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OFFICE OF INTERNAL AUDIT

REPORT TO THE BOARD OF SUPERVISORS

PINAL COUNTY IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE) CONTRACT AUDIT

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TABLE OF CONTENTS

Executive Summary	3
Overall Conclusion	3
Audit Scope and Methodology	5
Background	6
Audit Observations and Recommendations	
A. ICE COSTS	8
B. STAFF AND WAGE INCREASES	11
C. MEDICAL TRANSPORTS	14
D. FUTURE COST DRIVERS FOR ICE OPERATIONS	15
E. COST DRIVERS FOR GENERAL DETENTION OPERATIONS	16
Attachment: Management Response and Action Plan	17

Executive Summary

The Pinal County Office of Internal Audit has completed an audit of the intergovernmental service agreement (IGSA) between Pinal County and the federal Department of Homeland Security Immigration and Customs Enforcement (ICE). Services for the ICE contract are performed by the Pinal County Sheriff's Office (PCSO) at the Pinal County Adult Detention Center (PCADC). The audit was included in the FY 2012-2013 Internal Audit Plan approved by the Pinal County Board of Supervisors.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The overall objective of this audit was:

To review the County's intergovernmental service agreement with Immigration and Customs Enforcement (ICE) and ensure internal controls are designed to provide reasonable assurance regarding effectiveness and efficiency of operations and compliance with applicable contracts, laws, and regulations.

Specific audit objectives were to:

- Calculate current costs for contracted services, including staffing
- Research other ICE IGSA per diem rates across the country
- Research detainee population rates and compile a trend analysis
- Review the ICE IGSA for compliance to applicable standards

Overall Conclusion

Our overall conclusion is Pinal County is not recouping all actual expenses (costs) related to ICE IGSA services, and we have identified the following concerns:

- *ICE service costs have not been separately tracked to determine if the current per diem rate of \$59.64, set in 2006, covers the actual current cost of providing the required services.*
- *Significant staff and wage increases, implemented after the 2006 ICE agreement was approved, have shifted payment for some ICE costs to the general fund.*
- *The numbers of medical transports for the detention center population, including ICE detainees, have increased significantly; requiring frequent shift position changes and increasing ICE service costs.*
- *A comprehensive cost analysis of the ICE agreement would require consideration of future cost drivers.*

Our recommendations include:

1. *Internal Audit recommends PCSO identify, and begin separately tracking, all expenditures related to services performed for the ICE IGSA, to ensure the agreed upon per diem rate is sufficient to cover*

all related costs. Performing a cost analysis to identify ICE IGSA related costs should include:

- *A detailed staff analysis to determine actual staff costs for all ICE agreed upon services, including daily transport to the ICE Service Processing Center.*
 - *Medical transport information categorized by contract/agreement, for improved staff utilization, cost accounting and appropriate per diem assessment.*
2. *Internal Audit recommends County Management biennially prepare a revised ICE IGSA proposal, including an adjusted per diem rate based on an actual and projected cost analysis prepared collaboratively by PCSO and County Management, to present to the Pinal County Board of Supervisors for their consideration.*
 3. *Internal Audit recommends PCSO utilize an independent third-party, using current industry standards, to conduct a detailed staff analysis and determine optimal staffing levels for ICE agreed upon services and ICE operations budget.*
 4. *Internal Audit recommends PCSO utilize an independent third-party, using current industry standards, to estimate resources and costs needed to implement direct supervision for detainees of all classification levels. Projected costs should be included in a per diem evaluation.*
 5. *Internal Audit recommends PCSO always include approved and anticipated wage modifications in proposed per diem adjustments to avoid shifting interim increased ICE staff costs to the general fund.*
 6. *Internal Audit recommends PCSO track medical transport information separately by contract or agreement, for improved staff utilization, cost accounting and appropriate per diem assessment.*

We would like to thank the management and staff of the Pinal County Sheriff's Office, in particular staff involved in the operation of the Adult Detention facility, and County Management, for their assistance and cooperation during the course of this audit. The following report provides additional details of our audit observations and recommendations.

AUDIT SCOPE AND METHODOLOGY

The scope of our audit was to determine if adequate internal controls have been established to ensure the efficiency and effectiveness of services provided in fulfillment of the Intergovernmental Service Agreement (IGSA) for Immigration and Customs Enforcement (ICE).

The following methodologies were used to complete our examination:

- Reviewed relevant policies and procedures, including ICE national detention standards
- Interviewed select department staff
- Analyzed facility, services, and contract costs
- Conducted test work on staffing, including salary comparisons
- Reviewed historical contract information, including initial costs estimates, and calculated a gap analysis to current costs
- Analyzed a select sample of similar national service contracts (ICE IGSA's)

BACKGROUND

Each year the United States Department of Homeland Security (DHS) Immigration and Customs Enforcement (ICE) division identifies and removes nearly 400,000 illegal aliens in the United States. DHS-ICE establishes Intergovernmental Service Agreement’s (IGSA) with local detention facilities to provide housing and associated services to ICE detainees awaiting trial or deportation hearings.

There are five ICE facilities in Pinal County, including the Pinal County Adult Detention Center (PCADC) and the ICE Service Processing Center (SPC), both located in Florence, Arizona. PCADC is owned by Pinal County, and operated under the management and supervision of the Pinal County Sheriff’s Office (PCSO.)

PINAL COUNTY
ADULT DETENTION CENTER



In 2006, Pinal County expanded PCADC from a 472 bed facility to a 1,504 beds facility and, on August 28, 2006,¹ signed an IGSA with DHS-ICE to house 625 detainees. The ICE IGSA established a per diem/per day rate of \$59.64 per detainee. The following table illustrates the per diem rate per prisoner, or detainee, for all current Pinal County IGSA’s.

Intergovernmental Service Agreement	Political Subdivision	Date of Initial Agreement	Current Per diem rate
Immigration and Customs Enforcement (ICE)	Federal (07-0004)	August 28, 2006	\$59.64
United States Marshal Service (USMS/ICE/Adult)	Federal (08-94-0008)	April 1, 1994	\$58.90 ²
State of Arizona Department of Corrections	State (020233DC)	December 4, 2002	\$54.90
Pinal County political subdivisions	Local Cities and Towns	Various	\$64.22 ³ & 72.33

Internal Audit analyzed per diem rates for ICE facilities and found the average rate in 2008 for all ICE facilities in the United States was \$75.72 (Adjusted by CPI⁴ to 2012 the rate would be \$81.35). We also determined the PCADC per diem rate is the lowest in Pinal County.⁵

ICE per diem rates	
Facility	Per Diem
PCADC	\$ 59.64
Eloy	\$ 64.47
CCA- Florence	\$ 79.06
CCA-AZ	\$ 79.06
National Average	\$ 75.72

In 2006, when the rate was set, then-current PCSO detention management claimed estimated revenues from the ICE agreement would generate \$16-\$17 million a year,” and “cover staffing and operational costs at the expanded facility...at no cost to the Pinal County taxpayers.”⁶

¹ http://www.ice.gov/doclib/foia/isa/r_droigsa070004pinalaz.pdf

² Amendment 5 of IGSA 08-94-0008 stated the per diem rate “...will remain at the existing IGA rate of \$59.64...” when the actual IGSA existing rate was \$58.90. This discrepancy has been noted by the Pinal County Finance office and is currently under review by the Pinal County attorney’s office

³ \$64.22 excludes medical and \$72.33 includes medical

⁴ <http://data.bls.gov/cgi-bin/cpicalc.pl?cost1=75.72&year1=2008&year2=2012>

⁵ <http://www.ice.gov/foia/library/>

⁶ August 13, 2005; Arizona Republic; Kelley, Josh; U.S. may house detainees in Pinal County jail; Terry Altman

Also, in the FY2007/2008 Pinal County Budget Book⁷, the County Manager stated, “Additionally, a contract with Immigration and Customs Enforcement to house prisoners at the County Detention Facility has helped offset some of the debt incurred in expanding this facility. The Detention Facility currently houses approximately 350 ICE inmates daily with capacity to hold 430. As we move forward with this program, the County is authorized to house 650 ICE inmates at a per diem rate of \$60. At full scale the project will generate close to \$1.1 million in revenue per month to offset jail expansion costs, including \$5 million in debt service and \$10 million in operating costs.”

Internal Audit analyzed a “Proforma of Revenue Projection for the Pinal County Adult Detention Center,” prepared by the Pinal County budget office in September, 2006, that more accurately predicted detention facility revenue from all sources, including the ICE IGSA, would reach \$16,754,230⁸ by FY2012.

As the following table shows, detention revenue accumulated from all sources may **offset** jail expansion costs, but does not cover all operating expenditures, and has never covered the additional cost of debt service.⁹

Table information was obtained from the Pinal County financial management system.¹⁰ Revenues from outside sources include ICE IGSA revenues, United States Marshal Service (USMS) IGSA revenues, local city IGSA’s revenue, USMS administrative fees and some grant revenue.

Fiscal Year	Detention Revenue from all outside sources	Detention expenditures (does not include debt service)
2004/2005	\$ 3,288,073*	\$ 6,350,137*
2005/2006	\$ 7,090,048	\$ 11,098,953
2006/2007	\$ 8,000,936	\$ 12,661,031
2007/2008	\$ 12,215,162	\$ 18,035,318
2008/2009	\$ 14,190,889	\$ 18,753,456
2009/2010	\$ 13,350,745	\$ 18,929,208
2010/2011	\$ 15,116,195	\$ 19,929,258
2011/2012	\$ 16,466,544	\$ 24,220,896

The ICE IGSA also included an “Implementation Plan”¹¹ that projected Pinal County would receive up to 625, not 650, ICE detainees a day. This total included 45 females and 580 male detainees. At this time PCADC does not accept female detainees.

PCADC facility counts during fiscal year 2011-2012 showed the facility housed an average of 443 ICE detainees per day.

⁷ <http://pinalcountyaz.gov/Departments/BudgetOffice/Documents/BB0809/2007-08%20Adopted%20Budget%20Book%20Web%20Version.pdf>

⁸ Jail Pro Forma, September, 2006; Expenses were predicted to outpace revenue by \$11 million a year through 2012 and assumptions included a staff level of 409

⁹ Expenditures do not include debt service

¹⁰ JDEdwards/AS400

¹¹ IGSA Attachment 6

AUDIT OBSERVATIONS AND RECOMMENDATIONS

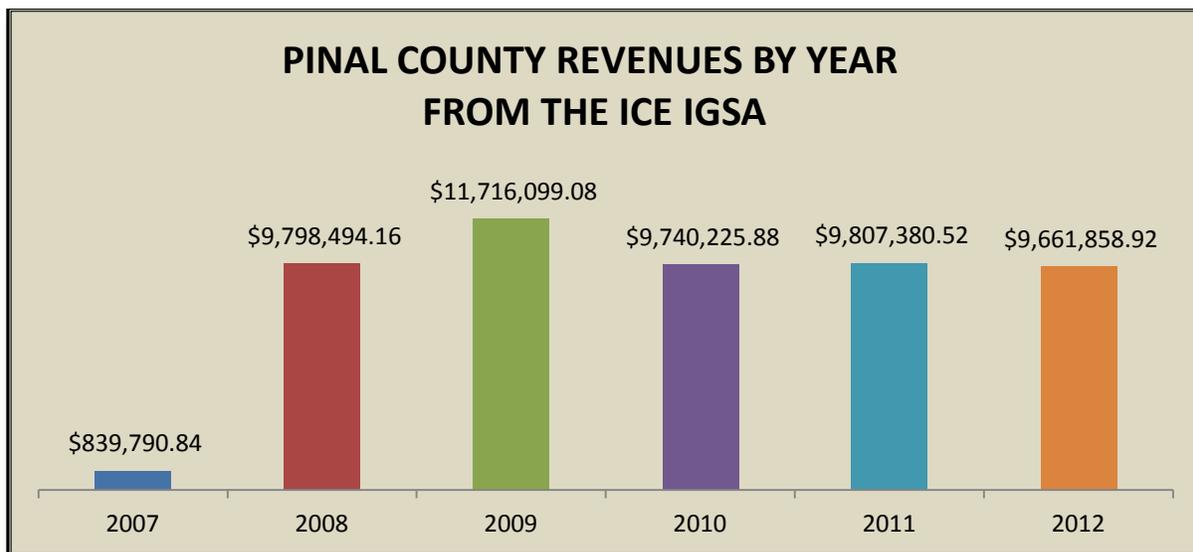
A. ICE SERVICE COSTS HAVE NOT BEEN SEPERATELY TRACKED TO DETERMINE IF THE CURRENT PER DIEM RATE OF \$59.64, SET IN 2006, COVERS THE ACTUAL CURRENT COST OF PROVIDING ICE REQUIRED SERVICES

One of the objectives of this audit was to calculate the **actual cost** of ICE services to determine if the current per diem rate covers all costs to provide these services. The most effective way to calculate costs is to track all direct costs for services provided, and add a pre-determined percentage of indirect costs to that total. Indirect costs should include a percentage of costs for resources needed for ICE services that must be maintained regardless of detainee population variances.

Internal Audit requested ICE direct service cost information from PCSO detention management and found they do not track direct cost for ICE services; so, the information to determine the **actual cost** of ICE services is not available. However, we attempted to **estimate** costs for these services to determine if the current per diem rate likely covers the current costs.

The 2006 ICE agreement set a per diem rate of \$59.64. The rate covers one (1) person per “prisoner day” and, according to the agreement, should be based on the “...actual cost experience in providing the service.”

Fees collected in FY2012, for ICE IGSA services performed at the Pinal County Adult Detention Center, (PCADC) were \$9,661,858.92, for 162,003 prisoner days. This amount is \$3,943,517 lower than estimated revenues for boarding of ICE detainees in the 2006 jail expansion ‘pro forma’ mentioned on page 7. It should be noted the pro forma, perhaps unrealistically, assumed full occupancy every day (625 detainees, for 365 days, at \$59.64 per day) and, according to a recent¹² compliance inspection report¹³ compiled by the ICE Office of Detention Oversight (ODO), the average daily ICE detainee population at PCADC in 2011, was 420. Detainee rates during the term of this audit averaged 560 per day.

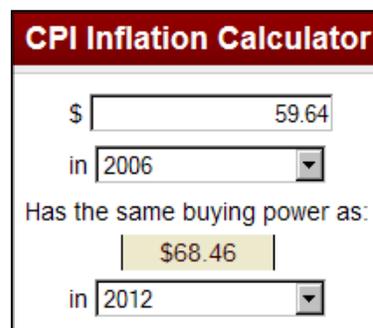


¹² March 13-15, 2012

¹³ <http://www.ice.gov/doclib/foia/odo-compliance-inspections/2012pinalcountydetectioncenter-florence-az-mar13-15-2012.pdf>

Estimating the Cost of ICE operations

Assuming the 2006 per diem rate of \$59.64 adequately accounted for all relevant contract costs, an inflation calculator could be used to adjust the rate by CPI to 2012. Adjusting the 2006 rate of \$59.64 for inflation determines the equivalent current rate is \$68.46. Using this adjusted rate for fiscal year (FY) 2012 ICE billings would have increased revenues to **\$11,090,725**; or \$1.4 million more than the actual ICE revenue received.



CPI Inflation Calculator

\$

in

Has the same buying power as:

in

Another way to determine if the \$59.64 per diem rate is likely to cover current ICE costs is to track the daily number of ICE detainees as a percentage of the total detention population, and apply this percentage to total annual detention center costs.

Internal Audit tracked ICE detainee population during the audit, and determined detainees were approximately forty-eight percent (48%) of the total population.¹⁴ Total costs for detention facility operations were \$24,220,896.15 last year. Assuming 48% of the population was ICE detainees, the related expenditures for ICE operations would be **\$11,626,050**.¹⁵ Related expenditures, divided by the number of actual billable days in 2011 (162,003), results in a required daily per diem rate to cover estimated ICE related costs, of \$71.76, or currently (2012) \$73.79, adjusted for inflation.

A more detailed cost estimate can be calculated using a 2009 Jail Per Diem study¹⁶ requested by Pinal County. The report identified “The average daily per diem costs incurred by the County to house and maintain an adult prisoner in the Pinal County Adult Detention Center (PCADC).”

The study did not separate costs by contract (Immigration and Customs Enforcement, United States Marshal Service, etc.) and did not include special costs by populations (ICE detainee, USMS prisoner, etc.); however, information from the study can be used to help estimate costs for ICE IGSA services.

The study presented per diem rates by category for bookings and housing.

Bookings

- **Adult with Full Booking (\$193.83)** – All cost associated with booking an adult into the County facility (includes health and medical screening)
- **Adult with Partial Booking (\$151.33)** – Cost associated with booking an adult into the facility (does not include health and medical screening)

Before entering PCADC, ICE detainees are screened (medical, health, etc.) at the ICE-Florence Service Processing Center (ICE-SPC) (not a Pinal County detention facility) and assigned a detention classification (I-IV). The costs for booking ICE detainees into PCADC, therefore, would be the lower rate of **\$151.33**, since they have already been medically screened at another facility.

Our estimate smoothed this cost over the 31 day average length of stay for detainees at PCADC, as determined by ICE.¹⁷ per diem cost for this service was **\$4.88** ($\$151.33/31 = \4.88).

¹⁴ Average 564 of 1160

¹⁵ Does not include indirect costs

¹⁶ <http://www.ice.gov/doclib/foia/odo-compliance-inspections/2012pinalcountydetectioncenter-florence-az-mar13-15-2012.pdf>MGT Adult Jail Per Diem Study FY2009

¹⁷ <http://www.ice.gov/doclib/foia/odo-compliance-inspections/2012pinalcountydetectioncenter-florence-az-mar13-15-2012.pdf>

Housing

- **Adult Full Housing (\$72.30)** – Average cost of housing adult (includes medical and transport services)
- **Adult Partial Housing (\$64.20)** – Average cost of housing adult (excludes health and medical services)

ICE Health Service Corporation (IHSC), rather than PCSO, provides health and medical services to detainees, if needed, while the detainee is housed at PCADC; so, housing costs for ICE detainees would be **\$64.20** a day, with the following adjustments:

Adjustment #1 - The ICE IGSA requires PCSO provide transportation and security to a hospital or medical specialist for care not provided by IHSC services or after IHSC service hours. Security, required by the IGSA, includes waiting time during hospital/medical visits.

The Pinal County Sheriff's office (PCSO) tracked 2,057 hospital transports for PCADC prisoners and detainees from September, 2011 to August, 2012. Total costs for hospital excursions (who, how long, etc.) were not calculated, or recorded, prior to this audit. PCSO has started tracking these costs. For the purpose of estimating per diem costs, Internal Audit used a 1991 medical transport cost calculation developed by the Arizona Department of Corrections, and adjusted the cost for inflation. The updated cost per trip was approximately \$603. Assuming ICE detainees are involved in half of the transports this adds **\$3.82** per billable day for ICE detainees. (\$603 x 1028 transports = \$619,884 divided by 162,003 ICE billable days).

Adjustment #2 - The ICE intergovernmental agreement (IGSA) requires twice daily transportation to and from the ICE Service Processing Center (SPC) to allow detainees to participate in removal hearings, etc.

Costs for this service are the responsibility of PCSO and include security and transportation staff, vehicle upkeep, maintenance and replacement. According to information provided by PCSO the average daily number of detainees transported to the ICE-SPC from October 16, 2012 through November 16, 2012, were 83.

We estimated the cost for this service to be \$1300 per day for two runs, back and forth twice, to the Service Processing Center. Our estimate included:

- Average daily costs for three buses with 40 seats (including vehicle maintenance and replacement) (\$353.89);
- Six staff for four hours per day (Two for each bus for two runs) (\$692.16)
- Administrative staff costs (\$130.00)
- Miscellaneous County cost (payroll, Procurement, etc.) (\$123.95)

The service is provided weekdays, or 261 days per year. The annual estimated cost for this service is \$339,300 (divided by 162,003 billable days for ICE detainees in FY2012) increases the required daily per diem rate by **\$2.09**.

Additional costs incurred by/for ICE detainees could include:

1. Behavioral mental health (Psychiatric) services (provider cost per IGSA)
2. Additional inspections and inspection preparation (ICE Office of Detention Oversight, etc.)
3. Additional administrative costs (files according to standards, staff hiring costs, etc.)
4. Costs to comply with ICE National **Detention Standards** (monitoring, training, etc.) that are not required for regular jail operations.

In 2000, when the U.S. Immigration and Customs Enforcement (ICE) division was formed, the agency operated its detention system under a set of National Detention Standards (NDS). In 2008, ICE developed Performance-Based National Detention Standards (PBNDS) and, in 2011, ICE revised PBNDS 2011.

Different versions of these three sets of national detention standards currently apply to ICE's various detention facilities. **PCADC follows NDS/2000 standards; however,** ICE has begun implementing PBNDS 2011 across all ICE detention facilities.¹⁸ The costs of upgrading to 2011 standards should be tracked and included in a regular IGSA 'actual cost' assessment (see pages 14-15 for additional identified future cost drivers).

Total estimated per diem costs for ICE detainee services, using the MGT per diem study rate, and adjusting for known additional ICE services, are calculated in the following table.

ESTIMATED ACTUAL COST OF ICE IGSA SERVICES	
Description of Cost	Cost
Booking Costs per day/average days of stay Adult Partial Booking (\$151.33) extrapolated over average length of ICE detainee stay ¹⁹	\$ 4.88
Basic Partial Housing Per Diem (does not include medical)	\$ 64.20
Adjusted for Medical Transportation	\$ 3.82
Adjusted for SPC transportation	\$ 2.09
Estimated needed Adult Per Diem adjusted for additional ICE detainee costs	\$ 74.99
Additional adjustments may be required for identified Future Cost Drivers (see pages 14-15)	TBD

RECOMMENDATIONS

1. *Internal Audit recommends PCSO identify, and begin separately tracking, all expenditures related to services performed for the ICE IGSA, to ensure the agreed upon per diem rate is sufficient to cover all related costs. Performing a cost analysis to identify ICE IGSA related costs should include:*
 - *A detailed staff analysis to determine actual staff costs for all ICE agreed upon services, including daily transport to the ICE Service Processing Center.*
 - *Medical transport information categorized by contract/agreement, for improved staff utilization, cost accounting and appropriate per diem assessment.*

2. *Internal Audit recommends County Management biennially prepare a revised ICE IGSA proposal, including an adjusted per diem rate based on an actual and projected cost analysis prepared collaboratively by PCSO and County Management, to present to the Pinal County Board of Supervisors for their consideration.*

¹⁸ <http://www.ice.gov/news/library/factsheets/facilities-pbnds.htm>

¹⁹ 31 days per ODO report

B. SIGNIFICANT STAFF AND WAGE INCREASES, IMPLEMENTED AFTER THE 2006 ICE AGREEMENT WAS APPROVED, HAVE SHIFTED ICE COSTS TO THE GENERAL FUND

Total costs for the detention facility operations during the past year were \$24.2 million. As noted earlier in the report, ICE population was approximately 48% of total population; therefore, expenditures for ICE operations were approximately \$11.6 million, or \$2 million more than actual ICE total revenues of \$9.6 million.

The largest expenditure for ICE services is staff costs. Internal Audit researched overall detention costs, and found staff costs have increased significantly since 2006, when the ICE IGSA was approved.

The ICE IGSA includes a staffing attachment. Internal Audit reviewed ten randomly selected ICE IGSA's and did not find a staff attachment, of any kind, in any of them. Counties reviewed included Alamance County, NC; Allegany County, NY; Boone County, KY; Calhoun County, MI; DeKalb County, AL; Imperial County, CA; Cabarrus County, NC; Douglas County, NE; Yavapai County, AZ; Collier County, FL

We contacted ICE staff and asked about the IGSA staffing attachment. The ICE Contracting Officer's Technical Representative (COTR) explained the staffing amendment was included to project staff needed to implement their preferred management model of 'direct supervision' for detention management. ICE staff explained there was an expectation PCADC would use a 'direct supervision' staff model for ICE housing units; however, they acknowledged the IGSA does not stipulate the staffing plan is required.

According to a report issued on October 6, 2009,²⁰ by Department of Homeland Security Special Advisor Dr. Dora Schriro, "Direct supervision places specially trained security officers in the housing units to improve communication and enhance observation. Unit management assigns the identification and resolution of problematic conditions of detention primarily to housing unit staff."

Internal Audit compared the IGSA staff listing to a current Adult Detention Center Post Chart and found they were comparable; however, daily staff postings vary, and the ICE COTR pointed out it was his observation a direct supervision model was not used by PCADC.

Also, it appears the IGSA staff attachment does not include staff promotions that occurred just prior to the IGSA approval (Corporal, Sergeants, and Lieutenants), or significant staff additions that occurred after IGSA approval.

According to Pinal County memos from the budget department to management, dated November 4, 2005 to April 3, 2007,²¹ Pinal County management approved 250 additional staff positions for the, "...newly expanded Adult Detention facility."

The August 1, 2006 memo explained twenty-three (23) of the positions approved on November 4, 2005 were back-filled after current employees were promoted. Eighty (80) of the positions were approved on April 3, 2007, after the IGSA was signed on August 22, 2006.

²⁰ Immigration Detention Overview and Recommendations- Dr. Doro Schriro

²¹ November 4, 2005 (83 positions) August 1, 2006 (87) An additional 23 positions were back-fill positions for promotions, April 3, 2007 (80 positions)

The information in the table to the right, aggregated from Pinal County budget documents, shows PCADC staff and budget increases during the detention facility expansion.

Fiscal Year	Expenditure	Staff Totals ²²
2004/2005	\$ 5,740,850	119
2005/2006	\$11,098,953	149
2006/2007	\$12,661,031	306
2007/2008	\$18,035,318	350.5
2008/2009	\$18,753,456	352.5
2009/2010	\$18,929,208	352.5
2010/2011	\$19,929,258	351
2011/2012	\$24,220,896	351

Less than anticipated needed bed space, currently averaging 1100 beds per day instead of the 1500 bed maximum capacity, may have affected full staff implementation.

Additionally, according to a Pinal County 2007-2008 adopted budget transmittal letter, the budget increase in 2007/2008 was due to a reclassification of staff positions to be "...more competitive with the Arizona Department of Corrections."

Internal Audit researched Detention Officer starting salaries in several Arizona counties, and the State Department of Corrections, and found salaries for detention officers in Pinal County are \$10,000+ a year higher than Arizona Department of Corrections starting salary. The following table shows the results of that analysis.

COUNTY	CITY	DETENTION/CORRECTIONS OFFICER STARTING SALARY	VARIANCE FROM AVERAGE (\$34,497)
PINAL	FLORENCE	\$43,413	\$8,916
MARICOPA	PHOENIX	\$36,025	\$1,528
PIMA	TUCSON	\$35,380	\$883
YAVAPAI	PRESCOTT	\$ 34,694	\$197
YUMA	YUMA	\$ 31,553	(\$2,944)
MOHAVE	KINGMAN	\$ 30,246	(\$4,251)
COCONINO	FLAGSTAFF	\$30,167	(\$4,330)
STATE OF ARIZONA		\$32,916	(\$1,581)

Detention center staff costs have also recently increased due to a Memorandum of Understanding (MOU) with the Pinal County Sheriff's Office that included detention officers and other positions at the detention facility. The MOU increased shift differential and overtime pay at PCADC.

Furthermore, page 2 of the ICE IGSA states it is a "firm-fixed price with economic price adjustments." And further states, "...Per Diem (can be) based on cost indexes of labor and operating expenses or based upon Pinal County's actual cost experience in providing the service."

A December 31, 2002 opinion²³ by the US Attorney General's office states anticipated costs may be included in a fixed-price agreement. The opinion reads, "This fixed price might be above or below the provider's expected or actual costs."

During our conversation, the ICE COTR confirmed anticipated costs due to approved negotiated labor agreements could be included in per diem calculations.

²² From Budget Office (GF cost center 1018 only)

²³ <http://www.justice.gov/olc/detentioncontracts.htm>

RECOMMENDATIONS

3. *Internal Audit recommends PCSO utilize an independent third-party, using current industry standards, to conduct a detailed staff analysis and determine optimal staffing levels for ICE agreed upon services and ICE operations budget.*
4. *Internal Audit recommends PCSO utilize an independent third-party, using current industry standards, to estimate resources and costs needed to implement direct supervision for detainees of all classification levels. Projected costs should be included in a per diem evaluation.*
5. *Internal Audit recommends PCSO always include approved and anticipated wage modifications in proposed per diem adjustments to avoid shifting interim increased ICE staff costs to the general fund.*

C. THE NUMBER OF MEDICAL TRANSPORTS FOR THE DETENTION CENTER POPULATION, INCLUDING ICE DETAINEES, HAVE INCREASED SIGNIFICANTLY, REQUIRING FREQUENT SHIFT POSITION CHANGES AND INCREASING COSTS

There are no staffing requirements in the ICE IGSA, with the exception of staff required for daily transport to the ICE Service Processing Center and staff required for medical transports.

Internal Audit discussed medical transports with Pinal County Adult Detention Center (PCADC). Management disclosed they have observed medical transports increased significantly in the past year and have begun tracking the number of medical transports for the entire facility.

PCSO management speculated some of the increase may be due to the in-house ICE Health Services’ care standards and precautionary decisions to transport detainees for external medical treatment.

Internal Audit reviewed PCADC medical transport tracking information and discussed including more detailed information to isolate transport costs by agreement.

PCSO detention management have instructed staff to begin detailed medical transport tracking, including officer assignment prior to position collapse for the medical transport; total distance traveled; total time of transport for officer and detainee or inmate; shift overlap; and overtime. As noted in our cost estimate section, the Arizona Department of Corrections tracked their medical transport data in 1991 and found, the average medical run duration was 7.22 hours and the average cost was \$355. Adjusting that cost for inflation, the 2012 cost for an average run would be approximately \$603.

Month (2011-2012)	Number of Transports
September	91
October	248
November	83
December	88
January	68
February	170
March	98
April	89
May	278
June	267
July	272
August	305
TOTAL	2,057

RECOMMENDATION

6. *Internal Audit recommends PCSO track medical transport information separately by contract or agreement, for improved staff utilization, cost accounting and appropriate per diem assessment.*

D. ANY ICE AGREEMENT COST ANALYSIS SHOULD CONSIDER FUTURE COST DRIVERS AND OTHER RELEVANT FACTORS

A cost driver is a factor that can cause a change in the cost of an activity. Internal Audit identified several possible cost drivers that will likely affect future ICE intergovernmental service agreements. The following table illustrates the results of our research.

IDENTIFIED ICE GOVERNMENTAL SERVICE AGREEMENT FUTURE COST DRIVERS		
ACTIVITY	FACTORS	COST
Renegotiating contract and/or per diem	ICE Director John Morton recently testified to Congress that average daily per diem for ICE is \$112. This is much higher than Pinal County’s current rate of \$59.64; however, there is a cost associated with preparing for a renegotiation of the ICE per diem rate. Compiling data to determine actual costs, prior to setting an agreed upon per diem rate for the following two years, will require resources (time, staff, etc.)	Unknown
Cost of changes in ICE standards	As mentioned earlier in this report, ICE is working with all detainee facilities to upgrade to the 2011 ICE performance-based standards. Assessing changes needed for compliance and monitoring progress will require staff and resources.	Unknown
Change in ICE detainee holding facilities	According to the FY2010-2014 ICE Strategic Plan Objective 3.6, ²⁴ “ICE is reforming the immigration detention system to reduce reliance on excess capacity in state and local penal facilities and improve detention conditions and medical care. Within the next five fiscal years, ICE will apply new detention standards to existing facilities and solicit proposals for no less than four regional facilities designed and located to suit the needs of ICE and allow ready access to legal services, visitation, recreation, medical services, emergency rooms and transportation hubs.” The report also states, “With a new classification instrument ICE will be able to detain aliens in conditions commensurate with their risk and any specialized needs. ICE will develop a cost effective ‘Alternative to Detention’ program that results in high rates of compliance.” Any alternatives to using detention facilities could have a significant impact on PCADC operations	Unknown

²⁴ <http://www.ilw.com/immigrationdaily/news/2010,0617-ice.pdf>

E. IDENTIFIED COST DRIVERS AND OTHER RELEVANT FACTORS TO BE CONSIDERED FOR FUTURE GENERAL DETENTION OPERATIONS

Internal Audit also identified several cost drivers and other factors that may affect general detention operations. The following table illustrates the results of our research.

IDENTIFIED COST DRIVERS, AND OTHER FACTORS, RELATIVE TO FUTURE GENERAL DETENTION OPERATIONS		
ACTIVITY	FACTORS	COST
USMS	<p>Financing for the 1994 Pinal County Adult Detention Center facility was provided using \$10,875,000 in Certificates of Participation issued by Pinal County and a three million dollar (\$3,000,000) facility grant from the United States Marshal Service (USMS) Cooperative Agreement Program (CAP). The USMS grant was in exchange for providing detention space; however, Pinal County immediately subcontracted their responsibilities to Corrections Corporation of America (CCA). CCA agreed to provide USMS inmate services at their new facility, built on former county land purchased by CCA, adjacent to the expanded Pinal County facility.</p> <p>The CCA agreement stipulated Pinal County would give CCA all the USMS funds received for inmate services provided by CCA, less an administrative fee of \$2 per inmate.²⁵ This agreement was amended in 2010, when Pinal County contracted to house USMS ICE prisoners at the Pinal County Adult Detention Center, and the fee was lowered to \$1 per inmate.</p> <p>The agreement expires January 5, 2014.</p>	Unknown
Lease payments	<p>By 2006, the 1994 Pinal County jail facility was reportedly housing an average 600+ inmates a day.²⁶ The Pinal County Board of Supervisors approved construction of a \$60 million dollar jail expansion. In 2006, the County issued \$71 million in Certificates of Participation to finance the Adult Jail expansion and construct a new Juvenile facility. The annual cost of this lease payment is approximately \$4,975,022, until FY2030, or approximately \$90 million dollars total.</p> <p>Note - The ICE contract states the provider shall not charge for operating costs of facilities not utilized by ICE detainees.</p>	\$4,975,022 per year for 18 years
Unused capacity	<p>The Pinal County Adult Detention Center holds all classification levels of prisoners and detainees. The building has a design capacity of 1500 beds. Current daily capacity is approximately 1100 beds or approximately 73%. Approximately half the beds are utilized by ICE detainees.</p> <p>The Pinal County Sheriff's Office (PCSO) could conduct a study of operational effectiveness to determine the most efficient use of current capacity and develop a strategic business plan.</p>	Unknown

²⁵ Initially \$2 per inmate , revised in 2006 to \$1 per inmate if federal detention population at CCA falls below 4680

²⁶ <http://www.pinalcountyz.gov/Departments/BudgetOffice/Documents/BB0506/BudgetGoalsMessage0506.pdf>

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible
<p><i>1. Internal Audit recommends PCSO identify, and begin separately tracking, all expenditures related to services performed for the ICE IGSA, to ensure the agreed upon per diem rate is sufficient to cover all related costs. Performing a cost analysis to identify ICE IGSA related costs should include:</i></p> <ul style="list-style-type: none"> ▪ <i>A detailed staff analysis to determine actual staff costs for all ICE agreed upon services, including daily transport to the ICE Service Processing Center.</i> ▪ <i>Medical transport information categorized by contract/agreement, for improved staff utilization, cost accounting and appropriate per diem assessment.</i> 	Yes	<p>Develop and dedicate a Cost Center that will provide E.G., hygiene supplies, clothing, food service, indigent services, photocopies, staffing and transportation.</p> <p>The position of the Pinal County Sheriff's Office will need to begin the development now, as far as tracking for the remainder of the 2012-2013 fiscal year, in preparation for the 2013-2014 fiscal year.</p>	07/01/2013	<p>Development of committee to include Pinal County Finance, PCSO Finance, PCSO Warehouse, PCSO Paralegal, Canteen Food Service Representative, PCSO ADC Administration</p>
<p><i>2. Internal Audit recommends County Management biennially prepare a revised ICE IGSA proposal, including an adjusted per diem rate based on an actual and projected cost analysis prepared collaboratively by PCSO and County Management, to present to the Pinal County Board of Supervisors for their consideration.</i></p>	Yes	<p>Pinal County shall contract with an independent vendor that can provide the service which can develop a program; this shall be the same process to set the per diem rate that is set for the municipalities within Pinal County.</p> <p>Example: MGT developed the last per diem rate study in 2009.</p>	To be determined by Pinal County	Pinal County Management and PCSO Administration

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible
3. <i>Internal Audit recommends PCSO utilize an independent third-party, using current industry standards, to conduct a detailed staff analysis to determine optimal staffing levels for ICE agreed upon services and ICE operations budget</i>	Yes	The staff analysis vendor must be submitted through and RFP and put out for bid to identify potential vendors and cost. No current budget capacity to provide for this service	First Quarter of 2013-2014 fiscal year	Pinal County Management, Pinal County Attorney's Office and Pinal County Finance and PCSO Management
4. <i>Internal Audit recommends PCSO utilize an independent third-party, using current industry standards, to estimate resources and costs needed to implement direct supervision for detainees of all classification levels. Projected costs should be included in a per diem evaluation.</i>	Yes	The staff analysis vendor must be submitted through an RFP and put out for bid to identify potential vendors and cost. No current budget capacity to provide for this service	First Quarter of 2013-2014 fiscal year	Pinal County Management, Pinal County Attorney's Office and Pinal County Finance and PCSO Management
5. <i>Internal Audit recommends PCSO always include approved and anticipated wage modifications in proposed per diem adjustments, to avoid shifting interim increased ICE staff costs to the general fund</i>	Yes	This process will be a part of Audit Recommendation #2	To be determined by Pinal County	Pinal County Management and PCSO Administration
6. <i>Internal Audit recommends PCSO track medical transport information separately by contract or agreement, for improved staff utilization, cost accounting and appropriate per diem assessment.</i>	Yes	This process will be a part of Audit Recommendation #1	07/01/2013	Development of committee to include Pinal County Finance, PCSO Finance, PCSO Warehouse, PCSO Paralegal, Canteen Food Service Representative, PCSO ADC Administration