

FINANCIAL-COMPLIANCE AUDIT

Department of Corrections

For the Two Fiscal Years Ended June 30, 2016

SEPTEMBER 2016

16-15

REPORT SUMMARY

The Department of Corrections is tasked with developing and maintaining comprehensive services and programs in the fields of adult and youth corrections for the state. In fiscal years 2015 and 2016 combined, the department spent approximately \$390 million of General Fund money in support of its operations. This report contains seven recommendations, including one related to the use of state youth correctional facilities to house adult offenders. The report also discusses accounting errors ranging from \$500,000 to \$1.2 million.

Context

The Department of Corrections (department) operates two prisons and two state youth correctional facilities. Through these facilities, as well as various contracted prisons, treatment centers, assessment and sanction centers, and prerelease centers throughout the state, the department supervises offenders who have been committed to the department and its programs. Offenders may engage in various skill-development programs at the prisons, intended to prepare them for re-entry into the community.

The department's operations are funded primarily by the state's general fund. Other funding sources include, but are not limited to, juvenile cost of care contributions in the state special revenue fund and profits from the Montana Correctional Enterprises programs in the enterprise and internal service funds. The department's general fund, state special revenue fund, enterprise fund, and internal service fund expenditures in fiscal years 2015 and 2016 combined were approximately \$390 million, \$14 million, \$15 million, and \$13 million, respectively. The department also received federal grant awards during the audit period.

Results

The issues identified through the audit are summarized in seven recommendations to the department, related to changes in the operations of state youth correctional facilities, accounting for regional correctional facility per diem payments, internal controls over monthly contract bed payments and capital asset transactions, segregation of duties over and timeliness of deposits, reasonableness of fees charged and fund equity balances in the cook chill internal service fund, and noncompliance with various state laws applicable to the department.

As part of these issues, we identified accounting errors ranging from approximately \$500,000 to \$1.2 million, and instances where the department unintentionally made payments without charging an appropriation, totaling approximately \$2.3 million.

Recommendation Concurrence	
Concur	6
Partially Concur	0
Do Not Concur	1
Source: Agency audit response included in final report.	