

# DEPARTMENT OF COMMUNITY CORRECTION

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF COMMUNITY CORRECTION  
FOR THE YEAR ENDED JUNE 30, 2014

### Findings

Financial Management Guide regulation R4-19-4-501 requires an agency to establish strict controls over cash receipts to ensure receipts are accounted for properly. Deposit activity was not accurately recorded in the Electronic Offender Management Information System (EOMIS) and in AASIS:

- Original EOMIS transactions were voided for insufficient funds checks and credit card chargebacks, resulting in errors during the reconciliation process.
- Transaction information received from the Information Network of Arkansas (INA) for deposits was inaccurate and did not agree to amounts posted to offender accounts in EOMIS. Errors in the deposit amounts resulted in revenues being recorded to the wrong Treasury funds in AASIS.
- Deposits totaling \$12,945 received from July 2002 to June 2014 were not posted to offender accounts.

### Recommendations

We recommend the Agency develop procedures to ensure all deposit activity is properly recorded in EOMIS and AASIS.

#### Agency Response:

We are in the process of updating the financial section of our Electronic Offender Management Information System (EOMIS). The new update will include a bank reconciliation module, which will help ensure funds received and receipted are properly posted to offenders' accounts and reconciled with the bank and AASIS.

**ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM**  
**STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES**  
**Fiscal Year 2015**  
**Required by A.C.A. 25-36-104**

**AGENCY: 0485 DEPARTMENT OF COMMUNITY CORRECTION**

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Better Community Development (DC)	\$200,000	X					
GYST HOUSE (TL)	\$69,000	X					
Sober Living (TL)	\$102,000	X					

**TOTAL NUMBER OF MINORITY CONTRACTS AWARDED** 3

**TOTAL EXPENDITURES FOR CONTRACTS AWARDED** \$8,602,036

**% OF MINORITY CONTRACTS AWARDED** 0.38 %

## Department Appropriation Summary

### Historical Data

### Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
1BA Community Correction - Federal	477,027	20	422,829	7	438,493	7	438,493	7	203,301	4	438,493	7
1BR Residents Cash Treasury	1,851,533	0	2,447,516	0	2,447,516	0	2,722,516	0	2,722,516	0	2,722,516	0
2GH Community Correction-Special	6,625,053	61	7,600,000	63	8,738,390	72	8,740,233	65	8,740,233	65	8,740,233	65
2GK County Jail Reimbursement	2,205,204	0	3,000,000	0	3,109,636	0	3,109,636	0	3,109,636	0	3,109,636	0
510 Community Correction - State	77,092,397	1,324	87,351,544	1,357	89,272,185	1,415	95,787,483	1,453	93,630,127	1,452	95,787,483	1,453
86Y Best Practices	3,634,870	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0
N57 Court Accountability Grants	0	0	1,400,000	0	2,800,000	0	2,800,000	0	0	0	2,800,000	0
N58 Pay for Success Program	0	0	0	0	3,000,000	0	3,000,000	0	0	0	3,000,000	0
<b>Total</b>	<b>91,886,084</b>	<b>1,405</b>	<b>106,221,889</b>	<b>1,427</b>	<b>113,806,220</b>	<b>1,494</b>	<b>120,598,361</b>	<b>1,525</b>	<b>112,405,813</b>	<b>1,521</b>	<b>120,598,361</b>	<b>1,525</b>

Funding Sources		%		%		%		%		%	
Fund Balance	4000005	6,543,655	6.6	7,588,883	6.9	3,641,367	3.7	3,641,367	3.2	3,641,367	3.7
General Revenue	4000010	79,934,087	80.4	81,610,629	74.3	81,009,075	82.0	96,559,763	85.7	81,009,075	82.0
Federal Revenue	4000020	491,578	0.5	422,829	0.4	593,493	0.6	358,301	0.3	593,493	0.6
Special Revenue	4000030	11,467,234	11.5	8,750,000	8.0	9,100,000	9.2	9,100,000	8.1	9,100,000	9.2
Cash Fund	4000045	1,507,808	1.5	1,375,000	1.3	2,989,016	3.0	2,989,016	2.7	2,989,016	3.0
Trust Fund	4000050	0	0.0	1,400,000	1.3	1,400,000	1.4	0	0.0	1,400,000	1.4
DFA Motor Vehicle Acquisition	4000184	270,542	0.3	0	0.0	0	0.0	0	0.0	0	0.0
General Improvement Fund	4000265	0	0.0	8,715,915	7.9	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	(794,796)	(0.8)	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	2,376	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other	4000370	52,483	0.1	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>99,474,967</b>	<b>100.0</b>	<b>109,863,256</b>	<b>100.0</b>	<b>98,732,951</b>	<b>100.0</b>	<b>112,648,447</b>	<b>100.0</b>	<b>98,732,951</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(7,588,883)		(3,641,367)		21,865,410		(242,634)		21,865,410	
<b>Grand Total</b>		<b>91,886,084</b>		<b>106,221,889</b>		<b>120,598,361</b>		<b>112,405,813</b>		<b>120,598,361</b>	

## **Analysis of Budget Request**

**Appropriation:** 1BA - Community Correction - Federal

**Funding Sources:** FPF - Federal Fund

This appropriation is funded by federal funds and provides support for several federal grant programs. The programs are for offender substance abuse rehabilitation treatment, drug court, serious and violent offenders, transitional housing and preparation for release from incarceration with follow up. The Agency anticipates the grants to continue during the next biennium.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 1BA - Community Correction - Federal

**Funding Sources:** FPF - Federal Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	269,794	226,760	253,518	253,518	120,990	253,518
	<b>#Positions</b>	<b>20</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>7</b>
Personal Services Matching	5010003	109,560	88,071	76,977	76,977	47,927	76,977
Operating Expenses	5020002	83,273	70,246	70,246	70,246	8,400	70,246
Conference & Travel Expenses	5050009	0	28,313	28,313	28,313	16,545	28,313
Professional Fees	5060010	14,400	9,439	9,439	9,439	9,439	9,439
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
<b>Total</b>		<b>477,027</b>	<b>422,829</b>	<b>438,493</b>	<b>438,493</b>	<b>203,301</b>	<b>438,493</b>
<b>Funding Sources</b>							
Federal Revenue	4000020	477,027	422,829		438,493	203,301	438,493
Total Funding		477,027	422,829		438,493	203,301	438,493
Excess Appropriation/(Funding)		0	0		0	0	0
<b>Grand Total</b>		<b>477,027</b>	<b>422,829</b>		<b>438,493</b>	<b>203,301</b>	<b>438,493</b>

The FY16 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during fiscal year 2016.

## **Analysis of Budget Request**

**Appropriation:** 1BR - Residents Cash Treasury

**Funding Sources:** NCC - Cash in Treasury

The Residential Services appropriation provides for the operation of the Community Correction Facilities commissaries. These are self-supporting operations in which residents can purchase various commissary supplies, primarily snack foods, in the Department's various centers. This appropriation also utilizes the proceeds from the coin-less telephone program in which the Agency receives partial reimbursement from the telephone company for phone calls made by the residents. The proceeds are used to purchase items of mutual benefit to all residents. The appropriation is also used for inmate assistance projects, security equipment and general operations.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 1BR - Residents Cash Treasury

**Funding Sources:** NCC - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	1,817,281	2,282,846	2,282,846	2,557,846	2,557,846	2,557,846
Conference & Travel Expenses	5050009	0	62,870	62,870	62,870	62,870	62,870
Professional Fees	5060010	6,600	101,800	101,800	101,800	101,800	101,800
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	27,652	0	0	0	0	0
<b>Total</b>		<b>1,851,533</b>	<b>2,447,516</b>	<b>2,447,516</b>	<b>2,722,516</b>	<b>2,722,516</b>	<b>2,722,516</b>
<b>Funding Sources</b>							
Fund Balance	4000005	1,983,096	1,550,223		452,707	452,707	452,707
Cash Fund	4000045	1,418,660	1,350,000		2,964,016	2,964,016	2,964,016
<b>Total Funding</b>		<b>3,401,756</b>	<b>2,900,223</b>		<b>3,416,723</b>	<b>3,416,723</b>	<b>3,416,723</b>
Excess Appropriation/(Funding)		(1,550,223)	(452,707)		(694,207)	(694,207)	(694,207)
<b>Grand Total</b>		<b>1,851,533</b>	<b>2,447,516</b>		<b>2,722,516</b>	<b>2,722,516</b>	<b>2,722,516</b>

Expenditure of appropriation is contingent upon available funding.

## **Analysis of Budget Request**

**Appropriation:** 2GH - Community Correction-Special

**Funding Sources:** SPF - Community Correction Revolving Fund

The Department of Community Correction is responsible for adult probation and parole services. This appropriation is utilized to support these services as well as special programs primarily for alcohol and drug and mental health treatment. The special revenue supporting this appropriation includes fees and sanctions levied by the courts or authorized by the Board of Corrections and paid by offenders. The probation/parole fee is \$25 each month and provide for safety equipment, vehicles, and drug testing supplies.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 2GH - Community Correction-Special  
**Funding Sources:** SPF - Community Correction Revolving Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	2,287,112	2,429,833	2,433,683	2,435,183	2,435,183	2,435,183
	<b>#Positions</b>	<b>61</b>	<b>63</b>	<b>72</b>	<b>65</b>	<b>65</b>	<b>65</b>
Personal Services Matching	5010003	811,502	883,182	886,131	886,474	886,474	886,474
Operating Expenses	5020002	3,069	0	0	0	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
WMSC Parking Srvs from Fees	5900046	10,000	10,000	10,000	10,000	10,000	10,000
Community Correction Programs	5900047	3,513,370	4,276,985	5,408,576	5,408,576	5,408,576	5,408,576
<b>Total</b>		<b>6,625,053</b>	<b>7,600,000</b>	<b>8,738,390</b>	<b>8,740,233</b>	<b>8,740,233</b>	<b>8,740,233</b>
<b>Funding Sources</b>							
Fund Balance	4000005	2,124,797	2,527,550		1,427,550	1,427,550	1,427,550
Special Revenue	4000030	6,757,016	6,500,000		6,500,000	6,500,000	6,500,000
DFA Motor Vehicle Acquisition	4000184	270,542	0		0	0	0
M & R Sales	4000340	248	0		0	0	0
<b>Total Funding</b>		<b>9,152,603</b>	<b>9,027,550</b>		<b>7,927,550</b>	<b>7,927,550</b>	<b>7,927,550</b>
Excess Appropriation/(Funding)		(2,527,550)	(1,427,550)		812,683	812,683	812,683
<b>Grand Total</b>		<b>6,625,053</b>	<b>7,600,000</b>		<b>8,740,233</b>	<b>8,740,233</b>	<b>8,740,233</b>

## **Analysis of Budget Request**

**Appropriation:** 2GK - County Jail Reimbursement

**Funding Sources:** MCJ - County Jail Reimbursement Fund

Arkansas Code §19-5-1045 provides Jail Reimbursement to Counties by the Department of Community Correction. Prior to this legislation, only Department of Correction could provide Jail Reimbursements to the Counties. In the event that the Department of Correction or Department of Community Correction could not accept inmates from county jails due to insufficient bed space, each agency would have to reimburse the counties for housing the inmates. Funding for this appropriation comes from general revenue.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 2GK - County Jail Reimbursement

**Funding Sources:** MCJ - County Jail Reimbursement Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Refunds/Reimbursements 5110014	2,205,204	3,000,000	3,109,636	3,109,636	3,109,636	3,109,636
<b>Total</b>	<b>2,205,204</b>	<b>3,000,000</b>	<b>3,109,636</b>	<b>3,109,636</b>	<b>3,109,636</b>	<b>3,109,636</b>
<b>Funding Sources</b>						
General Revenue 4000010	3,000,000	3,000,000		3,109,636	3,109,636	3,109,636
Inter-agency Fund Transfer 4000316	(794,796)	0		0	0	0
<b>Total Funding</b>	<b>2,205,204</b>	<b>3,000,000</b>		<b>3,109,636</b>	<b>3,109,636</b>	<b>3,109,636</b>
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	<b>2,205,204</b>	<b>3,000,000</b>		<b>3,109,636</b>	<b>3,109,636</b>	<b>3,109,636</b>

## **Analysis of Budget Request**

**Appropriation:** 510 - Community Correction - State

**Funding Sources:** HCP - Department of Community Correction Fund

The Department of Community Correction uses this appropriation for daily operations. Funding for this appropriation comes from general revenue and cash funds received from the rental of buildings at the Texarkana unit to other state agencies.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 510 - Community Correction - State

**Funding Sources:** HCP - Department of Community Correction Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	43,794,146	46,889,325	47,256,429	49,413,778	49,483,613	49,413,778
	<b>#Positions</b>	<b>1,324</b>	<b>1,357</b>	<b>1,415</b>	<b>1,453</b>	<b>1,452</b>	<b>1,453</b>
Extra Help	5010001	0	0	100,000	100,000	100,000	100,000
	<b>#Extra Help</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	16,439,575	17,690,665	17,706,350	18,531,095	18,547,924	18,531,095
Overtime	5010006	1,313	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	10,866,345	15,617,586	16,137,882	19,170,874	16,926,854	19,170,874
Conference & Travel Expenses	5050009	2,393	2,400	47,109	47,109	47,109	47,109
Professional Fees	5060010	5,951,831	6,532,373	6,532,373	7,543,170	7,543,170	7,543,170
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	36,794	609,195	1,482,042	971,457	971,457	971,457
<b>Total</b>		<b>77,092,397</b>	<b>87,351,544</b>	<b>89,272,185</b>	<b>95,787,483</b>	<b>93,630,127</b>	<b>95,787,483</b>
<b>Funding Sources</b>							
General Revenue	4000010	76,934,087	78,610,629		77,899,439	93,450,127	77,899,439
Federal Revenue	4000020	14,551	0		155,000	155,000	155,000
Cash Fund	4000045	89,148	25,000		25,000	25,000	25,000
General Improvement Fund	4000265	0	8,715,915		0	0	0
M & R Sales	4000340	2,128	0		0	0	0
Other	4000370	52,483	0		0	0	0
<b>Total Funding</b>		<b>77,092,397</b>	<b>87,351,544</b>		<b>78,079,439</b>	<b>93,630,127</b>	<b>78,079,439</b>
Excess Appropriation/(Funding)		0	0		17,708,044	0	17,708,044
<b>Grand Total</b>		<b>77,092,397</b>	<b>87,351,544</b>		<b>95,787,483</b>	<b>93,630,127</b>	<b>95,787,483</b>

## **Analysis of Budget Request**

**Appropriation:** 86Y - Best Practices

**Funding Sources:** TBP - Best Practices Trust

This appropriation was established by the Public Safety Improvement Act of 2011 also known as Act 570. The special revenue supporting this appropriation includes fees and sanctions levied by the courts or authorized by the Board of Corrections and paid by offenders. The probation/parole fee is \$10 each month. These fees go to support programs and services that implement practices that are proven to reduce the risk of having repeat offenders or recidivism, including programs that address treatment needs of offenders.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 86Y - Best Practices

**Funding Sources:** TBP - Best Practices Trust

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Community Correction Prgm 5900046	3,634,870	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
<b>Total</b>	<b>3,634,870</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
Funding Sources						
Fund Balance 4000005	2,435,762	3,511,110		1,761,110	1,761,110	1,761,110
Special Revenue 4000030	4,710,218	2,250,000		2,600,000	2,600,000	2,600,000
<b>Total Funding</b>	<b>7,145,980</b>	<b>5,761,110</b>		<b>4,361,218</b>	<b>4,361,110</b>	<b>4,361,110</b>
Excess Appropriation/(Funding)	(3,511,110)	(1,761,110)		(361,110)	(361,110)	(361,110)
<b>Grand Total</b>	<b>3,634,870</b>	<b>4,000,000</b>		<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** N57 - Court Accountability Grants

**Funding Sources:** TAC - Accountability Court Fund

The Court Accountability Grants appropriation provides for the distribution of grant funds to adult and juvenile specialty court programs as defined under Arkansas Code § 16-10-139. This appropriation is payable from the Accountability Court Fund established by Act 895 of 2015 Section 43. Funding for this appropriation comes from grants funds and any other funds authorized or provided by law.

The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** N57 - Court Accountability Grants

**Funding Sources:** TAC - Accountability Court Fund

Appropriation	2014-2015 Actual	2015-2016 Budget	2015-2016 Authorized	2016-2017		
				Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	0	1,400,000	2,800,000	2,800,000	0	2,800,000
<b>Total</b>	0	1,400,000	2,800,000	2,800,000	0	2,800,000
Funding Sources						
Trust Fund 4000050	0	1,400,000		1,400,000	0	1,400,000
General Improvement Fund 4000265	0	0		0	0	0
<b>Total Funding</b>	0	1,400,000		1,400,000	0	1,400,000
Excess Appropriation/(Funding)	0	0		1,400,000	0	1,400,000
<b>Grand Total</b>	0	1,400,000		2,800,000	0	2,800,000

Initial funding was provided by a transfer from the Mandatory Set Aside of Act 1154 of 2015.

## **Analysis of Budget Request**

**Appropriation:** N58 - Pay for Success Program

**Funding Sources:** TBQ - Social Innovation Fund

The Pay-for-Success Program appropriation provides for the Department of Community Correction to enter into agreements with entities such as community-based behavioral health providers or public universities to create a pay-for-success program for incarcerated or supervised individuals. The Pay-For-Success Program is payable from the Social Innovation Fund established by Act 895 of 2015 section 42. Funding for this appropriation includes grant funds, loans, investments and any other funds authorized by law.

The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** N58 - Pay for Success Program

**Funding Sources:** TBQ - Social Innovation Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
PAY-FOR-SUCCESS PROGRAM 5900046	0	0	3,000,000	3,000,000	0	3,000,000
Total	0	0	3,000,000	3,000,000	0	3,000,000
<b>Funding Sources</b>						
Trust Fund 4000050	0	0		0	0	0
Total Funding	0	0		0	0	0
Excess Appropriation/(Funding)	0	0		3,000,000	0	3,000,000
Grand Total	0	0		3,000,000	0	3,000,000