

COMPLIANCE AND CONTROL AUDIT REPORT

**OMBUDSMAN FOR CORRECTIONS
PAROLE BOARD
SENTENCING COMMISSION
EL DORADO CORRECTIONAL FACILITY
ELLSWORTH CORRECTIONAL FACILITY
HUTCHINSON CORRECTIONAL FACILITY
LANSING CORRECTIONAL FACILITY
LARNED CORRECTIONAL MENTAL HEALTH FACILITY
NORTON CORRECTIONAL FACILITY
TOPEKA CORRECTIONAL FACILITY
WINFIELD CORRECTIONAL FACILITY**

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
May 1995**

Legislative Post Audit Committee

Legislative Division of Post Audit

The Legislative Post Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$6 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of government agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U. S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. These audit standards have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the representatives, three are appointed by the Speaker of the House and two are appointed by the House Minority Leader.

As part of its audit responsibilities, the Division is charged with meeting the requirements of the Legislative Post Audit Act which address audits of financial matters. Those requirements call for two major types of audit work.

First, the Act requires an annual audit of the State's financial statements. Those statements, prepared by the Department of Administration's Division of Accounts and Reports, are audited by a certified public accounting firm under contract with the Legislative Division of Post Audit. The firm is selected by the Contract Audit Committee, which comprises three

members of the Legislative Post Audit Committee (including the Chairman and Vice-Chairman), the Secretary of Administration, and the Legislative Post Auditor. This audit work also meets the State's audit responsibilities under the federal Single Audit Act of 1984.

Second, the Act provides for a regular audit presence in every State agency by requiring that audit work be conducted at each agency at least once every three years. Audit work done in addition to the annual financial statement audit focuses on compliance with legal and procedural requirements and on the adequacy of the audited agency's internal control procedures in areas not covered by the annual audit. These compliance and control audits are conducted by the Division's staff under the direction of the Legislative Post Audit Committee.

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FINANCIAL AND COMPLIANCE AUDIT REPORT

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TOPEKA CORRECTIONAL FACILITY
WINFIELD CORRECTIONAL FACILITY**

OBTAINING AUDIT INFORMATION

This audit was conducted by Randy Tongier, Financial-Compliance Audit Manager, and Tom Vittitow, Auditor, of the Division's staff. If you need any additional information about the audit's findings, please contact Mr. Tongier at the Division's offices.

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**OMBUDSMAN FOR CORRECTIONS
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Summary of Legislative Post Audit's Findings

Legislative Post Audit conducted compliance and control audit work at the Ombudsman for Corrections, Parole Board, Sentencing Commission, and the State's correctional institutions in partial fulfillment of the Legislative Post Audit Act's requirement that audit work be conducted at each State agency at least once every three years. This compliance and control audit addressed the areas of revenues, locally administered funds, and expenditures. The period covered by this audit was fiscal year 1994.

Did the agencies reviewed in this audit comply with the legal and procedural requirements applicable to their receipts, and provide adequate internal control over those receipts? The agencies adequately managed their revenues and complied with State requirements. This conclusion applies not only to the collection of revenues but also to the deposit of those revenues in the State Treasury.

Did the agencies reviewed in this audit comply with the legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds? With one exception, the agencies managed their locally administered funds adequately and complied with applicable State requirements. The El Dorado Correctional Facility did not have all the accounting records required for its Canteen Fund. In reviewing locally administered funds, we found that district courts were ordering the correctional facilities to send small amounts of money to the courts from inmate trust funds to pay garnishments. The costs involved in collecting these amounts far exceeded the payments received.

Did the Ombudsman for Corrections, Parole Board, and Sentencing Commission comply with the legal and procedural requirements applicable to their expenditures? These agencies complied with applicable State requirements.

The report recommends that the Legislature revise State law to establish a minimum amount below which payment need not be made from inmate trust funds.

We would be happy to discuss these recommendations or any other items in the report with legislative committees, individual legislators, or other State officials.



Barbara J. Hinton
Legislative Post Auditor

**OMBUDSMAN FOR CORRECTIONS
PAROLE BOARD
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The Legislative Post Audit Act requires that an annual financial statement audit be conducted of the State's general purpose financial statements. The Act also requires that audit work be conducted at each State agency at least once every three years. Audit work conducted as part of the annual financial statement audit partially fulfills the latter requirement. Also in partial fulfillment of that requirement, the Legislative Division of Post Audit has conducted compliance and control audit work at the corrections-related agencies listed above, covering fiscal year 1994.

To avoid duplication of audit work conducted as part of the annual Statewide audit, our audit work focused on areas not covered by the Statewide audit. For the 11 agencies covered by this report, those areas were receipts, locally administered funds, and follow up of prior audit recommendations. All of the audited agencies except for the Ombudsman for Corrections, Parole Board, and Sentencing Commission had receipts during the audit period, and had locally administered funds. Because the Ombudsman for Corrections, Parole Board, and Sentencing Commission had neither receipts nor locally administered funds during the audit period, we reviewed those agencies' expenditure procedures for compliance with applicable legal and procedural requirements. The audit addresses the following specific questions:

1. **Did the agencies reviewed in this audit comply with the legal and procedural requirements applicable to their receipts, and provide adequate internal control over those receipts?**
2. **Did the agencies reviewed in this audit comply with the legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds?**
3. **Did the Ombudsman for Corrections, Parole Board, and Sentencing Commission comply with the legal and procedural requirements applicable to their expenditures?**

In answering these questions, we reviewed relevant statutes, administrative regulations, and sections of the Division of Accounts and Reports' Policy and Procedure Manual. We also interviewed agency personnel, reviewed written procedures, and examined related supporting documents to identify the agencies' procedures for handling receipts, locally administered funds, and expenditures. We then compared those procedures with the applicable legal and procedural requirements. In addition, we identified the potential for loss or misuse of receipts and locally administered funds. Finally, we performed analytic tests, reviewed accounting records, and tested samples of transactions at the agencies.

With one exception, we found that each of the agencies complied with the legal and procedural requirements applicable to their receipts and locally administered funds, and provided adequate internal control over them. The exception was that the El Dorado Correctional Facility did not have all the accounting records required for its Canteen Fund. We also found many instances where district courts ordered payments from inmate trust funds of less than one dollar for inmate garnishments. In those cases, the processing costs for the payments appeared to exceed the amounts paid. Finally, we found that the Ombudsman for Corrections, Parole Board, and Sentencing Commission complied with the legal and procedural requirements applicable to their expenditures.

In conduction this audit work, we followed all applicable government auditing standards set forth by the U.S. General Accounting Office.

Background

This audit report covers 11 State corrections-related agencies. The operations of each agency are briefly described below. All but the first three listed are under the jurisdiction of the Department of Corrections.

Ombudsman for Corrections

The Ombudsman for Corrections is appointed by the Governor and is responsible for the administration of the ombudsman office. The Office of the Ombudsman for Corrections is statutorily separated from the Department of Corrections to maintain third-party objectivity. The Ombudsman for Corrections is to independently monitor and seek improvements in the correctional system's policies and practices and the general conditions for inmates.

The Ombudsman for Corrections and the support staff receive and resolve complaints from inmates and their families, correctional staff, and volunteers. Most of the complaints received by the Ombudsman deal with medical services, record keeping, loss of personal property, physical disabilities, institutional grievance and disciplinary procedures, and custody status. The Ombudsman has the authority to make recommendations to the Secretary of Corrections regarding complaints about policies, procedures and administrative actions in the correctional facilities. However, the Secretary of Corrections may choose whether to implement those recommendations.

According to the Governor's Budget Report, the Office of Ombudsman for Corrections' fiscal year 1994 expenditures totaled \$170,622, all funded by appropriations from the State General Fund. Of the \$170,622 spent, \$142,618 (84 percent) was for salaries and wages.

Parole Board

The Parole Board comprises five members appointed to four-year terms by the Governor, subject to confirmation by the Senate. The Board makes parole decisions concerning inmates who have reached parole eligibility, conducts public comment sessions and parole revocation hearings, issues final discharge from parole supervision, and reviews applications for executive clemency and pardons. The Board also provides videotaped information about the parole process, which inmates view shortly after they are committed to the custody of the Secretary of Corrections.

The Board is required by law to conduct a parole hearing during the month before the month in which an inmate will be eligible for parole. Before the parole hearings, the Parole Board holds public comment sessions to obtain additional information pertinent to the parole process. These sessions are held monthly in the cities of Topeka, Wichita, and Kansas City.

According to the Governor's Budget Report, the Parole Board's fiscal year 1994 expenditures totaled \$728,205, all funded by appropriations from the State General Fund. Of the \$728,205 spent, \$633,374 (87 percent) was for salaries and wages.

Sentencing Commission

The Sentencing Commission comprises 13 voting members representing the courts, the legal profession, the corrections system, and the general public. In addition, four legislators serve as nonvoting members of the Commission. The Commission was charged with developing sentencing standards that would reduce the disparity in the sentencing of criminals, specifying circumstances under which imprisonment is appropriate, and establishing presumed sentences for various combinations of offense and offender categories. The sentencing guidelines became effective July 1, 1993. The primary responsibility of the Commission now is monitoring and implementing the guidelines.

The Commission provides training to inform various groups about the implementation of the sentencing guidelines. Such training is provided to court service officers, district court judges, prosecuting attorneys, criminal defense attorneys, and members of law enforcement organizations. The Commission also is involved in conducting criminal justice studies.

Legislation passed during the 1994 session designated the Commission to serve as staff for the Criminal Justice Coordinating Council. The same legislation transferred administration of the Law Enforcement Anti-Drug Abuse Program to the Sentencing Commission.

According to the Governor's Budget Report, the Sentencing Commission's fiscal year 1994 expenditures totaled \$246,263, all funded by appropriations from the State General Fund. Of the \$246,263 spent, \$200,344 (81 percent) was for salaries and wages.

El Dorado Correctional Facility

The El Dorado Correctional Facility began receiving inmates in June 1991. This maximum-security facility currently has the capacity to house 640 inmates, and is designed to allow for future expansion to house a total of 1,408 inmates. The correctional work facilities located at Toronto and El Dorado State Park have been included in the administrative structure of the El Dorado Correctional Facility.

According to the Governor's Budget Report, the El Dorado Correctional Facility's fiscal year 1994 expenditures totaled \$14.3 million, with \$14.0 million (98 percent) of that amount funded by appropriations from the State General Fund. Of the \$14.3 million spent, \$11.3 (79 percent) was for salaries and wages.

Ellsworth Correctional Facility

The Ellsworth Correctional Facility is a multi-custody facility designed to house 596 inmates. Construction of the facility was completed in fiscal year 1991. In fiscal year 1994, the Department of Corrections gave the Ellsworth Correctional Facility the responsibility for housing technical parole violators. The facility now houses only this special population, with the exception of a group of minimum-security inmates who are used for work details on State and local government projects. The change in inmate population has resulted in the transfer of a Correctional Industries operation from this facility to the Hutchinson Correctional Facility.

According to the Governor's Budget Report, the Ellsworth Correctional Facility's fiscal year 1994 expenditures totaled \$7.6 million, with \$7.5 million (98.5 percent) of that amount funded by appropriations from the State General Fund. Of the \$7.6 million spent, \$5.6 million (73 percent) was for salaries and wages.

Hutchinson Correctional Facility

The Hutchinson Correctional Facility is the State's second largest facility for housing male felony offenders, with a total capacity of 1,503. The facility houses four custody levels: maximum, special management, medium, and minimum—each with a different range of privileges.

Inmates are offered educational opportunities through a remedial adult basic education program, a GED program, and a college program. Special education, life skills, and vocational courses also are offered at the facility. The work release center provides selected inmates, within eight months of parole eligibility, a structured transition back into the community.

According to the Governor's Budget Report, the Hutchinson Correctional Facility's fiscal year 1994 expenditures totaled \$23.0 million, with \$20.5 million (89 percent) of that amount funded by appropriations from the State General Fund. Of the \$23.0 million spent, \$16.2 million (70 percent) was for salaries and wages.

Lansing Correctional Facility

The Lansing Correctional Facility is the State's largest facility for the detention and rehabilitation of adult male felony offenders. The facility houses maximum, medium, and minimum custody inmates.

Opportunities for educational advancement are offered through Basic Adult Education, a GED program, and college programs. Other courses are offered in drafting and computer technology. The facility also offers life-skills training courses and vocational training programs. Vocational programs include such areas as welding, machine shop, building maintenance, building trades, and food service.

Inmates at the Lansing Correctional Facility also participate in the Kansas Correctional Industries program operated on the facility grounds. The program includes manufacturing paint, road signs, furniture, and cleaning products; furniture refinishing and upholstery; data entry; and farming. Inmates also are employed in private enterprises.

According to the Governor's Budget Report, the Lansing Correctional Facility's fiscal year 1994 expenditures totaled \$30.9 million, with \$28.3 million (91.6 percent) of that amount funded by appropriations from the State General Fund. Of the \$30.9 million spent, \$22.4 million (72.5 percent) was for salaries and wages.

Larned Correctional Mental Health Facility

The Larned Correctional Mental Health Facility started receiving inmates in January 1992. The Facility has the capacity to house 150 inmates, and is designed with future expansion capabilities to house 300 inmates. The Facility is located on the Larned State Hospital grounds.

The Larned Correctional Mental Health Facility provides extended care, transitional care, and crisis intervention services for those inmates who are not able to function in the general population of a traditional correctional facility because of mental health reasons. The Facility tries to provide as normal a range of work programs and activities to the inmates as would be available at traditional correctional institutions, while also providing more extensive mental health care and treatment.

According to the Governor's Budget Report, the Larned Correctional Mental Health Facility's fiscal year 1994 expenditures totaled \$5.7 million; essentially all of that amount was funded by appropriations from the State General Fund. Of the \$5.7 million spent, \$5.1 million (89 percent) was for salaries and wages.

Norton Correctional Facility

The Norton Correctional Facility is a 594-bed medium- and minimum-security facility. The Facility was established in fiscal year 1988 by the conversion of the Norton State Hospital into a correctional facility. On July 1, 1990, the operations of the Stockton Correctional Facility were consolidated with the Norton Correctional Facility.

The Facility provides work crews for maintenance at area lakes and for general clean-up, construction, renovation, or demolition projects as requested by local governments and non-profit entities. Inmates are offered a full range of programs and services including educational and vocational training, recreational activities, and evaluation and counseling.

According to the Governor's Budget Report, the Norton Correctional Facility's fiscal year 1994 expenditures totaled \$9.9 million, with \$9.6 million (97 percent) of that amount funded by appropriations from the State General Fund. Of the \$9.9 million spent, \$7.4 million (75 percent) was for salaries and wages.

Topeka Correctional Facility

The Topeka Correctional Facility has an operating capacity of 734 inmates and includes what used to be considered four separate correctional facilities. The four units are the Central Unit where all the minimum- and medium-custody females are housed for the Department of Corrections; the South Unit located at Forbes Field, which is a minimum-security facility for male inmates; the West Unit located on the Topeka State Hospital grounds, which is a minimum-security facility for male inmates; and the Reception and Diagnostic Unit. The Reception and Diagnostic Unit provides Department mental health staff and the sentencing courts with an evaluation summary describing the psychological, social, substance abuse, educational, and medical condition of each offender committed to the custody of the Secretary of Corrections.

According to the Governor's Budget Report, the Topeka Correctional Facility's fiscal year 1994 expenditures totaled \$12.0 million, with \$11.9 million (99 percent) of that amount funded by appropriations from the State General Fund. Of the \$12.0 million spent, \$9.9 (82.5 percent) was for salaries and wages.

Winfield Correctional Facility

The Winfield Correctional Facility is a 290-bed facility located on the grounds of Winfield State Hospital. The Facility provides programming for minimum-security inmates involved in pre-release programs. The pre-release function is designed to provide a smoother transition from an institutional setting to the community for inmates expected to be paroled in the near future. Inmates participating in the pre-release program are given opportunities to learn and practice a variety of social skills in less restrictive settings, which should enable them to re-enter the community.

The Winfield Correctional Facility also has a pre-revocation program for inmates who demonstrated poor adjustment to parole status. These inmates are given a second chance at parole release when they successfully complete a period of readjustment and priority setting in the controlled environment of the correctional facility. The program gives the inmate an opportunity to focus on what is necessary to adapt to living outside prison without losing parole status.

According to the Governor's Budget Report, the Winfield Correctional Facility's fiscal year 1994 expenditures totaled \$3.9 million, with \$3.7 million (94 percent) of that amount funded by appropriations from the State General Fund. Of the \$3.9 million spent, \$3.1 million (80 percent) was for salaries and wages.

**Did the Agencies Reviewed in This Audit
Comply With the Legal and Procedural Requirements Applicable to
Their Receipts, and Provide
Adequate Internal Control Over Those Receipts?**

For fiscal year 1994, our review showed that these agencies complied with legal and procedural requirements applicable to receipts. In addition, the agencies provided adequate control over receipts. Our conclusions were based on the following.

**The Agencies Complied With
Applicable Requirements and
Provided Adequate Internal Control**

In the area of receipts, we identified the agencies' procedures for handling receipts, determined whether those procedures met applicable legal requirements, and evaluated the internal controls provided by those procedures. In agencies which were not included in the prior audit and those agencies with prior audit recommendations relating to receipts, we tested a sample of transactions, records, and reports to determine whether the applicable procedures had been followed. In particular, we determined whether:

- ◇ amounts due the agency were properly assessed and collected
- ◇ amounts collected by the agencies were deposited in the local fee bank account on a timely basis
- ◇ amounts collected by the agencies were deposited in the State Treasury on a timely basis
- ◇ the agencies' receipts procedures provided adequate controls to limit to an acceptable level the risk of loss or misuse of receipts and the risk of noncompliance with legal and procedural controls.

We found that appropriate amounts were assessed and collected, amounts collected were deposited on a timely basis, and the agencies' procedures provided adequate controls.

Did the Agencies Reviewed in This Audit Comply with the Legal and Procedural Requirements Applicable to Their Locally Administered Funds, and Provide Adequate Internal Control Over Those Funds?

For fiscal year 1994, we concluded that the correctional facilities generally complied with the legal and procedural requirements applicable to their locally administered funds. However, we found that El Dorado Correctional Facility did not have all the accounting records required for its Canteen Fund. We also concluded that the correctional facilities' procedures provided adequate internal control over locally administered funds.

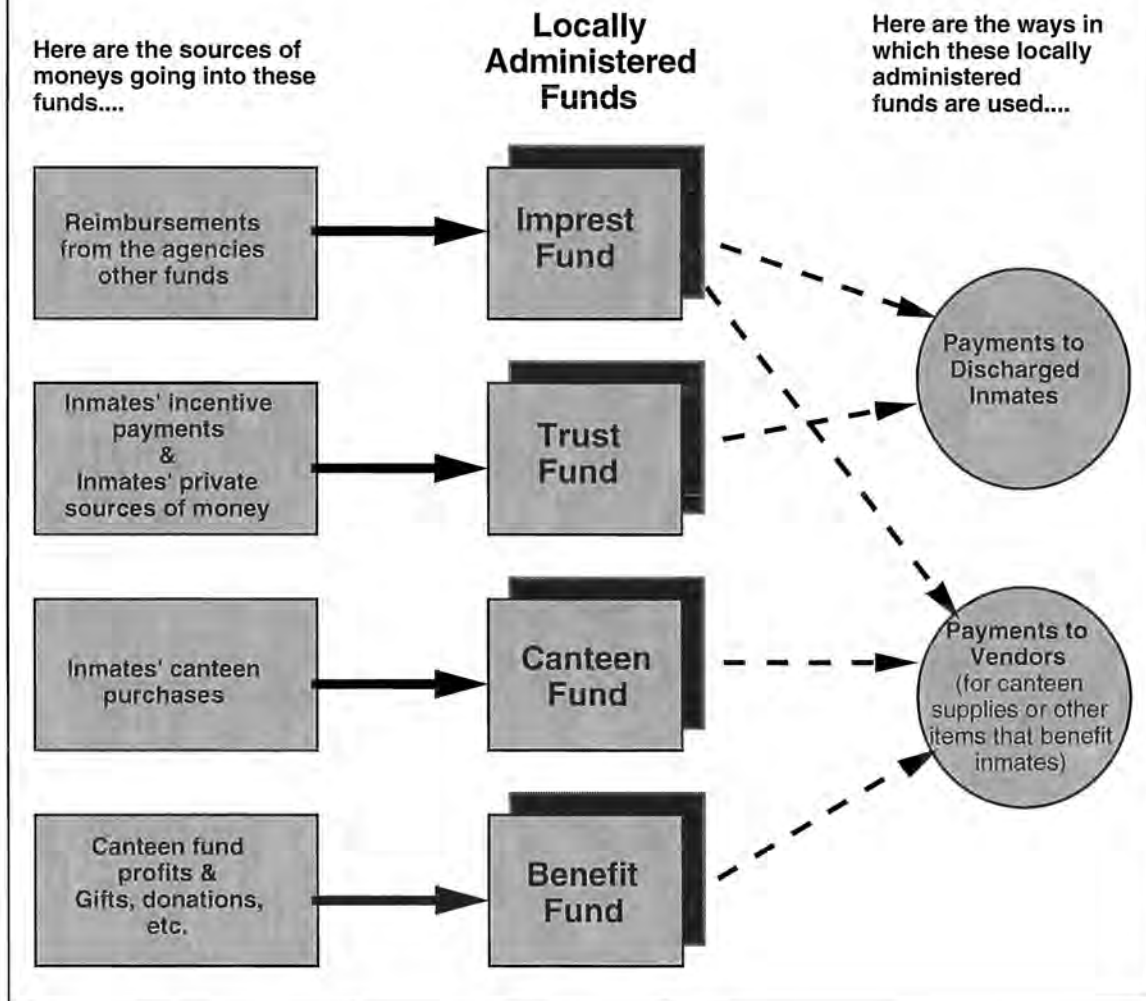
We also found that that the district courts were ordering the correctional facilities to send small amounts of money—as little as one cent—to the courts from inmate trust funds to pay garnishments. We identified 67 orders to pay \$1 or less; payments averaged 14 cents. The costs involved in collecting these amounts would have far exceeded the payments received.

Each Correctional Facility Has Four Locally Administered Funds

The correctional facilities each have four locally administered funds—an imprest fund, a trust fund, a canteen fund, and a benefit fund. The funds are locally administered, which means the fund is in a local bank account rather than the State Treasury, and expenditures are made by writing checks on the local bank account rather than by issuing State warrants. Figure 1 on the following page shows the major sources and uses of moneys in these funds. As the figure shows:

- ◇ An imprest fund is used to make payments to inmates for regular incentive pay, gratuity or "pocket money" payments to inmates when they are discharged from a facility, and small expenditures that require immediate attention. The imprest fund is subsequently reimbursed from the facility's other funds.
- ◇ A trust fund is used to account for inmate moneys held in trust by a facility. Sources of inmate moneys include incentive payments the inmates receive and payments to inmates from private sources. Inmates may use trust fund moneys to make canteen purchases.
- ◇ A canteen fund is used to account for moneys collected and spent in the operation of each facility's store.
- ◇ A benefit fund is used to account for moneys transferred from the canteen fund and received from other sources to be used for the benefit of all inmates.

FIGURE 1
Correctional agencies have four types of locally administered funds. These funds are kept in local bank accounts, rather than in the State Treasury.



With One Exception, the Facilities Complied With Applicable Requirements And Provided Adequate Internal Control

In the area of locally administered funds, we identified the agencies' procedures for handling those funds, determined whether those procedures met applicable legal requirements, and evaluated the internal controls provided by those procedures. In those agencies that were not included in the prior audit and those agencies that had received prior audit recommendations, we tested a sample of transactions, records,

and reports to determine whether the applicable procedures had been followed. In particular, we determined that the following had occurred:

- ◇ imprest, trust, canteen, and benefit fund moneys had been properly deposited in local bank accounts
- ◇ the agencies' use of local bank accounts was proper, and the banks themselves were designated by the Pooled Money Investment Board
- ◇ interest earned from investment of trust fund, canteen, and benefit fund moneys was properly credited to the appropriate accounts
- ◇ trust, canteen, and benefit fund recordkeeping and reporting was performed as required by the Division of Accounts and Reports
- ◇ the agencies' receipts procedures provided adequate controls to limit to an acceptable level the risk of loss or misuse of imprest, trust, canteen, and benefit fund moneys, and the risk of noncompliance with legal and procedural requirements.

The previous compliance and control audit identified pervasive internal control problems in the correctional facilities' administration of their locally administered funds. Those problems included such things as insufficient recordkeeping, lack of needed reconciliations among facility accounting records, and inadequate internal control procedures. These problems resulted in a significant level of risk for loss or misuse of moneys. In addition, our previous audit's testwork found several actual discrepancies in or excessive payments from locally administered funds that resulted from the control weaknesses.

In the current audit, we found the correctional institutions, with guidance and assistance from the Department of Corrections, had devoted considerable attention to their locally administered funds. These agencies have taken numerous corrective actions, and have significantly reduced the risk of loss or misuse of moneys.

The El Dorado Correctional Facility did not have all required accounting records for its canteen fund. The head of any State institution operating a canteen is required by administrative regulation to appoint a custodian of the canteen fund. That custodian is responsible for establishing internal controls over the moneys in the fund, and for maintaining the prescribed fund accounting records. The administrative regulations require each canteen fund to have the following accounting records: sales journal, purchase journal, cash receipts journal, cash disbursements journal, general journal, and general ledger.

In reviewing and evaluating procedures in this area, we found that the El Dorado Correctional Facility did not have the canteen fund accounting records called for by K.A.R. 1-27-3. In particular, the agency had not established a general journal or a

general ledger for its Canteen Fund. Without these records, the custodian can't properly record transactions of the fund, nor can the custodian maintain an accurate accounting of such things as cash on hand, cash in the bank, accounts receivable, inventory, and accounts payable. During our field work, the custodian established a general journal and general ledger accounts for the Canteen Fund.

The Cost to Process Many Garnishment Payments from Trust Funds Appeared to Far Exceed the Payments Themselves

While reviewing payments from inmate trust funds, we found that district courts were ordering garnishment payments from these inmate funds of very small amounts—as small as one cent.

Generally, a court will issue an order to a correctional facility to hold the assets of an inmate to satisfy a garnishment. In response, the correctional facility will identify the balance in the inmate's trust fund account, place a hold on that amount, and notify the court of the amount being held. The court may then order the correctional facility to pay these trust fund amounts to the plaintiff, usually through the plaintiff's attorney.

In reviewing trust fund payments, we noted several very small garnishment payments. To find out the extent of such payments, we asked the institutions to list for us all garnishment payments from inmate trust funds in the amount of one dollar or less. As the following table shows, the institutions identified 67 such payments. Those payments averaged 14 cents, and ranged from one cent to one dollar.

**Court-Ordered Garnishment Payments
One Dollar or Less
Fiscal Year 1994**

<u>Correctional Facility</u>	<u>Number of Court Orders</u>	<u>Dollar Amount of Orders</u>	
		<u>Total</u>	<u>Average</u>
El Dorado	26	\$3.40	\$.13
Ellsworth	14	1.28	.09
Hutchinson	13	.65	.05
Lansing (six month-period only)	14	3.83	.27
Total	67	\$9.16	\$.14

The court's actions in issuing these orders appear to follow those prescribed in State law (K.S.A. 60-714 *et seq.* and K.S.A. 61-2002 *et seq.*). However, the very small amount of money being paid out would appear to be totally disproportionate to the efforts and costs experienced by the plaintiff, the plaintiff's attorney, the court, and the correctional facility. Those efforts and costs would include correspondence, clerical time and costs, computer time, checks and other materials, and postage. Although we didn't attempt to estimate the costs involved, it is clear that those costs far exceeded the amounts paid out.

Recommendation

To ensure that the cost of garnisheeing inmate trust funds does not far exceed the amounts being paid out, the Legislature should revise State law to establish a minimum amount below which payment need not be made from inmate trust funds. Even a \$5 minimum would have eliminated all the unnecessary processing efforts and costs identified in the 67 court orders discussed in this audit.

Did the Ombudsman for Corrections, Parole Board, and Sentencing Commission Comply With the Legal and Procedural Requirements Applicable to Their Expenditures?

For fiscal year 1994, we concluded that the Ombudsman for Corrections, Parole Board, and Sentencing Commission complied with the legal and procedural requirements applicable to their expenditures. Our conclusion was based on the following.

In the area of expenditures, we identified the legal and procedural requirements applicable to the audited agencies' expenditures by reviewing statutes, administrative regulations, and sections of the Division of Accounts and Reports Policy and Procedures Manual. We reviewed the expenditure procedures of the audited agencies and compared those procedures with the legal and procedural requirements

Our review determined that the following had occurred:

- ◇ travel expenses were paid in accordance with applicable legal and procedural requirements
- ◇ payments for goods and services were made in accordance with legal and procedural requirements
- ◇ payroll information was monitored and submitted in accordance with legal and procedural requirements.

Follow Up of Prior Audit Findings and Recommendations

As part of this audit, we followed up on prior audit findings and related recommendations. The prior audit reports made two audit recommendations to the Lansing Correctional Facility, four to the Norton Correctional Facility, one to the Topeka Correctional Facility, and three to the Winfield Correctional Facility. Our review indicated that all prior audit recommendations had been implemented.

Lansing Correctional Facility

1. The prior audit recommended the Lansing Correctional Facility should promptly correct or dispose of errors noted in the reconciliations of its inmate trust fund.

We found this recommendation had been implemented.

2. The prior audit recommended the Lansing Correctional Facility should report unclaimed inmate trust fund moneys to the State Treasurer's Office in accordance with the Disposition of Unclaimed Property Act.

We found this recommendation had been implemented.

Norton Correctional Facility

1. The prior audit recommended the Norton Correctional Facility should ensure that its receipts records show the date, person paying, amount, and purpose of all amounts collected.

We found this recommendation had been implemented.

2. The prior audit recommended the Norton Correctional Facility should periodically reconcile the total of its imprest fund cash balance plus its unreimbursed imprest fund expenditures to ensure that the total agrees with the established amount of its imprest fund.

We found this recommendation had been implemented.

3. The prior audit recommended the Norton Correctional Facility should periodically reconcile the inmate trust fund balance in its records with the trust fund account balance.

We found this recommendation had been implemented.

4. The prior audit recommended the Norton Correctional Facility should provide adequate documentation for amounts collected for the inmate benefit fund.

We found this recommendation had been implemented.

Topeka Correctional Facility

1. The prior audit recommended the Topeka Correctional Facility should assign cash-handling responsibilities and cash-related recordkeeping responsibilities to different employees or should provide periodic, independent reviews of the accounting records, reports, and supporting documents.

We found this recommendation had been implemented.

Winfield Correctional Facility

1. The prior audit recommended the Winfield Correctional Facility should ensure that receipts are transferred to the State Treasury at least monthly as required by State law.

We found this recommendation had been implemented.

2. The prior audit recommended the Winfield Correctional Facility should periodically reconcile its inmate trust fund balance with the trust fund bank account balance.

We found this recommendation had been implemented.

3. The prior audit recommended the Winfield Correctional Facility should maintain adequate records to allow for proper control over the inmate trust fund.

We found this recommendation had been implemented.

Department of Corrections

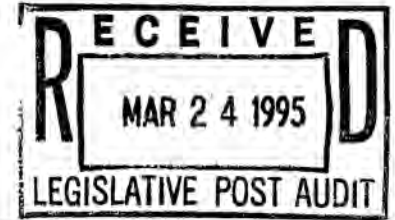
1. The prior audit recommended that the Department of Corrections, as the State agency with jurisdiction over the operations of the correctional facilities, should work with those facilities to ensure prompt and proper implementation of the above recommendations.

The Department of Corrections, through administrative reviews and internal audits, implemented this recommendation.

APPENDIX A

Agency Responses

On March 17, 1995, we provided copies of the draft audit report to the Corrections Ombudsman Board, Parole Board, Sentencing Commission, and the Department of Corrections. We requested the Department of Corrections to coordinate responses from the correctional institutions covered by this audit. All agencies responded in writing except the Parole Board. No audit findings or recommendations were addressed to the Board. The written responses received are included as this Appendix.



DEPARTMENT OF CORRECTIONS
OFFICE OF THE SECRETARY
Landon State Office Building
900 S.W. Jackson — Suite 400-N
Topeka, Kansas 66612-1284
(913) 296-3317

Bill Graves
Governor

Charles E. Simmons
Acting Secretary

March 22, 1995

Barbara J. Hinton
Legislative Post Auditor
800 S.W. Jackson, Suite 1200
Topeka, Kansas 66612

Dear Ms. Hinton:

This letter is in response to the audit report for the correctional facilities which focused on compliance with legal and procedural requirements applicable to their receipts and locally administered funds and the existence of adequate internal controls.

Observation and Finding:

With only one exception, each of the correctional facilities complied with the legal and procedural requirements applicable to their receipts and locally administered funds, and provided adequate internal control over them.

Recommendation:

The El Dorado Correctional Facility (EDCF) should establish a general journal or a general ledger for its Canteen Fund so that the facility can be in compliance with the provisions of K.A.R. 1-27-3.

Management Response:

This recommendation has already been implemented. While the audit was being conducted at EDCF, general journal and general ledger accounts were established for the Canteen Fund.

Observation and Finding:

In many instances, district courts have ordered payments from inmate accounts of very small amounts for inmate garnishments, many less than \$1.00.

Barbara J. Hinton
Page Two
March 22, 1995

Recommendation:

To ensure that the cost of garnisheeing inmate trust funds does not far exceed the amounts being paid out, the Legislature should revise state law to establish a minimum amount below which payment need not be made from inmate trust funds. Even a \$5 minimum would have eliminated all the unnecessary processing efforts and costs identified in the 67 court orders discussed in this audit.

Management Response:

The Department of Corrections supports the recommendation for legislation establishing a minimum amount for garnishments against inmate trust fund accounts.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles E. Simmons". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles E. Simmons
Acting Secretary of Corrections

CES/DW/pa



STATE OF KANSAS

**OFFICE OF THE OMBUDSMAN
FOR CORRECTIONS**

700 Jackson, Suite 503
Topeka, Kansas 66603
(913) 296-5295
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CHIEF OMBUDSMAN

Robert J. Sewell

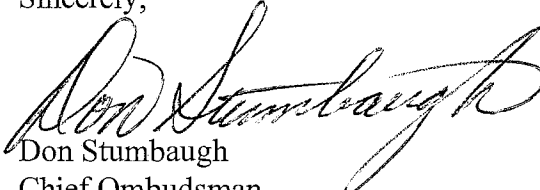
March 30, 1995

Ms. Barbara Hinton
Legislative Post Auditor
800 S. Jackson Suite 1200
Topeka, KS 66612

Dear Ms. Hinton,

This letter is in response to the draft copy of your compliance and control audit of the Ombudsman for Corrections forwarded to this Office on March 17, 1995. I have reviewed the draft and concur with your report as written.

Sincerely,


Don Stumbaugh
Chief Ombudsman

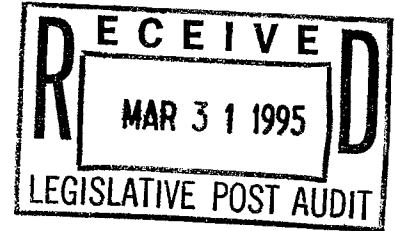
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DEPUTY OMBUDSMAN

Don D. Stumbaugh

OMBUDSMAN ASSOCIATE

Micheal B. Sparkman

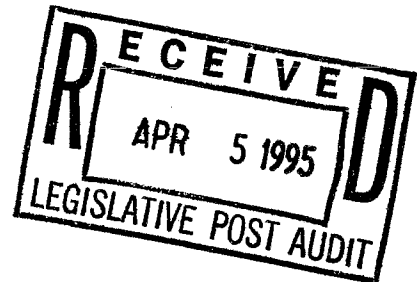




State of Kansas
KANSAS SENTENCING COMMISSION

April 3, 1995

Ms. Barbara J. Hinton
Legislative Division of Post Audit
Mercantile Bank Tower, Suite 1200
800 SW Jackson
Topeka, KS 66612



RE: Compliance and Control Audit Report

Dear Ms. Hinton:

I am in receipt of the draft copy of the above-mentioned report on certain corrections-related state agencies.

I have no comments, corrections, or clarifications with respect to the report.

I apologize that I did not respond by March 27, 1995, but I was unaware that a response was required if I had no comments to offer.

Thank you for your attention.

Sincerely,

Lisa Moots
Executive Director



