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DAVID SHINN
DIRECTOR

October 6, 2020

Lindsey Perry, CPA, CFE
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018-7271

Re: Auditor General Report – Capital projects funding and finances

Dear Ms. Perry:

Attached is the Arizona Department of Corrections, Rehabilitation and Reentry's response to the performance audit report, focusing on capital projects funding and finances. Thank you for the opportunity to respond.

If you have any questions, please do not hesitate to contact my office.

Thank you,

David Shinn
Director

Chapter 2: Although most inmate trust account (ITA) deductions we reviewed were accurate and supported, Department has not reconciled ITA and bank statement balances since November 2019, which increases the risk of incorrect ITA balances or unaccounted-for monies

Recommendation 1: To ensure compliance with State policy, the Department should continue to resolve its data conversion issues and complete the reconciliations for those months that have not been fully reconciled.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Since the implementation of the new system (Keep Trak) at the end of November 2019, the monthly reconciliation takes place inside the system. During the data migration from AIMS, a lot of records that should have not be transferred to the new system did, causing complications and a lot of manual work to resolve the conversion issues. As with any new system, the lack of enough knowledge and experience of the staff, led to posting errors that additionally delays and complicates the reconciliation process. The Department is planning to complete the reconciliations and become current by November 30, 2020. In addition, the Department will create written procedures for the reconciliation in the new system by October 31, 2020.

Recommendation 2: To ensure compliance with State policy, the Department should develop and implement a strategy and time frame to resolve the outstanding unreconciled items from previous reconciliations and resolve them in accordance with this strategy and time frame. The Department should work with ADOA, as needed, to determine how to address unreconcilable items. Going forward, the Department should ensure that it resolves anomalies, deficiencies, imbalances, and errors detected through reconciliations generally within 30 days.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will review each outstanding unreconciled item, less than five years old, from previous reconciliations and have them cleared by November 30, 2020, which may involve processing journal entries in Keep Trak and/or AFIS. The Department will also establish Standard Work to ensure that any anomalies, deficiencies, imbalances, and errors detected through reconciliations are resolved within 30 days. The Standard Work will be established by December 30, 2020.

Recommendation 3: To ensure compliance with State policy, the Department should retain all historical supporting documentation for each monthly reconciliation in accordance with its record retention policy.

Department Response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department developed a template that captures the monthly end balance of the Payroll Receivable account. The Excel document has a summary section with the balances of the different type receivables, and a detail section that support the amounts on the summary table. The new template was deployed in FY 2021.