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Audit Report

**PRISON FINANCIAL
RESPONSIBILITY
PROGRAM**

As of December 31, 2015

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



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

We have completed an audit of the Prison Financial Responsibility Program as of December 31, 2015.

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

Paul L. Albert, CIA
Lead Auditor

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EXECUTIVE SUMMARY

The Prison Financial Responsibility Program is experiencing decreased revenue from its room and board charges, so it might be a good time to look at alternatives such as a one-time flat fee. Correctional facilities using a one-time flat fee experience greater collections with less staff involvement.

We again noted that there were problems in the calculation of room and board charges. Most occurred with inmates who were transferred to Community Corrections but did not have outside employment. Finally, fees charged to inmates for sick call visits are also dropping. It appears that inmates are not being charged for visits as is stipulated in the Council Resolution. The medical staff needs to be more aware of when the fees should be charged and should comply with the policy.

INTRODUCTION

The Prison Financial Responsibility Program (PFRP) was created by Council Resolution #64-95, effective September 1, 1995. Council Resolution #31-01 amended the PFRP on June 7, 2001. The Resolution gave the Jail authority to charge inmates for certain billable services provided by the Jail, including medical services, 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. The Offender Management System (OMS) by Global Tel*Link (GTL) is the all-inclusive prison software system including inmate management from intake to release, a full inmate accounting system and most recently interactive inmate kiosks. The majority of all payments received on behalf of inmates are processed through kiosks, eliminating the need for 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, 2015. These fees do not include the room and board from inmates who are on work release in Community Corrections.

Room and Board	\$69,730
Medical	2,145
Property Damage	<u>165</u>
Total	<u><u>\$72,040</u></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 #13-01.
- Determine if the PFRP is operating economically and efficiently.

Our scope included the twelve-month period ending December 31, 2015.

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 of medical fees charged in 2015.
- 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 the 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 IFAS and deposited in the County’s Common Account.
- Researching with other 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 20 years and has provided the Jail with a supplemental source of income to offset the cost of a sentenced inmate's stay. However, as the years have gone by, the room and board collections have decreased and the amount due from inmates has grown. 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 process is time-consuming and prone to errors (See Audit Result on page 6).

At our preliminary meeting with the Director of Corrections, he told us about one county jail in particular that switched from charging room and board, to a one-time "booking fee" of \$50 that's assessed when an inmate is incarcerated. We surveyed 20 other Pennsylvania counties to determine what type of fees, if any, inmates are charged for room and board. The response was poor with only four counties replying. But of those four:

- **Bucks County** – Only charges inmates room and board if they're on work release, house arrest or when they only serve their time on weekends.
- **Chester County** – A booking/processing fee of \$50 was started effective January 1, 2013 and that fee was increased to \$85 as of August 1, 2014. They have a 60%+ collection rate on the booking fee, thus resulting in higher revenue as compared to the revenue under the old room and board program.
- **Erie County** – Sentenced inmates are charged a \$10 per day room and board fee.
- **Lehigh County** – Within the last couple years their Jail switched from charging room and board to a one-time intake fee of \$60. Switching to a flat intake fee has improved both efficiency and collectability. Any funds received for an inmate are applied to the receivable before money is posted as an available balance to the inmate.

Switching to a flat fee assessed at booking has the potential to bring in more revenue to the County. With approximately 4,000 incarcerations each year, a flat fee of \$50 and a 50% collection rate, revenue could increase to \$100,000 annually.

Some pros and cons of a switch to a flat fee are noted below.

Pros:

- Corrections Officers would no longer have to calculate room and board charges.
- The fee would be assessed at booking, in contrast to room and board fees that are assessed when an inmate is released. This would provide a better opportunity to collect the fee from inmates.
- Outstanding debt from previous incarcerations could remain on the books with collections made after the flat fee is paid in full.

Cons:

- There are uncertainties as to how a new fee would be assessed in OMS and how that receivable would receive priority.

RECOMMENDATION

Management should consider the benefits and feasibility of eliminating the daily room and board charge, and instead switching to a flat rate fee for each incarceration. Any possible changes should be reported to County Council for their consideration, so appropriate changes could be made to the PFRP via Council Resolution. Any change though should not impact the daily room and board charge that is deducted from inmates' pay that are in the Work Release Program.

MANAGEMENT RESPONSE

Daniel S. Keen, Director of Corrections

The Northampton County Department of Corrections (NCDOC) Administration is strongly considering changing from room and board to a flat booking fee. The NCDOC Administration is communicating with other County Facilities that operate with a flat fee. The Administration is also reviewing any case laws that may pertain / hinder the above.

The Work Release Program will not be affected with this change when it occurs.

Section B – Compliance

1. Room and Board Calculations

OBSERVATION

A sample of 25 inmate discharges was reviewed to determine if room and board was properly calculated, and if only sentenced inmates were charged. There were five exceptions to that testing:

- One inmate was not sentenced but was charged \$40 room and board.
- One inmate who was sentenced and served 92 days was not charged room and board.
- The calculations were not correct for three inmates who were transferred to the Community Corrections facility but did not have outside employment.

County 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. 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

Greater care should be taken by Corrections’ staff when calculating room and board charges, especially for inmates who are transferred to Community Corrections. New officers coming into Intake should be trained on all of the nuances of the PFRP.

MANAGEMENT RESPONSE

Daniel S. Keen, Director of Corrections

Correctional staff will continue to receive training in this area to ensure accurate calculations. NCDOC anticipates a change to a flat rate process will eliminate these errors.

2. Charges for Medical Services

OBSERVATION

Inmates were charged \$7,214 for medical care in 2015, though only \$2,145 was collected as revenue. The balance remains on the inmate's account as a payable to the Jail.

County 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.

Using 2015 sick call data provided by PrimeCare Medical, it was calculated that a minimum of \$17,587 should have been charged to inmates for medical services. This was based on the assumption that inmates should have been charged a fee for only 50% of the sick calls. This estimate, though very conservative, greatly exceeds the \$7,214 actually charged. This indicates that medical fees are not being assessed in accordance with County Council Resolution #31-01. Administrative staff from PrimeCare Medical at the Jail's infirmary was made aware of this and noted the discrepancy. They already spoke to their staff about complying with the Jail's policy of charging for medical services.

RECOMMENDATION

Management from both the Jail and PrimeCare Medical (PCM) should monitor medical charges to determine if they are more reasonable in the future. Because they are charged to the inmate's account when they occur, there is greater likelihood that they will be collected.

MANAGEMENT RESPONSE

Daniel S. Keen, Director of Corrections

NCDOC Administration will ensure and enforce with PCM that inmates will be held accountable for services rendered.