

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF CORRECTION
FISCAL YEARS ENDED JUNE 30, 2014 AND 2015*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

Table Of Contents

INTRODUCTION	1
COMMENTS	2
FORWARD.....	2
Board of Pardons and Paroles	3
Legislative Changes	4
RÉSUMÉ OF OPERATIONS	4
General Fund Revenues and Receipts.....	4
General Fund Expenditures.....	5
Federal and Other Restricted Accounts	6
Other Special Revenue Funds.....	6
Capital Improvement Fund	7
Correctional Industries Fund.....	7
Per Capita Costs	7
Fiduciary Funds	8
Other Matters	8
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	10
Untimely and Incomplete Annual Evaluations	10
Lack of Acknowledgement of Computer Use Policies.....	11
Untimely Approval of Compensatory Time	12
Inadequate Overtime Documentation	13
Inadequate Documentation Supporting Medical Leave.....	14
Inadequate Workers' Compensation Claim Documentation	15
Lack of Accountability for Union Leave.....	15
Untimely Encumbering of Blanket Purchase Orders.....	17
Payments for Educational and Consulting Services	18
Administration of the University of Connecticut Health Center's Managed Health Care Contract.....	19
Inmates' Discharge Savings Accounts and Incarceration Cost Recoveries.....	22
Asset Management Reports (CO-59).....	23
Software Inventory.....	25
Monitoring of Cell Phones.....	26
RECOMMENDATIONS	28
Status of Prior Audit Recommendations.....	28
Current Audit Recommendations	30
Acknowledgement	34
CONCLUSION.....	35

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

September 4, 2018

AUDITORS' REPORT DEPARTMENT OF CORRECTION FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2015

We have audited certain operations of the Department of Correction (DOC) in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2015. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;
2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United

States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Department of Correction.

COMMENTS

FORWARD

The Department of Correction operates under Title 18, Sections 18-7 through 18-107 of the General Statutes. Its mission is protecting the public; protecting staff; and providing safe, secure, and humane supervision of offenders with opportunities that support successful community reintegration.

The department is headed by a commissioner who is responsible for the administration, coordination, and control of the department operations, including the overall supervision and direction of all institutions, facilities, and activities of the department. James E. Dzurenda served as interim commissioner from April 1, 2013 until his appointment to commissioner on November 29, 2013. James E. Dzurenda retired on September 1, 2014 and Scott Semple was appointed interim commissioner. Mr. Semple was nominated as commissioner on January 21, 2015, was confirmed on March 10, 2015, and served through the audited period.

Agency business operations are located within its administrative offices in Wethersfield. The department operates the following 17 correctional facilities that include correctional institutions (CI) and correctional centers (CC):

Bridgeport CC, Bridgeport	Manson Youth Institution, Cheshire
Brooklyn CI, Brooklyn	New Haven CC, New Haven
Cheshire CI, Cheshire	Niantic Annex, Niantic
Corrigan-Radgowski CC, Uncasville	Northern, CI, Somers
Enfield CI, Enfield	Osborn CI, Somers
Garner CI, Newtown	Robinson CI, Enfield

Hartford CC, Hartford
MacDougall-Walker CI, Suffield

Webster CI, Cheshire
Williard-Cybulski CI, Enfield
York CI, Niantic

Correctional centers serve primarily as jails, acting as intake facilities for un-sentenced males and for the confinement of males with sentences of 2 years and longer. Correctional institutions confine sentenced males with the exception of York Correctional Institution, which houses sentenced and un-sentenced females. The Manson Youth Institution is used for confining male inmates between the ages of 14 and 21.

Security for the facilities is established at levels ranging from level 2 (low security) to level 5 (high security). Level 1 is for inmates who have been released into the community but are still in the custody of the department.

According to department statistics, the total incarcerated population as of July 1, 2015, was 16,025, consisting of 14,941 males and 1,084 females. In addition to incarcerated inmates, the department oversaw 3,135 level 1 inmates released into the community as of July 1, 2015.

Board of Pardons and Paroles

The Board of Pardons and Paroles operates under the provisions of Section 54-124a of the General Statutes. The Board of Pardons and Paroles is an autonomous body, which is within the Department of Correction for administrative purposes only and was established to provide independence over pardon and parole decisions. The board has 20 members consisting of 1 chairperson, 7 pardons members, and 12 parole members. The members are appointed by the Governor with the advice and consent of both houses of the General Assembly.

The appointed board members as of June 30, 2015, were as follows:

Chairperson:
Carleton Giles

Pardon Members:
Joseph Milardo
Robert Smith
Julia Wasserman
4 vacancies

Parole Members:
Rufaro Berry
Terry Borjeson
Patricia Camp
Joy Chance
Kenneth Ireland
David May
Robert Murphy
Pamela Richards
Kelly Smayda
Jennifer Zaccagnini
2 vacancies

Legislative Changes

Public Act 13-69, effective July 1, 2013, made a number of changes regarding compensation that inmates earn performing jobs. Among other things, it: (1) required the commissioner to perform the duties associated with inmate compensation previously performed by individual facility administrators; (2) eliminated the requirement that each inmate have an individual bank account and instead requires the commissioner to direct inmate compensation to a bank account or an account that the state treasurer administers; (3) allowed the commissioner to collect, as part of an inmate's cost of incarceration, a fee for participating in any job training, skill development, career opportunity or enhancement program; and (4) required the commissioner to make the inmate labor pilot program consistent with governing federal guidelines and make changes to how program participant compensation is administered.

Public Act 13-258, effective October 1, 2013, created a new felony classification, a class E felony, punishable by up to 3 years in prison, a fine of up to \$3,500, or both. For class D felonies, the act eliminates a minimum 1-year prison term, which was not a mandatory minimum and could be suspended in part or in its entirety at the discretion of a judge.

Public Act 15-2, of the June Special Session, effective June 30, 2015, reduced the size of the Board of Pardons and Paroles from 20 to between 10 and 15 members, while increasing the number of members who serve full-time from 6 to 10. The act also allows board members to serve on both parole and pardons panels.

RÉSUMÉ OF OPERATIONS

General Fund Revenues and Receipts

A summary of General Fund revenues and receipts during the audited period and the preceding year is presented below:

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Recoveries – Inmate Costs of			
Incarceration	\$4,576,654	\$5,191,214	\$5,669,687
Child Nutrition Program	773,886	848,197	871,385
All Other	1,980,407	2,074,259	1,826,080
Total Revenues and Receipts	<u>\$7,333,947</u>	<u>\$8,113,670</u>	<u>\$8,367,152</u>

General Fund receipts consisted primarily of recoveries of cost of incarceration collected by the Office of the Attorney General and the Department of Administrative Services' Collection Services. Federal Child Nutrition Program revenues and reimbursements from the United States Marshals for board of federal detainees were also primary sources of General Fund revenues.

General Fund Expenditures

A comparison of General Fund expenditures for the fiscal years under review and the preceding year follows:

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Personal Services and Employee Benefits:			
Salaries and Wages	\$319,643,936	\$327,941,141	\$334,951,843
Overtime	73,196,680	92,691,658	89,402,563
Meal Allowance	10,021,901	10,296,048	10,335,953
Workers' Compensation Awards	26,440,867	25,588,167	28,218,144
All Other	<u>13,591,725</u>	<u>14,875,009</u>	<u>14,970,517</u>
Total Personal Services and Employee Benefits	<u>\$442,895,109</u>	<u>\$471,392,023</u>	<u>\$477,879,020</u>
Purchases and Contracted Services:			
Contractual Services – Medical Fees	\$77,429,399	\$88,513,923	\$86,109,091
Premises and Property Expenses	37,177,472	36,524,112	38,407,796
Client Services	39,863,296	41,352,823	41,409,228
Commodities – Food	16,946,593	17,307,767	18,228,143
Commodities – All Other	8,165,273	8,184,955	8,800,175
All Other	<u>13,026,374</u>	<u>16,006,503</u>	<u>12,874,848</u>
Total Purchases and Contracted Services	<u>\$192,608,407</u>	<u>\$207,890,083</u>	<u>\$205,829,281</u>
Total Expenditures	<u>\$635,503,516</u>	<u>\$679,282,106</u>	<u>\$683,708,301</u>

General Fund expenditures increased during the audited period primarily due to an increase in personal services. The increase included bargaining unit and managerial increases in both fiscal years as well as staff retirements and associated leave payments, and new correction officer hires. Overtime expenditures also increased by \$19,494,978, or 27%, from the 2012-2013 fiscal year to the 2013-2014 fiscal year.

Contractual Services – Medical Fees increased by \$11,084,524 from the 2012-2013 fiscal year to the 2013-2014 fiscal year and then decreased by \$2,404,832 for the 2014-2015 fiscal year. Healthcare for inmates is provided through a memorandum of agreement (MOA) by the University of Connecticut Health Center Correctional Managed Health Care (CMHC). The fluctuations in expenditures are due to the differences in accounting methods used by DOC and CMHC. Funds transferred from DOC to CMHC, pursuant to the MOA, are based on CMHC's financial need. This is determined through an accounting of CMHC's actual expenditures and the availability of any accumulated fund balances held by CMHC. Increases or decreases are based on the differential and adjustments deemed necessary by DOC.

Federal and Other Restricted Accounts

Federal and other restricted account receipts for the fiscal years ended June 30, 2014 and 2015, respectively, totaled \$3,789,641 and \$3,860,296, consisting primarily of federal aid and grant transfers.

A comparison of expenditures from federal and other restricted accounts for the fiscal years under review and the preceding year follows:

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Personal Services and Employee Benefits:			
Salaries and Wages	\$791,334	\$779,688	\$682,024
Employee Benefits	502,352	579,701	511,261
All Other	<u>79,838</u>	<u>63,591</u>	<u>86,144</u>
Total Personal Services and Employee Benefits	<u>\$1,373,524</u>	<u>\$1,422,980</u>	<u>\$1,279,429</u>
Purchases and Contracted Services:			
Information Technology	\$478,438	\$195,768	\$180,182
Purchased Commodities	716,974	846,605	1,034,182
Capital Outlays – Equipment	1,031,301	287,336	75,473
Premises and Property Expenses	127,444	45,545	204,099
All Other	<u>713,956</u>	<u>1,497,147</u>	<u>1,543,649</u>
Total Purchases and Contracted Services	<u>\$3,068,113</u>	<u>\$2,872,401</u>	<u>\$3,037,585</u>
Total Expenditures	<u>\$4,441,637</u>	<u>\$4,295,381</u>	<u>\$4,317,014</u>

Salaries and wages decreased overall during the audited period due to a reduction in funding for 2 major federal grant programs. The State Criminal Alien Assistance Program (SCAAP) administered by the Department of Justice’s Bureau of Justice Assistance, provides funding for salary costs for incarcerating undocumented criminal aliens. The department also received decreased funding for the Title I Adult Correction grant, which provides educational assistance to incarcerated adults.

The large decrease in the Capital Outlays-Equipment category during the 2013-2014 fiscal year was due to a video technology grant received during the 2012-2013 fiscal year to purchase equipment to enhance video conferencing in the prison system.

Other Special Revenue Funds

Other special revenue fund expenditures were \$2,873,196 and \$2,079,840 for the fiscal years ended June 30, 2014 and 2015, respectively. Equipment purchases made through the Capital Equipment Purchases Fund totaled \$2,863,802 and \$2,079,840 during the respective audited years, which accounted for the majority of other special revenue fund expenditures.

Capital Improvement Fund

Capital Improvement Fund expenditures were \$3,672,129 and \$3,189,806 for the fiscal years ended June 30, 2014 and 2015, respectively. Expenditures were due to the improvements to department buildings and grounds, and renovations to inmate housing.

Correctional Industries Fund

The Correctional Industries Fund accounts for the operations of Correctional Enterprises of Connecticut (CEC) and inmate commissaries. Through the use of inmate labor, CEC produces goods and services that are sold primarily to other state agencies. CEC may also sell items to other governmental agencies and private nonprofit entities. During the audited period, approximately 58% of CEC sales were to the Department of Correction. The inmate commissaries sell various personal supplies and food items to inmates. Monies are transferred from individual inmate fund accounts to the Correctional Industries Fund when inmates purchase commissary items. A summary of cash receipts and disbursements for the fund during the audited period follows:

	<u>CEC</u>	<u>Commissary</u>	<u>Total</u>
Cash Balance, July 1, 2013	\$4,068,901	\$835,288	\$4,904,189
Receipts	7,092,888	17,601,120	24,694,008
Disbursements	(7,604,305)	(16,598,707)	(24,203,012)
Transfers	(211,882)	(419,867)	(631,749)
Cash Balance, June 30, 2014	\$3,345,602	\$1,417,834	\$4,763,436
Receipts	9,217,006	18,206,621	27,423,627
Disbursements	(7,506,631)	(16,982,214)	(24,488,845)
Transfers	(64,526)	(512,577)	(577,103)
Cash Balance, June 30, 2015	\$4,991,451	\$2,129,664	\$7,121,115

The increase in cash balances during the audited period was primarily due to increased sales in CEC and commissary operations. CEC had increased sales for the 2014-2015 fiscal year due to increased demand in license plates by the Department of Motor Vehicles as a result of changes in license plates that required standard issue plates to have 7 characters rather than 6. Other CEC operations, such as metal shop and textiles, also experienced increased sales. Commissary sales increased starting with the 2014-2015 fiscal year due to the reintroduction of Nintendo gaming system sales.

Per Capita Costs

The weighted average daily per capita cost for the operation of correctional facilities, as calculated by the State Comptroller for the 2013-2014 and 2014-2015 fiscal years was \$168 and \$178, respectively.

Fiduciary Funds

The department maintains 2 fiduciary funds, a Special Projects Activity Fund and an Inmate Trust Fund. Activity funds operate under the provisions of Sections 4-52 through 4-57a of the General Statutes. The Special Projects Activity Fund accounts for various minor inmate events. Inmate funds are custodial accounts for inmates' personal monies.

According to department financial statements, cash and cash equivalents as of June 30, 2014 and 2015 totaled \$56,520 and \$65,960, respectively, for the Special Projects Activity Fund and \$3,200,543 and \$3,458,050, respectively for the same period, for the Inmate Trust Fund.

Other Matters

In May of 2017, our office released an audit report on the Department of Correction for the fiscal years ended June 30, 2012 and 2013. In that report, we found several issues surrounding the agreement between the Department of Correction and the University of Connecticut Health Center for inmate medical care through Correctional Managed Health Care (UCHC/CMHC). The audit highlighted several problem areas related to the implementation and oversight of the contract and the medical care of inmates. Among them were:

- Lack of clear performance standards;
- Lack of evidence of oversight over contractual terms by the executive and management committees;
- Critical Incident Case Reviews lacked independent review;
- The Department of Correction does not have adequate, systemized documentation of the quality of review performed over the UCHC/CMHC delivery of care;
- Allowing UCHC/CMHC to conduct reviews of critical incident cases risks impairing, in appearance if not in fact, the integrity of the resulting findings; and
- Insufficient independent Department of Correction monitoring of quality and quantity of care by UCHC/CMHC denies DOC the assurance that inmate health needs are being met efficiently, economically, and effectively to prevent worsening and costlier complications. This also poses a risk to the general health and well-being of the inmate community, undermines the assurance that DOC releases inmates to the general population in a sustainable condition, and undermines the mitigation of risk of litigation from allegations of medical malfeasance.

During the course of our audit work, we became aware that the Department of Correction contracted with the Criminal Justice Institute, Inc. in 2016 through a personal service agreement. The intent of the personal service agreement was to review the care of approximately 25 inmate medical cases, include recommendations for improvements to the memorandum of understanding between DOC and UCHC/CMHC, and include a comparison of Connecticut's inmate healthcare service model to successful models in other jurisdictions.

On July 18, 2017, our office requested a copy of the contractor's report, per our authority under Section 2-90 subsections (g) and (h) of the General Statutes. On July 20, 2017, the Department of Correction denied our request, citing attorney-client and attorney work product

privileges. DOC also denied our access to the report because it contained confidential information and was in draft form.

On September 12, 2017, we again requested a copy of the contractor's report from DOC and included an informal opinion from the Office of the Attorney General stating that we were entitled to the information. Once again, DOC refused. We reiterated our request in an in-person meeting on January 10, 2018, and still did not receive a copy of the report.

On April 6, 2018, we submitted a letter to the Office of the Attorney General requesting a formal opinion on our access to the contractor's report. On June 12, 2018, we received a [formal opinion](#) from the Office of the Attorney General which concluded that our office was entitled to review and copy the report, subject to all applicable legal privileges. The Department of Correction gave us the report on July 24, 2018.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the financial records of the Department of Correction disclosed certain areas requiring attention, as discussed in this section of this report.

Untimely and Incomplete Annual Evaluations

- Criteria:* Per Section 5-237-1 of the state personnel regulations, an annual evaluation is to be filed for each employee at least 3 months prior to the employee's annual increase date. Section 5 of the department's Administrative Directive 2.5 requires correction officer trainee/cadets to receive monthly evaluations during their working test period.
- In accordance with Sections 8 and 9 of the department's Administrative Directive 2.5, employees, supervisors, and unit heads are required to sign appraisals.
- Condition:* Proper evaluations were not on file for 19 out of 40 employees reviewed during the fiscal years ended June 30, 2014 and 2015. Annual evaluations were missing for 12 employees, including 1 documenting the completion of a working test period. Additionally, 4 evaluations were signed by required personnel between 2 and 8 months late and 3 evaluations were missing required signatures.
- Effect:* The department is not in compliance with state personnel regulations or department policy governing annual evaluations. In addition, the lack of current evaluations heightens the risk that employees will improperly receive promotions and annual increases.
- Cause:* There appears to be a lack of internal controls over the annual evaluation process.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure annual evaluations are completed in accordance with state personnel regulations and department policies. (See Recommendation 1.)
- Agency Response:* "The agency agrees with this finding. Performance evaluations are conducted and completed by supervisors and managers; Human Resources has responsibility for ensuring that the process is executed consistently for all employees and that the objective evidence is filed and made available. The human resources

function has reorganized its service delivery model to provide single point accountability for each discrete work unit and facility. This HR single point of contact will be responsible for ensuring performance evaluation process fidelity going forward.”

Lack of Acknowledgement of Computer Use Policies

- Criteria:* The Department of Administrative Services (DAS) requires agencies to provide employees with a copy of the Acceptable Use of State Systems policy and to obtain a signed acknowledgment of receipt from each user. A copy of the signed acknowledgment is to be kept on file.
- The Department of Correction Administrative Directive 4.6 outlines the department’s policies and procedures regarding the use of computers and related technologies. The agency is required to obtain a signed, formal acknowledgment from users indicating that they understand and agree to abide by the rules of such directive.
- Condition:* During our review of 40 personnel files, we noted 21 were missing signed acknowledgements of computer use policies; 3 employees were missing acknowledgment of the Department of Administrative Services’ Acceptable Use of State Systems policy, 11 employees were missing acknowledgment of the department’s Administrative Directive 4.6, and 7 employees had neither acknowledgment on file.
- Effect:* When employees fail to acknowledge and agree to the policies governing the use of state computers and related technologies, the risk for improper use of such equipment and technology increases.
- Cause:* The lack of acknowledgements appears to be an oversight by management.
- Recommendation:* The Department of Correction should acquire and maintain acknowledgment of the policies governing the use of state computers and related technologies. (See Recommendation 2.)
- Agency Response:* “The agency agrees with this finding. In practice every employee is well apprised of the department’s policies and procedures regarding the use of computers and related technology. This is reviewed with every employee upon entry into the agency. As an additional measure the Management Information Systems unit sends an e-mail to all employees reminding them of their obligations under the use of technology policies. HR will review

its practices in terms of how to ensure that the acknowledgment forms are collected and filed for reference.”

Untimely Approval of Compensatory Time

- Criteria:* In accordance with Management Personnel Policy 06-02 and Section 12 of the department’s Administrative Directive 2.8, managerial employees seeking compensatory time must receive advance authorization utilizing the department’s authorization form, Form CN-2801.
- Condition:* We reviewed compensatory time earned for 10 employees during the fiscal years ended June 30, 2014 and 2015 and found time was not preapproved for 3 employees; 2 forms were completed 1 day after the end of the pay period in which time was earned; and 1 form was not dated when approved.
- Effect:* Compensatory time was not earned and approved in accordance with established policies. Additionally, without prior supervisory approval, compensatory time may have been improperly earned.
- Cause:* It appears that the lack of prior approval of compensatory time was due to management oversight.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure proper authorization is obtained prior to the earning of compensatory time. (See Recommendation 3.)
- Agency Response:* “The agency agrees with this finding. The current process is manually intensive; it requires that the employee request compensatory time using a specific form and that form needs to be signed by the employee as well as by the manager in advance of the forecasted compensatory time to be worked. That form needs to be signed by both the employee as well as the manager following the time worked and then submitted to payroll for payment and returned to HR to be filed. As mentioned in a response to an earlier finding, the reorganization of the human resources function and the single point accountability for an HR representative to a discrete work unit/facility will enable us to complete and retain these forms as required. Concurrently, we will work with our lean advisors to identify process improvements that will ensure tight process control in a less manually intensive manner.”

Inadequate Overtime Documentation

- Criteria:* In accordance with Section 16 of the department’s Administrative Directive 2.15, overtime signature sheets are to be completed for each shift. These sheets are used to document which employees worked overtime, the hours worked, and why overtime was necessary. Employees and deputy wardens sign off on the sheets and they are sent to the unit administrator for review and approval.
- Condition:* Our review of 10 pay periods for 10 employees in which overtime was earned during the audited period disclosed missing or incomplete documentation to support the hours earned, including:
- Two instances in which overtime sign-in and daily call sheets were not on file;
 - Justification for overtime worked was lacking for 2 employees;
 - Lack of employee signatures on overtime signature sheets for 1 employee; and
 - Authorizing signatures on overtime sheets were either preprinted or missing for 2 employees.
- Effect:* The lack of signatures and required information to support overtime increases the risk for errors and fraudulent activities.
- Cause:* The improper completion of overtime signature sheets appears to be an oversight by management. Overtime documentation is purged after 1 year in accordance with the state retention schedules, rather than being kept until audited.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure overtime records are maintained accurately and in accordance with department policies and bargaining unit contracts. DOC should retain the records until they are audited. (See Recommendation 4.)
- Agency Response:* “The agency agrees with this finding. The agency will issue a reminder to facility operations to ensure overtime records are signed by the employee and the unit administrator for review and approval as well as to remind staff that records must be maintained for the latter of the specified retention period or until audited to ensure compliance with state statute. The agency will also review and update its Administrative Directives regarding overtime records to ensure that such directives are up to date with regard to

new time and attendance and payroll procedures that have come into effect since the implementation of the agency's Atlas Scheduling system and the agency's use of the Core-CT self-service module for time and attendance for non-24/7 staff."

Inadequate Documentation Supporting Medical Leave

- Criteria:* According to Section 5-247-11 of the state personnel regulations and most collective bargaining agreements, a medical certificate is to be submitted to authenticate a period of sick leave consisting of more than 5 consecutive working days. The statewide Family and Medical Leave Policy sets forth procedures for requesting a leave under the Family and Medical Leave Act (FMLA). The policy outlines the forms required and deadlines for submitting the forms.
- Condition:* We reviewed medical leave for 8 employees and noted that documentation for 6 leaves of absence could not be located by the department. The missing documentation included medical certificates and required FMLA forms.
- Effect:* Inadequate and untimely documentation supporting extended periods of sick leave increases the risk that such leave was not valid, resulting in increased and unnecessary costs to the state.
- Cause:* The missing, incomplete, and untimely medical certificates and FMLA documentation appear to be an oversight by management.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure that medical certificates and FMLA documentation are submitted in accordance with statewide policies and procedures. (See Recommendation 5.)
- Agency Response:* "The agency agrees with this finding. As mentioned in response to a previous finding, the single point accountability for the HR representative to the discrete work unit/facility will help ensure that all paperwork required to support FMLA leave is attained and retained. The human resources function has included in its reorganization an integrated services team; part of the mission of that team is to ensure that all leave transactions are conducted accurately consistently and timely. This includes the FMLA process."

Inadequate Workers' Compensation Claim Documentation

- Criteria:* The Department of Administrative Services' workers' compensation program provides state agencies and employees with the information and tools necessary for the uniform administration of the program. The program requires the completion of a workers' compensation claim packet to document the facts of a reported claim.
- Condition:* Our review of 6 workers' compensation claims filed during the audited period, resulting in charges totaling \$116,595, were not supported by adequate documentation. Nineteen forms were incomplete, 1 was missing, 4 were missing supervisor signatures, and 2 contained inaccurate information.
- Effect:* Workers' compensation payments are not adequately supported, which may increase the risk of errors or unjustified payments.
- Cause:* Incomplete forms and inaccurate recording of information were due to human error and a lack of supervisory oversight.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure that workers' compensation claims are supported by adequate documentation. (See Recommendation 6.)
- Agency Response:* "The agency agrees with this finding as it relates to this audit period. Human resources function has a dedicated Workers' Compensation unit. This unit has responsibility to ensure that all claims are supported with appropriate documentation. In addition, with the recent human resources reorganization, the human resources representative that is assigned to each work unit/facility is responsible for managing facility specific leaves and ensuring that all leaves are approved and supported with required documentation."

Lack of Accountability for Union Leave

- Background:* Union Release Time (URT), Union Business Leave (UBL), and Union Business Leave approved by the Office of Policy and Management/Office of Labor Relations (LUBLP) are categories of time provided to union leadership and representatives to resolve labor issues in an efficient and effective manner.
- We audited the use of URT and UBL time reporting codes relating to union representative time charges for the fiscal years ended June

30, 2014 and 2015. The time represents an aggregate of 28,449 hours, totaling \$894,199 in salary, by 201 union employees representing approximately 4,650 union members over the 2 years reviewed. Of the 28,449 hours charged, 25,423 (89%) were charged in full-day increments.

Criteria: The department requires a Union Release Time / Union Business Leave form be completed when a bargaining unit employee is required to be released from duty to attend union related matters. The form requires the employee to obtain the union representative's signature, document the reason for the leave, and obtain the supervisor's signature.

DOC guidelines for union leave state that union representatives released for grievance conferences must return to their facilities if there are at least 1.5 hours remaining in their shift. The guidelines further state that union representatives released to attend hearings must report for that day unless the hearing is scheduled for less than 2 hours from the start of their shift.

Condition: We reviewed the Union Release Time / Union Business Leave forms supporting 40 instances in which union leave time was charged in full-day increments. We noted that 40 forms were not signed by the union representative, 34 were not signed by the employee's supervisor, and 6 did not adequately document the case details. Additionally, due to the structure of the form, times of meetings were not documented.

Effect: The lack of signatures increases the risk for unauthorized union leave. Additionally, the lack of meeting times decreases the department's ability to monitor compliance with its guidelines regarding union leave.

Cause: The lack of signatures and documentation of meeting times appears to be the result of management oversight.

Recommendation: The Department of Correction should improve internal controls over the reporting and oversight of union leave time reporting. (See Recommendation 7.)

Agency Response: "The agency agrees with this finding. DOC human resources is working closely with the Office of Labor Relations to benchmark the union business/release time processes from other state governments with an eye to develop and deploy a policy and practice that holds union representatives accountable for the time that they are requesting/paid while respecting their rights and

prerogatives as union leaders. In 2016 a centralized process for the request and approval for union time was developed as an agency lean event. We will continue to press for increased visibility and accountability from the union representatives while continuing to improve the overall relationship with our labor partners.”

Untimely Encumbering of Blanket Purchase Orders

Criteria: In accordance with Section 4-98 of the General Statutes, except for emergency purchases, no state agency shall incur any obligation except by the issuance of a purchase order or any other documentation approved by the State Comptroller.

State Comptroller Memorandum No. 2006-34 states that each blanket purchase order must encumber enough funds to cover the estimated purchase.

Condition: We reviewed 10 blanket purchase orders for expenditure transactions, totaling \$17,697. We found that for all 10 purchase orders, the necessary funding was encumbered between 1 and 269 days after the agency incurred the obligations.

Effect: There is reduced assurance that funds will be available for payment when purchase orders are not timely encumbered.

Cause: The untimely encumbering of blanket purchase orders appears to be the result of management oversight.

Recommendation: The Department of Correction should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes. (See Recommendation 8.)

Agency Response: “The agency agrees with this finding. The agency agreed with the APA regarding a similar finding in the APA’s 2012/2013 audit and reviewed all instances in which blanket purchase orders were utilized to determine alternatives. This review resulted in changing the procedure in 2015 and instructing purchasing staff to encumber on a quarterly basis where possible.

The agency understands the APA’s concerns, however we note that the transactions in question were for yearlong running purchase orders that if fully encumbered would drastically constrict the agency’s cash flow. The agency seeks a balance between encumbrances and having the necessary liquidity to meet its quarterly obligations. During this period of fiscal constraints

constant vigilant cash management is more than ever necessary. The transactions in question were continuously monitored throughout the fiscal year and represent a very small percentage of the agency's annual transactions.

DOC Fiscal Services closely monitors its finances through the use of several routine fiscal reports and through monthly CFSR meetings and weekly cash management meetings as well as through other ad hoc reporting and ad hoc finance meetings.

The agency will modify its practices to ensure that reasonable encumbrances are made for the type of transactions identified by the APA. In cases where no other reasonable alternative exists, DOC will establish processes and procedures that include fiduciary controls and oversight approvals to ensure system integrity, transparency and fiduciary oversight and control. Such processes, procedures, fiduciary controls and oversight approvals will be documented.”

Payments for Educational and Consulting Services

Criteria: The Department of Correction's contract with the Capitol Region Education Council (CREC) states that payment is made based on services rendered. Such services should be sufficiently documented through attendance records.

Section 31-51ii of the General Statutes states that no person shall be required to work for 7.5 hours or more without a period of at least 30 consecutive minutes for a meal.

Condition: Our review of CREC billings for services provided during the period of October 2015 to April 2017 totaled \$145,747. We reviewed quarterly payments for 2 employees for the quarters ended December 31, 2016 and March 31, 2017, totaling \$8,941 and \$9,380. They showed that the CREC time reporting procedures appear to circumvent sound business practice by not providing an accurate record of actual hours worked. Additionally, sign-in sheets were not available from the Hartford and Osborn Correctional Institutions.

Our review of 26 CREC timesheets revealed that 1 timesheet did not include an employee signature and 2 did not have the program director's signature approving the timesheet. On 4 occasions, the employee did not exclude an unpaid meal break when working 7.5 hours or more.

One invoice appears to have been overstated by 3 hours, or \$66.

Effect: The lack of sufficiently documented attendance records may lead to undetected provider overpayments.

Cause: These conditions appear to be the result of management oversight.

Recommendation: The Department of Correction should strengthen internal controls over supporting attendance records to ensure the accuracy of payments to providers. (See Recommendation 9.)

Agency Response: “The agency agrees with this finding. Memos dated 2/14/17 and 8/1/17 delineate ways to improve attendance recording practices. Upon learning of the 2012-2013 audit concerns, the former superintendent issued and distributed a memo dated 2/14/17. Upon learning of the 2012-2013 audit concerns, the acting superintendent issued a memo dated 8/1/17. The memo dated 8/1/17 also referenced and included a reissuance of the memo issued by the former superintendent on 2/14/17. The corrective practices in these memos were shared and emphasized at the August Administrative Council meeting.

Unified School District #1 will reiterate to its staff that attendance records must be complete and accurate with actual work hours documented, and supervisors will be reminded that they should not sign time-sheets before the end of a pay period. Education central office will help to monitor this practice.

Additionally, as a practice, we have discontinued hiring part-time state employees as CREC employees so as to eliminate future concerns and discrepancies in these areas.

Also of note is the significant reduction in administrative oversight at each school/facility. Many facilities have been reduced to school administrative coverage only two days a week.”

Administration of the University of Connecticut Health Center’s Managed Health Care Contract

Background: The Department of Correction and the University of Connecticut Health Center’s Correctional Managed Health Care Division (UCHC/CMHC) collaborate in a joint venture in which UCHC/CMHC provides global medical, mental health, pharmacy, and dental services at 16 DOC facilities statewide and at John Dempsey Hospital.

A memorandum of agreement between DOC and UCHC/CMHC dated August 27, 2012 expired on December 31, 2017. For the fiscal year ended June 30, 2014, \$88,513,923 was appropriated for inmate medical services and \$85,578,830 was expended. For the fiscal year ended June 30, 2015, \$85,967,101 was appropriated for inmate medical service and \$88,862,714 was expended.

Criteria:

Section 18-81 of the General Statutes designates the commissioner of the Department of Correction with responsibility to oversee all aspects of service to inmates in their custody, including health care services.

A memorandum of agreement (MOA) is a contract between state agencies and should be in sufficient detail to specify the services to be provided and the performance standards for assessing provider compliance.

Agency management should have sufficient management and information tools in place to manage, monitor, and evaluate the performance of the MOA service provider in fulfilling its obligations under the contract.

Condition:

We reviewed the administration of the University of Connecticut Health Center's Managed Health Care contract as a follow-up to our prior audit and noted the following conditions.

- There continues to be issues regarding the general terms of the contract, including the lack of a clear line of authority, contractual terms that are vague in defining responsibility between DOC and UCHC/CMHC, a lack of measurable performance standards, and budget presentation that does not allow for adequate management and oversight.
- DOC has not yet implemented Medicaid guidelines and clinical practice guidelines, nor has it obtained National Commission on Correctional Health Care (NCCHC) accreditation for all facilities as required by Article IX.A of the MOA.
- While DOC has implemented a process to report issues with health care, a comprehensive quality control system that can reliably document, evaluate, and report health care services is not in place.
- The minutes of the executive and management committees responsible for overseeing the MOA lack evidence of

concerted oversight. The executive committee, required to meet quarterly, was unable to produce meeting minutes for 7 of the 8 quarters during the 2014-2015 and 2015-2016 fiscal years. For the management committee, which is required to meet monthly, 9 meeting minutes were unaccounted for or were related to meetings cancelled during the audited period.

Effect:

Vagueness in contract terms, a general absence of measurable performance standards, the absence of recognized standards of care, and the lack of an effective quality control system, impair DOC's capability to ensure proper performance of service by UCHC/CMHC and expose the department to the risk of liability for failure to provide quality care.

The executive and management committee meetings and minutes do not provide a clear record of management oversight in achieving the objectives of the contract, resolving issues in an orderly manner, and ensuring compliance with the provisions of the MOA.

Cause:

The terms of the MOA have evolved over time and are in need of a thorough review and restructuring for conciseness and clarity. This has been delayed by the initiation of the request for information authorized by Public Act 15-1 of the December Special Session, which was intended to explore alternatives to the current health services arrangement. However, that initiative would not seem to preclude enforcement of current contract provisions while the existing contract remains in force by extension.

Due to budgetary constraints, implementation of Medicaid guidelines, clinical practice guidelines, and NCCHC accreditations have not progressed. Management contends that it can implement the substance of accreditation standards without incurring the cost of the accreditation process. An effective quality control process to substantiate that assertion does not exist.

DOC has not been able to establish a comprehensive quality control system due to budgetary constraints, the diversity of data, and the absence of criteria needed to identify medical issues in greater detail for statistical analysis.

Other contributing causes of weakness in budgetary control include the pending implementation of an electronic records management system and the recruitment of a recently hired budget specialist to assist in budgetary and contract compliance assessment.

The reason for the cancellation of executive and management committee meetings is unclear in light of the many initiatives and pending issues relating to health care. Minutes that could not be produced appear to be the result of management oversight.

Recommendation: The Department of Correction should enforce the existing memorandum of agreement between DOC and UCHC/CMHC and make certain that adequate controls are in place for the department to meet its primary responsibility and authority in ensuring that contract requirements are met and adequate health care is provided to inmates. (See Recommendation 10.)

Agency Response: “The agency agrees with the APA’s findings. To address issues with its Inmate Medical Services delivery system the agency has undertaken a comprehensive review of its delivery of Inmate Medical Services. This review process will focus on evaluating our current health care delivery system and determining our overall healthcare needs, in order to identify the most effective, efficient and appropriate Inmate Medical Services delivery model for the agency to utilize. Given the complex nature of the delivery of inmate medical services, it is anticipated that this review will take the better part of the fiscal year to conclude. In the interim, the agency has hired a full-time staff person to monitor the MOU between the agency and CMHC/UCHC for compliance and performance. The agency recently developed a contract auditing tool to assist in the overall contract monitoring process and is in the process of testing and refining the audit tool and associated procedures.

The agency is confident that the aforementioned comprehensive review will yield a constructive plan for broad systemic changes to the agency’s inmate medical services delivery model as well as an implementation plan to achieve the necessary changes. The agency is also confident that the hiring of a full-time contract administrator along with the pending launch of the agency’s new Electronic Medical Records system will begin the process of addressing many of the concerns raised by the APA.”

Inmates’ Discharge Savings Accounts and Incarceration Cost Recoveries

Criteria: Section 18-85a of the General Statutes allows the department to set regulations for charging inmates for the cost of incarceration.

Section 18-84a of the General Statutes establishes a discharge savings account program funded by deductions of up to 10% on all

deposits made to inmates' individual accounts, including monies received from work assignments. When an inmate's discharge savings account equals \$1,000, deductions of 10% on all deposits thereafter will be used to recover the inmate's costs of incarceration.

Condition: The department has not complied with statutory requirements that 10% be deducted from deposits made to inmate accounts to fund a discharge savings account program or to recover the costs of incarceration.

Effect: The department has not yet implemented the statutory recovery efforts which may result in lost state revenue.

Cause: The department has been unsuccessful in obtaining legislative changes it feels are needed to address accounting and other issues necessary to implement the changes.

Recommendation: The Department of Correction should take appropriate action to comply with statutory and regulatory requirements regarding the establishment of an inmate discharge savings account program and the recovery of incarceration costs from inmates. (See Recommendation 11.)

Agency Response: "The agency agrees with this finding. Although the necessary computer upgrade to the banking system allowing for a discharge savings functionality is complete, the department is evaluating the impact implementation may have both internally and externally. This analysis will likely result in recommendations to the legislature to address the problematic language currently found in the state statute."

Asset Management Reports (CO-59)

Criteria: Section 4-36 of the General Statutes requires that each state agency establish and maintain inventory records in the form prescribed by the State Comptroller. In addition, the State Property Control Manual establishes standards for maintaining an inventory system and sets reporting requirements. Such requirements include filing an annual Asset Management/Inventory Report (CO-59) that reports all property owned by each state agency.

Condition: Our review of the CO-59 reports submitted for the Department of Correction, for the fiscal years ended June 30, 2014 and 2015, disclosed the following:

- For the fiscal years ended June 30, 2014 and 2015, the CO-59 reports did not include \$8,190,000 in additions to buildings.
- For the fiscal year ended June 30, 2014, the department was unable to reconcile the additions and deletions to equipment recorded on the CO-59 report to Core-CT; the variance for additions was \$30,390 and the variance for deletions was \$4,580.
- For the fiscal year ended June 30, 2015, the beginning balance for equipment was \$50,463 higher than the ending balance reported on the prior CO-59 report.
- For the fiscal year ended June 30, 2015, the beginning balance for stores and supplies was \$1,923,723 less than the ending balance reported on the prior CO-59 report.

Our review of the Correctional Industries Fund CO-59 reports for the fiscal years ended June 30, 2014 and 2015 disclosed the following:

- The equipment balances of \$2,120,951 and \$6,245,674 reported on the CO-59 reports for the fiscal years ended June 30, 2014 and 2015, respectively, were not reconciled to the fixed assets in the Correctional Industries Fund financial reports.

- Effect:* Errors in inventory records weaken internal controls and could result in undetected losses.
- Cause:* The errors in the CO-59 reports and unreconciled balances appear to be the result of management oversight.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure that asset management reports are complete, accurate, and adequately supported. (See Recommendation 12.)
- Agency Response:* “The agency agrees with this finding and will develop and implement policies and procedures to address the APA’s concerns.

The agency has identified that a gap in communication between the agency’s Asset Management Unit and the agency’s Engineering and Maintenance Unit as the cause of the reporting error regarding buildings and has put in place process changes to ensure the proper and timely flow of information between units.

With regard to the findings pertaining to DOC equipment and stores and supplies, the department undertook a review of its inventory recording practices and identified the need to further align the agency's records with those held in Core-CT. DOC submitted a notation with their DOCM1 fiscal year 2015 CO-59, explaining there would be a difference in the ending balance of fiscal year 2014 and the beginning balance of fiscal year 2015 for Equipment and for Stores and Supplies. The agency is confident that the values used for fiscal year 2015 more accurately reflect CTDOC-owned assets and going forward, by utilizing Core-CT to its optimal capacity, will assist in retaining integrity in our reporting.

With regard to the discrepancy between the annual inventory report (CO-59) and the Correctional Industries Fund (CIF) balance sheet, the differences occur as a result of the recognition of the type of equipment items deemed appropriate to be capitalized in the Industries Fund accounting records. In addition, CEC would include supplemental machinery accessories or attachments required to operate the equipment not recognized on the CO-59 report. Some recent examples include the purchase of security fencing and shelving purchased for CEC shops and capitalized by Correctional Industries. Donated assets (i.e. sewing machines, etc.) are recorded in CIF at zero value (Core-CT recorded value then fully depreciated) while Core-CT maintains the initial recorded value.

While the latest variances have been identified to validate and document the differences, Asset Management and CEC staff have begun a comprehensive comparison of the most current capital equipment records to identify the specific assets and records by identification tag number and amounts.

Upon completion of the list of variances, further research will be conducted for the assets that could not be cleared from the list with no documented historical reconciliation detail.

Upon completion of this effort, the agency will work with the Office of the Comptroller on appropriate steps to adjust inventory records.”

Software Inventory

Criteria: In accordance with Chapter 7 of the State Property Control Manual, a software inventory must be established to track and

control all software media and licenses and agencies must have an inventory record for all licensed, owned, and agency-developed software.

Condition: The department was unable to provide a software inventory for the audited period.

Effect: The lack of a software inventory reduces the department's ability to adequately monitor, control, and track software use and ownership.

Cause: The lack of a software inventory appears to be the result of management oversight.

Recommendation: The Department of Correction should strengthen internal controls to ensure that software inventory records are maintained and reported in accordance with the State Property Control Manual. (See Recommendation 13.)

Agency Response: "The agency agrees with this finding and will review its current inventory processes and procedures regarding the inventory of software and develop and implement changes to address the APA's concerns."

Monitoring of Cell Phones

Criteria: Section 3-117(c) of the General Statutes states that the commissioner of the Department Administrative Services shall charge the appropriation of any state agency, without certification by such agency, for expenses incurred by such agency for basic telephone service. However, the agency shall certify to that such services were provided to such agency not later than 30 days following notification of such charge.

Department of Administrative Services Bureau of Enterprise Systems and Technology (DAS/BEST) procedures require state agencies to verify monthly billing statements by returning the signed certification sheet and any exceptions within 30 days.

Condition: We reviewed 3 months of cell phone charge reports for timely approval and noted that reports were not reviewed by the end user nor approved by the supervisor, but rather batch-approved by the purchasing department.

- Effect:* The department was not in compliance with state procedures and statutory requirements concerning telecommunication services. Additionally, not verifying cell phone billing charges increases the risk that waste and abuse will occur and go undetected.
- Cause:* A new state cell phone system inadvertently resulted in DAS/BEST no longer transmitting the regular monthly reports to the Department of Correction for review and approval of charges.
- Recommendation:* The Department of Correction should strengthen internal controls to ensure compliance with state statutes and telecommunication procedures for monitoring and verifying cellular telephone charges. (See Recommendation 14.)
- Agency Response:* “The agency agrees with the finding. DOC has made modifications and improvements to its electronic cell phone review/approval system. Users are now sent an initial email indicating that their bill is available for review and a reminder email is sent out to any users and supervisors that have an outstanding bill as of the 23rd of each month. Once in the system, users are able to review the bill for accuracy and approval so that it can be routed to their supervisor/manager final approval. In addition to the work on the system, an agency-wide email was issued to reiterate state and department policy on the use and approval of state-issued cell phones and related bills.”

RECOMMENDATIONS

Our prior audit report on the Department of Correction contained 13 recommendations. Six have been implemented or otherwise resolved and 7 have been repeated or restated with modifications during the current audit. The following is a summary of the action taken on the prior recommendations.

Status of Prior Audit Recommendations

- **The Department of Correction should improve oversight over the enforcement of certain payroll and personnel procedures and practices.** We continued to note deficiencies in the various payroll areas; therefore, this recommendation will be modified and repeated to reflect our current findings. (See Recommendations 1-7)
- **The Department of Correction should continue to take appropriate action to comply with statutory and regulatory requirements regarding the establishment of an inmate discharge savings account program and the recovery of incarceration costs from inmates.** We continued to note a lack of compliance with statutory requirements regarding the establishment of an inmate discharge savings account program and the recovery of incarceration costs from inmates; the recommendation will be repeated. (See Recommendation 11)
- **The Department of Correction should ensure that the Correctional Industries Fund inventory reports reflect actual inventory value and are prepared in accordance with the State Comptroller's guidelines.** We continued to note issues regarding the balances reported for the Correctional Industries Fund; therefore, the recommendation will be modified and repeated. (See Recommendation 12)
- **The Department of Correction should review and maintain sufficient documentation to ensure the accuracy of payments to employees who also work for outside agencies.** We continued to note a lack of oversight over payments for educational and consulting services; therefore, the recommendation will be modified and repeated. (See Recommendation 9)
- **The Department of Correction and its Correctional Enterprises of Connecticut division should reconsider implementing the full services of the optical lab on the merits of its potential contributions to state revenue and to be consistent with the intent of Section 18-88 b of the General Statutes.** CEC terminated the optical lab upon the retirement of the licensed optician. The current contract used to satisfy optical needs is more cost efficient than the department reestablishing the lab; therefore, we will not repeat the recommendation.

- **The Department of Correction and its Correctional Enterprises of Connecticut division should develop clear program objectives and measurable performance standards for attaining its goals of engaging long-term inmates in constructive activity, and preparing inmates approaching near term release with sustainable job skills.** The department continues to review operations and make necessary changes in order to improve offender outcomes, operational efficiencies, and reduce costs. Due to the department's response, this finding will not be repeated.
- **The Department of Correction should establish procedures to ensure that terminated employees are immediately deactivated from access to the Core-CT system.** Corrective action was taken; therefore, the recommendation will not be repeated.
- **The Department of Correction should comply with state telecommunications procedures for monitoring and verifying cell phone charges.** We continued to note issues regarding the monitoring of cell phones; the recommendation will be modified and repeated. (See Recommendation 14)
- **The Department of Correction should modify the memorandum of agreement between DOC and University of Connecticut Health Center's Correctional Managed Health Care Division to explicitly recognize that it is a contractual relationship. Furthermore, DOC, as the contracting party, has the primary responsibility and authority to ensure that contract requirements are met.** We continued to note issues with the department's memorandum of agreement with the University of Connecticut Health Center's Correctional Managed Health Care Division; therefore, the recommendation will be modified and repeated. (See Recommendation 10)
- **The Department of Correction should comply with the State Property Control Manual by maintaining accurate inventory records, reporting missing equipment, and transferring obsolete or unusable equipment to the DAS State Property Surplus Unit.** Corrective action was taken; therefore, this recommendation will not be repeated.
- **The Department of Correction should segregate the recordkeeping and custody responsibilities of inmate property or institute supervisory controls that can mitigate the risk of weaknesses in the system whenever possible.** Due to corrective action taken by the department, this recommendation will not be repeated.
- **The Department of Correction should improve purchasing procedures to ensure compliance with Section 4-98 of the General Statutes.** We continued to note that purchase orders were not issued in a timely manner; the recommendation will be modified and repeated. (See Recommendation 8)
- **The Department of Correction should establish petty cash fund procedures to review all outstanding checks and determine their proper disposition in accordance with the State Accounting Manual.** The department has taken corrective action regarding outstanding checks; therefore, the recommendation will not be repeated.

Current Audit Recommendations

- 1. The Department of Correction should strengthen internal controls to ensure annual evaluations are completed in accordance with state personnel regulations and department policies.**

Comment:

Evaluations were either incomplete, untimely, or not on file for 19 out of 40 employees.

- 2. The Department of Correction should acquire and maintain acknowledgment of the policies governing the use of state computers and related technologies.**

Comment:

Forms acknowledging that employees were aware of state and agency computer use policies were not on file for 21 out of 40 employees tested.

- 3. The Department of Correction should strengthen internal controls to ensure proper authorization is obtained prior to the earning of compensatory time.**

Comment:

Compensatory time was not preapproved for 3 employees; 2 forms were completed 1 day after the end of the pay period in which time was earned, and the third was not dated when approved.

- 4. The Department of Correction should strengthen internal controls to ensure overtime records are maintained accurately and in accordance with department policies and bargaining unit contracts. DOC should retain the records until they are audited.**

Comment:

Documentation to support overtime was either missing or not properly completed for 5 out of 10 employees.

- 5. The Department of Correction should strengthen internal controls to ensure that medical certificates and FMLA documentation are submitted in accordance with statewide policies and procedures.**

Comment:

DOC could not locate documentation to support medical leave for 6 leaves of absence. The missing documentation included medical certificates and required FMLA forms.

- 6. The Department of Correction should strengthen internal controls to ensure that workers' compensation claims are supported by adequate documentation.**

Comment:

Six claims were not supported by properly completed workers' compensation documents; the deficiencies included incomplete information.

- 7. The Department of Correction should improve internal controls over the reporting and oversight of union leave time reporting.**

Comment:

We reviewed the Union Release Time / Union Business Leave forms supporting 40 instances in which union leave time was charged in full-day increments and noted that 40 forms were not signed by the union representative, 34 were not signed by the employee's supervisor, and 6 did not adequately document the case details. Additionally, due to the structure of the form, meeting times were not documented.

- 8. The Department of Correction should strengthen internal controls to ensure that purchase orders are issued in accordance with Section 4-98 of the General Statutes.**

Comment:

Ten blanket purchase orders, totaling \$17,697, were encumbered between 1 and 269 days after the department incurred the obligations.

- 9. The Department of Correction should strengthen internal controls over supporting attendance records to ensure the accuracy of payments to providers.**

Comment:

CREC time reporting procedures appear to circumvent sound business practice by not providing an accurate record of actual hours worked. Additionally, sign-in sheets were not available from 2 locations, 3 timesheets were missing employee or supervisor signatures, 4 timesheets did not exclude unpaid meal breaks, and 1 invoice was overstated by \$66.

- 10. The Department of Correction should enforce the existing memorandum of agreement between DOC and UCHC/CMHC and make certain that adequate controls are in place for the department to meet its primary responsibility and authority in ensuring that contract requirements are met and adequate health care is provided to inmates.**

Comment:

During our review of the memorandum of agreement (MOA), we noted a lack of a clear line of authority, vague contract terms, lack of measurable performance standards, and a lack of implementation of Medicaid guidelines and NCCHC accreditation.

While DOC has implemented a process to report issues with health care, a comprehensive quality control system that can reliably document, evaluate, and report health care services is not in place.

The minutes of the executive and management committees responsible for overseeing the MOA lack evidence of concerted oversight.

- 11. The Department of Correction should take appropriate action to comply with statutory and regulatory requirements regarding the establishment of an inmate discharge savings account program and the recovery of incarceration costs from inmates.**

Comment:

The department has not complied with statutory requirements prescribing that 10% be deducted from deposits made to inmate accounts to fund a discharge savings account program or to recover the costs of incarceration.

- 12. The Department of Correction should strengthen internal controls to ensure that asset management reports are complete, accurate, and adequately supported.**

Comment:

During our review of the DOC and Correctional Industries Fund asset management reports, we noted categories were not adequately reconciled, did not include all reportable amounts, and beginning balances did not correspond to amounts previously reported.

- 13. The Department of Correction should strengthen internal controls to ensure that software inventory records are maintained and reported in accordance with the State Property Control Manual.**

Comment:

The department was unable to provide a current software inventory.

- 14. The Department of Correction should strengthen internal controls to ensure compliance with state statutes and telecommunication procedures for monitoring and verifying cellular telephone charges.**

Comment:

Our review of 3 months of cell phone approval reports disclosed that batch approvals were being used, end users were not reviewing and certifying cell phone charges, and supervisors were not approving the bills.

ACKNOWLEDGEMENT

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Rebecca M. Balkun
Todd A. Clark
Sidney F. Gale
Audrey F. Kelliher
Jessica L. Landino
Brandon Martin
Nancy G. Niedzwiecki
Kathrien Williams
William T. Zinn

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Correction during the course of our examination.



Rebecca M. Balkun
Principal Auditor

Approved:



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor