

**DEPARTMENT OF CORRECTIONS**

**SELECTED ADMINISTRATIVE ACTIVITIES  
AND PRIOR AUDIT FOLLOW-UP**

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**Operational Audit**



## SECRETARY OF THE DEPARTMENT OF CORRECTIONS

Section 20.315, Florida Statutes, created the Department of Corrections. The head of the Department is the Secretary, who is appointed by the Governor and subject to confirmation by the Senate. The Secretaries who served during the period of our audit were:

Michael D. Crews	From December 17, 2012
Kenneth S. Tucker	From August 25, 2011, through December 14, 2012
Edwin G. Buss	Through October 6, 2011

The audit team leader was Stan Mitchell, CPA, and the audit was supervised by Allen G. Weiner, CPA. Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail at [davidvick@aud.state.fl.us](mailto:davidvick@aud.state.fl.us) or by telephone at (850) 412-2817.

This report and other reports prepared by the Auditor General can be obtained on our Web site at <http://www.myflorida.com/audgen>; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

## DEPARTMENT OF CORRECTIONS

### Selected Administrative Activities and Prior Audit Follow-Up

#### SUMMARY

This operational audit of the Department of Corrections (Department) focused on selected administrative activities and also included a follow-up on the findings noted in our report No. 2012-185. Our audit disclosed the following:

**Finding No. 1:** The Department did not always ensure that a complete physical inventory of tangible personal property, including the accurate update of Department property records for the inventory results, was timely performed.

**Finding No. 2:** As similarly noted in our report No. 2012-185, staff in the Department program areas did not always follow Department contract monitoring procedures.

**Finding No. 3:** Although improvements in motor vehicle record keeping had been made, the Department could not always demonstrate that Department records accurately reflected motor vehicle usage and cost information.

**Finding No. 4:** Department information technology logical access controls related to the Purchase Request System continue to need enhancement.

#### BACKGROUND

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

According to Department records, the Department operates the third largest state prison system in the United States. The Legislature appropriated approximately \$2.1 billion to the Department for the 2013-14 fiscal year and funded more than 23,200 positions. In addition to housing over 100,000 inmates, as of June 2013, the Department supervised approximately 146,000 offenders on active community supervision or active-suspense supervision.<sup>1</sup>

#### FINDINGS AND RECOMMENDATIONS

##### **Finding No. 1: Tangible Personal Property Controls**

Effective controls for the management of tangible personal property require that property<sup>2</sup> items be adequately controlled, safeguarded, and accounted for by Department management. Guidelines for identifying and recording

<sup>1</sup> Active community supervision refers to the supervision of offenders in the community per the conditions of their supervision. Active-suspense community supervision refers to the supervision of offenders who are unavailable for direct supervision (e.g., in jail awaiting court proceedings, in drug treatment, or hospitalized).

<sup>2</sup> Property is defined in applicable laws and rules as State-owned equipment, fixtures, and other tangible personal property of a nonconsumable or nonexpendable nature, the value or cost of which is \$1,000 or more and the projected useful life of which is one year or more.

tangible personal property items acquired by State agencies are provided in DFS rules.<sup>3</sup> Property items that are designated as tangible personal property are required to be recorded in the Florida Accounting Information Resource Subsystem (FLAIR) Property Subsystem. FLAIR property records are designed to create and maintain a property file that contains detailed information for each property item. According to Department property records, as of January 31, 2013, the Department had approximately 32,500 items of tangible personal property with acquisition costs totaling approximately \$170 million.

To ensure proper accountability for and safeguarding of tangible personal property, DFS rules<sup>4</sup> require that State agencies complete a physical inventory of all property at least once each fiscal year and that agency property records include, among other things, the date each property item was last physically inventoried and the condition of the property item on that date. DFS rules also require that, upon completion of a physical inventory, information from the inventory be compared with the individual property records. Noted differences are to be investigated and corrected in the property records as appropriate.

As part of our audit, we reviewed the Department's property records as of January 31, 2013. We noted that, as of that date, Department property records included 1,561 tangible personal property items in active status that were acquired prior to June 30, 2011, with acquisition costs totaling \$6,874,545, that either had no physical inventory date or a physical inventory date that preceded the 2011-12 fiscal year. We selected 23 of these property items, with acquisition costs totaling \$322,875, and inquired as to the items' status and physical inventory dates. In response to our audit inquiry, Department management indicated that, for each item, the active status or the physical inventory date in the property records needed updating. Specifically:

- Although the date of a physical inventory conducted during the 2012-13 or 2011-12 fiscal years was not reflected in Department property records for 13 items, with acquisition costs totaling \$237,706, the items were included in a physical inventory conducted either prior to or during our audit field work. However, the items' physical inventory was not timely conducted as the dates provided by Department management for each of these 13 items ranged from 23 months to more than 5 years after the date shown in the property records as the physical inventory date or, if there was no physical inventory date, the item's acquisition date.
- Two items, with acquisition costs totaling \$14,185, had been identified as missing during the 2011-12 fiscal year.
- One item (a laptop computer), with an acquisition cost of \$3,888, had been reported as stolen in May 2007.
- The condition of 7 items, with acquisition costs totaling \$67,096, was poor and the items were on a Department "write-off list."

Periodic inventories and accurate records of tangible personal property are necessary to ensure proper accountability for and the safeguarding of State-owned property. Absent the performance of physical inventory procedures, including the timely update of the property records for the inventory results, Department management has reduced assurance that the property records are accurate and that any missing property items will be timely detected and appropriately resolved.

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**Recommendation:** We recommend that Department management take steps to ensure that a complete physical inventory of tangible personal property, including the accurate update of Department property records for the inventory results, is timely performed in accordance with the requirements of State law and DFS rules.

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<sup>3</sup> DFS Rules, Chapter 69I-72, Florida Administrative Code.

<sup>4</sup> DFS Rules 69I-72.003 and 69I-72.006, Florida Administrative Code.

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**Finding No. 2: Program Area Contract Monitoring**

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Effective contract monitoring requires the establishment of appropriately designed policies and procedures that are effectively communicated to employees and involves the monitoring and enforcement of contracting policies and procedures by management. Contracted providers have a responsibility to perform under the contract terms and conditions, and the Department has a responsibility to reasonably and objectively evaluate the provider's performance. Contract monitoring provides qualitative observations and quantitative data on the goods and services provided and the outcomes achieved and provides a means for identifying contractor performance issues as early as possible so that corrective action may be timely taken.

State law<sup>5</sup> requires, for each contractual services contract, the Department to designate an employee to function as contract manager who is to be responsible for enforcing performance of the contract terms and conditions. To ensure that contractual services have been rendered in accordance with the contract terms before a State agency processes an invoice for payment, State law required the Department of Financial Services (DFS) to establish and disseminate procedures that include procedures for monitoring and documenting contractor performance, reviewing and documenting all deliverables for which payment is requested by vendors, and providing written certification by contract managers of the agency's receipt of goods and services.

In addition to the procedures established by the DFS, the Department established *Contract Management and Monitoring* procedures (Procedures) that outline the responsibilities of the Department's contract managers and local contract coordinators for monitoring and enforcing the terms and conditions of contracts; list key standards that are to be included on a monitoring checklist; and provide time frames for issuing monitoring reports and conducting follow-up visits. Department Procedures require that the contract manager monitor a contractor's performance by "conducting contract monitoring no less than annually for each contract or more frequently as indicated within the contract." When a monitoring report identifies issues of noncompliance, the Procedures require the contractor to submit in writing, within 10 calendar days of receiving the monitoring report, a Corrective Action Plan (CAP). The contract manager is to approve or disapprove the CAP and perform follow-up visits, as necessary, to ensure that the noted deficiencies were corrected. If the contract manager disapproves the CAP, the contractor is to submit a revised CAP within 5 calendar days of the receipt of the written rejection.

Additionally, for each Department program area, the Department's *Monitoring Plan* procedures describe the contract manager responsibilities for developing a fiscal year monitoring plan. The monitoring plans are to include, but not be limited to, the total number of contracts to be monitored; the monitoring cycle, guidelines, and procedures; a risk assessment; and a monitoring schedule. The plans are to be reviewed and approved by the assistant secretary or office director of primary responsibility by July 1<sup>st</sup> of each year and submitted to the Department, Bureau of Procurement and Supply (Bureau). The Bureau is responsible for ensuring that monitoring is conducted in accordance with the approved monitoring plans.

In our report No. 2012-185, finding No. 1, we noted that Department program areas did not always follow Department contract monitoring procedures. As part of our follow-up procedures, we examined Department monitoring records for five contractual services contracts to evaluate program area staff compliance with Department contract monitoring procedures. The types and amounts of the contracts selected for testing and the associated program areas are shown in Table 1.

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<sup>5</sup> Section 287.057(14), Florida Statutes.

**Table 1  
Contractual Services Contracts Selected  
for Contract Monitoring Testing**

<b>Program Area and Services Type</b>	<b>Number of Contracts Tested</b>	<b>Total Contract Amount</b>
<b><i>Health Services</i></b>		
Laboratory and Pathology	1	\$31,250,000
On-Site Ambulatory Surgery	1	15,000,000
<b><i>Institutions</i></b>		
Work Release Center Services	1	7,375,131
<b><i>Re-Entry</i></b>		
Nonsecure Residential	1	7,675,994
<b><i>Information Technology</i></b>		
Database Administration	1	5,125,120
<b>Totals</b>	<b><u>5</u></b>	<b><u>\$66,426,245</u></b>

Source: Department records.

Our audit tests disclosed that:

- Staff within the applicable program areas did not conduct any monitoring for the laboratory and pathology Health Services contract or the database administration Information Technology contract during the period July 1, 2011, through the date of our audit inquiry, June 3, 2013.
- Staff within the applicable program areas did not timely submit three monitoring reports for the work release center services contract and one monitoring report for the on-site ambulatory surgery contract to the applicable contractors. The terms of these two contracts required the monitoring reports to be completed within 3 weeks of the monitoring visit; however, program area staff submitted the four monitoring reports 21 to 22 days<sup>6</sup> after 3 weeks had elapsed since the monitoring visit.
- Improvements in the Department’s oversight of the CAPs related to the work release center services contract were needed. Specifically:
  - The Department issued a report on the biannual monitoring of the work release center services contract on December 5, 2011, identifying various issues of noncompliance, such as gross negligence in the area of inmate accountability and required job checks, the absence of any structured employment or job skills programming, and inmates not attending substance abuse treatment programs in which they were enrolled. The contractor responded with a CAP on January 4, 2012. Following a review of the CAP and an on-site follow-up visit, the Department rejected the CAP on January 12, 2012, and requested the contractor to submit a revised CAP by January 20, 2012. Although the contractor sent various documents to the Department on January 20, 2012, a revised CAP was not submitted for approval or disapproval and there was no documentation to evidence that the Department had performed any follow-up activities prior to the next biannual monitoring.
  - The Department issued a report on June 4, 2012, for the next biannual monitoring of the work release center services contract and noted other issues of noncompliance requiring a CAP. These issues included the entry of work schedules into the Work Release Inmate Monitoring System for several inmates that showed 12-hour shifts 7 days a week, rather than the inmates’ actual work schedules, and the need for improvements in accounting for inmates who left work earlier than their schedules reflected. The contractor responded with a CAP on June 14, 2012. However, no documentation was available to demonstrate whether the Department had approved or disapproved the CAP or to support that the Department had conducted a follow-up visit before the next biannual monitoring was performed.

<sup>6</sup> We used the date of the last on-site monitoring visit (as indicated on the monitoring tool) and the date of the monitoring report cover letter to calculate the number of days late.

- The report on the next biannual monitoring of the work release center contract, issued on December 4, 2012, noted one noncompliance issue relating to employment verifications. The contractor responded with a CAP on January 3, 2013; however, the Department was unable to provide documentation to demonstrate whether the CAP had been approved or disapproved or that a follow-up visit was conducted.

Absent the conduct of required contact monitoring, the risk is increased that the Department will not timely detect contractor performance issues or noncompliance and, absent the timely issuance of contract monitoring reports, actions needed to correct noted performance issues or noncompliance may be delayed. Further, absent documentation of timely contract monitoring efforts, including efforts taken to evaluate contractor actions to cure noncompliance or performance issues, the Department cannot demonstrate compliance with Department and DFS procedures and management's assurance that contractors are fulfilling their responsibilities and providing the deliverables specified in the contracts is diminished.

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**Recommendation:** We recommend that Department management ensure that contract monitoring and follow-up activities are timely performed in accordance with Department and DFS procedures and appropriately documented.

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### Finding No. 3: Motor Vehicle Record Accuracy

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State law<sup>7</sup> and Department of Management Services (DMS) rules<sup>8</sup> provide that State-owned motor vehicles are to be used effectively, efficiently, and for official purposes. As part of its State-owned motor vehicle oversight responsibilities, the DMS developed the Equipment Management Information System (EMIS) to track motor vehicle information and assist State agencies in the management of motor vehicles and watercraft. In January 2012, the Department transitioned to the EMIS replacement, the Florida Equipment Electronic Tracking System (FLEET). Both EMIS and FLEET were designed to maintain information about the condition, utilization, cost, fuel consumption, maintenance, and assignment of motor vehicles and watercraft owned, leased, or operated by State agencies.

To ensure the proper management and control of the Department's nearly 3,300 motor vehicles in accordance with State law and DMS rules, the Department established procedures for the procurement, assignment, use, and control of State motor vehicles. Department procedures<sup>9</sup> require that drivers record on a *Vehicle Record* (form DC2-524) the following information: destination, beginning and ending mileage by trip, driver's name, fuel purchases, maintenance and repair expenses, oil and lubricant purchases, and preventative maintenance data. Additionally, vehicle repairs and maintenance performed by Department motor pool personnel are to be recorded on the *Vehicle Maintenance Record* (form DC2-547) and summarized on the monthly *Vehicle Record*. The information recorded on the monthly *Vehicle Record* is to be entered into the equipment information system by the 15<sup>th</sup> of each month.

In our report No. 2012-185, finding No. 2, we noted that the Department did not always ensure that motor vehicle information was accurately entered into the equipment information system or that supporting documentation was maintained. As part of our follow-up procedures, we examined FLEET records and the supporting *Vehicle Records* and *Vehicle Maintenance Records* for 15 motor vehicles and noted that improvements in motor vehicle record keeping had been made. However, we also noted that some deficiencies remained. Specifically:

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<sup>7</sup> Section 287.16, Florida Statutes.

<sup>8</sup> Department of Management Services Rules, Chapter 60B-1, Florida Administrative Code.

<sup>9</sup> Department Procedure 604.201, *Procurement, Assignment, Use and Control of State Vehicles*.

- The *Vehicle Records* did not always document authorized vehicle usage. Our examination of 4 monthly *Vehicle Records* for each of the 15 selected motor vehicles disclosed 11 instances related to 4 vehicles where there was unaccounted for mileage ranging from 24 to 3,372 miles.
- The *Vehicle Records* did not always document the amount of fuel acquired. Our examination of 4 monthly *Vehicle Records* for each of the 15 selected motor vehicles and the related FLEET records disclosed 5 instances related to 3 vehicles where the amount of fuel recorded as acquired on the monthly *Vehicle Record* did not agree with the amount of fuel recorded in FLEET for the corresponding month.

Absent the maintenance of accurate and complete documentation, the Department's ability to demonstrate that motor vehicle usage was for authorized purposes and that the costs recorded in FLEET are accurate and properly supported is reduced. As a result, Department management's assurance regarding the accuracy and completeness of the motor vehicle information needed to effectively monitor and manage the usage and operation of Department motor vehicles is also reduced.

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**Recommendation:** We recommend that Department management continue its efforts to ensure that all required information is accurately recorded on the *Vehicle Records* and input into FLEET.

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#### **Finding No. 4: Information Technology Logical Access Controls**

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Information technology (IT) controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. In our report No. 2012-185, finding No. 3, we reported that Department logical access controls related to the Purchase Request System (PRS) needed enhancement. Our follow-up procedures found that enhancements to PRS logical access controls continue to be needed. To avoid the possibility of compromising Department data and IT resources, specific details of these matters are not disclosed in this report. However, appropriate Department personnel have been notified of the issues.

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**Recommendation:** We continue to recommend that Department management strengthen the PRS logical access controls to better protect the confidentiality, integrity, and availability of Department data and IT resources.

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#### **ADDITIONAL MATTER**

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In our report No. 2012-185, we noted that on October 23, 2008, the Department awarded a 3-year, \$160 million contract to a vendor for the delivery of food service products. We also reported that as of June 2012, certain matters relating to this contract were the subject of ongoing investigations. As part of our follow-up procedures we inquired as to the status of the investigations and were informed that, as of the end of our audit field work in July 2013, the investigations were still ongoing. Therefore, the outcome of these investigations and their implications, if any, relative to the controls or operations of the Department, remained unknown as of the completion of our audit field work.

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#### **PRIOR AUDIT FOLLOW-UP**

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Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2012-185.

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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

We conducted this operational audit from February 2013 through July 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on selected administrative activities. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To determine whether management had corrected, or was in the process of correcting, all deficiencies disclosed in our report No. 2012-185.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Examined documentation related to the contract executed on December 18, 2012, for prison health care services for the 18-county South Florida area (Department Region IV) to determine whether the contract was awarded in accordance with applicable laws, rules, and regulations.
- Performed trend analyses of expenditure and inmate population data for the period July 1, 2007, through June 30, 2010, that was used by the Department to calculate the Region IV prison health care capitation rates for evaluating cost savings, to identify any anomalies that would require further investigation or explanation.
- Analyzed the reasonableness of the capitation rates used by the Department as the basis for determining the 7 percent cost savings required by the request for proposal (RFP) for the Region IV prison health care services.
- Compared the costs included in the Department's Region IV prison health care contract capitation rates to FLAIR expenditure data to evaluate whether the costs supporting the capitation rates were appropriate.
- Compared offender populations utilized in the Department's Region IV prison health care contract capitation rates to the populations in the Department's Offender Based Information System to evaluate the appropriateness of the populations used by the Department in the rates.
- Selected, from the non-salary, non-pharmaceutical Region IV prison health care services expenditure transactions made during the period July 2009 through June 2010 and totaling \$46,196,503, 30 transactions totaling \$4,538,298 and examined the related documentation to determine whether the documentation demonstrated that the goods or services had been provided, the expenditures were in the correct amounts, and the inclusion of the expenditures in the capitation rate was appropriate.
- Reviewed the Region IV prison health care services RFP solicitation documentation to determine whether the Department had included all the statutorily required elements in the RFP.
- Reviewed the Department's Region IV prison health care services contract to determine whether the contract contained the provisions required by State law.
- Examined Department records for 30 of the 452 contracted health care professionals to determine whether the Department had verified that the health care professionals were properly licensed and had timely obtained and reviewed the professionals' background screenings.
- Examined Department records, including *Vehicle Records* and *Vehicle Maintenance Records*, for the period October 2012 through January 2013 related to 15 of the Department's approximately 3,300 motor vehicles, with acquisition costs exceeding \$50 million, and compared those records to the information recorded in FLEET to determine whether the FLEET records were complete and accurate and supported, e.g., by fuel and maintenance records and invoices.
- Selected 5 contracts, totaling \$66,426,245, from the 413 contractual services contracts that were active during the period July 2011 through February 2013, and evaluated the Department's process for monitoring those 5 contracts.
- Examined Department monitoring records for two contracts, totaling \$15,051,125, that required corrective action plans during the period July 2011 through February 2013 to determine whether the Department received, approved, and followed up on the contractor-submitted corrective action plans in accordance with Department procedures.
- Tested user access privileges for 24 employees who terminated employment during the period July 2011 through February 2013 to determine whether the former employees' access to the Purchase Request System and the DCWeb System had been timely and appropriately disabled.
- Observed, documented, and evaluated the effectiveness of, selected processes and procedures for the Department's management of tangible personal property, cellular telephones and other wireless devices, and State Purchasing Card Program activities.

- Examined FLAIR property records for 1,561 property items listed with an active status as of January 31, 2013, but no recent inventory date, and inquired as to the status of 23 of the items, to determine whether the Department updated the property records to accurately reflect the latest physical inventory results.
- Inquired as to the status of the contract for the delivery of food service products.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions.

**AUTHORITY**

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



David W. Martin, CPA  
Auditor General

**MANAGEMENT’S RESPONSE**

In a response letter dated December 16, 2013, the Secretary of the Department provided responses to our audit findings and recommendations. The Secretary’s response is included as **EXHIBIT A**.

EXHIBIT A  
MANAGEMENT'S RESPONSE



FLORIDA  
DEPARTMENT of  
CORRECTIONS

Governor  
**RICK SCOTT**  
  
Secretary  
**MICHAEL D. CREWS**

*An Equal Opportunity Employer*

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December 16, 2013

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

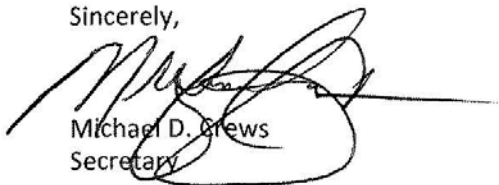
Dear Mr. Martin:

In accordance with section 11.45(4)(d), Florida Statutes, I am enclosing the Department's response to the preliminary and tentative findings and recommendations contained in the Operational Audit of the Department of Corrections, Selected Administrative Activities and Prior Audit Follow-Up.

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

Thank you for the opportunity to review and provide comments. If you have any questions or need additional information, please contact Paul Strickland, Chief Internal Auditor, at (850) 717-3408.

Sincerely,



Michael D. Crews  
Secretary

Enclosure

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

**RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS**  
**AUDIT OF THE DEPARTMENT OF CORRECTIONS, SELECTED**  
**ADMINISTRATIVE ACTIVITIES AND PRIOR AUDIT FOLLOW-UP.**

**Finding No. 1:** The Department did not always ensure that a complete physical inventory of tangible personal property, including the accurate update of Department property records for the inventory results, was timely performed.

**Recommendation:** We recommend that Department management take steps to ensure that a complete physical inventory of tangible personal property, including the accurate update of Department property records for the inventory results, is timely performed in accordance with the requirements of State law and DFS rules.

*Agency Response:* The Department concurs with the finding and has updated our records for the 23 items which we previously provided the status. The Department is currently working to update the property master system for the remainder of the items identified. The Department will ensure future compliance by following our current procedure in a more timely manner.

**Finding No. 2:** As similarly noted in our report No. 2012-185, staff in the Department program areas did not always follow Department contract monitoring procedures.

**Recommendation:** We recommend that Department management ensure that contract monitoring and follow-up activities are timely performed in accordance with Department and DFS procedures and appropriately documented.

*Agency Response:* The Department has taken steps to correct future issues to ensure contract monitoring is performed in accordance with Department and DFS procedures. In order to enhance contract management oversight, the Department has created the Contract Administration section within the Office of Procurement and Contract Management, Bureau of Contract Management and Monitoring. This section is tasked with reviewing contracts, providing training, oversight and administrative assistance to Contract Managers. The comprehensive training provides instructions to Contract Managers related to contract management and encompasses monitoring requirements.

*Monitoring plans have been developed for FY 2013/2014 for all active contracts within the Department. These monitoring plans were submitted and have been reviewed by the Contract Administration section in July of 2013. Monitoring activities by programs areas will also be revisited in January of 2014 to ensure compliance with monitoring plan procedures and identified schedules. Also, the Department has revised its Contract Monitoring and Monitoring Plan procedure (DC 205.013) as of December 4, 2013 to provide specific instruction on monitoring requirements.*

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

*Additionally, the Contract Administration section provides guidance to contract managers thru contract advisories concerning guidelines and procedures related to contract management.*

**Finding No. 3: Although improvements in motor vehicle record keeping had been made, the Department could not always demonstrate that Department records accurately reflected motor vehicle usage and cost information.**

**Recommendation:** We recommend that Department management continue its efforts to ensure that all required information is accurately recorded on the Vehicle Records and input into FLEET.

*Agency Response: Within the Department of Corrections, up to 129 personnel enter vehicle information monthly into the FLEET system. Procedures are in place requiring motor vehicle records to be accurately completed and resulting information be entered into FLEET. The Central Office Fleet Manager regularly emails to each Regional Fleet Representative and Automotive Equipment Maintenance Superintendent the requirements of maintaining accurate information in FLEET. The fleet representatives are informed of the importance of entering the appropriate information on all forms and electronic media to capture accurate data for the establishment of the reports needed to efficiently manage a fleet of 3,300+ vehicles; they are also requested to remind their institutional General Services Specialists and Vocational Instructors to do the same. Monthly telecommunications with the field personnel are also utilized to reinforce and emphasize the necessity of accurate and timely information. In addition, field personnel have access to the FLEET report module and can run reports to ensure accuracy of data. Regular meetings with regional fleet personnel will be established to emphasize the importance of the accurate and timely capture of information.*

**Finding No. 4: Department information technology logical access controls related to the Purchase Request System continue to need enhancement.**

**Recommendation:** We continue to recommend that Department management strengthen the PRS logical access controls to better protect the confidentiality, integrity, and availability of Department data and IT resources.

*Agency Response: The Department no longer utilizes PRS as the electronic procurement system to issue requisitions. The system still exists for history related searches and only a select few of the staff at the Central Office still have access for inquiry only. Requisitions are now issued through the MyFloridaMarketPlace (MFMP) system. Should one of these staff members leave the Department, they will be removed immediately upon notice from the Department's Personnel Office.*