



Claire McCaskill

Missouri State Auditor

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February 2005

# CORRECTIONS

## Boonville Correctional Center



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

February 2005

**The following problems were discovered as a result of an audit conducted by our office of the Department of Corrections, Boonville Correctional Center.**

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*The Boonville Correctional Center (BCC) became operational in 1983. The facility is located on 485 acres in Boonville, Missouri, and is a medium security facility. As of June 30, 2004, this facility housed 1,204 male offenders.*

The BCC operates a canteen for the offenders' benefit. Our review noted that perpetual inventory records and reports are only maintained for the high-risk or expensive items, such as televisions and cigarettes. Department of Corrections (DOC) policy requires that a perpetual inventory be maintained on all stock items held in inventory. In addition, canteen duties are not adequately segregated and the BCC is not obtaining bids as required by DOC policy.

Vending machine commissions totaled over \$57,000 during the two years ended June 30, 2004. Although the vending contract indicates that commissions are to be computed as a percentage of total gross sales, the BCC has no procedures to ensure that vending machine gross sales are accurate. Additionally, the BCC is not always receiving commission checks within the timeframe required by the vending contract, and the business office did not receive a statement or payment from the vendor during February 2003.

The number of photo tokens sold is not reconciled to the actual dollars collected. Additionally, photo sales receipts are not transmitted to the DOC Central Office on a timely basis.

The BCC appears to be underutilizing some state-owned vehicles. Eleven vehicles are used to perform maintenance functions and were driven between 320 miles and 3,780 miles during the fiscal year ended June 30, 2004. It appears the BCC should evaluate the need for some of these vehicles and determine if the same tasks could be accomplished with fewer vehicles.

We reviewed the January 2003 and the April 2004 institution search reports for each housing unit, and found that not all of the required searches were being performed. Additionally, cell search documentation needs improvement.

The BCC is working toward or has already implemented many of the report's recommendations.

**All reports are available on our website: [www.auditor.mo.gov](http://www.auditor.mo.gov)**

YELLOW SHEET

DEPARTMENT OF CORRECTIONS  
BOONVILLE CORRECTIONAL 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  
Ron Schmitz, Superintendent  
Boonville Correctional Center  
Boonville, MO 65233

We have audited the Department of Corrections, Boonville Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004 and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, policies, and contracts.
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 correctional 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. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and 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 correctional center's management and was not subjected to the procedures applied in the audit of the correctional center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Boonville Correctional Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

August 26, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	David Gregg
Audit Staff:	Malcolm N. Nyatanga

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS  
BOONVILLE CORRECTIONAL CENTER  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Canteen Procedures</b>
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The Boonville Correctional Center (BCC) operates a canteen for the offenders' benefit. The canteen stocks and sells numerous products such as soda, tobacco products, snack foods, radios, and televisions. Goods sold in the canteen are marked up 25 percent over cost, and the profits are designated by state law for the use and benefit of the offenders through purchases of religious, educational and recreational materials, supplies and equipment, and expenses necessary for canteen operations. Our review of the canteen noted the following concerns:

- A. Although the point-of-sale system utilized in the canteen has the capability of maintaining and generating perpetual inventory records and reports, such records are not maintained for all canteen items. Perpetual inventory records are maintained for expensive or high-risk items, such as radios, tape players, televisions, and cigarettes, but not for food and personal use items.

As required by department policy, the canteen employees perform physical inventories of all canteen items held for resale at each month-end. Because no perpetual inventory records are maintained for food and personal use items, the results of these counts are not compared to any records. It was also noted that the employees performing the month-end counts also have custody of the inventory and no verification by someone independent of canteen responsibilities is performed. As a result of these various concerns, there is limited monitoring of changes in canteen inventory and the benefit of month-end physical inventory procedures is lessened without comparison to perpetual inventory records and independent verification. Department of Corrections (DOC) policy D3-9.2 requires that a perpetual inventory be maintained on all stock items held in inventory and removed when placed on the shelf for resale.

The point-of-sales system should be used to maintain perpetual inventory records. Once the system is fully utilized, the monthly inventory counts of all items held for resale should be compared to the perpetual inventory record to lessen the possibility that instances of loss, misuse, or theft of canteen inventory will occur without being detected.

- B. Canteen duties are not adequately segregated. The canteen manager is responsible for preparing the purchase requests, receiving the items, updating the inventory records, and performing month-end inventory counts. Proper internal control requires that purchasing, recording, and handling of canteen inventory



items be properly segregated. If a segregation of duties cannot be achieved, at a minimum, there should be documented review and comparison of various records by someone independent of these processes.

- C. The BCC is not obtaining bids as required by policy. DOC policy D3-9.2 requires that each institution strive to obtain three bids when purchasing canteen items with a cost in excess of \$100. The BCC is currently obtaining bids only for purchases over \$1,000. Formal, competitive bidding procedures provide a framework for economical management of resources and helps ensure the canteen receives fair value by contracting with the lowest and best bidders. The BCC should obtain competitive bids in accordance with DOC policy and retain documentation of those bids.

**WE RECOMMEND** the BCC:

- A. Utilize the point-of-sale system to maintain perpetual inventory records for all stocked items. Perpetual inventory records should then be used to verify month-end counts performed. Also, assign an employee independent of the canteen to verify physical inventory counts performed by the canteen.
- B. Ensure that canteen duties are properly segregated, or that someone independent of these processes is performing periodic, documented reviews.
- C. Obtain three bids for canteen purchases in excess of \$100 as required by policy.

**AUDITEE'S RESPONSE**

- A. *The BCC will seek training on how to utilize this feature of the POS system to ensure inventory records are verified. The BCC will also have the physical inventory counts verified by independent staff.*
- B. *Segregation of duties is difficult because of the small staff. In the meantime, we are utilizing staff members from outside the business office to perform inventory verifications.*
- C. *We began to have sections that request items costing over \$100 to perform this and to supply documentation with the request to purchase. However, policy has now been changed, and requires canteen bid requirements to follow General Revenue Fund requirements. This requires bids for items over \$2,999.99.*

<b>2. Vending Machine Services</b>
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The BCC performs no procedures to ensure proper vending commissions are paid by the vendor and is not receiving commission checks timely. The BCC utilizes a private vendor to provide and service vending machines at the facility. The vendor provides a

monthly commission statement and separate payments to the facility's personnel club and the inmate canteen fund. The commissions are used by the facility to support approved personnel activities and for inmate benefits.

Vending machine commissions totaled over \$57,000 during the two years ended June 30, 2004. We noted some concerns related to the vending machine commissions:

- A. The vending contract indicates that commissions are to be computed as a percentage of total gross sales. However, the BCC has no procedures to ensure that vending machine gross sales are accurate. The commission statement submitted by the vendor indicates gross sales, the commission rate, the commission amount due, and the beginning and ending meter readings (for currency and coin). The meters count the money that is deposited into the machine, but do not take into account change returned or the amount of currency left in the machine to provide change. As a result, gross sales cannot be reconciled exactly to meter readings. However, the business office should develop a procedure to evaluate the reasonableness of gross sales as compared to meter readings, and make inquiries of the vendor when unusual fluctuations are noted.
- B. The BCC is not always receiving commission checks within the timeframe required by the vending contract. The contract requires commission checks to be sent to the facility within 15 calendar days after the conclusion of the previous monthly period. We noted that all vendor payments from March 2003 to January 2004 were not received within 15 calendar days. Rather, it took the vendor from 30 to 138 calendar days to issue the checks to the business office. In addition, we noted that no statement or payment was received from the vendor during February 2003. The business office was not aware of this until we brought this to their attention. The business manager notified the vendor and payment was received in September 2004. The business office needs to ensure that the checks are received within the required timeframes, so that they can review and resolve any issues timely and maximize their revenues.

**WE RECOMMEND** the BCC:

- A. More closely evaluate vending commission statement information to ensure that vending machine gross sales are accurate.
- B. Ensure that commission statements and checks are received within the required timeframe.

**AUDITEE'S RESPONSE**

- A. *The business office, with assistance from Central Office, is reviewing the commission statements to determine their accuracy and to identify trends. We are utilizing Personnel Club officers to do spot checks on the vending staff member who services the machines.*

- B. *We are more closely monitoring the receipt of the commission checks and will contact the vendor if they are not received within the required timeframe.*

<b>3. Cash Procedures</b>
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The BCC receives money from photo sales, which is then transmitted to the DOC offices in Jefferson City for deposit into the Inmate Canteen Fund. Our review of cash procedures noted the following concerns:

- A. The number of photo tokens sold is not reconciled to the actual dollars collected. Visitors can purchase a token from the photo machine that they present to the photographer to have a picture taken. The photo machine is emptied once every two weeks by a business office clerk. The monies emptied from the machine are not reconciled to the number of tokens sold. To ensure all amounts are properly accounted for, photo tokens sold should be reconciled to the amounts collected from the machine and to amounts transmitted.
- B. Photo sales receipts are not transmitted to the DOC Central Office on a timely basis. A cash count conducted on June 16, 2004, disclosed that the BCC had cash on hand totaling \$706. This amount was comprised of receipts from photo sales since April 8, 2004. Since the staff of the BCC makes approximately three trips each week to the DOC Central Office, there appears to be no reason why photo receipts should be held at the facility. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to DOC Central Office at least weekly or when accumulated receipts exceed \$100.

**WE RECOMMEND** the BCC:

- A. Ensure photo tokens purchased are reconciled to actual monies collected.
- B. Transmit receipts weekly or when accumulated receipts exceed \$100.

**AUDITEE'S RESPONSE**

- A. *We have taken steps to ensure that the amount collected from the photo machine is reconciled to the number of tokens sold.*
- B. *Staff members periodically collect and count the money from the token machine, witnessed by a corrections officer. Both then sign a statement verifying the amount. The staff member then brings the money to the business office, where the money is counted and verified again. A funds transmittal is then completed and the money is sent to Inmate Finance on the next distribution run.*

**4.****State-Owned Vehicles**

Some state-owned vehicles appear to be underutilized. As of June 30, 2004, the BCC had 30 state-owned vehicles used for the various purposes, including transportation of offenders (11 vehicles), maintenance (11 vehicles), patrolling the grounds (5 vehicles), movement of supplies/equipment on facility grounds (1 vehicle), employee travel to training and meetings (1 vehicle), and mail runs (1 vehicle).

The BCC has eleven vehicles that are used to perform maintenance functions. These vehicles are used within the facility the majority of the time. Because these are confined to the facility, they are driven a small amount of miles. Maintenance vehicles were driven anywhere from 320 miles to 3,780 for the fiscal year ending June 30, 2004. BCC needs to evaluate the need for some of these vehicles and determine if the same tasks could be accomplished with fewer vehicles.

**WE RECOMMEND** the BCC evaluate the need for each vehicle and ensure each vehicle is effectively utilized.

**AUDITEE'S RESPONSE**

*A regular review is made of all vehicle assignments ensuring the current assignments meet state and department policies. Vehicles are then reassigned as needed. All of the BCC's vehicles are assigned appropriately at this time and should meet the state requirements by the end of the fiscal year.*

**5.****Cell Searches**

Cell search documentation needs improvement, and it is not clear that all required cell searches were performed. The BCC SOP 20-1.3 requires that unannounced, random searches by housing unit staff of all occupied offender rooms and bay areas in each housing unit be performed at least once each month.

We reviewed the January 2003 and the April 2004 institution search reports for each housing unit, and found that not all of the required searches were being performed. Of the 10 housing units, it appeared 3 units were not searched as required for one or both of these months. In addition, the segregation unit personnel indicate that they performed searches; however, there were no institutional search reports to document that these searches were performed.

Although searches are documented on standard DOC institutional search report forms, the various housing unit personnel were not consistent in their documentation methods. Some housing units have each cell and bunk identifying number preprinted or written on the standard forms, while other housing unit personnel list cells and bunks searched in the

order searched (not necessarily numerical order). Not documenting areas searched in any systematic order makes it difficult to determine whether all occupied offender areas have been properly searched.

Standard documentation and reporting methods are needed to ensure all required searches are performed and improve the ability of the BCC management to identify noncompliance. Also, regular searches of all offender occupied areas allow staff to identify and confiscate illegal contraband, thus creating a safer environment for all staff and offenders.

**WE RECOMMEND** the BCC perform all required searches and ensure documentation methods are consistent and clearly demonstrate compliance with facility policy.

**AUDITEE'S RESPONSE**

*We concur and have taken steps to ensure that all required searches are performed as required by policy and that documentation methods for cell searches are consistently applied.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS  
BOONVILLE CORRECTIONAL CENTER  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Boonville Correctional Center (BCC) became operational on July 1, 1983. It occupies the site of the former Missouri Training School for Boys, which originally opened in 1888. The BCC is a medium security institution housing male offenders. The offender population consists of first-time felony offenders between the ages of seventeen and thirty-five. The institution housed 1,204 offenders at June 30, 2004.

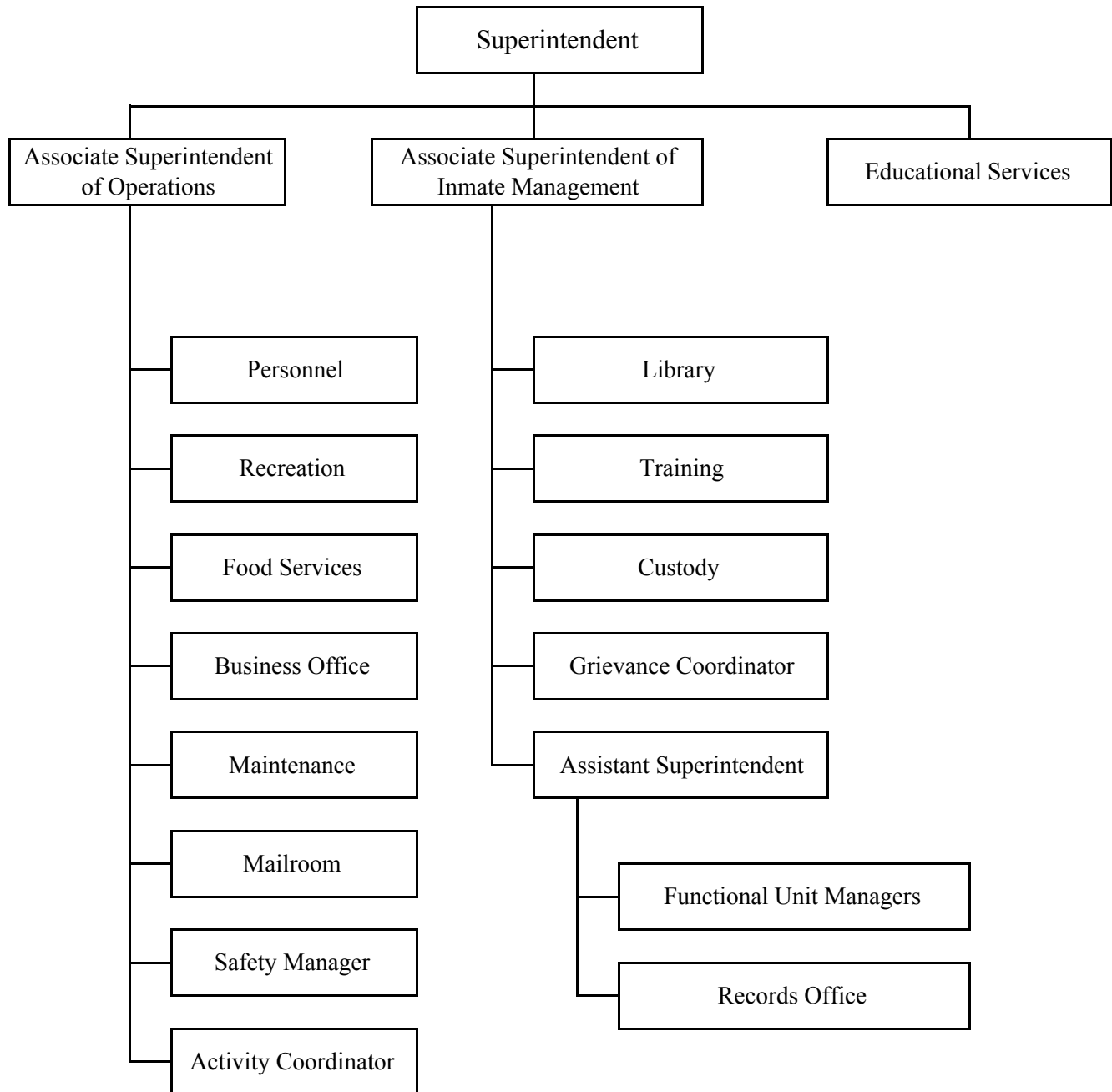
The facility occupies approximately 39 acres of a total 485 acres of department-owned land. The perimeter of the facility is secured by a 14 foot high chain link fence reinforced with razor ribbon and intrusion devices. For additional security the perimeter of the facility is patrolled by an armed vehicular patrol on a 24-hour basis. The facility is made up of 10 housing units designed to accommodate 1,256 offenders, an offender segregation building designed to accommodate 100 offenders, a 120-day shock incarceration program building designed to accommodate 150 offenders, an education building, a chapel, a recreational building, a garage, a power plant, a maintenance building, and 2 administrative buildings. The administrative buildings house administrative offices, the medical unit, the business office, the training unit, and personnel office.

The education building is comprised of 15 classrooms and one testing room. The BCC offers GED classes and provides special education classes for offenders with learning disabilities. During fiscal year 2004, 201 offender students took the GED test and 185 passed. During this same time, 2,361 offenders were enrolled in classes at the BCC. Each teacher is certified in either Elementary Education, Secondary Education, or Adult Basic Education and is assisted by an offender tutor. Offenders are required to complete their GED to be eligible for parole or premium job assignments. The BCC also offers college courses through the State Fair Community College.

David Miller served as Superintendent from November 1, 1986, to July 1, 2002. Ron Schmitz has served as Superintendent since July 1, 2002. The BCC employed approximately 319 employees assigned to various administrative, service, security, and academic functions as of June 30, 2004.

An organization chart and financial data follow:

DEPARTMENT OF CORRECTIONS  
BOONVILLE CORRECTIONAL CENTER  
ORGANIZATION CHART  
JUNE 30, 2004





## Appendix

### DEPARTMENT OF CORRECTIONS BOONVILLE CORRECTIONAL CENTER COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2004	2003
Salaries & Wages	\$ 8,935,162	8,998,809
Travel, In-State	4,949	16,516
Travel, Out-of-State	564	1,448
Fuel & Utilities	829,348	1,033,532
Supplies	1,123,546	1,142,104
Professional Development	1,758	3,254
Communication Service & Supplies	30,608	38,650
Professional Services	54,098	129,955
Housekeeping & Janitor Services	54,997	30,141
Maintenance and Repair (M&R) Services	72,106	122,633
Computer Equipment	19,760	4,679
Motorized Equipment	2,400	2,500
Office Equipment	55,367	1,701
Other Equipment	40,935	89,947
Property & Improvements	78,997	79,502
Equipment Rental & Leases	1,404	570
Miscellaneous Expenses	160,905	156,199
Total Expenditures	\$ <u>11,466,904</u>	<u>11,852,139</u>

Note: Not included in this schedule are expenditures paid from department-wide appropriations, such as inmate medical services and capital improvements, that do not specify amounts by facility.