



## **MANAGEMENT ACTION PLAN PROGRESS REPORT**

DATE: December 21, 2018

TO: Jim Gray, Mayor

CC: Sally Hamilton, Chief Administrative Officer  
Glenn Brown, Deputy Chief Administrative Officer  
Aldona Valicenti, Chief Information Officer  
Ken Armstrong, Commissioner of Public Safety  
William O'Mara, Commissioner of Finance & Administration  
Steve Haney, Director of Community Corrections  
Phyllis Cooper, Director of Accounting  
Todd Slatin, Director of Purchasing  
Susan Straub, Communications Director  
Urban County Council  
Internal Audit Board

FROM: Bruce Sahli, CIA, CFE, Director of Internal Audit  
Jim Quinn, CIA, CISA, Internal Auditor

RE: Prisoner Account Fund Audit MAPPR

### **Background**

On July 27, 2017 the Office of Internal Audit issued the Prisoner Account Fund Audit report. The 2017 audit report contained findings related to improper segregation of duties, late deposit activity, incomplete bank reconciliations, delayed posting of some inmate charges, insufficient approval of expenditures, insufficient authorization on checks issued, issues locating documentation for inmate food and supply orders, issues with verifying



pricing on inmate commissary menus, failure to stale date checks in a timely manner, an absent agreement concerning the timeliness of data backup, and commission payments from Trinity that were not verified for accuracy. Also in the report was a risk observation concerning possibility of insufficient indemnification noted in the Trinity contract. The scope of the audit included activity for the period January 1, 2014 through March 31, 2017.

This review is provided for management information only. It is not an audit and no opinion is given regarding controls or procedures. We interviewed staff from the Division of Community Corrections, the Division of Accounting and the Division of Purchasing, and obtained other evidence as necessary to complete our follow-up procedures. The period of review was from January 1, 2018 to September 30, 2018.

A summary of the findings from the original audit report and a summary of the results of our follow-up are provided in the table below. The original findings, management's original responses, and details of the results of this follow-up are contained in the **ORIGINAL AUDIT RESULTS AND FOLLOW-UP DETAILS** section of this report.

Finding	Summary of Original Finding	Follow-Up Results
<b>Finding #1 High Priority</b>	<b>Segregation of Duties Issue</b>	<b>The incompatible account duties of the one Inmate Account employee noted in the original finding have been addressed by management. However, other Inmate Account staff employees still have some incompatible duties. The finding has not been fully resolved.</b>



<p><b>Finding #2</b> <b>High</b> <b>Priority</b></p>	<p><b>Late Deposit Activity</b></p>	<p>Community Corrections has retained a new armored truck company to improve the timeliness of deposits. We tested a sample of PAF deposits and noted that all deposits tested were made on a timely basis. Two deposits were incorrectly deposited to the LFUCG concentrated bank account instead of the PAF bank account, but this was detected and corrected prior to the start of our review. The finding is resolved.</p>
<p><b>Finding #3</b> <b>High</b> <b>Priority</b></p>	<p><b>Incomplete Monthly Bank Reconciliations</b></p>	<p>We reviewed the PAF monthly bank account balances for the months of July, August, and September 2018 and noted they were completely reconciled to the PeopleSoft General Ledger PAF account balances with no unexplained, unreconciled differences. The finding is resolved.</p>
<p><b>Finding #4</b> <b>High</b> <b>Priority</b></p>	<p><b>Delayed Posting of Some Inmate Charges</b></p>	<p>The medical contractor is now providing management summary reports of detailed inmate medical co-pay charges on a weekly to bi-weekly basis for posting to inmate accounts. We traced a sample of inmate medical co-pay charges from these reports to the inmate accounts to test for the timely posting of these charges. All medical co-pay charges tested were posted in a timely manner. The finding is resolved.</p>



<p><b>Finding #5</b> <b>High</b> <b>Priority</b></p>	<p><b>Insufficient Approval of Expenditures</b></p>	<p>The Division's updated written procedures state that Bureau Managers can approve expenditures less than \$1,000, and any expenditure equal to or greater than \$1,000 must have the Director's, or his designee's, approval. The procedures further state the approval and the attached receipt should be filed. We tested 25 expenditures from the PAF account, nine over \$1,000 and sixteen under \$1,000, for proper approval and backup documentation. Our testing noted that eight expenditures were approved by employees below the level of Bureau Manager and six expenditures had no evidence of approval. The Division's written procedures concerning PAF expenditures should be fully complied with.</p>
<p><b>Finding #6</b> <b>High</b> <b>Priority</b></p>	<p><b>Insufficient Authorization on Checks Issued</b></p>	<p>We noted the PAF check stock states "two signatures required" and therefore, the check in question in the original finding should not have been honored by the bank. We tested a sample of cancelled checks for recent PAF expenditures for the required two authorizing check signatures. All checks reviewed had the required number of signatures. The finding is resolved.</p>



<p><b>Finding #7</b>  <b>Moderate</b>  <b>Priority</b></p>	<p><b>Unable to Locate Documentation for Inmate Orders</b></p>	<p>We selected a sample of inmate Commissary, Hot Cart, and Cold Cart orders to review for appropriate documentation. All orders examined had sufficient and appropriate backup documentation. Community Corrections staff is now maintaining an Archive Inventory Log which lists all files and documentation stored in the Archives. The finding is resolved.</p>
<p><b>Finding #8</b>  <b>Moderate</b>  <b>Priority</b></p>	<p><b>Unable to Verify Pricing on Historical Menus</b></p>	<p>Management indicated that historical menus for inmate commissary items are now being maintained electronically. Two electronic historical inmate commissary menus with pricing were obtained for changes made in February 2017 and October 2017. Management stated that no price changes have been made to the menus since that time. The finding is resolved.</p>
<p><b>Finding #9</b>  <b>Moderate</b>  <b>Priority</b></p>	<p><b>Failure to Stale Date Checks in a Timely Manner</b></p>	<p>We reviewed the PAF QuickBooks bank reconciliation detail for the months of March, April, May, and June 2018 and found no outstanding checks over a year old which needed to be stale dated. The finding is resolved.</p>



<p><b>Finding #10</b>  <b>Moderate</b>  <b>Priority</b></p>	<p><b>Agreement Absent Concerning the Timeliness of Data Backup</b></p>	<p>A written agreement requiring data backups on a daily basis was signed by Trinity Services Group on May 24, 2017. The finding is resolved.</p>
<p><b>Finding #11</b>  <b>Moderate</b>  <b>Priority</b></p>	<p><b>Commission Payments from Trinity are Not Verified for Accuracy</b></p>	<p>Management represented that Trinity is now providing supporting documentation for the commission payments on a monthly basis. Management produces a verification sheet that compares this support to the sales listed in Canteen Manager for reasonableness. A review of Trinity commission backup documentation for the months of March through August 2018 determined that all commission remittance statements and reconciliations were accurate and supporting payment documentation was complete. The finding is resolved.</p>
<p><b>Risk</b>  <b>Observation</b></p>	<p><b>Possible Insufficient Indemnification Noted in Trinity Contract</b></p>	<p>An addendum to the Trinity contract providing additional legal protection to LFUCG in the event Personally Identifiable Information (PII) contained in the Canteen Manager database is lost, compromised, or stolen was signed by Trinity on June 27, 2017 and approved by the Urban County Council in Resolution #665-2017 on November 9, 2017. The risk observation is resolved.</p>



## **ORIGINAL AUDIT RESULTS AND FOLLOW-UP DETAILS**

### **Original Finding #1: Segregation of Duties Issue**

**Priority Rating: High**

#### **Condition:**

We noted that one Inmate Account employee has the authority to prepare the PAF bank reconciliation, post entries into the QuickBooks general ledger, make adjustments to inmate accounts within Canteen Manager, approve certain PAF expenditures, and also has the ability to issue checks and prepaid debit cards. We also noted that other Inmate Account staff members have the authority to make adjustments to Inmate Accounts within Canteen Manager and to issue prepaid debit cards and checks.

#### **Effect:**

The absence of properly segregated duties reduces management's ability to prevent, detect, and/or correct errors and irregularities, thereby significantly increasing financial risk.

#### **Recommendation:**

We recommend the assigned PAF duties be reassessed to separate the duties of posting transactions, approving the disbursement of funds, and reconciling the bank account.

#### **Director of Community Corrections Response:**

Management concurs with the findings. Management will assess the duties of staff members assigned to the Inmate Finance unit and segregate duties as much as possible.

#### **Commissioner of Public Safety Response:**

I concur with Director Haney's response.

#### **Follow-Up Detail Results:**

**The incompatible account duties of the one Inmate Account employee noted in the original finding have been addressed by management. However, we noted that other Inmate Account staff employees have incompatible account duties, including the authority to make adjustments to inmate accounts in Canteen Manager and issue checks and prepaid debit cards. The finding has not been fully resolved.**



**Director of Community Corrections Response:**

Management concurs with the finding. The Division has limited staff available to completely segregate duties. Staff assigned to the inmate accounts office have weekly tasks that alternate. For example, one staff member is responsible for collecting and performing the initial reconciliation of all cash deposited in the facility kiosks. During this week, the other staff member is responsible for processing adjustments and reports. In an effort to comply with auditing recommendations the following steps will be implemented:

1. Staff members responsible for making adjustments to accounts will not issue debit cards and/or checks to the inmate population during the week this is their assigned tasks.
2. If only one staff member is assigned to the office due to leave usage the adjustments will be made to the accounts by the Administrative Specialist Principal.

**Commissioner of Public Safety Response:**

The purposed changes should result in the desired outcome.

**Original Finding #2: Late Deposit Activity**

**Priority Rating: High**

**Condition:**

During the audit, we found six cash receipts that were not deposited within 2 business days per CAO Policy #40. Management stated the delay resulted from the armored truck service not arriving at the facility on those days, causing the delivery to the bank to be delayed.

**Effect:**

Failure to adhere to CAO Policy #40 creates the opportunity for lost or misappropriated funds.

**Recommendation:**

CAO Policy #40 should be consistently adhered to. Days in which the armored truck service does not arrive should be documented and communicated to the management of the armored car service.



**Director of Community Corrections Response:**

Management concurs with the findings. Management is currently in the process of researching and obtaining service with another armored car service.

**Commissioner of Public Safety Response:**

Director Haney's response and planned action is acceptable.

**Follow-Up Detail Results:**

Community Corrections management stated they have retained a new armored truck company, Dunbar Armored, Inc., to improve the timeliness of deposits. We obtained a copy of the contract with Dunbar Armored which was approved by Council on November 16, 2017 with an effective date of November 20, 2017. Management represented that armored truck service has been improved as a result and deposits are being made on a timelier basis.

We tested a sample of 25 PAF deposits for timeliness. All deposits tested were made on a timely basis. We noted that two deposits made on March 19, 2018 for \$9,103 and \$5,979 were incorrectly deposited to the LFUCG concentrated bank account instead of the PAF bank account due to the use of incorrect deposit slips. These transactions were corrected and transferred to the PAF bank account on April 4, 2018. Since controls were in place that detected and corrected these two errors prior to the start of this Review, they are mentioned for management's information only. The finding is resolved.

**Original Finding #3: Incomplete Monthly Bank Reconciliations**

**Priority Rating: High**

**Condition:**

We noted that monthly bank reconciliations were not being completely reconciled to the General Ledger. January 2017 had an unreconciled difference of \$3,103.36, February 2017 had an unreconciled difference of \$1,582.58, and March 2017 had an unreconciled difference of \$35,742.03. Accounting advised they believed the difference was due to timing issues between Canteen Manager Reports and QuickBooks General Ledger. However, this could not be verified.



**Effect:**

Without a complete reconciliation, reconciling items are not fully identified and vetted, resulting in the possibility that accounting errors and irregularities may go undetected.

**Recommendation:**

Accounting should conduct a complete reconciliation of the PAF bank account to the General Ledger on a monthly basis.

**Director of Accounting Response:**

The Prisoner Account Fund (PAF) has been reconciled to the PeopleSoft General Ledger through May 2017. The PAF bank account has been thoroughly reviewed by Accounting with assistance from Corrections employee Gina Dulin. Utilizing the Corrections database Canteen Manager and QuickBooks, Accounting reconciles the PAF bank account and the PeopleSoft General Ledger. See example through May showing outstanding deposits and checks. Each month Accounting will reconcile PeopleSoft to QuickBooks. Accounting works with Corrections monthly and purchased the software license fee for QuickBooks in order to ensure accuracy in reporting.

May FY17		
Bank Statement		\$423,235.69
O/S Deposits		\$ 21,139.94
O/S Checks		\$ (24,980.58)
Quick Books GL		\$419,395.05

**Commissioner of Finance & Administration Response:**

I concur with the process now in place for reconciling the PAF each month.

**Follow-Up Detail Results:**

We requested PAF bank reconciliations for the months of July, August, and September 2018 from the Division of Accounting to review for complete reconciliation. We noted that the PAF monthly bank account balances were completely reconciled to the PeopleSoft General Ledger PAF account balances with no unexplained, unreconciled differences indicated for any of the months reviewed. The finding is resolved.



**Original Finding#4: Delayed Posting of Some Inmate Charges****Priority Rating: High****Condition:**

During the audit, we noted Medical Copayment Fees and Indigent Underwear Fees are not being posted to inmate accounts in a timely manner, resulting in some inmates being issued a refund upon their release prior to their PAF account being charged for these items. As a result, in some instances Community Corrections is overpaying inmate refunds and not collecting these fees.

**Effect:**

Delayed posting of inmate charges can result in failure to collect amounts due and overpayment of inmate refunds.

**Recommendation:**

Medical Copayment Fees and Indigent Underwear Fees should be posted to inmate accounts as quickly as possible to reduce the likelihood of inmates being released (and possibly issued a refund of their account) prior to these charges being posted to their account.

**Director of Community Corrections Response:**

Management concurs with the finding. Information related to the charging of the medical co-pay must be provided by the medical contractor. The Division is working with the contractor to receive the information in a timelier manner.

**Commissioner of Public Safety Response:**

I concur with Director Haney's plan for addressing this issue.

**Follow-Up Detail Results:**

The medical contractor, Corizon, is now providing management summary reports of detailed inmate medical co-pay charges on a weekly to bi-weekly basis for posting to inmate accounts.

We traced a sample of inmate medical co-pay charges from these reports to the inmate accounts to test for the timely posting of these charges. All medical co-pay



charges included in our testing were posted in a timely manner. The finding is resolved.

**Original Finding #5: Insufficient Approval of Expenditures**

**Priority Rating: High**

**Condition:**

According to Community Corrections policy, any PAF expenditure in excess of \$100 should be reviewed and approved by the Director. We identified 26 payments in excess of \$100 that had not been approved by the Director.

**Effect:**

Failure to obtain approval for expenditures as required weakens management oversight and reduces controls established to ensure purchases are appropriate.

**Recommendation:**

The Director should review each PAF expenditure in excess of \$100 as required by Community Corrections policy. This review should be documented by initialing the invoice or receipt.

**Director of Community Corrections Response:**

Management concurs with the finding. The Division's procedures regarding PAF expenditures and approvals have been updated. (Please see attachment labeled Finding #5 at the end of this report).

**Commissioner of Public Safety Response:**

I concur with Director Haney's plan for addressing this issue.

**Follow-Up Detail Results:**

**The Division's updated procedures state that Bureau Managers can approve expenditures less than \$1,000. Any expenditure equal to or greater than \$1,000 must have the Director's, or his designee's, approval. The procedures further state the approval and the attached receipt should be filed.**

**We tested 25 expenditures from the PAF account, nine over \$1,000 and sixteen under \$1,000, for proper approval and backup documentation. Of the nine over \$1,000, three were approved by an Inmate Account staff employee, and one was not**



approved. Of the sixteen expenditures under \$1,000, five were approved by Inmate Account staff employees, and five were not approved. The overall result is that eight expenditures (32%) were approved by employees below the level of Bureau Manager and six expenditures (24%) had no evidence of approval. Inadequate approval on expenditures still exists. Community Corrections management and staff should fully comply with the Division's written procedures concerning PAF expenditure approvals.

**Director of Community Corrections Response:**

Management concurs with the finding. The Division has updated the procedures to enhance the approval procedures. (Please see Attachment I). Additionally, the Administrative Specialist Sr. will review all expenditures to ensure that all appropriate documentation has been obtained and filed with the paperwork.

**Commissioner of Public Safety Response:**

Indicated changes should assist in ensuring proper management and oversight in this area.

**Original Finding #6: Insufficient Authorization on Check Issued**

**Priority Rating: High**

**Condition:**

PAF check issuance policy requires that all checks contain two authorized signatures in order to increase the control and management oversight of PAF expenditures. We identified a \$20 check that had been issued with only one authorized signature. This check also cleared the bank.

**Effect:**

Failure to provide dual signatures on PAF checks as required by policy weakens management review and increases the likelihood of asset misappropriation, theft, or fraud.

**Recommendation:**

All PAF checks issued should be reviewed and signed by two authorized individuals.



**Director of Community Corrections Response:**

Management concurs with the finding. Two signatures are mandatory for any check issued by the Division. Chase bank should not have honored the check when presented for payment. The Division will address staff in the inmate finance unit of the importance of obtaining two signatures before issuance of any check.

**Commissioner of Public Safety Response:**

I concur with the plan for addressing this issue.

**Follow-Up Detail Results:**

**We noted the PAF check stock states “two signatures required”, and therefore the check in question in the original finding should not have been honored by the bank. We tested a sample of cancelled checks for recent PAF expenditures for the required two authorizing check signatures. All checks reviewed had the required number of authorizing signatures. The finding is resolved.**

**Original Finding #7: Unable to Locate Documentation for Inmate Orders**  
**Priority Rating: Moderate****Condition:**

While performing test work, we were unable to locate receipts for seven inmate Commissary, Hot Cart, and Cold Cart orders. Each receipt provides an itemized list of all items ordered by inmates, the pricing of each item included in the order, and the signature of the inmate indicating receipt of the items. We also noted that filed inmate receipts were not very well organized, causing much more effort than expected in locating documentation. The Commissary staff (a third party vendor) is responsible for filing these receipts. The dates listed on many storage box labels overlapped each other, and some of the files were placed in the wrong box. Once filed away in boxes, all documentation is moved to Archives where it is stored. Community Corrections does not maintain an inventory log of all items stored in Archives. Therefore, the Community Corrections staff was unable to determine if the receipts we could not locate had originally been stored in Archives and later removed, or if they were never stored in Archives at all.

**Effect:**

The absence of signed inmate receipts makes the accuracy and receipt of inmate orders impossible to verify.



**Recommendation:**

The Commissary staff should be trained to file inmate receipts in a more organized manner. Community Corrections staff should create and maintain an Archive Inventory Log that lists all documentation that is stored in Archives.

**Director of Community Corrections Response:**

Management concurs with the findings. Management will have a discussion with the commissary vendor on the importance of proper filing and documentation. Management will also discuss with personnel in charge of archives the need for a log of all items received and stored in archives.

**Commissioner of Public Safety Response:**

I concur with the plan to address this issue.

**Follow-Up Detail Results:**

We selected a sample of inmate Commissary, Hot Cart, and Cold Cart orders to review for appropriate backup documentation. All orders examined had sufficient and appropriate backup documentation. Community Corrections staff is now maintaining an Archive Inventory Log which lists all files and documentation stored in the Archives. The finding is resolved.

**Original Finding #8: Unable to Verify Pricing on Historical Menus**

**Priority Rating: Moderate**

**Condition:**

We were unable to verify the pricing of individual items ordered by inmates from historical Commissary, Hot Cart, and Cold Cart menus. Community Corrections maintain the current Commissary, Hot Cart, and Cold Cart menus on file, but menu prices often change with market conditions. As the menu prices change, new menus are prepared by the Commissary but old menus are not retained.

**Effect:**

The practice of discarding old menus makes it impossible to verify the accuracy of amounts charged to inmates for items ordered from a prior menu.



**Recommendation:**

All historical menus should be filed for documentation and audit purposes. This will provide historical support for the pricing of individual items that inmates ordered in the event of a disputed charge.

**Director of Community Corrections Response:**

Management concurs. Management will keep a historical file of all menus. The file will be maintained in paper form and electronically.

**Commissioner of Public Safety Response:**

Concur with Director Haney's response.

**Follow-Up Detail Results:**

Management indicated that historical menus are now being maintained electronically. Two electronic historical commissary menus with pricing were obtained for changes made in February 2017 and October 2017. Management stated that no price changes have been made to the menus since that time. The finding is resolved.

**Original Finding #9: Failure to Stale Date Checks in a Timely Manner**  
**Priority Rating: Moderate**

**Condition:**

Per KRS 441.137, "any abandoned moneys....shall, if in a prisoner account, be transferred into the canteen account..." KRS 441.137 further states that moneys shall be presumed abandoned after one year after the date the check is mailed. We noted that outstanding checks one year old (or older) are not being stale dated and redeposited into PAF account where they can be used to purchase other items for prisoner benefit.

**Effect:**

Failure to stale date outstanding checks at least one year old results in loss of funding in the PAF that could be used for prisoner benefit.

**Recommendation:**

On a monthly basis, all outstanding checks that are one year old or older should be stale dated and the funding from these checks used for future expenditures made for prisoner benefit as outlined in KRS 441.137.



**Director of Community Corrections Response:**

Management concurs with the findings. Management will review with the staff member responsible for the bank reconciliation the importance stale dating checks on a monthly basis.

**Commissioner of Public Safety Response:**

I concur with Director Haney's plan to remedy this issue.

**Follow-Up Detail Results:**

We reviewed the PAF Quickbook bank reconciliation detail for the months of March, April, May, and June 2018 and found no outstanding checks over a year old which needed to be stale dated. The finding is resolved.

**Original Finding #10: Agreement Absent Concerning the Timeliness of Data Backup**

**Priority Rating: Moderate**

**Condition:**

According to the contract between LFUCG and Trinity, Trinity is required to "backup Division Data regularly based upon a mutually agreed upon interval to maintain system recoverability. Such mutually agreed upon interval shall be established in writing between Trinity and the Division." It was noted that Trinity represented they are currently providing backup of Division Data on a daily basis; however, the timeliness of backups is not stated in writing as required by the contract between LFUCG and Trinity.

**Effect:**

According to the contract, the mutually agreed upon time frame in which Trinity must backup Division Data must be in writing. The absence of this written agreement may result in LFUCG assuming some responsibility in the event of data loss or manipulation.

**Recommendation:**

The daily data backup process should be documented in a written agreement as required by the contract.



**Director of Community Corrections Response:**

Management concurs with the finding. After discussion with Internal Audit a document was submitted to Trinity for written agreement. The document was signed by Trinity and presented to Internal Audit (see attached document labeled Finding #10 at the end of this report).

**Commissioner of Public Safety Response:**

I concur with Director Haney's action on this issue.

**Follow-Up Detail Results:**

A written agreement requiring data backups on a daily basis was signed by Trinity Services Group on May 24, 2017. The finding is resolved.

**Original Finding #11: Commission Payments from Trinity is not Verified for Accuracy**

**Priority Rating: Moderate**

**Condition:**

According to the contract, Trinity is required pay LFUCG a commission based upon net commissary sales, MyCarePack.com sales, and Hot/Cold Cart sales. However, in many instances no backup is attached to commissary checks indicating how the amount of the commission was calculated. Furthermore, Inmate Account Staff are not verifying the reasonableness or accuracy of the commission checks.

**Effect:**

Failure to verify the accuracy of commission payments creates the possibility the full amount of commissions may not be received.

**Recommendation:**

Community Corrections should request detailed support for each commission check received and review it for proper calculation of commissions due.

**Director of Community Corrections Response:**

Management concurs with the finding. Trinity has been lapse in sending the supporting documentation. The Division will contact Trinity for the supporting documentation if/when it is not presented. Staff will verify the reasonableness and accuracy of the commission checks.



**Commissioner of Public Safety Response:**

I concur with the proposed remedy for this finding.

**Follow-Up Detail Results:**

Management represented that Trinity is now providing supporting documentation for the commission payments on a monthly basis. Management produces a verification sheet that compares this support to the sales listed in Canteen Manager for reasonableness. Backup documentation for commission payments received from Trinity for the months of March through August 2018 were obtained and reviewed. All commission remittance statements and reconciliations were found to be accurate and supporting payment documentation was complete. The finding is resolved.

**ORIGINAL RISK OBSERVATION**

Standards for the professional practice of internal audit stipulate that it is the Office of Internal Audit's responsibility to inform management of areas where risk to the organization or those it serves exist. The following observation identifies a risk associated with the Prisoner Account Fund but does not represent a violation of statutes, policies, or procedures. It is considered to be of sufficient importance to deserve mention in this report to ensure senior management's awareness.

**Possible Insufficient Indemnification Noted in Trinity Contract**

Trinity Services Group, LLC (Trinity) is responsible for administering the Canteen Manager System (a database), providing storage, and safeguarding the information contained in this database. This database contains, among other things, inmate Personally Identifiable Information (PII) such as names, birthdates, addresses, social security numbers, etc. During our review of the contract between LFUCG and Trinity, a question arose as to whether there was sufficient indemnification provided to LFUCG in the event PII contained within Canteen Manager was lost, stolen, or otherwise compromised.

We requested that the Law Department review the "Indemnification and Hold Harmless" provision of the contract to determine if it provided adequate protection to LFUCG in the event Canteen Manager PII is lost, compromised, or stolen. As a result



of the request, the Department of Law created an Addendum to the contract that the Division of Purchasing has submitted to Trinity for their review and approval.

**Director of Purchasing Response:**

The Division of Purchasing with assistance from the Department of Law is negotiating the language of the addendum.

**Commissioner of Finance & Administration Response:**

I concur.

**Follow-Up Detail Results:**

The addendum to the Trinity contract providing additional legal protection to the LFUCG in the event Personally Identifiable Information (PII) contained in the Canteen Manager database is lost, compromised, or stolen was accepted by Trinity on June 27, 2017 and approved by the Urban County Council in Resolution #665-2017 on November 9, 2017. The risk observation is resolved.



**Expenditures**

Revenue generated from the commissary and vending contracts is deposited to the PAF account and may be disbursed for "Prisoner Benefit" items. The division disburses these funds according to the Technical Audit Bulletin (TAB-1997-001).

Items that are purchased for indigent, facility wide inmate rewards, or related expenditures must have the Administrative Specialist Principal's approval, or his designee, for expenditures less than \$1,000. Any expenditure \$1,000 or greater must have the Director's, or his designee, approval. The approval and the attached receipt for the expenditure should be filed.

Purchase requests for items to be utilized by the Programs staff should have the in-house purchase request form should be completed by the requesting staff member. A bureau manager, or his designee, or the Administrative Specialist Principal, or his designee may approve these expenditures less than \$1,000. Any expenditure \$1,000 or greater must have the Director's, or his designee, approval. The approval and the attached receipt for the expenditure should be filed.

The purchase request should include the following information:

- Date
- Items being requested
  - Description
  - Quantity
- Price of items
- Total amount of Expenditure
- Business where item is to be purchased
- Reason for purchase
- Approval