Prisoners Feeding and Maintenance Program

Follow-Up Report

Office of the Public Auditor
Yap State Government

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EXECUTIVE SUMMARY

Based on our audit of the financial statements of the Prisoners Feeding and Maintenance Program (PFMP) for the years ended September 30, 2011, 2010 and 2009, we issued our report dated April 13, 2012 on internal control over financial reporting and on compliance and other matters. In that connection, we identified deficiencies in internal control and noncompliance with certain provisions of laws and regulations that we were required to report under Government Auditing Standards. This report presents the results of a follow-up we performed of that report on internal control.

The purpose of our follow-up was to determine whether the findings and recommendations contained in our report have been addressed, and that appropriate corrective action has been taken and is achieving the desired results. Management is responsible for implementing the recommendations contained in our report on internal control or communicating decisions to forego implementing the reported recommendations.

Our follow-up revealed that little or no attention has been given to addressing the findings and recommendations contained in our original report. We noted no issuance of any new policies, no attempt to reconcile bank accounts, competitive bid practices and procedures which remain substantially unchanged, and reassignment of responsibilities that appear to be cosmetic in nature and fail to address a material weakness in internal control. Moreover, the issues relating to noncompliance with public law and State statutes, which the Office of the Attorney General (OAG) committed to address by September 2012, remain unsettled.

The issues of noncompliance could affect the status of the nearly $120,000 held on deposit by PFMP and determine whether or not these funds belong to the State and can be used for State expenditures. This amount represents the excess of cash receipts from contract work performed by prisoners over the expenditures for the care and feeding of prisoners which has accumulated over the years.

As this is a follow-up to a previous report, we did not conduct an exit conference to discuss the results of our review or circulate a draft of this report. However, we did meet with the Acting Attorney General and shared with him the contents of this report. This follow-up does not change or modify any of the original findings and recommendations contained in our report on internal control.

The accompanying pages include discussion of the PFMP, our objective, scope, and methodology in performing this follow-up review. Following are the findings and recommendations, and the management responses and their plan for corrective action included in our report on internal control dated April 13, 2012, along with the results of our follow-up procedures.

Patrick J. Zacchini, CPA
Acting Public Auditor

February 21, 2013

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INTRODUCTION

Background

The Prisoners Feeding and Maintenance Program (PFMP) consist of funds maintained and administered by the Department of Public Safety (DPS), a division of the Office of the Attorney General (OAG). Created in 1987, the PFMP is used to provide meals to individuals confined in the Yap State jail. Increases in the account are funded through cash receipts from work performed by prisoners under contractual agreements with other State government departments and agencies, principally the Department of Public Works and Transportation (PW&T). The contracts provide prisoner labor under the supervision of correction officials for projects ranging from road maintenance to refuse collection, and are generally six months or more in duration. Expenditures are made from this account for foodstuffs, cleaning supplies, personal care items, medical supplies and those costs directly associated with the performance of the contract services, such as fuel and repairs & maintenance.

PFMP funds are maintained in two bank accounts, one an interest bearing savings and the other checking. At inception, funds were held on deposit with the Bank of Hawaii, and some years later moved to the Bank of FSM. The funds may also have been held in another financial institution for a time. However, in January 2003, the then Attorney General authorized the opening of a savings account with the Bank of FSM by deposit of a check for $5,974.30 issued by the State. Only one account, an interest bearing savings, was maintained until 2008, when a checking account was opened. Establishment of the checking account was requested by the then Acting Attorney General and approved by the Director of Administrative Services (OAS).

The cash receipts from contract services do not inure to the benefit of any individual prisoner, although it is used for the care and feeding of inmates. No portion of the money goes to any prisoner's family, toward fines, or toward restitution to any victim. Expenditures are generally understood to be used only for the PFMP costs. We understand that in past years some of the funds may have been used for other purposes, which appears to have given rise to DPS policy

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2010-02, "Allowable Purchases from the Prisoners Feeding and Maintenance Account." Notwithstanding this, the policy does permit funds to be used for the "services, supplies and materials necessary for the maintenance and operation of the facilities." The policy does not define what is meant by "facilities," but presumably this reference is to the jail.

The feeding program was created in response to a bill proposed by the Legislature that would have required the families to provide for the feeding of prisoners. At the time, the then Attorney General advised this would likely be unconstitutional as the prisoners were kept against their will. The PFMP was apparently justified on the basis that the Attorney General has general and, if necessary, immediate supervisory powers over DPS as set forth in Yap State Law 2-38. Additionally, DPS Regulation 10.3, which states the "Chief of Police may initiate feeding programs for prisoners whereby prisoners can work, farm, fish, and so forth for food," and DPS Policies and Procedures 1997-01, dated February 20, 1997, which provides that full-time prisoners "will work on projects for a fee for the feeding program and will therefore receive three meals a day from the feeding program during imprisonment." However, there is no statute which specifically addresses the PFMP.

Objective

The purpose of our review was to follow-up the actions taken, if any, regarding the findings and recommendations contained in our report on internal control and compliance dated April 13, 2012, which accompanied our audit of the financial statements of the PFMP. Our follow-up review was designed to determine if appropriate corrective action has been taken and is achieving the desired results, or that management has assumed the risk of not taking corrective action on the reported findings. Management is responsible for implementing the reported recommendations or communicating decisions to forego implementing the reported recommendations.

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Scope

Our follow-up included reviewing the findings and recommendations contained in our original report on internal control and the actions, if any, taken to address these. We did not perform any detail testing and relied principally on inquiry and observation. The scope of our follow-up also included evaluating the written responses received from management, contained in our original report, in connection with any actions taken to address the findings and recommendations. Decisions by management to forego implementing recommendations should include appropriate explanatory material and justification, e.g., the costs exceed the benefits.

Methodology

In conducting our follow-up, we made inquiries of DPS officials and the OAG. We interviewed key DPS personnel and those responsible for or involved in the processing of feeding program cash receipts and disbursements, and reviewed DPS policies and procedures.

Our follow-up was performed in accordance with the Quality Standards for Inspections and Evaluations issued by the Council of the Inspectors General on Integrity and Efficiency of the United States, and pursuant to the authority vested in the Public Auditor as codified under Title 13, Chapter 7, Section 703 of the Yap State Code, which states in part:

> *"The Public Auditor shall inspect and audit all accounts, books, and other financial records of the State Government, to include but not limited to, every branch, department, office, political subdivision, board, commission and agency, and other public legal entities or non-profit organizations receiving public funds from the State Government, and to prepare written reports of such inspections and audits for presentation to the Governor and the Legislature;"*

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CONCLUSION

Little or no corrective action has been taken to address the findings and recommendations contained in our original report. Some responsibilities were transferred to other DPS employees, but the issue of segregation of duties persists as these employees now perform the same incompatible functions the former did. In addition, we did not see any attempt to implement procedures to ensure that bank reconciliations are performed, competitive bidding requirements are met, and transactions properly accounted for. Finally there appears to be little urgency in addressing the matters connected to the failure to deposit receipts into the State Treasury, the unauthorized appropriation and obligation of funds, and unexpended funds, and settling the related legal issues. This leaves in limbo the disposition and utilization of some $120,000, of possibly State funds, on deposit and mostly just earning interest.

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MATERIAL DEFICIENCY

Finding No. 2011-1 – Segregation of Duties

Criteria

Proper separation of responsibilities ensures the work of one individual acts as a check on the work of another in the performance of incompatible functions. Persons who handle cash or other forms of payment, such as signed checks, should have no incompatible duties with respect to the recording of receipts and payments and/or reconciliation of cash.

Condition

The Corrections Captain prepares and records all disbursements, makes all deposits, and maintains cash on hand. Notwithstanding checks require the dual signature of the Chief of Police, bank signatory authority rests with the Corrections Captain.

Cause

PMFP has only one individual, the Corrections Captain, to manage and perform all office functions.

Effect

Failure to maintain adequate segregation of duties over payments could result in misappropriation of assets or errors that go undetected or are not timely detected. Moreover, lacking the self-checking nature of the separation of responsibilities, the likelihood of errors and misstatements are increased.

Recommendation

To reduce the risk of error and ensure adequate custody and control over cash receipts and disbursements, implement the following:

- Separate the functions of receiving and recording of cash receipts and disbursements. We understand staff size is limited. However functions may be rotated between the Chief of Police, Corrections Captain, and/or other police and corrections personnel.
- Consider hiring a bookkeeper to perform the routine accounting and administrative tasks and work under the supervision of the Corrections Captain Chief of Police. Alternatively,

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Finding No. 2011-1 – Segregation of Duties (Cont'd)

personnel in DPS Budget could be utilized to perform some of the payment, recording, or reconciliation functions.

- Greater oversight and supervision of financial transactions by the Attorney General's office.

Management Response

We agree with this finding. DPS will separate the functions of receiving and recording of cash receipts and disbursements. DPS will transfer responsibilities to an existing employee (or new hire, if necessary) as needed in order to segregate incompatible duties.

Audit Follow-Up

We do not believe the issue of segregation of duties has been resolved. The responsibilities for the preparation of checks, making deposits, recording receipts and disbursements, and maintaining cash have merely been transferred from the Corrections Captain to another individual, who appears to be the only person charged with performing these incompatible functions.

Segregation of duties refers to an adequate division of responsibilities among those who perform accounting procedures or control activities and those who handle assets. This segregation of duties consists of assigning different people to authorize a particular class of transactions, perform control activities when the transactions are processed, monitor those activities, maintain the related accounting records, and handle the related assets.

Finding No. 2011-2 – Bank Reconciliations

Criteria:

Periodic reconciliations of amounts recorded in an organization's cash accounts to amounts shown on bank statements are key control activities.

Condition:

Monthly bank reconciliations of PFMP accounts are not performed. During our audit we noted no evidence bank reconciliations had ever been prepared.

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Finding No. 2011-2 – Bank Reconciliations (Cont'd)

Cause:

The primary responsibility of DPS personnel is that of law enforcement. Accordingly, DPS personnel have little, if any, accounting experience and are not best suited to performing the recordkeeping functions required by the program.

Effect:

The failure to perform reconciliations of bank accounts, and to perform these timely, could result in losses due to theft or misappropriation of funds that go undetected or might not be timely detected. Notwithstanding theft or misappropriation, even simple bank errors might not be recoverable as banks may not be held liable for errors that are not communicated to them in a timely manner.

Recommendation:

To reduce the likelihood of errors in the recording of transactions and losses from theft or misappropriation of funds, ensure bank reconciliations are timely prepared and reviewed. Consider the hire of a part-time bookkeeper or engaging an outside volunteer to reconcile bank accounts. Alternatively, DPS may request the assistance of personnel in the Office of Administrative Services (OAS) in performing bank reconciliations.

Management Response:

We agree with this finding. DPS will task an existing employee (or new hire, if necessary) with the duty of performing monthly reconciliations of PFMP accounts, and will seek assistance from the Office of Administrative Services as needed.

Audit Follow-Up

No corrective action undertaken. Bank reconciliations are still not performed and there is no evidence that bank reconciliations have ever been performed.

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Finding No. 2011-3 – Accounting System

Criteria:

A formal set of self-balancing books and accounting records helps ensure the complete and accurate recording and reporting of financial data and reduces the risk that errors go undetected, or may not be timely detected.

Condition:

A double-entry bookkeeping system is not in use. Transactions are presently reported based principally on checkbook entries and manually assembled.

Cause:

Management appears to have concluded that, while a formal set of books and records has not been maintained, current practices have been effective in ensuring the complete and accurate accounting, monitoring, and reporting of transactions.

Effect:

Failure to maintain a proper accounting system with a self-balancing set of accounts could result in the misstatement of financial information and lack of accountability of such assets as cash, which may be subject to an increased risk of misappropriation.

Recommendation:

To facilitate preparation of financial reports and ensure all transactions are properly recorded, summarized, and classified establish a double-entry accounting system which includes a general ledger, books of original entry, and suitable subsidiary records.

Management Response:

We agree with this finding. DPS will establish and maintain a double-entry bookkeeping system, and will begin recording all financial transactions, as soon as possible.

Audit Follow-Up

No corrective action undertaken.

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SIGNIFICANT DEFICIENCY

Finding No. 2011-4 – Competitive Bidding

Criteria:

DPS Policy No. 2007-01 compels PFMP to purchase items "from a vendor that offers the lowest prices." Section 502 of the Financial Management Act (FMA) regulations requires, for other than construction contracts and the sale or lease of personal property, "a determination of the lowest cost supplier of needed items" and documentation of this determination.

Condition:

During our test of cash disbursements for the years 2009-2011, with one exception, we noted evidence of the performance of competitive bid procedures was not documented, as required by policy and law.

Cause:

Management failed to establish a systematic procedure and consistent method for documenting the performance of competitive bid procedures.

Effect:

Competitive bidding of purchases helps ensure cost effective procurement of goods and services by, among other things, providing an incentive for suppliers to offer the best possible price, quality, terms, and service. The failure to adequately document competitive bidding procedures has been noted in audits the past few years without being addressed by management.

Recommendation:

To ensure adherence to public law, department policies and procedures, and conformity with sound business practices reemphasize to personnel the significance of competitive bid procedures and the importance of documenting the competitive bidding procedures performed. Additionally, require:

- Maintenance on file of written proposals received from vendors and suppliers.
- Recording of information for oral bids, including amounts and dates obtained.
- Notes concerning information obtained from catalog quotes or reviews, such as price lists, catalog names and page reference, etc.
- Periodic reviews to confirm the uniform and consistent application of bidding procedures.

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Finding No. 2011-4 – Competitive Bidding (Cont'd)

Prior Year Status:

Substantially the same finding was noted in the two previous audit reports. It does not appear serious effort has been made to properly address this issue. The prior audit report, with an issue date of March 10, 2010, reflects the following management response:

Although we always find the vendor with the cheapest product there were not documents to verify for price comparison. We agreed to the findings and have established documentation to show the prices from vendors for items to be purchased.

Management Response:

We agree with this finding. DPS will implement a policy requiring retention of all contracts, written proposals from vendors, price lists and quotes, and will make and retain notes regarding any oral bids or proposals received. Similarly, all invoices and all receipts for payments made or received shall be retained.

Audit Follow-Up

Procedures to ensure the documentation of competitive bid procedures were implemented after we began our follow-up. Accordingly, we noted only two instances of competitive bidding, the first of which was dated December 27, 2012, more than eight months after issuance of our original report. Any changes to policy have not, as far as we can determine, been committed to writing.

Finding No. 2011-5 – Supporting Documentation

Criteria:

The maintenance of adequate documentation is necessary to support financial transactions and management activities. DPS Policy 2007-01 provides for the purchase of items from a vendor that offers the lowest prices "along with the vendor's verification and charged invoice showing the items obtained and charged to the account". The policy further requires Corrections to furnish invoices and payment receipts to "DPS Budget Office and the OAG and file and maintain in Corrections original copies of same." Additionally, the Yap State Archives and Records Management Act of 1998, ¶306(c) requires agencies "comply with any requirements relating to preservation, security, transfer, and management of public records."

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Finding No. 2011-5 – Supporting Documentation (Cont'd)

Condition:

The following were noted during our tests of cash receipts and disbursements:

- Contracts supporting several deposits reflecting the collection of fees from work performed by prisoners were not on file and could not be located.
- A number of disbursements were not supported by properly approved invoices. The payments were for fish purchased, largely from individuals and some of which were employees of DPS, and for which there was no invoice or bill rendered and/or required.

While we do not consider these conditions to be pervasive, they are more than isolated cases. The failure of management to properly address these in the past, as described below, compels us to draw attention to the issues.

Cause:

Non-compliance with policy recordkeeping requirements and prudent business practices.

Effect:

Lack of adequate documentation and recordkeeping could result in errors which may go undetected, or not be timely detected, leading to the misstatement of financial information.

Recommendation:

To provide adequate controls over the receipt and disbursement of cash and ensure compliance with record retention requirements, ensure that contracts supporting the collection of fees are maintained on file and all payments are evidenced by properly approved invoices.

Prior Year Status:

A similar finding for supporting documentation for expenditures was cited in a prior audit. Issues regarding recordkeeping appear to have again arisen as a problem. The prior audit report, with an issue date of August 26, 2008, reflects the following management response:

We think that we would fulfill this issue by maintaining and accurate record of expenditure transactions. Correction Commander will make sure this is done immediately.

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Management Response:

We agree with this finding. DPS will implement a policy requiring retention of all contracts, written proposals from vendors, price lists and quotes, and will make and retain notes regarding any oral bids or proposals received. Similarly, all invoices and all receipts for payments made or received shall be retained.

Audit Follow-Up

Based on our review of current practices, corrective action has been substantially implemented. However, we have not observed any implementation of policy, certainly not any that have been committed to writing.

Finding No. 2011-6 – Work Release Fees

Criteria:

DPS Policies and Procedures No. 1997-01, Section 2.2, stipulates prisoners on authorized work release are obliged to contribute toward the feeding program at the jail. Accordingly, employers of work release prisoners are required to "deduct $10.00 every [biweekly] payday from the salaries of the prisoners" and remit those funds to PFMP. Additionally, in accordance with Section 2.2 (a), work release privileges may be revoked "if the $10.00 is not deducted and paid."

Condition:

Our test of cash receipts covering a 36 month period from 2009-2011 revealed only two instances in which the work release fee appears to have been remitted, although in both cases the notation in the records indicate $10 each was received from the prisoners themselves for the purpose of reimbursing medical costs. In addition, we noted no evidence of any follow up action by DPS to collect the fees and/or any cases in which the prisoner work release privilege was revoked.

Cause:

Non-compliance with DPS policies and procedures.

Effect

The failure to properly collect employer fees in connection with work release prisoners fails to help defray the cost of feeding prisoners. Presently, there are 5 prisoners on work release.

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Notwithstanding work release rolls are subject to change, based on the current number of such prisoners, a projection of fees should average $1,300 a year, or roughly $3,900 for the three year period under audit. Moreover, using the ratio of the present number of work release prisoners to the total prison population of 10 inmates, it cost more than $6,700 to care and feed for the work release prisoners over that same and most recent three year period.

Recommendation:

Increase efforts to collect work release fees. DPS should ensure all such fees are properly accounted for and the work release privileges of prisoners revoked for employers who fail to comply with the policies and procedures established under the program. In addition, consider raising the biweekly fee from the current $10 rate which has been established since at least 1997.

Management Response:

We agree with this finding. DPS has begun informing employers of the work release fee and has resolved to collect these fees from this point forward.

Audit Follow-Up

No action was taken by management because the Office of the Attorney General (OAG) advised DPS that the assessment of fees to employers for work release prisoners has been deemed unconstitutional.

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COMPLIANCE

Finding No. 2011-7 – Deposits to the Treasury

Criteria:

Under Yap State Code (YSC) Title 13 §1231 "public money raised or received by the State of Yap," from whatever source, must be deposited in the Treasury. Additionally, FMA Section 104 provides that "all funds received by any Yap State Government Agency" be turned over to the State Treasurer on a daily basis.

Condition:

The Department of Public Safety (DPS) maintains two bank accounts under the custodial control of the Chief of Police and the Corrections Captain. These accounts, one checking and one passbook savings are designated as the Prisoners Feeding and Maintenance Program (PFMP). The program generates fees from cleanup and maintenance services performed by prisoners under contracts, principally with other state agencies. The cash collected is not turned over to the State Treasury, as required by law, but deposited directly into the passbook savings account maintained by DPS.

Cause:

PFMP was established in 1987 for the primary purpose of raising funds to purchase food supplies for individuals imprisoned in Yap. When first created, those managing PFMP appear to have treated the program independent and outside the scope of government operations. A 2000 memo issued by the then Attorney General affirmed Yap does "not have any statute specifically addressing the [prisoners feeding] program."

Effect:

State funds were not deposited with the Treasury contrary to public law and in violation of both the Yap State Code and financial management regulations. In addition, state officials have been given unauthorized and unlawful custody and control of funds with a wide degree of latitude concerning its use. Such discretionary authority increases the likelihood of theft and/or misappropriation of assets.

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Finding No. 2011-7 – Deposits to the Treasury (Cont'd)

Recommendation:

To ensure compliance with public law and decrease the risk of fraud, arrange to have the funds placed under Yap State Government control as soon as possible and advise government agencies and others with which PFMP contracts to remit fees directly to the State Treasury.

Management Response:

We agree with all of the above findings. The Office of the Attorney General recognizes that the continuing existence of funded PFMP accounts, combined with DPS' noncompliance with appropriations and disbursement laws, constitutes a significant compliance issue. OAG will seek a solution to these issues and will aims to be in compliance by the estimated date of September 30, 2012.

Audit Follow-Up

No corrective action undertaken.

Finding No. 2011-8 – Unauthorized Appropriation and Obligation of Funds

Criteria:

Article IX, Section 6, of the State Constitution prohibits the withdrawal of money from the state treasury or the obligation of funds except in accordance with law. YSC, Title 13, §1261 further stipulates "disbursements can be made only through the obligation of appropriated sums," and §1262 makes it illegal to disburse "money from the General Fund or from a Special Fund in advance of the appropriation and availability of funds." Additionally, FMA Section 106 prohibits authorizing an expenditure or obligation "in excess of the sum made available by law; in advance of the availability of funds; or for purposes other than those for which an allotment has been made."

Condition:

A checking account under the control of the Chief of Police and Corrections Captain, both of whom are signatories on the account, is maintained by DPS. Disbursements are routinely made from this account to fund the purchase of food, supplies, and medical treatment of prisoners.

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Finding No. 2011-8 – Unauthorized Appropriation and Obligation of Funds (Cont'd)

Other costs for which payment is made include those associated with the services performed under contract by prisoners, such as fuel, small tools, and repairs & maintenance. The checking account is replenished through deposits of funds withdrawn from the savings account. No appropriations and/or allotment of funds have been made by the Legislature for the PFMP.

Cause:

PFMP was established in 1987 for the primary purpose of raising funds to purchase food supplies for individuals imprisoned in Yap. When first created, those managing PFMP appear to have treated the program independent and outside the scope of government operations. Accordingly, the practice has been to disburse funds without an appropriation. A 2000 memo issued by the then Attorney General affirmed Yap does "not have any statute specifically addressing the [prisoners feeding] program."

Effect:

State funds were obligated and disbursed contrary to public law and in violation of both the Yap State constitution and financial regulations. In the absence and full knowledge of grant funding and appropriations, the project incurred obligations and expended funds, effectively creating an appropriation and allotting funds without the authority to do so.

Recommendation:

Reemphasize to personnel the importance of complying with state laws and financial regulations and the significance of unauthorized use of state funds.

Management Response:

We agree with all of the above findings. The Office of the Attorney General recognizes that the continuing existence of funded PFMP accounts, combined with DPS' noncompliance with appropriations and disbursement laws, constitutes a significant compliance issue. OAG will seek a solution to these issues and will aims to be in compliance by the estimated date of September 30, 2012.

Audit Follow-Up

No corrective action undertaken.

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Finding No. 2011-9 – Unexpended Funds

Criteria:

YSC, Title 13, §505 requires the reversion of unexpended appropriations to the Yap State General Fund and §1236 provides that "all sums of money which are appropriated for any fiscal period, and which are not obligated during the period, shall lapse and shall not be issued or applied in any future fiscal period." Additionally, FMA Section 105 specifies "no appropriation shall remain available for expenditure for any period beyond that authorized by Yap law.

Under Disbursement Procedures, §1235 governs the administration and management of all state funds appropriated from the General Fund or special funds "or made available to the State from other sources." This further stipulates that "funds shall remain in the custody and control of the Director of Administrative Services" until obligated, and disbursed by the Director of Administrative Services "in accordance with law."

Condition:

PFMP has on deposit unexpended funds of nearly $114,000 which it has not reverted to state control. This surplus was accumulated over the course of several years in which cash receipts exceeded disbursements. The funds are held in checking and savings accounts under the custody and control of the Chief of Police and Corrections Captain.

Cause:

PFMP was established in 1987 for the primary purpose of raising funds to purchase food supplies for individuals imprisoned in Yap. When first created, those managing PFMP appear to have treated the program independent and outside the scope of government operations. Notwithstanding these funds were never appropriated, though as described in finding No. 2011-5 we believe should have been, they may have concluded accumulated and unexpended funds should not lapse and revert to state control.

Effect:

Contrary to public law and in violation of both the Yap State Code and financial management regulations, unexpended funds have not been reverted to state control. In addition, unexpended funds under which authority to obligate such funds in conformity with Yap State law has lapsed, have been disbursed. DPS officials have been given unauthorized and unlawful custody and control of funds with a wide degree of latitude concerning their use. Such discretionary authority increases the likelihood of theft and/or misappropriation of assets.

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Finding No. 2011-9 – Unexpended Funds (Cont'd)

Recommendation:

Require the reversion of all unexpended PFMP funds to the authority of the Director of Administrative Services to ensure compliance with public law and to reduce the likelihood of theft or misappropriation.

Management Response:

We agree with all of the above findings. The Office of the Attorney General recognizes that the continuing existence of funded PFMP accounts, combined with DPS' noncompliance with appropriations and disbursement laws, constitutes a significant compliance issue. OAG will seek a solution to these issues and will aims to be in compliance by the estimated date of September 30, 2012.

Audit Follow-Up

No corrective action undertaken.