



Washington State Auditor's Office

Independence • Respect • Integrity

Accountability Audit Report Department of Corrections

For the period July 1, 2013 through June 30, 2015

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Washington State Auditor's Office

January 19, 2016

Mr. Dan Pacholke, Secretary
Department of Corrections
Olympia, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Department operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Department's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, Department operations complied with applicable requirements and provided adequate safeguarding of public resources. The Department also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Department of Corrections from July 1, 2013 through June 30, 2015.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Department's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Local funds
- Internal controls over Correctional Industries Program
- Purchase & credit cards
- Payroll
- Travel
- Trust accounting system

RELATED REPORTS

Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2015, can be found at: <http://www.sao.wa.gov/resources/Pages/AnnualReports.aspx>

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

Special investigations

During the current audit period, the State Auditor's Office issued reports pursuant to the State Employee Whistleblower Act (Chapter 42.40 RCW). Those reports are available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DEPARTMENT

The Department of Corrections was created in 1981 by the Washington State Legislature (Chapter 72, RCW). Prior to 1981, the Department was a division of the Department of Social and Health Services. The Department consists of the Offices of the Secretary and the Office of the Deputy Secretary, and multiple operating divisions headed by Assistant Secretaries and/or Directors: the Prisons Division, the Community Corrections Division, the Health Services Division, the Offender Change Division, the Reentry Division, the Financial Services Division, the Administrative Operations Division, the Office of Executive Policy, Research and Data Analytics, Human Resources, Communications, Family Services, Performance Management, Correctional Industries, Tribal Relations and the Indeterminate Sentencing Review Board.

The Department is a highly decentralized agency, with approximately 8,000 employees to administer and supervise over 17,000 offenders, housed in 12 prisons and 16 work release locations around the state. In addition, the Department provides oversight for more than 28,000 offender field cases, of which over 16,500 are supervised offenders in the community. In 2003, the Department began renting beds in local jails and other jurisdictions to address a shortage of space in state prisons. Approximately 900 beds are rented from these additional local correctional facilities/sources.

The Department also operates Correctional Industries, a business enterprise, at several of its institutions. Correctional Industries is committed to maintaining and expanding offender work/training programs which develop marketable job skills, instill and promote a positive work ethic among offender workers and reduce the tax burden of corrections. Correctional Industries includes, but is not limited to, furniture and clothing manufacturing, commissary services for inmates, food processing and printing.

For the 2013-2015 biennium, the Department budgeted \$1.74 billion for operations and allocated \$55 million to capital projects.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Department of Corrections at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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