

OKALOOSA COUNTY CLERK OF CIRCUIT COURT



DEPARTMENT OF INSPECTOR GENERAL



REPORT ON THE ANNUAL AUDIT OF THE INMATE WELFARE FUND AND COMMISSARY

REPORT NO. BCC 24-03 AMENDED

REPORT ISSUED JANUARY 16, 2025

ISSUED BY: RENEE FENNELL LARKEY, INSPECTOR GENERAL

Background

Pursuant to F.S.S. 951.23 (9e), the Department of Corrections (DOC) Inmate Welfare Fund (IWF) is required to be audited annually by a non-interested party. DOC requested this office conduct their audit on an annual basis commencing in 2023.

The Florida State Statute reads as follows:

The officer in charge shall be responsible for an audit of the fiscal management of the commissary by a disinterested party on an annual basis, which shall include certification of compliance with the pricing requirements of paragraph (b).

The current DOC policy regarding the fiscal management of the commissary states:

*An annual internal audit of the *Inmate Welfare Fund will be conducted by a person not associated with the commissary function.*

**Audit Note: The Inmate Welfare Fund, as found in the Okaloosa Clerk of Courts and Comptroller's financial records, is titled Prisoner Benefit Fund (PBF). Both titles have the same meaning and may be used interchangeably.*

Objective

The objective of this audit is to ensure compliance with F.S.S. 951.23(9e) and the Department's Policy regarding the annual audit of the IWF/Commissary by:

- A) Evaluating the Oasis contract compliance
- B) Verifying the process controls
- C) Testing IWF Expenditures
- D) Certifying compliance with pricing requirements
- E) Examining the IWF Committee process and procedures

Scope & Methodology

The scope of the audit was fiscal year 2024 (October 1, 2023, through September 30, 2024). The audit focused on a review of all DOC directives, policies, procedures related to Commissary operations, the internal control functions that exist in the program as well as the applicability of IWF expenditures to prisoner welfare. We reviewed randomly selected billing from the commissary vendor Oasis Management Systems, Inc, and expenditures from the IWF. We completed a market value comparison sample of the vendor's pricing of products that are sold in the DOC commissary operations. We also reviewed all P-card transactions expensed through the IWF. Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, waste, or abuse. This includes the design, implementation, and maintenance of internal controls relevant to the objectives. This review was conducted in compliance with Standards for Offices of Inspector General issued by the Association of Inspectors General and the International Professional Practice Framework issued by the Institute of Internal Auditors.

Process

FY2024 funding sources for the IWF included commissions from *Securus (Inmate Communications), and Oasis (Inmate Commissary), ATM fees, and other miscellaneous charges.

***Audit Note:** DOC is transitioning vendors from Securus to HomeWav for inmate communications in October 2024.

Expenditures which are paid out of IWF are attributed to specific numbered accounts in the fund, such as vehicles, supplies, and salaries of the Accreditation Manager, Program office staff, and the commissary officer among others. Inmates purchase commissary items from their accounts and a bulk order is placed with the commissary vendor, Oasis, at a minimum of once weekly. Indigent inmates ordering through commissary are invoiced separately as there is no commission paid from these orders. If the inmate is indigent, the fees are recouped if the inmate has a positive balance in their individual account at any point before release. The items are segregated out per inmate order and packed in clear plastic bags with the bag inventory visible through the bag. The bags are then sorted by pods by the *commissary officer. The sorted bags are delivered to the different pods for distribution by the commissary officer, accompanied by other DOC staff. The inmates are identified using a handheld device utilizing the Guardian inmate tracking software, scanning the inmate's identification badge. The bags are opened in front of the inmate and each item is accounted for and checked off the inventory list. If the bag is missing any items, it is notated using the Guardian device and the results are recorded electronically so the inmate's account can be credited. If there are multiples of any items in the bag that were not purchased by the inmate, it is returned to the commissary officer or may be used to offset a shortage. Abandoned commissary items are held for a period and then used by the Professional Standards office in the investigation process or distributed to local charities.

There are monthly reconciliations of expenditures and bank accounts conducted by the Clerk Finance Office.

***Audit Note:** Oasis will be providing on-site staff in the future that will assume the existing duties of the DOC commissary officer.

Testing

We spoke with the Major of Jail Operations (A. McDaniel), the Administrative Services Manager (C. Rogers), Accreditation Manager (A. Oliver), Captain, Professional Standards (T. Huisken) and DOC commissary officer (J. Shope) regarding the commissary process, expense review, payment, expenditures, current IWF committee members and the function of the committee. We collected a record of all expenditures from the IWF for FY2024 from the Clerk Finance Department, and a list of expense accounts for which the IWF is used to pay expenses.

Oasis and other invoices were randomly selected from each month of FY2024 for review, and all Purchasing Card transactions from FY2024 were reviewed. All questions regarding the expenditures were explained/resolved by DOC staff.

Three different retailers were selected for market comparison to the Oasis prices. The retailers were Dollar General, Walmart, and Amazon. Some prices were less than those charged by Oasis, and some were higher, but all within a reasonable variance.

Conclusion

After a review of department directives and finance documents associated with IWF expenditures, it was determined there are adequate controls to ensure that expenditures are properly documented and spent in accordance with the direction of the Corrections Director and are for the benefit of inmates as dictated in F.S.S. 951.23(9e). Finding 1 from the previous year's audit, BCC-23-05 had been resolved through the establishment of a review process for expenditures and identifying a formal committee to review and make recommendations for expense approval. The IWF committee is comprised of the Accreditation Manager, two Programs and Re-entry Coordinators and the Major of Jail Operations with input from the Chaplain and Behavioral Health Supervisor. The audit did identify two areas of potential risk and is reflected in the finding(s) area below.

Finding 1:

Criteria: Directives are used in a department to clarify management's objectives and the processes involved and are most effective when they are continually updated to provide new or changed guidance.

Condition: DOC Department Directive 21 related to the commissary program does not align with current processes utilized in the commissary operations.

Effect: The lack of updated directive could result in inconsistent practices and would not provide personnel the information they need to do the assigned job should new staff or those unfamiliar with the commissary program be utilized in the process.

Recommendation: DOC should update Departmental Directive 21 related to the commissary program operations as the processes change. *DOC staff acknowledged some directives need updating but were awaiting final operational changes to occur before making changes to the directives.*

Finding 2:

Criteria: As directives are periodically updated, the effective date of the changes should be recorded on the document to ascertain in the review process when the change was effective.

Condition: DOC Department Directive 21 (example – addition of section L to the Operations section) and possibly other directives do not reflect dates of updates or changes.

Effect: The department; over time, would not be able to determine when a directive changed.

Recommendation: DOC should document the date of changes on their directives and provide a reason for the change to supply a chronological history of the directive.

Management Response

Finding 1:

DOC acknowledges that Department Directive 21 requires an update. The required changes to the Directive are heavily influenced by operational changes that are currently evolving. The Department anticipates adjustments with new contract staff and policy modifications to take 90 days.

Finding 2:

DOC utilizes Power DMS for Policy management. As Policies are updated, the software maintains a record of previous versions for potential comparison and historical data collection. Users are required to sign acknowledgement for each update. The software also records these acknowledgements for future use. The Department recognizes the value in making these revisions more clear for a lay person and will make revisions to our policy headers to make editions more clear.