

Audit Report

Department of Public Safety and Correctional Services Division of Parole and Probation

Probation Intake and Fee Assessment Processes

Procedures and Controls Were Not Sufficient to Ensure All Fees
Were Properly Assessed

Applicable Fees Were Not Assessed in Numerous Probation Cases

November 2015



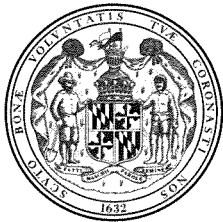
OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

For further information concerning this report contact:

Department of Legislative Services
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201
Phone: 410-946-5900 · 301-970-5900
Toll Free in Maryland: 1-877-486-9964
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLASWebmaster@ola.state.md.us
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Warren G. Deschenaux
Executive Director

November 30, 2015

Thomas J. Barnickel III, CPA
Legislative Auditor

Senator Guy J. Guzzone, Co-Chair, Joint Audit Committee
Delegate Craig J. Zucker, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted an audit of the probation intake and fee assessment processes within the Department of Public Safety and Correctional Services (DPSCS) for certain offenders monitored under the Division of Parole and Probation (DPP), including offenders in the Drinking Driver Monitor Program (DDMP). The objectives of our audit were to evaluate the procedures and controls over the intake processes when offenders are sentenced to probation, including the assessment of fees and restitution, and to identify DDMP cases for which applicable monthly fees may not have been properly assessed. This audit was initiated based on an allegation we received through our fraud hotline.

Our audit disclosed that DPP did not revise its offender intake processing policies and procedures manual when a new automated case management system – the Offender Case Management System (OCMS) – was implemented in December 2012. Offender probation monitoring was previously performed using the Offender-Based State Correctional Information System II (OBSCIS II), which continues to be used to record and track offender fees and assessments. The use of two systems substantially changed and added more complexity to the intake process. Consequently, our review of the intake processes at six field offices responsible for approximately 40 percent of probation cases disclosed certain inconsistencies in the handling of offender cases determined to be exempt from the assessment of DDMP monthly fees or for which certain fees were abated by the courts.

Procedures and controls at these offices were also insufficient to ensure all fees and restitution were properly calculated, assessed to offenders, and recorded in OBSCIS II. At the time of our review, none of the field offices reviewed had established a documented supervisory review process to ensure all fees and restitution were properly calculated, assessed, and recorded in OBSCIS II. Our tests of selected cases processed at four of these field offices disclosed certain

errors that resulted in both over-assessments and under-assessment of fees or restitution.

DPP did not perform periodic reviews of OCMS user access for propriety for the 1,359 employees who had edit access, and user access capabilities had not been sufficiently restricted. For example, all users could edit critical information (including the name of the offender and probation start and end dates) in any case within OCMS and such access was not restricted to his or her own cases. Furthermore, changes to critical OCMS data were not reviewed for propriety.

To more specifically address the hotline allegation, we conducted an automated match of OCMS and OBSCIS II data to identify DDMP cases in which DDMP fees may not have been fully assessed or were not assessed at all. This match identified 3,983 cases in which DDMP fees were potentially under-assessed for a total of \$2.1 million. Our detailed review of 45 of these cases disclosed that, collectively, DDMP fees totaling \$42,625 were not assessed in 32 cases. Generally for the remaining cases tested, while the assessments were determined to be proper, other data reliability problems in OCMS or OBSCIS II, as well as certain limitations in our match, caused the cases to be identified as potential under-assessments. For these reasons, the extent to which the DDMP fees were actually under-assessed is unknown.

The proper assessment of fees and their ultimate collection are important since DDMP fee collections are credited to a special fund account used to pay program costs. DDMP fees collected during fiscal year 2014 totaled \$6.4 million. However, the applicable special fund has frequently incurred deficits, requiring general fund deficiency appropriations.

DPSCS' response to this audit, on behalf of DPP, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by DPP.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "TJ Barnickel III", with a stylized flourish at the end.

Thomas J. Barnickel III, CPA
Legislative Auditor

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Background Information

Agency Responsibilities and Reorganization

The Division of Parole and Probation (DPP) of the Department of Public Safety and Correctional Services (DPSCS) supervises the conduct of individuals on parole and probation to ensure these offenders are upholding requirements set forth by the courts and the Parole Commission. DPP also conducts investigations for the Commission and the courts, and performs probationary services for the Circuit and District Courts of Maryland. Furthermore, DPP administers the Drinking Driver Monitor Program (DDMP), a specialized monitoring service for individuals convicted of driving while intoxicated or driving under the influence of alcohol or drugs. Finally, DPP is responsible for assessing fines, costs, fees, and restitution (FCFR) in certain court cases including those of offenders in the DDMP.

DPSCS initiated a Departmental reorganization on November 28, 2011. While the reorganization was initiated in fiscal year 2012, for budgetary purposes, the reorganization was implemented via a budget amendment, effective July 1, 2012. The reorganization established three regions within the State (North, Central, and South) for the purpose of creating a regional approach to providing inmate-related functions, including incarceration, probation, parole, and reentry into society.

From a budgetary standpoint, this reorganization transferred the responsibility for certain functions previously performed by DPP to the DPSCS Office of the Secretary and the three regions. While DPP ceased to exist as a separate budgetary unit after the reorganization, it continued to exist under State law. In March 2015, DPSCS announced it would be moving to restore its legislatively mandated leadership structure and, accordingly, a new Director of DPP was appointed. We have been informed by DPSCS management that it intends to again reorganize its budgetary programs, effective fiscal year 2017, consistent with its legislatively mandated leadership structure. In the interim, DPP is operationally functioning as it did prior to the July 1, 2012 reorganization.

Probation Intake Process

Statewide, DPP has 44 field offices within the three DPSCS regions, of which 20 offices handle DDMP cases. Each region has a designated regional director who monitors and supervises the operations of the field offices. DPP uses two automated systems to monitor offenders' compliance with court-ordered probation and payment terms.

- **Offender Case Management System (OCMS)** is a server-based multi-module system that contains case data on parolees and probationers. The DPP module, which is used for the supervision, monitoring, and investigative functions of the DPP, was implemented in December 2012. Data are entered into OCMS by field office staff during the offender intake process and as needed throughout the probationary period. Prior to the implementation of OCMS, these case management data were recorded in a module of OBSCIS II.
- **Offender-Based State Correctional Information System II (OBSCIS II)** is used to account for FCFR due from offenders and payments received from offenders. While certain offender demographic data are automatically transferred through an interface between OCMS and OBSCIS II, the interface capability does not extend to FCFR data. Consequently, field office staff must manually enter FCFR data into OBSCIS II, generally during the offender intake process.

When an offender is sentenced to probation by a court, the related court order specifies to which field office the offender is to initially report. During the intake process, DPP field office staff record offender data into both OCMS (case and certain FCFR data) and OBSCIS II (FCFR data) and issue payment instructions to offenders. However, in Baltimore City, offenders report to the Guilford field office where intake personnel record case data into OCMS and may record FCFR into OBSCIS II but do not issue payment instructions to offenders. For those offenders, personnel in the field office to which the offender is transferred must handle the preparation and issuance of payment instructions to offenders and ensure that the related FCFR are properly recorded in OBSCIS II, in agreement with those instructions.

Even though DDMP and supervision fees are generally paid by the offenders on a monthly basis throughout the terms of probation, the full amount of these fees is assessed and recorded in OBSCIS II during the intake process. Generally, the intake staff must manually calculate each offender's DDMP and supervision fees, based on the period of probation, and enter these total amounts into OBSCIS II. For example, if an offender is ordered to serve two years of probation to be monitored under DDMP, fees calculated would be based on 24 months of DDMP fees and 24 months of supervision fees. In this example, total DDMP fees assessed would be \$1,320 (\$55 per month for 24 months) and total supervision fees assessed would be \$1,200 (\$50 per month for 24 months).

Field office staff are required to review with each offender the court-ordered amount of fines, costs, fees (including DDMP and supervision fees), and

restitution owed and issue each offender a payment instruction form that provides the full amounts owed and instructions for payment. The offender is instructed to report to a specified field office for future monitoring based on the criminal offense and the offender's residence.

Staff within the DPSCS' Deputy Secretary for Administration collects FCFR from the offenders, generally through a lockbox, and places the funds into a non-budgeted fund. Periodically, DPSCS distributes these funds to the courts and to crime victims (for restitution), and allocates fees to the State's General Fund or, for DDMP fees, to a special fund established in law.

At any time during the offender-monitoring period, a case could be abated by the courts if the offender meets specific court-ordered terms of his or her probation. This abatement results in certain fees, such as supervision fees, being waived during the offender's remaining probationary period. DPP field office staff complete an adjustment form and adjust the court-ordered amounts as recorded in OBSCIS II. In addition, DPP may exempt offenders from paying the DDMP fee, as allowed under State law, if the offender is disabled and unable to work. An offender could be exempt under this provision at initial intake or at any point during the probation period. If the exemption is granted after the initial intake, an adjustment form is completed by the monitoring field office.

According to State and DPP records, as of June 30, 2014, there were approximately 103,000 cases under DPP's jurisdiction. Based on information obtained from OCMS, as of July 2015, there were approximately 14,000 open DDMP cases. There were approximately 46,000 new probation cases processed statewide in fiscal year 2015.

DDMP fees collected, which are credited to the DDMP fund, totaled \$6 million in fiscal year 2014. Supervision fees collected, which are credited to the State's General Fund, totaled \$7.5 million in fiscal year 2014. During fiscal year 2014, DPP also disbursed \$9.5 million in restitution to victims.

Drinking Driver Monitor Program Fund

State law, effective July 2005, established the DDMP fund as a special, non-lapsing fund to be used for all DDMP costs and imposed a \$45 monthly program fee on all DDMP offenders to be effective for the period from July 1, 2005 through June 30, 2010. Chapter 487, Laws of Maryland 2009 increased the monthly fee to \$55, effective June 1, 2009, and removed the June 30, 2010 termination date for the fee. According to the Fiscal and Policy Note for the

related legislation, sufficient DDMP fund revenues had not been attained to cover expenditures in fiscal years 2006 through 2008, thereby requiring deficiency appropriations for each of those years. The DDMP fund had a deficit balance at June 30, 2008, resulting in the need for a \$1.5 million deficiency appropriation in fiscal year 2008. The Fiscal and Policy Note also estimated that DDMP fund revenues would increase \$1.4 million in fiscal year 2010, and \$7.5 million each year thereafter due to the fee increases.

While these anticipated increases in revenue were not achieved, State accounting records indicate that annual DDMP revenues exceeded expenditures during fiscal years 2010 and 2011. However, beginning with fiscal year 2012, expenditures have exceeded revenues each year through fiscal year 2015.

Consequently, the surplus created in the DDMP fund in previous years was exhausted during fiscal year 2014. In addition, DPSCS used \$447,248 of budgeted general funds and a deficiency appropriation in the amount of \$400,000 to fund the \$847,248 of expenditures in excess of the DDMP fund balance for that year.

In fiscal year 2015, DDMP revenues continued to be inadequate to fund all DDMP expenditures. In a significant change for fiscal year 2015, DPSCS charged only DDMP payroll-related expenditures to the DDMP special fund and charged all DDMP non-payroll expenditures directly to general funds (even though \$223,451 was available in the DDMP fund). This practice allowed DPSCS to avoid a deficiency appropriation. We discussed this change in practice with Department of Budget and Management personnel who stated that DPSCS' decision to account for DDMP expenditures in this manner was allowable. Historically, non-payroll DDMP expenditures have totaled approximately \$880,000 annually. Assuming fiscal year 2015 non-payroll expenditures remained consistent, charging these additional expenditures would have resulted in fiscal year 2015 DDMP expenditures exceeding revenues by approximately \$650,000.

DDMP Fund Activity Fiscal Years 2010 – 2015			
Fiscal Year	DDMP Revenues	DDMP Expenditures	Fund Balance at Fiscal Year End
2010	\$7,428,761	\$6,448,788	\$979,973
2011	\$7,272,784	\$6,782,295	\$1,470,462
2012	\$6,884,040	\$7,032,325	\$1,322,177
2013	\$6,667,599	\$7,335,883	\$653,893
2014	\$6,045,344	\$7,546,485 ¹	\$0
2015	\$6,729,282	\$6,505,831 ²	\$223,451

Source: State Budgetary Records

¹ During fiscal year 2014, \$447,248 in general funds and a \$400,000 deficiency appropriation were used to cover expenditures in excess of the DDMP fund balance.

² During fiscal year 2015, only payroll costs were allocated to the DDMP fund.

Considering the DDMP fund's status, it is imperative that DPP ensure that DDMP fees are properly assessed for all non-exempt cases and that effective collection efforts are employed. The fee assessment process is the subject of this report; we did not address the collection efforts as part of this audit.

Audit Scope, Objectives, and Methodology

Scope

We conducted an audit of the probation intake and fee assessment processes within the Department of Public Safety and Correctional Services (DPSCS) for certain offenders monitored under the Division of Parole and Probation (DPP). The audit was conducted in response to an allegation that we received through our fraud hotline regarding possible deficiencies in the recording and abatement of certain fees that are required to be paid by offenders on probation who are monitored under the DPSCS Drinking Driver Monitor Program (DDMP). While the allegation received related primarily to the DDMP fee, the DDMP fee assessment is just one part of the offender intake process that includes the recordation of all fines, costs, fees, and restitution assessed to offenders monitored under probation. The scope of our audit addressed other facets of the intake process as described below but was limited to the most significant sources of collections, specifically fees (both DDMP and supervision fees) and restitution.

We conducted the audit under the authority of the State Government Article, Section 2-1221 of the Annotated Code of Maryland and performed it 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.

Objectives

The objectives of this audit were

1. To evaluate the effectiveness of the procedures and controls over the probation intake and related assessment and recordation processes, and
2. To identify DDMP cases for which applicable fees and restitution may not have been properly assessed and recorded.

Methodology

Our audit consisted of tests, data analyses, inspections of documents and records, observations of DPSCS operations, and discussions with DPSCS personnel and others, as we deemed necessary, to achieve our objectives.

For the first audit objective, we reviewed the intake processing guidance provided by DPP to the field staff. In addition, based on details in the allegation and the activity levels of the field offices, we selected the six field offices noted below, which handle DDMP cases, to conduct field visits and to review procedures and controls over the intake and fee assessment and adjustment processes. These six field offices, which were within four jurisdictions, accounted for more than 40 percent of all offender intakes processed statewide. The Baltimore City – Guilford Central Intake and Rockville Intake field offices only perform intake procedures; offender cases are immediately transferred to other offices around the State for monitoring compliance with probation terms.

Field Offices Selected for Review		
Field Office Location	Region	Procedures Reviewed
Baltimore City – Guilford	Central	Intake Process - OCMS only
Baltimore City – Northwest	Central	Payment Adjustment Processes and Intake Transfer Process - OBSCIS II only
Rockville Intake	North	Intake Process
Gaithersburg	North	Payment Adjustment Processes and Intake Transfer Process - OBSCIS II only
Annapolis	South	Intake, Transfer, and Payment Adjustment Processes
Upper Marlboro	South	Intake, Transfer, and Payment Adjustment Processes

In addition, we judgmentally selected cases processed for intake by the six field offices during fiscal year 2015 (a total of 20 cases) in which the offenders were responsible for a variety of fees and restitution. We confirmed our understanding of the intake and assessment and recordation processes and determined if fees and

restitution were properly assessed and recorded. We also reviewed and assessed the sufficiency of procedures and controls over OCMS user access. We did not assess user access to OBSCIS II since that audit procedure was performed during our separate audit of the DPSCS – Office of the Secretary and no significant matters were identified as relates to this audit’s objectives. Finally, we reviewed DPP’s policy for reducing DDMP fees for abated cases, and we tested 23 cases that were in abatement status from seven field offices to determine if DDMP fee assessments were being consistently handled.

For our second objective, we judgmentally selected 45 test cases from 16 field offices from the results of an automated match we performed using data from DPSCS’ OCMS and OBSCIS II systems. Those 45 cases were selected because the related data exhibited certain characteristics that suggested a high likelihood for errors with respect to the assessing and recording of DDMP fees.

Specifically, our data matching included DDMP cases opened during the period from July 2012 through April 2015 for which we matched the case information in OCMS with the related DDMP fee information in OBSCIS II based on the common case number field that exists in both systems. After excluding DDMP cases identified in OCMS as being exempt from the DDMP fees, the match identified cases for which, based on the probation period recorded in OCMS, the DDMP fees appeared to be either understated or not assessed at all. For those cases, we performed automated calculations of the amount of DDMP fees that should be assessed by multiplying the number of months of probation (based on the probation starting and ending dates as reflected in OCMS) by the monthly DDMP fee of \$55. We then determined the difference between the expected amount of DDMP fees based on this calculation and the actual amount of DDMP fees assessed in OBSCIS II to identify the amount of DDMP fees that may not have been fully assessed.

The match identified 3,983 cases of potential DDMP fee under-assessments, including 1,540 DDMP cases for which there were no assessments. The maximum potential under-assessment for these cases totaled \$2.1 million. This potential under-assessment of DDMP fees assumes all information in OCMS (such as the non-exempt status, probation period) is accurate. However, as noted in our findings, our tests disclosed many data errors in OCMS, as well as certain data limitations that affected the match results. Therefore, the accuracy of the OCMS data cannot be assured and a reasonable estimate of total DDMP fee under-assessments is not determinable from our work. Furthermore, the match did not specifically target potential over-assessed cases.

From the identified cases for which DDMP fees were not assessed or were not fully assessed in OBSCIS II, we selected 45 cases for testing. For the selected cases, based on our review of supporting documentation (such as court orders) in the paper files, we verified the under-assessment amounts determined by our automated calculation, and made any necessary adjustments. While reviewing those cases, we also determined whether supervision fees had been properly assessed and recorded. Since we did not use statistical sampling to select the 45 cases, the results of our testing cannot be projected for the entire 3,983 test population.

Our audit was primarily conducted during the period from March 2015 through September 2015. The response from DPSCS to our findings and recommendation, on behalf of the DPP, is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DPSCS regarding the results of our review of its response. In addition to the conditions included in this report, other less significant findings were communicated to DPSCS that did not warrant inclusion in this report.

Findings and Recommendations

Probation Intake Process

Background

An offender sentenced to probation by the court is ordered to report to a specific field office in one of the State's three regions for intake purposes. The Division of Parole and Probation (DPP) uses two automated systems to record offender data during the intake process and to monitor each offender's compliance with court-ordered probation and payment terms. The DPP module of the Offender Case Management System (OCMS) is used to record offender case data – including demographics, probation terms, and a unique identification number (known as a SID) —and to monitor offender compliance with probation terms. The Offender-Based State Correctional Information System II (OBSCIS II) is used to account for fines, costs, fees, and restitution due from offenders and payments received from offenders.

Before the Department of Public Safety and Correctional Services (DPSCS) implemented the DPP module of OCMS in December 2012, all offender information was entered into one system (OBSCIS II) during the probation intake process. Specifically, OBSCIS II was previously used as a case management system as well as to record and account for fines, costs, fees, and restitution due and payments received from offenders. As mentioned in the Scope section of this report, our audit focused on the most significant sources of collections (fees and restitution) received from offenders.

Finding 1

DPP lacked policies to guide the offender intake process at field office locations.

DPP's *Operations Manual* was not revised to reflect the new intake process after the implementation of OCMS in December 2012, and adequate training was not provided to intake staff. Also, a formal policy addressing whether Drinking Driver Monitor Program (DDMP) fees should be reduced for court-ordered case abatements was lacking.

Adequate guidance was not provided to intake staff although the use of two systems substantially changed and added more complexity to the intake process. Previously, all data were entered into OBSCIS II which guided the intake worker through a logical screen sequence for data entry. Since the implementation of OCMS, intake workers are required to establish the case in OCMS and, through an interface, transfer basic case data into OBSCIS II. Intake workers then

separately record fees and restitution into a specific screen in OBSCIS II. The *Operations Manual* was not updated to guide this multi-step data entry process. In addition, DPP could not provide us with any documentation of the training provided to staff when OCMS was implemented. Intake staff at the field offices informed us that the one-half day of training provided, which was only on OCMS, was not sufficient and the frequent changes and updates to functionality within OCMS continue to cause confusion.

In some cases, lack of guidance resulted in inconsistent treatments between the field offices. For example, the intake processing staff at two of the six field offices were unaware that the exemption flags should be recorded in OCMS for offenders who are determined to be exempt from paying DDMP fees, as specified by State law (for example, due to a qualifying disability). The failure to properly flag exempt cases would not affect the assessment process but it does create inconsistencies since fees would not be assessed in OBSCIS II even though an exemption was not recorded in OCMS. These inconsistencies could hinder case monitoring efforts and DPP's ability to perform effective data matches against the fees and restitution recorded into OBSCIS II to identify potential data entry errors. Furthermore, because DPP performs audits of DDMP exemptions for propriety and selects exemptions to review from an OCMS report, the failure to record the DDMP exemption prevents these exemptions from being selected for audit. Based on OCMS records as of July 2015, there were 24 cases opened statewide since January 2013 with the exemption flag. Based on discussions with field office personnel and analysis of available data, we identified five exemptions in the aforementioned two field offices that were not flagged in OCMS.

Additionally, DPP had not established a formal policy regarding whether DDMP fees should be reduced when an offender's case is abated by the courts, and our testing disclosed inconsistent treatment among the field offices. When a case is abated (for example, the offender meets the specific court-ordered terms of his or her probation), DPP policy allows for supervision fees to be waived for the offender's remaining probationary period. However, DPP policies were silent as to whether DDMP fees should also be waived, although DPP management believes, based on an informal communication from its Assistant Attorney General, that the DDMP fees should be reduced when a case is abated.

We noted inconsistencies in that some field offices were reducing DDMP fees when a case was abated while others were not. Our interviews with field office personnel and tests of selected abated cases from six field offices within all three regions disclosed that three field offices (two offices in the South Region and one office in the North Region) were reducing DDMP fees when cases were abated. For the 10 cases tested at these offices, the DDMP fee reductions totaled

approximately \$8,910, representing a 71 percent reduction to the \$12,540 in fees originally assessed in these cases. Conversely, three other offices (two offices in the Central Region and one office in the South Region) were not reducing DDMP fees.

During our review, DPP advised us that it is currently working on specific guidance on the intake process but that it is still in process. In January 2015, DPP did establish written guidance that outlines a step-by-step process for how to close a case in OCMS.

Recommendation 1

We recommend that DPP

- a. establish comprehensive intake guidance that addresses all critical processes;**
- b. institute additional training for field office staff, as needed, to enhance their ability to perform their jobs properly and efficiently; and**
- c. in consultation with its legal counsel, establish a formal policy on the handling of DDMP fees when a case is abated, and ensure the policy is appropriately communicated and enforced.**

Finding 2

DPP had not established adequate procedures and controls to ensure that all fees and restitution were properly assessed to offenders.

Analysis

Procedures and controls at the four field offices selected for review that prepared offender assessment documents were insufficient to ensure all fees and restitution were properly assessed and recorded. Consequently, our test of 20 cases processed for intake in fiscal year 2015 at these field offices disclosed instances where fees and restitution were not properly assessed and recorded and payment instructions were not timely issued to offenders. For these 20 cases, DDMP fees, supervision fees, and restitution assessed in OBSCIS II totaled \$14,575, \$12,950, and \$56,403, respectively.

Procedures and controls at the four field offices were insufficient to ensure all fees and restitution were properly assessed and recorded.

- Initial accountability was not established over probation orders received at the four field offices where we reviewed the intake process. None of the field offices maintained a log to record the receipt of the probation orders (such as, court orders). Generally, on a daily basis, the courts delivered paper copies of

probation orders to the field offices, along with a summary listing of all the court orders included in the delivery. Although field intake offices reviewed the summary listings to ensure all court orders were included in the delivery, the summary listings were not used to ensure that all court orders were processed for intake and recorded. Consequently, our tests identified instances in which cases were not properly assessed and certain restitution amounts were incorrectly recorded in OBSCIS II.

- As of May 2015, none of the field offices reviewed had established a documented supervisory review for the intake process to ensure that all fees and restitution were properly calculated, recorded in OBSCIS II, and reflected on the payment instructions form (COL-1) provided to the offenders. Prior to the implementation of OCMS, the COL-1 was signed by the offender and the intake staff. A separate document reflecting all case data entered into OBSCIS II, including the fines, costs, fees, and restitution data, was reviewed and signed by the supervisor as documentation that the intake information was properly recorded and all fees and restitution were assessed.

DPP staff advised us that, while the COL-1 should still be completed and provided to the offender, the associated supervisory review process was discontinued when OCMS was implemented in 2012 and no supervisory review process was established in its place. During our review of the 20 selected cases, we confirmed that there was no evidence of a documented supervisory review. In June 2015, one of the field offices implemented a supervisory review as a result of our audit.

- A documented supervisory review process was not in place at the four offices reviewed to ensure fees and restitution had been properly assessed and recorded in OBSCIS II for cases transferred from other field offices. Generally, the intake process includes entering case data into both OCMS and OBSCIS II and issuing payment instructions to offenders. However, because of the volume of activity, while the Baltimore City – Guilford intake office does record case data into OCMS, the office does not always record fines, costs, fees, and restitution data in OBSCIS II and issue the payment instructions. The Baltimore City – Guilford office relies on the monitoring office to issue the payment instructions to offenders and ensure the fees and restitution are properly recorded in OBSCIS II in agreement with the payment instructions. Cases processed for intake at the Baltimore City – Guilford office could be transferred to any monitoring office throughout the State depending on the nature of the offense and the offender’s residence. However, field office staff at these monitoring locations advised us that they relied on the intake field office to have already recorded all the fees and

restitution and that any review would be informal and not documented. During fiscal year 2015, the Baltimore City—Guilford intake office processed 8,449 cases for intake.

Our review of 20 cases opened during fiscal year 2015, which included cases from the four field offices reviewed that were responsible for recording fees and restitution, disclosed instances in which fees and restitution were not properly assessed and recorded in OBSCIS II and payment instruction forms were not timely issued to offenders.

- For 9 of the 20 cases tested, the following errors were identified:
 - For 1 case, DDMP fees totaling \$990 were not assessed.
 - For 2 cases, DDMP fees totaling \$1,980 were not assessed until June 2015 when DPP initiated a follow-up project as a result of our audit.
 - For 2 cases, supervision fees were over-assessed by a total of \$650.
 - For 3 cases (including 1 of the aforementioned cases in which supervision fees were over-assessed), DDMP fees were over-assessed by a total of \$2,035.
 - For 2 cases, restitution was over-assessed by \$1,367.

Generally, the problems identified for these nine cases, which were applicable to three field offices, resulted from clerical errors in calculating the assessment amounts and in recording the information in OBSCIS II that did not agree with the related court documents.

- The payment instruction form (COL-1) was not timely issued to the offenders in 4 of the 20 cases tested. In 2 cases, the COL-1 was not issued for more than four months after the start of the offender's probation, and in 2 other cases, the COL-1 was not issued at all. The COL-1 is important as it provides instructions to the offender as to the fees they are required to pay, how payment is to be submitted, and how frequently payments are required to be made.

We believe that consideration should be given to enhancing the existing interface between the data in OCMS and the data in OBSCIS II. In this regard, while OBSCIS II is the official record of fines, costs, fees, and restitution transactions, we noted that fines, costs, fees, and restitution data are also initially recorded into OCMS to generate the payment instructions form. We believe that an interface of fines, costs, fees, and restitution data between the two systems would significantly increase efficiencies and reduce the number of errors from data entry.

Recommendation 2

We recommend that DPP

- a. establish initial accountability for all probation orders to ensure that all orders are processed for intake and recorded in OCMS and OBSCIS II;**
- b. establish an independent documented supervisory review of the intake process to ensure all fees and restitution are properly assessed and recorded in OBSCIS II, including cases transferred from other field offices, and that exempt cases are flagged in OCMS;**
- c. take immediate action to correct the aforementioned errors in OBSCIS II;**
- d. ensure payment instructions forms (COL-1) are issued timely to offenders; and**
- e. determine the feasibility of developing an electronic data transfer process (interface) of assessment information from OCMS to OBSCIS II.**

OCMS User Access

Finding 3

Procedures and controls over OCMS user access were not sufficient and many users had excessive access. Defined system roles were not appropriately restricted, and data input validation controls were not comprehensive.

Analysis

Procedures and controls over user access in the DPP module of OCMS were not sufficient to ensure that only appropriate and necessary access was granted and such access was not periodically reviewed. Furthermore, the capabilities defined to certain critical system user roles were not appropriately restricted. The State of Maryland *Information Security Policy* states that agencies are responsible for, "ensuring separation of duties and assigning appropriate system permissions and responsibilities for agency system users." In addition, input validation controls were not comprehensive. Based on agency records, there are 1,696 users with access to the DPP module of OCMS as of May 2015.

DPP had established essentially two levels of edit access in OCMS. The agent role is generally assigned to field office staff for the entry of offender case data, including demographics and probation terms, into OCMS during the intake process. The case supervisor role is generally assigned to field office supervisors who subsequently review and approve each case in OCMS. Of the 1,696 users with access to the DDP module of OCMS, 1,359 users had the agent and/or supervisor role.

Each offender has a unique State identification number (known as a SID). For repeat offenders, the offender's SID is typically recognized by the fingerprint scanner, which is integrated into OCMS; for new offenders, the SID is automatically generated by the fingerprint scanner. The SID can also be manually created by the case supervisor in certain instances (such as when an offender does not appear for intake). Once all the offender data, including the SID, are recorded, the intake worker transfers, via an automated interface, basic case data to establish the case record on OBSCIS II. After the case has been established, intake workers can manually record fees and restitution into OBSBIS II.

Granting and Modifying User Access

Procedures for granting and modifying user access roles in OCMS were not sufficient. DPP had designated two individuals, called Site Security Coordinators (SSCs), to review and approve requests to establish and modify OCMS access for DPP employees and to notify DPSCS Information Technology and Communications Division (ITCD) to update the user access in OCMS. The electronic request system used to establish initial user access did not reflect the names of the individuals who submitted the requests and, therefore, the SSCs processed the requests without determining if the requests were submitted by the employees' supervisors. Requests made by supervisors to modify user access were submitted informally through email and, therefore, the SSCs could determine if the requests were submitted by appropriate supervisory employees. However, the SSCs did not maintain documentation of these email requests.

Our judgmental selection of 14 users who had agent and/or case supervisor access disclosed that DPP could not provide any documentation to support the roles granted. We were advised these 14 users, who were assigned to 9 different locations, were granted access to OCMS when it was implemented in December 2012 and that no documentation was maintained that supports supervisory authorization of the roles granted at that time and how the levels of access granted to existing employees were determined. The number of employees granted access when OCMS was implemented was not available.

DPP also did not perform periodic documented reviews of the propriety of existing users' access roles. For example, reports of employee access roles were not periodically generated and distributed by the SSCs to applicable supervisors for review of the continued need for that access. Instead, DPP primarily relied on individual supervisors to notify the SSC if access needed to be changed.

Assigned User Access and Defined System Roles

Our test of the same 14 users, as of May 2015, disclosed that 11 users were granted a level of access that was improper or unnecessary. Specifically, 2 users

had not been employed with DPSCS since June 2013, 4 users required only read access based on their job duties, and the remaining 5 users were granted both the agent and case supervisor roles. While these 5 users needed agent level access to perform their job duties, they did not need the DPP case supervisor role.

Furthermore, this combined access allowed these employees to manually create a SID, a function which should only be performed by a supervisor, and to approve cases initiated by other intake workers. (This combined access did not allow workers to approve their own cases.) This excessive access could result in errors in offender records. For example, an agent could potentially record criminal data to the wrong offender or erroneously merge offender records. Our review of the DPP's user records disclosed 67 users had both the agent and supervisor roles.

DPP did not appropriately restrict certain capabilities defined to the agent and case supervisor roles. Any user granted either role could edit critical information (such as probation start and end dates, and name of offender) in any case within OCMS and such access was not restricted to his or her own cases. Furthermore, although DPSCS ITCD advised us that users with the agent and case supervisor role also needed to be separately granted access to the DPP module level designation in OCMS to edit OCMS data, we noted 2 users without the DPP module designation who were able to edit OCMS data. Based on the OCMS user file, as of May 2015 there were 618 users who did not have the DPP module level designation but did have DPP roles that may provide edit access. Consequently, a better understanding of system access features and capabilities, including the related control implications, appears necessary.

Changes to critical OCMS data were not reviewed for propriety. Although OCMS maintained an audit trail of all data changes, there was no regular documented review of the audit trail to determine the propriety of changes made, and reports of the most critical data changes were not produced to aid in such a review. ITCD management advised that the audit trail would only be provided for review upon request from DPP management.

Input Validation Controls

Input validation controls were not comprehensive to ensure all critical information was properly entered into OCMS for all critical fields for each case during the intake process. While input validation controls were used for basic case data, such as offender name and SID, OCMS did not require other critical fields to be completed before further processing. Our review disclosed, for example, that the collection and accounting fields used to prepare the payment instruction form (COL-1) to be provided to the offenders were not required to be recorded in OCMS. As noted in Finding 2, our review disclosed that the COL-1 forms, which provide instructions regarding required fees and how to remit payments, were not

always provided timely to the offenders. In addition, the probation period ending date in OCMS was not a required field. Although DPP began requiring the completion of this field in June 2015, it was only required for new cases entered.

Our review of OCMS data as of July 2015 disclosed approximately 212 existing active cases for which the expiration date was not recorded. Similar to our comment regarding the recordation of the exemption flag in OCMS (Finding 1), these fields do not directly impact OBSCIS II fines, costs, fees, and restitution assessments. However, proper recording and subsequent verification promotes system data integrity, which could improve case monitoring and enhance DPP's ability to perform effective data matches against the fees and restitution recorded into OBSCIS II to identify potential data entry errors.

Recommendation 3

We recommend that DPP

- a. establish a formal, documented process for granting and modifying OCMS user access and ensuring the related requests are authorized by appropriate supervisory personnel;**
- b. perform periodic documented reviews of user access to ensure that assigned access is appropriate;**
- c. take corrective action to appropriately restrict user access for those users we identified with improper or potentially improper access to OCMS;**
- d. redefine system roles to ensure edits to critical case information are controlled;**
- e. identify and produce OCMS reports of critical data changes and ensure such changes are independently reviewed for propriety; and**
- f. enhance OCMS input validation controls to ensure all critical information is properly recorded.**

Data Match Test Results

Finding 4

DDMP and supervision fees were not properly assessed in OBSCIS II for 32 of the 45 cases judgmentally selected for review.

Analysis

Our review of 45 cases from the data match previously described in the Methodology section of this report disclosed numerous instances within all three regions where fees were not properly assessed. Generally for the remaining cases, other data problems in OCMS or OBSCIS II, as well as certain data limitations, caused the cases to be identified as potential under-assessments by our match

when the assessment was in fact proper in OBSCIS II. The DDMP fees and supervision fees that had been assessed and recorded in OBSCIS II for these 45 cases totaled \$6,600 and \$15,210, respectively. As a result of our review of the supporting documentation for these 45 cases, we noted errors in OBSCIS II for 32 cases within the three regions. Collectively, DDMP fees totaling \$42,625 and supervision fees totaling \$11,300 were not assessed in these 32 cases. In certain of those cases, fees totaling \$12,030 were over-assessed. In some cases, as described below, DDMP fees were incorrectly recorded as other fees and, therefore, once collected, would be improperly credited to the General Fund rather than to the DDMP special fund.

For the other 13 of the 45 cases, although the fees assessed as recorded in OBSCIS II were correct (assuming the reduction of DDMP fees is correct for abated cases), the cases were identified as potential under-assessments by our match due to other data problems in OCMS or OBSCIS II. For example, in some of these cases, the DDMP exemption flag was not recorded in OCMS although it should have been, while in other cases the probation period was inaccurately recorded in OCMS. We also identified data limitations pertaining to certain closed cases that affected our match results.

The proper assessment and recordation of fees in OBSCIS II is critical as OBSCIS II accounts for the assessments and triggers collection efforts for unpaid amounts. Unpaid fees result in lost revenue to the State and particularly for the DDMP Fund, which is used to pay the related costs. As previously mentioned in the Background Information of this report, there have been significant deficits in the DDMP Fund resulting in a fee increase in June 2009 and requiring general funds to cover those shortfalls in fiscal years 2014 and 2015. The 32 cases in which fees had been improperly assessed can be categorized as follows:

- For 21 cases, DDMP fees and/or supervision fees were not assessed in OBSCIS II but should have been. Collectively, fees totaling approximately \$38,360 were not assessed (\$27,060 in DDMP fees and \$11,300 in supervision fees) in these cases. As of our review in May 2015, these cases had been open for periods ranging from 6 to 32 months.
- For 7 cases, DDMP fees totaling \$10,230 were incorrectly recorded in OBSCIS II as either supervision fees (\$8,910) or testing fees (\$1,320). Accordingly, the collections would be credited to the General Fund rather than to the DDMP Special Fund.

- For 1 case, DDMP fees totaling \$1,980 were mistakenly waived rather than the \$1,800 in supervision fees. Specifically, after initial recordation in OBSCIS II, these supervision fees were subsequently waived by the courts.
- For 3 cases, actual DDMP fees were under-assessed by a total of \$3,355. Specifically, DDMP fees assessed totaled \$1,760 rather than \$5,115, primarily due to errors in manual calculation of assessment fees (for example, wrong number of months used to calculate the assessment).

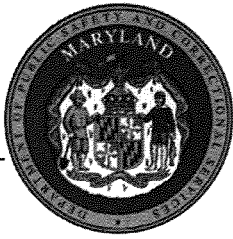
Finally, in addition to the failure to properly assess fees in OBSCIS II during the intake process, we observed that processes designed to potentially identify fee assessment errors at the time a case is closed did not appear to be effective. Specifically, we reviewed 5 of the 32 cases with errors that had been closed. Our test disclosed, for all 5 cases, corrections had not been made to the assessed fees in OBSCIS II. At the time a case closes, DPP checks OBSCIS II to ensure all fees have been properly paid by the offender, providing a final opportunity to record any remaining fees owed prior to closing the case and transferring remaining balances to the State's Central Collection Unit for collection.

It is important to note that, during the course of our field work, as we brought errors to DPP's attention, personnel took action to begin to correct the errors in OBSCIS II. In addition, as a result of our review, DPP initiated in June 2015 a review of all open cases in OBSCIS II to ensure the fees and restitution were properly recorded in OBSCIS II. Each regional director was responsible for overseeing these efforts.

Recommendation 4

We recommend that DPP

- a. take immediate corrective action on the aforementioned cases for which fees were not properly assessed,**
- b. investigate the remaining cases disclosed from our data matching for which DDMP fees may not have been assessed or fully assessed,**
- c. ensure adequate efforts are made when cases are closed to verify that all fees have been properly assessed, and**
- d. determine the feasibility of enhancing controls by periodically performing data matches between OCMS and OBSCIS II to identify case data inconsistencies and potential instances of improper fee assessments.**



APPENDIX

Department of Public Safety and Correctional Services

Office of the Secretary

300 E. JOPPA ROAD • SUITE 1000 • TOWSON, MARYLAND 21286-3020
(410) 339-5000 • FAX (410) 339-4240 • TOLL FREE (877) 379-8636 • V/TTY (800) 735-2258 • www.dpscs.maryland.gov

STATE OF MARYLAND

LARRY HOGAN
GOVERNOR

BOYD K. RUTHERFORD
LT. GOVERNOR

STEPHEN T. MOYER
SECRETARY

WILLIAM G. STEWART
DEPUTY SECRETARY
ADMINISTRATION

WAYNE A. WEBB
ACTING DEPUTY
SECRETARY OPERATIONS

RHEA L. HARRIS
ASSISTANT SECRETARY
PROGRAMS AND SERVICES

DAVID N. BEZANSON
ASSISTANT SECRETARY
CAPITAL PROGRAMS

November 30, 2015

Mr. Thomas J. Barnickel III, CPA
Department of Legislative Services
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201

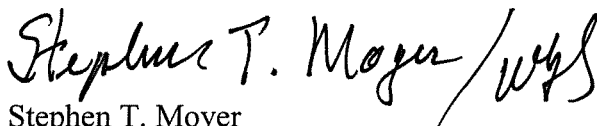
Dear Mr. Barnickel:

The Department of Public Safety and Correctional Services has reviewed the November 2015 Draft Audit Report of the Division of Parole and Probation's Probation Offender Intake and Fee Assessment Processes for the period beginning March 15, 2012 through June 30, 2015. We appreciate the constructive findings and recommendations that were made as the result of this audit.

Please find attached Director Judith Sachwald's itemized responses to the Draft Audit Report's findings and recommendations. Ms. Sachwald and her management team have begun, and will continue to implement corrective action to address the audit findings, and will closely monitor their status in order to prevent any repeat audit findings in the next audit.

If you have any questions regarding this response, please contact me.

Sincerely,


Stephen T. Moyer
Secretary

Attachment

Copy: Roy McGrath, Deputy Chief of Staff, Governor's Office



Department of Public Safety and Correctional Services

Division of Parole and Probation

6776 REISTERSTOWN ROAD • SUITE 212 • BALTIMORE, MARYLAND 21215
410-585-3566 • FAX 410-318-8645 • TOLL FREE 877-379-8636 • V/TTY (800) 735-2258 • www.dpscs.maryland.gov

STATE OF MARYLAND

LARRY HOGAN
GOVERNOR

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DAVID N. BEZANSON
ASSISTANT SECRETARY
CAPITAL PROGRAMS

JUDITH SACHWALD
DIRECTOR
PAROLE AND PROBATION

November 30, 2015

Stephen T. Moyer, Secretary
Department of Public Safety and Correctional Services
300 East Joppa Road, Suite 1000
Towson, Maryland 21286-3020

Dear Secretary Moyer:

The following is the Division of Parole and Probation's (DPP) response to the Legislative Audit regarding the Division's intake and fee assessment processes for the period beginning March 15, 2012 through June 30, 2015. The Division of Parole and Probation will aggressively pursue implementation of the agreed upon recommendations and collaborate with the Information Technology and Communications Division (ITCD) where appropriate.

Probation Intake Process

Finding 1

DPP lacked policies to guide the offender intake process at field office locations.

Recommendation 1

We recommend that DPP

- a. establish comprehensive intake guidance that addresses all critical processes;**
- b. institute additional training for field office staff, as needed, to enhance their ability to perform their jobs properly and efficiently; and**
- c. in consultation with its legal counsel, establish a formal policy on the handling of DDMP fees when a case is abated, and ensure the policy is appropriately communicated and enforced.**

We agree. The Division will:

- a. publish an Offender Case Management System (OCMS) Intake Users' guide and will update intake policies and procedures in the Operations Manual to reflect the operational changes that resulted from the implementation and upgrade of the case management system. *Anticipated Completion: January 31, 2016*
- b. institute additional training for field office staff, as needed, to enhance their ability to perform their jobs properly and efficiently. *Anticipated Completion: June 30, 2016*

- c. in consultation with Principal Counsel assigned to the Department, establish a formal policy on the handling of DDMP fees when a case is abated, and ensure the policy is appropriately communicated to field staff and enforced. *Anticipated Completion: January 31, 2016*

Finding 2

DPP had not established adequate procedures and controls to ensure that all fees and restitution were properly assessed to offenders.

Recommendation 2

We recommend that DPP

- a. **establish initial accountability for all probation orders to ensure that all orders are processed for intake and recorded in OCMS and OBSCIS II;**
- b. **establish an independent documented supervisory review of the intake process to ensure all fees and restitution are properly assessed and recorded in OBSCIS II, including cases transferred from other field offices, and that exempt cases are flagged in OCMS;**
- c. **take immediate action to correct the aforementioned errors in OBSCIS II;**
- d. **ensure payment instructions forms (COL-1) are issued timely to offenders; and**
- e. **determine the feasibility of developing an electronic data transfer process (interface) of assessment information from OCMS to OBSCIS II.**

We agree. The Division will:

- a. establish processes locally to ensure that all supervision orders received by the field offices are processed for intake and recorded in OCMS and OBSCIS II. The Division will explore whether the courts can provide automated reports of individuals sentenced to probation. *Anticipated Completion: March 31, 2016*
- b. establish and enforce an independent documented supervisory review of the intake process to ensure all fees and restitution are properly assessed and recorded in OBSCIS II, including cases transferred from other field offices, and that exempt cases are flagged in OCMS. *Anticipated Completion: January 31, 2016*
- c. finalize its ongoing efforts to correct the aforementioned errors in OBSCIS II. *Anticipated Completion: December 31, 2015*
- d. ensure that the Form COL-1 is issued timely to offenders. *Anticipated Completion: January 31, 2016*
- e. study the feasibility of developing an electronic data transfer process of assessment information from OCMS to OBSCIS II and, if feasible, establish an electronic data transfer process from OCMS to OBSCIS II. *Anticipated Completion: December 31, 2016*

OCMS User Access

Finding 3

Procedures and controls over OCMS user access were not sufficient and many users had excessive access. Defined system roles were not appropriately restricted, and data input validation controls were not comprehensive.

Recommendation 3

We recommend that DPP

- a. establish a formal, documented process for granting and modifying OCMS user access and ensuring the related requests are authorized by appropriate supervisory personnel;
- b. perform periodic documented reviews of user access to ensure that assigned access is appropriate;
- c. take corrective action to appropriately restrict user access for those users we identified with improper or potentially improper access to OCMS;
- d. redefine system roles to ensure edits to critical case information are controlled;
- e. identify and produce OCMS reports of critical data changes and ensure such changes are independently reviewed for propriety; and
- f. enhance OCMS input validation controls to ensure all critical information is properly recorded.

We agree. The Division will:

- a. revise its process for granting and modifying OCMS user access and maintain documentation of the process. The Division will continue to ensure that the related requests are authorized by appropriate supervisory personnel. *Anticipated Completion: December 31, 2016*
- b. perform periodic documented reviews of user access to ensure that assigned access is appropriate. *Anticipated Completion: Completed and will be conducted on a monthly basis thereafter.*
- c. take corrective action to appropriately restrict user access for those users identified by the auditors with improper or potentially improper access to OCMS. *Anticipated Completion: December 31, 2015*
- d. redefine system roles to ensure edits to critical case information are controlled. While OCMS provides only two possible roles for DPP employees (agent or supervisor), we will continue to ensure that there is no overlap in user role assignments. *Anticipated Completion: Completed.*
- e. OCMS reports will be identified and produced on an annual basis to ensure critical data changes are reviewed. The DPP's Quality Assurance Unit will be responsible for auditing the reports. *Anticipated Completion: December 31, 2016*
- f. OCMS user roles will be redefined to validate and enhance user roles to ensure all critical information is recorded. *Anticipated Completion: December 31, 2016*

Data Match Test Results

Finding 4

DDMP and supervision fees were not properly assessed in OBSCIS II for 32 of the 45 cases judgmentally selected for review.

We recommend that DPP

- a. **take immediate corrective action on the aforementioned cases for which fees were not properly assessed;**
- b. **investigate the remaining cases disclosed from our data matching for which DDMP fees may not have been assessed or fully assessed;**
- c. **ensure adequate efforts are made when cases are closed to verify that all fees have been properly assessed; and**
- d. **determine the feasibility of enhancing controls by periodically performing data matches between OCMS and OBSCIS II to identify case data inconsistencies and potential instances of improper fee assessments.**

We agree. The Division will:

- a. take immediate corrective action on the aforementioned cases for which fees were not properly assessed. *Anticipated Completion: **Completed.***
- b. investigate the remaining cases disclosed from the auditor's data matching for which DDMP fees may not have been fully assessed. *Anticipated Completion: **Completed.***
- c. ensure adequate efforts are made when cases are closed to verify that all fees have been properly assessed. Specifically, we will implement additional checks and balances to ensure that all appropriate fees are entered in OBSCIS II. These checks will begin with the first level supervisor verifying that the fees were entered at intake and if not, they will be entered. The supervising agent or monitor will verify the accuracy of the amounts and types of fees and make the necessary adjustments during the period of supervision. The immediate supervisor and/or Quality Assurance Unit will make additional verifications through their established case review process. *Anticipated Completion: **December 31, 2016***
- d. study the feasibility of enhancing controls by periodically performing data matches between OCMS and OBSCIS II and, if feasible, work with ITCD to create a report to determine data consistency and potential instances of improper fee assessment between OCMS and OBSCIS II. *Anticipated Completion: **December 31, 2016***

Sincerely,



for Judith Sachwald
Director

cc: William Stewart, Deputy Secretary, Administration
Wayne Webb, Acting Deputy Secretary, Operations
Steven F. Geppi, Director, Secretary's Office of Investigation, Intelligence
and Fugitive Apprehension
Christopher McCully, Director of Financial Services
Kevin Combs, Chief Information Officer
Joseph M. Perry, Inspector General
Joseph Clocker, Executive Deputy Director

AUDIT TEAM

Adam J. Westover, CPA
Audit Manager

David R. Fahnestock
Senior Auditor

Andrew S. Bien
David O. Mauriello
Daniel P. Nuccio, CPA
Staff Auditors