



**Department of Legislative Services  
Office of Legislative Audits**

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**Department of Public Safety and  
Correctional Services  
Office of the Secretary  
and Other Units**

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Presentation to the Joint Audit Committee

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### Audit Overview

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- The Office provides overall executive direction and coordination for the activities of the operating units of DPSCS and provides central support services, oversight, and accountability to those units.
- The Office also has statewide responsibility for the supervision and rehabilitation of incarcerated and paroled individuals. The Office absorbed certain functions from the Division of Parole and Probation (DPP) after DPP ceased to exist as a budgetary unit following a departmental reorganization effective July 1, 2012.
- In FY 2014, The Office's expenditures totaled approximately \$218 million.
- The audit report included 9 findings, 2 of which were repeated from the preceding audit reports of the Office and the DPP.



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### Key Audit Issues

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- Issues were found with the procurement and oversight of various contractual agreements, as the Office structured an inmate services procurement in a way that may have limited competition, resulting in only one contractor bidding on the contract.
  - The Office augmented its information technology staff beyond its budgeted positions through an interagency agreement with a State university and did not assess liquidated damages totaling \$840,000 against an inmate health care contractor when required staffing levels were not met for fiscal years 2013 and 2014.
  - Security and control deficiencies were noted over the Office's new Offender Case Management System (OCMS), as the Office did not ensure that certain inmate release date information was transferred to OCMS and certain sensitive personally identifiable information was not appropriately safeguarded.
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## Inmate Services Procurement

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- The Office structured an inmate services procurement in a manner that may have limited competition, resulting in only one contractor bidding on the contract, and did not ensure the State received the best value (**Finding 1**).
  - The Office combined into a single contract, the procurement of three unrelated goods and services, including (1) commissary operations (a revenue producing contract), (2) the design and implementation of an inmate banking information technology system (MOBSII), and (3) the procurement of inmate welfare kits.
  - The sole bidder was not required to identify the MOBSII development costs, but rather to present proposed commissary rates net of those costs. Consequently, the Office was estimated to receive \$17.3 million in commissions over the full 5 year contract term, but the true expected commissary revenue and MOBSII costs were unknown.
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## **Inmate Services Procurement (continued)**

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- The Office did not consult with the Department of Information Technology (DoIT) to determine if the MOBSII development project should have been subject to its oversight. DoIT advised OLA that because the costs were unknown it could not conclude if it should have been involved.
  - The contract had no provisions for liquidated damages to protect the State's interest in the event MOBSII requirements were not met. When launched in August 2014, MOBSII could not provide the required system reports needed for DPSCS facilities to perform inmate bank account reconciliations.
  - The contract included the purchase of inmate welfare kits, which were available under a State procurement preference from Blind Industries and Services. This purchase from a private vendor and the related costs were not clearly conveyed when presented to the Board Public Works.
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### Interagency Agreement

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- The Office entered into interagency agreements with a unit of a State university that enabled the Office to augment its information technology staff beyond its budgeted positions and enhance related salaries. Also, the work performed by these contractual employees did not appear consistent with the unit's mission (**Finding 2**).
- This arrangement has existed for a number of years, and the FY 2015 agreement effectively created an additional 30 positions, at a cost of \$3.4 million, beyond the 214 positions authorized in the budget for the Office's Information Technology and Communications Division (ITCD).
- These university employees were integrated into the ITCD organizational and management structure, and OLA observed them functioning as regular ITCD personnel with similar roles and responsibilities.



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### Interagency Agreement (continued)

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- ITCD advised that the agreements allowed ITCD to hire staff at enhanced salaries. The university performed no oversight or monitoring of these employees and its involvement was generally limited to hiring the employees and paying their salaries. ITCD was responsible for the employees' daily oversight, including assigning projects and tasks, and employees completed university timesheets, which were approved by their ITCD supervisors.
  - The services provided by the university unit did not appear to directly relate to its mission, which was to support science-based, crime-related initiatives. The FY 2015 agreement described the services as relating to assisting ITCD with 5 major IT projects.
  - ITCD management advised these services were outside the unit's normal mission, but the agreement allowed ITCD to obtain IT employees at salaries higher than DPSCS salaries and to expand and contract for its staff as needed.
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## Inmate Mental Healthcare Contract

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- The Office did not assess liquidated damages against its inmate mental healthcare contractor when required staffing levels were not met, and the Office authorized an increase in staffing levels without a formal contract modification or seeking required Board of Public Works (BPW) approval (**Finding 3**).
  - The inmate health services contract required certain monthly staffing levels and provided for liquidated damages if those levels were not met; however, damages were not assessed. For example, the Office did not assess damages, estimated at \$840,000, for staffing levels that were not met at individual service delivery areas for October 1, 2012 through June 30, 2014.
  - The Office authorized additional staffing services beginning in November 2012, but did not prepare a formal contract modification nor seek BPW approval until April 2014. The additional services were estimated to cost \$1.1 million through June 30, 2017.
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## Offender Case Management System (OCMS)

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- The Office did not ensure that the correct inmate release date information was transferred to its current Offender Case Management System (OCMS) from the preceding system (OBSCIS I), and testing disclosed release date discrepancies between the two systems that had not been resolved (**Finding 4**).
- In December 2011, the Office began the transition of information between the two systems and, in June 2014, believing that there were problems with the transfer of diminution credits from OBSCIS I to OCMS, all previously transferred diminution credit data from OCMS were deleted and transferred again.
- During July 2014 the Office performed a series of matches comparing release dates between the two systems. Ultimately 2,499 discrepancies between the release dates in the two systems were identified.



## OCMS (continued)

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- During our audit, we were advised that the 2,499 discrepancies would not be individually researched and resolved. Rather, the Office would continue to rely on a manual release date review process prior to each inmate's scheduled release.
  - OLA's review of 346 of the 2,499 discrepancies, for inmates scheduled for release between August 2014 and May 2015 in OCMS, noted both earlier and later release dates than OBSCIS I.
    - The discrepancies ranged from releases potentially 28 years earlier to 7 months later than appropriate.
    - 34 of the OCMS release dates were more than a year earlier than those in OBSCIS I, although none of these inmates had been released.
  - As a result, certain release date information is inaccurate and unreliable. In FY 2014, there was an average inmate population of 20,868 inmates incarcerated in DPSCS' correctional facilities.
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## OCMS (continued)

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- Sensitive personally identifiable information (PII) in OCMS was not appropriately safeguarded, as PII was stored in clear text for 370,067 individuals and was not protected by other substantial mitigating controls (**Finding 5**).
  - Account, password, and monitoring controls over OCMS were not sufficient (**Finding 6**).
    - Account lockout for repeated unsuccessful logon attempts did not exist.
    - Password length, complexity, aging, history, and sharing provisions did not meet minimum requirements of the State of Maryland *Information Security Policy*.
    - OCMS was not configured to log any database security activity (such as direct changes to critical data tables and changes to security settings), which could result in unauthorized or inappropriate activity going undetected.
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### Other Issues

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- The Office had certain control deficiencies over fines, costs, fees, and restitution (FCFR).
  - The Office did not adequately reconcile its cash balance of FCFR funds with the State's accounting records (**Finding 7**).
  - The Office had not established adequate procedures and controls over refunds made to offenders for FCFR overpayments and changes to restitution recipient addresses. Output reports of these transactions were not reviewed for propriety (**Finding 8**).
- Equipment maintained by the Office's ITCD was not adequately controlled, including a failure to periodically reconcile its control account and detail records and report missing equipment valued at \$3.2 million that had not been located from 1 to 7 years (**Finding 9**).



## Conclusions

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The Office should

- ensure future procurements are structured to promote maximum competition, comply with State law when purchasing supplies available from preferred vendors, and consult with DoIT on future IT projects;
  - refrain from entering into interagency agreements to augment its budgeted positions;
  - assess liquidated damages to the extent permitted;
  - investigate OCMS inmate release date discrepancies, take the recommended actions to ensure data transfers are properly controlled, and improve information systems security and controls;
  - complete FCFR reconciliations in a timely manner and investigate and resolve all differences;
  - establish controls over FCFR transactions, including generating output reports and performing documented supervisory reviews; and
  - comply with the Department of General Services' *Inventory Control Manual*.
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