



Performance Audit

Prisoner Accounts, Prisoner Store Programs, and Prisoner Benefit Funds Department of Corrections

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The Department of Corrections (DOC) acts in a fiduciary capacity to maintain accounts on behalf of its prisoners. As of September 30, 2014, approximately 43,400 prisoner account balances totaled \$4.1 million. DOC operates three regional prisoner stores and maintains a prisoner benefit fund (PBF) at each facility. For the fiscal year ended September 30, 2014, the prisoner stores reported revenues of \$22.5 million, expenditures of \$21.1 million, and a net profit of \$1.4 million and PBFs reported revenues of \$4.1 million, expenditures of \$4.0 million, and fund equity of \$4.2 million.

| Audit Objective | | | Conclusion |
|---|--------------------|----------------------|-----------------------------|
| Objective #1: To assess the effectiveness of DOC's controls to ensure the accuracy of prisoner accounts. | | | Effective |
| Finding Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| DOC did not ensure that prisoner payroll was proper. Documentation for 11 of 12 food service payroll transactions indicated that prisoners worked 10 to 16 hours per day, with one prisoner working 99 hours in one day; 214 to 508 hours per month; and 23 to 31 days per month (<u>Finding #1</u>). | | X | Agrees |

| Audit Objective | | | Conclusion |
|--|--------------------|----------------------|-----------------------------|
| Objective #2: To assess DOC's compliance with laws, policies, and procedures related to prisoner accounts. | | | Effective |
| Findings Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| None reported. | Not applicable | Not applicable | Not applicable |

| Audit Objective | | | Conclusion |
|--|---------------------------|-----------------------------|------------------------------------|
| Objective #3: To assess the effectiveness of DOC's controls to properly administer the prisoner stores. | | | Effective |
| Finding Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| DOC did not always ensure that the prisoner population was notified of the prisoner store and PBF activities, potentially consuming time and effort of DOC personnel to respond to unnecessary prisoner inquiries (<u>Finding #2</u>). | | X | Agrees |

| Audit Objective | | | Conclusion |
|--|---------------------------|-----------------------------|------------------------------------|
| Objective #4: To assess the effectiveness of DOC's controls to ensure the accuracy and transparency of PBFs. | | | Effective |
| Finding Related to This Audit Objective | Material Condition | Reportable Condition | Agency Preliminary Response |
| DOC did not always ensure that the prisoner population was notified of the prisoner store and PBF activities, potentially consuming time and effort of DOC personnel to respond to unnecessary prisoner inquiries (<u>Finding #2</u>). | | X | Agrees |

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>

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