



County Controller

Stephen J. Barron, Jr., CFE

Audit Manager

Frank S. Kedl, CIA

Solicitor

Timothy P. Brennan, Esq.

County Executive

John A. Brown

County Council

John Cusick, President
Glenn Geissinger, Vice-President
Mathew M. Benol
Matthew H. Dietz
Margaret Ferraro
Kenneth M. Kraft
Hayden Phillips
Seth Vaughn
Robert F. Werner

Audit Report

**JAIL COMMISSARY &
INMATE TELEPHONE
SYSTEM**

As of October 2016

**Office of the Controller
County of Northampton
Pennsylvania**



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

FRANK S. KEDL, CIA
Audit Manager

TIMOTHY P. BRENNAN, ESQ.
Solicitor

PHONE (610) 829-6615
FAX (610) 559-3137

February 17, 2017

Members of the Northampton County Council
John A. Brown, County Executive
County of Northampton, Pennsylvania

We have completed an audit of the Jail Commissary and Inmate Telephone functions as of October 2016.

The Executive Summary on page 1 summarizes the audit results, while the Audit Results section provides a detailed explanation.

We acknowledge the cooperation and assistance we received from the Department of Corrections. Their help was essential to the performance of this audit.

Management's response is included in the Audit Results section of the report.

Very truly yours,

Stephen J. Barron, Jr., CFE
County Controller

Anthony D. Sabino, CIA
Lead Auditor

Table of Contents

	<u>PAGE</u>
EXECUTIVE SUMMARY	1
INTRODUCTION	2
PURPOSE AND SCOPE.....	4
METHODOLOGY	4
AUDIT RESULTS	5
<u>Section A – Contract Monitoring</u>	
1. Global Tel*Link Contract	5
2. Grievance Reports - Keefe	6

EXECUTIVE SUMMARY

Overall, the jail provides an effective Commissary operation for inmates that offers goods at reasonable prices. The jail also provides an easy-to-use on-line tool for friends and family to purchase Commissary items for an incarcerated individual. In our audit, we were able to make a recommendation which could improve the ability of the Jail to properly monitor the performance of the subcontracted vendor under the terms of the contract.

The jail also effectively provides telephone services for inmates at rates which are in compliance with standards set by the Federal Communications Commission (FCC), per our contract with that subcontracted vendor. We did make a recommendation that the Jail should solicit regular reports from the vendor, so that performance under that contract can be better monitored.

INTRODUCTION

The Northampton County Department of Corrections (Jail) provides commissary services to inmates through an outside vendor. Keefe Commissary Network, the nation's leading provider of automated commissary management services and technologies, was originally awarded the contract in 2010; the contract was renewed in May of 2015. The contract provides the County with a 45.5% commission on commissary items purchased by inmates. Inmates order goods through an automated inmate telephone system which is linked to their inmate personal property account in the Jailhouse Management System (JMS). Orders are placed weekly and individual orders may not exceed \$100 (unless an inmate is purchasing a television).

Sales are posted monthly as revenue to the General Fund as checks are received from the Inmate Personal Property Account. Invoices are also received monthly from Keefe, which are paid from the General Fund and posted as expenditures. The difference between the sales revenue and the Keefe invoice should represent the sales commission to the County which is used to offset Jail expenses.

Friends and family can also order commissary items for inmates online through a service called Access Securepak. The outside party pays for these items, not the inmate, and the transaction is handled directly through Keefe; the County is not involved. Quarterly, however, Keefe sends a check to the County for net commissions on these sales as well. Commissions earned on commissary purchases are classified as revenue for the Jail and are used to offset Jail expenditures. The table below lists the amount of profit earned by the commissary for the last four years:

Schedule of Profits from Commissary Sales

Year	Commissary Profit
2012	176,815
2013	271,171
2014	259,760
2015	236,493

As part of the current contract, Keefe was to install a number of kiosks at the jail for inmates to use to order Commissary sales; these were installed after the commencement of our audit and are not included in testing.

Another component of this audit is inmate telephone services. Inmates are permitted to make collect phone calls to prepaid accounts. Friends and family can set up and add funds to prepaid accounts via telephone, on-line, or at kiosks available at the jail. Funds are deposited using credit or debit cards, and the

kiosks also accept cash.

The County contracted with Global Tel*Link (GTL) in 2014 to provide this service. At the time, the County was earning sizeable commissions on inmate telephone usage. Subsequent to the effective date of that contract, however, FCC regulations changed and the County no longer collects commissions on these calls. Charges to inmates for phone calls may not exceed FCC Guidelines. The County's contract with GTL was modified to reflect these new rules.

PURPOSE AND SCOPE

This audit was conducted to comply with state requirements to perform annual audits on the Jail Commissary and inmate telephone functions.

The purpose of the audit was:

- To determine if internal controls over Commissary ordering are adequate.
- To determine if monitoring of contract terms for Keefe and GTL is adequate.

Our tests were conducted on transactions occurring between June 2016 and October 2016.

METHODOLOGY

Our methodology included:

- Reviewing covenants of current contracts.
- Interviewing jail personnel to determine controls over Commissary functions.
- Identifying applicable policies, procedures, laws and regulations.
- Assessing the adequacy of internal controls and compliance with laws, regulations and contractual obligations.
- Interviewing a representative of GTL with regard to aspect of inmate phone services which may be still under County control.
- Analyzing commissary profit over the last four years.
- Testing transactions for compliance and internal controls.

Our review included an assessment of internal controls in the audited areas. Any significant findings related to internal controls are included in the Audit Results section of the report.

We conducted this performance audit 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.

AUDIT RESULTS

Section A – Contract Monitoring

1. Global Tel*Link Contract

OBSERVATION

Since the elimination of commissions on inmate telephone services, the County has little involvement with this function. Prepaid phone charges are handled by GTL, and cash deposited at the kiosks is collected by them. However, we contacted Thomas Grieshaw, Director of the PA Department of Corrections – Office of County Inspections and Services, who stated that there should be some provision for contract monitoring/review at least annually on the County’s part to ensure that funds and transactions associated with the inmate telephone system are not subjected to impropriety from the contracted vendor. The modified contract with GTL does indicate that agreed upon phone charges are in line with FCC guidelines, but no reports are received from GTL with detail on calls made and charges imposed.

RECOMMENDATION

The County should work with GTL to develop reports which would be useful to the jail in monitoring compliance with the terms of the contract.

MANAGEMENT RESPONSE – Daniel Keen, Director of Corrections

The Department of Corrections has contacted GTL. They are currently working on developing a report that shows the detail of calls made and charges assessed to make sure they are in compliance with their contract.

2. Grievance Reports - Keefe

OBSERVATION

According to the County's contract with Keefe, complete reports detailing all inmate concerns and grievances related to Commissary purchases are available upon request. The jail does not appear to be currently receiving such reports. This would provide jail management with an effective tool for monitoring the performance of Keefe under the terms of the contract.

RECOMMENDATION

We recommend that the jail request that Keefe forward them regular reports of inmate grievances. These reports should be reviewed to detect patterns of issues that may need to be addressed by the jail.

MANAGEMENT RESPONSE – Daniel Keen, Director of Corrections

The Department of Corrections will reach out to Keefe regarding the reports of inmate grievances. We will request that a report be developed that compiles all inmate grievances and that it be sent to us on a regular basis for review.