

STATE OF WISCONSIN
Senate Journal
Ninety–Eighth Regular Session

MONDAY, May 7, 2007

The Chief Clerk makes the following entries under the above date.

CHIEF CLERK'S ENTRIES

DEPOSITED WITH THE SECRETARY OF STATE

The Chief Clerk records:

Senate Joint Resolution 41

Senate Joint Resolution 42

Deposited in the office of the Secretary of State on 5–3–2007.

**INTRODUCTION, FIRST READING, AND
REFERENCE OF PROPOSALS; REFERENCE OF
APPOINTMENTS**

Read and referred:

Senate Joint Resolution 48

Relating to: American Stroke Awareness Month.

By Senators Taylor, Coggs, Hansen, Grothman, Lehman, Darling, Lazich, Kreitlow, Erpenbach and Lassa; cosponsored by Representatives Sheridan, Fields, Boyle, Young, Sinicki, Jeskewitz, Seidel, Suder, Molepske, Cullen and Petrowski.

To committee on **Senate Organization**.

PETITIONS AND COMMUNICATIONS

**State of Wisconsin
Legislative Audit Bureau**

May 3, 2007

The Honorable, The Legislature:

During the course of a September 2005 financial review of internal controls at the Green Bay Correctional Institution, we became aware of a credit union on its grounds and employing state workers. In 2006, we conducted additional fieldwork to learn more about the operations of this credit union and identified another credit union operating at Waupun Correctional Institution. We assessed whether state resources, including state employee staff time, were being used to conduct credit union business. We did not review the financial condition of each credit union; however, we note that as required by s. [186.235\(16\)](#), Wis. Stats., each credit union has been subject to regular inspections by the Office of Credit Unions within the Department of Financial Institutions.

The credit unions were incorporated and chartered in 1932, and they continue to serve several hundred members. However, both their location and prison officials' limited knowledge about their operations raise some concern that state resources have been used inappropriately. For example, until we raised the issue, and contrary to Department of Corrections policy, conflict-of-interest forms were not on file for any of the five

state employees who are also paid employees of the credit unions. Further, the Waupun credit union is located in the business office, and staff have reported that information on credit union services is sometimes provided during state office hours.

We believe steps should be taken to ensure compliance with the Department's policies concerning outside employment and to establish a clear separation between credit union and state business. It may also be appropriate to consider whether the credit unions should continue to operate under the existing arrangements.

We appreciate the courtesy and cooperation extended to us by staff at the Department of Corrections and at the Office of Credit Unions within the Department of Financial Institutions as we conducted this review.

Sincerely,
JANICE MUELLER
State Auditor

**State of Wisconsin
Legislative Audit Bureau**

May 3, 2007

The Honorable, The Legislature:

As part of our ongoing audit responsibilities, we conducted a limited-scope review of pricing policies for canteens in each of the 20 adult correctional institutions administered by the Department of Corrections (DOC). Canteens operate as prison stores from which inmates may purchase packaged foods, cards, stamps, personal items, toiletries, and other items. Institution administrators have broad authority for canteen operations. For example, they choose whether an institution will operate its canteen directly or select a private vendor, as well as which items will be sold to inmates. Canteens are managed by state employees in 14 institutions and by contractors in the other 6.

DOC has established pricing policies that apply to both state-operated and contract canteens. These policies require items sold in the canteens to be priced approximately 10 percent above the price paid by the vendor. The mark-up now appears to be consistently applied, but we found that differences in prices for similar items were sometimes substantial and that these differences occurred in both state-operated and contract canteens.

In February 2003, an internal working group reported that consolidating canteen operations would likely result in reduced costs to DOC and inmates. We include a recommendation for DOC to reassess the costeffectiveness of consolidating canteen operations, either through a private vendor or with state employees, and report to the Joint Legislative Audit Committee by October 1, 2007.

We appreciate the courtesy and cooperation extended to us by DOC staff during the course of our review.

Sincerely,
JANICE MUELLER
State Auditor