



## SUMMARY

# A Limited-Scope Review of the Department of Probation, Parole and Pardon Services



JUNE 2013

**SCDPPPS HAS NOT COMPLIED WITH STATE LAW AND AGENCY POLICY  
IN THE AREAS OF HUMAN RESOURCES, PROCUREMENT, AND FINANCE.  
REFORMS TO AGENCY MANAGEMENT PRACTICES AND INTERNAL CONTROLS  
ARE NEEDED TO IMPROVE AGENCY OPERATIONS.**

We found that SCDPPPS:

- Received approximately \$3.8 million in general funds for sentencing reform which agency officials state was used, in part, to hire additional staff. We reviewed agency expenditures and human resources data but did not find an increase in staff. A portion of these funds were used to increase the agency's cash reserve.
- Was not reconciling an agency composite bank account resulting in a \$325,000 fraud that went undetected for two years until discovered by state auditors in 2009.
- Used over \$20,000 of non-state funds belonging to offenders under agency supervision to offset the fraud loss in the composite bank account. The agency should have returned these funds or turned the money over to the unclaimed property division of the State Treasurer's Office.
- Circumvented state surplus property rules and violated the state procurement code when it loaned, at no cost, 20 agency computers to a church. At present, SCDPPPS has no plans to recover these computers.
- Has not adhered to standard hiring practices when it hired unqualified applicants, inappropriately handled temporary positions, and required pre-employment photographs.
- Used Ignition Interlock Device Program funds to pay for program costs, a purpose not authorized by state law. The agency is also underreporting the revenue and expenditures of the program.
- Violated the state procurement code by using sole source procurements for items that are readily available from a number of vendors.
- Has non-law enforcement employees in the Police Officers Retirement System even though they may no longer qualify.

## INTRODUCTION

Members of the General Assembly asked the Legislative Audit Council to conduct a review of certain administrative issues at SCDPPPS. We reviewed agency hiring and promotion practices, expenses and revenues of the Ignition Interlock Device Program (IIDP), internal controls over composite bank accounts, and procurement. In addition we reviewed agent caseload and workload use and reporting. We also examined SCDPPPS's methodology for calculating the number of individuals and the expenditures that have been avoided due to the reductions in the offender revocation rate. Finally, we reviewed SCDPPPS's policies and procedures addressing the use of state resources.

## BACKGROUND

SCDPPPS's mission is to prepare offenders under its supervision toward becoming productive members of the community; to provide assistance to crime victims, the courts, and the Parole Board; and to protect public trust and safety. As of December 31, 2012, SCDPPPS had a staff of 590 employees and an active offender population of 33,662.

## PROGRAM ISSUES

### USE OF SENTENCING REFORM FUNDS

SCDPPPS received approximately \$3.8 million in state general funds in FY 10-11 and FY 11-12. According to agency officials, this funding was used to hire 30 additional staff in FY 10-11 and 17 additional staff in FY 11-12, for a total of 47. We reviewed agency expenditures and personnel data but did not find an increase in staff. Instead, these funds have been used to fund the agency's cash reserve and replace the loss of other and federal funds.

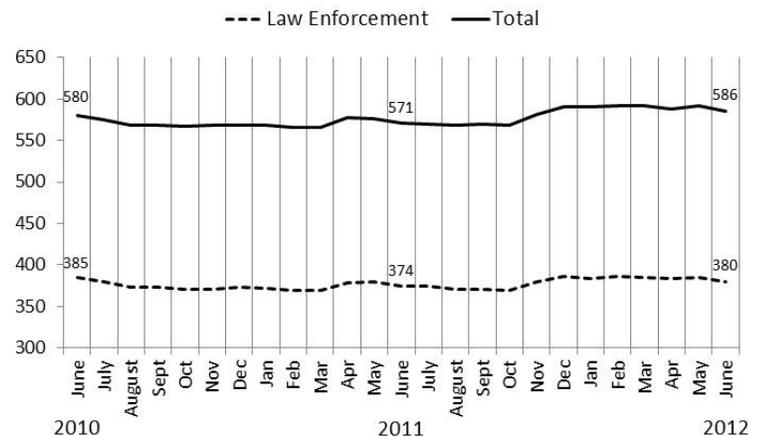
We obtained information from the B&CB's State Budget Office on SCDPPPS's total personnel services expenditures for FY 09-10 through FY 11-12, we found that these expenditures increased by only \$366,361 between FY 10-11 and FY 11-12. This is significantly less than the \$2 million SCDPPPS states it cost to hire the 47 additional staff and is approximately 10% of the \$3.8 million in recurring general funds the agency received for sentencing reform during FY 10-11 and FY 11-12.

### PERSONAL SERVICES EXPENDITURES

	TOTAL ACTUAL FUNDS		
	FY 09-10	FY 10-11	FY 11-12
Executive Director	\$91,108	\$81,087	\$92,917
Classified Positions	24,256,883	21,437,482	21,786,980
Unclassified Positions	255,550	246,047	211,270
Other Personal Svcs	2,235,969	551,326	591,136
<b>TOTAL</b>	<b>\$26,839,510</b>	<b>\$22,315,942</b>	<b>\$22,682,303</b>

We also reviewed data from the B&CB's Office of Human Resources showing filled positions, by month, for FY 10-11 and FY 11-12. This data did not show a net increase of 47 employees.

### FTE EMPLOYEES BY MONTH



In addition, according to SCDPPPS, 30 of the 47 additional employees were hired during FY 10-11. However, information from SCDPPPS shows a net decrease of ten staff during this period.

### NET INCREASE/DECREASE IN STAFF FY 10-11 AND FY 11-12

	NEW HIRES	TERMINATIONS	NET INCREASE/(DECREASE)
FY 10-11	34	44	(10)
FY 11-12	58	42	16
<b>Net Increase</b>			<b>6</b>

## COMPOSITE BANK ACCOUNTS

A composite reservoir bank account is a bank account held outside of the State Treasurer's Office. SCDPPPS had an account for its Columbia residential center, a residence for offenders, which controlled offender funds that were used to cover payments for items such as victim restitution, fines, and child support. Remaining funds are to be given to the offenders upon their discharge from the center. We found:

- In 2009, an audit by the State Auditor's Office found that SCDPPPS was not performing account reconciliations, which resulted in the agency not promptly detecting fraud in the account, costing the agency over \$325,000.
- The agency used over \$20,000 of offender funds to offset the fraud loss. These funds should be returned to the offenders or turned over to the unclaimed property division of the State Treasurer's Office.

## PROCUREMENT

In our review of procurement, we found:

- SCDPPPS bypassed state surplus property rules and violated the state procurement code when it loaned 20 agency computers, at no cost, to a church.
- SCDPPPS failed to monitor the use of the equipment in accordance with a Memorandum of Understanding. The agency currently has no plans to recover these computers.
- SCDPPPS did not follow procurement laws in the issuance of sole source procurements.

The Budget and Control Board (B&CB) is currently conducting a procurement audit of SCDPPPS and plans to issue its report in the summer of 2013.

## HUMAN RESOURCES AND FINANCE

### PERSONNEL ISSUES

We found that SCDPPPS has not consistently adhered to agency hiring policies. We found that an external applicant was hired for a position for which the applicant was not qualified. Agency management placed an individual who was working in a general administrative position at SCDPPPS into a vacant specialist II position without advertising the vacancy either externally or internally. Another position vacancy was advertised twice and eventually filled by an employee who had not applied for the position. SCDPPPS has no policy on the recruiting, screening, or hiring of temporary employees. In a sample of 11 temporary positions, we found that none had been advertised. In addition, three of the temporary employees were hired as permanent employees without the positions being advertised.

SCDPPPS requires that a photograph be taken before a final hiring decision is made by the agency's hiring authority. The practice of requiring a photograph, before a final offer of employment is made, is strongly discouraged by both the U. S. Equal Employment Opportunity Commission and the S.C. Department of Human Affairs.

### POLICE OFFICER RETIREMENT SYSTEM

The Police Officer Retirement System (PORS) allows its members to retire with fewer years of service and a higher percentage of their final salaries than members of the South Carolina Retirement System (SCRS). Members must perform 1,600 hours a year of active duty as a police officer to continue participating in PORS. We found that:

- SCDPPPS is permitting employees performing primarily administrative duties, who once qualified for PORS, to remain in PORS even though they may no longer qualify.
- The Public Employee Benefit Authority does not audit PORS membership and allows agencies to determine if employees meet PORS membership requirements.

Under state law, law enforcement agents may not be eligible to participate in PORS once they are promoted into administrative positions. The General Assembly should amend state law to address this issue.

## IGNITION INTERLOCK DEVICE PROGRAM

Under state law, SCDPPPS is charged with implementing the Ignition Interlock Device Program (IIDP). The device is similar to a breathalyzer that is installed in a vehicle driven by second offense or greater DUI offenders. We found:

- SCDPPPS is using IIDP revenue to pay for program operating expenses, which is not authorized under state law.
- SCDPPPS is not reporting all revenue and expenses of this program to the state accounting system.
- Revenue and expenses of the program are not reported internally and are not published in the annual accountability report.

The IIDP is projected to have approximately \$150,000 in surplus revenue in FY 12-13. The General Assembly should amend state law to allow program fees charged to offenders to be used to cover all operating costs of all agencies involved in the IIDP. Also, the General Assembly should determine how any surplus revenues from the program are to be used.

## AGENT CASELOAD/WORKLOAD

We found that there is little consensus on what the ideal agent caseload should be. An agent's "caseload" is defined by SCDPPPS as the number of offenders assigned to a SCDPPPS agent for supervision, expressed in terms of a ratio of the number of offenders to one agent. We also found that SCDPPPS has reported differing numbers of agents needed to accomplish its mission. An FY 11-12 budget request states that the agency needs 444 agents to accomplish its mission. However, SCDPPPS could not provide information on how this number was calculated.

In its FY 13-14 budget request, SCDPPPS presented a plan that indicated a total of 488 agents were needed, 44 more agents than the agency stated it needed in its FY 11-12 budget request. During FYs 10-11 and 11-12, SCDPPPS received approximately \$3.8 million in funding for sentencing reform but has not used these funds to hire additional staff. This at a time when the agency was experiencing high agent caseload ratios and had less time to spend with offenders because of too few agents.

Agent workload refers to all activities required and performed by the SCDPPPS agent. This includes direct supervision of the offenders assigned to the agent as well as all other activities performed by the agent (e.g. non-supervision or administrative duties). SCDPPPS is using an outdated workload model that has not been validated since 2008.

## OFFENDER REVOCATION

We examined SCDPPPS's methodology for calculating the number of probation and parole revocations and the expenditures that have been avoided due to the reductions in the revocation rate, as well as increases in new offense convictions. SCDPPPS is employing more administrative sanctions on offenders than in the past in an effort to reduce the number of revocations for technical violations of probation. This results in a savings in S.C. Department of Corrections (SCDC) incarceration costs.

The Omnibus Crime Reduction and Sentencing Reform Act, passed in 2010, contains a provision for the SCDC and SCDPPPS to construct a formula to transfer from SCDC to SCDPPPS up to 35% for the resulting costs avoided. We found that SCDPPPS and SCDC have agreed on a formula for computing the amount of cost avoidance savings that SCDPPPS may request from the General Assembly based on SCDPPPS recommending fewer technical revocations of offenders to SCDC.

## MENTORING PROGRAM

SCDPPPS participates in two mentoring programs for offenders: the Self Paced In-Class Education (SPICE) program and the On The Outside program. We found that SCDPPPS does not evaluate the effectiveness of the On The Outside mentoring program to see if it is successful. Also, SCDPPPS does not collect any data on the mentoring program, such as the number of participants, the success of the offender after completing the program, etc. In addition, we found that local agents were not fully aware of the program or what it did.

FOR MORE  
INFORMATION

Our full report, including comments from relevant agencies, is published on the Internet. Copies can also be obtained by contacting our office.

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## USE OF STATE RESOURCES

We reviewed the policies and procedures regarding the use of agency computer equipment, cell phones, and state vehicles. We found that SCDPPPS did not appropriately investigate an allegation of misuse of agency computer equipment. In addition, SCDPPPS could improve its controls over its state vehicles to ensure they are used in the most efficient and effective manner. Also, the General Assembly should amend state law to eliminate the assignment of vehicles to agency heads based solely on their positions. Finally, SCDPPPS has significantly reduced its cell phone expenditures and taken steps to eliminate personal use. However, it could further reduce cell phone costs.

SCDPPPS'S COMMENTS ON THIS REPORT  
CAN BE FOUND AS AN APPENDIX IN THE FULL REPORT.