Susan Montee, JD, CPA
Missouri State Auditor

CORRECTIONS

Department of Corrections

September 2009

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YELLOW SHEET

Office of the
Missouri State Auditor
Susan Montee, JD, CPA

September 2009

The following report is our audit of the Department of Corrections.

Significant General Revenue Fund monies, exceeding $2 million annually, were used to subsidize correctional facility canteen operations. As discussed in our prior report, this may be in violation of statutory provisions requiring the costs of goods and other expenses to be paid by the canteen fund. In fiscal year 2004, the DOC began making reimbursements from the Inmate Canteen Fund (ICF) to the General Revenue Fund for the salaries of canteen managers, and these reimbursements totaled approximately $1.7 million for the 3 years ended June 30, 2008. However, significant additional expenses, including canteen manager fringe benefit expenses, civilian canteen employee salaries and benefits, inmate canteen worker wages, and various other operating expenses, are paid from General Revenue Fund monies without reimbursement. During the 3 years ended June 30, 2008, the ICF bank account balance has increased significantly and it appears funds are available to fully reimburse the General Revenue Fund for canteen related expenses without requiring an increase in canteen retail prices.

As noted in previous audits, the DOC continues to retain monies seized from offenders who escaped from supervision, as well as monies remaining from old unredeemed canteen coupons. During fiscal year 2007, the DOC began spending escapee monies. At June 30, 2008, the DOC was holding approximately $973,000 and $19,000 in escapee and coupon monies, respectively. It is unclear whether the DOC has statutory authority to retain and spend these monies. Although the DOC disagreed with the prior audit recommendations that any such monies remaining after financial obligations are met should be considered abandoned property and turned over to the State Treasurer's Office (STO) Unclaimed Property Section, department officials did not consult with the STO to confirm the accuracy of their understanding.

The Inmate Finance Office does not prepare financial reports of the ICF activities as required by department policy and statements of department-wide ICF activities are not provided to department management or the comptroller.

Inmate canteen operations need improvement. The DOC has implemented a centralized point-of-sale inventory system; however, about half of the canteens do not maintain perpetual inventory records on the system. Various concerns with expenditures from the ICF were noted. Expenditure approval was not always documented as required by DOC policy, and bids and price analyses were not always performed as required by DOC policy. There is minimal oversight over the use of interest monies earned on the ICF bank account and no policies relating to the interest monies have been established. Decisions regarding the disposition of these monies are made by the Inmate Finance Officer (IFO). The ICF earned interest totaling more than $1.6 million for the 3 years ended June 30, 2008, and the Interest Fund balance at June 30, 2008, was $983,655. As mentioned in our prior report, the DOC does not maintain centralized records of canteen capital assets and has not established sufficient procedures for monitoring canteen capital assets. The Canteen Operations Policy does not require periodic physical inventories be performed and the IFO has not established procedures to ensure canteen capital assets are tagged.

The DOC reimburses counties and the City of St. Louis more than $40 million each year for costs incurred in the prosecution and incarceration of defendants sentenced to imprisonment in the DOC, and the transportation of prisoners. Although detailed written procedures for reviewing the criminal cost billings have been established and are being followed, these procedures have not detected some significant billing errors that resulted in overpayments. Our review of 18 payments totaling approximately $5.7 million to St. Louis County during the period March 2007 to May 2008, identified 43 instances where the DOC improperly reimbursed the county for multiple billings for the same prisoners and dates resulting in overpayments totaling at least $44,118. In addition, the DOC has not established policies and procedures to periodically compare criminal cost billings to the certification of prisoner incarceration days and/or jail records and relies on a manual review process for paying thousands of claims each year. In addition, the DOC's interpretation of the state law for reimbursing counties and the City of St. Louis for transporting convicted offenders to reception and diagnostic centers may provide excess reimbursements for these services. Also, our review of some extradition reimbursements and the related supporting documents found DOC procedures need to address meal and lodging limits and include requirements for itemized receipts.

As noted in several prior audit reports, Missouri Vocational Enterprises (MVE) receipts are not always transmitted for deposit on a timely basis. A cash count determined the MVE was holding $153,968, some of which had been held up to 50 business days. In addition, we noted significant conderns with the records and procedures over monies collected in the MVE Store. Receipt records are poorly organized and lack proper documentation and controls. As a result, there is little assurance all monies collected were accounted for properly and transmitted to the Accounts Receivable Office.

Competitive bids/proposals were not solicited for fuel, attorney services, and physician services. The DOC and the Office of Administration, Information Technology Division need to improve procedures for monitoring cellular telephone usage. Some employee expense reimbursements appeared excessive and/or were not supported with adequate documentation of actual expenses incurred. The DOC may be paying more than necessary for meals provided to employees attending training.

The DOC has not established formal written policies and procedures regarding the handling of old Inmate Revolving Fund accounts receivable balances related to discontinued program fees.

The department's internal audit section is not fully independent of the activities it audits. Internal audit engagements are determined by department policy, without utilizing risk assessment procedures.

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SUSAN MONTEE, JD, CPA
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
George Lombardi, Director
Jefferson City, Missouri

We have audited the Department of Corrections. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2008, 2007, and 2006. 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 certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.

Our methodology included reviewing written policies and procedures, financial records, 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 are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 contract, 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with

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behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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 History, Organization, and Statistical Information 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.

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

Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

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

1. Inmate Canteen Funding

The Department of Corrections (DOC) uses significant General Revenue Fund monies to subsidize correctional facility canteen operations. This funding exceeded $2 million per year for the 3 years ended June 30, 2008. As discussed in our prior report, the use of General Revenue Fund monies for this purpose may be in violation of statutory provisions requiring the costs of goods and other expenses to be paid by the canteen fund.

The Inmate Canteen Fund (ICF) accounts for the purchase of goods and the sale of those goods to inmates through the inmate canteens located in each institution. The canteens stock and sell numerous products such as soda, tobacco products, hygiene items, snack foods, radios, and televisions. Profits from the canteen sales are designated for the use and benefit of the offenders through purchases of recreational, religious, or educational services. In recent years, canteen sales have exceeded $29 million each year. The Inmate Finance Office (IFO) manages the ICF which is held outside the state treasury. During the 3 years ended June 30, 2008, the ICF bank account balance increased significantly, from approximately $7.8 million at July 1, 2005, to approximately $15.3 million at June 30, 2008 (an average annual increase of $2.5 million).

Beginning in fiscal year 2004, the DOC began making reimbursements from the ICF to the General Revenue Fund for the salaries of 20 canteen managers. These reimbursements totaled approximately $595,400, $541,900, and $553,000 for fiscal years 2008, 2007, and 2006, respectively. However, there are additional expenses paid from General Revenue Fund monies that are not reimbursed, including:

- Fringe benefit expenses associated with the salaries of 20 canteen managers. These expenses totaled approximately $200,000 per year for fiscal years 2008, 2007, and 2006.
- Salaries and benefits associated with additional civilian canteen employees. These expenses totaled more than $1.6 million during fiscal year 2008 for 40 full-time and 7 part-time employees.
- Inmate canteen worker wages totaling approximately $265,400, $252,800, and $193,100 for fiscal years 2008, 2007, and 2006, respectively.
- Other operating expenses, such as utility costs, space utilization, IFO administrative costs, etc., which are more difficult to identify to the canteens.

The ICF was established under Section 217.195, RSMo, which includes the requirement that, "The acquisition cost of goods sold and ***other expenses*** [*emphasis added*] shall be paid from this account." Based on this statutory language, it appears the operational costs related to the canteens should be paid from the earnings from canteen sales. In addition, considering the annual increases in the ICF's cash and investment balance, funds appear to be available to fully reimburse the General Revenue Fund for salary and fringe benefit expenses without requiring an increase in canteen retail prices.

Department officials believe some subsidization of ICF operating expenses is warranted because the canteens discharge major DOC constitutional obligations to provide inmates with the basic necessities of life as well as access to the courts through writing supplies and stamps. Further, officials believe offering certain items for purchase in the canteens may reduce DOC operating costs. For example, fewer corrections officers are needed to supervise those inmates who choose to stay in their cells to watch televisions purchased at the canteens instead of going to the recreation areas.

However, DOC officials have not quantified the costs of the constitutional obligations and/or the extent of savings to the department due to the canteen operations and compared these amounts to the overall General Revenue Fund subsidy of the canteen operations. Officials also indicated, and we acknowledge, that some costs which are not tracked by specific function, such as utilities and administrative costs of the IFO, are difficult to identify to the canteens.

The DOC should discontinue the practice of subsidizing the ICF with General Revenue Fund appropriations. All operating costs of the ICF activities should be determined, and reimbursed to the appropriate fund. Any adjustments to the reimbursements for departmental savings or costs related to constitutional obligations should be supported by sufficient analysis and documentation.

WE RECOMMEND the DOC discontinue the practice of subsidizing the operations of the ICF with General Revenue Fund appropriations and reimburse the state's General Revenue Fund as appropriate.

AUDITEE'S RESPONSE

The Department partially concurs with this recommendation. The ultimate outcome of any computations will not be exact (as acknowledged by the auditors), but rather an estimate based upon a number of factors that are constantly changing. This approach appears to be contrary to the premise that reimbursing the General Revenue Fund should be based on actual costs. Nonetheless, the DOC will endeavor to establish a methodology to reimburse the General Revenue Fund and will regularly review and adjust this methodology.

It should be noted that any expenditures redirected from the ICF to reimburse the General Revenue Fund also diminishes ICF available "for the benefit of offenders in the improvement of recreational, religious, or educational services." If sufficient ICF funds are not available for these services, the DOC would request General Revenue Funds to augment funding for these services.

2. Funds Held Outside the State Treasury and Financial Reporting

The DOC has confiscated over $1 million from offenders who escaped or absconded from supervision, and has spent some of these monies while retaining some for future uses. Unredeemed coupon monies totaling over $19,000 have been held without any disposition by the department. In addition, financial reporting procedures for the ICF are not sufficient.

The DOC maintains two significant funds, the Inmate Account Fund (IAF) and the ICF, outside the state treasury. Since these funds are held outside the state treasury, there is less oversight and the internal controls applicable to these funds are the responsibility of the department. The DOC receives monies for and from offenders, and these monies are accounted for in the IAF where each offender has an individual account that functions much like a bank account. For the 3 years ended June 30, 2008, more than $30 million in offender monies were processed through this fund annually and the fund balance totaled approximately $3.1 million at June 30, 2008. As described in Management Advisory Report (MAR) finding number 1, the ICF accounts for canteen activities at each of the institutions. More than $29 million in canteen sales were processed through this fund annually and the fund balance totaled approximately $15.3 million at June 30, 2008.

A. As noted in previous audits, the DOC continues to retain monies seized from offenders who escaped or absconded from supervision as well as monies remaining from old unredeemed canteen coupons. During fiscal year 2007, the DOC began spending escapee monies. However, it is unclear whether the DOC has statutory authority to retain and spend these monies. At June 30, 2008, the DOC was holding approximately $973,000 and $19,000, in escapee and coupon monies, respectively.

- Escapee monies consist of funds held by the DOC in inmates' accounts at the time of their escape, less withholdings for certain inmate obligations such as court ordered obligations and child support. At June 30, 2008, escapee monies totaling approximately $640,000 were held in the IAF. In addition, during fiscal years 2007 and 2008, the DOC transferred a total of $500,000 in escapee monies from the IAF to the ICF to fund various computer upgrades and purchase equipment for the IFO. As of June 30, 2008, approximately $167,000 had been spent, resulting in an unspent balance of approximately $333,000. There was no supporting documentation regarding the approval of the transfer and/or use of the escapee monies. According to DOC personnel, the transfer and subsequent expenditures were verbally authorized by the department's Deputy Director and Comptroller.

- For more than 9 years, the DOC has held over $19,000 in the ICF related to canteen coupons that were sold, but never redeemed by the inmates for various reasons, such as losing the coupons or leaving the institution. The department is unable to identify the inmates who did not spend the coupons. The department has not spent any of these coupon monies.

The confiscation and retention of the escapee monies and failure to dispose of unredeemed coupon monies was addressed in our previous audit reports. We recommended the DOC follow guidance provided in Chapter 447, RSMo, and transmit both escapee monies remaining after any financial obligations (such as court ordered obligations, child support, and costs of incarceration) have been met, as well as the unredeemed coupon monies to the State Treasurer's Office (STO) Unclaimed Property Section. Chapter 447, RSMo, provides that abandoned property once belonging to persons known or unknown should be turned over to the STO. DOC officials disagreed with the prior audit recommendations, responding that Chapter 447, RSMo, does not apply to the DOC and they believe the handling of these funds is in compliance with various statutory provisions, court rulings, and department policy. However, DOC officials have not consulted with the STO to confirm the accuracy of their understanding.

Due to the absence of clear statutory authority for the DOC to retain and spend confiscated escapee and coupon monies, the DOC should resolve the issue with the STO and/or seek legislative authority allowing these monies to be retained and spent by the department. If spending authorization is obtained, the DOC should ensure appropriate approval is obtained and sufficiently documented for transfers and expenditures of funds.

B. The IFO does not prepare financial reports of the ICF activities as required by department policy.

Individual income statements and estimates of available funds are periodically provided to each canteen, and copies are provided to the division directors. However, statements of department-wide ICF activities, including the interest and central fund sub-accounts, are not provided to department management or the comptroller.

DOC Canteen Operations Policy D3-9.1, Section III.D, requires the Offender Finance Officer to ". . . complete and distribute monthly financial statements, year-end reports by institution and a consolidation for all institutions to the appropriate division directors and chief administrative officer and the comptroller of fiscal management for each month's operation." Monthly and yearly financial statements of department-wide ICF activities should be prepared and made available to department management and the comptroller so they are aware of the activities of the ICF and effective decisions regarding the fund can be made.

WE RECOMMEND the DOC:

A. Resolve the issue with the STO and/or seek legislative authority allowing escapee and coupon monies to be retained and spent by the department before any additional monies are spent. If it is determined these monies can be spent by the DOC, the department should ensure appropriate approval is obtained and sufficiently documented for transfers and expenditures of funds.

B. Ensure ICF financial statements are prepared and made available to appropriate DOC officials in accordance with department policies.

AUDITEE'S RESPONSE

A. The Department disagrees with this recommendation. With respect to both escapee balances and unredeemed coupon moneys, we assert that this inmate personal property is governed by DOC policy pursuant to the power delegated to DOC by the legislature in section 217.197 RSMo, and that Chapter 447 RSMo does not apply to the property at issue. In addition, with respect to escapee balances held by the DOC, we assert that existing case law with respect to escapee's property is applicable and is consistent with DOC policy and practice. See Herron v. Whiteside, 782 S.W.2d 414 (Mo. App. 1989) (inmate's escape consisted of abandonment of personal property, divests owner of title, and becomes as if inmate never had any interest in it); Charron v. Thompson, 939 S.W.2d 885 (Mo. banc 1996) (legislature delegated to prison officials the responsibilities about making decisions about inmate property control).

B. The Department concurs with this recommendation. Regular financial statements will be prepared and made available to appropriate DOC officials.

3. Inmate Canteen Operations

Established perpetual inventory records are not used by many institutions, expenditure approval and price comparison procedures do not always comply with policy, adequate policies and procedures regarding the retention and use of interest earnings have not been established, and procedures and records related to capital assets are lacking.

A. The DOC has implemented a centralized point-of-sale inventory system; however, many of the canteens do not maintain perpetual inventory records on the system. According to DOC officials, managers of 11 of 20 (55 percent) canteens maintain perpetual inventory records on the point-of-sale system. However, the remaining canteens have developed various other inventory records that are often not complete perpetual records of all items for sale. Canteens are required to utilize the point-of-sale system to sell items in the canteens, but they are not required to maintain inventory records on the system. As a result, the system cannot be utilized to determine and analyze canteen inventories on a department-wide basis.

DOC Canteen Operations Policy D3-9.1, Section III.A.2, requires canteens conduct monthly inventory counts of all canteen items; however, the policy only requires perpetual inventory records be maintained for expensive and high-risk items such as radios, CD players, and televisions. Without complete perpetual inventory records, as provided through the point-of-sale system, the benefits of the physical inventory procedure are diminished; inventory variances are not identified or reported to DOC management; and the risk of undetected loss, theft, or misuse of inventory is increased. Effective inventory internal controls require perpetual records to be maintained on all inventory items and that a reconciliation of the balances obtained during the physical inventory count and the balances recorded on the perpetual inventory records be performed. To provide assurance canteens maintain proper inventory procedures, the DOC should revise canteen inventory policies to require canteens use the point-of-sale system to maintain perpetual inventory records and compare those records to the monthly inventory counts.

B. Various concerns with expenditures from the ICF were noted. Expenditure approval was not always documented as required by DOC policy, and bids and price analyses were not always performed as required by DOC policy.

Oversight of the canteens is vested in institutional and central canteen committees. The DOC Canteen Operations Policy D3-9.1, Sections III.B.1 and III.B.2, outline committee membership compositions and duties. The institutional committees meet quarterly to consider and approve specific purchases for the benefit of offenders. Purchase authorization is documented in the meeting minutes and quarterly budget requests are submitted to the IFO for review and approval. The central canteen committee considers institutional canteen committee recommendations, periodically evaluates sales, and is responsible for establishing and updating a master canteen list of items authorized for sale in the canteens. We noted the following concerns related to the ICF expenditures:

1) Three of 14 canteen purchases reviewed were not supported by documentation of institutional canteen committee approval. The IFO should ensure all ICF expenditures are approved by the institutional canteen committee as required by DOC policy.

2) The IFO has not established sufficient procedures to ensure canteen bidding policies are followed. For 4 of 12 canteen purchases reviewed, bids or price comparisons were not obtained or documented as required by DOC policy.

Items		Year Ended June 30, 2008	2007
Canteen resale - various food items	$	62,304	
Canteen resale - candy		4,234	
Microwaves (20 units)			5,500
Delivery of dirt/topsoil			3,460

Some of the items above consisted of individual purchases that were less than $3,000, but exceeded $3,000 in total for the year. The Inmate Finance Officer acknowledged the canteen employees need additional training regarding bid requirements, particularly the requirements pertaining to aggregate purchases during a period of 1 year. Some were purchases of items for resale, for which the IFO could not provide documentation of price analyses. The DOC internal audits of some canteen operations have also found instances where comparative price analyses were not prepared for resale items as required by policy.

DOC Canteen Operations Policy D3-9.1, Section III.D.10, requires canteens to strive to obtain three bids for purchases of items with an anticipated yearly aggregate cost of $3,000 or more. For items purchased for resale, DOC Canteen Operations Policy D3-9.1, Section III.A.4, requires when canteens buy items not offered under already established DOC vendor contracts, a comparative price analysis shall be prepared for each item. In addition, a summary of the price analysis obtained during the previous 12-month period shall be provided to the comptroller each July.

The IFO should ensure competitive bids are solicited and price analyses are conducted in accordance with DOC policy.

C. There is minimal oversight over the use of interest monies earned on the ICF bank account and no policies relating to the interest monies have been established. Decisions regarding the disposition of these monies are made by the Inmate Finance Officer.

The ICF earned interest totaling approximately $632,700, $575,400, and $454,800, in fiscal years 2008, 2007, and 2006, respectively. The IFO accounts for the interest earned and expenditures of those monies in an ICF sub-account called the Interest Fund. The Interest Fund balance at June 30, 2008, was $983,655.

The Offender Finance Officer indicated Interest Fund monies are spent on purchases that benefit all inmates. During fiscal years 2008, 2007, and 2006, Interest Fund monies were spent toward several new processes implemented by the IFO, including a system for electronic inmate discharge payments; an inmate account receipts document scanning, imaging, and recording system; and a kiosk system with which inmates can check their account activity and balance. In addition, the funds were used for movies for the inmates, various IFO computer upgrades, and other IFO administrative expenditures.

Although the DOC has established policies requiring committee approval of all other ICF expenditures as discussed in part B above, no policies address the interest monies. To ensure proper oversight and procedures, policies should be developed to address interest income retention, appropriate uses of the interest funds, and expenditure approval guidelines. The DOC should consider requiring approval from an independent committee similar to all other ICF expenditures.

D. Canteen capital asset procedures need improvement. As noted in our prior report, the DOC does not maintain centralized records of canteen capital assets and has not established sufficient procedures for monitoring canteen capital assets. The following problems regarding canteen capital asset records and procedures were noted:

- A centralized system for tracking canteen capital assets is not maintained. DOC Canteen Operations Policy D3-9.1, Section III.E.6, requires each canteen maintain a detailed listing of capital assets; however, our review noted some canteens are not maintaining adequate listings. We requested capital asset listings from five institution canteen managers. One of the canteens did not maintain such a listing; while the listings provided by the other four canteens varied with regard to level of details provided and in some cases did not contain some required information, such as date of purchase, serial numbers, and location. DOC internal auditors have also identified inadequate capital asset records at several canteens.

- Unlike the Code of State Regulations (CSR), 15 CSR 40-2.031, and the department's property control policy, the Canteen Operations Policy does not require periodic physical inventories be performed. Physical inventory procedures were discussed with the five canteen managers mentioned above. One canteen manager indicated employees periodically spot check approximately 25 percent of the assets, but could not provide documentation of such spot checks. Another canteen manager provided documentation from a September 2007 physical inventory count and, although the count showed 25 (approximately 8 percent) of the canteen assets were unaccounted for, the canteen manager indicated no efforts had been made to resolve the discrepancies. The other three canteen managers indicated they do not perform any physical inventory procedures.

- The IFO has not established procedures to ensure canteen capital assets are tagged for specific identification. All canteen purchases are processed by the IFO; however, the IFO does not automatically issue a property tag for each applicable item. Instead, the IFO issues tags to the business managers upon request without ensuring tags are issued for each applicable item. DOC internal auditors have identified instances where capital assets were not properly tagged at several canteens.

Adequate capital asset records and procedures are necessary to ensure better internal controls; safeguard assets which are susceptible to loss, theft, or misuse; and comply with state and department policies. The DOC should consider modifying canteen capital assets policy to be more consistent with state regulations and department policies. In addition, consideration should be given to implementing centralized canteen capital assets records and providing more monitoring of individual canteen procedures either through the IFO or internal audit function to ensure assets are properly tagged, records are accurate, and physical inventories performed as appropriate.

WE RECOMMEND the DOC:

A. Revise canteen inventory policies to require canteens use the point-of-sale system to maintain perpetual inventory records and compare those records to the monthly inventory counts.

B.1. Ensure all ICF expenditures are approved by the institutional canteen committee as required by DOC policy.

2. Ensure competitive bids are solicited and price analyses are conducted in accordance with DOC policy.

C. Establish policies regarding the appropriate uses and authorization of expenditures of interest monies. The DOC should consider requiring approval from an independent committee similar to all other ICF expenditures.

D. Amend the DOC Canteen Operations Policy to require periodic physical inventories of canteen capital assets. In addition, procedures to ensure canteens are properly tagging canteen property and maintaining complete and accurate records should be established in accordance with the policy and state regulations. The DOC should consider implementing centralized canteen capital asset records and procedures to facilitate these improvements.

AUDITEE'S RESPONSE

A. The Department concurs with this recommendation. In a memorandum from the Director of Adult Institutions dated July 14, 2009, all DOC sites were directed to begin utilizing the point-of-sale system to maintain perpetual inventories.

B.1. The Department concurs with this recommendation. Department procedures clearly outline the process by which ICF expenditures are approved by the institutional canteen committees and submitted to Central Office for final approval. Other centralized expenditures are approved by appropriate staff to ensure compliance with statutorily *authorized use of these funds. This process will be outlined and included in the next revision to department policy.*

2. *The Department concurs with this recommendation. The DOC will ensure competitive bids are solicited and appropriate price analyses are conducted in accordance with policy.*

C. *The Department concurs with this recommendation. The DOC has historically followed a standard practice for the approval and utilization of interest funds and will formalize this practice into a department policy.*

D. *The Department concurs with this recommendation. A database of all canteen capital assets has been developed to track these assets. In addition, beginning in fiscal year 2010 the DOC will include canteen capital assets in the routine inventories conducted by property control staff.*

4. Cost Reimbursements

The DOC reimburses counties and the City of St. Louis for costs incurred in the prosecution and incarceration of defendants sentenced to imprisonment in the DOC, transporting prisoners to the reception and diagnostic centers, and transporting extradited prisoners. Our review noted 1) procedures to monitor county and/or city criminal cost reimbursement claims are not sufficient to detect certain over billings, 2) the DOC's interpretation of the law providing for prisoner transportation may provide for payments in excess of the intent of the law, 3) guidelines and limits for reimbursements of extradition expenses have not been developed, and 4) records and procedures need improvement to ensure cost reimbursements are made on a timely basis.

The responsibility for processing the cost reimbursements was transferred from the Office of Administration (OA) to the DOC in fiscal year 2007. At that time, the employee primarily responsible for receiving, reviewing, and processing the reimbursement requests was transferred to the DOC. Reimbursements to the counties and the City of St. Louis for criminal costs, transportation of prisoners to the reception and diagnostic centers, and transportation of extradited prisoners total over $40 million each year. The majority of the overall reimbursements pertain to incarceration costs. While Section 221.105, RSMo, provides the DOC can pay up to $37.50 per offender per day; the reimbursement rate, which is dependent on appropriations, is significantly less. Effective July 1, 2007, the rate was $21.25 per day. A rate increase to $22.50 was included in the department's fiscal year 2009 budget request, but was not approved. Department officials are aware the current rate is not sufficient to cover actual costs of offender incarceration.

A. Although detailed written procedures for reviewing criminal cost billings have been established and are being followed, these procedures have not detected some significant billing errors that resulted in overpayments. In addition, the billing process is manual, monitoring procedures are labor intensive, and the DOC has not taken advantage of improvements in technology to prevent and/or detect improper billings. Criminal cost reimbursements totaled approximately $35.7 million and $35.6 million in fiscal years 2008 and 2007, respectively.

1) Our review of 18 payments (each relating to multiple prisoners and dates of incarceration) totaling approximately $5.7 million to St. Louis County during the period March 2007 to May 2008, identified 43 instances where the DOC improperly reimbursed the county for multiple billings for the same prisoners and dates. These overpayments totaled at least $44,118. For one prisoner, the county billed $3,864 for the same incarceration dates on three different billings, resulting in a $7,728 overpayment. Criminal cost reimbursements to St. Louis County represented 13 percent and 11 percent of total statewide reimbursements for fiscal years 2008 and 2007, respectively. These errors were not detected by DOC personnel because review procedures are limited to the current billing and do not include a comparison of current billings to previous billings.

   The DOC reviews appear to be effective in identifying various instances of improper billings related to duplicate claims (billing for the same prisoner(s) for the same days within the same billing period), late billings, and excess days billed. When such errors are identified, the reimbursement amounts are properly reduced. However, when numerous and frequent errors are identified, the DOC should consider expanding the review period, requesting supporting records, and working with the billing entity to resolve the cause to curtail future billing errors.

   For example, the DOC's review of the St. Louis County billings for June and July 2007 identified many errors. The reimbursement amounts were reduced by $20,500 (4 percent of the billing) and $22,800 (6 percent of the billing) for June and July, respectively, due to duplicate claims on the same billing and/or claims exceeding the 2 year claim filing deadline. Although the DOC identified significant instances of duplicate claims, procedures were not expanded to compare to other billing periods. Department personnel indicated they do not have enough staff to perform such a detailed review. Also, although these billings and others contained numerous errors requiring adjustment to billed amounts, the DOC had not contacted St. Louis County to address these deficiencies and possible solutions, and to prevent similar errors in the future.

2) The DOC has not established policies and procedures to periodically compare criminal cost billings to the certification of prisoner incarceration days and/or jail records. Discussion with DOC employees and review of records found the certification of prisoner incarceration days is infrequently requested from a city or county, and only for instances where the prison stay was extensive (i.e., over a year). Periodic comparison of

billings to supporting records would help ensure only actual prisoner incarceration days incurred are reimbursed.

3) The DOC relies on a manual review process and should give consideration to more effective alternatives. Counties and the City of St. Louis complete and mail criminal costs reimbursement forms to the DOC, and department personnel manually review the claims. More than 21,000 criminal cost claims and an additional 9,800 transportation and extradition claims were paid during fiscal year 2008. The DOC has designated a full-time employee, with some assistance from another employee, to review these claims. To provide greater efficiency and error detection, the DOC should consider converting to an electronic billing system containing sufficient edit checks.

Chapter 550 and Section 221.105, RSMo, outline the responsibilities and requirements for preparing criminal cost billings, which include 1) certification of the number of prisoner incarceration days by the Sheriff/City Jail Superintendent; 2) preparation of the billings by the Circuit Clerk/City Chief Executive Officer, including a certification that he/she has not previously submitted the same claims; and 3) examination and certification of the accuracy of the bill by the judge and prosecuting attorney.

To ensure incarceration costs are not reimbursed more than once, the DOC should compare current billings to previous billings. In addition, policies and procedures should be developed to periodically verify the billings to supporting records. Conversion to an electronic billing system, containing sufficient edit checks, could increase efficiency and improve the DOC's ability to monitor the billings for accuracy.

B. The DOC's interpretation of state law for reimbursing counties and the City of St. Louis for transporting convicted offenders to reception and diagnostic centers may provide excess reimbursements for these services. Prisoner transportation reimbursements totaled approximately $1.9 and $1.8 million in fiscal years 2008 and 2007, respectively.

Current reimbursement procedures and the certificate of delivery form for transportation reimbursements were developed many years ago by the OA. DOC prisoner transportation reimbursement procedures provide the following five components for each trip to and from a reception and diagnostic center:

- Eight dollars per day per Sheriff or other officer.
- Six dollars per day per guard (allowed when three or more prisoners are transported or if ordered by a judge).
- Round trip mileage for each Sheriff or officer.
- Round trip mileage for each guard.
- One-way mileage for each prisoner.

While the first four components are clearly authorized by state law providing for reimbursement of prisoner transportation costs; the fifth component is not. Section 57.290.2, RSMo, states ". . . the mileage rate prescribed by this section for each mile traveled shall be allowed to the sheriff to cover all expenses on each convicted offender while being taken to the reception and diagnostic center . . ." This statute could be interpreted to provide reimbursements in the manner used by the DOC, or to not allow mileage for prisoners.

The state law has been interpreted by the OA (and continued by the DOC) to provide payment for mileage for each prisoner. Under this interpretation, the reimbursement of trips from the same location varies based on the number of prisoners transported even though the trips may cost approximately the same regardless of the number of prisoners transported. For example, a county was reimbursed for a 1-day trip, in which a deputy Sheriff and a guard transported 23 prisoners to the Fulton Reception and Diagnostic Center. The county was paid $2,240 for this trip, which included mileage totaling $1,896 for the prisoners. For another trip to the same center, the same county was reimbursed $1,581 for transporting 15 prisoners, again claiming expenses for one deputy Sheriff and one guard. The reimbursement would have been $344 for each of these trips, if mileage was not provided for each prisoner.

DOC personnel indicated they continue to utilize procedures established by the OA and have not reviewed these procedures or sought legal advice to determine if they are in compliance with the state law. Given the ambiguity of the state law, the DOC should evaluate its current prisoner transportation reimbursement procedures and consider amending procedures to provide for reimbursements that more closely approximate actual mileage costs. In addition, the DOC should consider seeking legislative changes or legal opinions regarding any issues needing clarification.

C. The DOC reimburses for extradition costs pursuant to Section 548.241, RSMo, and has developed procedures requiring submission of receipts. However, our review of some reimbursements and the related supporting documents found DOC procedures need to address meal and lodging limits and include requirements for itemized receipts.

Extradition reimbursements totaled approximately $2.4 million and $2.6 million in fiscal years 2008 and 2007, respectively. Our review of some reimbursements made in March and August 2007, totaling approximately $192,300, noted the following:

- Several lodging reimbursements appeared excessive. For example, the DOC reimbursed one county $199 per night in both Phoenix, Arizona and Sacramento, California, while CONUS rates (federal per diem maximums for the Continental United States established by the U.S. General Services Administration) were $141 and $103 per night, respectively.

- Several meal reimbursements reviewed were supported only by a credit card receipt, with no details regarding the meals served or documentation of the number of individuals eating. These individual meal reimbursements ranged from $33 to $71. Without sufficient documentation, the propriety and reasonableness of meal expenses cannot be determined.

Each extradition reimbursement claim is approved by the Governor's office and then reviewed and processed for payment by DOC personnel. DOC personnel indicated they do review claims for excessive expenses and unsupported expenditures and have reduced certain claims; however, no guidelines defining what is allowable have been established and itemized invoices for meals are not required.

The DOC should develop a detailed extradition policy to provide guidance to the counties and the City of St. Louis. This policy should include guidelines regarding maximum lodging and meal costs allowable for reimbursement and outline supporting documentation requirements. Adequate review procedures should be in place to ensure compliance with the policy.

D. The DOC's records and procedures to monitor the timeliness of cost reimbursements are not sufficient. Our review of five payments to counties and/or the City of St. Louis noted payment dates ranged from 3 weeks to 4 months after the date the reimbursement claim was prepared. The DOC does not track claims by receipt date or have established timeframes within which reimbursements are to be processed. Department personnel indicated they consolidate claims into one payment after a reasonable number have been received. However, criteria for determining a reasonable number, amount, or age of claims have not been established. Monitoring reimbursement claim receipt dates and making prompt reimbursement payments is important for several reasons. Section 33.120, RSMo, requires bills to be submitted to the state within 2 years after reimbursable expenses have been accrued. Without proper tracking, bills submitted outside the allotted timeframe could be paid in error. In addition, untimely reimbursements may increase the possibility for claims to be re-submitted and the potential for duplicate payments. Finally, the City of St. Louis and counties should receive timely reimbursements for costs already incurred.

WE RECOMMEND the DOC:

A. Expand monitoring procedures to ensure payments for criminal costs represent actual costs incurred. These procedures should include a comparison of current billings to previous billings and a periodic comparison to certifications of prisoner incarceration days by jail personnel and/or jail records. The DOC should consider developing an electronic billing system that contains sufficient edit checks designed to prevent and detect improper payments. Finally, the DOC should identify and recoup overpayments for duplicate criminal costs claims.

B. Review current prisoner transportation reimbursement procedures and consider amending procedures to provide for reimbursements that more closely represent actual mileage costs. Any legal matters needing clarification should be resolved by seeking applicable legislation or legal opinions.

C. Develop and adopt a policy regarding extradition reimbursements. The policy should establish guidelines regarding maximum lodging and meal costs allowable for reimbursement and outline supporting documentation requirements.

D. Establish procedures to monitor and ensure reimbursements are paid timely.

AUDITEE'S RESPONSE

A. The Department partially concurs with this recommendation. A credit was taken in July 2009 to recoup the duplicate criminal cost claims identified by the auditors. Discussions are on-going with St. Louis County officials to develop a mutually acceptable process designed to eliminate any future duplicate billings. Once established, the DOC will attempt to employ similar procedures with other counties where the potential for duplicate billings may exist. The DOC believes its current practices are sufficient to detect duplicate billings for the vast majority of counties. The potential for duplicate billings appears to exist primarily at the larger counties.

Due to the various levels of technology employed by all 114 counties in Missouri, the DOC believes it is unreasonable and unwise to put the sole burden of developing such a system on the DOC. Instead, the DOC will work with representatives from the Office of State Court Administrators, Office of Administration - Information Technology Services Division (OA-ITSD), and others as appropriate to collaborate on an acceptable solution that can be deployed in all 114 counties in Missouri.

B. The Department will consider applicable legislative changes to further clarify reasonable prisoner transportation reimbursements.

C. The Department partially concurs with this recommendation. We have notified the county sheriffs that effective July 1, 2009 extradition claims will be reviewed for compliance with existing CONUS rates. Although the DOC may establish procedures to govern extradition reimbursement claims, the DOC has no statutory authority to enforce compliance by the sheriffs.

D. The Department concurs with this recommendation and will develop procedures to monitor the timeliness of reimbursements.

5. Controls over Missouri Vocational Enterprises Receipts

Missouri Vocational Enterprises (MVE) receipts are not always transmitted to the DOR on a timely basis. In addition, controls over monies collected in the MVE Store need improvement. MVE receipts from product sales totaled approximately $36.3 million, $28.7 million, and $28.5 million during fiscal years 2008, 2007, and 2006, respectively. More than 70 percent of MVE receipts are electronic transfers from various state agencies.

MVE receipts are collected in three main areas: MVE Central Office Sales, Customer Service (mail receipts), and the MVE Store. The monies received by these areas are transmitted to the MVE Accounts Receivable Office which then transmits the monies to the Department of Revenue (DOR) for deposit.

A. As similarly discussed in several prior audit reports, MVE receipts are not always transmitted to the DOR on a timely basis. A cash count performed on April 15, 2008, determined the MVE was holding $153,968 comprised of receipts that had been received by various MVE areas; some of which had been held up to 50 business days. Our review of those receipts and the subsequent transmittals noted the following concerns:

- Cash totaling $557 and 39 checks totaling $6,808 were transmitted for deposit more than 5 business days after receipt. The cash and 32 of the 39 checks totaling $5,610 were employee sales receipts collected by Central Office Sales and the MVE Store, both of which transmit receipts to the Accounts Receivable Office only once a week. These receipts were transmitted to the DOR for deposit 6 to 15 business days after receipt. The remaining 7 checks totaling $1,198 were mail receipts which the Accounts Receivable Office held 6 to 50 business days prior to transmittal.

- Two other checks totaling $503 had been received March 12, 2008, and March 23, 2008; but had not been transmitted to DOR as of our review on April 30, 2008.

MVE personnel indicated the Central Office Sales and the MVE store prepare weekly transmittals to the MVE Accounts Receivable Office because receipts are not significant for these areas. However, we noted Central Office Sales and MVE Store transmittals averaged $2,750 and $842, respectively, per week during fiscal year 2008. They also indicated the MVE does not have enough Accounts Receivable staff to make more frequent transmittals.

To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, monies should be transmitted for deposit more timely. Central Office Sales and the MVE Store should make more frequent transmittals to the Accounts Receivable Office, and the Accounts Receivable Office should transmit all MVE receipts to the DOR on a timely basis.

B. In addition to untimely transmittals of receipts noted above, significant problems were noted with the records and procedures of monies collected in the MVE Store. Receipt records are poorly organized and lack proper documentation and controls. As a result, there is little assurance all monies collected were accounted for properly and transmitted to the Accounts Receivable Office.

The MVE Store offers items for immediate purchase, such as trash bags, clothing, clearance and discontinued items, metal outdoor equipment, and certain other items. The MVE Store was established in February 2006 to speed the process by which state employees purchase smaller, more popular products. Previously, state employees had to purchase these items by placing an order in Central Office Sales and picking up the item(s) at the warehouse. The MVE Store is operated by a storekeeper, a part-time employee, and two inmates. These employees also operate the MVE dry cleaning business. MVE Store transmittals totaled $43,800 in fiscal year 2008, approximately half of which was cash.

Store procedures require a manual four-part sales order form be completed for each sale, indicating the date, item(s) purchased, quantity, price, and total sale. The customer certifies that he/she is a state employee and the purchase is not for resale, by signing the form. The sales order form serves as a both a receipt for the customer and a transaction record which is entered into the MVE accounting system. Our review identified numerous concerns as noted below:

1) Prenumbered sales order forms are not issued sequentially and the numerical sequence is not accounted for properly. A review of sales order forms numbered 1300 through 1350, issued in 2008, noted various problems as illustrated in the table and discussed below:

Sales Order Numbers	Date Issued	Sales Order Numbers	Date Issued	Sales Order Numbers	Date Issued
1300	April 14	1315	(2)	1336	April 22
1301 (1)	April 3	1316	April 8	1337	April 23
1302	March 31	1317-1318	April 9	1338	April 24
1303	April 1	1319	April 10	1339	April 25
1304	April 21	1320-1321	April 24	1340	April 30
1305	April 2	1322-1323	April 11	1341	(3)
1306 (1)	April 16	1324-1327	April 14	1342-1343	April 25
1307-1308	April 2	1328	(3)	1344	(3)
1309	April 4	1329	April 16	1345	April 25
1310	(2)	1330-1332	April 17	1346-1347	April 28
1311	April 4	1333	April 22	1348	April 30
1312-1313	April 7	1334	April 21	1349	(3)
1314	April 8	1335	April 22	1350	April 29

(1) handwritten number - prenumbered sales order not issued

(2) sales order not located

(3) multiple transactions recorded on one sales order

- While most sales order forms are prenumbered, others have a blank space where the store employee handwrites a number. The Storekeeper indicated the blank forms are used to replace prenumbered forms that have been lost or damaged. In those cases, the employee handwrites the number from the original sales order form onto the replacement form.

- Sales order forms are not properly voided and retained. The Storekeeper indicated voided sales order forms are thrown away.

- Individual sales order forms are not issued for some transactions. The Storekeeper explained for items that are inexpensive, frequently sold, and customers do not request a receipt; store employees record multiple sales on one sales order. For example, when a customer purchases a package of trash bags, a sales order would be completed and signed by the customer. If another customer purchases trash bags, the sales order prepared for the previous customer would be revised to indicate two packages of trash bags were sold. The signature of the second customer is not obtained, and only the date of the first transaction is recorded. The Storekeeper indicated store employees continue to record sales on a sales order until all or most of the 12 lines on the sales order are full. The related monies are not transmitted until the sales order is full. As a result, monies are not transmitted intact to the Accounts Receivable Office and customer signatures are not obtained as required. In addition, a May 7, 2008, cash count showed a receipt of $7 had not been recorded on a sales order.

2) Some sales order forms do not indicate the method of payment (cash, check, or money order). Because the sales order form does not require this documentation, store employees must remember to note the method of payment.

3) Access to blank sales orders is not adequately controlled. The forms are kept in a box accessible to anyone entering the MVE Store. In addition, the Storekeeper indicated blank sales order forms are used for purposes other than recording sales, such as scratch paper for taking notes.

4) Check receipts are locked in the Storekeeper's office until transmitted to the Accounts Receivable Office so that inmates do not have access to personal information on the checks. However, we noted the checks are not always kept together and properly organized. When we performed cash counts on April 15, 2008, and May 7, 2008, the Storekeeper failed to provide two checks totaling $169, and four checks totaling $169, respectively.

Upon receipt of a transmittal, the Accounts Receivable Office reconciles the receipts to the sales orders submitted with the transmittal. Also, the department's internal auditors reconcile transmittal documentation to the sales orders on a monthly basis. However, because neither the Accounts Receivable Office nor internal auditors account for the numerical sequence of the sales orders issued, there is not a sufficient review to ensure all monies received are deposited intact. Until brought to their attention, DOC and MVE officials were not aware of the significant control deficiencies noted above.

Failure to implement adequate receipting procedures increases the risk of loss, theft or misuse of funds. To adequately safeguard and account for all monies received, prenumbered sales orders, with the method of payment documented, should be issued in sequence for each transaction. In addition, voided sales orders should be properly defaced and maintained, access to sales orders should be controlled, and check receipts should be properly secured. Monies should be transmitted to the Accounts Receivable Office intact, the numerical sequence of sales orders issued should be accounted for properly, and the composition of sales orders issued should be reconciled to the amounts transmitted.

WE RECOMMEND the DOC, along with the Missouri Vocational Enterprises:

A. Ensure receipts are transmitted for deposit on a timely basis.

B. Improve receipting procedures at the MVE Store and oversight of these procedures.

AUDITEE'S RESPONSE

A. The Department concurs with this recommendation. Currently receipts are transmitted on a weekly basis. However, when staff are absent, transmittals may be delayed by one or two days. To improve, we will continue to transmit every week and when sales have reached 75 transactions we will transmit that day.

B. The Department concurs with this recommendation. Previously if a dry cleaning or sales ticket was not numbered or filled out incorrectly the store staff would save these tickets and use them as replacements or throw them away. To correct this, they are now writing void across all tickets that are filled out incorrectly or have missing numbers and then recording them on a spreadsheet. Individual sales order forms were not issued for some transactions. To correct this, individual sales order forms are currently being issued for all transactions and signatures are obtained from every customer. When the MVE accounting section receives the tickets, cash, and spreadsheet, any tickets that are missing will be reported to the Fiscal and Administrative Manager for investigation.

6. Expenditures

Competitive bids/proposals were not solicited for fuel, attorney services, and physician services. Procedures for monitoring cellular telephone usage need improvement. Some employee expense reimbursements appeared excessive and/or were not supported with adequate documentation of actual expenses incurred.

A. The DOC spent approximately $2.5 million, $1.9 million, and $1.8 million for vehicle fuel during fiscal years 2008, 2007, and 2006, respectively. Some of these fuel purchases were procured under the DOC's special delegation of authority without obtaining bids.

For example, the Farmington Correctional Center (FCC) purchased fuel totaling approximately $54,000, $63,800, and $80,300 from a vendor in fiscal years 2008, 2007, and 2006, respectively, and the Boonville Correctional Center (BCC) purchased fuel totaling approximately $38,000, $24,300, and $23,100 from another vendor in fiscal years 2008, 2007, and 2006, respectively, without obtaining bids. Numerous individual payments to these vendors totaled just under the $3,000 bidding threshold, giving the appearance that DOC employees attempted to circumvent state purchasing requirements. Officials from the BCC provided a copy of an October 2006 internal memo stating the vendor is the only vendor in the area willing to sell fuel at the prices the state is willing to pay. However, the BCC could not provide documentation of communications with vendors or other documentation to support this conclusion. Officials at these facilities indicated due to our audit and/or a recent internal audit, they currently ensure at least three bids are obtained for fuel purchases.

Section 34.040, RSMo, and the OA's procurement policy requires bids be obtained for purchases over $3,000, including any item or service in which the total expenditure over a 12 month period is over $3,000. In addition, the OA has granted the DOC special delegation of authority for the procurement of fuel, which allows the department to procure fuel purchases in excess of the local procurement authority (i.e. $25,000 or more) directly rather than referring these procurements to the OA, Division of Purchasing and Materials Management. DOC's Procedure for Procurement Authority prohibits splitting local procurements among two or more orders to the same vendor or multiple vendors to avoid the competitive bid process. Competitive bidding helps ensure the state receives fair value by contracting with the lowest and best bidders, and also ensures all interested parties are given an equal opportunity to participate in the state's business.

B. The DOC does not always utilize a competitive procurement process or solicit proposals for professional services. For example, the DOC contracts with a former employee for attorney services related to inmate clemency applications and a physician to conduct mortality case reviews, without soliciting proposals for these services. The attorney was paid $4,000 and $24,000 in fiscal years 2007 and 2006, respectively; and the physician was paid $1,500, $5,500, and $2,250 in fiscal years 2008, 2007, and 2006, respectively. DOC officials indicated the proposals for the attorney and physician services were not solicited because Attorney General's Opinion Letter No. 22, 1980 to Muckler, concluded physician, attorney, and expert witness services do not have to be bid in accordance with state purchasing laws. However, the opinion does not preclude the DOC from soliciting competitive proposals for these services. DOC officials indicated a nationwide procurement process for the physician services was conducted in fiscal year 2003; however, no documentation of the proposals received or the justification for selection of this physician was maintained.

The DOC should utilize a competitive procurement process or solicit proposals for attorney and physician services to ensure the best services and rates are received. Sufficient documentation of these procedures should be retained.

C. The DOC and the OA-ITSD need to improve procedures for monitoring cellular telephone usage. The DOC spent approximately $229,000, $261,000, and $300,000 for cellular telephone services in fiscal years 2008, 2007, and 2006, respectively. As of March 2008 the DOC had approximately 970 cellular telephones.

While the OA-ITSD telecommunications analyst responsible for monitoring DOC cellular telephone services indicated she reviews cellular telephone usage quarterly to identify and switch to plans that meet employee needs at the lowest costs, she was unable to provide any documentation of such reviews. In addition, these review procedures did not always appear effective. Our review of usage during the months of March, April, and May 2008 for 13 cellular telephones noted instances where telephones may not have been on the most cost effective plan. For example, one employee, who was issued a telephone with a 150 minutes per month plan, used the telephone 593 minutes more than covered by his plan for the 3 month period. The employee reimbursed the DOC $83 for costs associated with personal calls, while the DOC paid $184 for the additional minutes used. Another employee, who was issued a telephone with a 500 minutes per month plan, only used the telephone 8 minutes under this plan during the 3 month period. The DOC paid $29 per month for this cellular telephone. The employee indicated a personal cellular telephone instead of the department-issued telephone is generally used to make business related calls.

While cellular telephones can help increase employee productivity, they are also costly. The DOC Cellular Phones Policy D4-4.7, Section III.A.2, requires the telecommunications analyst perform a quarterly review of rates, plans, and equipment for cost effectiveness; and submit a report of findings, including recommendations for change, to the director of human services to be reviewed with department executive staff. Effective procedures should be implemented to monitor cellular phone usage to ensure the best plan is used for each phone, and there is a need for each phone. This review should be documented and the results reported as required by DOC policy.

D. Some employee expense reimbursements appeared excessive and/or were not supported by adequate documentation of actual expenses incurred. The DOC spent approximately $2.9 million, $3 million, and $3 million on travel expenses during fiscal years 2008, 2007, and 2006, respectively. Our review of six employee expense reimbursements noted the following:

- One employee's expense report was not adequately supported by invoices or other supporting documentation for a trip to Miami, Florida to attend a conference. The employee was reimbursed $937 for lodging and $161 for an airline ticket without detailed invoices or receipts for these costs.

  In addition, the employee was reimbursed $234 per night for lodging while the CONUS rate was $107 per night. Expense report documentation indicated the employee coordinated the trip with a family vacation, and stayed in a hotel other than where the conference was held. No documentation was available regarding the per night cost for the hotel hosting the conference.

- On another expense report, an employee claimed a round trip from Bolivar to Springfield, totaling 256 miles, while the actual round trip mileage is approximately 60 miles. DOC officials provided us with documentation showing the employee administered flu shots in various cities that day; however, these additional trips were not documented on the expense report. Also, this documentation was not readily available upon our inquiry and, thus, it appears was not considered when approving the expense reimbursement.

The DOC Reimbursement for Travel and Subsistence Expenses Policy, Sections III.D and III.E, and state travel regulations require various reimbursements, including lodging and airline costs, be supported by descriptive invoices. DOC policy further requires lodging invoices clearly indicate the single room rate was charged. Neither state regulations nor DOC policy provide for lodging reimbursement limits. Reimbursement limits for lodging expenses, such as the federal per diem maximum, could ensure such reimbursements are reasonable.

Expense reimbursement monitoring procedures should be improved to ensure travel reimbursements are necessary, reasonable, and adequately documented in accordance with DOC policy and state travel regulations. The DOC should consider adopting guidelines regarding maximum lodging cost reimbursements.

E. The DOC may be paying more than necessary for meals provided to employees attending training.

To provide meals to employees attending training at the training center located in the MVE Central Office building, the DOC contracts with the vendor that operates the cafeteria in that building. The DOC paid the vendor approximately $173,600, $151,400, and $124,700 during fiscal years 2008, 2007, and 2006, respectively, for training lunches and snacks.

Our review found the DOC frequently pays for significantly more lunches than actually provided to trainees. For example, our review of a payment totaling $8,423 for lunches and snacks provided during 13 training sessions in December 2007 revealed the DOC was billed and paid for 1,099 lunches, of which only 954 (87 percent) were actually provided to trainees. The DOC paid approximately $939 for 145 lunches that were not provided by the vendor.

Under the current arrangement with the vendor, the DOC guarantees a number of lunches needed for each training session, and the vendor bills the DOC for at least that number of lunches, regardless of the number of lunches actually provided. In cases where more lunches are provided than guaranteed, the vendor bills for actual lunches provided. However, in cases where fewer lunches are provided than guaranteed, the vendor bills for the higher, guaranteed amount.

Approximately one week prior to the training session, the training center submits a meal guarantee to the vendor for 90 percent of the training enrollment. However, as noted above, the DOC frequently guarantees significantly more meals than are actually needed. Training center employees acknowledged the guarantee is frequently higher than the actual meals consumed; and they continue to guarantee meals for 90 percent of training enrollment without evaluating whether this method is reasonable. They indicated DOC frequently pays for extra meals due to unexpected absences and trainees choosing to eat elsewhere.

The DOC needs to review its current procedures for estimating meals needed for training and its current billing arrangement with the vendor, and develop a more reasonable method that will minimize costs incurred for meals not consumed.

WE RECOMMEND the DOC:

A. Ensure competitive bids are solicited for fuel purchases in accordance with state law and adequate documentation is maintained to support the procurement and selection process.

B. Utilize a competitive procurement process or solicit proposals for all professional services, and retain sufficient documentation of these procedures.

C. Along with the OA-ITSD, ensure effective quarterly reviews of cellular phone usage are performed and documented, and necessary changes are made to cellular plans based on those reviews.

D. Ensure travel reimbursements are necessary, reasonable, and comply with DOC policy and state travel regulations. In addition, the DOC should consider adopting guidelines regarding maximum lodging cost reimbursements.

E. Evaluate alternative procedures for estimating and paying for training meals, and develop procedures to minimize payments for meals not consumed.

AUDITEE'S RESPONSE

A. *The Department concurs with this recommendation. The department has implemented enhanced oversight and review procedures to ensure all purchasing activities comply with state purchasing laws.*

B. *The Department disagrees with this recommendation. As stated by the auditors, Attorney General Opinion Letter No. 22, 1980 to Muckler, concluded that physician, attorney, and expert witness services do not have to be bid in accordance with state purchasing laws. Therefore, the department has not sought competitive bids for these services.*

C. *The department concurs that the current policy is not being followed and will work with the appropriate staff to revise the policy so that it meets the agency's requirements and is realistic to implement.*

D. *The Department concurs with this recommendation. In the matter regarding the conference in Miami, Florida, this was an isolated incident wherein supporting documentation could not be obtained despite repeated contacts with the internet site and hotel that provided the billing. Nonetheless, every effort will be made to ensure supporting documentation is obtained to support reimbursement claims.*

E. *The Department concurs with this recommendation and will continue to work with the Office of Administration to explore alternative procedures designed to minimize payment of meals not consumed.*

7. Accounts Receivable

The DOC has not established formal written policies and procedures regarding the handling of old Inmate Revolving Fund (IRF) accounts receivable balances related to discontinued program fees.

To help cover the costs of various programs to assist the offenders in successful completion of probation, parole, or conditional release, the IFO collects fees from offenders under supervision of the Division of Probation and Parole, and deposits these fees into the IRF. Since April 2006 the IFO assesses a $30 monthly intervention fee to these offenders, as authorized by Section 217.690, RSMo. Prior to the implementation of the intervention fees, offenders were charged various fees specific to the programs in which they participated, such as the electronic monitoring, interactive voice recognition, and residential facilities programs. The department discontinued charging specific program fees in fiscal year 2008, and currently charges the intervention fee to offenders under the supervision of the Division of Probation and Parole. As of June 30, 2008, the accounts receivable balance associated with the discontinued program fees was over $9.9 million, with approximately $2.6 million of this amount due from offenders who left DOC supervision more than 3 years ago.

The DOC has not established formal policies and procedures regarding the handling of these old accounts receivable balances. DOC collection procedures consist of Probation and Parole officers reminding offenders under their supervision of past due balances and the IFO collection of past due balances from any offenders that re-enter the prison system. DOC officials indicated they are developing procedures related to the accounts receivable balances associated with these old fees and are considering writing off at least the $2.6 million due from offenders who left DOC supervision more than 3 years ago.

Formal policies and procedures related to delinquent accounts are needed to help ensure such accounts are handled in a proper and consistent manner. The policies and procedures should address required follow-up efforts on delinquent accounts and establish criteria for write off of balances for which collection is unlikely or the cost of collection would exceed the amount collected. In addition, the DOC should take aggressive actions to collect these old fees, document efforts made, and then write off the fees as appropriate. By doing so the DOC will be able to focus collection and record keeping efforts on intervention fee accounts receivables rather than old accounts receivables related to discontinued fees.

WE RECOMMEND the DOC establish formal policies and procedures to follow-up on accounts receivable balances associated with the old IRF fees, aggressively pursue collection of these amounts, and write off balances that may be deemed uncollectible.

AUDITEE'S RESPONSE

The Department concurs with this recommendation. Separate policies have been developed that deal with the collection and writeoff of outstanding debts owed by offenders. These policies provide guidance regarding the classification of debt and when debts are considered no longer collectible. These uncollectible amounts will be presented to the Executive staff for approval to write off said debt.

It is anticipated these policies will be in effect in the very near future.

8. Internal Audit

The department's internal audit section is not fully independent of the activities it audits and internal audit engagements are not planned utilizing risk assessment procedures.

A. Under the current organization structure, the internal audit section does not report to top management, but instead reports to the Comptroller. The Comptroller directs the Fiscal Management Unit, which is responsible for all financial activities of the department.

The Institute of Internal Auditors' standards provide that internal audit activity is to be independent and should ". . . report to a level within the organization that allows the internal audit activity to fulfill its responsibilities." To ensure complete and objective audit coverage, the internal audit function must be independent of the activities it audits, through both departmental status and objective performance of its audits. Direct communication with the inspector general or the department director would help ensure independence and provide a means whereby top management can be kept abreast of current operations and activities. Such a reporting structure would also permit top management to request the internal audit section to perform specific audits.

B. Internal audit engagements are determined by department policy, without utilizing risk assessment procedures. DOC policies require annual or biannual audits of the department's correctional centers, community release centers, treatment centers, reception and diagnostic centers, and certain contracted residential facilities. Rather than requiring risk assessment procedures to determine internal audit engagements, the policies give equal consideration to all of the above listed entities and no consideration to central office processes. Various divisions within the DOC central office, such as the IFO, which maintains the IAF and ICF, and the MVE, which processes receipts for sales of MVE products, handle significant monies, but have received limited internal audit coverage. In recent years, due to an understaffed internal audit section, some audits required by the policies have not been performed.

Consideration should be given to revising department policies to address central office processes in need of periodic audit by the internal auditors and incorporate risk assessment procedures for prioritizing audit activities and better utilizing available audit resources. A risk assessment procedure would evaluate risk factors, such as amount of transactions processed, prior experience with the entity or central office section, adequacy of information submitted by the entity or central office section, and expected level of compliance with department policies. In addition, the Institute of Internal Auditors' standards provide, "The chief audit executive should establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals."

WE RECOMMEND the DOC:

A. Consider having the internal audit section report directly to the inspector general or the department director.

B. Revise department policies related to the internal audit function to incorporate central office processes needing periodic audits and the use of risk assessment procedures.

AUDITEE'S RESPONSE

A. The Department will take this recommendation under advisement as part of our overall review of the department's organizational structure.

B. *The Department concurs with this recommendation. The department will include risk assessment procedures in future policy revisions and will include periodic reviews of Central Office processes.*

HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Missouri Division of Corrections and the Board of Probation and Parole were transferred to the Department of Social Services on July 1, 1974, following passage of the Omnibus State Reorganization Act of 1974. Effective September 28, 1981, the Missouri Department of Corrections and Human Resources was established as a cabinet-level department of state government as a result of legislation approved by the Eighty-First General Assembly and signed by the Governor. With the revision made to Chapter 217, which became effective August 28, 1989, the Department of Corrections and Human Resources was renamed to the Department of Corrections.

The Governor appointed George Lombardi as Director of the Department of Corrections on January 29, 2009. Prior to Mr. Lombardi's appointment, Larry Crawford had served as Director of the department since January 4, 2005.

The department has the responsibility of supervising and managing all correctional institutions and probation and parole services. The department is composed of the Office of the Director and four divisions: Human Services, Adult Institutions, Offender Rehabilitative Services, and Probation and Parole. The department employed approximately 10,900 employees as of June 2008. The functions of the Office of the Director and divisions are:

> The Office of the Director is responsible for shaping legislation and formulating policy and procedures to guide and implement public safety objectives and goals. The Office of the Director oversees the management of the four divisions as well as the following specialized areas: Legal Services, Public Information, Inspector General, Legislative and Constituent Services, Restorative Justice, and Victims' Services.
>
> The Division of Human Services provides coordinated services to the department by supervising the following activities: Human Resources, Staff Training, Employee Health/Safety, Budget and Research, Fiscal Management, General Services, Strategic Planning, Religious/Spiritual Programs, and Volunteer Services.
>
> The Division of Adult Institutions is responsible for the management of the state's 21 correctional centers and the care, custody and control of incarcerated offenders. The division houses incarcerated inmates securely and humanely while providing programs and treatment that effectively manages the offender's risk to re-offend. As of June 2008, the prison population was approximately 30,500 inmates.
>
> The Division of Offender Rehabilitative Services is the arm of the department responsible for developing and delivering interventions and services necessary for offenders to correct their criminal behaviors and become more productive at each point in the department's supervision continuum. These services and interventions include education, workforce readiness, and substance abuse treatment services. The division also oversees the inmate medical and mental health services programs and the Missouri Sexual

Offender Treatment Program provided by the contracted treatment provider. In 1990, Missouri Vocational Enterprises (MVE) was transferred to the division. The MVE is responsible for 27 different industries, services, and agribusiness operations located in 15 correctional institutions. MVE utilizes offender labor, along with department supervisors and administrative staff, to provide products and services to state agencies, political subdivisions, state employees and not-for-profit organizations. Examples of items offered include furniture, modular office systems, license plates, metal outdoor equipment, clothing, chemical products, dry cleaning, and furniture restoration services. The program's financial activity is accounted for exclusively through the state's Working Capital Revolving Fund.

The Division of Probation and Parole assesses and supervises criminal offenders assigned to the division by the Circuit Courts of Missouri and under the terms of the Interstate Compact. Affiliated with the Division of Probation and Parole is the State Probation and Parole Board. The Probation and Parole Board determines the eligibility and conditions for the release of inmates confined in the Division of Adult Institutions and oversees the supervision of probationers as directed by the courts. The Probation and Parole Board is comprised of seven full-time members appointed by the Governor, subject to the advice and consent of the Senate. Board members also investigate and report to the Governor on all applications for pardons, commutations of sentence, reprieves or restorations of citizenship. At June 2008, approximately 71,100 offenders were under supervision of the division.

CORRECTIONAL INSTITUTIONS

The 21 correctional institutions located throughout the state are:

The Algoa Correctional Center is a medium security institution constructed in 1932. The institution is located 6 miles east of Jefferson City in Cole County on a bluff overlooking the Missouri River.

The Boonville Correctional Center in Cooper County, which opened in 1983, was transferred from the Department of Social Services, Division of Youth Services. The facility is a medium security institution housing first time offenders between the ages of 17 and 25.

The Central Missouri Correctional Center (CMCC), a minimum to medium security institution, was temporarily closed in fiscal year 2006 and will be reopened in the future based on bed space needs. Originally constructed in 1938 as a satellite to the Missouri State Penitentiary, the CMCC became an independent institution within the department in 1974. The institution is located 10 miles northwest of Jefferson City in Cole County along the Missouri River. The CMCC receives appropriations to cover the costs of securing and preserving the facility. Also, the MVE continues to operate certain industries at the CMCC.

The Chillicothe Correctional Center (CCC) in Livingston County, which opened in 1981, was transferred from the Department of Social Services, Division of Youth Services. The CCC is a minimum to maximum security institution housing only female offenders. Construction on the new CCC facility was completed in August 2008 and offenders from the existing CCC were transferred to the new facility in December 2008. The old CCC facility and grounds were transferred to the City of Chillicothe in June 2009.

The Crossroads Correctional Center (CRCC), is a maximum security facility, which opened in 1997 in DeKalb County. The CRCC is the first facility in Missouri to be equipped with a lethal perimeter fence.

The Eastern Reception, Diagnostic and Correctional Center was opened in May 2002, when the Regimented Discipline Program formerly housed at Farmington was moved to this facility. It is a maximum security facility and serves as the point of intake for offenders from the eastern part of the state. The facility is located in St. Francois County at Bonne Terre.

The Farmington Correctional Center opened in 1986 and was transferred from the Department of Mental Health. It is located on the grounds of the former Farmington State Hospital in the city of Farmington in St. Francois County. The facility is a medium security institution.

The Fulton Reception and Diagnostic Center, located in Callaway County was opened in 1987 and serves as a reception and diagnostic center, which accepts offenders from the central part of the state. After processing, offenders are assigned to an appropriate security level facility. This institution also includes the Biggs Correctional Unit and the Cremer Therapeutic Community Center.

The Jefferson City Correctional Center is a maximum security institution located approximately 6 miles east of Jefferson City in Cole County. It was constructed in 2004 to replace the Missouri State Penitentiary which opened in 1836 in Jefferson City.

The Maryville Treatment Center opened in 1996. It is a minimum security institution in Nodaway County on a site that was formerly a Catholic convent. It is located 45 miles north of St. Joseph.

The Missouri Eastern Correctional Center is a medium security institution opened in 1981. The institution is located near Pacific in St. Louis County.

The Moberly Correctional Center is a medium security institution, which began operation in 1963. The institution is located 5 miles south of Moberly in Randolph County.

The Northeast Correctional Center (NECC) is a medium security facility located at Bowling Green in Pike County. The facility began operations in 1998. The NECC also is the site of the department's male juvenile unit for housing offenders under 17 years of age.

The Ozark Correctional Center (OCC) is a minimum security institution established in 1961 on a site originally constructed as an Air Force base. The institution is located 25 miles southeast of Springfield in Webster County. The OCC previously supervised Camp Hawthorn, a minimum security, and work-release camp for 45 offenders at the Lake of the Ozarks located in Miller County. The camp was closed in April 2005 due to budget constraints.

The Potosi Correctional Center in Washington County is a maximum security institution opened in 1989. This facility is the first lease-purchase state correctional facility in the history of the state.

The South Central Correctional Center is a maximum security facility located at Licking in Texas County. It opened in June 2000.

The Southeast Correctional Center is a minimum and maximum security facility located at Charleston in Mississippi County. It opened in September 2001.

The Tipton Correctional Center (TCC) in Moniteau County is a medium security institution. The TCC was placed under the administration of the department in 1960 and served as the state prison for women. The facility now houses male offenders.

The Western Missouri Correctional Center is a medium security institution opened in 1989. It is located near Cameron in DeKalb County.

The Western Reception, Diagnostic and Correctional Center (WRDCC) is a reception and diagnostic center located in St. Joseph in Buchanan County, that accepts offenders from the western areas of the state. The WRDCC was constructed on property transferred from the Department of Mental Health.

The Women's Eastern Reception, Diagnostic and Correctional Center (WERDCC) is located in Vandalia in Audrain County. The WERDCC houses minimum through maximum security female offenders. The facility opened in 1998.

BOARD OF PROBATION AND PAROLE

The Board of Probation and Parole consists of seven full-time members appointed by the Governor, subject to the advice and consent of the Senate. Terms of members are for 6 years on a staggered basis. The chairman is appointed by the Governor and is the chief administrative officer of the board in charge of the board's operations, funds and expenditures.

As of June 30, 2008, members of the Board of Probation and Parole were:

		Term Expires
Steve Long (1)	Chairman	August 2012
Wayne Crump (2)	Member	August 2008
Robert Robinson (3)	Member	April 2009

Penny Hubbard	Member	April 2010
Reid K. Forrester	Member	December 2011
Brian Jamison (1)	Member	August 2012
Chuck Pryor	Member	April 2014

(1) Steve Long retired in May 2009 and this position remains vacant. Brian Jamison was appointed Acting Chairman in June 2009.

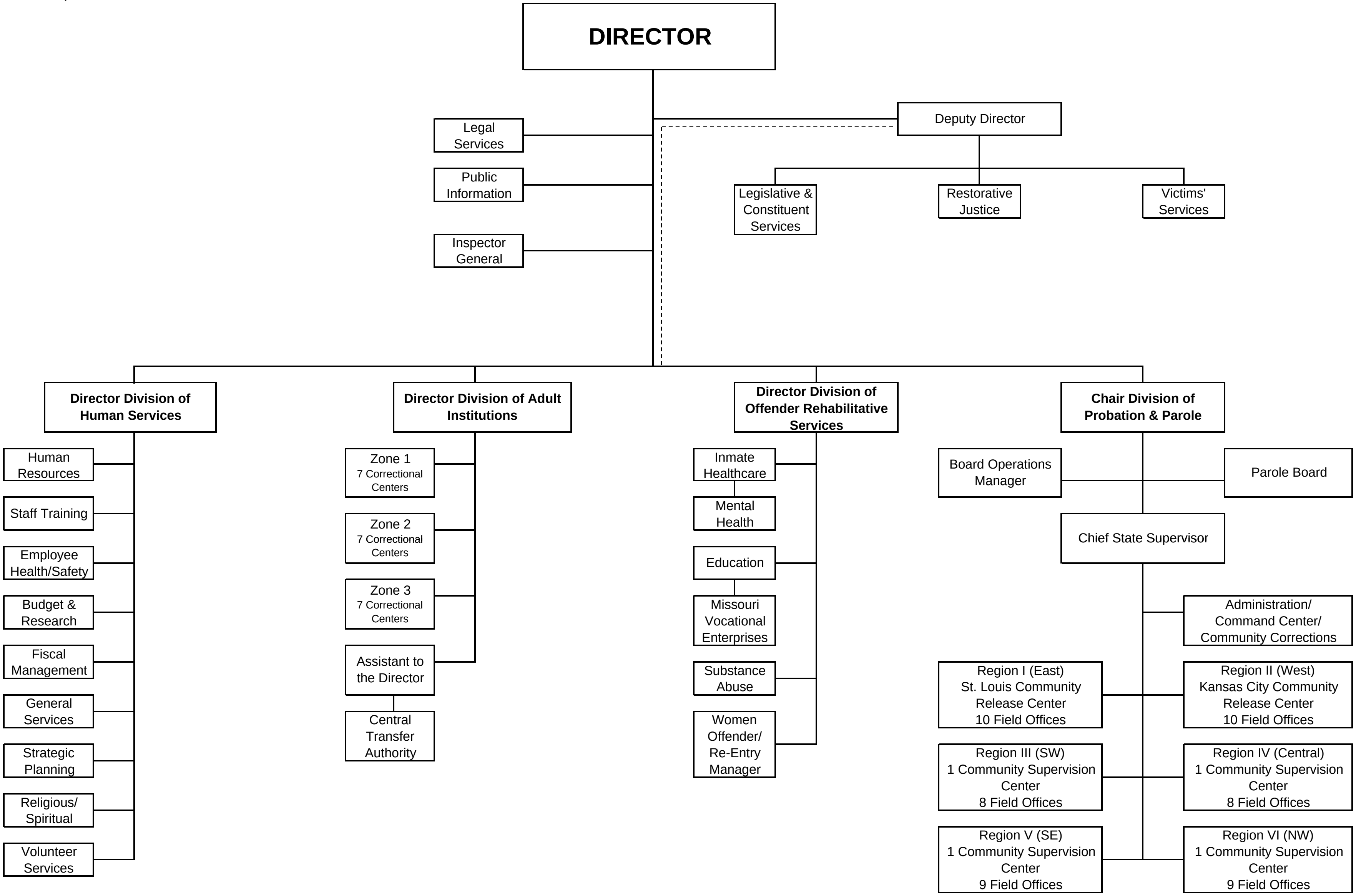
(2) Jimmie Lee Wells was appointed to replace board member Wayne Crump in January 2009. His term expires in February 2015.

(3) Robert Robinson retired in April 2009 and this position remains vacant.

The Board supervises offenders through 65 district and satellite offices throughout the state. The Board of Probation and Parole also manages the operation of Community Release Centers and Community Supervision Centers which house offenders during transition from institutional to community placement. The Kansas City Community Release Center and the St. Louis Community Release Center house up to 900 offenders. The department has constructed seven Community Supervision Centers which will house up to 30 offenders and accommodate existing probation and parole district offices in that area. Ninety percent of the construction costs are paid with federal funding. The centers in St. Joseph and Farmington opened in 2005; the center in Hannibal opened in 2007; and the centers in Kennett, Fulton, Kansas City, and Poplar Bluff opened in 2008. As of June 2008, there were approximately 1,816 staff serving in the division.

A department organization chart follows.

DEPARTMENT OF CORRECTIONS
ORGANIZATION CHART
JUNE 30, 2008



Appendix A-1

DEPARTMENT OF CORRECTIONS
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2008

	Department of Corrections - Federal	Working Capital Revolving Fund	Inmate Revolving Fund	Correctional Substance Abuse Earnings Fund	Inmate Canteen Fund *	Inmate Account Fund *	Total (Memorandum Only)
RECEIPTS							
Federal receipts	$ 20,115,030	0	0	0	0	0	20,115,030
Product sales	0	36,336,124	0	0	0	0	36,336,124
Leases and rentals	0	110,477	0	0	0	0	110,477
Offender intervention fees	0	0	14,567,910	0	0	0	14,567,910
Other offender program participation fees	0	0	1,643,163	77,831	0	0	1,720,994
Offender reimbursement of incarceration costs **	0	0	706,399	0	0	0	706,399
Inmate canteen deposits	0	0	0	0	31,393,206	0	31,393,206
Inmate account deposits	0	0	0	0	0	35,779,328	35,779,328
Interest	0	0	0	30,972	0	0	30,972
Total Receipts	20,115,030	36,446,601	16,917,472	108,803	31,393,206	35,779,328	140,760,440
DISBURSEMENTS ***							
Personal service	2,048,625	6,498,216	833,165	0	0	0	9,380,006
Employee fringe benefits	841,514	2,930,704	346,197	0	0	0	4,118,415
Expense and equipment	3,510,630	24,088,570	6,718,438	78,370	0	0	34,396,008
Capital improvements	13,668,193	18,272	0	0	0	0	13,686,465
Leasing operations	0	0	0	0	0	0	0
Fuel, utilities, and building maintenance and repair	0	1,546,608	47,795	0	0	0	1,594,403
Cost allocation plan	0	274,294	76,790	1,014	0	0	352,098
Inmate canteen disbursements	0	0	0	0	30,210,660	0	30,210,660
Inmate account withdrawals	0	0	0	0	0	36,211,164	36,211,164
Other	0	0	0	0	0	0	0
Total Disbursements	20,068,962	35,356,664	8,022,385	79,384	30,210,660	36,211,164	129,949,219
RECEIPTS OVER (UNDER) DISBURSEMENTS	46,068	1,089,937	8,895,087	29,419	1,182,546	(431,836)	10,811,221
CASH AND INVESTMENTS, JULY 1, 2007	1,362,883	7,403,933	15,237,913	623,800	14,090,616	3,538,545	42,257,690
CASH AND INVESTMENTS, JUNE 30, 2008	$ 1,408,951	8,493,870	24,133,000	653,219	15,273,162	3,106,709	53,068,911

* Funds held in bank accounts outside the state treasury. Receipts, disbursements, and balances reflect bank account activity. Detailed Canteen Fund income and expenses are included at Appendix E.

** Receipts for offender reimbursement of incarceration costs are deposited by the Attorney General's Office.

*** Disbursements on this statement will not agree to expenditures on Appendix C primarily due to 1) appropriated transfers out for personal service benefits costs, leasing operations, fuel and utilities, building maintenance and repair, and cost allocation plan; and 2) disbursements made by other state agencies. Disbursements made by other state agencies include disbursements totaling approximately $156,000 and $15,000 by the Office of Administration from the Working Capital Revolving Fund and Inmate Revolving Fund, respectively; for services provided to the department by the Information Technology Service Division; and disbursements totaling approximately $673,000 by the Department of Mental Health for substance abuse treatment services provided to the department.

Appendix A-2

DEPARTMENT OF CORRECTIONS
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2007

		Department of Corrections - Federal	Working Capital Revolving Fund	Inmate Revolving Fund	Correctional Substance Abuse Earnings Fund	Inmate Canteen Fund *	Inmate Account Fund *	Total (Memorandum Only)
RECEIPTS								
Federal receipts	$	10,622,871	0	0	0	0	0	10,622,871
Product sales		0	28,660,248	0	0	0	0	28,660,248
Leases and rentals		0	116,854	0	0	0	0	116,854
Offender intervention fees		0	0	14,744,721	0	0	0	14,744,721
Other offender program participation fees		0	0	2,523,305	70,751	0	0	2,594,056
Offender reimbursement of incarceration costs **		0	0	729,882	0	0	0	729,882
Inmate canteen deposits		0	0	0	0	31,100,030	0	31,100,030
Inmate account deposits		0	0	0	0	0	33,862,486	33,862,486
Interest		0	0	0	28,706	0	0	28,706
Total Receipts		10,622,871	28,777,102	17,997,908	99,457	31,100,030	33,862,486	122,459,854
DISBURSEMENTS ***								
Personal service		1,939,182	6,183,811	937,488	0	0	0	9,060,481
Employee fringe benefits		839,060	2,911,701	409,006	0	0	0	4,159,767
Expense and equipment		3,231,613	20,035,960	5,583,709	88,232	0	0	28,939,514
Capital improvements		4,215,156	486,232	0	0	0	0	4,701,388
Leasing operations		0	0	0	0	0	0	0
Fuel, utilities, and building maintenance and repair		0	0	0	0	0	0	0
Cost allocation plan		0	316,607	47,660	706	0	0	364,973
Inmate canteen disbursements		0	0	0	0	27,320,066	0	27,320,066
Inmate account withdrawals		0	0	0	0	0	33,806,589	33,806,589
Other		115	0	0	0	0	0	115
Total Disbursements		10,225,126	29,934,311	6,977,863	88,938	27,320,066	33,806,589	108,352,893
RECEIPTS OVER (UNDER) DISBURSEMENTS		397,745	(1,157,209)	11,020,045	10,519	3,779,964	55,897	14,106,961
CASH AND INVESTMENTS, JULY 1, 2006		965,138	8,561,142	4,217,868	613,281	10,310,652	3,482,648	28,150,729
CASH AND INVESTMENTS, JUNE 30, 2007	$	1,362,883	7,403,933	15,237,913	623,800	14,090,616	3,538,545	42,257,690

* Funds held in bank accounts outside the state treasury. Receipts, disbursements, and balances reflect bank account activity. Detailed Canteen Fund income and expenses are included at Appendix E.

** Receipts for offender reimbursement of incarceration costs are deposited by the Attorney General's Office.

*** Disbursements on this statement will not agree to expenditures on Appendix C primarily due to 1) appropriated transfers out for personal service benefits costs, leasing operations, fuel and utilities, building maintenance and repair, and cost allocation plan; and 2) disbursements made by other state agencies. Disbursements made by other state agencies include disbursements totaling approximately $16,000 and $10,000 by the Office of Administration from the Working Capital Revolving Fund and Inmate Revolving Fund, respectively; for services provided to the department by the Information Technology Service Division; and disbursements totaling approximately $640,000 by the Department of Mental Health for substance abuse treatment services provided to the department.

Appendix A-3

DEPARTMENT OF CORRECTIONS
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2006

		Department of Corrections - Federal	Working Capital Revolving Fund	Inmate Revolving Fund	Correctional Substance Abuse Earnings Fund	Inmate Canteen Fund *	Inmate Account Fund *	Total (Memorandum Only)
RECEIPTS								
Federal receipts	$	12,552,400	0	0	0	0	0	12,552,400
Product sales		0	28,462,126	0	0	0	0	28,462,126
Leases and rentals		0	112,655	0	0	0	0	112,655
Offender intervention fees		0	0	3,741,278	0	0	0	3,741,278
Other offender program participation fees		0	0	3,043,972	92,038	0	0	3,136,010
Offender reimbursement of incarceration costs **		0	0	551,430	0	0	0	551,430
Inmate canteen deposits		0	0	0	0	30,433,724	0	30,433,724
Inmate account deposits		0	0	0	0	0	30,652,921	30,652,921
Interest		0	0	0	21,390	0	0	21,390
Total Receipts		12,552,400	28,574,781	7,336,680	113,428	30,433,724	30,652,921	109,663,934
DISBURSEMENTS ***								
Personal service		1,885,535	6,766,123	886,915	0	0	0	9,538,573
Employee fringe benefits		774,894	3,056,549	373,864	0	0	0	4,205,307
Expense and equipment		2,603,536	17,109,383	3,250,255	49,159	0	0	23,012,333
Capital improvements		6,907,044	100,696	0	0	0	0	7,007,740
Leasing operations		0	1,650	0	0	0	0	1,650
Fuel, utilities, and building maintenance and repair		0	0	0	0	0	0	0
Cost allocation plan		0	316,871	50,211	752	0	0	367,834
Inmate canteen disbursements		0	0	0	0	27,946,223	0	27,946,223
Inmate account withdrawals		0	0	0	0	0	30,548,497	30,548,497
Other		0	0	0	0	0	0	0
Total Disbursements		12,171,009	27,351,272	4,561,245	49,911	27,946,223	30,548,497	102,628,157
RECEIPTS OVER (UNDER) DISBURSEMENTS		381,391	1,223,509	2,775,435	63,517	2,487,501	104,424	7,035,777
CASH AND INVESTMENTS, JULY 1, 2005		583,747	7,337,633	1,442,433	549,764	7,823,151	3,378,224	21,114,952
CASH AND INVESTMENTS, JUNE 30, 2006	$	965,138	8,561,142	4,217,868	613,281	10,310,652	3,482,648	28,150,729

* Funds held in bank accounts outside the state treasury. Receipts, disbursements, and balances reflect bank account activity. Detailed Canteen Fund income and expenses are included at Appendix E.

** Receipts for offender reimbursement of incarceration costs are deposited by the Attorney General's Office.

*** Disbursements on this statement will not agree to expenditures at Appendix C primarily due to 1) appropriated transfers out for personal service benefits costs, leasing operations, fuel and utilities, building maintenance and repair, and cost allocation plan; and 2) disbursements made by other state agencies. Disbursements made by other state agencies include disbursements totaling approximately $369,000 by the Department of Mental Health for substance abuse treatment services provided to the department.

Appendix B

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,	
	2008	2007	2006
GENERAL REVENUE FUND			
Filing fees	$ 17,049	25,336	20,893
Donated assets	280,975	91,296	209,743
Inmate social security benefits	262,800	256,800	195,800
Refunds of criminal case reimbursements	761,476	693,320	0
Recoveries	48,831	40,407	64,205
Cost reimbursements from Canteen Fund and others *	649,860	550,217	1,003,998
Fees for copying public records	7,307	11,188	14,293
Miscellaneous	81,429	200,753	73,415
Total General Revenue Fund	$ 2,109,727	1,869,317	1,582,347
FACILITIES MAINTENANCE RESERVE FUND			
Donated assets	$ 0	44,107	0
BOARD OF PUBLIC BUILDINGS - SERIES A 2003 BOND PROCEEDS - PROJECT FUND			
Donated assets	$ 0	111,055	0

* Receipts are primarily reimbursements from the Canteen Fund for canteen manager salaries. Fiscal year 2006 receipts also include reimbursements for canteen manager payroll for all of fiscal year 2005.

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
GENERAL REVENUE FUND									
Information Technology Services Division - Personal Service	$ 0	0	0	0	0	0	2,324,348	2,301,130	23,218
Information Technology Services Division - Expense and Equipment	0	0	0	0	0	0	4,032,559	4,029,533	3,026
Eastern Reception and Diagnostic Center - Personal Service	18,848,102	18,630,840	217,262	18,841,731	18,434,028	407,703	18,703,273	17,899,433	803,840
Maintenance, Repairs, Replacements, Unprogrammed Requirements, Emergency Requirements, and Improvements at Facilities Statewide	0	0	0	1	1	0	48,630	48,629	1 *
Chillicothe Correctional Center - Planning, Programming, and Preliminary Design of Replacement Facility	0	0	0	202,141	202,066	75	250,000	47,859	202,141 *
Costs Associated with Increased Offender Population Department-wide - Personal Service	2,647,100	2,539,043	108,057	3,152,524	2,710,940	441,584	6,058,375	1,922,438	4,135,937
Payment of Real Property Leases, Related Services, Utilities, Systems Furniture, Structural Modifications, and Related Expenses- Leasing	7,128,732	6,530,530	598,202	6,469,634	6,469,634	0	5,529,197	5,497,772	31,425
Adult Institutions Department-wide Expense and Equipment - Officers Clothing	1,775,781	1,774,391	1,390	749,151	748,391	760	749,151	749,150	1
Adult Institutions Department-wide Expense and Equipment - Vehicle	0	0	0	1	0	1	1	0	1
Adult Institutions Department-wide Expense and Equipment - Inmate Clothing	2,050,000	2,049,988	12	2,050,000	2,044,870	5,130	2,050,000	2,049,401	599
Adult Institutions Department-wide Expense and Equipment - Institutional Community Purchases	1,475,206	1,475,206	0	1,475,206	1,472,729	2,477	1,475,206	1,474,079	1,127
BP&P Command Center - Expense and Equipment	240,271	136,083	104,188	14,546	11,254	3,292	14,546	11,023	3,523
DHS - Personal Service	8,692,689	8,085,517	607,172	8,883,432	8,295,877	587,555	8,418,179	8,054,218	363,961
DHS - Expense and Equipment	196,843	196,575	268	204,119	202,349	1,770	224,691	223,183	1,508
Employee Health and Safety - Expense and Equipment	432,000	431,911	89	432,000	431,596	404	433,500	430,115	3,385
BP&P - Personal Service	59,362,650	57,835,010	1,527,640	57,570,928	56,487,340	1,083,588	55,240,249	54,672,967	567,282
BP&P - Expense and Equipment	4,728,404	4,626,652	101,752	4,880,165	4,590,428	289,737	5,181,089	5,074,486	106,603
South Central Correctional Center - Personal Service	11,961,035	11,733,682	227,353	11,917,588	11,449,852	467,736	11,205,053	10,902,589	302,464

Appendix C

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
Aid to Counties for the Cost in Criminal Cases, Transportation of Convicted Criminals to State Penitentiaries, Housing, and Cost for Reimbursement of the Expenses Associated with Extradition	41,935,616	40,008,738	1,926,878	40,060,616	40,060,616	0	0	0	0
Western Reception and Diagnostic Center - Personal Service	15,392,727	14,677,180	715,547	15,044,710	14,268,801	775,909	15,104,614	14,317,351	787,263
Payment of Real Property Leases, Related Services, Utilities, Systems, Furniture, Structural Modifications, and Related Expenses - State Owned	937,174	912,923	24,251	855,438	855,438	0	0	0	0
Maryville Treatment Center - Personal Service	5,446,977	5,255,792	191,185	5,525,993	5,229,811	296,182	5,678,581	5,523,214	155,367
BP&P Command Center - Personal Service	520,652	507,141	13,511	505,487	482,262	23,225	470,621	445,513	25,108
General Services - Expense and Equipment	526,248	526,222	26	408,432	406,876	1,556	321,196	320,759	437
Contractual Services for Offender Physical and Mental Health Care - Expense and Equipment	116,113,029	114,679,324	1,433,705	102,279,361	98,327,872	3,951,489	91,226,092	91,223,455	2,637
Medical Equipment - Expense and Equipment	239,523	217,022	22,501	239,523	162,912	76,611	239,134	165,467	73,667
Public School Retirement Contributions	0	0	0	1	0	1	1	0	1
Appraisals and Surveys of State Facilities	22,000	3,766	18,234	0	0	0	0	0	0
Southeast Correctional Center - Personal Service	11,798,187	11,469,139	329,048	11,644,042	11,004,587	639,455	11,059,117	10,322,402	736,715
Restitution Payments for Those Wrongly Convicted	109,500	109,500	0	109,500	109,500	0	0	0	0
Building Maintenance and Repair Service Contracts - Expense and Equipment	0	0	0	15,709	12,211	3,498	0	0	0
Reentry Pilot Program in the City of Saint Louis - Expense and Equipment	900,000	708,818	191,182	1,000,000	25,867	974,133	0	0	0
Crossroads Correctional Center - Personal Service	11,247,084	10,849,310	397,774	11,100,680	10,223,599	877,081	10,478,933	9,991,041	487,892
BP&P Local Sentencing Initiatives, Electronic Monitoring, Residential and Community Treatment, Community Corrections Coordination Unit, and Command Center	0	0	0	0	0	0	1,710,220	1,566,000	144,220
Missouri Eastern Correctional Center - Personal Service	9,546,037	9,249,088	296,949	9,363,209	8,744,834	618,375	7,211,005	6,944,666	266,339
Northeast Correctional Center - Personal Service	15,271,496	14,831,773	439,723	15,192,744	14,218,392	974,352	13,829,615	13,313,936	515,679
Chillicothe Correctional Center - Personal Service	5,595,809	5,388,219	207,590	5,494,417	5,172,834	321,583	4,533,270	4,317,326	215,944

Appendix C

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
Fuel and Utilities Department-wide - Expense and Equipment	0	0	0	26,858,285	26,856,080	2,205	26,744,175	26,130,412	613,763
Purchase, Transportation and Storage of Food and Food Service Items and Operational Expenses of Food Preparation Facilities at All Institutions Expense and Equipment	26,348,386	26,080,473	267,913	24,675,819	23,206,773	1,469,046	23,638,476	21,547,702	2,090,774
Jefferson City Correctional Center - Personal Service	15,705,838	15,250,306	455,532	15,566,596	15,474,214	92,382	16,505,039	16,267,926	237,113
Central Missouri Correctional Center - Personal Service	564,831	483,102	81,729	1,180,211	585,046	595,165	1,134,818	586,646	548,172
Women's Eastern Reception and Diagnostic Center - Personal Service	13,504,079	11,980,294	1,523,785	13,462,208	11,198,790	2,263,418	11,152,008	10,361,530	790,478
Ozark Correctional Center - Personal Service	4,583,646	4,454,333	129,313	4,636,239	4,417,450	218,789	4,275,303	4,166,360	108,943
Tipton Correctional Center - Personal Service	9,289,006	9,272,399	16,607	9,394,310	9,235,141	159,169	9,657,895	9,440,434	217,461
Moberly Correctional Center - Personal Service	12,030,676	11,811,491	219,185	11,994,647	11,616,464	378,183	11,156,919	10,847,623	309,296
Algoa Correctional Center - Personal Service	9,566,470	9,348,240	218,230	9,633,850	9,385,825	248,025	9,453,250	9,151,263	301,987
Office of the Director - Personal Service	3,517,383	2,914,758	602,625	2,837,493	2,669,257	168,236	2,728,361	2,487,650	240,711
Office of the Director - Expenses and Equipment	122,118	118,419	3,699	122,643	115,970	6,673	118,275	114,555	3,720
DAI Central Office - Personal Service	1,457,010	1,444,637	12,373	1,414,573	1,340,278	74,295	1,357,229	1,261,498	95,731
DAI Central Office - Expense and Equipment	178,464	178,055	409	178,464	172,058	6,406	183,511	177,933	5,578
Saint Louis Community Release Center - Personal Service	4,085,323	3,804,568	280,755	4,037,840	3,822,063	215,777	3,804,848	3,494,445	310,403
Kansas City Community Release Center - Personal Service	2,359,486	2,066,508	292,978	2,425,034	2,208,242	216,792	2,283,693	2,039,501	244,192
Costs Associated with Increased Offender Population Department-wide - Expense and Equipment	692,996	691,998	998	2,224,479	1,289,408	935,071	7,017,992	6,769,400	248,592
Boonville Correctional Center - Personal Service	9,117,461	8,792,424	325,037	9,068,503	8,472,676	595,827	8,677,146	8,246,532	430,614
Inmate Wage and Discharge Costs at all Correctional Facilities - Expense and Equipment	3,978,702	3,721,335	257,367	3,968,244	3,629,438	338,806	3,782,646	3,669,122	113,524
Telecommunications Expense Department-wide	2,239,422	2,239,422	0	2,239,422	2,239,156	266	2,993,454	2,991,815	1,639
Training Department-wide - Expense and Equipment	1,566,720	1,566,425	295	1,566,720	1,564,089	2,631	1,573,644	1,572,738	906
DORS Central Office - Personal Service	1,952,824	1,777,961	174,863	1,921,471	1,817,921	103,550	1,835,108	1,714,907	120,201
DORS Central Office- Expense and Equipment	59,995	54,592	5,403	59,995	55,379	4,616	62,333	60,486	1,847
Farmington Correctional Center - Personal Service	18,187,198	17,394,634	792,564	17,654,607	16,573,892	1,080,715	16,562,046	15,621,675	940,371
Farmington Correctional Center - Board of Public Buildings - Personal Service	835,826	702,304	133,522	1,169,563	1,088,503	81,060	1,182,312	1,109,625	72,687

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
Farmington Correctional Center - Board of Public Buildings - Expense and Equipment	0	0	0	175,547	174,924	623	175,547	173,459	2,088
Fulton Reception and Diagnostic Correctional Center - Personal Service	11,989,070	11,357,290	631,780	11,736,353	10,895,480	840,873	9,783,923	9,453,626	330,297
Overtime	9,578,833	9,290,979	287,854	9,308,726	6,869,614	2,439,112	8,198,745	8,049,703	149,042
Substance Abuse Services - Personal Service	3,632,476	3,247,498	384,978	3,587,120	3,283,954	303,166	3,377,467	3,198,609	178,858
Substance Abuse Services - Expense and Equipment	4,741,219	3,944,281	796,938	2,658,198	2,400,159	258,039	2,671,219	2,613,776	57,443
Toxicology Testing - Expense and Equipment	886,331	858,582	27,749	886,331	850,367	35,964	899,916	869,306	30,610
Workforce Readiness - Expense and Equipment	90,918	72,455	18,463	90,918	74,597	16,321	94,449	83,019	11,430
Offender Education - Personal Service	9,283,371	8,384,588	898,783	8,975,588	8,366,749	608,839	8,604,814	8,114,829	489,985
Offender Education - Expense and Equipment	2,586,396	2,579,915	6,481	2,587,147	2,286,556	300,591	2,920,275	2,876,932	43,343
Offender Education - Personal Service - Hourly	0	0	0	37,394	20,374	17,020	36,206	33,088	3,118
Offender Reentry Program - Expense and Equipment	15,000	14,443	557	15,000	14,267	733	15,000	14,047	953
Offender Reentry Program - Expense and Equipment	368,096	340,858	27,238	368,096	298,283	69,813	370,700	255,103	115,597
Community Supervision Centers - Personal Service	2,484,370	1,912,628	571,742	1,973,976	1,278,248	695,728	1,389,987	988,505	401,482
Community Supervision Centers - Expense and Equipment	1,992,450	1,837,872	154,578	1,517,842	536,714	981,128	830,342	518,813	311,529
Fulton Reception and Diagnostic Correctional Center - Board of Public Buildings - Personal Service	617,918	517,226	100,692	639,988	536,601	103,387	553,340	486,482	66,858
Fulton Reception and Diagnostic Correctional Center - Board of Public Buildings - Expense and Equipment	0	0	0	48,533	48,131	402	48,533	48,521	12
Data Processing and Information Systems Department-wide - Expense and Equipment	0	0	0	0	0	0	176,525	170,912	5,613
Western Missouri Correctional Center - Personal Service	14,965,589	13,884,324	1,081,265	14,937,001	13,638,265	1,298,736	14,073,847	13,016,950	1,056,897
Potosi Correctional Center - Personal Service	10,535,644	10,005,170	530,474	10,709,219	9,965,479	743,740	9,154,126	9,148,397	5,729
Farmington Correctional Center and Fulton Reception and Diagnostic Correctional Center - Board of Public Buildings - Fuel and Utilities	0	0	0	4,561,609	4,557,389	4,220	4,562,017	4,047,622	514,395
Adult Institutions Department-wide Expense and Equipment - Institutional Pool	12,331,980	12,323,748	8,232	14,865,675	14,846,248	19,427	13,787,262	13,779,237	8,025
Total General Revenue Fund	583,184,393	562,159,918	21,024,475	593,654,506	562,834,279	30,820,227	533,405,167	511,611,849	21,793,318

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DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
FACILITIES MAINTENANCE RESERVE FUND									
Operational Maintenance and Repair	5,800,000	1,364,384	4,435,616	0	0	0	0	0	0
Maintenance, Repairs, Replacements, Unprogrammed Requirements, Emergency Requirements, and Improvements at Facilities Statewide	7,288,609	4,457,453	2,831,156	7,839,106	7,839,106	0	18,047,318	724,619	17,322,699 *
Operational Maintenance and Repairs to State-owned Facilities	0	0	0	1,218,750	1,216,606	2,144	1,218,750	1,217,526	1,224
Maintenance, Repairs, Replacements, Unprogrammed Requirements, Emergency Requirements, and Improvements at Facilities Statewide - Year 1	0	0	0	48,260	48,260	0	344,840	296,581	48,259 *
Maintenance, Repairs, Replacements, Unprogrammed Requirements, Emergency Requirements, and Improvements at Facilities Statewide - Year 2	0	0	0	3,197,744	3,195,726	2,018	7,619,332	5,638,271	1,981,061 *
Maintenance, Repairs, Replacements, and Improvements at Facilities Statewide -									
Algoa Correctional Center - Electrical Service	6,771,068	2,064,802	4,706,266	0	0	0	0	0	0
Algoa Correctional Center - Condensate Lines	347,050	310,030	37,020	0	0	0	0	0	0
Boonville Correctional Center - Phase II Electric Various	4,816,782	231,383	4,585,399	0	0	0	0	0	0
Eastern Reception and Diagnostic Center - Fire Alarm Various	379,469	4,333	375,136	0	0	0	0	0	0
Farmington Correctional Center - Water System Improvement	644,512	28,900	615,612	0	0	0	0	0	0
Farmington Correctional Center - Fire Alarm System	2,798,183	506,213	2,291,970	0	0	0	0	0	0
Fulton Reception and Diagnostic Correctional Center - Replace Roof	52,064	30,972	21,092	0	0	0	0	0	0
Fulton Reception and Diagnostic Correctional Center - Natural Gas Lines	139,191	21,700	117,491	0	0	0	0	0	0
Maryville Treatment Center - Replace/Repair Elevator	802,832	18,599	784,233	0	0	0	0	0	0
Missouri Eastern Correctional Center - Replace Boiler	256,222	203,468	52,754	0	0	0	0	0	0
Kitchen Floor	126,298	0	126,298	0	0	0	0	0	0

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DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
Missouri Eastern Correctional Center - Replace Roofs	1,107,197	26,053	1,081,144	0	0	0	0	0	0
Moberly Correctional Center - Fire Alarm System	919,313	21,472	897,841	0	0	0	0	0	0
Moberly Correctional Center - Repair Exterior Administration	681,017	369	680,648	0	0	0	0	0	0
Ozark Correctional Center - Fire Alarm System Various	466,478	9,255	457,223	0	0	0	0	0	0
Potosi Correctional Center - Replace Chiller	600,799	516,227	84,572	0	0	0	0	0	0
Tipton Correctional Center - Electronic Renovation Various	1,474,552	153,910	1,320,642	0	0	0	0	0	0
Western Missouri Correctional Center - Security Improvements Various	8,387,388	1,911,942	6,475,446	0	0	0	0	0	0
Western Reception and Diagnostic Center - Repair Tunnel	333,938	0	333,938	0	0	0	0	0	0
Western Reception and Diagnostic Center - Power Plant Roof	821,266	18,115	803,151	0	0	0	0	0	0
Western Reception and Diagnostic Center - Replace Floor	290,927	10,601	280,326	0	0	0	0	0	0
Western Reception and Diagnostic Center - Electrical Study	148,000	71,740	76,260	0	0	0	0	0	0
Kansas City Community Release Center - Exhaust System Administration	252,679	14,436	238,243	0	0	0	0	0	0
Energy Conservation Project	618,625	385,590	233,035	0	0	0	0	0	0
Total Facilities Maintenance Reserve Fund	46,324,459	12,381,947	33,942,512	12,303,860	12,299,698	4,162	27,230,240	7,876,997	19,353,243
DEPARTMENT OF CORRECTIONS FUND									
Information Technology Services Division - Expense and Equipment	0	0	0	0	0	0	2,872	2,357	515
Security Enhancements Statewide	969,519	24,243	945,276	232,534	232,534	0	3,000,000	1,797,947	1,202,053 *
Contractual Services for Offender Physical and Mental Health Care - Expense and Equipment	0	0	0	1	0	1	1	0	1
Planning, Design, and Construction of Community Supervision Centers Statewide	308,073	308,073	0	0	0	0	0	0	0

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,									
	2008			2007			2006			
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	
Food Service Items and Operational Expenses of Food Preparation Facilities at All Institutions - Expense and Equipment	450,000	226,577	223,423	450,000	449,932	68	450,000	449,658	342	
Planning, Design, and Construction of Community Supervision Centers Statewide	16,348,960	12,272,677	4,076,283	3,174,087	3,174,086	1	24,611,078	5,088,031	19,523,047	*
Planning, Design, and Construction of a Juvenile Housing Unit at Northeast Correctional Center	1,655,802	1,059,597	596,205	824,486	824,486	0	2,510,501	30,213	2,480,288	*
Overtime	0	0	0	1	0	1	1	0	1	
Federal Programs - Personal Service	2,863,731	2,048,625	815,106	2,780,321	1,939,182	841,139	2,219,424	1,885,535	333,889	
Federal Programs - Expense and Equipment	6,154,437	3,287,656	2,866,781	5,356,718	2,765,732	2,590,986	5,467,683	2,142,310	3,325,373	
Total Department of Corrections Fund	28,750,522	19,227,448	9,523,074	12,818,148	9,385,952	3,432,196	38,261,560	11,396,051	26,865,509	
BOARD OF PUBLIC BUILDINGS - SERIES A 2003 BOND PROCEEDS - PROJECTS FUND										
Planning, Design, and Construction of Community Supervision Centers Statewide	730,255	455,726	274,529	717,500	717,499	1	2,022,748	574,993	1,447,755	*
Planning, Design, and Construction of a Juvenile Housing Unit at Northeast Correctional Center	50,364	12,376	37,988	62,393	62,392	1	127,745	14,988	112,757	*
Maintenance, Repairs, Replacements, Unprogrammed Requirements, Emergency Requirements, and Improvements at Facilities Statewide	0	0	0	354,682	354,682	0	1,654,048	1,297,831	356,217	*
Total Board of Public Buildings - Series A 2003 Bond Proceeds- Projects Fund	780,619	468,102	312,517	1,134,575	1,134,573	2	3,804,541	1,887,812	1,916,729	
FOURTH STATE BUILDING - SERIES A 1998 FUND										
Maintenance, Repairs, Replacements, Unprogrammed Requirements, Emergency Requirements, and Improvements at Facilities Statewide	1,325,607	1,325,607	0	3,802,408	3,802,408	0	6,019,695	1,091,680	4,928,015	*
Total Fourth State Building- Series A 1998 Fund	1,325,607	1,325,607	0	3,802,408	3,802,408	0	6,019,695	1,091,680	4,928,015	
WORKING CAPITAL REVOLVING FUND										
Information Technology Services Division - Personal Service	0	0	0	0	0	0	43,152	42,795	357	
Information Technology Services Division - Expense and Equipment	0	0	0	0	0	0	223,694	48,100	175,594	
Jefferson City Correctional Center - Personal Service	0	0	0	0	0	0	203,024	154,860	48,164	
Moberly Correctional Center - Personal Service	0	0	0	0	0	0	169,220	156,416	12,804	

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DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
Missouri Eastern Correctional Center - Personal Service	0	0	0	0	0	0	56,806	45,478	11,328
Missouri Correctional Enterprises - Expense and Equipment	25,645,726	23,781,136	1,864,590	25,645,726	18,814,015	6,831,711	25,592,442	15,525,303	10,067,139
Missouri Correctional Enterprises - Personal Service	7,896,208	6,498,215	1,397,993	7,704,116	6,183,811	1,520,305	7,422,081	6,345,776	1,076,305
Private Sector/Prison Industry Enhancement Program - Expense and Equipment	0	0	0	962,762	0	962,762	962,762	0	962,762
Fuel and Utilities Department-wide - Expense and Equipment	0	0	0	1,487,661	1,487,414	247	1,500,000	1,491,251	8,749
Telecommunications Expense Department-wide	0	0	0	256,400	0	256,400	256,400	0	256,400
Payment of Real Property Leases, Related Services, Utilities, Systems Furniture, Structural Modifications, and Related Expenses - Leasing	261,379	168,966	92,413	181,224	177,868	3,356	107,254	105,669	1,585
Algoa Correctional Center - Personal Service	0	0	0	0	0	0	29,003	20,691	8,312
Overtime	15,001	0	15,001	1	0	1	20,001	107	19,894
Workforce Readiness - Expense and Equipment	0	0	0	350,000	0	350,000	694,349	0	694,349
Total Working Capital Revolving Fund	33,818,314	30,448,317	3,369,997	36,587,890	26,663,108	9,924,782	37,280,188	23,936,446	13,343,742
INMATE REVOLVING FUND									
Boonville Correctional Center - Personal Service	32,263	0	32,263	31,323	215	31,108	29,003	20,281	8,722
Residential Treatment Facilities - Expense and Equipment	4,989,458	3,256,789	1,732,669	2,733,039	2,610,045	122,994	2,733,039	2,080,859	652,180
Ozark Correctional Center - Personal Service	319,313	306,724	12,589	310,013	307,949	2,064	291,000	290,705	295
Electronic Monitoring - Expense and Equipment	1,980,289	919,207	1,061,082	1,494,821	960,935	533,886	0	0	0
Local Sentencing Initiative - Expense and Equipment	1,087,115	1,020,071	67,044	1,087,115	915,264	171,851	0	0	0
Costs Associated with Increased Offender Population Department-wide - Personal Service	0	0	0	415,863	383,388	32,475	0	0	0
DHS - Personal Service	311,914	189,945	121,969	333,238	281,206	52,032	320,422	251,809	68,613
DHS - Expense & Equipment	63,049	15,334	47,715	63,049	18,682	44,367	63,049	1,240	61,809
Tipton Correctional Center - Personal Service	85,637	11,961	73,676	83,143	56,926	26,217	79,945	34,643	45,302
BP&P - Personal Service	284,317	252,119	32,198	129,277	88,991	40,286	124,305	90,864	33,441
BP&P - Expense and Equipment	3,050,772	819,283	2,231,489	63,048	45,310	17,738	63,048	43,997	19,051
Kansas City Community Release Center - Personal Service	46,042	38,989	7,053	44,701	32,391	12,310	42,982	37,128	5,854
Chillicothe Correctional Center - Personal Service	27,018	23,834	3,184	26,231	25,940	291	25,222	24,984	238
Overtime	15,001	9,593	5,408	1	0	1	20,001	0	20,001

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DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2008			2007			2006		
	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***	Appropriation Authority	Expenditures	Lapsed Balances ***
Community Corrections Coordination Unit - Personal Service	0	0	0	146,759	143,869	2,890	141,114	136,502	4,612
BP&P Local Sentencing Initiatives, Electronic Monitoring, Residential and Community Treatment, Community Corrections Coordination Unit, and Command Center	0	0	0	0	0	0	1,510,021	752,489	757,532
Total Inmate Revolving Fund	12,292,188	6,863,849	5,428,339	6,961,621	5,871,111	1,090,510	5,443,151	3,765,501	1,677,650
CORRECTIONAL SUBSTANCE ABUSE EARNINGS FUND									
Substance Abuse Services - Expense and Equipment	264,600	78,371	186,229	264,600	88,233	176,367	264,600	49,159	215,441
Total Correctional Substance Abuse Earnings Fund	264,600	78,371	186,229	264,600	88,233	176,367	264,600	49,159	215,441
Total All Funds **	$ 706,740,702	632,953,559	73,787,143	667,527,608	622,079,362	45,448,246	651,709,142	561,615,495	90,093,647

* Biennial appropriations set up in the current fiscal year are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for a biennial appropriation at the end of the first year.

** This schedule does not include start-up expenditures for the new Chillicothe Prison. The DOC was authorized to spend $9.7 million from the Board of Public Buildings Series A 2006 Chillicothe Prison Fund for start-up expenditures. The design and construction of the new facility was also paid from this fund by the Office of Administration.

Appendix C

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

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

		Year Ended June 30,		
General Revenue Fund		2008	2007	2006
Personal Service	$	8,540,532	9,879,415	13,410,821
Expense and Equipment		803,680	1,776,810	929,749
Overtime		287,365	279,262	148,285
Reentry Pilot Program in the City of Saint Louis - Expense and Equipment		27,000	30,000	0
BP&P Local Sentencing Initiatives, Electronic Monitoring, Residential and Community Treatment, Community Corrections Coordination Unit, and Command Center- Personal Services & Expense & Equipment		0	0	51,307
Total General Revenue Fund	$	9,658,577	11,965,487	14,540,162

BP&P Board of Probation and Parole
DAI Division of Adult Institutions
DHS Division of Human Services
DORS Division of Offender Rehabilitative Services

Appendix D

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,				
		2008	2007	2006	2005	2004
Salaries and wages	$	340,529,402	330,544,165	319,754,601	326,319,243	311,361,338
Travel, in-state		2,582,667	2,783,679	2,798,146	2,708,348	2,679,154
Travel, out-of-state		311,862	294,917	256,643	298,474	208,817
Fuel and utilities *		706,258	29,975,057	31,743,136	28,528,733	27,250,748
Supplies		62,903,710	53,786,031	50,961,615	52,885,471	53,723,922
Professional development		395,506	402,888	470,646	538,509	627,217
Communication services and supplies		1,544,935	1,750,336	2,476,109	2,514,211	2,519,305
Services:						
Professional		130,287,332	113,517,046	110,821,193	109,407,269	105,337,196
Housekeeping and janitorial		1,673,396	1,578,607	1,596,275	1,585,443	1,753,216
Maintenance and repair		2,802,256	3,793,701	4,215,871	4,519,259	5,666,818
Equipment:						
Computer		299,014	38,788	1,998,057	2,297,413	3,605,561
Motorized		1,134,093	1,440,920	1,431,285	1,269,197	1,601,383
Office		1,254,039	1,533,143	1,314,778	2,424,431	1,572,807
Other		5,081,105	4,862,573	2,990,228	6,408,657	5,814,961
Property and improvements		27,688,417	22,308,004	16,757,007	11,157,503	6,267,510
Debt service		200,833	302,111	66,971	6,155	153,437
Real property rentals and leases		6,419,595	6,561,445	5,907,620	6,610,494	6,433,150
Equipment rental and leases		226,920	337,311	459,356	329,885	1,298,613
Miscellaneous expenses		6,040,763	6,098,524	5,595,936	5,727,681	5,873,389
Rebillable expenses		0	0	0	0	48,161
Refunds		7,901	0	22	0	0
Program distributions **		40,863,555	40,170,116	0	0	0
Total Expenditures	$	632,953,559	622,079,362	561,615,495	565,536,376	543,796,703

* Beginning in fiscal year 2008, expenditures for fuel and utilities are primarily paid by the Office of Administration (OA) as part of the consolidation of maintenance resources. Funds are transferred to the OA to cover the expenses.

** In fiscal year 2007, appropriations to reimburse counties and the City of St. Louis for certain costs incurred in the prosecution and incarceration of defendants sentenced to imprisonment in the DOC, costs of transporting prisoners to the reception and diagnostic centers, and costs of transporting extradited prisoners were transfered from the OA to the DOC.

Appendix E

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF INCOME, EXPENSES, AND NET INCOME
INMATE CANTEEN FUND

	Year Ended June 30,		
	2008	2007	2006
Income			
Canteen sales	$ 29,577,165	29,360,786	29,401,054
Vending machine income	413,048	438,043	398,041
Interest	632,682	575,423	454,780
Miscellaneous	589,201	176,439	297,580
Total Income	31,212,096	30,550,691	30,551,455
Expenses			
Cost of sales	22,666,827	22,624,472	23,360,719
Operating expenses	1,470,428	1,089,098	1,041,589
Inmate benefit	4,646,046	4,415,266	3,523,078
Total Expenses	28,783,301	28,128,836	27,925,386
Net Income (Loss)	$ 2,428,795	2,421,855	2,626,069

Note: Income and expenses on this statement will not agree to receipts and disbursements on Appendix A because this statement was prepared using the accrual basis of accounting and Appendix A was prepared using the cash basis of accounting.

Appendix F

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF INCOME, EXPENSES, AND NET INCOME
WORKING CAPITAL REVOLVING FUND

	Year Ended June 30,		
	2008	2007	2006
Income			
Sales - regular	$ 35,001,609	28,399,355	27,362,419
Sales - interdepartmental	2,843,632	2,226,589	2,391,834
Other	1,008,658	991,173	963,527
Total Income	38,853,899	31,617,117	30,717,780
Cost of Goods Sold			
Material	18,669,953	13,493,637	12,903,259
Inmate labor	1,664,323	1,504,422	1,540,166
Manufacturing overhead	5,154,539	4,778,584	4,224,611
Freight	71,881	51,946	29,899
Subtotal	25,560,696	19,828,589	18,697,935
Physical inventory adjustment	(644,870)	(459,807)	(69,590)
MVE central office overhead	(5,163,828)	(4,844,006)	(4,176,549)
Total Cost of Goods Sold	19,751,998	14,524,776	14,451,796
Gross Profit Margin	19,101,901	17,092,341	16,265,984
Expenses			
Salaries and wages	6,557,544	6,208,687	6,730,026
Benefits	2,863,228	2,853,712	2,972,856
Other	7,655,804	8,143,741	7,522,148
Total Expenses	17,076,576	17,206,140	17,225,030
Net Income (Loss)	$ 2,025,325	(113,799)	(959,046)

Note: Income, cost of goods sold, and expenses on this statement will not agree to receipts and disbursements on Appendix A because this statement was prepared using the accrual basis of accounting and Appendix A was prepared using the cash basis of accounting.

Appendix G

DEPARTMENT OF CORRECTIONS
COMPARATIVE STATEMENT OF GENERAL CAPITAL ASSETS

	Department of Corrections *			Missouri Vocational Enterprises		
	June 30,			June 30,		
Asset Type:	2008	2007	2006	2008	2007	2006
Buildings	$ 943,235,904	927,452,496	924,073,462	6,361,377	6,385,795	6,385,794
Equipment	65,885,855	65,718,206	67,325,107	3,509,444	3,671,862	3,612,367
Land Improvements	19,895,642	19,526,705	19,506,997	62,453	62,453	62,453
Land	6,781,403	6,781,403	6,670,348	40,500	40,500	40,500
Tools	38,443	38,443	23,897	16,480,455	16,813,889	16,327,488
Vehicles	7,406,142	6,899,292	5,972,957	3,735,786	3,716,069	3,450,012
Total	$ 1,043,243,389	1,026,416,545	1,023,572,768	30,190,015	30,690,568	29,878,614

Fund of Acquisition:	June 30, 2008	June 30, 2008
General Revenue Fund	$ 698,459,225	0
Elementary and Secondary Education - Federal and Other Fund	89,567	0
Division of Youth Services - Federal and Other Fund	206,320	0
Facilities Maintenance Reserve Fund	30,791,167	0
Department of Corrections Fund	41,932,350	0
Department of Natural Resources - Federal and Other Fund	3,204	0
Revenue Sharing Trust Fund	7,352,072	0
Federal and Other Fund	513,000	0
Gaming Proceeds for Education Fund	59,878	0
Bingo Proceeds for Education Fund	1,998	0
Board of Public Buildings - Series A 2003 Bond Proceeds - Projects Fund	3,575,480	0
Third State Building Fund - Pre Tax Act 1986 Fund	4,006,235	0
Third State Building Trust Fund	72,862,355	0
Fourth State Building - Series A 1995 Fund	22,521,167	0
Fourth State Building - Series A 1996 Fund	67,564,933	0
Fourth State Building - Series A 1998 Fund	32,226,167	0
Department of Natural Resources Cost Allocation Fund	7,351	0
Working Capital Revolving Fund	0	30,190,015
Inmate Revolving Fund	2,607	0
State School Moneys Fund	42,265	0
Americans With Disabilities Act Compliance Fund	2,707,647	0
Board of Public Buildings - Series A 2001 Bond Proceeds - Projects Fund	2,170,255	0
Board of Public Buildings - Series A 2006 Bond Proceeds - Projects Fund	44,634	0
Board of Public Buildings - Capital Assets Fund	56,103,512	0
Total All Funds	$ 1,043,243,389	30,190,015

* This statement does not include the Inmate Canteen Fund Capital Assets. See finding number 3.D.