



Claire McCaskill

Missouri State Auditor

April 2006

CORRECTIONS

St. Louis Community Release Center



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2006

The following findings were included in our audit of the Department of Corrections, St. Louis Community Release Center.

The St. Louis Community Release Center (SLCRC) became operational in 1978, as the St. Mary's Honor Center. In 1996, the facility moved to its present location. Originally the facility housed only men, but expanded to include women in 1984. The facility has a maximum capacity of 550 beds.

During the years ended June 30, 2005 and 2004, room and board fee collections totaled approximately \$380,000 and \$371,500, respectively. The business office contacts the Central Office instructing them to enter the offender in the room and board database and begin assessing those fees. Business office employees are also responsible for receipting these fees and transmitting them to the Central Office for deposit. There is no supervisory review of the documentation for the initiation of these fees. Additionally, the SLCRC does not have a formal written policy for credits given to offenders for room and board fees. During the fiscal years ended 2005 and 2004, credits totaled \$260,984 and \$271,140, respectively.

Furthermore, during this same period, several offenders were released with room and board balances over \$300 and without a judge's order for release on a specific date. There was no documentation, except the approval of the superintendent, to indicate why these offenders were released in violation of Department of Corrections (DOC) policy. Although the offender's probation officer is notified of any outstanding room and board fees upon release, the SLCRC does not perform any follow-up procedures on these unpaid fees.

Currently, the SLCRC also does not assess charges until offenders gain employment, contrary to DOC policy. As of November 17, 2005, there was approximately \$1.4 million in outstanding room and board fees.

No independent verification of physical inventory is performed after the custodial armory officer conducts a monthly physical inventory, which is a violation of DOC policy.

The audit also includes comments related to payroll and cash procedures which the center should consider and take appropriate corrective action.

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YELLOW SHEET

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Larry Crawford, Director
Department of Corrections
and
Janet Schneider, Superintendent
St. Louis Community Release Center
St. Louis, MO 63102

We have audited the Department of Corrections, St. Louis Community Release Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the release center, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the release center's management and was not subjected to the procedures applied in the audit of the release center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, St. Louis Community Release Center.



Claire McCaskill
State Auditor

December 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Carl Zilch, Jr.
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Room and Board Procedures

Duties are not adequately segregated and there is no formal written policy for granting credit to offenders for room and board fees. In addition, offenders are released while still owing room and board fees, and are not charged for room and board until they gain employment, which does not comply with Department of Correction (DOC) policy.

According to department policy, the St. Louis Community Release Center (SLCRC) charges offenders \$10 a day for room and board fees. Credits for these room and board fees are given under various circumstances. During years ended June 30, 2005 and 2004, room and board fee collections totaled approximately \$380,000 and \$371,500, respectively.

- A. The duties of receiving and transmitting receipts are not adequately segregated from that of initiating the assessment of room and board fees, and there is no indication that a supervisory review of the accounting records is conducted. The department's Central Office maintains a database for the assessment and collection of the room and board fees. Caseworkers complete a form when an offender has gained employment and is ready to start room and board fees, and submits it to the business office. The business office will then contact the Central Office instructing them to enter the offender in the room and board database and begin assessing these fees. The form completed by the caseworker is not submitted to the Central Office. In addition, there is no supervisory review of the documentation for the initiation of these room and board fees.

Business office employees are also responsible for receipting these fees and transmitting them to the Central Office for deposit. The Central Office posts the receipt of the room and board fees to their data system from the transmittals submitted by the business office.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting monies, from that of initiating the assessment of the room and board fees. The segregation of duties could also be achieved by requiring the caseworker to notify the Central Office when an offender has gained employment.

- B. The SLCRC does not have a formal written policy for credits given to offender's for room and board fees. During the fiscal years ended 2005 and 2004, credits totaled \$260,984 and \$271,140, respectively. Currently, SLCRC allows offenders credits for various circumstances (i.e., outside rent payments, counseling fees, court fees, child support; working in the facility, medical or mental health disability, or job search delays). Offenders submit documentation to their caseworker to receive a credit to their room and board fees. Once the proper documentation has been submitted by the offender, the caseworker completes a form and submits it to the business office. The business manager will then contact the Central Office to have the credit entered into the system. These procedures have not been formally documented in the SLCRC policy. In addition, as noted in part A, business office employees are also responsible for receipting these fees and transmitting them to Central Office for deposit.

Formal written policies should be developed to clearly establish when credits are to be given to avoid any misunderstandings. In addition, the policy should address the segregation of duties of the business office and require the initiation of the credits be performed directly by caseworkers to Central Office.

- C. Offenders are released from the SLCRC while still owing room and board fees, and no follow-up is performed on these outstanding fees. DOC policy P4-4.1 Section I.C.5., indicates successful completion at community release center includes being current on all required room and board fees. The informal policy at SLCRC is to release all offenders owing less than \$300 in room and board fees who have met the remaining release criteria; however, SLCRC personnel indicated an offender could be released owing more than \$300 if there was a judge's order mandating the release of the offender on a specific date. During the two years ended June 30, 2005, several offenders were released with room and board balances over \$300 and without a judge's order for release on a specific date. There was no documentation, except the approval of the superintendent, to indicate why these offenders were released in violation of policy.

In March of 2004, Central Office informally approved allowing the release of offenders with outstanding room and board fees; however, this informal policy change does not indicate under what circumstances this should be done or what approval is required. The approval of this change in procedures has not been formally documented in DOC policy.

As of November 17, 2005, there was approximately \$1.4 million in outstanding room and board fees. When an offender is released from the SLCRC, the probation officer is notified of any outstanding room and board fees, but the SLCRC does not perform any follow-up procedures on these outstanding fees.

Formal policies should be developed to clearly indicate under what circumstances offenders will be allowed to be released still owing room and board fees and what approval is required. In addition, the SLCRC should request the DOC policy be

updated to reflect changes in procedures for offenders being released while still owing room and board fees. Also, by not adequately following-up on outstanding room and board fees, these costs could remain uncollected and result in lost revenue.

- D. Room and board charges are not assessed in compliance with policy. Currently, the SLCRC does not assess charges until offenders gain employment. DOC policy P4-4.1, Section I.C.3. indicates billing for room and board fees will begin 15 days following an offender's assignment at the community release center. Starting in March 2004, the SLCRC, with approval from Central Office, changed their procedure to begin assessing the room and board charges when the offender gains employment in the community.

The SLCRC should request DOC policy be updated to reflect the informal SLCRC policy of room and board billing starting after an offender gains employment. By not updating DOC policy, there is potential for misunderstanding regarding the proper procedures for beginning room and board charges for offenders.

WE RECOMMEND the SLCRC:

- A. Require the caseworker to notify the Central Office when an offender has gained employment.
- B. Develop formal written policies to clearly establish when credits can be given for room and board fees. In addition, the policy should require the caseworker to inform Central Office of credits to be granted.
- C. Develop formal written policies to clearly indicate under what circumstances offenders will be allowed to be released still owing room and board fees and what approval is required. In addition, the SLCRC should request the DOC policy be updated to reflect the informal procedures of allowing offenders to be released with unpaid or outstanding room and board fees. Procedures should also be established and implemented for pursuing the collection of outstanding room and board fees.
- D. Request the DOC policy be updated to reflect the informal procedure of not accessing room and board charges until an offender gains employment.

AUDITEE'S RESPONSE

- A. *We agree. The case management staff (caseworker or officer) will directly advise the Inmate Finance Office via electronic communication to initiate the daily charges when the offender is employed. This change will segregate this function from the Business Office.*

B&D. Probation and Parole (P&P) Procedure P-4-4.1 was revised effective February 1, 2006, and provides specific guidance for these activities.

C. P&P Procedure P-4-4.1 was revised effective February 1, 2006, and provides specific guidance for this activity. The procedure provides the superintendent the authority to approve these exceptions. Follow-up on the outstanding balances owed by offenders still under supervision is conducted by the supervising parole officer in the district office where the offender is assigned following transfer from the release center.

2. Armory Inventory Procedures

No independent verification of physical inventory for the armory is performed after the custodial armory officer conducts the monthly physical inventory. DOC policy D4-5.1, Section III.B.3., states that the physical inventory must be verified by an institutional employee whose duties do not include the maintenance of that particular inventory.

An independent verification enhances controls of inventories and helps reduce the risk of misuse.

WE RECOMMEND the SLCRC require physical inventories of the armory to be verified by an employee independent of custodial and record-keeping duties.

AUDITEE'S RESPONSE

We agree. The Fire and Safety Officer has already been designated as the employee who will perform an independent verification of inventories. He is not in the chain of command of the Captain who performs the custodial and record keeping duties.

3. Payroll Procedures

The duties of hiring employees, entering leave information into the Statewide Advantage for Missouri (SAM II) system, and distributing payroll checks are not segregated. The personnel office performs all of these duties.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. To achieve this, the duties of hiring and entering leave information should be segregated from distributing the payroll checks.

WE RECOMMEND the SLCRC adequately segregate the duties of hiring and entering leave information into the computer from distributing the payroll checks.

AUDITEE'S RESPONSE

We agree. We have segregated the duties of hiring, timekeeping, and the distribution of payroll checks by using our business office to distribute the payroll checks. The business office was selected due to the security of the office.

4. Cash Procedures

Checks received are not restrictively endorsed immediately upon receipt. SLCRC receives money for offender's room and board fees and vending machine commissions, which are transmitted to the department's Central Office for deposit. The checks are not restrictively endorsed until after transmittal to the Central Office. To reduce the risk of loss, theft, or misuse of funds, checks should be restrictively endorsed when received.

WE RECOMMEND the SLCRC require all checks be restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

We agree. The Business Manager will have a stamp provided to use in restrictively endorsing checks.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

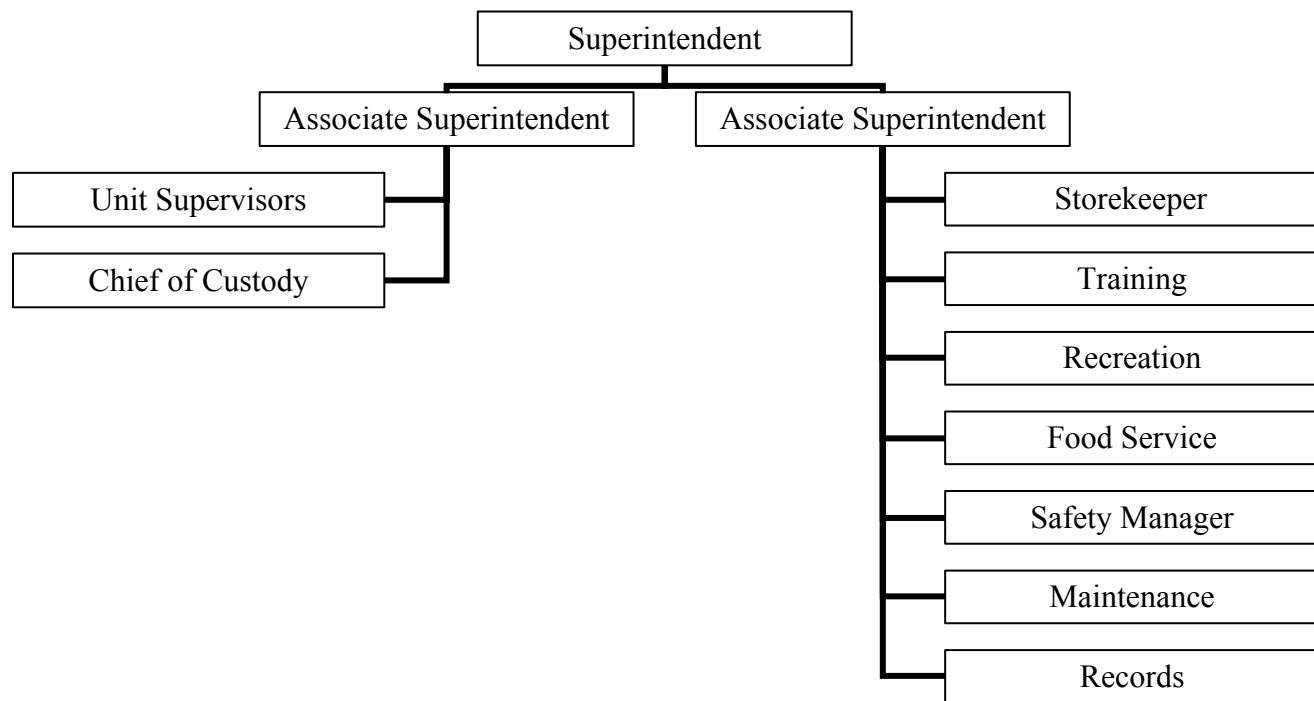
The St. Louis Community Release Center (SLCRC) originally opened as the St. Mary's Honor Center on April 1978 at 1548 Papin in St. Louis. In 1992, the name of the facility changed to the SLCRC. In March 1996, the facility moved to its present location at 1621 North 1st Street. The facility originally housed only men, but was expanded to include women in 1984. The current facility has a maximum capacity of 550 beds.

The facility's purpose is to facilitate the re-entry of adult offenders into the St. Louis area. The population of the facility consists mainly of offenders which have recently been paroled from an institution. Additionally, offenders under community supervision who are at risk for revocation are placed at the facility. The offenders are given a two-week orientation when they arrive at the facility. Case management personnel will assist the offenders with an assessment of their needs, referrals, and counseling. Offenders can gain employment in-house in such areas as maintenance, custody, or food service. Offenders can also work for various employers throughout the St. Louis area. Offenders are required to reimburse the state for their room and board at a rate of \$10 a day.

The administration of the SLCRC consists of one superintendent and two associate superintendents. As of June 30, 2005, the SLCRC staff included approximately 141 employees assigned to various administrative, service, and security functions. Janet Schneider has served as superintendent since February 1992.

An organization chart follows:

DEPARTMENT OF CORRECTIONS
ST. LOUIS COMMUNITY RELEASE CENTER
ORGANIZATION CHART
JUNE 30, 2005



Appendix A

DEPARTMENT OF CORRECTIONS
 ST. LOUIS COMMUNITY RELEASE CENTER
 COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Years Ended June 30,					
	2005			2004		
	Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
GENERAL REVENUE FUND						
Personal Service	\$ 3,743,628	3,556,638	186,990	3,726,154	3,344,624	381,530
Total General Revenue Fund	<u>3,743,628</u>	<u>3,556,638</u>	<u>186,990</u>	<u>3,726,154</u>	<u>3,344,624</u>	<u>381,530</u>
INMATE REVOLVING FUND						
Personal Service	124,305	83,005	41,300	120,705	88,325	32,380
Total Inmate Revolving Fund	<u>124,305</u>	<u>83,005</u>	<u>41,300</u>	<u>120,705</u>	<u>88,325</u>	<u>32,380</u>
Total All Funds	\$ <u>3,867,933</u>	<u>3,639,643</u>	<u>228,290</u>	<u>3,846,859</u>	<u>3,432,949</u>	<u>413,910</u>

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to the department-wide appropriations that are identified to the St. Louis Community Release Center (SLCRC) are noted in Appendix B.

* The lapsed balances include the following Personal Service withholdings made at the Governor's request:

	Year Ended June 30,	
	2005	2004
GENERAL REVENUE FUND		
Personal Service	\$ 182,309	299,047
Total General Revenue Fund	\$ <u>182,309</u>	<u>299,047</u>

Appendix B

DEPARTMENT OF CORRECTIONS
 ST. LOUIS COMMUNITY RELEASE CENTER
 COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,			
	2005		2004	
	Expenditures From Facility Appropriations *	Expenditures From Department-Wide Appropriations For SLCRC	Expenditures From Facility Appropriations *	Expenditures From Department-Wide Appropriations For SLCRC
Salaries & Wages	\$ 3,639,643	255,025	3,432,949	148,021
Travel, In-State	0	1,959	0	1,863
Fuel & Utilities	0	283,726	0	274,773
Supplies	0	243,365	0	283,978
Professional Development	0	2,413	0	804
Communication Service & Supplies	0	7,061	0	8,342
Professional Services	0	144,349	0	558,500
Housekeeping & Janitor Services	0	20,458	0	13,577
Maintenance & Repair (M&R) Services	0	77,230	0	67,716
Computer Equipment	0	10,136	0	7,391
Motorized Equipment	0	0	0	3,400
Office Equipment	0	0	0	3,336
Other Equipment	0	24,789	0	31,486
Property & Improvements	0	17,198	0	0
Equipment Rental & Leases	0	582	0	1,143
Miscellaneous Expenses	0	22,322	0	22,671
Total Expenditures	\$ 3,639,643	1,110,613	3,432,949	1,427,001

* For the years ended June 30, 2005 and 2004, these expenditure amounts include \$47,869 and \$26,928, respectively, which were spent on payroll cost for the department's central Probation and Parole Command Center instead of the St. Louis Community Release Center.