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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-118638

JUN 21 1974



The Honorable Stanford E. Parris
House of Representatives

Dear Mr. Parris:

The information you requested concerning the inmate welfare and personnel enterprise funds and the comparative cost per day for inmates at Lorton and similar Federal facilities is enclosed.

Our report concerning security at Lorton is being sent to you separately.

Sincerely yours,

Acting

Comptroller General
of the United States

Enclosure

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ENCLOSURE

REVIEW OF INMATE AND EMPLOYEES WELFARE FUNDS
AND DEPARTMENT OF CORRECTIONS AND BUREAU
OF PRISONS SELECTED COSTS

INMATE AND EMPLOYEES WELFARE FUNDS

The Office of Municipal Audit and Inspection makes periodic audits and cash counts of such funds in the Department of Corrections as the inmate welfare fund and the personnel enterprise fund. The audits include reviewing fund records and evaluating the management control procedures and practices employed to carry out the operation of the funds. The Office also investigates any significant shortage of funds.

We inquired into the operation of selected funds to determine whether shortages existed. Instead of auditing the financial transactions and records of the funds, our review was directed primarily toward internal audit reports and discussion of the work and fund operations with officials of the audit organization.

The work by the Office did not disclose any significant shortages in any funds except the inmate welfare fund.

INMATE WELFARE FUND

The Department operates canteens to sell merchandise to inmates at a nominal profit. Profits are deposited in the inmate welfare fund and are used for the welfare of inmates, such as religious and educational programs. According to the fund balance sheet as of June 30, 1973, cash in the fund was about \$68,400.

The Office of Municipal Audit and Inspection made three audits of welfare fund activities in fiscal years 1968-71. The last audit, made in 1971, covered the inmate welfare arts and crafts activities. Cash counts and verification of funds at certain locations were also made eight times in fiscal years 1968-74.

The internal audit report issued in July 1970, covering July 1968 through December 1969, showed a shortage in inventory of about \$4,700. Fund records showed about \$16,800 in inventory shortages occurred also in fiscal years 1971-73. Internal audit officials said these shortages were the result of thefts by inmates.

Records showed certain questionable accounting practices dealing with valuing sales and computing cost of sales that could substantially distort the financial condition of the fund. We brought this matter to the attention of the Office of Municipal Audit and Inspection. Audit officials agreed that special attention would be given to reviewing

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those areas we questioned during the fiscal year 1974 audit. They said they would evaluate the physical and internal controls exercised over canteen merchandise to prevent or minimize inventory shortages.

PERSONNEL ENTERPRISE FUND

The fund's purpose is to provide such services as barbering, vending machines, and car washes to Department employees. Profits from these services are deposited into the fund and are to be used for the benefit of Department employees. About \$11,000 was in the fund as of June 30, 1973.

The last audit of the fund by the internal auditors covering fiscal year 1970 showed an inventory shortage of \$520. They reported no other significant shortages. The next audit is planned for fiscal year 1975.

COMPARISON OF COSTS--
DEPARTMENT OF CORRECTIONS
AND BUREAU OF PRISONS

The following tables compare, for fiscal years 1972 and 1973, the average daily cost per Lorton inmate with such costs at certain institutions in the Bureau's correctional system. This information was obtained from the District's Department of Corrections and from Bureau officials. We did not review detailed records to determine the data's accuracy.

• The data indicates only the cost of operating correctional facilities and should not be used to assess the efficiency or economy of the Department's operations. Such factors as geographical location and physical plant layout affect the operating cost of each institution, and therefore the costs incurred by Department and Bureau facilities are not comparable. For example, a major part of an institution's operating costs is the cost for correctional officers. If, because of the physical design of a facility, more security posts--such as guard towers and dormitory officers--are needed to adequately control inmates, the cost of the correctional force would be greater.

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Operating Costs -- Correctional Facilities

	Youth facilities			
	Department		Bureau	
	<u>Youth Center 1</u>	<u>Youth Center 2 (note a)</u>	<u>Ashland</u>	<u>Petersburg</u>
Average inmate cost per day:				
1972	\$25.67	-	\$18.98	\$17.08
1973	29.81	\$29.50	19.94	19.05
Total cost (millions):				
1972	\$ 3.4	-	\$ 3.4	\$ 3.6
1973	3.7	\$ 2.2	3.8	4.2

a/Operated only 1 month in FY 1972.

	Adult facilities				
	Department		Total adult	Bureau	
	<u>Medium and maximum security</u>	<u>Minimum security</u>		<u>Terre Haute</u>	<u>Reno El Reno</u>
Average inmate cost per day:					
1972	\$15.06	\$18.09	\$15.44	\$10.83	\$14.16
1973	18.00	18.92	18.11	12.45	14.91
Total cost (millions):					
1972	\$ 9.7	\$1.7	\$ 11.4	\$ 5.5	\$ 4.9
1973	11.0	1.6	12.6	6.3	5.3

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