

DEPARTMENT OF CORRECTIONS

COURT-ORDERED PAYMENTS

Operational Audit

For the Period July 2006 Through February 2009,
and Selected Actions Through June 2009



SECRETARY OF THE DEPARTMENT OF CORRECTIONS

The Department of Corrections is created by Section 20.315, Florida Statutes. The head of the Department is the Secretary, who is appointed by the Governor and subject to confirmation by the Senate. During the audit period, the following individuals served as Secretary:

Walter A. McNeil	From February 8, 2008
James McDonough	To April 17, 2008

The audit team leaders were Patricia Tindel, CPA, and David Ulewicz and the audit was supervised by Christi Alexander, CPA. Please address inquiries regarding this report to Nancy C. Tucker, CPA, Audit Manager, by e-mail at nancytucker@aud.state.fl.us or by telephone at (850) 487-4370 and Greg Centers, CPA, Audit Manager, by e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 487-9039.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF CORRECTIONS

Court-Ordered Payments

SUMMARY

This operational audit of the Department of Corrections (Department) focused on the administration of victim restitution, cost of supervision, and other court-ordered obligations of offenders. This audit covered the period July 2006 through February 2009, and selected actions through June 2009. Our audit disclosed the following:

UNDISBURSED PAYMENTS

Finding No. 1: The Department did not ensure that the amounts collected were timely disbursed to appropriate payees (e.g., victims, courts, State agencies) or when applicable, the General Revenue Fund.

ADMINISTRATIVE PROCESSING FEES

Finding No. 2: The Department had not adopted written procedures that described the circumstances under which administrative processing fees, used to offset the costs of collecting and distributing restitution and other court-ordered payments, were not to be collected.

ADDRESS AND DATABASE CHANGES

Finding No. 3: The Department did not always ensure that address and database changes were appropriately reviewed, approved, and supported.

MONITORING UNAUTHORIZED PAYEE INFORMATION CHANGES

Finding No. 4: The Department had not adopted procedures that facilitated the detection of unauthorized payee record changes.

OFFENDER FINANCIAL OBLIGATION AGREEMENTS

Finding No. 5: The Department did not always ensure that offender financial obligation agreements were timely completed and signed by offenders.

BACKGROUND

The Department operates under the provisions of Section 20.315 and Chapters 944, 945, 946, 948, and 958, Florida Statutes. The purpose of the Department is to protect the public through the incarceration and supervision of offenders and to rehabilitate offenders through the application of work, programs, and services. The Department's mission is to protect the public safety, ensure the safety of Department personnel, and provide proper care and supervision of all offenders under its jurisdiction while assisting, as appropriate, their reentry into society.

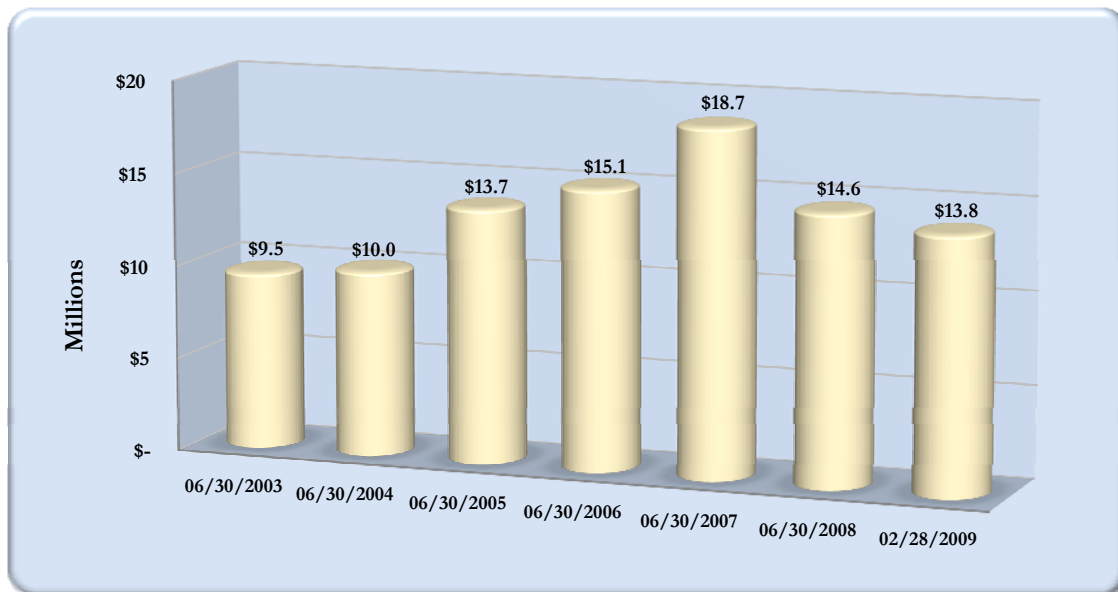
In addition to supervising the State's prison inmate population, the Department, as of June 2009, supervised over 158,000 offenders who had been placed under community supervision. To administer community supervision, the Department divides the State into four regions, each supported by a Regional Office. The Community Corrections Central Office, located in Tallahassee, provides support, direction, and operational oversight to all Regional Offices and field staff. The four regions are assigned particular judicial circuits and each region operates a number of Probation and Parole Field Service Offices that provide offenders with access for reporting to and meeting with their assigned officers. As of June 2009, the Department operated 156 such Offices.¹ EXHIBIT A shows the counties and judicial circuits within each of the four regions.

¹ Department Web site (www.dc.state.fl.us/facilities/comcor/index.html).

Since 1981, the Offender Based Information System (OBIS), maintained by the Department’s Office of Information Technology, has been the daily operations support tool and main repository of day-to-day and historical data on offenders supervised by the Department. OBIS is used to manage information on active inmates and offenders under community supervision. Over time, the functionality of OBIS has grown to include many ancillary applications that use data extracted from OBIS. One such application, the Court Ordered Payment System (COPS), was established by the Department in the 1990s to track the collection and payment of offender monetary obligations, such as those for victim restitution, fines, court costs, costs of supervision, and electronic monitoring fees, as imposed by the court or releasing authority.

Upon receipt of remittances from the offenders, the amounts collected are deposited in a demand deposit account and recorded in the Court Ordered Payment Clearing Fund (Clearing Fund). Checks are then to be drawn on this account to pay the offender obligations of record. Chart 1 shows the year-end cash and investment balances of the Clearing Fund for the 2002-03 through the 2007-08 fiscal years and at the end of the audit period, February 28, 2009.

Chart 1
Undisbursed Balances
Court Ordered Payment Clearing Fund



Source: FLAIR, Court Ordered Payment Clearing Fund, totals in cash and investment accounts.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Undisbursed Payments

Pursuant to State law, an inmate, probationer, or offender in community control may be required by court order to make restitution to the victim or aggrieved party for the damages or losses caused by the offense.² As part of our audit, we determined that approximately \$13 million paid by offenders pursuant to court-order (69,306 offender accounts) had not been disbursed as of January 15, 2009, to the designated beneficiaries. From these amounts, we selected for further testing 72 offender accounts showing the largest amounts of collected, but unremitted payments,

² Sections 945.091(6)(a), 946.002(2)(b), and 948.03(1)(e), Florida Statutes.

based on activity recorded in COPS through February 28, 2009. The objective of our tests of these accounts was to determine whether the amounts deposited by offenders were being timely disbursed to the designated beneficiaries and in accordance with governing laws. Our audit disclosed the following:

- For 31 of the 72 offenders, undisbursed payments totaling \$356,920 had been held beyond the normal processing times, typically 5 working days, according to Department procedures.³ As shown in Table 1, the number of days between the first undisbursed payment and the end of the audit period ranged from 80 to 4,316 days. In response to our audit inquiries regarding the undisbursed balances for the 31 offenders, the Department provided a timeline of actions taken to resolve each account. Many timelines showed long periods of inactivity and depicted the failure of staff to properly investigate and resolve issues that were preventing the disbursement of the amounts due. As of June 19, 2009, subsequent to our audit inquiry, the Department had disbursed \$204,160 of the \$356,920 (57 percent), in undisbursed funds tested.

³ Any payment in the amount of \$1,000 or more is placed in an on-hold status for ten working days by the Department before disbursement occurs to ensure payment viability.

Table 1
Undisbursed Payments

Offender	Amount Undisbursed as of 02/28/2009 (in dollars)	Amount Disbursed as of 06/19/2009, Subsequent to Audit Inquiry (in dollars)	Date Range Undisbursed Payments Received		Number of Days From Receipt of First Undisbursed Payment as of 02/28/2009	Offender Under Supervision as of 02/28/2009
			From	To		
1	\$ 40,698	\$ 40,698	09/17/2003	01/17/2007	1,991	No
2	31,581	-	03/13/2006	03/13/2006	1,083	No
3	26,095	-	05/06/1997	02/10/2009	4,316	Yes
4	20,670	20,670	02/08/2005	01/19/2007	1,481	No
5	20,000	-	08/13/2007	11/29/2007	565	Yes
6	18,020	-	12/19/2005	06/02/2006	1,167	No
7	17,332	-	01/30/2001	02/26/2009	2,951	Yes
8	15,447	14,560	03/26/2007	03/26/2007	705	No
9	14,839	14,839	02/06/2007	02/04/2009	753	Yes
10	14,085	12,992	12/10/2008	12/10/2008	80	No
11	11,822	-	09/15/2006	09/15/2006	897	No
12	11,574	11,574	10/01/2008	10/01/2008	150	Yes
13	10,834	-	11/16/1999	11/16/1999	3,392	No
14	10,097	10,097	04/19/2007	04/19/2007	681	No
15	8,221	8,221	10/23/2006	10/23/2006	859	No
16	8,103	8,103	06/30/2008	07/10/2008	243	No
17	7,753	7,753	06/23/2008	06/23/2008	250	No
18	7,619	7,619	10/12/2007	10/12/2007	505	No
19	5,986	5,986	10/05/2006	11/13/2006	877	No
20	5,956	-	04/20/2004	12/17/2004	1,775	No
21	5,183	5,183	04/05/2006	12/14/2007	1,060	Yes
22	5,686	5,686	07/30/2007	07/30/2007	579	No
23	5,533	5,533	01/05/2005	04/02/2007	1,515	No
24	5,257	5,257	08/21/2006	08/21/2006	922	No
25	4,820	4,820	12/05/2008	12/05/2008	85	No
26	4,682	4,682	10/08/2004	09/29/2006	1,604	No
27	4,635	-	01/04/2007	01/04/2007	786	No
28	4,623	4,623	08/17/2007	08/17/2007	561	No
29	4,570	65	04/10/2008	05/12/2008	324	No
30	4,514	4,514	07/20/2007	12/24/2008	589	Yes
31	685	685	01/18/2007	01/18/2007	772	Yes
Totals	\$356,920	\$204,160				

Source: COPS.

- State law authorizes the Department to deposit or transfer into the General Revenue Fund offender funds that are not claimed within one year after supervision is terminated, victim restitution payments that are not claimed within one year after the offender’s supervision is terminated, and payments that cannot be identified and are not claimed within one year after they are received.⁴ We found that the Department did not routinely analyze undisbursed payments to determine those that should be transferred. For example, for one “unidentified” account, COPS showed that 14 transactions totaling \$4,220 were received on January 10, 2007. According to Department staff, cash receipts were designated as unidentified if received through the mail without information identifying the offender to whose account the funds should be credited. As of February 28, 2009, the \$4,220 in unidentified receipts, although held for over one year, had not been transferred to the General Revenue Fund, as provided by law.

⁴ Section 945.31, Florida Statutes.

The most compelling reason for ensuring the timely disbursement of court-ordered payments is to provide restitution to victims as quickly as possible. Additionally, for ex-offenders for whom supervision has been terminated, all required victim restitution must be paid as a condition of the restoration of an ex-offender’s civil rights.⁵ The Department’s failure to adequately monitor and promptly and accurately record and disburse court-ordered payments could potentially impact decisions relating to the restoration of civil rights to ex-offenders.

Recommendation: To ensure that funds are timely disbursed to appropriate payees (e.g., victims, courts, State agencies) or transferred to the General Revenue Fund when appropriate, we recommend that the Department enhance procedures to ensure that there is sufficient and timely monitoring and follow up on undisbursed payments. In addition, we recommend that the Department analyze existing undisbursed payments to identify offender funds that were not claimed within one year after supervision was terminated, victim restitution payments that were not claimed within one year after the offender’s supervision was terminated, and payments that were not identified and claimed within one year after they were received. Amounts so identified should be considered for deposit or transfer to the General Revenue as provided by law.

Finding No. 2: Administrative Processing Fees

State law provides that the Department may collect from persons in its custody or under its supervision, an administrative processing fee in an amount equal to 4 percent of the gross amounts of victim restitution and other court-ordered payments to help offset the cost of the Department’s services.⁶ A court order may, however, specify that the fee is not to be collected.

Our tests and analysis of available documentation disclosed that, even in the absence of a court order prohibiting the Department’s collection of the 4 percent administrative processing fee, the Department did not always collect the fee. In response to our audit inquiry, Department staff stated that the statutory authorization to collect the administrative fee is permissive and not mandatory, and the Department, therefore, made a policy decision to forego the administrative fee in some situations in order to prioritize the payment of amounts due victims and other court-ordered costs. However, Department staff were unable to provide documentation of this policy decision or any written procedures that delineate the circumstances under which the administrative processing fee is to be collected or not collected.

As shown in Table 2, according to Department records, administrative processing fees collected for the audit period totaled approximately \$8.4 million. However, our analysis showed that collections could have potentially reached \$8.9 million had such fees not been waived by either court order or the Department.

Table 2
4 Percent Administrative Processing Fee
for the Period July 1, 2006, Through February 28, 2009

Court-Ordered Payments Collected	Administrative Processing Fee Actually Collected	Administrative Processing Fee That Could Have Been Collected	Difference Between Actual and Potential Collections
\$233,217,307	\$8,427,097	\$8,974,202	\$547,105

Source: COPS.

⁵ Rules of Executive Clemency.

⁶ Section 945.31, Florida Statutes.

While we agree that the collection of the administrative processing fee is not mandatory, the absence of written policies and procedures that describe the circumstances under which the administrative processing fee should be waived could result in an arbitrary application of Department policy and the loss of potential revenue.

Recommendation: The Department should develop specific written policies and procedures that describe the circumstances under which the administrative processing fee should not be collected.

Finding No. 3: Address and Database Changes

For various reasons it may become necessary to change or update offender or payee accounts or other information within COPS. For example, a payee's address may need changing or it may be necessary to transfer balances or otherwise modify offender account details. Department procedures required that prior to a criminal justice information technician (CJIT) making any entries or adjustments to offender or payee accounts, a change form was to be prepared, signed, and dated by the requesting probation officer and approved by the probation officer's supervisor. After input, the CJIT was to return the initialed and dated change form to the probation officer for verification and approval of the COPS changes.

For those instances in which a check was returned to the Department as undeliverable, Department procedures also required that the payee's account be placed in deferred status, effectively stopping all payments, and a probation officer investigate why the payment was returned. Once the investigation was completed and a payee address change was obtained and validated, the probation officer was to prepare the change form to be processed as noted above. After the payee's record and address were updated in COPS, payments were to be resumed.

As summarized in Table 3, our tests of 132 payee address changes recorded in COPS during the period March 1, 2008, through February 28, 2009, disclosed that at some Probation and Parole Field Service Offices, there was often little or no supporting documentation available to support the changes made. For each address change, we reviewed the Department's offender file at the applicable Probation and Parole Field Service Office to determine whether documentary evidence supported that:

- The notification of the need for an address change was retained (Column A);
- The probation officer investigated and determined the validity of the requested address change (Column B);
- The change was approved by the probations officer's supervisor prior to COPS input (Column C); and
- The change was verified and approved by the probation officer after COPS input (Column D).

Table 3
Payee Address Changes

	Number of Payee Address Changes Tested	(A) Notification of Address Change Not Documented	(B) Investigation Not Documented	(C) Supervisory Approval Not Documented	(D) Verification and Approval of Change Not Documented
<i>Region I</i>					
Shalimar	15	2	2	2	2
Live Oak	14	4	4	5	4
St. Augustine	8	1	1	1	3
Panama City West	13	4	6	6	8
<i>Region II</i>					
Vero Beach	13	2	7	-	8
<i>Region III</i>					
Tarpon Springs	13	2	1	4	7
New Port Richey	13	-	-	-	9
<i>Region IV</i>					
Miami Hialeah	15	2	6	3	13
Miami Lakes	13	-	2	2	6
Plantation	15	3	6	7	8
Totals	132	20	35	30	68

Our review of 97 other database changes (for example, modifications to account detail, claim numbers, and balance transfers) made during the period March 1, 2008, through February 28, 2009, disclosed similar deficiencies as those noted for payee address changes in that some Probation and Parole Field Service Offices had little or no supporting documentation available to demonstrate that Department procedures were followed. The results of our tests of these changes are summarized in Table 4. For each database change, we reviewed the Department’s offender file at the applicable Probation and Parole Field Service Office to determine whether documentary evidence supported that:

- The change was approved by the probation officer’s supervisor prior to COPS input (Column A); and
- The change was verified and approved by the probation officer after COPS input (Column B).

**Table 4
Other Database Changes**

	Number of Other Database Changes Tested	(A) Supervisory Approval Not Documented	(B) Verification and Approval of Change Not Documented
<i>Region I</i>			
Shalimar	10	8	2
Live Oak	9	-	-
St. Augustine	10	4	6
Panama City West	9	1	7
<i>Region II</i>			
Vero Beach	9	-	-
<i>Region III</i>			
Tarpon Springs	10	4	4
New Port Richey	10	1	10
<i>Region IV</i>			
Miami Hialeah	10	2	3
Miami Lakes	10	4	3
Plantation	10	-	2
Totals	97	24	37

Absent documentation demonstrating the approval of address and other COPS database changes, management has reduced assurance that Department procedures are being followed, only authorized changes are made, and unauthorized changes are timely detected. Unauthorized changes or actions may lead to errors and fraud that may not be subject to timely detection.

Recommendation: We recommend that the Department ensure that address and other COPS database changes are afforded appropriate management oversight and that established policies and procedures regarding the review and approval of these changes are followed.

Finding No. 4: Monitoring Unauthorized Payee Information Changes

Although Department-established procedures for making changes to payee information in COPS provided for a documented supervisory review, such procedures were not always followed, as noted in finding No. 3. Additionally, our audit disclosed that COPS did not systematically alert management to such changes, thereby reducing management’s ability to monitor and detect unauthorized changes.

Specifically, in order to perform their job duties, certain Department employees, such as probation specialists at intake and CJITs, must have the ability to update payee information within COPS. However, when payee information was changed in COPS, a corresponding record of changes, such as an edit report, was not generated for management’s review. Under such conditions, there is an increased risk that unauthorized changes could be made and remain undetected. For example, a CJIT or probation specialist could potentially divert restitution payments by providing an address accessible to the CJIT or probation specialist, rather than a valid address for the payee. As payees may not know when to expect to receive a restitution payment, misdirected payments would likely escape the notice of the payee, as well as Department personnel, for extended periods.

Recommendation: We recommend that the Department modify COPS to provide edit reports that show all changes made to payee information. Additionally, in an effort to identify unauthorized changes, Department procedures should designate responsibility for timely reconciling the edit reports to change forms.

Finding No. 5: Offender Financial Obligation Agreements

To ensure that the offender is aware of court-ordered financial obligations (restitution, court costs, and cost of supervision), Department procedures required that an Offender Financial Obligation Agreement (OFOA) be reviewed with and provided to the offender by the probation officer within 30 calendar days of intake, unless the deadline was extended by the probation officer’s immediate supervisor. The offender was to sign and date the OFOA; the original was to be retained in the offender file; and a copy was to be provided to the offender.

Our tests of the timeliness of OFOA execution disclosed that 75 of 193 OFOAs we tested (39 percent) were not signed by the offender within 30 calendar days of intake, as shown in Table 5.

**Table 5
OFOAs Not Signed Within 30 Calendar Days of Intake**

Probation and Parole Field Service Office	Offender Files Tested	1 to 30 Days Late	31 to 60 Days Late	61 to 90 Days Late	91 or More Days Late ^a
Region I					
Shalimar	20	-	-	-	-
Live Oak	18	7	-	2	1
St. Augustine	18	5	2	-	-
Panama City West	20	5	3	-	1
Region II					
Vero Beach	20	2	-	-	-
Region III					
Tarpon Springs	20	8	1	-	2
New Port Richey	20	6	3	2	-
Region IV					
Miami Hialeah	18	4	3	-	-
Miami Lakes	19	5	2	-	-
Plantation	20	3	1	1	6
Totals	193	45	15	5	10

^a Days late ranged from 94 to 585 days.

In response to our audit inquiry, Department staff indicated that in many instances the court orders were not available within 30 days and, therefore, immediate supervisors extended the 30-calendar day requirement. However, Department records indicating supervisory approval of the time extensions were not available. Without timely notification to the offender of his or her financial obligations, court-ordered payments may be delayed.

Recommendation: The Department should strengthen management oversight to better ensure staff compliance with established procedures requiring that OFOAs be completed and signed by the offenders within 30 days of intake.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida’s citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on the court-ordered payments of offenders. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management’s control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To evaluate management’s performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the period July 1, 2006, through February 28, 2009, and selected actions through June 2009. In conducting our audit, we performed audit procedures at the Central Office in Tallahassee and at ten Probation and Parole Field Service Offices located throughout the State as shown in Table 6.

**Table 6
Probation and Parole Field Service Offices Included in Audit**

Judicial Circuit	Office
<i>Region I</i>	
Circuit 01 - Pensacola	Shalimar
Circuit 03 - Lake City	Live Oak
Circuit 07 - Daytona	St. Augustine
Circuit 14 - Panama City	Panama City West
<i>Region II</i>	
Circuit 19 - Fort Pierce	Vero Beach
<i>Region III</i>	
Circuit 06 - Clearwater	Tarpon Springs New Port Richey
<i>Region IV</i>	
Circuit 11 - Miami	Miami Hialeah Miami Lakes
Circuit 17 - Fort Lauderdale	Plantation

CENTRAL OFFICE (TALLAHASSEE)

- Interviewed Department personnel.

- Obtained an understanding of internal controls and observed, documented, and evaluated the effectiveness of key processes and procedures related to the collection and disbursement of court-ordered payments.
- Tested 60 victim restitution disbursements to determine whether the Department:
 - Gave victim restitution precedence over other court-ordered payments as required by Section 948.09(7), Florida Statutes.
 - Had a process to ensure that employment proceeds from applicable inmates working for PRIDE were accurately calculated.
 - Accurately recorded the victim restitution obligations and disbursements in COPS.
 - Made disbursements payable to the payees of record in authorized amounts.
- Tested 40 disbursements in payment of court-ordered obligations to determine whether the Department:
 - Accurately recorded the court-ordered obligations and disbursements in COPS.
 - Made disbursements payable to the payees of record in authorized amounts.
- Tested 12 weekly reconciliations between COPS and the corresponding bank accounts to evaluate the effectiveness of Department reconciliation procedures.
- Reviewed the access profiles for employees granted access to COPS to determine whether the access privileges were appropriate based on the employees' assigned responsibilities.
- Performed various database analytics to evaluate the overall completeness and reliability of COPS data. Specifically, we:
 - Reviewed 72 offender accounts showing collected, but undisbursed payments to determine causes of remittance delays and current balances.
 - Compared COPS deposit and disbursement totals for the period July 1, 2002, through February 28, 2009, to determine the amount of undisbursed offender payments.
- Evaluated the Department's process for assessing the 4 percent administrative processing fee allowed by Section 945.31, Florida Statutes.
- Performed various other auditing procedures as necessary to accomplish the objectives of the audit.

PROBATION AND PAROLE FIELD SERVICE OFFICES

- Interviewed Department personnel.
- Obtained an understanding of internal controls and observed, documented, and evaluated the effectiveness of key processes and procedures related to court-ordered payments.
- Tested 200 court-ordered payments to determine whether such payments were collected as directed by court order and applicable laws, rules, and agreements; adequately safeguarded; timely deposited; and timely and accurately recorded in COPS.
- Tested 193 court-orders obtained from clerks of the circuit courts to determine whether the court-ordered obligations established by the courts were accurately and completely established in COPS.
- Tested 132 victim address changes to determine whether such changes made within COPS were made in accordance with Department policies and procedures.
- Tested 97 database changes to determine whether adjustments made to COPS information were authorized, explained, and supported in accordance with Department policies and procedures.
- Performed various other auditing procedures as necessary to accomplish the objectives of the audit.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

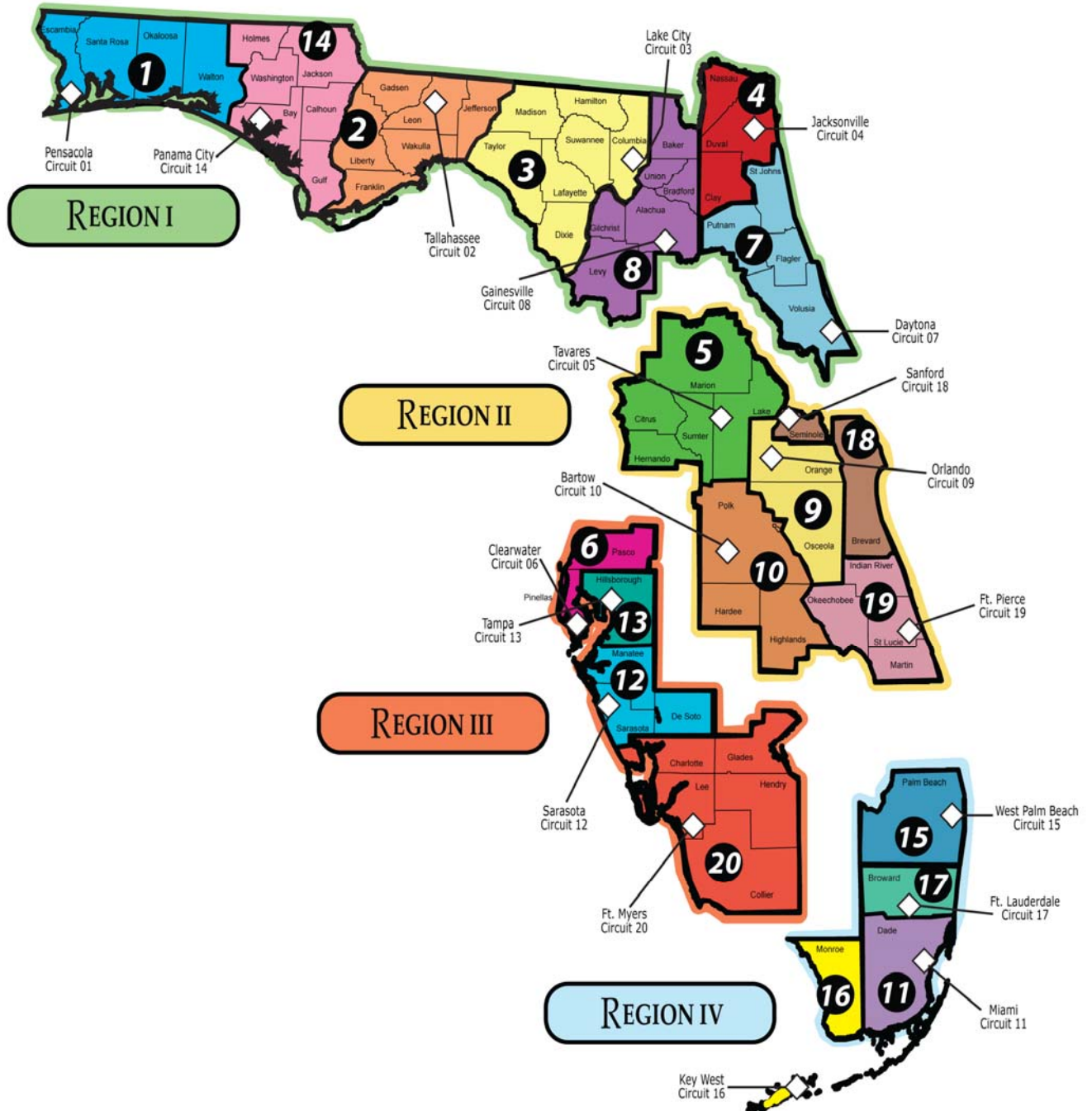


David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

In a response letter dated March 17, 2010, the Secretary of the Department concurred with our audit findings and recommendations. The Secretary's response is included as EXHIBIT B.

EXHIBIT A PROBATION AND PAROLE REGIONS AND JUDICIAL CIRCUITS



Source: Department records.

EXHIBIT B
MANAGEMENT'S RESPONSE



FLORIDA
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March 17, 2010

David W. Martin, CPA
Auditor General
Office of the Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

In accordance with section 11.45(4) (d), Florida Statutes, I am enclosing the Department's response to the preliminary and tentative findings and recommendations contained in the Operational Audit of the Department of Corrections' Court Ordered Payments.

This response reflects the specific action taken or contemplated to address the findings cited in your report.

Thank you for the opportunity to review and provide comments. If you have any questions or need additional information, please contact my office.

Sincerely,

Walter A. McNeil
Secretary

WAM/ps

Enclosure

cc: Bonnie Rogers, Chief of Staff
Richard D. Davison, Deputy Secretary
Gene Hatcher, Inspector General

EXHIBIT B
MANAGEMENT'S RESPONSE (CONTINUED)

**RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS,
OPERATIONAL AUDIT OF THE DEPARTMENT OF CORRECTIONS, COURT-
ORDERED PAYMENTS FOR THE PERIOD JULY 2006 THROUGH
FEBRUARY 2009, AND SELECTED ACTIONS TAKEN THROUGH JUNE 2009.**

UNDISBURSED PAYMENTS

Finding No. 1: The Department did not ensure that the amounts collected were timely disbursed to appropriate payees (e.g., victims, courts, State agencies) or when applicable, the General Revenue Fund.

Recommendation: To ensure that funds are timely disbursed to appropriate payees (e.g., victims, courts, State agencies) or transferred to the General Revenue Fund when appropriate, we recommend that the Department enhance procedures to ensure that there is sufficient and timely monitoring and follow up on undisbursed payments. In addition, we recommend that the Department analyze existing undisbursed payments to identify offender funds that were not claimed within one year after supervision was terminated, victim restitution payments that were not claimed within one year after the offender's supervision was terminated, and payments that were not identified and claimed within one year after they were received. Amounts so identified should be considered for deposit or transfer to the General Revenue as provided by law.

Agency Response:

To ensure that amounts collected are timely disbursed to appropriate payees (e.g., victims, courts, State agencies) and General Revenue unallocated, the Department has enhanced the Offender Based Information System (OBIS) to further automate and simplify COPS data entry to reduce exceptions and errors made in establishing payee accounts and payment disbursement. Additionally, reports have been developed to assist DC personnel in monitoring and following up on any undisbursed payments. Lastly, the Department is strengthening its training on COPS and OBIS including processes used to reduce the occurrence of exceptions.

We agree that during the time of the audit period the department was not analyzing undisbursed payments as frequently as we should based on competing workload demands; however, that process has changed and undisbursed payments are distributed to the Regions monthly with the expectation to place a focused effort on resolving the undisbursed funds. A new Court Ordered Payment System (COPS) management report was developed and implemented for each circuit to work exceptions weekly, including the account status and exception reason. Central Office also provides a weekly statewide COPS Undisbursed Funds Exception Summary via email to the Regional Directors and COPS Accounting to track progress made. Field staff's and COPS Accounting staff's actions in working exceptions have reduced the undisbursed funds reported by 37.41%.

EXHIBIT B
MANAGEMENT'S RESPONSE (CONTINUED)

ADMINISTRATIVE PROCESSING FEES

Finding No. 2: The Department had not adopted written procedures that described the circumstances under which administrative processing fees, used to offset the costs of collecting and distributing restitution and other court-ordered payments, were not to be collected.

Recommendation: The Department should develop specific written policies and procedures that describe the circumstances under which the administrative processing fee should not be collected.

Agency Response: *Concur. General Practices Section I. F., in the COPS operational manual, provides Community Corrections' procedures regarding the surcharge, which is established automatically by the COPS system for each offender account and only manually changed when the court orders the surcharge to be waived. The Department will ensure Community Corrections and Institutional staff are following the same procedures regarding surcharge by including surcharge as a training topic during future COPS training sessions.*

ADDRESS AND DATABASE CHANGES

Finding No. 3: The Department did not always ensure that address and database changes were appropriately reviewed, approved, and supported.

Recommendation: We recommend that the Department ensure that address and other COPS database changes are afforded appropriate management oversight and that established policies and procedures regarding the review and approval of these changes are followed.

Agency Response: *Concur. The volume of COPS accounts and daily maintenance required to ensure efficient and timely collections, processing, and disbursement of funds is becoming increasingly difficult to manage. In fiscal year 08/09 alone there were over two million changes to existing COPS accounts entered in the system. Each of these changes to existing accounts require supervisory review and approval and officer review of data entry. The Department will review its processes and procedures to ensure the required documentation supporting the need for a change to an account are being approved, printed and maintained in the offender file.*

EXHIBIT B
MANAGEMENT'S RESPONSE (CONTINUED)

MONITORING UNAUTHORIZED PAYEE INFORMATION CHANGES

Finding No. 4: The Department had not adopted procedures that facilitated the detection of unauthorized payee record changes.

Recommendation: We recommend that the Department modify COPS to provide edit reports that show all changes made to payee information. Additionally, in an effort to identify unauthorized changes, Department procedures should designate responsibility for timely reconciling the edit reports to change forms.

Agency Response: Partially concur. *The COPS Operational Manual requires supervisors to review and approve edits to accounts including address changes.*

OFFENDER FINANCIAL OBLIGATION AGREEMENTS

Finding No. 5: The Department did not always ensure that offender financial obligation agreements were timely completed and signed by offenders.

Recommendation: The Department should strengthen management oversight to better ensure staff compliance with established procedures requiring that OFOAs be completed and signed by the offenders within 30 days of intake.

Agency Response: Partially concur. *Most OFOAs are signed within the 30 day requirement. However, often delays occur outside the control of the department, including delays in receiving court orders and victim restitution information.*

The COPS Manual section regarding OFOAs will be revised to address changes in the OFOA process and pending OBIS changes, including exceptions to the 30 day requirement, including additional time for staff to receive restitution information from the state attorney (if not determined at time of sentence) and to allow for offenders who are in jail when sentenced to report probation upon release. The manual will also be revised to require the offender to sign only one OFOA at the beginning of supervision.