

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**



**Office of Integrity and Oversight**

January 29, 2020

Quincy L. Booth, Director  
Department of Corrections  
2000 14<sup>th</sup> Street, N.W., Seventh Floor  
Washington, DC 20009

David Garner, Associate Chief Financial Officer  
Public Safety and Justice Cluster  
1100 4<sup>th</sup> Street, S.W., Suite 730E  
Washington, DC 20024

Dear Mr. Booth and Mr. Garner:

The Office of the Chief Financial Officer (OCFO)'s Office of Integrity and Oversight (OIO) has completed an audit (OIO No. 20-01-04 IWF) of the Balance Sheet of the Department of Corrections (DOC) Inmate Welfare Fund (IWF) as of September 30, 2019, and the related Statement of Revenues, Expenditures and Changes in Fund Balance for the year then ended.

Our audit included a review of the IWF's internal controls over financial reporting for the purpose of expressing an opinion on financial statements and determining the nature, timing, and extent of substantive tests required. The review was not intended to be an exhaustive examination of the IWF's internal controls to assess its effectiveness and would not have necessarily disclosed all weaknesses in the system. Additionally, we tested the IWF's compliance with certain provisions of applicable laws and regulations. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions.

**Unmodified Opinion on Financial Statements**

In our opinion, the IWF Financial Statements for FY 2019 present fairly, in all material respects, the financial position of the Inmate Welfare Fund as of September 30, 2019, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We appreciate the cooperation and courtesies extended to our staff during this audit. Should you have any questions, please call me at (202) 442-6433, or Tisha Edwards, Internal Audit Director, at (202) 442-6446.

Sincerely,

A handwritten signature in black ink, reading "Timothy Barry". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Timothy Barry, Executive Director  
Office of Integrity and Oversight

cc: see Distribution List

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Office of Integrity & Oversight

**Government of the District  
of Columbia, Office of the  
Chief Financial Officer**

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January 29, 2020

**Audit of the Inmate  
Welfare Fund Financial  
Statements for Fiscal  
Year Ended  
September 30, 2019**

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**AUDIT OF THE INMATE WELFARE FUND FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**AUDIT OF THE INMATE WELFARE FUND FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**ACRONYMS**

ACFO	Associate Chief Financial Officer
DOC	Department of Corrections
IWF	Inmate Welfare Fund
JACCS	Jail and Community Corrections System
MCPA	Multi-State Corrections Procurement Alliance
OCFO	Office of the Chief Financial Officer
OCP	Office of Contracting and Procurement
OIO	Office of Integrity and Oversight
PSJC	Public Safety and Justice Cluster

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**AUDIT OF THE INMATE WELFARE FUND FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**INTRODUCTION**

Pursuant to D.C. Code § 24-282(e) (2007), the Office of the Chief Financial Officer (OCFO), Office of Integrity and Oversight (OIO), has audited the Financial Statements of the Department of Corrections (DOC) Inmate Welfare Fund (IWF) for the Fiscal Year 2019.

D.C. Code § 24-282(e) states:

“The fund shall be subject to annual audits scheduled by the Office of the Chief Financial Officer, which shall be submitted to the Council no later than February 1 of each year. The scope of the audit shall include an examination of the Department’s use of fund profits, including stocking the commissaries, low bond releases, providing inmate clothing upon release, and funding transportation costs for the inmate after release. The audit reports shall be submitted to the Council and the Mayor.”

The IWF was established pursuant to D.C. Code § 24-282(a) and (b). The fund consists of (1) an initial appropriation in fiscal year 2007; and (2) monies derived from the sale of goods through the commissary at correctional facilities. The Fund Balance at the end of FY 2007 was \$273,000. D.C. Code § 24-283 states that the Fund shall be used for the following purposes, in order of priority:

- (1) To stock the commissaries of District correctional facilities;
- (2) To repay the initial appropriation used to finance the Fund; and
- (3) To provide goods and services that benefits the general inmate population at District correctional facilities, as determined by the Inmate Welfare Fund Committee.

The Inmate Welfare Fund Committee (Committee) was established pursuant to D.C. Code § 24-284 for the purpose of administrating and supervising the operations of and the expenditures from the IWF. Furthermore, D.C. Code § 24-284(c) requires the Committee to maintain a record of its authorization and approval for all expenditures from the Fund.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**



**Office of Integrity and Oversight**

**Independent Auditor's Report**

Quincy L. Booth, Director  
Department of Corrections

David Garner, Associate Chief Financial Officer (ACFO)  
Public Safety and Justice Cluster (PSJC), Office of the Chief Financial Officer

***Report on Inmate Welfare Fund Financial Statements***

We have audited the accompanying Financial Statements of the Inmate Welfare Fund (IWF), which comprise the Balance Sheet as of September 30, 2019, the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting



estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Inmate Welfare Fund as of September 30, 2019, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2020, on our consideration of the IWF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Timothy Barry, Executive Director  
Office of Integrity and Oversight

January 29, 2020

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**AUDIT OF THE INMATE WELFARE FUND FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**FINANCIAL STATEMENTS**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended September 30, 2019**

**Revenue**

Realized revenue from current year canteen sales	\$	176,464.72
Revenue from Access Securepak sales		27,735.74
Accrued Revenue from Access Securepak sales		2,135.72

**Total Revenue** **\$ 206,336.18**

**Expenditures**

Education	\$	462,435.64
Re-Entry Services		119,995.13
Recreation		15,924.81
Residential Substance Abuse Treatment		10,308.01
Programs Administration		299.00

**Total Expenditures** **\$ 608,962.59**

**Change in Fund Balance** **\$ (402,626.41)**

Fund Balance, Beginning of the Year **\$ 560,574.75**

**Fund Balance, End of the Year** **\$ 157,948.34**

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The accompanying notes are an integral part of these financial statements.

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**AUDIT OF THE INMATE WELFARE FUND FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**NOTES TO FINANCIAL STATEMENTS**

***Note 1: Summary of Significant Accounting Policies***

**Basis of Presentation**

The Financial Statements of the Inmate Welfare Fund report on the Fund's financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A Fund is a separate entity with a self-balancing set of accounts.

The IWF is a special purpose fund, which is used to account for revenues generated from canteen sales, and expenditures incurred to provide goods and services that benefit the general inmate population at District correctional facilities.

**Basis of Accounting**

The IWF is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus, only current assets and current liabilities are included on the balance sheet and revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period.

***Note 2: Revenues***

The District is a member of the Multi-State Corrections Procurement Alliance (MCPA). MCPA's primary purpose is to establish the means by which Department of Corrections across the nation may join together in cooperative multi-state contracting in order to achieve cost effective and efficient acquisition of quality products and services.

In September 2009, DOC entered into a Participating Addendum<sup>1</sup> to add the District as a Participating Jurisdiction to the original contract between Virginia, Department of Corrections and the vendor. The contract requires the vendor to provide the inmates with commissary goods and pay DOC a 9% commission on commissionable sales each month, which is defined as gross sales less any adjustment and non-commissionable sales. The commission will be stated as a discount amount on the face of the invoice. The contract went through several amendments. Starting November 1, 2011, the rate for the commission on commissionable sales increased to 9%.

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<sup>1</sup> "Participating Addendum" means a bilateral agreement executed by the contractor and a participating state that clarifies the operation of the price agreement for the state concerned and may add other state-specific language or other requirements.

**AUDIT OF THE INMATE WELFARE FUND FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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Effective January 1, 2016, a Participating Addendum to the State of Nevada Inmate Kiosks issued on behalf of the Multi-State Corrections Procurement Alliance (MCPA) between Keefe Supply Company and the DC Office of Contracting and Procurement (OCP) Department of Corrections gives the option to inmates to place commissary orders via Edge Housing Unit Kiosks installed in the correctional facilities' housing locations. The commission rate continued to be 9% of adjusted commissionable gross sales during FY 2019.

Effective FY 2019, the Inmate Welfare Fund received an additional income stream from the 9% commission revenue of the Access SecurePak program, which is a Keefe subsidiary. The program was designed to allow family members and friends to send packages directly to inmates. This commissary purchase option for family members of inmates involves direct ordering of commissary items between family members and Access SecurePak.

***Note 3: Cash***

The Fund's cash represents Fund's assets accumulated which derived from the operations' surplus throughout the years. As required by DC Law 24-282, the cash is to provide goods and services that benefit the general inmate population housed in the correctional facilities. The cash balances in FY 2019 was \$165,850.13.

***Note 4: Vouchers and Other Payables***

Vouchers and other payables consist of amounts owed to contractors for various IWF expenditures and inter-fund liability owed to Fund 601 at fiscal year-end 2019 in the amount of \$10,037.51.

***Note 5: Fund Equity***

The Fund Balance is restricted for the purpose of providing goods and services that benefit the general inmate population at District correctional facilities. The ending fund equity balance as of September 30, 2019 was \$157,948.34.

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Chief Financial Officer



Office of Integrity and Oversight

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE

Quincy L. Booth, Director  
Department of Corrections

David Garner, Associate Chief Financial Officer (ACFO)  
Public Safety and Justice Cluster (PSJC), Office of the Chief Financial Officer

We have audited the Financial Statements of the Inmate Welfare Fund (IWF) as of and for the Fiscal Year ended September 30, 2019 and have issued our report thereon dated January 31, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the IWF's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IWF's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the IWF's internal control over financial reporting.

A **deficiency in internal control** exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A **significant deficiency** is a deficiency, or combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A **material weakness** is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

## Compliance

As part of obtaining reasonable assurance about whether the IWF's Financial Statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Timothy Barry, Executive Director  
Office of Integrity and Oversight

January 29, 2020