

EXECUTIVE DIGEST

PRISONER BENEFIT FUNDS, PRISONER STORE PROGRAMS, AND PRISONER ACCOUNTS

INTRODUCTION

This report, issued in July 2002, contains the results of our performance audit* of Prisoner Benefit Funds, Prisoner Store Programs, and Prisoner Accounts, Department of Corrections (DOC).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

DOC established prisoner benefit funds and prisoner store programs to sell merchandise and to provide supplies, services, and equipment for the direct benefit of the prisoners. DOC maintains prisoner accounts, which identify transactions involving purchases, deposits, and monetary balances for each prisoner. DOC acts in a fiduciary capacity on behalf of the prisoners in managing these programs. There are 43 prisons and 12 corrections camps.

Prisoner Benefit Funds

Each facility operates a prisoner benefit fund to provide services, supplies, and equipment for the direct benefit of the prisoners. For the fiscal year ended September 30, 2000, prisoner benefit funds reported fund equity of \$1.9 million with revenues of \$3.3 million and expenditures of \$3.0 million.

Prisoner Store Programs

Each facility operates a prisoner store that stocks a limited number of items. The net profit from operations is transferred monthly to the prisoner benefit fund. For the fiscal year ended September 30, 2000, prisoner stores reported fund equity of \$2.8 million, with sales of \$27.9 million and a net profit of \$1.8 million.

Prisoner Accounts

Each facility maintains a detailed listing of prisoner account transactions that are provided monthly to all prisoners. The transactions include purchases of personal items, charges to the account, and any deposits to the account. As of February 28, 2001, there were approximately 46,000 prisoners at facilities with account balances totaling \$3.9 million.

AUDIT OBJECTIVES AND CONCLUSIONS

Audit Objective: To assess the effectiveness of DOC's administration of prisoner benefit funds, prisoner stores, and prisoner accounts.

Conclusion: We concluded that DOC's administration of prisoner benefit funds, prisoner stores, and prisoner accounts was generally effective. We noted reportable conditions* related to financial reports, DOC guidance, monitoring, prisoner store retail prices, and prisoner accounts (Findings 1 through 5).

Audit Objective: To assess DOC's methods for reporting prisoner benefit fund activities, prisoner store activities, and prisoner account balances to the prisoners.

Conclusion: We concluded that DOC's reporting methods for prisoner benefit fund activities, prisoner store activities, and prisoner account balances were generally effective. We noted a reportable condition related to distribution of information (Finding 6).

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of the prisoner benefit funds, prisoner store programs, and prisoner accounts. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included examination of prisoner benefit fund, prisoner store program, and prisoner account records and activities for the period October 1998 through March 2001. Our audit methodology included a preliminary review of operations, including discussions with various staff regarding their functions and responsibilities and a review of program records, DOC policy directives and procedures, prisoner account transactions, and financial information regarding prisoner benefit funds and prisoner stores as reported by the facilities to DOC. We conducted tests of records for compliance with established policies and procedures and performed tests of reasonableness of charges to prisoner benefit funds, prisoner stores, and prisoner accounts.

We visited a test group of 7 prisons: Adrian, Carson City, Cotton, Marquette, Mound, Scott, and Standish. We reviewed minutes of the prisoner benefit fund and prisoner

store committee meetings and determined compliance with policy directives.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report includes 6 findings and 7 corresponding recommendations. DOC's preliminary response indicated that it agrees and will comply with the recommendations.

DOC complied with 3 of the 6 prior audit recommendations. One recommendation was rewritten for inclusion in this report and 2 recommendations were repeated.