

Arizona Department of Corrections, Rehabilitation and Reentry Capital Projects Funding and Department Finances

Department spending we reviewed was consistent with statutory and other requirements, but the Department has received a small percentage of its requested capital funding and has not addressed outstanding reconciliations of inmate account and bank statement balances.

Audit purpose

To review the Department's revenues and expenditures, capital projects funding, and management of inmate monies.

Key findings

- Department annually spends more than \$1 billion—primarily State General Fund monies—to operate the State prison system. Its largest expenditures are for staffing; contracted services such as private prisons, inmate healthcare, and inmate food services; and other operating expenditures, including rent and utilities.
- Department expenditures and transfers we reviewed were for supported and allowable purposes.
- Department has received less than 5 percent of its requested capital funding, resulting in increased safety and security risks and at least \$125 million in deferred maintenance costs. Arizona has provided less capital funding for its corrections department than other states we reviewed.
- The project to replace locks and make other upgrades at the Lewis and Yuma prison complexes has been revised, increasing its cost by almost \$9 million and delaying its completion until August 2022.
- Although most deductions from inmate accounts we reviewed were accurate and supported, the Department has not reconciled inmate account and bank statement balances since November 2019 because of data issues related to its new inmate management system, which increases the risk of incorrect balances or unaccounted-for monies. In addition, the Department has not yet resolved approximately 480 reconciliation items dating from at least January 2015 through January 2019 with an absolute dollar value of approximately \$992,400.

Key recommendations

The Department should:

- Continue to resolve its data issues and complete inmate account reconciliations for those months that have not been reconciled.
- Develop and implement a strategy and time frame to resolve the outstanding unreconciled items from previous reconciliations, working with the Arizona Department of Administration as needed.
- Retain all historical supporting documentation for each monthly reconciliation in accordance with its record retention policy.