

Status of Audit Resolution

December 2009

Department of Corrections (DOC)

Agency: 310

Audit Report: 1000494

Finding Number: 001

Finding Public funds were misappropriated from the Offender Welfare and Betterment Fund at McNeil Island Correction Center.

Resolution: Finding of fraud. Refer to page 99.

Department of Corrections (DOC)

Agency: 310

Audit Report: 1000494

Finding Number: 002

Finding: The Department of Corrections does not have adequate internal controls over local funds.

Resolution: The Department's Internal Audit department conducted a full review of all local fund bank accounts and internal control procedures for each institution and headquarters. Each institution reviewed the findings from the Internal Audit review and corrected identified shortcomings. The most common findings were too many people having access to the safe and Trust Accounting System and a lack of segregation of duties related to managing local fund bank accounts.

In May 2008, the Department had a meeting with all local business managers to review expectations of appropriate internal controls, the conditions that led to the theft at McNeil Island Corrections Center, and lessons learned from the theft. Refer to the finding of fraud page 99.

The Department reviewed Trust Accounting System access and restricted unnecessary access. The Department's internal audit team reviewed the updated access to make sure it provides good segregation of duties.

The Department completed a standard procedures manual for all local funds in June 2009. This requires all bank reconciliations, financial statements and Agency Financial Reporting System (AFRS) entries to be completed by the 15th of the subsequent month and signed copies of all bank reconciliations to be sent to headquarters for review by the 25th.

After reviewing information for accuracy and reasonability, the headquarters local funds staff sends a monthly report to the Department's comptroller by the first of the month documenting completion of previous month's bank reconciliations, financial statements, and AFRS entries by cutoff. The comptroller will follow up with any manager that fails to meet expectations.

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