAS overtime documentation for 2 shifts, but the employee was on administrative leave at the time.
- **ATLAS Post Roster:** We reviewed 30 ATLAS Post Roster reports and noted the following:

- Six instances in which employees working overtime on the post roster had not signed up on the manual daily overtime log as requesting overtime.
- We were unable to determine whether employees working overtime on the post roster for 2 additional shifts signed up to work overtime on the daily manual overtime log, because the logs could not be located.

Effect: There is an increased risk that the department may not be assigning overtime in accordance with contract guidelines due to incomplete overtime records.

Cause: ATLAS does not appear to accurately reflect the manual records maintained by the facilities. Additionally, some facilities do not maintain required quarterly lists. The department adds all employees to the list regardless of whether they requested overtime or not.

Prior Audit Finding: This finding has been previously reported in the last 3 audit reports covering the fiscal years ending June 30, 2010 through 2015.

Recommendation: The Department of Correction should maintain overtime records as required by the bargaining contract, and automated systems should accurately reflect manual records to ensure overtime is adequately documented and monitored. (See Recommendation 6.)

Agency Response: “The agency agrees with this finding. Each unit administrator will distribute a documented reminder stating that their unit shall maintain overtime records as required by bargaining unit contracts; and that manual records must accurately reflect automated systems to ensure overtime is adequately documented and monitored.”

Inadequate Documentation Supporting Medical Leave

Criteria: The statewide Family and Medical Leave Policy sets forth procedures for requesting a leave under the Family and Medical Leave Act (FMLA). The policy outlines the required forms and deadlines for submission to document and support the leave request, eligibility, approval, and employee’s return to work.

Condition: During our review of 10 FMLA medical leaves of absence, we identified the following instances of inadequate documentation:

- Required FMLA documentation was not on file for 10 of the 10 leaves of absence reviewed.

- Medical certificates on file for 2 employees did not support their entire leave of absence.

Effect: Inadequate documentation increases the risk for unauthorized leave, which may result in unnecessary costs to the state.

Cause: The lack of documentation to support medical leaves of absence appears to be the result of management oversight.

Prior Audit Finding: This finding has been previously reported in the last 3 audit reports covering the fiscal years ending June 30, 2010 through 2015.

Recommendation: The Department of Correction should strengthen internal controls to ensure that medical leave is administered in accordance with FMLA guidelines. (See Recommendation 7.)

Agency Response: “The agency agrees with this finding and has modified its processes to ensure that documentation supporting medical leave is properly collected, processed, and monitored. We have established a Family Medical Leave Act (FMLA) processing unit within the HR integrated services function. This team is tasked with ensuring that all FMLA documentation are completed accurately, completely, and timely and maintained as required. The FMLA processing unit is currently providing support for half of the agency’s operating units; the balances are managed by the human resources field team specialists and we have discrete HR accountability for each unit. We have conducted several training sessions over the course of the past year to ensure that all are clear on the requirements and expectations. We will continue to transition FMLA administration into the FMLA unit as capacity and capability continue to develop; we target completion of this transition at the end of 2019.”

Lack of Accountability for Union Leave

Background: The following types of leave and codes for union leadership and representatives are as follows:

- Union Contract Negotiations (LUBCN)
- Union Steward Employee Agency (LUBEA)
- Union Steward Employee Outside (LUBEO)
- Union Business Leave Paid (LUBLP)
- Union Steward with Management Representative (LUBMR)

- Union Business Leave Paid –OLR Approval (RUBLP)

During the audited period, 247 employees charged a total of 66,447 hours (8,890 instances) of time to union leave totaling \$2,250,182 in salaries. Of these hours, 62,214 hours (approximately 94%) were in full day increments and totaled \$2,096,302 in salaries.

Criteria:

Department guidelines require employees to complete a Union Release/Union Business Leave Form in order to be released from duty to attend union related matters. The form must be signed by the supervisor and retained. The guidelines also present direction on the various types of union leave and the DOC expectations regarding the duration of leave.

The correctional staff collective bargaining agreements require union stewards to notify their supervisor when they need to leave work assignments to carry out their duties. Requests by stewards to meet with employees must state the name of the employee involved, their work location, and the expected time that will be needed. Stewards are expected to report back to their supervisors on completion of such duties and return to their job.

Condition:

Our testing consisted of a review of 678 instances of union leave charged by 10 employees totaling 5,306 hours. During our review, we noted the following:

- Union leave for 2 employees appears to be excessive, resulting in 230 and 404 days of consecutive leave, respectively.
- DOC did not have 659 out of 678 approved union leave forms on file, accounting for 5,164 hours.
- Union leave forms were incomplete in 10 out of 12 instances, which accounted for 73 hours of leave. Missing information included the duration of leave, the employee's signature and date, and the names of employees represented by the union steward in grievance proceedings.
- The union leave form was improperly approved by the employee's supervisor for 8 out of 12 instances. Three forms lacked the supervisor's signature and 5 forms were not dated when approved.

Effect:

The department does not adequately support employee leave for union business, and the potentially excessive use does not appear to reflect the intent of the collective bargaining agreements. Additionally, employees with continuous leave receive credit towards hazardous duty retirement while not working in a position with direct inmate contact.

- Cause:* It appears that management does not adequately manage or monitor employee union leave.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering fiscal years ending June 30, 2014 and 2015.
- Recommendation:* The Department of Correction should improve internal controls related to union leave to ensure time is necessary, properly approved, and documented in accordance with department and union guidelines. (See Recommendation 8.)
- Agency Response:* “The agency agrees with this finding and acknowledges that this is not yet in operational control. This is a priority focus for DOC HR. A change management framework has been developed and is in process. This has been a longstanding issue and the resolution will be challenging. By year end we will have the updated guidelines and process in place and will be able to demonstrate improvements in accountability as well as a reduction in union release time.”

Untimely Encumbering of Blanket Purchase Orders

- Criteria:* In accordance with Section 4-98 of the General Statutes, except for emergency purchases, no state agency shall incur any obligation except by the issuance of a purchase order or any other documentation approved by the State Comptroller.
- Condition:* We reviewed 20 expenditure transactions, totaling \$127,876, and found the department committed the necessary funds for 4 transactions, totaling \$20,405, between 6 and 12 days after the receipt date.
- Effect:* There is less assurance that funds will be available at the time of payment.
- Cause:* The untimely encumbering of purchase orders appears to be the result of management oversight.
- Prior Audit Finding:* This finding has been previously reported in the last 2 audit reports covering fiscal years ending June 30, 2012 through 2015.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes. (See Recommendation 9.)
- Agency Response:* “The agency agrees with this finding. The agency agreed with the APA regarding a similar finding in the APA’s 2012/2013 audit and in the APA’s 2014/2015 audit and reviewed all instances in which blanket purchase orders

were utilized to determine alternatives. This review resulted in changing the procedure in 2015 and instructing purchasing staff to encumber on a quarterly basis where possible.

The agency understands the APA's concerns, however the agency must seek a balance between encumbrances and having the necessary liquidity to meet its quarterly obligations. During this period of fiscal constraints, constant vigilant cash management is more than ever necessary. The transactions in question were continuously monitored throughout the fiscal year and represent a very small percentage of the agency's annual transactions.

DOC Fiscal Services closely monitors its finances through the use of several routine fiscal reports and through monthly Comprehensive Financial Status Report (CFSR) meetings and weekly cash management meetings as well as through other ad hoc reporting and ad hoc finance meetings.

The agency will modify its practices as possible to ensure that reasonable encumbrances are made for the type of transactions identified by the APA. In cases where no other reasonable alternative exists, DOC will establish processes and procedures that include fiduciary controls and oversight approvals to ensure system integrity, transparency and fiduciary oversight and control. Such processes, procedures, fiduciary controls and oversight approvals will be documented.”

Personal Services Agreements and Purchase of Service Contracts

Criteria: The Office of Policy and Management (OPM) procurement standards for Personal Service Agreements (PSAs) and Purchase of Service (POS) contracts requires that not later than 60 days after a contractor has completed its work on a contract, an agency must prepare a written evaluation of the contractor's performance. Furthermore, prior to entering into a PSA with a current state employee, the agency must fully execute a Certification for PSA with Current State Employee (CT-HR-10).

Condition: We reviewed 5 purchase of service contracts, totaling \$1,876,504, and 5 personal service agreements, totaling \$171,623, and noted the following exceptions:

We could not find evaluations for 3 contracts totaling \$1,836,450, and the department did not complete the evaluations for another 5 contracts on time, totaling \$87,727.

We could not find a required Certification for PSA with Current State Employee (Form CT-HR-10) for one \$10,000 PSA.

Effect: The department did not comply with the OPM procurement standard for personal service agreements and purchase of services contracts.

Cause: The lack of contractor evaluations and timely submissions appears to be an oversight by the department.

The department was not aware of the requirement to file form CT-HR-10.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should comply with the Office of Policy and Management procurement standards for personal service agreements and purchase of service contracts, which requires completion of a contractor evaluation within 60 days of the end of the contract term and completion of Form CT-HR-10 when a PSA contractor is a current state employee. (See Recommendation 10.)

Agency Response: “The agency agrees with this finding. To address this issue, the agency has developed updated procedures for Contracts staff to follow for PSA and POS contract evaluations. Work also continues on outstanding evaluations.”

Software Inventory

Criteria: In accordance with Chapter 7 of the State Property Control Manual, a software inventory must be established to track and control all software media and licenses, and agencies must have an inventory record for all licensed, owned, and agency-developed software.

Condition: The department was unable to provide a software inventory listing for the audited period.

Effect: The lack of a software inventory reduces the department’s ability to adequately monitor, control, and track software use and ownership.

Cause: The lack of a software inventory appears to be the result of management oversight.

Prior Audit Finding: This finding has been previously reported in the last audit report covering fiscal years ending June 30, 2014 and 2015.

Recommendation: The Department of Correction should strengthen internal controls to ensure it maintains and reports software inventory records in accordance with the State Property Control Manual. (See Recommendation 11.)

Agency Response: “The agency agrees with this finding and its Management Information Systems (MIS) Division is currently working to review and develop a comprehensive inventory of agency software. Work on this effort is ongoing; it is estimated to be completed in FY20.”

Monitoring of Cell Phones

Criteria: Section 3-117(c) of the General Statutes states that the Commissioner of Administrative Services shall charge the appropriation of any state agency, without certification by such agency, for expenses incurred by such agency for basic telephone service. However, the agency shall certify that such services were provided to such agency not later than 30 days following notification of such charge.

The statewide telecommunications equipment policy states that the individual employee and the agency must verify the accuracy of the bill and confirm appropriate usage. Agencies should promptly report any discrepancies or errors to the Department of Administrative Services Bureau of Enterprise Systems and Technology (DAS/BEST).

According to chapter 3.10 section 11 of the DOC directives and policies, each employee shall sign the monthly cell phone billing statement certifying that all charges are valid and were incurred in the course of conducting state business. The signed billing statement shall be returned to the Fiscal Services Unit within one (1) month of the report date.

Condition: Our review of 20 billing statements from May and June 2017 revealed the following conditions:

- The department did not approve 3 out of 20 statements in a timely manner. Both the user and the supervisor did not approve 2 of the 3 on time. The approval delays were between 3 and 134 days. The user’s supervisor approved the third statement 5 days late.
- Five of 20 statements were missing approval from both the user and the user’s supervisor.

Effect: The department did not comply with state and department policy and statutory requirements concerning telecommunication services. Additionally, not verifying cell phone charges increases the risk that waste and abuse will occur and go undetected.

Cause: There appears to be a lack of management oversight regarding cell phone monitoring.

Prior Audit Finding: This finding has been previously reported in the last 2 audit reports covering the fiscal years ending June 30, 2012 through 2015.

Recommendation: The Department of Correction should strengthen internal controls to ensure compliance with state statutes and telecommunication procedures for monitoring and verifying cell phone charges. (See Recommendation 12.)

Agency Response: “The agency agrees with the finding. DOC continues to make improvements and modifications to its electronic cell phone review/approval system. Users are sent an initial email indicating that their bill is available for review and a reminder email is sent out to any users and supervisors that have an outstanding bill as of the 23rd of each month. Once in the system, users are able to review the bill for accuracy and approval so that it can be routed to their supervisor/manager final approval. In addition to the work on the system, an agency-wide email is issued to reiterate state and department policy on the use and approval of state-issued cell phones and related bills. Cell phone monitoring will continue to be impacted by the frequent amount of turnover from retirements, promotions and re-assignments, which make timely approval of cell phone bills difficult, however the agency is actively working to mitigate these issues.”

Required Reporting

Criteria: The Department of Correction is required to comply with numerous reporting requirement set forth in various sections of the General Statutes and the department’s administrative directives.

Condition: Our review of 49 legislatively required reports from the audited period disclosed that the department did not submit 16 reports, and submitted 14 reports after they were due.

- DOC submitted the administrative reports for the Department of Correction required by Section 4-60 of the General Statutes, due September 1, 2015 and 2016, 43 and 21 days late, respectively.
- DOC submitted the administrative reports for the Board of Pardons and Paroles required by Section 4-60 of the General Statutes, due September 1, 2015 and 2016, 14 and 7 days late, respectively.
- DOC submitted the affirmative action plans required by Section 46a-68 of the General Statutes, due December 31, 2015 and 2016, 20 and 27 days late, respectively.

- DOC did not submit the annual reports regarding the number of inmates in special circumstances high security status required by Section 18-10b (d) of the General Statutes, due January 2, 2016 and 2017.
- For 7 of the 8 quarters during the audited period, DOC did not submit the quarterly report documenting the number of inmate disciplinary reports, the number of inmate assaults on custodial staff, the number of inmate assaults on other inmates, the number of workers' compensation claims filed by custodial staff, the average number of inmates, the average number of permanent beds, and the inmate population density required by Section 18-81t of the General Statutes. The report is due not later than 30 days after the close of each calendar quarter.
- DOC did not submit the annual reports on the development, implementation, and effectiveness of the risk assessment strategy developed for offenders committed to the custody of the department required by Section 18-81z of the General Statutes, due January 1, 2016 and 2017.
- DOC did not submit the annual reports regarding the number of inmates determined to require mental health services, and a description of program services provided by the department and its contracted health services provider, required by Section 18-96a (d) of the General Statutes, due February 1, 2016 and 2017.
- DOC did not submit the annual reports regarding the community correction activities taken by the department, required by Section 18-101i, b) of the General Statutes, due December 31, 2015 and 2016.
- DOC did not develop the business plan for correctional industries, required by the department's Administrative Directive 10.20, due September 1, 2016.

Effect: The intended recipients of the reports may not have the current information required to make informed decisions regarding the department and its operations.

Cause: The lack of compliance appears to be the result of management oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should strengthen internal controls to ensure compliance with reporting requirements. (See Recommendation 13.)

Agency Response: "The agency agrees with the finding and acknowledges the importance of accurate and timely reporting. Staff turnover and reductions in

administrative positions in 2016 are identified as contributing factors. Management has established an enhanced tracking system to organize reporting requirements and deadlines, and enhance communication and accountability.”

Public Safety Committees

Criteria: Section 18-81h (a) of the General Statutes requires the Department of Correction to establish a public safety committee in each municipality in which a correctional facility is located. Each committee shall be composed of the warden or superintendent of the correctional facility and representatives appointed by the chief elected official of the municipality. Each committee shall meet not less than quarterly to review correctional safety and security issues that affect the host municipality.

Section 1-225 of the General Statutes requires the meeting schedules, agendas, and minutes of all public agencies and their committees to be posted on the public agency’s website.

In accordance with Section 18-81h (b) of the General Statutes, on or before November 1st of each year, each public safety committee shall submit a report to the chairpersons and ranking members of the joint standing committee of the General Assembly having cognizance of matters relating to public safety that outlines issues of concern in each municipality in which a correctional facility is located, and makes recommendations to mitigate such concerns.

Condition: During the audited period, correctional facilities were located in 11 municipalities. Our review identified the following issues regarding public safety committees:

- The department did not establish a public safety committee for Bridgeport, Hartford, and New Haven, which all host level 4 correctional facilities.
- Seven of the 8 public safety committees established by the department did not hold quarterly meetings in accordance with the General Statutes. Of the 8 meetings required during the audited period, the following municipal safety committees did not hold their required meetings:
 - Brooklyn, Cheshire, and Enfield did not hold 2 meetings;
 - Somers did not hold 3 meetings;
 - Suffield did not hold 6 meetings;

- Uncasville did not hold 7 meetings; and
- Niantic did not hold any of its 8 required meetings.
- The department does not post public safety committee meeting schedules, agendas, or minutes on its website.
- The department did not submit annual reports for the public safety committees established for Cheshire, Enfield, Niantic, Somers, Suffield, or Uncasville. We could not determine whether DOC submitted the annual reports for the public safety committees established for Brooklyn and Newtown on time.

Effect: Failure to comply with Sections 18-81h and 1-225 of the General Statutes increases the risk that correctional safety and security issues are not identified and appropriately addressed.

Cause: The lack of compliance appears to be the result of management oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should strengthen internal controls to ensure public safety committees comply with Sections 18-81h and 1-225 of the General Statutes. (See Recommendation 14.)

Agency Response: “The agency agrees with the findings. Management will ensure that each facility administration establish a safety committee within their respective municipality and enhance documentation that reflects the statutory requirements. A memorandum will be sent to each warden outlining the agency’s policy and procedures regarding these committees and directing them to establish and staff them accordingly.”

Inadequate Sales Documentation

Criteria: Correctional Enterprises of Connecticut (CEC) should maintain adequate documentation to support sales transactions to ensure state revenue is accounted for appropriately and accurately.

Condition: Our review of 10 CEC merchandise sales transactions, totaling \$57,235, identified 6 instances (totaling \$25,137) in which the department did not have documentation on file to support how it calculated the final sales price.

- In 2 instances, CEC used competitive pricing, but there was no documentation to justify why the sales price differed from the researched competitive price.

- In 4 instances, CEC used a multiplier to calculate the sales price, but there was no documentation on file to support how the multiplier was determined.

Effect: Inadequate sales documentation increases the risk that transactions are not accurately accounted for and reduces the assurance of consistent pricing practices.

Cause: The lack of detail in documenting the final sales prices appears to be the result of management oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should implement consistent sales pricing practices and ensure that documentation is maintained to support Correctional Enterprises of Connecticut sales pricing. (See Recommendation 15.)

Agency Response: “The agency agrees with this finding and has implemented procedures to ensure the noted documentation is included in the work order folder. In some cases, the documentation actually existed but was not included in the closed work order folder. 84% of the items which CEC sells are priced based on the DAS contract or on the MOU with DMV. When calculating selling prices for non-contract items, which consists of about 16% of CEC’s total sales, CEC obtains a bill of materials for costs of the raw materials and inmate labor, and adds both the manufacturing and non-manufacturing overhead rates. The overhead rates vary significantly by shop and are updated frequently by the DOC Accounting Unit. CEC does have a procedure for calculating the particular multiplier used to calculate the selling price for goods from each shop in order to meet the statutory responsibility of remaining financially self-supporting. In an effort to formalize and document these procedures, CEC will include the proposed multiplier for each shop in its annual business plan. The data used to calculate the multiplier will be based on the end of fiscal year financials. The multiplier may change over the course of the year as overhead rates may change, and these changes will be noted. For consistency, the multiplier is used in most cases. However, there will be situations where the selling price must be lower or higher than calculated with the multiplier. These situations include competitive pricing, volume pricing, multi-year large projects, number of deliveries and pickups required, and ensuring that CEC is not under-cutting the market prices significantly. For situations such as these, if pricing out of the norm, it will be documented in the work order folder.”

Special Projects Activity Fund Disbursements

Criteria: The Accounting Procedures Manual for Activity and Welfare Funds includes procedures for maintaining all activity and welfare funds operated by state agencies. Section IV. C. 4. Disbursement Procedures requires that all payments for goods and services be substantiated by vendor invoices or receipts from individuals. Payments should also be supported by a purchase order.

The Department of Correction's internal controls for cash disbursements state that the purchasing unit shall determine the appropriate vendor to be utilized, prepare a purchase order, and submit it to the vendor.

Condition: We reviewed 20 disbursements, totaling \$7,444, and could not find purchase orders for 9 disbursements, totaling \$2,300.

Effect: There is less assurance that funds are being properly used and transacted in accordance with state accounting procedures.

Cause: Internal controls in place did not appear to be effective.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should improve internal controls over activity fund disbursements to ensure that purchase orders are completed for cash disbursements in accordance with the Accounting Procedures Manual for Activity and Welfare Funds. (See Recommendation 16.)

Agency Response: "The agency agrees with the finding and has corrected the deficiencies. Currently all cash disbursements from the Special Activity Fund are in compliance in disbursement procedures for the payment of goods and services substantiated by proper receipting of goods and services by individuals prior to invoice processing. All payment documentation includes the invoice, a receiver and supported by an executed purchase order or requisition.

Upon proper authorization from the originator the Procurement Unit currently uses either a paper purchase requisition and/or an off line purchase order to place the order with the vendor.

The Procurement Unit will formalize a standardized purchase order process to be used for future Special Activity Fund requisitions so that all payments are supported by a purchase order."

Inmate Trust Fund Bank Reconciliation

Criteria: Sound business practices dictate that bank reconciliations be performed and reviewed in a timely manner.

Condition: Our review of the department's inmate trust fund reconciliations for the months of June 2016 and 2017 disclosed that there was no documented supervisory review.

Effect: Without proper oversight, there is increased risk of errors going undetected.

Cause: It appears that the department's reconciliation procedures lacked a control for the supervisor to certify that they performed a review of the reconciliation.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should improve its internal controls over the bank reconciliation process by ensuring that reconciliations are reviewed. The supervisory review of the bank reconciliation process should be formally documented. (See Recommendation 17.)

Agency Response: "The agency agrees with the finding with regard to the supervisor's signature to formalize certification of the review of the reconciliation. Currently the reconciliation is summarized on a statement showing the bank and the agency's (inmate trust fund) balances, reconciliation items, and notation of discrepancies requiring further action for correction. The unit manager is copied upon completion and reviews the reconciliation summary. Effective immediately, the supervisor will document the review of the reconciliation with a signature and date as recommended."

Inactive Inmate Accounts

Criteria: In accordance with Administrative Directive 9.3, correctional staff complete a Discharged Planning Checklist and Transportation Log to verify that the necessary procedures are completed before an inmate is discharged. The checklist requires inmates to complete and sign a Request for Account Balance (RFAB) form indicating how the inmate's funds should be returned. The discharging facility will forward the completed RFAB form to Fiscal Services. Per Administrative Directive 3.7, upon receipt of the completed RFAB form, Fiscal Services shall process the close-out of the account and issue a check.

If an inmate's account is not closed out upon discharge, Administrative Directive 3.7 requires the department to make a "good faith effort" to

contact the discharged inmate. The department's current procedure is to mail a letter to the discharged inmate's last known address.

Section 4-57a of the General Statutes and Administrative Directive 3.7 dictates that any funds in an inmate's account not claimed within 1 year from the date of discharge shall be forfeited by the inmate and transferred to the Correctional General Welfare Fund to be used for the benefit of inmates.

Condition: As of October 3, 2017, there were 33,684 inactive inmate accounts with a total balance of \$730,645. We reviewed 20 inactive accounts, with balances totaling \$20,257, and noted the following conditions:

- A RFAB form was not received by Fiscal Services for 17 inmates, with account balances totaling \$14,354.
- The department took no action to notify 16 discharged inmates, with account balances totaling \$14,059, that there was a balance in their inmate account.
- The department did not transfer the account balances to the Correctional General Welfare Fund for 11 inmates discharged for one year or more, with account balances totaling \$7,811.

Effect: Discharged inmates are not receiving the funds that they are entitled to, and forfeited funds are not being transferred to the Correctional General Welfare Fund.

Cause: It appears that correctional staff are not notifying Fiscal Services of inmate discharges so that funds can be returned in a timely manner. Additionally, Fiscal Services has not notified discharged inmates of their account balances, because the department found that sending letters is unsuccessful and an inefficient use of state resources.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should strengthen internal controls over the accounts of discharged inmates to ensure compliance with the department's administrative directives and Section 4-57a of the General Statutes. (See Recommendation 18.)

Agency Response: "The agency agrees with this finding.

- 1) The agency agrees that an RFAB form was not received from the facilities by Fiscal Services for 17 inmates with account balances totaling \$14,354. Fiscal Services management will reinforce the discharge policy

with the appropriate facility administrative staff on the requirement to have the discharging inmate fill out and sign the RFAB form prior to release per administrative directive.

2) The agency agrees that the department did not take any action to notify 16 discharged inmates with account balances totaling \$14,059.

The agency's antiquated policy of sending notices to a dormant address proved futile with limited success, and was deemed counterproductive and not a productive use of manpower or state resources. Successes were only achieved when the discharged inmate contacted the inmate trust fund staff with a proper mailing address. In order to take advantage of advanced and newer technologies, a revision to the policy and procedures for handling of funds was recommended to management. During this process the purging process on unclaimed funds was suspended pending formulation, review and eventual approval of the new policy rather than purging funds without notice.

Effective December 1, 2018, DOC implemented the new policy on how the agency administers the unclaimed balances remaining in their inmate accounts – specifically, how to go about notifying former inmates regarding the balance that remains in their account. The revised policy and procedure states that accounts with spendable balances remaining post discharge will be deemed “Unclaimed”. The agency now posts a notice of unclaimed funds on the department's website. The web posting consists of a list of inmate numbers associated with unclaimed funds and the date of the notice (the date the inmate number was added to the list). Each month, Inmate Trust Fund staff generates a revised list (adding new inmate numbers and removing those that have been claimed or have been removed in accordance with the above policy). Inmate numbers with balances will remain on this list for a period of one (1) year after which the inmate number shall be removed from the list and the remaining balance deemed forfeited by the inmate. Forfeited funds will then be transferred to the Correctional General Welfare Fund in accordance with Administrative Directive 3.5, Correctional General Welfare Fund.

Facility inmate handbooks have been updated to reflect the new policy and procedures regarding the handling of inactive inmate accounts and unclaimed balances.”

Lack of Accountability for Parole Officers

Criteria: The department's Field Operations Manual provides guidelines for the Parole and Community Services division, including policies and procedures over the use of state-owned vehicles, employee accountability, and earning of compensatory time.

Parole officers must travel statewide, often working from satellite locations. They must account for each day's activities via an accountability log, which is approved by the parole manager and filed with the employee's time and attendance sheet.

Condition: We selected 10 parole officers and reviewed 2 months of activity for their employee accountability logs, state-owned motor vehicle monthly usage reports, and compensatory time approvals. Our review revealed the following:

- The parole officers did not properly complete 14 out of 20 motor vehicle monthly usage reports. Ten reports lacked a submission date or were not submitted on time. The operator and/or supervisor did not properly sign 11 reports, and 3 reports were missing details to properly support daily mileage. Additionally, 1 of the 14 officers reported vehicle usage during all 4 weekends in April 2016 while on sick leave, resulting in 1,288 unsupported miles.
- The parole officers did not properly complete 16 out of 20 employee accountability logs documenting daily activity for 10 employees. Seven were not on file for 6 employees and 9 were incomplete for 8 employees. The records lacked supervisory approval and detail of time worked.
- There was no proper support for 88 hours of compensatory time earned for 9 out of 9 employees. The compensatory time authorization form was not on file for 5 employees earning 38 hours of compensatory time, and was incomplete for 7 employees earning 50 hours of compensatory time. The records lacked employee and supervisory approval and detail of compensatory time worked.

Effect: There is an increased risk of abuse of state time and resources.

Cause: The missing and incomplete documentation supporting state-owned vehicles, employee accountability, and compensatory time earned appears to be due to a lack of proper supervisory review.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Correction should strengthen internal controls over state-owned vehicles, employee accountability logs, and parole officer compensatory time to ensure the proper use of state time and resources. (See Recommendation 19.)

Agency Response: “The agency agrees with this finding.

Mileage Sheets: It should be noted that since August of 2014 mileage sheets were submitted electronically to the supervisor for approval. The supervisor would forward to DOC Motorpool via e-mail thus eliminating the need for an actual signature on the form. Also, Parole Officers are required to work a weekend shift during the month.

Accountability Logs and Compensatory Time Authorizations: Division clerical staff contacted the Department of Correction’s HR Unit to inquire about keeping these documents on file. Clerical staff was informed that they do not need to keep these records so all records were destroyed except for the previous year’s records. This information was incorrect as it does not comply with the State of Connecticut’s record retention schedule. The record retention schedule was forwarded to all parole supervisors to share with staff so that all staff become familiar with the schedules that pertain to the Division of Parole.

The Division of Parole and Community Services has taken corrective action on the discrepancies sited above and have a staff member dedicated to do audits to ensure compliance with DOC administrative directives, policies and applicable record retention schedules. Also, be advised that all parole vehicles assigned to parole officers have been installed with GPS.”

RECOMMENDATIONS

Our prior audit report on the Department of Correction contained 14 recommendations. Six have been implemented or otherwise resolved and 8 have been repeated or restated with modifications during the current audit. The following is a summary of the action taken on the prior recommendations.

Status of Prior Audit Recommendations

- The Department of Correction should strengthen internal controls to ensure annual evaluations are completed in accordance with state personnel regulations and department policies. **We continued to note a lack of documentation related to annual evaluations; therefore, this recommendation will be modified and repeated to reflect our current findings. (See Recommendation 1.)**
- The Department of Correction should acquire and maintain acknowledgment of the policies governing the use of state computers and related technologies. **The department changed its procedure whereby a separate acknowledgment form is no longer required. Employees review the directive during orientation and initial a checklist acknowledging receipt. Since the agency took corrective action, this recommendation will not be repeated.**
- The Department of Correction should strengthen internal controls to ensure proper authorization is obtained prior to the earning of compensatory time. **During our current review of compensatory time, we noted exceptions with the approval of time earned; therefore, this recommendation will be repeated. (See Recommendation 2.)**
- The Department of Correction should strengthen internal controls to ensure overtime records are maintained accurately and in accordance with department policies and bargaining unit contracts. DOC should retain the records until they are audited. **We continued to note issues with overtime and how it is monitored; therefore, this recommendation will be modified and repeated. (See Recommendation 6.)**
- The Department of Correction should strengthen internal controls to ensure that medical certificates and FMLA documentation are submitted in accordance with statewide policies and procedures. **We continued to note a lack of documentation for medical leave; therefore, this recommendation will be repeated. (See Recommendation 7.)**
- The Department of Correction should strengthen internal controls to ensure that workers' compensation claims are supported by adequate documentation. **The agency took corrective action; therefore, this recommendation will not be repeated.**
- The Department of Correction should improve internal controls over the reporting and oversight of union leave time reporting. **We continued to note a lack of documentation to support union leave; therefore, this recommendation will be repeated. (See Recommendation 8.)**

- The Department of Correction should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes. **We continued to note the untimely encumbrance of funds; therefore, this recommendation will be repeated. (See Recommendation 9.)**
- The Department of Correction should strengthen internal controls over supporting attendance records to ensure the accuracy of payments to providers. **The agency took corrective action; therefore, this recommendation will not be repeated.**
- The Department of Correction should enforce the existing memorandum of agreement between DOC and UCHC/CMHC and make certain that adequate controls are in place for the department to meet its primary responsibility and authority in ensuring that contract requirements are met and adequate health care is provided to inmates. **Correctional managed health care was transitioned back to DOC from CMHC effective July 1, 2018; therefore, prior issues with the memorandum of agreement no longer exist. This recommendation will not be repeated.**
- The Department of Correction should take appropriate action to comply with statutory and regulatory requirements regarding the establishment of an inmate discharge savings account program and the recovery of incarceration costs from inmates. **Public Act 18-155, effective October 1, 2018, repealed Section 18-84a of the General Statutes, which established a discharge savings account for inmates. Therefore, this recommendation will not be repeated.**
- The Department of Correction should strengthen internal controls to ensure that asset management reports are complete, accurate, and adequately supported. **We did not identify any issues regarding the department's asset management reports; therefore, this recommendation will not be repeated.**
- The Department of Correction should strengthen internal controls to ensure that software inventory records are maintained and reported in accordance with the State Property Control Manual. **The department still does not maintain a software inventory; therefore, this recommendation will be repeated. (See Recommendation 11.)**
- The Department of Correction should strengthen internal controls to ensure compliance with state statutes and telecommunication procedures for monitoring and verifying cellular telephone charges. **We noted similar issues during our current audit; therefore, this recommendation will be modified and repeated. (See Recommendation 12.)**

Current Audit Recommendations

- 1. The Department of Correction should strengthen internal controls to ensure that annual service ratings are completed timely in accordance with state regulations and department directives.**

Comment:

Evaluations were either incomplete, not timely, or not on file for 6 out of 10 employees. Additionally, 1 of the 6 employees received an annual increase without an evaluation certifying satisfactory performance.

- 2. The Department of Correction should strengthen internal controls to ensure proper authorization is received prior to employees earning compensatory time.**

Comment:

The department did not pre-approve compensatory time for 3 out of 10 employees. Approvals were received between 1 and 10 days late.

- 3. The Department of Correction should implement procedures to ensure that leave payments at termination are accurate and adequately supported.**

Comment:

Documentation to support payments made upon separation was insufficient for 6 out of 10 employees reviewed.

- 4. The Department of Correction should strengthen internal controls over the review and approval of timesheets to reduce the risk of errors and potential overpayments.**

Comment:

Our review of the attendance records of 10 employees who charged holiday time on non-scheduled holidays disclosed that the department incorrectly coded all 188 hours to holiday leave. There were 88.69 hours that should have been coded to holiday compensatory time used, 68 hours that should have been coded to regular time worked, and 31.50 hours for which the department could not determine the appropriate coding.

- 5. The Department of Correction should improve internal controls to ensure adequate monitoring and tracking of employee training and compliance with department and professional licensing requirements.**

Comment:

We noted 13 out of 20 instances in which employees did not complete the required hours of training. We were unable to determine whether training was adequate for 1 employee due to a lack of records.

- 6. The Department of Correction should maintain overtime records as required by the bargaining contract, and automated systems should accurately reflect manual records to ensure overtime is adequately documented and monitored.**

Comment:

Documentation to support overtime in 10 out of the 10 dates reviewed was either not on file or was incomplete.

- 7. The Department of Correction should strengthen internal controls to ensure that medical leave is administered in accordance with FMLA guidelines.**

Comment:

Required FMLA documentation was not on file for 10 of the 10 leaves of absence reviewed, and medical certificates on file for 2 employees did not support their entire leave of absence.

- 8. The Department of Correction should improve internal controls related to union leave to ensure time is necessary, properly approved, and documented in accordance with department and union guidelines.**

Comment:

Documentation to support union leave was either incomplete, not on file, lacked proper approval, or the amount of hours charged to union leave appeared to be excessive.

- 9. The Department of Correction should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes.**

Comment:

The department committed funds for 4 out of 20 expenditure transactions between 6 and 12 days after the receipt date.

- 10. The Department of Correction should comply with the Office of Policy and Management procurement standards for personal service agreements and purchase of service contracts, which require completion of a contractor evaluation within 60 days of the end of the contract term and completion of Form CT-HR-10 when a PSA contractor is a current state employee.**

Comment:

We could not find evaluations for 3 contractors, and the department did not complete another 5 evaluations on time.

- 11. The Department of Correction should strengthen internal controls to ensure that it maintains and reports software inventory records in accordance with the State Property Control Manual.**

Comment:

The department was unable to provide a software inventory listing for the audited period.

- 12. The Department of Correction should strengthen internal controls to ensure compliance with state statutes and telecommunication procedures for monitoring and verifying cell phone charges.**

Comment:

Billing statements were missing necessary approvals and/or were not approved on time for 15 out of 20 statements reviewed.

- 13. The Department of Correction should strengthen internal controls to ensure compliance with reporting requirements.**

Comment:

Our review of 49 reports from the audited period disclosed that the department did not submit 16 reports, and submitted 14 reports after they were due.

- 14. The Department of Correction should strengthen internal controls to ensure public safety committees comply with Sections 18-81h and 1-225 of the General Statutes.**

Comment:

From our review of 11 municipalities where public safety committees were required, we noted the following: 3 municipalities did not establish a committee; 7 out of 8 committees did not hold required quarterly meetings; the department does not post committee meeting schedules, agendas, or minutes on its website; annual reports were not submitted for 6 committees; and we could not determine timeliness for an additional 2 annual reports.

- 15. The Department of Correction should implement consistent sales pricing practices and ensure that documentation is maintained to support Correctional Enterprises of Connecticut sales pricing.**

Comment:

The department did not have documentation on file to support the final sales price in 6 out of 10 transactions.

- 16. The Department of Correction should improve its internal controls over activity fund disbursements and ensure that purchase orders are completed for cash disbursements in accordance with the Accounting Procedures Manual for Activity and Welfare Funds.**

Comment:

We could not locate purchase orders for 9 out of 20 disbursements.

- 17. The Department of Correction should improve its internal controls over the bank reconciliation process by ensuring that reconciliations are reviewed. The supervisory review of the bank reconciliation process should be formally documented.**

Comment:

There was no documented supervisory review of the monthly bank reconciliations of inmate trust funds.

- 18. The Department of Correction should strengthen internal controls over the accounts of discharged inmates to ensure compliance with the department's administrative directives and Section 4-57a of the General Statutes.**

Comment:

We reviewed 20 inactive inmate accounts and noted Request for Account Balance (RAB) forms were not received by Fiscal Services for 17 inmates, no action was taken to notify 16 discharged inmates of account balances, and the department did not transfer account balances to the Correctional General Welfare Fund for 11 discharged inmates.

19. The Department of Correction should strengthen internal controls over state-owned vehicles, employee accountability logs, and parole officer compensatory time to ensure the proper use of state time and resources.

Comment:

We reviewed vehicle monthly usage reports, employee accountability logs, and compensatory time documentation for 10 parole officers for a two-month period. We noted that 14 out of 20 vehicle usage reports and 16 out of 20 employee accountability logs were not properly completed. We also found that there was no proper support for 88 hours of compensatory time for the 9 employees reviewed.

ACKNOWLEDGMENTS

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Rebecca Balkun
Valerie Davis
Sidney Gale
Audrey Kelliher
Brandon Martin

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Correction during the course of our examination.



Rebecca M. Balkun
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor