



A. JOSEPH DE NUCCI
AUDITOR

AUDITOR OF THE COMMONWEALTH
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2008-0145-11S

Commissioner Harold W. Clarke
Department of Correction Central Headquarters
50 Maple Street, Suite 3
Milford, MA 01757

July 11, 2008

Dear Commissioner Clarke:

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we conducted an audit of certain activities of the Department of Correction (DOC) for the period July 1, 2007 to January 31, 2008. The objective of our audit was to assess the adequacy of DOC's internal control structure over financial and programmatic operations to determine whether controls were suitably designed and implemented to safeguard Commonwealth assets and were in compliance with the Office of the State Comptroller's Internal Control Guide for Departments and Chapter 647 of the Acts of 1989, An Act Relative to Improving Internal Controls within State Agencies. As part of our financial assessment, we reviewed DOC's monitoring and oversight of revenues, expenditures, and budgetary internal controls and its compliance with applicable laws, rules, and regulations.

Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audit tests and procedures as we considered necessary.

To achieve our audit objectives, our methodology encompassed the following:

- Meeting with DOC officials and staff to gain an understanding of their role in the internal control structure relating to DOC's financial and programmatic operations.

- Obtaining a copy of the latest DOC internal control document and various supporting policies and procedures.
- Interviewing DOC's Director of Administrative Services and its Budget Director to obtain information concerning the budgetary practices employed by DOC.
- Reviewing the fiscal year 2008 budget data provided to us, including initial legislative appropriations, supplemental budget requests, and expenditure balances as of January 31, 2008.
- Interviewing staff and testing revenue collection procedures at DOC's central fiscal office.
- Reviewing procedures at two DOC field fiscal offices concerning the internal controls over revenue collection and expenditures processing at these sites.
- Testing expenditure documentation in the area of operational expenses such as consultant, travel, and training costs.
- Preparing an interim letter report to DOC's Commissioner concerning the fiscal year 2008 budgetary status of DOC as of February 29, 2008.

DOC, within the Executive Office of Public Safety, was established by Chapter 27, Section 1, of the General Laws to promote public safety by incarcerating offenders while providing opportunities for participation in effective programming designed to reduce recidivism. DOC works collaboratively with local communities and other agencies in pursuit of its mission. DOC currently has approximately 11,000 inmates, 5,000 employees, and an initial budget for fiscal year 2008 in its main operational appropriation of \$474,260,601, which was a 4.8% increase from the prior fiscal year. In addition to its 18 correctional facilities, DOC oversees multiple divisions at various locations, such as the Health Services Division, which is responsible for the delivery of health and mental health care; the Classification Division, which determines the placement needs of each individual in DOC custody; and Inmate Training and Education, which provides comprehensive academic and vocational programs and services, consistent with public safety.

Our review disclosed that DOC has established a structure of internal controls over its financial and programmatic operations, particularly in the areas of revenues, expenditures, and budgetary

controls. Moreover, the internal control structure is supported by several policies and procedures that are monitored and reviewed regularly by DOC administrative staff. DOC is continually updating its internal control plan to comply with the Office of the State Comptroller's guidance on internal controls. In the areas we reviewed, our tests disclosed no material weaknesses. Based on our review, we have concluded that, during the period of our review July 1, 2007 to January 31, 2008, DOC maintained adequate internal controls over its revenues, expenditures and budget and complied with applicable laws, rules, and regulations for the areas tested.

We appreciate the assistance and cooperation we received during our review. If you have any questions or concerns or need further assistance, please contact me.

Sincerely,

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

A. JOSEPH DeNUCCI
Auditor of the Commonwealth

cc: Peter V. Macchi, Director of Administrative Services