



# Revenue and Expenditure Review of the Inmate Welfare Fund



MISSISSIPPI DEPARTMENT OF CORRECTIONS

# PEER Committee

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## About PEER:

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker of the House and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U.S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, the agency examined, and the general public.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.



## BACKGROUND

The Mississippi Legislative PEER Committee authorized a review of the amounts deposited into and expended from the Inmate Welfare Fund (IWF).

The IWF and the core expectations of use of the Fund are established by MISS. CODE ANN. § 47-5-158 (1972).

*MDOC Internal Policy Number 02-11* is the only internal policy regarding the IWF. It establishes the expectation and operations of the IWF Committee.

The Deputy Commissioner for Administration and Finance of MDOC is charged with creating and maintaining the internal accounting controls which oversee the IWF, and the general operation of the fund is delegated to the IWF Committee. The Committee is tasked with all administrative and supervisory tasks related to the IWF, including the creation and oversight of all fund regulations and the approval of any expenditures charged to the fund.

### IWF Committee Goals and Transparency

The IWF Committee's failure to maintain an annual needs assessment and documented annual goals as dictated by *MDOC Internal Policy Number 02-11* could create uncertainty regarding the management of the fund and the applicability of expenditures.

### Applicability of IWF Expenditures

While analysis of all available expenditure data suggests that the IWF Committee works to ensure the applicability of all expenditures, the IWF Committee should maintain clear documentation of needs assessments and goals. In doing this, the Committee will be able to verify that all expenditures align with the purpose of the IWF.

## Management of the Fund

### IWF Committee Goals and Expenditures

The IWF Committee does not maintain the annual needs assessment of the fund as required by *MDOC Internal Policy Number 02-11*. Because the Committee has full authority over the consideration and approval of all expenditures and is the primary entity responsible for ensuring responsible spending of the IWF, the failure to adhere to this policy means that internal audits surrounding the goals and direction of the fund are not maintained as required.

### Examination of Two-quote Adherence

Across 50 examined purchases over the amount of \$5,000, MDOC maintained correct documentation of all purchases, providing proof of two-quote consideration process and representing proper maintenance of the IWF.

## IWF Account Expenditures and Revenues

### Annual Expenditures

Across the six years analyzed, FY 2023 had the highest amount expended at \$1,985,003, representing a 52.7% increase in expenditures from FY 2018.

### Annual Revenues

Revenues increased substantially between FY 2018 and FY 2023, peaking in FY 2023 at \$6,184,521.10 and representing a 42.9% increase.

### Comparison of Expenditures and Revenues

The IWF's revenues exceed its expenditures in all of the examined years. Across the six examined years an average of 62% of the total revenues was expended.

## Expenditure Categories

MDOC and the IWF Committee only track expenditures on a purchase-by-purchase basis (i.e., what was purchased and the purchase price).

The most frequent expenditure category across the six-year period was Education, representing 724 purchases and \$3,286,860.20 in expended funds. This focus on education represents a clear adherence to governing statute as well as an adherence to *MDOC Internal Policy Number 02-11*.

## Recommendations

1. In order to ensure proper adherence to *MDOC Internal Policy 02-11*, the IWF Committee should establish clear, documented procedures for the creation and recording of an annual needs assessment as defined by policy.
2. In order to ensure the continued application of the needs defined in annual assessments and to increase the ease in which the processes of the IWF Committee can be audited, the committee should also clearly identify all goals and projected needs for the fund within the minutes of all Committee meetings.
3. In order to ensure interest earned on the fund is returned to the IWF, MDOC should work with the Office of the Mississippi State Treasurer and the Department of Finance and Administration to ensure that, going forward, all interest is returned to the IWF.

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## Purpose of Issue Brief

The Mississippi Legislative PEER Committee authorized a review of the amounts deposited into and expended from the Inmate Welfare Fund (IWF).

### *Scope Limitations*

In order to provide the most complete and accurate information possible, PEER limited analysis of the IWF to the six-year period between FY 2018 and FY 2023. PEER also examined the maintenance of the IWF, including MDOC's internal policy and execution of MISS. CODE ANN. § 47-5-158 (1972).

### *Methodology*

To conduct this review, PEER:

- reviewed relevant sections of state law;
- obtained expenditure and revenue data from MDOC for FY 2018 to FY 2023;
- obtained internal policies related to the IWF from MDOC;
- obtained copies of meeting minutes of the Inmate Welfare Fund Committee (IWF Committee) for FY 2018 to FY 2023;
- obtained additional revenue data for the IWF from the DFA for FY 2018 to FY 2023; and,
- conducted interviews with MDOC staff.

## Background

### *Creation of the IWF*

"This fund shall be used for the benefit and welfare of inmates in the custody of the department..."  
-MISS. CODE ANN. 47-5-158 (1)

According to MISS. CODE ANN. § 47-5-158, the IWF "shall be used for the benefit and welfare of inmates in the custody of the department." In order to ensure this purpose, statute establishes the core expectations for the general operations of the IWF.

Statute establishes revenues as:

- net profits from the operation of inmate canteens;
- performances of the penitentiary band;
- interest earned on the IWF, and other revenues designated by the commissioner; and,
- all inmate telephone call commissions.

The Deputy Commissioner for Administration and Finance of MDOC is charged with creating and maintaining the internal accounting controls which oversee the IWF, and the general operation of the fund is delegated to the IWF Committee. The Committee is made up of nine members:

1. The Deputy Commissioner for Community Corrections;
2. The Deputy Commissioner of Institutions;

3. The Superintendent of the Parchman Facility;
4. The Superintendent of the Rankin County Facility;
5. The Superintendent of the Greene County Facility;
6. The State Treasurer;
7. The State Auditor; and,
8. Two members appointed by the Commissioner of Corrections, one of whom has a family member currently incarcerated.

In addition, the Commissioner appoints one of the members as chairman.

The Committee is tasked with all administrative and supervisory tasks related to the IWF, including the creation and oversight of all fund regulations and the approval of any expenditures charged to the fund.<sup>1</sup>

### *Internal Governing Policy*

"The responsibility for authorizing all expenditures and disbursements of funds from the Inmate Welfare Fund will be delegated to the IWF Committee." -MDOC Internal Policy Number 02-11

MDOC Internal Policy Number 02-11 is the only internal policy regarding the IWF. It further establishes the expectation and operations of the IWF Committee. Expected duties of the Committee include:

- promulgating regulations governing the use and expenditures of the IWF;
  - According to the policy, only expenditures related to educational programs, legal assistance, recreational activities, or unreimbursed costs associated with treatment programs will be approved by the Committee.
- preparing an annual needs assessment to determine what types of items should be purchased for the benefit of offenders;
  - The needs assessment will be conducted with the assistance of MDOC personnel, offenders, and families of offenders in order to determine the needs and goals of the fund.
- maintaining minutes; and,
- evaluating the proposals of interested third parties for the administration of offender canteen services.

## **IWF Account**

### *Annual Expenditures*

Across the six years analyzed, FY 2023 had the highest amount expended at \$1,985,003, representing a 52.7% increase in expenditures from FY 2018.

From FY 2018 to FY 2023, expenditures increased from \$1,299,521.74 to \$1,985,003.19 (a 52.7% increase). However, the amount expended from the fund did not increase steadily each year.

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<sup>1</sup> IWF and the IWF Committee are still governed by procurement statute, MISS. CODE ANN. § 31-7-13 (1972), with no additional exemptions provided for the fund.

For example, smallest amount expended in the six-year period occurred in FY 2021. In FY 2021, only \$420,776.62 was expended from the fund, a \$1.1 million decrease from the previous year (FY 2020).

Conversely, from FY 2021 to FY 2022, expenditures increased from \$420,776.62 to \$1,965,228.83, a \$1.5 million increase.

Exhibit 1 on page 3 shows the total expenditures for each year from FY 2018 to FY 2023.

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### Exhibit 1: Expenditure Totals for FY 2018 through FY 2023

YEAR (FY)	TOTAL
2018	\$1,299,521.74
2019	\$709,658.66
2020	\$1,537,631.73
2021	\$420,776.62
2022	\$1,965,228.83
2023	\$1,985,003.19
<b>TOTAL</b>	<b>\$7,917,820.77</b>

**SOURCE:** Expenditure data provided by MDOC.

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According to information provided by MDOC during staff interviews and further clarification provided through data from the Department of Finance and Administration (DFA), the changes in expenditure amounts between FYs 2020 and 2022 were the result of an increase in federal money due to the COVID-19 pandemic changing the spending structure of the fund, which returned to more typical-operations in 2022.

### *Annual Revenues*

Revenues increased substantially between FY 2018 and FY 2023, peaking in FY 2023 at \$6,184,521.10 and representing a 42.9% increase.

From FY 2018 to FY 2023, total revenue increased steadily from \$2,651,108.20 in FY 2018 to \$6,184,521.10 in FY 2023.

Exhibit 2 on page 3 shows the revenue total for each year from FY 2018 to FY 2023.

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### Exhibit 2: Revenue Totals for FY 2018 through FY 2023

YEAR (FY)	TOTAL
2018	\$2,651,108.20
2019	\$3,000,479.66
2020	\$3,135,828.35
2021	\$4,884,254.67
2022	\$5,702,987.14
2023	\$6,184,521.10
<b>TOTAL</b>	<b>\$25,559,179.12</b>

**SOURCE:** Revenue data provided by MDOC.

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The IWF's annual total revenue originates from nine different fund sources, each of which are drawn from a different aspect of MDOC operations. These primary revenue sources are:

1. Commissary Funds (i.e., funds from the sales of commissary items to inmates);
2. Chapel Funds (i.e., revenue provided through chapel services and donations);
3. Salary Reimbursements (i.e., Group Term Life insurance paid through the IWF);
4. Salon Fees (i.e., cosmetology vocational education programs charge to inmates for salon services);
5. Vending Fees (commission on vending sales in the facilities);
6. Telephone Commissary Fees (i.e., revenue provided by telephone call fees);
7. Video Visits (i.e., commission from video visitation sales in the facilities);
8. Restitution Fees (i.e., refund from inmate accounts to repay the agency for damages); and,
9. Other (e.g., refunds from vendors for overpayments/returns for inmate program purchases, payments from inmate accounts or families for publication of legal notices, other miscellaneous transactions that do not fall into the major categories).

The amount these sources provide to the IWF vary year to year. The Commissary Fund consistently provided the largest revenue each year. The Commissary Fund's highest contribution (\$6,056,269.83) occurred in FY 2023.

Contributions from other categories were inconsistent from year to year. For example, both the Salary Reimbursement provided funds in only two years and the Other category only provided funds in three: Salary Reimbursement contributed funds in FY 2022 and FY 2023, and Other contributed funds in FY 2021, FY 2022 and FY 2023.

Exhibit 3 on page 4 lists the total amounts of revenue generated by each source.

### Exhibit 3: Revenue Totals by Source

Fund	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Commissary	\$2,600,671.24	\$2,943,228.51	\$3,102,008.95	\$4,829,938.18	\$4,990,321.04	\$6,056,269.83
Chapel	\$0.00	\$380.00	\$584.15	\$222.50	\$0.00	\$0.00
Salary Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	\$17,500.00	\$21,000.00
Salon	\$3,691.00	\$11,627.00	\$2,777.50	\$2,100.00	\$3,648.00	\$0.00
Vending	\$18,745.96	\$43,620.52	\$13,866.92	\$5,645.69	\$4,966.95	\$3,021.74
Telephone	\$28,000.00	\$460.39	\$10,630.51	\$12,521.21	\$194,660.01	\$60,461.30
Video Visits	\$0.00	\$1,163.24	\$5,960.32	\$28,908.98	\$38,258.80	\$42,923.43
Restitution	\$0.00	\$0.00	\$0.00	\$2,764.00	\$0.00	\$525.01
Other	\$0.00	\$0.00	\$0.00	\$2,154.11	\$453,632.34	\$319.79

Note: Revenue amounts fluctuate year to year in each given source due to a variety of factors, including purchasing habits of inmates, inflation, and shifts in donations.

**SOURCE:** Revenue data provided by MDOC.



According to MISS. CODE ANN. § 47-5-158 (2),

*There shall be deposited into the Inmate Welfare Fund interest previously earned on inmate deposits, all net profits from the operation of inmate canteens, performances of the Penitentiary band, interest earned on the Inmate Welfare Fund and other revenues designated by the commissioner...*

However, no revenue was reported for interest earned across the six-year period. According to information provided by the Legislative Budget Office (LBO) and the Office of the Mississippi State Treasurer, the IWF has earned interest in all of the six-examined years, but the earned interest was deposited into the General Fund instead of being returned to the IWF as dictated by statute. According to the Office of the Mississippi State Treasurer and communications with LBO, the issue originated due to the way that the fund was initially created within Mississippi's Accountability System for Government Information and Collaboration (MAGIC). While it is known that earned interest has been deposited into the General Fund, the total impact of the interest deposited is unknown to the Office of the Mississippi State Treasurer and LBO.

### ***Comparison of Expenditures and Revenues***

**The IWF's revenues exceed its expenditures in all of the examined years. Across the six examined years an average of 62% of the total revenues was expended.**

From FY 2018 to FY 2023, the IWF Committee regularly expended 50% or more of its total reported revenue in all years except FY 2021. The IWF operates with a rollover balance, with unspent funds remaining in reserve at the end of the fiscal year. Expenditures represented an average 62% of the total revenue expended across the six-year period, with FY 2018 representing the year with the lowest remaining total account balance at \$2,378,193.12 and FY 2023 representing the highest remaining total balance at \$6,785,582.24.

Exhibit 4 on page 6 compares revenue and expenditure amounts, presents the percentage of revenue expended, and lists the beginning and ending total account balances remaining after all purchases approved by the IWF Committee and contributions to the Discharged Offenders Revolving Fund<sup>2</sup> and the Inmate Incentive to Work Program Fund.<sup>3</sup>

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<sup>2</sup> Fund maintained for the purpose of paying any paroled, discharged, or otherwise released offender an amount of money determined by the length of his sentence, between the amounts of \$15.00 and \$100.00.

<sup>3</sup> Fund maintained for the purpose of paying inmates participating in eligible work programs offered by state correctional facilities.

#### Exhibit 4: Revenue and Expenditure Comparison

YEAR	BEGINNING BALANCE	REVENUE	EXPENDITURE <sup>1,4</sup>	PERCENTAGE OF REVENUE EXPENDED	ENDING BALANCE TRANSFER <sup>2</sup>
2018	\$837,802.36	\$2,651,108.20	\$2,399,521.74	90.5%	\$2,378,193.12
2019	\$2,378,193.12	\$3,000,479.66	\$1,809,658.66	60.3%	\$6,896,092.38
2020	\$6,896,092.38	\$3,135,828.35	\$2,637,631.73	84.1%	\$6,762,326.89
2021	\$6,762,326.89	\$4,884,254.67	\$1,520,776.62	31.1%	\$3,727,486.87
2022	\$3,727,486.87	\$5,702,987.14	\$3,065,228.83	53.7%	\$3,562,663.35
2023	\$3,562,663.35	\$6,184,521.10	\$3,085,003.19	49.9%	\$6,785,582.24

1. Expenditure amounts include \$1,100,000 deposited into the Discharged Offenders Revolving Fund and the Inmate Incentive to Work Program Fund, as dictated in MISS. CODE ANN. § 47-5-158 (1972). The amounts deposited into the Discharged Offenders Revolving Fund are limited by statute to amounts not exceeding \$100,000, and the Inmate Incentive to Work Program is limited to amounts not in excess of \$1,000,000.

2. These ending balance transfers represent the cash transfers made by MDOC at the end of each fiscal year, not total balances. At the end of each fiscal year, any remaining funds are maintained in the reserve account. In FYs 2018 and 2019 MDOC made use of all available funds.

**SOURCE:** Revenue provided by MAGIC. Balance and expenditure information provided by MDOC.

The IWF Committee does not set internal goals on the percentage amount of the fund to be expended in any given fiscal year, but as shown in Exhibit 4, MDOC and the IWF Committee are making use of a majority of the IWF's revenues each year, with a confirmed \$1,100,000 dollars going directly toward statutorily dictated special funds.

Due to legislative appropriations in each fiscal year, MDOC does not always utilize the total remaining balance of the fund, sometimes leaving a majority of the fund in reserve. MDOC was only appropriated use of 100% of funds in FYs 2018 and 2019. Beginning in 2020, MDOC was only appropriated authority for partial use of the fund, leaving the remaining monies in reserve. See Exhibit 5 on page 7 for a list of the total working balances and amounts appropriated each fiscal year. In years that MDOC did not utilize all the funds (i.e., FYs 2020 through 2023), remaining amounts instead were maintained in reserve until the end of the fiscal year.

<sup>4</sup> Expenditures examined in this table represent expenditures approved by the IWF Committee in the given FYs, not the actual monies expended. Some approved expenditures were not fully processed and expended until following years.

## Exhibit 5: Ending Balance Transfer Comparison

YEAR	TOTAL WORKING BALANCE	AMOUNT APPROPRIATED	PERCENTAGE TRANSFERRED
2018	\$2,378,193.12	\$2,378,193.12	100%
2019	\$6,896,092.89	\$6,896,092.89	100%
2020	\$7,556,746.01	\$6,762,326.89	89%
2021	\$8,480,926.34	\$3,727,486.87	44%
2022	\$8,943,013.15	\$3,562,663.35	40%
2023	\$10,733,332.48	\$6,785,582.24	63%

**SOURCE:** Information on balances provided from MAGIC via MDOC.

All unutilized funds are considered when MDOC determines how much of the funds to request in appropriation authority each fiscal year. In order to determine the amount requested, MDOC combines reserve funds with end of year balances and revenues. The requested amount is then determined from this total working balance. The amount requested is determined based on a number of factors including expected needs listed in MDOC's budget request to the Joint Legislative Budget Committee. The amount of appropriated authority is then determined by the Legislature. Across the six examined years, 2022 was the highest remaining reserve amount at \$5,380,349.80. According to information provided by the Legislative Budget Office and DFA, MDOC is the primary entity responsible for determining the needed amount and the amount to be requested.

## Expenditure Category

### *Categorization Introduction*

IWF's expenditures are recorded and maintained by MDOC on a purchase-by-purchase basis. In order to present the data in a concise, logical manner, PEER developed a set of core categories and applied them to analyze the provided expenditure data.

MDOC and the IWF Committee only track expenditures on a purchase-by-purchase basis (i.e., what was purchased and the purchase price). MDOC does not track IWF expenditure trends or collect expenditure data beyond this general information.

In order to analyze IWF expenditures, PEER identified the following core categories of purchasing:<sup>5</sup>

- Administrative
- Burials
- COVID-19
- Death Row
- Denied Processing
- Education
- Electronics
- Events
- Food
- Incentives
- Inmate Supplies
- Maintenance
- Office Supplies
- Programs
- Recreation
- Religious Services
- Special Groups

For an explanation of how PEER identified the core categories, see Appendix A on page 14. For a glossary of the core categories, see Appendix B on page 15.

### *Frequency of Core Categories*

The most frequent expenditure category across the six-year period was Education, representing 724 purchases and \$3,286,860.20 in expended funds. This focus on education represents a clear adherence to governing statute as well as a precise application of *MDOC Internal Policy Number 02-11*.

"Only expenditures related to educational programs, legal assistance, recreational activities or unreimbursed costs associated with treatment programs will be approved by the IWF Committee." -*MDOC Internal Policy Number 02-11*

From FY 2018 to FY 2023, MDOC reported making 2,169 individual purchases. In total, these purchases accounted for \$7,926,335.04 of IWF expenditures.

Of the 2,169 purchases, 724 were related to education. Education was the most frequently recorded reason for IWF expenditures and accounted for \$3,286,860.20 in expended funds. This focus on education represents a clear adherence to both statute and internal *MDOC Internal Policy 02-11*, both of which dictate that all expenditures should serve the benefit and welfare of inmates.

The IWF also applies a significant focus on electronics, meant to provide comfort and general welfare outlets for inmates, programs, and recreation, all of which serve the core policies of the IWF.

However, not all expenditure categories are a clear application of the fund's stated goals. The third most common expenditure category reported was Maintenance, representing 472 purchases and \$2,044,354.72 in expenditures. For the purpose of these categories, Maintenance purchases refer to the maintaining of existing appliances and equipment or the purchasing of new appliances and equipment not otherwise noted as related to the needs of an inmate organization or educational program. While some of these purchases, such as air conditioning installation can be qualified as related to inmate welfare,

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<sup>5</sup> The categories presented are not exclusive from one another, and in order to present an accurate representation of the areas the fund was expended, an individual purchase is allowed to represent more than one category. For example, a purchase for incentive items for an educational program would be categorized as both Inmate Supplies and Education.



others, such as the maintenance of refrigerators or lawn equipment, are not clearly related to inmate welfare.

Exhibit 6 on page 9 illustrates the frequency of and amount of revenue spent from each core category.

## Exhibit 6: Core Category Frequencies

Row Labels	Count of Core Category	Sum of Amount
Administrative	195	\$955,148.67
Burials	6	\$10,485.15
COVID-19	5	\$94,455.20
Death Row	6	\$18,034.35
Denied Processing	9	\$0.00
Education	724	\$3,286,860.20
Electronics	507	\$2,355,729.72
Events	177	\$227,976.13
Food	220	\$338,635.10
Incentives	73	\$139,387.55
Inmate Supplies	422	\$1,306,031.43
Maintenance	472	\$2,044,354.72
Office Supplies	149	\$670,286.97
Programs	280	\$686,326.52
Recreation	200	\$626,991.21
Religious Services	13	\$38,695.58
Special Groups	178	\$583,175.73

**SOURCE:** Revenue data provided by MDOC.

In order to ensure that these expenditures are being examined and confirmed as applicable to the intended use for the IWF, PEER examined the IWF Committee and MDOC's general management of the fund.

## Management of the Fund

### *IWF Committee Goals and Expenditure*

The IWF Committee does not maintain the annual needs assessment of the fund as established in *MDOC Internal Policy Number 02-11*. Because the Committee has full authority over the consideration and approval of all expenditures and is the primary entity responsible for ensuring responsible spending of the IWF, the failure to adhere to this policy means that internal audits surrounding the goals and direction of the fund are not maintained as required.

In order to confirm the appropriate expenditure of funds, PEER examined the methods the IWF Committee utilized to ensure the accurate maintenance of the fund.

While statute requires that the IWF “shall be used for the benefit and welfare of inmates in the custody of the Department,” it gives all authority related to the execution of this mission to the IWF Committee.

*MDOC Policy Number 02-11* dictates that the oversight committee will “prepare an annual needs assessment to determine what types of items should be purchased for the benefit of offenders.” This needs assessment is the primary method through which the Committee performs regular performance audits of the areas in which the fund is expended, and it is also the only policy-enforced method through which the Committee regularly examines the needs and goals of the IWF.

The needs assessment is the only policy-enforced method through which the IWF Committee regularly examines the needs and goals of the IWF.

The IWF Committee did not provide PEER with a documented needs assessment completed between 2018 and 2023, and MDOC staff stated that it was unable to provide a copy of any such assessment. Through analysis of meeting minutes for the Committee from the six-year period, PEER did identify regular discussions surrounding planned expenditures and methods for ensuring relevance to the fund, but no description is given within the meeting minutes of a needs assessment, and no physical record of it was provided. Instead, consistency of expenditure decisions has relied only on the individual decisions of the Committee.

Due to this, it is difficult to discern whether some purchases, such as regular maintenance of a lawn mower, serve the stated goals of statute and IWF internal policy. While the Committee can approve expenditures at its discretion, a documented assessment would ensure that the annual needs of the fund and resulting utilization of IWF revenues are appropriate and transparent.

### ***Examination of Two-Quote Adherence of IWF***

**Across 50 examined purchases over the amount of \$5,000, MDOC maintained correct documentation of all purchases, providing proof of two-quote consideration process and representing proper maintenance of the IWF.**

Use of IWF monies is subject to the regular procurement processes laid out in MISS. CODE ANN. § 31-7-13 (1972). According to statute, any purchases made between the amounts of \$5,000 and \$75,000 are subject to the requirement that the procuring agency must obtain two quotes before completing any purchasing processes. (See Appendix C on page 17 for a list of purchases that are exempt from this requirement.)

MISS. CODE ANN. § 31-7-13 requires procuring agencies to obtain two quotes before completing any purchasing processes over \$5,000.

In order to ensure MDOC adheres to this requirement during its operation of IWF, PEER examined whether or not expenditures over the \$5,000 threshold had completed, readily available documentation regarding the two-quote process.

Of the 2,169 purchases documented between FY 2018 and FY 2023, PEER identified 196 purchases beyond the \$5,000 threshold, 91 of which did not have obvious exemptions provided for in statute. Of these 91, PEER randomly selected 50 recorded expenditures and requested that MDOC provide all documentation regarding the two-quote process for each selected purchase.<sup>6</sup> While PEER did examine information provided about the expenditures to attempt and filter out any that would be considered

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<sup>6</sup> Ten expenditures per year were selected, except in fiscal years where ten, non-exempt expenditures above \$5,000 could not be identified, in which case all relevant expenditures from the given year were selected.

exempt under statute, it was also requested that MDOC provide any available documentation showing the purchase was determined exempt, with explanation for reasoning on its exemption.

Of the requested 50 expenditures, MDOC identified 27 that were exempt for reasons not clear in information available on the cash expenditure recordings. Of the 27, 13 of the purchases were related to library books or other materials, five were identified as sole source, six as pre-approved by DFA, and three as perishable food items. The remaining 23 expenditures were all identified as under the purview of the two-quote process.

For all 23 applicable expenditures, MDOC provided full documentation showing the two-quote process was followed as expected within statute, with all documentation complete and signed by the proper authorities at MDOC.

MDOC was able to provide complete information for all requested expenditures within a reasonable timeframe, showing that all materials were properly recorded and easily accessible. As requested, for all 23 applicable procurements, MDOC provided full documentation showing the two-quote process was followed as expected within statute, with all documentation complete and signed by the proper authorities at the Department.

For the 27 expenditures identified as exempt, MDOC provided complete information showing the process through which the purchases were identified as exempt at the time of procurement, the complete purchase process, and additional documentation from MDOC financial staff explaining the details of the expenditure that qualified it for exemption under MISS. CODE ANN. § 31-7-13.

The examination of this random sample illustrates that MDOC follows proper compliance and recording of the two-quote process in regard to the IWF, and that the Department and IWF Committee maintain proper maintenance of the fund's required expenditure processes.

## Execution of Purpose and Goals

### *The IWF Committee and Lack of Goals Transparency*

**The IWF Committee's failure to maintain an annual needs assessment and documented annual goals as dictated by MDOC Internal Policy Number 02-11 could create uncertainty regarding the management of the fund and the applicability of expenditures.**

IWF funds should be utilized to serve the welfare of inmates incarcerated by MDOC. However, as previously mentioned, the IWF Committee does not prepare the annual needs assessment established within *MDOC Internal Policy 02-11*.

While the IWF Committee does appear to discuss the needs and goals of the fund in quarterly meetings, the decided upon goals are not recorded within the text of the meeting minutes, and as such no confirmation of the goals and their focus is available. Because of this, it is difficult to determine if strict adherence to the stated purpose and needs of the fund are followed.

Notably, the fund is utilized most often for education purchases, which does adhere to the stated purpose of the fund. However, not all categories examined appear to adhere as clearly to the statutory purpose of the fund.

### Applicability of IWF Expenditures

While analysis of all available expenditure data suggests that the IWF Committee works to ensure the applicability of all expenditures, the IWF Committee should maintain clear documentation of needs assessments and goals. In doing this, the Committee will be able to verify that all expenditures align with the purpose of the IWF.

Of the categories of IWF expenditures analyzed, the "Maintenance" category provides the largest opportunity for expenditures that deviate from the intended purpose of the IWF. It is possible that some maintenance purchases could directly benefit inmates. Most expenditures provided clear explanation for the purchase's application toward inmate welfare; however, some explanations were unclear or not substantial enough to illustrate how those purchases benefited inmates.

From FY 2018 to FY 2023, 472 of 2,169 considered purchases were categorized by PEER as maintenance purchases. Of the 472 maintenance purchases, three were identified as having unclear documentation regarding their benefit to inmate welfare.

Exhibit 7 on page 12 lists the purpose of identified maintenance expenditures.

#### Exhibit 7: Identified Purposes of Maintenance Purchases

YEAR	VENDOR	PURPOSE	AMOUNT
2019	Southern Pipe & Supply	Repairs to heaters in Greenhouse.	\$3,124.38
2022	SAFETY-KLEEN	Cleaning services to keep washer in working order.	\$1,622.60
2023	Revell Rental & Outdoor	Lawn equipment for Area 1.	\$2,000.00

**SOURCE:** Revenue data provided by MDOC.

In order to ensure that all future purchases are clearly applicable to the purpose of the IWF, the IWF Committee should maintain clear documentation of needs assessments and goals. In doing this, the Committee will be able to verify that all expenditures align with the purpose of the IWF.

The statute places the authority to approve expenditures in the hands of the IWF Committee, but it does so with the expectation of adherence to the stated purpose that all purchases serve the welfare of inmates. Clear documentation of needs assessments and goals would increase transparency and eliminate questions regarding the intentions and processes of the IWF Committee.

### Recommendations

1. In order to ensure proper adherence to *MDOC Internal Policy 02-11*, the IWF Committee should establish clear, documented procedures for the creation and recording of an annual needs assessment as defined by policy.
2. In order to ensure the continued application of the needs defined in annual assessments and to increase the ease in which the processes of the IWF Committee can be audited, the committee should also clearly identify all goals and projected needs for the fund within the minutes of all Committee meetings.



3. In order to ensure interest earned on the fund is returned to the IWF, MDOC should work with the Office of the Mississippi State Treasurer and the Department of Finance and Administration to ensure that, going forward, all interest is returned to the IWF as dictated in MISS. CODE ANN. § 47-5-158 (1972).

## Appendix A: Methodology

### *Methodology for Category Analysis*

In order to complete accurate assessment of expenditures to create concise categories of all purchases considered by the IWF Committee between FY 2018 and FY 2023, PEER utilized the following methodological process:

1. Examined the explanations of each requested expenditure, identifying the core purpose of each purchase.
2. Identified "keywords" in each purchase's explanation such as "AC," "classroom," or "food" in order to identify the core reason for each expenditure.
3. Created a list of core categories utilizing the identified keywords which encompassed all types of expenditures considered by the IWF Committee. The categories are:
  - Administrative
  - Burials
  - COVID-19
  - Death Row
  - Denied Processing
  - Education
  - Electronics
  - Events
  - Food
  - Incentives
  - Inmate Supplies
  - Maintenance
  - Office Supplies
  - Programs
  - Recreation
  - Religious Services
  - Special Groups
4. Identified which category each purchase belonged to utilizing keywords.

These developed categories are not exclusive from one another, and instead are allowed to overlap in areas where appropriate. As an example, a purchase which is incentive rewards meant for an educational program, the expenditure would be recorded in both the Incentives and Education categories.

## Appendix B: Glossary of Categories

In order to provide concise analysis of the areas MDOC expends the IWF, PEER developed the following categories based around detailed expenditure data provided by MDOC.

- Administrative: Expenditures related to administrative processes and subscriptions.
  - Example Purchases: Assessments, attorneys, reoccurring fees.
- Burials: Expenditures related to burial of deceased inmates.
- COVID-19: Expenditures related to the purchase of materials related to the COVID-19 pandemic.
  - Example Purchase: Personal protective equipment.
- Death Row: Expenditures related to inmates housed on Death Row.
- Denied Processing: Requested expenditures which were denied processing after examination by the IWF Committee.
  - Example Purchases: Purchase attempted too early and X-Box video game consoles.
- Education: Expenditures related to educational materials and programs.
  - Example Purchases: Supplies for barber and cosmetology classes, books, certificates for program completion.
- Electronics: Expenditures related to electronic devices or supplies.
  - Example Purchases: Cable subscriptions, televisions, DVD players.
- Events: Expenditures related to supplies or services for inmate events.
  - Example Purchases: Cookouts and graduations.
- Food: Expenditures related to the purchase of food items.
- Incentives: Expenditures related to the purchase of incentive items and incentive programs.
  - Example Purchase: Supplies to reward good behavior.
- Inmate Supplies: Expenditures related to the purchase of supplies to be provided to inmates.
  - Example Purchases: Apparel, bedding, tobacco.
- Maintenance: Expenditures related to the purchase of maintenance for equipment or facilities.
  - Example Purchases: Grounds improvements, bathroom renovations, gym floor replacements.
- Office Supplies: Expenditures related to office supplies and subscriptions.
  - Example Purchases: Paper, envelopes, Microsoft Office.
- Programs: Expenditures related to inmate programs.
  - Example Purchases: Reentry programs, supplies for program parties, therapy services.
- Recreation: Expenditures related to recreation services, equipment, and programs.
  - Example Purchases: Baseball supplies, instruments, score boards.

- Religious Services: Expenditures related to religious services and events.
- Special Groups: Expenditures related to special inmate groups.
  - Example Purchases: Alcohol and drug Rehabilitation, youth programs, inmate organizations, inmate band.



## Appendix C: Exemptions from Two-Quote

The following exemptions from the two-quote process are outlined within MISS CODE ANN. § 31-7-13:

1. Purchasing agreements approved by the Department of Finance and Administration;
2. Outside equipment repairs;
3. In-house equipment repairs;
4. Raw gravel or dirt;
5. Governmental equipment auctions;
6. Intergovernmental sales and transfers.;
7. Perishable supplies or food;
8. Single-source items;
9. Waste disposal facility construction contracts;
10. Hospital group purchase contracts;
11. Information technology products;
12. Energy efficiency services and equipment;
13. Municipal electrical utility system fuel;
14. Library books and other reference materials;
15. Unmarked vehicles;
16. Election ballots;
17. Multichannel interactive video systems;
18. Purchases of prison industry products;
19. Undercover operations equipment;
20. Junior college books for rent;
21. Certain school district purchases;
22. Garbage, solid waste, and sewage contracts;
23. Municipal water tank maintenance contracts;
24. Purchases of Mississippi Industry for the Blind products or services;
25. Purchases of state-adopted textbooks;
26. Certain purchases under the Mississippi Major Economic Impact Act;
27. Used heavy or specialized machinery purchased at auction;
28. Hospital lease of equipment or services;
29. Purchases made pursuant to qualified cooperative purchasing agreements;
30. School yearbooks;
31. Design-build method of contracting;
32. Toll roads and bridge construction projects;
33. Certain purchases under MISS. CODE ANN. § 57-1-221 (1972);
34. Certain transfers made pursuant to the provisions of MISS. CODE ANN. § 57-105-1 (7) (1972);
35. Certain purchases or transfers entered into with local power associations;
36. Certain purchases made by an academic medical center or health sciences school;
37. Certain purchases made under the Alyce G. Clarke Mississippi Lottery Law; and,
38. Certain purchases made by the Department of Health and the Department of Revenue.



STATE OF MISSISSIPPI  
DEPARTMENT OF CORRECTIONS  
BURL CAIN  
COMMISSIONER

Derrick Garner, CPA  
Deputy Commissioner

Administration & Finance  
(601) 359-5365

August 28, 2028

James F. (Ted) Booth, Executive Director  
Mississippi Joint Legislative PEER Committee  
P.O. Box 1204  
Jackson, MS 39215

RE: Revenue and Expenditure Review of the Inmate Welfare Fund

Dear Executive Director Ted Booth:

Please accept this correspondence as the official response of the Mississippi Department of Corrections (MDOC) to the report titled "Revenue and Expenditure Review of the Inmate Welfare Fund," recently prepared by your staff. MDOC appreciates the opportunity to provide a written response to this comprehensive review, which covered a six-year period from FY2018 to FY2023 and identified two findings. The limited number of findings over such an extensive review period reflects MDOC's commitment to maintaining high standards in the management of the revenue and expenditures of the Inmate Welfare Fund. This response is respectfully submitted to the PEER Committee.

**PEER Finding 1:**

In order to ensure proper adherence to MDOC Internal Policy 02-11, the IWF Committee should establish clear, documented procedures for the creation and recording of an annual needs assessment as defined by policy.

**MDOC Response to Finding 1:**

The MDOC acknowledges the importance of adhering to MDOC Internal Policy 02-11, specifically regarding the creation and recording of an annual needs assessment. Historically, each facility was responsible for completing purchase orders to capture their needs assessment; however, this process does not constitute as an annual need in the IWF Committee minutes.

To address this, beginning in FY2025, MDOC has implemented a new process where each facility is required to submit a detailed budget of needs for the upcoming fiscal year. This budget is then presented to and approved by the IWF Committee, ensuring that all goals and projected needs are clearly identified and documented at the start of the fiscal year. This implementation strengthens our compliance with Internal Policy 02-11 by ensuring that the budgetary needs are systematically reviewed and recorded, thereby enhancing transparency and accountability within the IWF Committee's operations.



**PEER Finding 2:**

In order to ensure interest earned on the fund is returned to the IWF, MDOC should work with the Office of the Mississippi State Treasurer and Department of Finance and Administration to ensure going forward, all interest is returned to IWF as dictate in MISS. CODE ANN. 47-5-158 (1972).

**MDOC Response to Finding 2:**

The Mississippi Department of Corrections (MDOC) acknowledges the importance of ensuring that all interest earned on the Inmate Welfare Fund (IWF) is returned as dictated by MISS. CODE ANN. 47-5-158 (1972). Since the collection and management of interest on all state funding is handled by the Office of the Mississippi State Treasurer, MDOC will coordinate closely with this state agency to ensure that the interest earned on the IWF account is accurately returned to MDOC. This coordination will ensure compliance with the statutory requirements, recognizing that the function of managing and returning interest is solely controlled by the Department of Treasury.

Sincerely,

A handwritten signature in cursive script, appearing to read "Burl Cain".

Burl Cain  
Commissioner

## James F. (Ted) Booth, Executive Director

### Legal and Reapportionment

Ben Collins

### Administration

Kirby Arinder

Stephanie Harris

Gale Taylor

### Quality Assurance and Reporting

Tracy Bobo

Hannah Jane Costilow

### Performance Evaluation

Lonnie Edgar, Deputy Director

Jennifer Sebren, Deputy Director

Drew Allen

Taylor Burns

Emily Cloys

Kim Cummins

Matthew Dry

Rucell Harris

Matthew Holmes

Drew Johnson

Chelsey Little

Billy Loper

Debra Monroe

Meri Clare Ringer

Sarah Williamson

Julie Winkeljohn

Ray Wright



## Revenue and Expenditure Review of the Inmate Welfare Fund

September 10, 2024

For more information, contact: (601) 359-1226 | P.O. Box 1204, Jackson, MS 39215-1204

Senator Charles Younger, Chair | James F. (Ted) Booth, Executive Director