



DEPARTMENT OF INSPECTOR GENERAL
OKALOOSA COUNTY, FLORIDA
BRAD EMBRY, CLERK OF CIRCUIT COURT AND COMPTROLLER



December 15, 2025

John Hofstad, County Administrator
Okaloosa County Administration Building
1250 N Eglin Pkwy, Suite 102
Shalimar, FL 32579

Mr. Hofstad,

Please find attached the report on our audit of the Department of Corrections Inmate Welfare Fund.

Our work served as a review of the Department's internal controls and policies and procedures over the Inmate Welfare Fund and commissary function. This audit was requested by the Department, and is required under §951.23(9)(e) Fla. Stat.

I want to thank Chief John Moring and his staff for the cooperation and accommodation they provided us with. Should you have any questions please do not hesitate to call me at (850) 689-5000 Ext. 3432.

Respectfully,

Renee F. Larkey

Renee Larkey, Inspector General

CC: Brad Embry, Okaloosa County Clerk of Courts
John Moring, Chief

OKALOOSA COUNTY CLERK OF CIRCUIT COURT



DEPARTMENT OF INSPECTOR GENERAL



REPORT ON THE AUDIT OF THE DEPARTMENT OF CORRECTIONS INMATE WELFARE FUND

REPORT NO. BCC 25-03

REPORT ISSUED: DECEMBER 15, 2025

ISSUED BY: RENEE F. 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) Assess Inmate Welfare Fund expenditures
- B) Certify compliance with commissary pricing requirements
- C) Examine Commissary and Inmate Welfare Fund policies and procedures

Scope & Methodology

The scope of the audit was fiscal year 2025 (October 1, 2024, through September 30, 2025). The audit focused on a review of all DOC directives, policies, and procedures related to commissary operations and the IWF, the internal control functions within the program, as well as the applicability of IWF expenditures to inmate welfare. We reviewed randomly selected expenditures from the IWF. We completed a market value comparison sample of the vendor's pricing of products that are sold at the DOC commissary. We also reviewed a sample of Purchasing Card (P-Card) transactions that were expensed through the IWF. Supporting documentation for P-Card transactions and expenditures were obtained from DOC or Okaloosa County's document management and storage system (OnBase).

"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 these objectives. This review was conducted in compliance with Government Auditing Standards issued by the Comptroller General of the United States and Principles & Standards for Offices of Inspector General issued by the Association of Inspectors General and the International Professional Practices Framework issued by the Institute of Internal Auditors."

Process

We spoke with the Major of Jail Operations (A. McDaniel), the Administrative Services Manager (J. Miller), Accreditation Manager (A. Broxson), Professional Standards Captain (T. Huisken) and DOC commissary technician (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 FY2025 from the Clerk Finance Department, and a list of expense accounts for which the IWF is used to pay expenses.

FY2025 funding sources for the IWF included commissions from HomeWav (Inmate Communications), Oasis (Inmate Commissary), ATM fees, and other miscellaneous charges.

Expenditures which are paid out of IWF are attributed to specific numbered accounts in the fund, such as vehicles, supplies, and salaries. 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 orders are delivered to the different pods for distribution by an Oasis staff member, accompanied by other DOC staff. 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 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. If there are abandoned commissary items, these items are held for a period and then used by the Professional Standards Office or distributed to local charities.

Florida Statute 951.23 (9)(d) requires that “an inmate welfare fund committee shall recommend what expenditures are to be made. Activities of the committee shall be reviewed by the officer in charge who shall have final authority on expenditures. It is recommended that the jail chaplain be a member of the committee.”

Okaloosa County DOC Directive 21 1.H. address the IWF committee by stating that: “Prisoner Benefit funds will be expended solely for the overall benefit of inmates. Decisions about what expenditures are appropriate are based on a consensus of a committee 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. Committee recommendations require final approval of the Chief Correctional Officer/Department Director.”

Testing

Testing was conducted to evaluate whether the transactions from the IWF and pricing of Commissary items were in compliance with the F.S.S 951.23; and to assess the policies and procedure of the IWF and commissary operations.

1. P-Card Transaction Review

The objective of this procedure was to evaluate whether P-Card transactions from the IWF were made for the benefit of the inmates and followed DOC policies and procedures.

Testing focused on a sample of P-Card transactions that were made during FY2025. From a population size of 72, we used statistical sampling with a 90% confidence level and 10% margin of error to determine our

testing sample to be 36 transactions. We randomly selected 36 transactions from the total population. The randomly selected transaction included transactions from 11 of the 12 months in the fiscal year. For each transaction we reviewed the supporting documentation, the approvals, and the public purpose stated in OnBase.

Results

- 97% (35) of the P-Card transactions in our sample provided adequate documentation or explanation that demonstrated a benefit to the inmates.
- 3% (1) of the P-Card transactions in the sample were found to not provide a benefit to the inmates.
- 100% (36) of the P-Card transactions had the appropriate approval attached to the transaction in OnBase.
- 0% (0) of the P-Card transactions were reviewed by the Prisoner Benefit Fund Committee.

2. All Other Expenditure Review

The objective of this procedure was to evaluate whether expenditures from the IWF were made for the benefit of the inmates and followed DOC policies and procedures.

Testing focused on a sample of expenditures made during FY2025. From a population size of 552, we used statistical sampling with a 90% confidence level and 10% margin of error to determine our testing sample to be 61 expenditures. We randomly selected 61 expenditures from the total population. The randomly selected sample included expenditures that occurred in all 12 months of the fiscal year. For each transaction we reviewed the supporting documentation and the public purpose stated in OnBase.

Results

- 100% (61) of the transactions, not made by a p-card, from the IWF established the benefit to the inmates.
- 0% (0) of the expenditures were reviewed by the Prisoner Benefit Fund Committee.

3. Commissary Pricing

The objective of this procedure was to evaluate commissary pricing to determine whether it complied with Florida Statutes.

Testing focused on items and prices listed on the commissary menu as of September 23, 2025. On the menu were 197 items, we used statistical sampling with a 90% confidence level and 10% margin of error to determine our testing sample to be 51 menu items. Testing included a search of local area businesses to obtain a fair market value range for each item in the sample. We compared the current prices of the commissary items to the fair market value range obtained from the local area.

Results

- 31% of the menu items (16) were priced higher than the fair market value range in the local area.
- 59% of the menu items (30) were priced at or below the fair market value range in the local area.
- 10% of the menu items (5) we were unable to locate in the local area market.

Conclusion

The audit identified that DOC policies show that adequate controls are in place to ensure that expenditures are properly documented and spent in accordance with the direction of the DOC Chief and Florida statute. However, the audit found that these policies are not being followed. This was Finding 1 from the previous year's audit, BCC 24-03, which has not been resolved. The recommendation was that DOC should update Departmental Directive 21 related to the commissary program operations as the processes change.

Finding 2 from the previous year's audit, BCC 24-03, has also not been resolved. DOC policies do not reflect dates of updates or changes. The recommendation was that DOC should document the date of changes on their policies and provide a reason for the change to supply a chronological history of the policy.

Additionally, it was found that 31% of the commissary items, from testing population, are above fair market value for the local area. Based on our statistical sample, 21%-42% of the 197 commissary items are above fair market value in the local area.

Findings

Finding 1: Policies and Procedures

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

For example:

- Directive 21 1.H instructed the Prisoner Benefit Fund Committee to make decisions about what expenditures are appropriate. However, the committee did not meet during the entire fiscal year to determine if any of the expenditures were appropriate.

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.

Cause: DOC has no formal policy review to ensure policies are up to date and timely changed.

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: Update DOC Directive 21 to align with current practices or ensure that DOC officers and staff are following the current directive as it reads.

Finding 2: Effective Date on Policies and Procedures

Condition: DOC Department Directive 21 does not reflect the most recent dates of updates or changes.

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.

Cause: DOC has no formal policy update guidelines to ensure that when policies are updated or changed that the effective date of the policy is also changed.

Effect: The department, over time and as changes are made, would be unable 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.

Finding 3: Commissary Pricing

Condition: Between 21% and 41% of the DOC commissary menu items are priced above the fair market value of comparable items sold in the local area.

For example:

- A 1.4 oz Lady Speedstick deodorant was priced at \$5.10, while the same item was available from local retailers for between \$1.00 and \$1.70.

Criteria: Florida Statute 951.23 (9)(b) states:

- “Canteen prices shall be set so as not to exceed the fair market value for comparable products sold in the community where the facility is located.”

Cause: The commissary contractor, Oasis, has increased their menu prices since the contract was initiated.

Effect: Inmates may be overcharged for commissary items.

Recommendation: DOC should consider implementing a process to evaluate the reasonableness of a commissary contractor increasing their prices and should also consider ensuring that the increase in pricing does not go above the fair market value in the local area.

Management Response

Management response as to Finding 1:

The Department has updated Policy 21 to reflect current procedures. It is published to staff and was effective just prior to the initiation of this audit. Based on the findings of this audit, the policy is being further updated to reflect better control mechanisms and more involvement of the IWF Committee. The Department utilizes software to manage policy review, dissemination, and tracking.

Management response as to Finding 2:

The Department utilizes software for policy management and tracking. Our format includes an effective date and the date of the policy that the update rescinds. It is the Department’s position that highlighting changes to the policy in the review process discourages staff from reading the policy in its entirety.

Management response as to Finding 3:

The Department is alarmed by the disparity between the market analysis provided by the contract service provider and that provided by the audit team. The Department has scheduled a meeting with the vendor to provide a new analysis and evaluate pricing. An amendment to the contract is currently being negotiated.