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Audit Report

**PRISON FINANCIAL
RESPONSIBILITY
PROGRAM**

As of December 31, 2018

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



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October 23, 2019

Members of the Northampton County Council
Lamont G. McClure, Jr., County Executive
County of Northampton, Pennsylvania

We have completed an audit of the Prison Financial Responsibility Program as of December 31, 2018.

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.

Our report was discussed with management at our exit conference on 10/8/2019. Management's response is included in the Audit Results section of the report.

Very truly yours,

Richard J. Szulborski
County Controller

Gary M. Krall, CMA
Lead Auditor

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EXECUTIVE SUMMARY

The Prison Financial Responsibility Program (PFRP) has been experiencing increased revenue from its room and board charges to inmates over the past four years, growing at an average annual rate of almost 10%. Department of Corrections management attributes the growth in inmate housing revenue to the increasing number of repeat offenders who surrender any funds on their person upon reentry to the Jail. This trend is consistent with findings of the Federal Bureau of Justice which found that five out of six prisoners were repeat offenders at least once within nine years of their initial incarceration.

We noted some errors in the calculation of room and board charges. All of the errors involved the omission of chargeable room and board fees. Two errors were associated with work release inmates whose charges for room and board were incorrectly calculated after factoring in days on work release.

Review of inmate medical charges and revenue recognition indicates that it is unlikely to increase at a meaningful rate and will remain a small portion of the total revenue in the Department of Corrections. A representative of PrimeCare Medical (PrimeCare) stated that they have taken steps to improve the accuracy and consistency of recording inmate medical charges after experiencing problems in the recent past. There has been an increase in the treatment of inmates for chronic illnesses and mental health issues which are not chargeable. Furthermore, there is a very low incidence of applying funds received by inmates to medical-related cost recovery charges due to the large amount of room and board owed to the County. The Offender Management System (OMS) is set up to apply funds received in inmate accounts to the room and board cost recovery balance first, to inmate doctor charges second, and medical nurse charges fifth.

INTRODUCTION

The PFRP was created by Council Resolution #64-95, effective September 1, 1995. Council Resolution #31-01 amended the PFRP on June 7, 2001. This Resolution gave the Jail authority to charge inmates for certain billable services provided by the Jail, including medical service, restitution for abuse of jail property, and a nominal portion of their housing costs. Charges for property damage and medical services are deducted from the inmate's personal property account as they occur. Room and board charges of \$10 per day are assessed only to sentenced inmates and are posted to the inmate's account just prior to their release date. These fees are budgeted in the Jail's General Fund account; and revenues collected are transferred to the General Fund monthly where they are credited as revenue to the Jail. OMS by Global Tel*Link (GTL) is the all-inclusive prison software system that includes inmate management from intake to release. It is a complete inmate accounting system and integrates with inmate kiosks. The majority of all payments received on behalf of inmates are processed through kiosks, eliminating the need for Department of Corrections' staff to handle those funds after they're entered into the kiosks. There is one kiosk in Intake and one in the Jail's lobby.

The following fees were collected from inmates during the twelve months ended December 31, 2018. These fees do not include the room and board from inmates who are on work release in Community Corrections.

Room and Board	\$ 99,129
Medical	2,287
Property Damage	<u>182</u>
Total	<u>\$101,598</u>

PURPOSE AND SCOPE

The audit was performed to comply with Council Resolution #31-01, as amended, which states, "all inmate financial accounts and procedures will be audited on a regular basis as determined by the County Controller." The purpose of the audit was to:

- Determine if internal controls over the processing of financial transactions for the PFRP are adequate.
- Determine compliance with Council Resolution #31-01.
- Determine if the PFRP is operating economically and efficiently.

Our scope included the twelve-month period ending December 31, 2018.

METHODOLOGY

Our methodology included:

- Reviewing Council Resolution #31-01 and the section of the Inmate Handbook dealing with Inmate Financial Responsibility.
- Interviewing personnel to document the various processes and procedures.
- Analyzing the amount and type of medical fees charged in 2018.
- Testing the reasonableness of room and board charged.
- Verifying that funds in an inmate's account at discharge are applied to any negative cost recovery balance.
- Determining if receipts are properly processed and posted to OMS.
- Verifying that 50% of incoming receipts for an inmate are applied to their negative cost recovery balance.
- Verifying that cost recovery fees collected were properly coded to ONESolution and deposited in the County's Common Account.
- Researching other Pennsylvania counties' best practices to improve our County's PFRP.

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 – Economy and Efficiency

1. Reviewing Room and Board Policy

OBSERVATION

The PFRP has been in effect for almost 25 years and has provided the Jail with a supplemental source of income to offset the cost of a sentenced inmate's stay. After bottoming out in 2015, inmate housing revenue has been growing at an annual rate of over 9%, reaching just over \$99,000 in 2018. Department of Corrections management attributes much of the growth to the increasing number of repeat offenders who surrender any funds on their person upon reentry to the Jail. This trend is consistent with findings of recent studies and surveys done for Federal and State prisons. The revenue collection process for sentenced inmates not on work release is less efficient. At the time of an inmate's release, a corrections officer must calculate the room and board charge for sentenced inmates and then charge that to the inmate's account. This manual process is both time-consuming and prone to errors (See Audit Result on page 6).

We sent a survey to 37 Pennsylvania County Controllers and researched the websites of other counties to determine the nature of their room and board policies. We received nine responses and found inmate housing information online for another 11 counties. Five counties use a one-time booking or processing fee ranging from \$25 up to \$100 that is assessed when an inmate is incarcerated. Some of these counties disallow any other financial privileges until the initial fee is paid. Lehigh County commented that switching to a booking fee was cost effective stating that collections from booking fees have equaled or surpassed the annual amount of room and board fees that were actually collected.

Five counties exclusively charge inmates a daily rate ranging from \$10/day to \$20/day. Some of these five counties only charge work release inmates and some do not charge work release inmates anything. Lebanon County charges a graduated per diem daily rate adding \$5/day on top of the base \$15/day rate each time an inmate is recommitted up to a maximum of \$35/day. Erie County charges both a booking fee and a daily room and board fee.

Implementing a flat fee at the time of intake seems to have the greatest potential to bring in additional revenue to the County. Based on survey responses, this is a popular practice in Pennsylvania. Positive and negative aspects of using a flat fee would include:

Positives:

- In contrast to room and board fees which are charged upon release, the fee would be charged at the time of booking. This would enhance the likelihood of collecting the booking fee from inmates.
- Access to other financial privileges such as commissary or personal care could also be denied or limited until the original booking fee is paid down. This would act as an incentive for inmates to pay the booking fee.
- The process of calculating room and board charges which is time-consuming and error-prone would be eliminated, freeing up time for corrections officers.

Negatives:

- Modifications to OMS may be required to incorporate the new fee and the method to prioritize its collection and payment ahead of other fees. The upgrade of OMS may have this feature available and the implementation of the new OMS software would be an appropriate time to integrate these capabilities.

RECOMMENDATION

Department of Corrections management should consider the benefits and feasibility of replacing the daily room and board charge with a flat booking fee for each incarceration. County Council would have to be informed of any potential changes in policy in order to modify the PFRP appropriately via Council Resolution. We do not recommend changing the policy and procedures for room and board charges as they apply to inmates in the Work Release Program.

MANAGEMENT RESPONSE - James C. Kostura, Director of Corrections.

Individuals that are committed to the jail are only charged room and board for the days spent in the jail after they have been convicted of a crime. Individuals that are found not guilty or the charges are dropped may require the repayment by the County for any fees collected prior to a guilty finding should we follow the same type of fee schedule. This may be a drawback in implementing this type of fee schedule due to staffing costs to research and repayment.

Another issue is that many individuals committed to the jail are indigent upon commitment. So changing the fee structure to a flat booking fee may not generate a significant increase in monies the jail collects. However, the jail will continue to investigate options to propose to County Council in the future.

Section B – Compliance

1. Room and Board Calculations

OBSERVATION

We tested a sample of 25 inmate discharges to determine if room and board was properly calculated, and to verify that only sentenced inmates were charged. There were two exceptions found during our testing:

- One inmate who was on work release was not charged room and board for the five days that he was in the Jail and not working outside of the Jail.
- Another inmate was not charged for three days of room and board.

Council Resolution #31-01 states in part that "all inmates sentenced to the Northampton County Prison will be responsible for reimbursing the county for room and board costs. Individuals who are committed and sentenced to the Prison for the first time, after implementation of the program will be responsible for paying \$10 per day." To implement this part of the Resolution, a corrections officer in Intake calculates the charge when an inmate is ready for discharge. The charge is added to his/her "account" and any money in their account is applied to this charge. If the charge results in a negative balance, it remains in OMS as a receivable. If the inmate is ever booked again, the negative balance is brought forward to their new booking number and 50% of all receipts the inmate receives are applied to the negative balance. Similarly, if an inmate has a positive balance in their account they are given a refund check upon or shortly after their release from the Jail. Inmates in Community Corrections who are on work release automatically have the \$10 daily charge deducted from their paycheck by the staff in Community Corrections.

RECOMMENDATION

More care and attention should be applied by the Department of Corrections staff when determining room and board charges for inmates, especially when inmates are being issued a refund of their account balance upon release from Jail. Perhaps the calculations can be verified by a second corrections officer at the time of release. New corrections officers should be thoroughly trained on all aspects of the PFRP recordkeeping process.

MANAGEMENT RESPONSE – James C. Kostura, Director of Corrections.

The officers that discharged the inmates noted above were instructed by the administration of this error and were counseled on what the proper amounts were that should have been applied.

2. Charges for Inmate Medical Services

OBSERVATION

Inmates were charged \$6,066 for medical care in 2018, though only \$2,287 was collected as revenue. The balance remains on the inmate's account as a payable to the Jail.

Council Resolution #31-01 states that "inmates will be charged a \$3.00 administrative fee for a medical evaluation by the physician's assistant or other medical staff. Inmates referred to a doctor by the nursing staff, after initial diagnosis at the "sick call", will not be charged an additional fee to see the doctor. Inmates who are not referred to the doctor after initial screening by the nursing staff, but who demand to see the doctor, will be charged a \$5.00 fee for this privilege. Inmates are also charged \$5.00 when seen by the dentist. The Jail's medical staff completes a "medical service fee form" for all chargeable services provided and enters that information into OMS. The fees are then deducted from the respective inmate's account.

Our previous audit noted that medical fees were not being assessed in accordance with the Resolution. Subsequent follow-up determined that the PrimeCare administrative assistant was negligent in entering charges into OMS and was dismissed in early 2018. Since these changes were enacted, PrimeCare stated that they have taken steps to improve the accuracy and consistency of recording inmate medical charges. The Health Services Administrator stated that they have changed their procedures to be more careful about recording medical charges. A new administrative assistant was hired and the staff has been regularly reminded about the policy for medical charges and the importance of compliance. She also noted that a large proportion of the inmates seen are being treated for chronic illnesses which requires a maintenance style of care including medication. Inmates are not charged for these follow-up visits nor are they charged for prescription or OTC medication. She also mentioned that the number of patients seen and treated by mental health staff continues to grow. Inmates are not charged for psychiatric services. The statistics tracked by PrimeCare support these assertions.

The Jail Accountant explained that there is a very low incidence of applying funds received by inmates to medical-related cost recovery charges. OMS is set up to apply receipts to the room and board cost recovery balance first, to inmate doctor charges second, and medical nurse charges fifth. Since most inmates have relatively large outstanding balances for room and board, very little if any, of the medical charges are recognized as revenue.

RECOMMENDATION

Management from the Jail and PrimeCare should review and discuss information and statistical data tracked by PrimeCare, and look for trends and patterns that may help to identify problem areas or signs of abuse. PrimeCare must also remain diligent and compliant with policy regarding the recording and input of inmate medical charges. Management should spot check a sample of charges periodically to assess compliance and accuracy of input

MANAGEMENT RESPONSE - James C. Kostura, Director of Corrections.

This recommendation involves jail management reviewing samples of charges to inmates for medical services during their incarceration. After consulting with our healthcare provider, we will get a sample list every month of individuals that were seen during the prior four weeks at our Continuous Quality Improvement (CQI) meeting. The list will indicate those individuals who were seen by the provider and fall into the status of being charged for services. These inmates will have an identifiable mark which distinguishes that they should be charged for service. A sample from that list will then be spot checked with the OMS system to ensure that the inmate was charged for the service.