

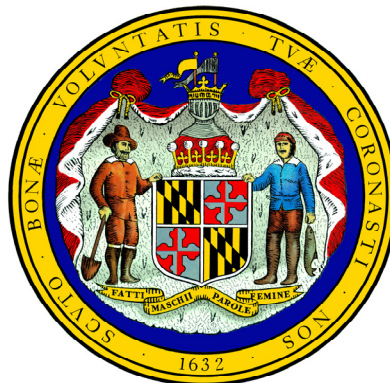
Audit Report

Department of Public Safety and Correctional Services Regional Operations

July 2023

Public Notice

In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.



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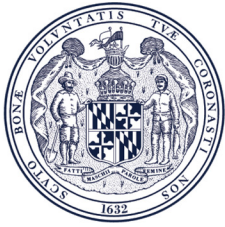
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, Maryland 21201
Phone: 410-946-5900
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLAWebmaster@ola.state.md.us
Website: www.ola.state.md.us

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DEPARTMENT OF LEGISLATIVE SERVICES
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MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
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Gregory A. Hook, CPA
Legislative Auditor

July 20, 2023

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Department of Public Safety and Correctional Services (DPSCS) Regional Operations for the period beginning April 1, 2018 and ending January 21, 2022. This audit of the Regional Operations covered certain fiscal activities performed by the 5 regional fiscal offices on behalf of the 21 DPSCS correctional and pretrial facilities located in the State.

Our audit disclosed that DPSCS did not ensure that employees at correctional facilities complied with DPSCS' overtime policies. As a result, certain overtime hours paid were not approved or supported and were not compliant with DPSCS policies.

In addition, our audit disclosed that monthly reconciliations between the inmate fund activity in DPSCS' Maryland Offenders Banking System III (MOBS III) and the Comptroller of Maryland's records were not performed timely or sufficiently comprehensive. For example, reconciliations did not address persistent differences between MOBS III and the Comptroller's records. Our review of these records as of December 2021 disclosed a difference of \$1.4 million between MOBS III (\$14.2 million) and the Comptroller's fund balance (\$15.6 million). As a result, certain differences were not readily identified and resolved.

Furthermore, our review of inmate fund accounting at two regional fiscal offices disclosed that DPSCS did not have adequate controls over inmate fund collections at one regional fiscal office, which deposited collections totaling \$134,650 between 10 and 12 days after receipt.

Our audit also disclosed a cybersecurity-related finding with DPSCS' payroll processing. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the finding from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3.5-301(b), and using our professional judgment we have determined that the redacted finding falls under the referenced definition. The specifics of the cybersecurity finding were previously communicated to those parties responsible for acting on our recommendations.

Finally, our audit included a review to determine the status of the four findings contained in our preceding audit report. For the non-cybersecurity-related findings we determined that the DPSCS satisfactorily addressed one of those three findings. The remaining two findings are repeated in this report.

DPSCS' response to this audit is included as an appendix to this report. We reviewed the response and noted general agreement to our findings and related recommendations. Subsequent to the response receipt, but prior to the issuance of the final report, we contacted DPSCS staff and obtained verbal clarification that satisfactorily resolved all outstanding questions and issues. Consequently, we have concluded that the written responses and verbal clarification together indicate that the DPSCS corrective actions identified are sufficient to address all audit issues. However, consistent with the requirements of State law, we have redacted the elements of DPSCS' response related to the cybersecurity audit finding.

We wish to acknowledge the cooperation extended to us during the audit by DPSCS. We also wish to acknowledge DPSCS' willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive, flowing style.

Gregory A. Hook, CPA
Legislative Auditor

Table of Contents

Background Information	4
Agency Responsibilities	4
Organization Change	6
Status of Findings From Preceding Audit Report	6
Findings and Recommendations	8
Payroll	
Finding 1 – Redacted cybersecurity-related finding	9
* Finding 2 – Employee overtime at Department of Public Safety and Correctional Services’ (DPSCS) facilities was not always pre-approved and supported and was not restricted to a maximum of 80 hours per pay period, as required by DPSCS policy.	9
Finding 3 – DPSCS did not maintain certain documentation supporting the propriety of time recorded on the biometric timekeeping system.	10
Inmate Funds	
Finding 4 – DPSCS did not establish adequate controls over inmate fund collections at the Jessup fiscal office to ensure collections were deposited and recorded timely.	12
* Finding 5 – Monthly reconciliations of inmate funds recorded in the Maryland Offenders Banking System III to the related Comptroller of Maryland’s records were not timely or sufficiently comprehensive.	13
Audit Scope, Objectives, and Methodology	15
Agency Response	Appendix

* Denotes item repeated in full or part from preceding audit report

Background Information

Agency Responsibilities

Through its correctional institutions and parole and probation programs, the Department of Public Safety and Correctional Services (DPSCS) has statewide responsibility for the supervision and rehabilitation of incarcerated and paroled individuals. DPSCS also sets standards for criminal justice training and operates criminal justice information systems. We conduct separate audits of DPSCS Central Operations (which includes the Division of Parole and Probation), DPSCS Regional Operations, DPSCS Information Technology and Communications Division, and Maryland Correctional Enterprises. Personnel costs for DPSCS Regional Operations represent the majority of total expenses and as of June 30, 2022, approximately 12 percent of the total 6,709 positions were vacant as noted in Figure 1.

Figure 1
Regional Operations Positions, Expenditures, and
Funding Sources

Full-Time Equivalent Positions as of June 30, 2022		
	Positions	Percent
Filled	5,877	87.6%
Vacant	832	12.4%
Total	6,709	
Fiscal Year 2022 Expenditures		
	Expenditures	Percent
Salaries, Wages, and Fringe Benefits	\$760,254,103	69.3%
Technical and Special Fees	1,562,422	0.1%
Operating Expenses	336,057,213	30.6%
Total	\$1,097,873,738	
Fiscal Year 2022 Funding Sources		
	Funding	Percent
General Fund	\$682,862,692	62.2%
Special Fund	3,631,026	0.3%
Federal	409,695,631	37.3%
Reimbursable Fund	1,684,389	0.2%
Total	\$1,097,873,738	

Source: State financial and personnel records

This audit of DPSCS Regional Operations included certain financial activities of DPSCS' 5 regional fiscal offices on behalf of 21 facilities, although 3 facilities were depopulated by DPSCS effective June 30, 2021, see Figure 2.

Figure 2
List of Regional Offices and Supported DPSCS Facilities

Jessup Regional Office	
Baltimore City Correctional Center	Maryland Correctional Institution for Women
Brockbridge Correctional Facility *	Maryland Correctional Institution - Jessup
Dorsey Run Correctional Facility	Central Maryland Correctional Facility
Eastern Pre-Release Unit *	Patuxent Institution
Jessup Correctional Institution	Southern Maryland Pre-Release Unit *
Baltimore Regional Office	
Baltimore Central Booking and Intake Center	Youth Detention Center
Metropolitan Transition Center	Maryland Reception, Diagnostic, and Classification Center
Chesapeake Detention Facility	
Hagerstown Regional Office	
Maryland Correctional Institution - Hagerstown	Maryland Correctional Training Center
	Roxbury Correctional Institution
Cumberland Regional Office	
North Branch Correctional Institution	Western Correctional Institution
Eastern Shore Regional Office	
Eastern Correctional Institution and Annex	

Source: DPSCS

*DPSCS depopulated these facilities effective June 30, 2021.

We reviewed activities for these regional fiscal offices that were unique to the facilities, such as inmate cash receipts, inmate funds, and the biometric timekeeping system used by correctional officers. According to DPSCS records, during calendar year 2021, inmate fund collections and disbursements totaled \$49.1 million and \$41.7 million (including \$24.5 million disbursed for commissary and phone related purchases), respectively.

Certain DPSCS fiscal and operational activities are subject to audit during the DPSCS Central Operations audit, not this Regional Operations audit. DPSCS activities included in the Central Operations audit include all

- DPSCS payroll processed within the Statewide Personnel System,
- disbursements and procurement transactions,
- corporate purchasing card activity,
- equipment accountability,

- information systems controls, and
- non-inmate cash receipts.

The Information Technology and Communications Division audit includes the activities associated with the maintenance and support of DPSCS' information systems, and the Maryland Correctional Enterprises audit includes the work and job training provided to inmates of the Maryland correctional system.

Organization Change

Prior to October 1, 2021, DPSCS was responsible for administering the 9-1-1 Trust Fund. The 9-1-1 Trust Fund included revenue from State and local fees, and a fee charged on prepaid wireless services (as well as investment earnings on the fund). All fees collected were remitted to the Comptroller of Maryland on a monthly basis. Chapter 287, Laws of Maryland 2021, effective October 1, 2021, transferred the Maryland 9-1-1 Board and related responsibilities and assets from DPSCS to the Maryland Department of Emergency Management. Activities prior to the transfer are included in the scope of our audit of DPSCS Central Operations.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the current status of the four findings contained in our preceding audit report dated September 5, 2019. As disclosed in Figure 3 below, for the non-cybersecurity-related findings, we determined that DPSCS satisfactorily addressed one of those three findings. The remaining two findings are repeated in this report.

Figure 3
Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	Monthly reconciliations between the Maryland Offenders Banking System II and the Comptroller's records were not always sufficiently comprehensive, timely, and supported.	Repeated (Current Finding 5)
Finding 2	DPSCS did not have adequate controls over inmate fund collections and disbursements at the two regional fiscal offices reviewed.	Not repeated
Finding 3	Access to the biometric timekeeping system was not periodically reviewed and adequately restricted, resulting in numerous employees with the ability to edit and approve their own time and leave records. In addition, DPSCS did not ensure that time and leave recorded in the timekeeping system were accurately transferred to the Statewide Personnel System for biweekly payroll processing.	Status Redacted ¹
Finding 4	Overtime for employees at certain facilities whose payroll was processed by the Jessup fiscal office was not pre-approved and employee overtime was not restricted to a maximum of 80 hours per pay period, as required by DPSCS policy.	Repeated (Current Finding 2)

¹ Specific information on the current status of cybersecurity-related finding 3 has been redacted from this publicly available audit report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

Findings and Recommendations

Payroll

Background

The Department of Public Safety and Correctional Services (DPSCS) uses a biometric timekeeping system in all detention facilities to record employee “in” and “out” times. When a detention facility employee uses leave, it is approved by each employee’s immediate supervisor and then manually posted in the system by a timekeeper.

According to DPSCS records, as of April 19, 2022, there were 5,453 employees using the biometric system to record time worked and there were 677 users who could manually post, edit, and/or approve time and leave on the system as of March 2022. We reviewed the access for the 677 users and the system access policies and procedures at the Jessup regional fiscal office. In addition, we tested timekeeping system transactions from facilities supported by the Jessup, Hagerstown, and Baltimore regional fiscal offices and select overtime payments at all five regional fiscal offices. As noted in Figure 4 during fiscal year 2022 the five regional offices had 6,709 authorized positions with related payroll expenditures totaling \$761,816,525.

Figure 4
Fiscal Year 2022 Payroll Expenditures and
Authorized Positions by Regional Office

Office	Expenditures		Authorized Positions	
Jessup	\$258,412,959	34%	2,182	32%
Baltimore	184,684,151	24%	1,591	24%
Hagerstown	133,134,067	17%	1,206	18%
Cumberland	103,997,826	14%	952	14%
Eastern Shore	81,587,522	11%	778	12%
Totals	\$761,816,525	100%	6,709	100%

Source: DPSCS Records

We determined that Finding 1 related to “cybersecurity”, as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following finding, including the analysis, related recommendation(s), along with DPSCS’ responses, have been redacted from this report copy.

Finding 1
Redacted cybersecurity-related finding.

Finding 2
Employee overtime at DPSCS’ facilities was not always pre-approved and supported and was not restricted to a maximum of 80 hours per pay period, as required by DPSCS policy.

Analysis

Employee overtime at DPSCS’ facilities was not always pre-approved and supported and was not restricted to a maximum of 80 hours per pay period, as required by DPSCS policy. The DPSCS *Overtime Policy - Correctional Staff* requires supervisors to approve overtime before it is worked and prohibits employees from working more than 80 hours of overtime in a pay period. According to State records, during calendar year 2022 the payroll for DPSCS’ facilities totaled \$761.8 million, including overtime totaling approximately \$145.6 million (19 percent).

Our test of 2,016 overtime hours recorded for 16 employees (with significant overtime activity) from 8 facilities over two pay periods in September and December 2021, disclosed that for 5 employees DPSCS lacked pre-approval and other support for 544 overtime hours totaling \$21,434. For example, DPSCS advised that 3 employees received 316 overtime hours valued at \$12,928 for attending training, but lacked pre-approval or other documentation to support that explanation.

In addition, our review of the overtime procedures at the 5 fiscal offices disclosed that they did not have controls to limit overtime to 80 hours per pay period. We reviewed the timekeeping records for all 6,009 DPSCS Regional Operations employees during calendar year 2021 and noted 6,773 instances in which 1,119 employees were paid for working more than 80 hours of overtime in a pay period. During calendar year 2021, 88 of these employees were paid for working an average of 81 to 103 overtime hours per pay period. We were advised by DPSCS

management that the main factors contributing to the significant overtime hours worked include the facilities requiring 24-hours per day staffing, correctional officer staffing shortages, and employees being allowed to earn overtime on days they use leave (other than sick leave).

Similar conditions regarding overtime not being pre-approved and not restricted to 80 hours per pay period were noted in our preceding audit report. In response to that report, DPSCS agreed to implement the related recommendations by April 2019. However, DPSCS management explained that during our current audit they could not enforce existing policies or maintain the related controls, because of correctional officer staffing shortages (included in the total vacancies listed in Figure 1, page 4) and the impact of the COVID-19 pandemic.

Recommendation 2

We recommend that DPSCS

- a. ensure the required pre-approval of overtime hours to be worked is obtained or, absent pre-approval, that an employee is prohibited from working overtime (repeat); and**
- b. establish controls to ensure that employees do not work more than 80 overtime hours in a pay period (repeat).**

Finding 3

DPSCS did not maintain certain documentation supporting the propriety of time recorded on the biometric timekeeping system.

Analysis

DPSCS did not adequately document its verification of time recorded on the biometric timekeeping system. Designated timekeepers for each facility, are responsible for reviewing time recorded in the biometric timekeeping system to ensure it is reasonable and agrees with shift schedules documented on Post Assignment Worksheets (PAW). In addition, following the end of the pay period each employee is responsible for reviewing a Complete Payroll Report (CPR), which lists all entries of time worked and leave taken for that employee. If there are any errors, the employee will record the correction and then sign the CPR certifying the information as accurate. The CPR is also reviewed and signed by the employee's immediate supervisor. The approved time and leave information is then interfaced into the Statewide Personnel System for payroll processing.

Our review disclosed that DPSCS did not always retain the aforementioned PAW and CPR documents to support the propriety of time posted in the biometric

timekeeping system. We tested 3,666 hours recorded for 16 employees² who earned gross pay totaling \$142,843 from 8 facilities over two pay periods. DPSCS was unable to provide the approved PAWs for 6 employees related to 1,032 hours charged and the approved CPRs for an additional 7 employees which related to 1,362 hours charged. The unsupported hours equate to payroll disbursements totaling \$94,851 of the \$142,843 tested. As a result, there was a lack of assurance that information recorded in the timekeeping system and the related payroll disbursements for these employees was accurate.

Recommendation 3

We recommend that DPSCS maintain sufficient documentation to ensure the accuracy of hours recorded in the timekeeping system, in accordance with its policies.

Inmate Funds

Background

The five DPSCS regional fiscal offices maintain inmate funds on behalf of individuals incarcerated in State correctional and detention facilities. All receipts are initially deposited in the State's General Fund and are then transferred to checking accounts maintained by each regional fiscal office. Regional fiscal office staff record all inmate fund activity in the Maryland Offenders Banking System III (MOBS III). Disbursements of inmate funds are made by check or cash to inmates or their designees.

According to DPSCS records, during calendar year 2021, approximately \$49.1 million was deposited into the inmate fund, \$17.2 million was disbursed on behalf of inmates, and \$24.5 million was disbursed for commissary and phone related purchases, see Figure 5.

During this audit, we reviewed inmate fund procedures at the Jessup and Hagerstown regional fiscal offices (the two offices with the greatest fiscal

Figure 5
Calendar Year 2021 Inmate Fund Activity
(In thousands of dollars)

Regional Fiscal Office	Funds Received	Funds Disbursed	Balance as of December 31, 2021
Jessup	\$26,537	\$4,841	\$55,687
Hagerstown	19,862	5,162	53,829
Eastern Shore	985	3,589	13,328
Cumberland	712	2,788	11,783
Baltimore	974	806	5,295
Commissary	0	24,481	0
Totals	\$49,070	\$41,667	\$139,922

Source: DPSCS Records

² We selected the employees hours for testing based upon the materiality of the hours recorded and the related payments made to them.

activity), and tested selected transactions, including inmate fund reconciliations, from each of the five regional fiscal offices.

Finding 4

DPSCS did not establish adequate controls over inmate fund collections at the Jessup fiscal office to ensure collections were deposited and recorded timely.

Analysis

DPSCS did not establish adequate controls over inmate fund collections at the Jessup fiscal office to ensure collections were deposited and recorded timely in the State's accounting system and MOBS III. According to DPSCS records, the Jessup fiscal office had lockbox collections of \$11.4 million and remotely deposited collections of \$2.9 million during fiscal year 2021. Our test of 10 remote deposits totaling \$266,500 and 5 lockbox deposits totaling \$530,500 made between July 2020 and December 2021 disclosed the following conditions:

- Five remote deposits tested totaling \$134,650 were deposited between 8 to 12 business days after the initial receipt. The delays typically occurred because the facilities responsible for delivering the collections (checks and cash) to the Jessup fiscal office did not drop off the collections in a timely manner. While each facility's mail room was responsible for initially receiving the collections and recording the receipts on a log, the collections and recordation were forwarded to the fiscal office that was responsible for posting the receipts to the proper account and depositing all collections.
- Three lockbox deposits totaling \$153,400 were recorded into the State's accounting system four to nine business days after being deposited, and four other remote deposits totaling \$87,200 were recorded into MOBS III from three to six business days after being deposited.

The Comptroller of Maryland's *Accounting Procedures Manual* requires the establishment of sufficient internal controls over collections, including depositing of cash receipts within one business day and recording cash receipts into the State's accounting system within two business days of the deposit. In addition, the DPSCS *Financial Operations Manual* provides that cash receipts should be recorded in MOBS III on a daily basis.

Recommendation 4

We recommend that DPSCS ensure that all collections are deposited and recorded into the State's accounting system and MOBS III in a timely

manner as required by the Comptroller's *Accounting Procedures Manual* and DPSCS internal policies.

Finding 5

Monthly reconciliations of inmate funds recorded in MOBS III to the related Comptroller of Maryland's records were not performed timely or sufficiently comprehensive.

Analysis

Monthly reconciliations between MOBS III and the Comptroller of Maryland's records were not performed timely or sufficiently comprehensive. Responsibility for performing the reconciliations and for investigating any differences is delegated to the regional fiscal offices. DPSCS enters inmate activity into MOBS III, including detailed information by inmate and the total balance of all inmate funds. DPSCS also records total fund collections and disbursements in the Comptroller's records.

Our test of the most recent 30 reconciliations between MOBS III and the Comptroller of Maryland's records as of March 2022, disclosed that 3 regional fiscal offices had not conducted a reconciliation for periods ranging from 2 to 15 months. For example, the most recent reconciliation prepared for the Baltimore fiscal office was for November 2020. In addition, persistent differences between MOBS III and the Comptroller's records were not reconciled or investigated. For example, our review of the December 2021 reconciliations for all five offices disclosed an aggregate difference of \$1.4 million between MOBS III (\$14.2 million) and the Comptroller's fund balance (\$15.6 million). We were advised by DPSCS management that these individual differences could not be isolated to a specific region or transaction due to limitations with the reporting function of MOBS III.

The DPSCS *Financial Operations Manual* provides that, on a monthly basis, inmate fund balances on MOBS III should be reconciled with the related balances on the Comptroller's records. Furthermore, the Comptroller of Maryland's *Accounting Procedures Manual* requires that agencies conduct a monthly reconciliation of agency systems to the State's accounting system.

Similar conditions regarding the failure to conduct comprehensive and timely reconciliations were included in several preceding audit reports for various DPSCS entities dating back to 2002. In response to our most recent prior report, DPSCS indicated that monthly reconciliations were in progress and that they expected to fully implement the report recommendations by December 2019.

However, current DPSCS management advised that regional fiscal office staffing vacancies have prevented certain reconciliations from being completed timely. Although as noted in Figure 1, there was a 12.4 percent vacancy rate as of June 30, 2022 for DPSCS Regional Operations personnel in total, DPSCS was unable to readily provide a breakdown as to the number related to the fiscal offices.

Recommendation 5

We recommend that DPSCS

- a. prepare comprehensive monthly reconciliations between MOBS III and the Comptroller's records as required (repeat); and**
- b. consult with appropriate control agency personnel (such as the Comptroller's General Accounting Division), as needed, regarding the resolution of the aforementioned longstanding differences (repeat).**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Department of Public Safety and Correctional Services (DPSCS) Regional Operations for the period beginning April 1, 2018 through January 21, 2022. The audit was conducted 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.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine DPSCS' financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included inmate funds and payroll activity unique to the regional fiscal offices, including the timekeeping system. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to DPSCS – Regional Operations by DPSCS – Central Operations. These support services (such as procurements, disbursements, equipment, processing certain payroll transactions, and corporate purchasing card activity) are included within the scope of our audit of the DPSCS – Central Operations. Our audit also did not include the computer operations of the DPSCS Information and Technology and Communications Division and the Maryland Correctional Enterprises, which are audited separately.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of April 1, 2018 to January 21, 2022, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, test of transactions, and to the extent practicable, observations of the DPSCS regional fiscal office operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation

reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Central Payroll Bureau (payroll data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from this source was sufficiently reliable for the purposes the data were used during this audit. We also extracted data from DPSCS' biometric timekeeping system used for recording correctional employee time for the purpose of testing the propriety of employee earnings, including overtime. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

DPSCS' management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to DPSCS, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect DPSCS' ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, and regulations. Other less significant findings were communicated to DPSCS that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation”. Based on that definition, and in our professional judgment, we concluded that certain findings in this report fall under that definition. Consequently, for the publicly available audit report all specifics as to the nature of cybersecurity findings and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of these cybersecurity findings have been communicated to DPSCS and those parties responsible for acting on our recommendations in an unredacted audit report.

The response from DPSCS, on behalf of the regional fiscal offices, to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. 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.

APPENDIX



Department of Public Safety and Correctional Services

Office of the Secretary

6776 Reisterstown Road, Baltimore, Maryland 21215
410-585-3346 – TOLL FREE 877-379-8636 • www.dpscs.maryland.gov

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July 14, 2023

Mr. Gregory A. Hook, CPA
Legislative Auditor
Office of Legislative Audits
Department of Legislative Services
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, Maryland 21201

Dear Mr. Hook:

The Department of Public Safety and Correctional Services (DPSCS) has reviewed the Draft Audit Report dated June 2023 for the DPSCS – Regional Operations. We appreciate the constructive findings and recommendations that were made as the result of this audit.

Please find attached the Department's itemized responses to the findings and recommendations. Corrective action has or will be taken for all the findings identified by your audit, and the Office of the Inspector General will conduct periodic follow up reviews to monitor the status of compliance.

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

Sincerely,

Carolyn J. Scruggs
Secretary

Attachment

Copy: Harold "Bud" Frank, Deputy Chief of Staff

Department of Public Safety and Correctional Services

Regional Operations

Agency Response Form

Payroll

The Office of Legislative Audits (OLA) has determined that Finding 1 related to “cybersecurity”, as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with State Government article 2-1224(i). Although the specifics of the finding, including the analysis, related recommendations, along with DPSCS’ responses, have been redacted from this report copy, DPSCS’ responses indicated agreement with the finding and related recommendations.

Finding 1
Redacted cybersecurity-related finding.

Agency response has been redacted by OLA.

Finding 2
Employee overtime at DPSCS’ facilities was not always pre-approved and supported and was not restricted to a maximum of 80 hours per pay period, as required by DPSCS policy.

We recommend that DPSCS

- a. ensure the required pre-approval of overtime hours to be worked is obtained or, absent pre-approval, that an employee is prohibited from working overtime (repeat); and
- b. establish controls to ensure that employees do not work more than 80 overtime hours in a pay period (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 2a	Agree	Estimated Completion Date:	August 15, 2023
Please provide details of corrective action or explain disagreement.	The Department shall ensure that processes are in place to comply with DPSCS policy to obtain the pre-approval of overtime hours to be worked, and if pre-approval is not provided, that employees are prohibited from working overtime.		

Department of Public Safety and Correctional Services

Regional Operations

Agency Response Form

	<p>The Department is in the process of establishing a new policy that clearly defines protocols for timely documentation of overtime authorization and oversight of all overtime by the Time Keepers and Shift Supervisors. This documentation will be completed by each shift's Time Keeper and the appropriate existing forms will be signed each pay period by both the employee and the Shift Supervisor. Also, the Security Chiefs shall ensure that all Shift Supervisors are aware of the Department's pre-approval requirements and shall review rosters and timesheets to ensure compliance. In addition, the overtime will be documented on the daily Post Assignment Worksheets (PAWs), and the Facility Administrator and/or the Security Chief will approve the daily PAWs for each shift, in advance of Officers being assigned to their shift. The use of the PAWs is a standard operating policy and procedure for all DPSCS facilities.</p>		
Recommendation 2b	Agree	Estimated Completion Date:	August 15, 2023
Please provide details of corrective action or explain disagreement.	<p>The Department shall ensure that processes are in place to comply with DPSCS policy that prohibits custody staff from working more than 80 overtime hours in a pay period. The Security Chiefs shall ensure that all supervisors are aware of the 80 hour requirement and shall review PAWs, timesheets, and the Complete Payroll Reports (CPRs) to ensure compliance.</p> <p>Department policy stipulates that "An officer who has worked 80 hours of OT in the current pay period shall not be permitted to work overtime." This policy coincides with the already established memorandum of understanding between the Department and AFSCME. Furthermore, the Department is currently in the process of establishing a new policy, which outlines required protocols for proper management of Officer overtime. These protocols will establish a better means for maintaining a record of approved overtime, allowing more efficient and effective monitoring of overtime worked by officers.</p> <p>Finally, the Department engages in proactive overtime monitoring on a biweekly basis through its management of the TCP Timekeeping System, which flags employees close to and exceeding the contractual and policy limits of 80 hours per pay period. Employees out of compliance are reported to appointing authorities so that Facility Shift Supervisors can modify upcoming schedules to bring excessive overtime use into compliance.</p>		

Department of Public Safety and Correctional Services

Regional Operations

Agency Response Form

Finding 3

DPSCS did not maintain certain documentation supporting the propriety of time recorded on the biometric timekeeping system.

We recommend that DPSCS maintain sufficient documentation to ensure the accuracy of hours recorded in the timekeeping system, in accordance with its policies.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3	Agree	Estimated Completion Date:	February 18, 2022
Please provide details of corrective action or explain disagreement.	<p>The Department will maintain sufficient documentation to ensure the accuracy of hours recorded in the timekeeping system, in accordance with its policies. In fact, beginning February 2022, the Department began receiving and maintaining copies of the Complete Payroll Reports (CPRs) each pay period, which lists the entries of all time worked and leave taken during a given pay period. The report is signed off by the employee and immediate supervisor.</p> <p>In addition, per OPS.115.0001 Staffing Analysis & Overtime Manager policy, Post Assignment Worksheets (PAWs) are maintained for 3 years or until the completion of an audit.</p> <p>According to the Timekeeping Manual, all CPRs are sent to the local Fiscal (Payroll) office in the region for storage after the employee and supervisor reviews and signs.</p> <p>Continued training and policy review is ongoing with the current facility timekeepers to include that all reviews of the CPRs will be monitored for accuracy.</p>		

Department of Public Safety and Correctional Services

Regional Operations

Agency Response Form

Inmate Funds

Finding 4

DPSCS did not establish adequate controls over inmate fund collections at the Jessup fiscal office to ensure collections were deposited and recorded timely.

We recommend that DPSCS ensure that all collections are deposited and recorded into the State's accounting system and MOBS III in a timely manner as required by the Comptroller's *Accounting Procedures Manual* and DPSCS internal policies.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	<p>All collections brought to the CRFO Cash Receipts Unit are presented on ledgers, verified, and logged onto a daily log sheet.</p> <p>The Cash Receipts Unit now has multiple staff fully trained in the complete process and additional staff trained in the supporting functions, resulting in proper support and coverage for the lockbox process. The additional full cross-training enables the flexibility to interchange personnel without losing quality of work and incurring any timing delays.</p>		
Recommendation 4	Agree	Estimated Completion Date:	March 31, 2023
Please provide details of corrective action or explain disagreement.	<p>The Department will ensure that all collections are deposited and recorded into the State's accounting system and MOBS III in a timely manner, in accordance with the Comptroller's Accounting Procedures Manual and DPSCS internal policies.</p> <p>The facilities responsible for delivering any monetary collections to the Finance offices will be notified that it is incumbent upon them to forward such collections to the Cash Receipts Unit within 2 business days of collection. The Cash Receipts Fiscal Account Technician will begin comparing the date of the collections items presented on the ledger with the current date. If the collections presented are more than 2 days late, or beyond any reasonable delay, notice will be made to the facility's Warden concerning the unreasonable delay in presenting the collection to the Jessup Finance Office.</p> <p>The recording of lockbox deposits via journal entries into the State's accounting system is no longer applicable, effective April 2022. Prior to</p>		

Department of Public Safety and Correctional Services
Regional Operations

Agency Response Form

	April 2022, there was a journal entry initiated by the Inmate Accounts Lockbox Unit to reclassify the deposit from a default liability account to the correct Program Cost Account (PCA). As of April 2022, that process was changed to have the State Treasurer's Office post the lockbox daily deposits directly into the correct account using the appropriate transaction code and PCA. This adjustment has eliminated the necessity for a journal entry from the Inmate Accounts Unit.
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Department of Public Safety and Correctional Services

Regional Operations

Agency Response Form

Finding 5

Monthly reconciliations of inmate funds recorded in MOBS III to the related Comptroller of Maryland's records were not performed timely or sufficiently comprehensive.

We recommend that DPSCS

- a. prepare comprehensive monthly reconciliations between MOBS III and the Comptroller's records as required (repeat); and**
- b. consult with appropriate control agency personnel (such as the Comptroller's General Accounting Division), as needed, regarding the resolution of the aforementioned longstanding differences (repeat).**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	The staffing shortages in the Division of Financial Services had hampered the timely completion of the reconciliations in the Baltimore Region, but that has since been addressed. Reconciliations are now being completed timely.		
Recommendation 5a	Agree	Estimated Completion Date:	June 30, 2022
Please provide details of corrective action or explain disagreement.	The Department will prepare comprehensive monthly reconciliations between MOBS III and the Comptroller's records as required. The comprehensive monthly reconciliations have been completed in a timely manner since June 2022 by all regions.		
Recommendation 5b	Agree	Estimated Completion Date:	December 31, 2023
Please provide details of corrective action or explain disagreement.	<p>The Department will consult with appropriate control agency personnel as needed, regarding the resolution of the aforementioned longstanding differences.</p> <p>Since June 2022, the regional reconciliations have been completed timely. Now that the Department has been more consistent in completing the transactional reconciliations between FMIS and MOBS III, the balances have also been remaining consistent. Accordingly, by December 31, 2023, the Department will seek guidance and permission from the General Accounting Division to write-off the unreconciled balances.</p>		

AUDIT TEAM

Heather A. Warriner, CPA
Audit Manager

Anthony V. Calcagno
Senior Auditor

Benjamin H. Straube
Brian M. Webbert
Staff Auditors