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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

January 23, 2004

The Honorable John Huppenthal, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Huppenthal and Senator Blendu:

Our Office has recently completed a 24-month followup of the Arizona Department of Corrections—Correctional Industries regarding the implementation status of the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2001 (Auditor General Report No. 01-25). As the attached grid indicates:

- 11 of the 14 recommendations have been implemented;
- 1 of the 14 recommendations is in the process of being implemented; and
- 2 recommendations are no longer applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the Department's efforts to implement the recommendations resulting from the September 2001 performance audit.

Sincerely,

Debbie Davenport
Auditor General

Attachment

cc: Ms. Dora Schriro, Director
Arizona Department of Corrections

AZ DEPARTMENT OF CORRECTIONS
Correctional Industries
24-Month Follow-Up Report To
Auditor General Report No. 01-25

FINDING I: ACI Accomplishing Its Mission but Can Continue To Improve

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. ACI should ensure that sales staff have the resources and incentives to support its marketing goals and priorities and expand its customer base. As part of this, ACI should:</p> <ul style="list-style-type: none"> a. Continue using tracking software to follow the activities of its sales force and determine whether they have sufficient time to develop new customer contacts. b. Consider alternative ways to serve the Department of Corrections, such as designating a salaried position to work with the Department. c. Reassess its commission and bonus structure to ensure that it promotes sales in less profitable enterprises and aligns with the focus to expand its customer base. d. Evaluate the current sales goals, commission rates, and bonus plans to make certain that goals are achievable and that staff are both motivated and adequately rewarded for their efforts. 	<p style="text-align: center;">Implemented at 6 months</p> <p style="text-align: center;">No Longer Applicable¹</p> <p style="text-align: center;">Implemented at 12 months</p> <p style="text-align: center;">Implemented at 12 months</p>	

¹ DOC sales declined substantially in fiscal year 2002. Due to budget constraints, DOC is purchasing few ACI products and services. The current sales levels do not justify dedicating one salaried position to serve DOC alone.

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FINDING I: ACI Accomplishing Its Mission but Can Continue To Improve (Cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>2. ACI should continue its efforts to promote customer satisfaction and quality assurance. To accomplish this, ACI should:</p> <ul style="list-style-type: none"> a. Add a customer service goal to its strategic plan and business plan. b. Track and analyze Customer Complaint Reports to enable ACI to identify and resolve recurring problems. 	<p style="text-align: center;">Implemented at 12 months</p> <p style="text-align: center;">Implemented at 12 months</p>	
<p>3. ACI should improve information sharing among its facilities to help customer satisfaction and sales efforts. To assist in this goal, ACI should:</p> <ul style="list-style-type: none"> a. Investigate the feasibility of a computer network to link ACI operations when the Department of Corrections obtains a LAN/WAN. The network should incorporate internal security controls to prevent inmate access. 	<p style="text-align: center;">No Longer Applicable¹</p>	

¹ This recommendation is dependent upon the Department of Corrections' ability to obtain a LAN/WAN. However, due to budget constraints, the Department does not have the resources to implement a LAN/WAN.

AZ DEPARTMENT OF CORRECTIONS
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FINDING I: ACI Accomplishing Its Mission but Can Continue To Improve (Concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
4. ACI should consider developing an integrated business plan to promote the growth and expansion of ACI's owned-and-operated enterprises, and communicate strategies to increase sales.	Implemented at 12 months	

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FINDING II: ACI and the Department Should Continue To Explore Potential To Develop a Printing Certification Program

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. ACI and the Department's Inmate Education program should work together to explore the potential of a printing certification program. To accomplish this, they should survey the printing industry to measure the demand for skilled workers in Arizona's printing industry and to determine whether industry employers would be willing to hire female ex-offenders.</p>	<p>Implementation in Process</p>	

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FINDING II: ACI and the Department Should Continue To Explore Potential To Develop a Printing Certification Program (Cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>2. If the results of the preliminary research indicate that the printing industry would support a certification program, then ACI and the Department's Inmate Education Program should conduct the following activities:</p> <ul style="list-style-type: none"> a. Work with the printing industry representatives to develop a curriculum. b. Identify instructional staffing needs and associated costs for implementing the curriculum. c. Identify any additional equipment ACI might need to make the program relevant to today's marketplace, and the associated costs. d. Work with the Department's Security Operations program to address any barriers to program completion. 	<p style="text-align: center;">Substantially Implemented at 18 months¹</p> <p style="text-align: center;">Implemented at 6 months</p> <p style="text-align: center;">Implemented at 6 months</p> <p style="text-align: center;">Implemented at 6 months</p>	

¹ ACI worked with ADC Inmate Programs and Rio Salado Community College to develop a 180-hour classroom printing certification program, which is completed by instructor-monitored work experience in a functional print shop. However, printing industry officials were not involved in its development.

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FINDING II: ACI and the Department Should Continue To Explore Potential To Develop a Printing Certification Program (Concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. Based on the research conducted by ACI and Inmate Education, the Department should decide whether it would be worthwhile to implement a printing certification program, and if appropriate, implement such a program.	Implemented at 18 months	