Office of the County Auditor
Shelly A. Banks, C.P.A.
Cook County Auditor
69 West Washington, Suite 2200 ● Chicago, Illinois 60602 ● (312) 603-1500

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September 22, 2015

The Honorable Toni Preckwinkle, President
And Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We conducted an audit of the Department of Corrections (DOC) Inmate Commissary Services in accordance with Cook County Auditor Ordinance.

The scope and objectives of our audit were designed to assess the compliance of Keefe Commissary Network, LLC with the terms of contract #13-53-063 for Inmate Commissary Services and to determine if adequate internal controls are in place at the DOC to monitor Keefe Commissary Network, LLC's compliance with the terms of the contract.

Please refer to the following audit report for the results of the audit. Our audit did not identify any findings that needed to be presented to Management. The Executive Summary of our report provides an overview of the audit and the conclusion(s) reached.

We express our appreciation for the assistance of the Department's staff extended to Mr. Damon Howell during the course of our audit.

Respectfully Submitted,

Shelly Banks

Shelly A. Banks, C.P.A.
Cook County Auditor

COOK COUNTY GOVERNMENT

OFFICE OF THE COUNTY AUDITOR

Inmate Commissary Services

Internal Audit Report

Report Date: September 2015

Issued By:

Shelly A. Banks, County Auditor

Audit Conducted By:

William Carroll, Audit Supervisor
Damon Howell, Field Auditor V

EXECUTIVE SUMMARY

We have completed an audit of the Inmate Commissary Services at the DOC. The inmate commissary services at DOC are provided by Keefe Commissary Network, LLC. The original term of the contact with Keefe Commissary Network, LLC began on August 1, 2013 and continued until July 31, 2014 with an option to extend the contract up to two (2) additional one-year periods. On June 18, 2014, the Cook County Board of Commissioners approved the renewal of the contract with an amended term from August 1, 2014 through July 31, 2015.

The scope and objectives of our audit were designed to assess the compliance of Keefe Commissary Network, LLC with the terms of contract #13-53-063 for Inmate Commissary Services and to determine if adequate internal controls are in place at the DOC to monitor Keefe Commissary Network, LLC's compliance with the terms of the contract.

Based on our review, we concluded that Keefe Commissary Network, LLC was complying with the terms of contract #13-53-063 and that there are adequate internal controls in place to ensure that the terms of the contract are being monitored at the DOC. We did not have any findings and recommendations to present to management as a result of our work.

BACKGROUND

In order to facilitate the Inmate Commissary process at the DOC, the County of Cook issued a Request for Proposal for commissary services. The proposal was for a vendor to provide the DOC with a full range of commissary services, including a complete inmate accounting system as well as automated weekly commissary ordering and delivery service to approximately 10,000 inmates within the DOC facilities.

During FY 2013, the DOC contracted with Keefe Commissary Network, LLC to perform commissary services at the DOC. Per the terms of the contract, Keefe was completely responsible for the implementation of a commissary program that would allow the inmates to purchase commissary goods on a weekly basis. The program included developing processes for order entry, order processing, order delivery and on-site personnel. Keefe was also responsible for the warehousing of the commissary products and the filling of orders each week. All commissary orders are filled at the Keefe distribution center in Bridgeton, Missouri and transported to the DOC.

Each inmate at the DOC has a trust account. The inmates at the DOC are allowed to purchase items from the commissary using the available funds in their trust account. The items available for purchase from the commissary include clothing, stamped envelopes, toiletries and food items. The commissary items offered are supplementary to the meals and supplies provided by the Department of Corrections. Each week, an inmate can purchase up to $100 worth of clothing and supplies and $100 worth of food items.

AUDIT SCOPE AND OBJECTIVES

The objectives of our audit were designed to assess the compliance of Keefe Commissary Network, LLC with the terms of contract for Inmate Commissary Services and to determine if adequate internal controls are in place at the DOC to monitor Keefe's compliance with the terms of the contract. Our objectives were designed to determine if:

- Written policies and procedures were developed to ensure that the commissary services provided to the DOC were in accordance with the terms of the contract.
- Proper documentation exists to support the inmate's commissary order.
- The inmate's commissary order is deducted correctly and in a timely manner from their trust account.
- Commissary credits and refunds are reviewed for accuracy and properly approved.
- Commissary credits and refunds are processed correctly and credited to the inmate's trust account in a timely manner.
- The DOC is billed accurately for the commissary services provided by Keefe.
- The DOC received the correct commission amount based on the type of commissary item sold and the corresponding commission percentage for that item as per the terms of the contract.

AUDIT RESULTS

In order to reach a conclusion on our objectives, we performed the following procedures regarding the Inmate Commissary Contract with Keefe Commissary Network LLC.

- Reviewed the terms and conditions of the contract between the DOC and Keefe Commissary Network LLC.
- Obtained and reviewed the policies and procedures that were developed in connection with the implementation of the commissary services by Keefe Commissary Network LLC.
- Tested the process over commissary orders from the initial order which is completed by the inmate to funds for the commissary purchase being deducted from the inmate's trust account.
- Tested a sample of credits and refunds for accuracy and proper approval and verified that the credit or refund was credited to the inmate's trust account in a timely manner.
- Reviewed a sample of invoices for Commissary Services billed to the DOC by Keefe and the corresponding commissions owed for accuracy and compliance with the terms of the contract.

Based on the results of our audit procedures, we determined that Keefe Commissary was in compliance with the terms of contract #13-53-063 for Inmate Commissary Services. We also concluded that the DOC has adequate internal controls in place to monitor Keefe Commissary Network, LLC's compliance with the terms of the contract. We did not have any findings and recommendations to present to management as a result of our work.