Audit Report

# Department of Public Safety and Correctional Services
# Division of Pretrial Detention and Services

April 2011


**OFFICE OF LEGISLATIVE AUDITS**
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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**DEPARTMENT OF LEGISLATIVE SERVICES**
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

April 1, 2011

**Karl S. Aro**
Executive Director

**Bruce A. Myers, CPA**
Legislative Auditor

Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee
Senator James C. Rosapepe, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Division of Pretrial Detention and Services (DPDS) of the Department of Public Safety and Correctional Services (DPSCS) for the period beginning June 14, 2007 and ending April 15, 2010. DPDS includes the Baltimore Central Booking and Intake Center and the Baltimore City Detention Center. These Centers house arrestees who are awaiting trial in criminal proceedings in Baltimore City. DPDS also administers the Pretrial Release Services Program responsible for presenting pretrial release recommendations to various courts.

Our audit disclosed that an agreement with a State's Attorney's Office for case review services excluded critical elements, such as specific deliverables and payments terms. In addition, annual and sick leave earnings for certain employees were improperly calculated, resulting in those employees earning more leave than for which they were eligible. Furthermore, certain of these employees received overpayments for leave payouts when they separated from State service.

Finally, our audit disclosed internal control and record keeping deficiencies with respect to cash receipts, certain inmate funds, purchases and disbursements, equipment, and the working fund.

An executive summary of our findings can be found on page 5. DPSCS' response, on behalf of the DPDS, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during our audit by the DPDS.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

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*** Denotes item repeated in full or part from preceding audit report**

# Executive Summary

**Legislative Audit Report on the**
**Department of Public Safety and Correctional Services**
**Division of Pretrial Detention and Services (DPDS)**
**April 2011**

- **An agreement with a State's Attorney's Office (SAO) for case review services did not include critical elements, such as specific deliverables and payment terms. Payments in fiscal year 2009 totaled $709,000. During fiscal year 2010, payments totaling $708,210 were withheld pending the development of a new agreement; however, as of September 2010, a new agreement had not been established.**

  DPDS should establish a new agreement with the SAO for case review services that includes specific deliverables and payment terms and should ensure that any future payments are consistent with the terms of the new agreement.

- **The automated leave system improperly calculated annual and sick leave for certain employees, resulting in those employees earning more leave than they were eligible for. In addition, certain employees who separated from State service were overpaid for leave payouts. We were advised by the contractor who developed the leave system that the miscalculations were the result of system errors in the database.**

  DPDS should work with the contractor to resolve and address the system deficiencies. DPDS should also review the propriety of annual and sick leave earnings for all employees and, for errors noted, take appropriate action, including recovery of overpayments.

- **The DPDS procedures did not provide for a timely and independent verification that all recorded collections were deposited. No collections received after May 25, 2010 had been verified as of August 4, 2010.**

  DPDS should perform independent verifications of recorded collections to deposit in a timely manner.

- **Controls over inmate funds contaminated from bodily fluids (such as blood) that were received during inmate intake were inadequate and, consequently, during the period from June 2006 until November 2008, a management employee misappropriated funds totaling $12,500 that were not deposited in a bank. In April 2010, during an investigation by the Department's Internal Investigative Unit, the employee admitted to misappropriating funds and was terminated. This matter was referred to the Office of the Attorney General's Criminal Division and the former employee paid restitution and pled guilty to felony theft. Although DPDS had modified its procedures, as of September 2010, contaminated funds were still not adequately controlled and were not being deposited in the bank.**

  DPDS should establish proper control over contaminated inmate funds by properly depositing these funds in the bank.

- **Internal control and recordkeeping deficiencies were noted in the areas of purchases and disbursements, equipment, and the working fund.**

  DPDS should take the recommended actions to improve controls in these areas.

# Background Information

## Agency Responsibilities

The Division of Pretrial Detention and Services (DPDS) consists of an administrative unit, the Pretrial Release Services Program, the Baltimore Central Booking and Intake Center, and the Baltimore City Detention Center. DPDS is directed by a Commissioner who is appointed by the Secretary of the Department of Public Safety and Correctional Services.

The Pretrial Release Services Program is responsible for presenting pretrial release recommendations to various courts and for supervising all defendants released to its custody. The Baltimore Central Booking and Intake Center is a centralized booking facility for Baltimore City. In addition, this facility and the Baltimore City Detention Center house people committed to the custody of DPDS while awaiting trial in Baltimore City or for service of a sentence of usually one year or less. According to agency records, as of June 30, 2010, these two units had a combined population of 3,391 detainees. In addition, according to the State's records, the DPDS fiscal year 2010 appropriation provided for 1,557 employee positions, including 1,230 correctional officers, and DPDS expenditures totaled approximately $151 million during fiscal year 2010.

## Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the ten findings contained in our preceding audit report dated April 10, 2008. We determined that DPDS satisfactorily addressed nine of the findings. The remaining finding is repeated in this report.

# Findings and Recommendations

## Service Agreement

**Finding 1**
**An agreement with a State's Attorney's Office for case review services did not include sufficient specifications.**

**Analysis**
DPDS contracted with a State's Attorney's Office (SAO) for an agreed-upon Quality Case Review (QCR) process; however, the agreement excluded critical elements, such as specific deliverables by the SAO, related payment terms, and a total contract amount. In fiscal year 1995, DPDS entered into an agreement with the SAO, which was to remain in effect until one of the parties terminated it, whereby the SAO was to provide front-end QCR services shortly after detainee arrests and/or intake into the Baltimore City Detention Center. These QCR services included evaluating cases for probable cause, plea agreements, reduction of charges, possible referrals to drug court, and dismissal of charges.

During fiscal year 2009, DPDS made payments to the SAO totaling $709,000, which was the amount included in the State budget request. Although the basis for payment was not specified in the agreement, quarterly invoices from the SAO included a list of employees and total related salaries and benefits. We were advised by DPDS management that there was no verification performed to ensure that the invoices were for the actual costs of the QCR program. In addition, other documentation was not available, such as the number of cases screened to enable DPDS to assess actual deliverables and the impact of the QCR process.

During fiscal year 2010, although the SAO continued to perform the QCR services, DPDS stopped paying for them. We were advised by DPDS management personnel that it was in the process of developing a new agreement with the SAO and that payments would continue according to the established terms once a new agreement was reached. As of September 2010, a new agreement had not been established and, as such, SAO invoices for services received during fiscal year 2010, which totaled $708,210, had not been paid but were accrued at fiscal year-end.

A similar condition was commented upon in our preceding audit report.

**Recommendation 1**
**We recommend that DPDS**

a. **establish an agreement with the SAO that includes payment terms and deliverables (repeat), and**
b. **ensure that future payments are made in accordance with the payment terms and deliverables in the new agreement (repeat).**

## Leave Records

**Finding 2**
**Annual and sick leave for many employees was improperly calculated, resulting in employees receiving more leave than they were eligible for and overpayments to employees for annual leave payouts upon separation from State service.**

**Analysis**
Annual and sick leave for certain employees was improperly calculated, resulting in these employees receiving more leave than for which they were eligible. Furthermore, certain employees received overpayments for annual leave payouts.

Our test of employee earnings payments (including annual leave payouts) disclosed that certain employees received improper annual leave earnings, and as a result, received overpayments for their annual leave payout upon leaving State service. To determine the extent of the problem, we obtained data from the DPDS automated annual and sick leave database for the period from June 2007 to June 2010 for all employees. This database was developed by a third-party contractor and implemented by DPDS in 2002. We reviewed the database for all instances in which employees received eight or more hours of annual leave earnings in a pay period. Except for annual leave adjustments—which should be infrequent—these leave earnings would be excessive because the maximum annual leave that an employee can properly earn in a pay period is 7.7 hours (based on 20 years or more of State service). Our approach would not identify all instances of excessive annual leave earnings since employees with less than 20 years of service would earn less than 7.7 hours in a pay period. In determining the amount of excessive sick leave earnings, we considered instances in which employees received 4.6 or more hours of sick leave earnings in a pay period because that is the maximum sick leave an employee can earn according to State law. Based on our review of the leave database (which we tested and found to be reliable for our purposes), we noted the following conditions:

- We identified 149 employees with excessive annual leave earnings totaling 1,655 hours, which we estimated to be valued at $40,000. For example, for one employee, the leave system calculated that the employee earned 30 annual leave hours for a two-week pay period, rather than 7.7 annual leave hours, based on the employee's years of State service. Of these 149 employees, we determined that, according to leave records, 86 employees received an annual leave payout during this period. The value of excessive leave received by these 86 employees represented approximately $29,000 of the aforementioned $40,000. Our test of 10 of these 86 annual leave payouts disclosed that all 10 of these employees were overpaid as a result of the incorrect leave received. The total overpayment for these 10 employees was $7,367.

- We identified 360 employees that collectively received 2,495 sick hours more than the maximum allowable of 4.6 hours per pay period; we estimated the value of these additional hours at $52,000.

DPDS could not explain these errors and we were advised by the contractor that the miscalculations occurred because of certain system errors within the leave database. We were also advised that the system can provide routine reports that highlight nonstandard leave earnings, but that these reports were not generated and reviewed by DPDS personnel.

**Recommendation 2**
**We recommend that DPDS**

**a. work with the contractor to resolve and correct the system errors that caused the leave miscalculations;**
**b. review the propriety of annual and sick leave received for all employees and, for errors noted, take appropriate action, including adjusting accumulated leave balances and collecting overpayments; and**
**c. review the reports of nonstandard leave earnings on a periodic basis and investigate any questionable leave earnings.**

## Cash Receipts

**Finding 3**
**Adequate procedures were not in place to ensure that all recorded collections were deposited.**

**Analysis**
The DPDS deposit verification process was not timely and related duties were not adequately segregated from the cash receipts process. The employee responsible

for performing deposit verifications had access to the collections, and therefore, missing funds would not be readily detected. Furthermore, as of August 4, 2010, no collections received after May 25, 2010 had been verified to deposit; during this time, there were 43 deposits, totaling approximately $486,000 that had not been verified as deposited. We subsequently verified, on a test basis, that these collections were, in fact, deposited by DPDS. According to its records, DPDS deposits totaled approximately $2.2 million during fiscal year 2010.

A directive from the Office of the State Treasurer specifies that deposit verifications be performed and the Comptroller of Maryland's *Accounting Procedures Manual* requires that these verifications be performed by an employee independent of the cash receipts functions.

**Recommendation 3**
**We recommend that DPDS**
**a. ensure that an employee independent of the cash receipts process performs the deposit verifications, and**
**b. perform verifications of recorded collections to deposit in a timely manner.**

**We advised DPDS on accomplishing the necessary separation of duties using existing personnel.**

## Contaminated Inmate Funds

**Finding 4**
**Controls over contaminated inmate funds were inadequate, allowing a DPDS management employee to misappropriate inmate funds totaling $12,500.**

**Analysis**
Controls over contaminated inmate funds were inadequate and, consequently, a management employee misappropriated $12,500 over an approximate three-year period. These funds, which were received occasionally during the inmate intake process, were contaminated from bodily fluids, such as blood.

According to DPDS management, beginning in June 2006, DPDS mistakenly believed that the local bank branch would no longer accept contaminated funds for deposit. The aforementioned management employee collected all contaminated funds, which totaled $12,500 between June 2006 and November 2008, and allegedly disposed of the funds in a county landfill. State general funds were then improperly transferred to the related inmate accounts. However, it was later determined that this employee had misappropriated these funds. We were advised by the State Treasurer's Office that the bank did accept deposits of contaminated funds during this period at another location.

In November 2008, DPDS revised its procedures for contaminated funds so that the funds were maintained in a safe until the inmates were released. These procedures continued to be inadequate because the funds were not deposited in a bank. According to DPDS records, contaminated inmate funds collected from November 2008 through June 2010 totaled approximately $3,600, including approximately $1,850 which was on hand as of June 30, 2010.

In April 2010, the Department of Public Safety and Correctional Services (DPSCS) Internal Investigative Unit conducted an investigation of the contaminated funds that were received during the period from June 2006 through November 2008. During the investigation, the aforementioned management employee admitted to misappropriating contaminated funds. Consequently, DPDS terminated the employee from State service and referred the matter to the Office of the Attorney General's Criminal Division. In August 2010, the former employee paid restitution in the amount of $12,500, which was credited to the State's General Fund. In October 2010, the former employee pled guilty to felony theft and received a six-month suspended sentence, unsupervised probation, and community service.

**Recommendation 4**
**We recommend that DPDS establish controls over contaminated funds by properly depositing these funds in the bank.**

## Purchases and Disbursements

**Finding 5**
**FMIS access was not adequately reviewed and proper internal controls were not established over the processing of certain purchasing transactions.**

**Analysis**
Access to the State's Financial Management Information System (FMIS) was not periodically reviewed for all users and proper internal controls were not established over the processing of certain purchasing transactions. Specifically, we noted the following conditions:

- DPDS did not periodically review employee access to FMIS for all users. The Department of Information Technology (DoIT) provides agencies with bimonthly reports of employee FMIS security access to review for accuracy and appropriateness. While this review was periodically performed, this review only included employees under the reviewer's direct supervision, representing only 9 of 105 employees listed on the bimonthly report. Furthermore, our review of the March 2010 bimonthly security report noted one employee who had been terminated from DPDS in February 2010 and continued to have FMIS access until we brought this to DPDS' attention in June 2010. We confirmed that this employee had not accessed FMIS after the last date of employment. DoIT's *Internal Control and Security Policy and Procedure*s require agencies to perform a documented review of the bimonthly report. According to the State's accounting records, during fiscal year 2010, DPDS processed disbursements totaling $39.3 million through FMIS.

- Online approval rules allowed five individuals (one DPDS employee and four employees of the DPSCS Office of the Secretary) the capability to initiate purchase orders and also to make changes to those transactions after independent approvals were obtained. Consequently, these employees could make unauthorized changes to critical information (such as vendors and amounts) without those changes being subject to independent review. According to the State's accounting records, during fiscal year 2010, DPDS payments related to FMIS purchase orders totaled $4.6 million.

**Recommendation 5**
**We recommend that DPDS**
**a. perform documented reviews of assigned FMIS access capabilities that include all users, and**
**b. establish approval requirements that prevent individuals with the capability of initiating purchasing transactions from modifying the transactions after related approvals have been obtained.**

## Equipment

**Finding 6**
**Equipment records were not adequately maintained by DPDS.**

**Analysis**
Equipment records were not maintained in compliance with certain requirements of the Department of General Services (DGS) *Inventory Control Manual*. As of

June 30, 2010, the reported book value of DPDS equipment totaled approximately $6.5 million.

Specifically, we noted that the DPDS detail equipment records were not adequately maintained. Our test of 265 equipment items (including televisions and protective vests) purchased during fiscal years 2009 and 2010, at a cost of $99,200, disclosed that 162 items costing $63,112 were not recorded in the detail records. In addition, an equipment control account was not maintained. A control account is a continuous summary of transactions and serves as a total dollar value control over amounts in the detail records. Control accounts are to be maintained and periodically reconciled with the detail equipment records to ensure all purchased equipment items were capitalized and any disposals were properly recorded.

The DGS *Inventory Control Manual* requires that detail records and a control account be properly maintained for all categories of equipment, and that the two records be periodically reconciled.

**Recommendation 6**
**We recommend that DPDS comply with the aforementioned requirements of the DGS *Inventory Control Manual.***

## Working Fund

**Finding 7**
**The DPDS inmate working fund balance contained a $25,000 advance that had not been approved by the Comptroller of Maryland.**

**Analysis**
The DPDS inmate working fund advance totaled $46,000; however, only $21,000 had been authorized by the Comptroller of Maryland. The additional $25,000 advance was from an unknown source.

The inmate working fund is primarily used to disburse funds belonging to inmates (such as those confiscated during the intake process and subsequent deposits from family or friends) and upon an inmate's release, it is used to return any unspent funds. During our review of the inmate working fund composition, we noted a $25,000 advance recorded as an "interagency temporary advance." DPDS management advised that it did not know the specific source of this advance and that it has been included in the inmate working fund balance since at least 1999.

Furthermore, DPDS had not requested approval for this advance from the Comptroller of Maryland as required in the Comptroller's *Accounting Procedures Manual* and a Comptroller of Maryland's representative advised that the Comptroller was unaware of this advance.  In a recent audit report of other Division of Correction facilities, we noted similar transfers for which DPSCS officials could not provide an explanation.  These actions impaired accountability for the funds and circumvented the Comptroller's approval process for establishing the amount authorized for the working fund.

**Recommendation 7**
**We recommend that DPDS transfer the advance to the State General Fund unless the Comptroller of Maryland approves retaining the advance.**

# Audit Scope, Objectives, and Methodology

We have audited the Division of Pretrial Detention and Services (DPDS) of the Department of Public Safety and Correctional Services (DPSCS) for the period beginning June 14, 2007 and ending April 15, 2010. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine DPDS' financial transactions, records, and internal controls, and to evaluate its compliance with applicable State laws, rules, and regulations. We also determined the status of the findings included in our preceding audit report.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of materiality and risk. The areas addressed by the audit included procurements and disbursements, cash receipts, payroll, inmate and working funds, equipment, and materials and supplies. Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observations of DPDS' operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

DPDS' management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect DPDS' ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to DPDS that did not warrant inclusion in this report.

DPSCS' response to our findings and recommendations, on behalf of DPDS, is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DPSCS regarding the results of our review of its response.

# APPENDIX

## Department of Public Safety and Correctional Services


**Office of the Secretary**
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March 28, 2011

Mr. Bruce A. Myers, CPA
Legislative Auditor
Office of Legislative Audits, Room 1202
301 West Preston Street
Baltimore MD 21201

Dear Mr. Myers:

The Department of Public Safety and Correctional Services has reviewed the draft audit report dated March 2011 for the Division of Pretrial Detention and Services (DPDS) for the period beginning June 14, 2007 and ending April 15, 2010. The Department appreciates the constructive recommendations that were made as the result of this audit. Be assured that appropriate corrective actions have been or will be implemented to ensure full compliance with each recommendation.

It should be noted that of the ten findings contained in the auditors' preceding audit report dated April 14, 2008, it was determined that the DPDS had satisfactorily resolved nine of those findings. The Department believes that this is indicative of its commitment to implement the necessary corrective action to achieve compliance and eliminate repeat findings.

Attached is Commissioner France's response to the draft audit report, with which I concur. Commissioner France will continue to implement corrective action to address all of the audit findings, and will closely monitor the status in order to prevent any repeat audit findings in the next audit.

I trust that these responses adequately address the findings and recommendations contained in the draft audit report. If you have any questions regarding the Department's responses, please contact me.

Sincerely,

Gary D. Maynard
Secretary

Attachment
c: G. Lawrence Franklin, Deputy Secretary for Administration, DPSCS
Wendell M. France, Commissioner, DPDS
Kevin Patten, Deputy Commissioner, DPDS
Susan Dooley, Director of Financial Services, DPSCS
Joseph M. Perry, Inspector General, DPSCS

# Department of Public Safety and Correctional Services

## DIVISION OF PRETRIAL DETENTION AND SERVICES
## OFFICE OF THE COMMISSIONER

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March 28, 2011

Gary D. Maynard, Secretary
Department of Public Safety and Correctional Services
300 East Joppa Road, Suite 1000
Towson, Maryland 21286-3020

Dear Secretary Maynard:

Included below are the responses to the Draft Legislative Audit Report dated March 2011 covering the examination of the accounts and records of the Division of Pretrial Detention and Services for the period beginning June 14, 2007 and ending April 15, 2010. The Division of Pretrial Detention and Services will aggressively pursue implementation of the Draft Audit Report recommendations.

**Finding 1 - An agreement with a State's Attorney's Office for case review services did not include sufficient specifications.**

**Recommendation 1:**
**We recommend that DPDS**

a. **establish an agreement with the SAO that includes payment terms and deliverables (repeat), and**
b. **ensure that future payments are made in accordance with the payment terms and deliverables in the new agreement (repeat).**

**We agree.** On March 3, 2011, DPDS executed a new agreement with the SAO that includes payment terms and deliverables. DPDS will ensure that future payments are made in accordance with the payment terms and deliverables in the new agreement.

**Finding 2 - Annual and sick leave for many employees was improperly calculated, resulting in employees receiving more leave than they were eligible for and overpayments to employees for annual leave payouts upon separation from State service.**

**Recommendation 2:**
**We recommend that DPDS**

a. **work with the contractor to resolve and correct the system errors that caused the leave miscalculations;**
b. **review the propriety of annual and sick leave received for all employees and, for errors noted, take appropriate action, including adjusting accumulated leave balances and collecting overpayments; and**
c. **review the reports of nonstandard leave earnings on a periodic basis and investigate any questionable leave earnings.**

**We agree**. In September 2010, DPDS contacted the contractor and obtained the updated version (168C) of the Leave Accounting System (LAS), which corrected the improper calculation of the annual and sick leave hours earned by employees. Effective August 2010, DPDS has taken steps to print and to review the Earned Leave Reports that denote all non-standard leave earnings on a bi-weekly basis to ensure accuracy of leave earned by employees. This Earned Leave Report gives the user the ability to view only the nonstandard leave earnings, instead of all of the employee's earnings. DPDS will maintain and review the annual and sick leave documentation for all employees, investigate any questionable leave rates earned by all employees, make any proper adjustments, and collect any overpayments.

**Finding 3 - Adequate procedures were not in place to ensure that all recorded collections were deposited.**

**Recommendation 3:**
**We recommend that DPDS**

a. **ensure that an employee independent of the cash receipts process performs the deposit verifications, and**
b. **perform verifications of recorded collections to deposit in a timely manner.**

**We advised DPDS on accomplishing the necessary separation of duties using existing personnel.**

**We agree.** Effective November 2010, an employee independent of the cash receipts process performs the deposit verifications. This verification of recorded collections to deposit will be done on a daily basis.

**Finding 4 - Controls over contaminated inmate funds were inadequate, allowing a DPDS management employee to misappropriate inmate funds totaling $12,500.**

**Recommendation 4:**
**We recommend that DPDS establish controls over contaminated funds by properly depositing these funds in the bank.**

**We agree.** In April 2009, DPDS put in place a process to safeguard un-deposited contaminated funds and by June 30, 2011, DPDS will establish the recommended control over contaminated funds by properly depositing these funds in the bank.

**Finding 5 - FMIS access was not adequately reviewed and proper internal controls were not established over the processing of certain purchasing transactions.**

**Recommendation 5:**
**We recommend that DPDS**

a. **perform documented reviews of assigned FMIS access capabilities that include all users, and**
b. **establish approval requirements that prevent individuals with the capability of initiating purchasing transactions from modifying the transactions after related approvals have been obtained.**

**We agree.** Effective March 5, 2010 DPDS established approval requirements that prevent individuals with the capability of initiating purchasing transactions from modifying the transactions after related approvals have been obtained. Starting with the January 5, 2011 Bi-Monthly FMIS Security Report, DPDS began documented reviews of assigned FMIS access capabilities that include all users

**Finding 6 - Equipment records were not adequately maintained by DPDS.**

**Recommendation 6:**
**We recommend that DPDS comply with the aforementioned requirements of the DGS *Inventory Control Manual.***

**We Agree.** DPDS will comply with the aforementioned requirements of DGS Inventory Control Manual. DPDS has maintained and reconciled the control account with the detail equipment records through February 28, 2011. The agency will continue to maintain an equipment control account and periodically (quarterly or monthly) reconcile with the detail records to ensure all purchased equipment items were capitalized and any disposals were properly recorded.

**Finding 7 - The DPDS inmate working fund balance contained a $25,000 advance that had not been approved by the Comptroller of Maryland.**

**Recommendation 7:**
**We recommend that DPDS transfer the advance to the State General Fund unless the Comptroller of Maryland approves retaining the advance.**

**We agree.** In November 2010, DPDS contacted the Comptroller of Maryland office to disclose and to request the approval for the $25,000 advance. When the decision of the Comptroller is received, DPDS will abide by the decision.

Please let me know if you have any questions.

Sincerely,

Wendell France, Commissioner

cc: G. Lawrence Franklin, Deputy Secretary for Administration, DPSCS
Susan Dooley, Director of Financial Services, DPSCS
Kevin Patten, Deputy Commissioner, DPDS
Patience Dawson, Fiscal Services Chief, DPDS
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