

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS -
CORRECTIONS SERVICES
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED JULY 2, 2014

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 25, 2014

**DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS - CORRECTIONS SERVICES
STATE OF LOUISIANA
Baton Rouge, Louisiana**

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Public Safety and Corrections - Corrections Services (Corrections Services) for the period from July 1, 2013 through June 25, 2014.

- Our auditors obtained and documented an understanding of Corrections Services' operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to Corrections Services.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using Corrections Services' annual fiscal reports and/or system-generated reports and obtained explanations from management for any significant variances. We also scheduled the current fiscal year expenditures per state correctional facilities as of April 2014 for informational purposes.
- Based on the documentation of Corrections Services' controls and our understanding of related laws and regulations, our auditors performed procedures on cash, inventory, movable property, probation and parole fee collections, payroll expenditures, non-payroll expenditures (FuelTrac, prisoner health care payments, and sheriff's housing), and IT user controls.
- Our procedures determined that Corrections Services had adequate controls over the areas tested and complied with appropriate laws, except in the area of property control.

The Annual Fiscal Reports of Corrections Services were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. Corrections Services' accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, the following significant findings are included in this report for management's consideration:

Sensitive Items Reported as Unlocated

Twelve weapons and 39 bulletproof vests were identified as unlocated during our review of Corrections Services' most recent Annual Property Certifications.

Facility/Budget Unit	Unlocated Weapons	Unlocated Bulletproof Vests
Probation and Parole	12	16
Dixon Correctional Institute	0	9
LA Correctional Institute for Women	0	5
Wade Correctional Center	0	5
LA State Penitentiary	0	3
Hunt Correctional Center	0	1

The Division of Probation and Parole's 2013 certification listed 12 weapons and 16 bulletproof vests as unlocated from fiscal year 2010 to fiscal year 2013. One weapon and nine bulletproof vests were removed from the property records because they had not been located for three consecutive years. Seven of the remaining 11 weapons were reported as unlocated in 2011.

The Dixon Correctional Institute's 2014 certification listed nine bulletproof vests as unlocated from fiscal year 2011 to fiscal year 2014. One bulletproof vest was removed from the property records because it had not been located for three consecutive years.

Weapons and bulletproof vests should be adequately monitored to safeguard against loss or theft and an emphasis should be placed on locating these items reported as unlocated to prevent improper use.

Management should devote additional efforts to locating weapons and bulletproof vests reported as unlocated. Management concurred with the number of sensitive items listed in the report and provided a corrective action plan. In addition, management noted the total inventory of sensitive items is 5,261 and the finding represents 51 reported instances of unlocated items over a four-year period (see Appendix A, pages 1-6).

Misappropriations Not Reported

Corrections Services does not have procedures in place to notify the legislative auditor and the district attorney of misappropriations as required by Louisiana Revised Statute (R.S.) 24:523. Failure to report misappropriations impairs a timely response to control weaknesses by the auditor and could delay potential prosecution of the guilty parties. In addition, the failure places Corrections Services in noncompliance with state law.

While reviewing Corrections Services' annual property certifications, we identified three separate incident reports with local law enforcement offices between November 2012 and February 2013 involving three firearms, a bulletproof vest, miscellaneous equipment, and bullets. None of these thefts were reported as required by R.S. 24:523. The reported values of the firearms and bulletproof vest totaled approximately \$1,400.

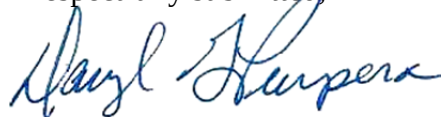
Management should ensure that policies and procedures are established that require the reporting of any misappropriations of public funds or assets to the legislative auditor and the local district attorney in accordance with state law. Management did not concur with the finding noting that the items listed were not the result of an intentional act of misuse by a representative of the department and, therefore, the department does not believe the assets to have been misappropriated. However, management provided a corrective action plan (see Appendix A, page 7).

Additional Comments: The language in R.S. 24:523 refers to any misappropriation and does not limit misappropriations to only those committed by a public employee. We consider the theft of public funds or assets, regardless of who committed the theft, to be a misappropriation that should be reported in accordance with the statute.

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of Corrections Services. The nature of the recommendations, their implementation costs, and their potential impact on the operations of Corrections Services should be considered in reaching decisions on courses of action. The finding relating to Corrections Services' compliance with applicable laws and regulations should be addressed immediately by management.

Under Louisiana Revised Statute 24:513, this report is a public document and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

LMN:NM:EFS:THC:ch

APPENDIX A

Management's Corrective Action Plans and Responses to the Findings and Recommendations

BOBBY JINDAL
Governor



JAMES M. Le BLANC
Secretary

State of Louisiana

Department of Public Safety and Corrections

May 8, 2014

Daryl G. Purpera, CPA, CFE, Legislative Auditor
Louisiana Legislative Auditor's Office
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

This is in response to your letter of April 28, 2014 and a finding of "sensitive items reported as unlocated."

I concur that the number of unlocated sensitive items listed by unit in the report are correct. However, I want to clarify that due to the nature of the DPS&C's operations, our total inventory of sensitive items system-wide is 5,261. The finding represents 51 reported instances of unlocated items over a four year period; or 0.24%.

In response to the recommendations in the report, we have revised the Department's Property Regulation A-03-001 (attached), to require quarterly property audits of all sensitive items. These reports will be submitted to the Headquarters Office of Procurement and Contractual Review, which has oversight for property, based on a schedule that coincides with their annual property certification audits. On May 6, 2014, we met with staff responsible for property control functions at every unit and introduced the new policy requirements and effective dates during our year end Fiscal Services teleconference.

In addition, 28 of the 51 items were actually reported to local authorities and in instances where the items stolen are weapons, we report through the NCIC system to provide law enforcement identifying information on the weapons. We are researching options and resources to improve the ability of our Probation and Parole officers to secure weapons while in the field by using lock boxes in their vehicles. Probation and Parole officers are not uniformed law enforcement officers and are therefore often required to secure equipment in their vehicles. You will note that many of the stolen items were stolen from unmarked Probation and Parole vehicles, which essentially functions as their mobile office in some of the higher crime areas of our communities.

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The contact person for this corrective action is Ms. Melissa Steib, DPS&C Chief Fiscal Officer. If you have questions or would like to discuss this further, please feel free to contact us.

Sincerely,



James M. Le Blanc
Secretary

cc: Nicole W. Martin, CPA
Melissa Steib, Fiscal Officer

**STATE OF LOUISIANA
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
CORRECTIONS SERVICES**

**Department Regulation
No. A-03-001**



09 May 2014

**ADMINISTRATIVE
Fiscal
Asset Management**

1. **AUTHORITY:** Secretary of the Department of Public Safety and Corrections as contained in Chapter 9 of Title 36.
2. **REFERENCES:** La. R.S. 39:321 through 39:332 and R.S. 24:523; ACA Standards 2-CO-1B-08 (Administration of Correctional Agencies) and 3-4037 (Adult Correctional Institutions); Department Regulation Nos. A-02-001 "Employee Manual" and A-03-008 "Accounting Procedures."
3. **PURPOSE:** To state the Secretary's policy governing responsibility, procedures and documentation for the control of property, supplies and other assets.
4. **APPLICABILITY:** Deputy Secretary, Undersecretary, Chief of Operations, Regional Wardens, Wardens, Director of Probation and Parole, Director of Prison Enterprises and all employees responsible for the proper accounting and control of state property. Each Unit Head is responsible for ensuring that appropriate unit written policy and procedures are in place to comply with the provisions of this regulation.
5. **POLICY:** It is the Secretary's policy that the physical assets of the Department are properly accounted for in accordance with generally accepted accounting practices, which are also in compliance with guidelines issued by the Division of Administration.
6. **DEFINITION:**
 - A. **Property:** Equipment items, including donated property, with an acquisition cost or estimated fair market value at the time of donation valued at or exceeding the minimum value (\$1,000.00) established by the Division of Administration when detailed accountability becomes a requirement. All weapons, bullet proof vests, radios and animals are included, regardless of value.
 - B. **Unit Head:** The head of an operational unit, specifically, the Undersecretary, Warden, Director of Probation and Parole and Director of Prison Enterprises.

7. GENERAL:

- A. Each unit shall comply with the provisions of La. R.S. 39:321 through 39:332 to ensure proper accounting and control of all state properties. The Division of Administration's State Property Control Regulations are the official policies, procedures and regulations for accounting of movable property for all state agencies.
- B. The Louisiana Property Assistance Agency (LPAA) is responsible for the overall supervision of property inventory and control throughout the Department and conducts necessary visits and inspections to all units of the Department to ensure full compliance with state laws and regulations.
- C. No property of any unit shall be sold, transferred or assigned to any other agency without prior approval of the LPAA through the LPAA automated asset management system.

8. PROCEDURES:

- A. Departmental Property Control Manager/Unit Property Control Liaisons
 - 1) The Undersecretary shall designate a Departmental Property Control Manager who shall be responsible for reporting assets to the LPAA.
 - 2) Each Unit Head shall designate Unit Property Control Liaisons who shall be responsible for reporting to the Departmental Property Control Manager any changes in the status of property at the unit utilizing the LPAA automated asset management system.
- B. Custody and Control of Property
 - 1) Unit Heads shall delegate responsibility for custody and control of state property to the individual to whom the property is assigned.
 - 2) Any employee failing to adhere to the state property control system by moving or allowing the movement of any property without proper authority may be subject to disciplinary action pursuant to Department Regulation No. A-02-001 "Employee Manual."
- C. Acquisitions
 - 1) The Unit Property Control Liaison shall report property acquisitions to the LPAA in accordance with State Property Control Regulations.

- 2) A Unit Head may only accept donated property, whether from individuals or other government entities, following written approval from the Undersecretary.
- 3) Reporting requirements outlined in the State Property Control Regulations shall be adhered to.

D. Annual Inventory

- 1) All units shall conduct a thorough and complete annual inventory of property as required by State Property Control Regulations.
- 2) The Departmental Property Control Manager shall assist the Unit Property Control Liaisons in conducting an annual physical inventory of all property as required by State Property Control Regulations. Written statements shall be provided, when requested, as to the nature and circumstances surrounding any discrepancies.
- 3) The LPAA shall be notified by the Unit Property Control Liaison at least 30 days prior to the date the annual inventory is to begin.
- 4) Upon completion of the annual inventory, the Unit Property Control Liaison shall submit appropriate reports to the LPAA in accordance with procedures established by the LPAA.
- 5) Once the appropriate annual inventory reports have been submitted to the LPAA, the Unit Head shall submit a written report to the Undersecretary indicating the results of the inventory, along with an explanation of any discrepancies from the previous annual report.

E. Quarterly Audit of Sensitive Items

- 1) All sensitive items, including weapons, bullet proof vests and radios, shall be accounted for on a quarterly basis. Each unit will be notified by the Departmental Property Control Manager when a quarterly audit of sensitive items should be conducted in accordance with the unit's annual property certification audit.
- 2) A copy of the audit, including any unlocated items and/or unlocated sensitive items, shall be sent to the Unit Head and the Departmental Property Control Manager, with a copy to the Undersecretary.

F. Unaccounted For Property

- 1) Whenever a Unit Property Control Liaison has knowledge or reason to believe that any property of the unit has been lost, stolen, destroyed or is otherwise unaccounted for (including at the time of the annual inventory), the Unit Property Control Liaison shall immediately file an Unusual Occurrence Report with the Unit Head. The Unit Head shall provide immediate written notification of any and all property discrepancies to the Legislative Auditor and the unit's local District Attorney's Office, with a copy to the Undersecretary.
- 2) The incident shall be investigated and a local law enforcement agency notified as deemed appropriate by the Unit Head. A final report detailing the results of the investigation shall be submitted to the LPAA, with a copy to the Undersecretary.

G. Inventorying Supplies

Supplies shall be inventoried as required by unit procedures. A completed copy of the quarterly and annual inventory reports shall be submitted to the Office of Management and Finance, Director of Accounting Services, no later than 15 days following the end of the quarter or fiscal year, respectively. (See Department Regulation No. A-03-008 "Accounting Procedures" for additional information regarding supply inventory procedures).

H. State Owned Houses

The Unit Property Control Liaison shall conduct an annual inventory of staff houses in which state-owned property is contained and at such times as the houses are vacated.

s/James M. Le Blanc
Secretary

This regulation supersedes Department Regulation No. A-03-001 dated 11 December 2009.

BOBBY JINDAL
Governor



JAMES M. Le BLANC
Secretary

State of Louisiana

Department of Public Safety and Corrections

April 24, 2014

Daryl G. Purpera, CPA, CFE, Legislative Auditor
Louisiana Legislative Auditor's Office
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

This is in response to your letter of April 14, 2014.

The Department does not concur with the finding of "Misappropriations Not Reported." The items listed on the attached police reports were at no time the result of "intentional" act of misuse by a representative of the DPS&C. Due to the fact that the police reports were filed in a timely manner, and no internal act of wrong doing was implicated in the reports, the Department does not believe the assets to have been "misappropriated."

Concerning your recommendations, your review stated, *"Management should ensure policies and procedures are established that ensure any misappropriations of public funds or assets are immediately reported in writing to the legislative auditor and the local district attorney as required by state law."* In an effort to ensure compliance we are in the process of adding R.S. 24:523 to the Department's Property Regulation. All units' Administrative Directors have been notified by email to inform their staff members as to the Department's obligations relating to the statute. Headquarters purchasing staff will also continue to train unit staff on the Asset Management system and all related policies and procedures, with an additional follow-up discussion to be held on May 6th, as part of our annual year end teleconference training with all DPS&C units. As such, effective immediately, when the Department experiences situations where assets are stolen or misappropriated, there will be a procedure in place to ensure proper notifications are done.

If you have questions or would like to discuss the proposed changes in controls, please feel free to contact my office at 225-342-1597.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Le Blanc".

James M. Le Blanc
Secretary

cc: Nicole Martin, Audit Manager

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