

Message

From: Bertolino, Louis E (SAO) [louis.e.bertolino@state.ma.us]
Sent: 6/13/2018 1:59:02 PM
To: Lawrence Oliveira [/O=BCSO/OU=DHOC/cn=Recipients/cn=LAWRENCEOLIVEIRA]
Subject: Few questions on some contracts

Hello Larry,

I have a few questions that arose while I tested the contracts the BCSO obtained.

Easy questions first:

- 1- When reviewing the contracts we selected, I noticed that some have a signed copy of "collusion" and "tax certification". Yet, some do not:
 - a- Delivery concepts East (purchase of 2017 food truck 9/16/16) **has** collusion and tax certifications forms in the file provided.
 - b- Correctional Psychiatric Services **only** has tax certification form.
 - c- First Ford(2014 fusion , Fiesta , 1/5/26),
RAPPP South coast Hospital Group (\$15k/year 7/1/17),
Parents helping parents (\$5,200 5/13/16),
Securas Inmate phone system (8/8/11),
Have **no** collusion, **no** tax certification forms in the files provided

Question 1- Would you happened to have those missing forms at all? It is not imperative.

- 2- The infamous Securas contract:

As we talked about before, due the high profile of this contract, I put together what I think is a proper narrative for this contract and its amendments.

Please correct me if the following assumptions are wrong.

- a- 5/2/11- the BCSO Advertised for the need of Inmate phone systems.
5/19/11 Securas submitted bid with a proposed 48% commission for all calls with:
Local calls: \$3.00 Connection fee, .10/minute
Interstate: \$3.95 Connection, .89/minute
Estimated gross revenue based on 1000 inmates with 10 minute call = \$5.77 each call
Annual Gross revenue - \$3,159,075
Estimated Commission paid to BCSO - \$2.77 each call
Proposed Annual commission paid to BCSO - \$1,516,356

8/8/11 Contract signed with the following parameters

5 year contract with option for additional four - (1) year contracts
48% commission as stated in the bid, plus
\$130,000 payment annually to cover 2 onsite administrators, plus
\$75,000 annually for Technology

10/21/15- Amendment 1

"A consideration of **\$820,000**" if the BCSO agrees to the following amendment:

5 year contract will be renewed for an additional one- 4 year term at Sheriff discretion.

Cease commission payout (ending 2020)

11/11/15 **Amendment 2**

\$820,000 shall be paid to the BCSO at the time of amendment 2 execution.

Question 2a - Is my following assumption correct?

I believe that the 820,000 was a payment to BSCO so that the BSCO will "consider" the 10/21/15

Amendment, changing to a 5 year + 4 year contract renewal and the **removal of commissions**. In which

case, securas will pay the BCSO a one time fee of \$820k **instead** of the original proposed \$1.5 million/year in commissions?

5/12/16 Amendment 3

FCC rules forced a change in per minute rates that can be charged, new rates are as follows:

Prior Average transaction fee per inmate (calls fees) \$6.96

Amended average transaction fee \$3.10

Prior per minute charge: .10

Amended per minute charge: .0507

b- I assume that the time between the original contract execution (8/8/11) and the first amendment (10/21/15) the BCSO received approximately:

- 50 months of commissions? (8/11 to 10/15)
- At least \$260k for onsite administration, depending on how they pay. (2 years@130/year plus partial 2011 an partial 2015?)
- At least \$150k for technology (75k/year plus partial 2011 and partial 2015)
- Finally, at the time of commission end (signing of amendment 2), You received the 820k in-lieu of commissions.

Question- 2b- Assuming my calculations are somewhat correct, where could I find those transactions in MMARS, are they under a certain heading or account?

Question – 2c- Although it's a bit outside of our audit period, my superiors are going to ask me “ how much \$ in commissions did the BCSO receive from the original contract signing to end of commissions (8/8/11 to 10/21/15)” ?

Can you direct me to the Securas transactions in MMARS so I can come up with and verify a total figure?

Question – 2d- Can you provide for me the invoices in commissions from 7/1/15 to 12/31/15 (or up to the last month you received commissions. I believe you said Dec of 15 was the last month you received commissions)

Question 2e – I assume that the only other invoices after the end of commissions , were for the 820k then the \$130k/ year, and 75k/year. Do they pay monthly for those annual amounts?

If they are paid once a year, then ill need FY 16s, and 17s and 18s invoice for those payments.

Thank you. I know it's a bit long winded email, but I figure it's easier for you to read each step at your convenience, instead of bombarding you all at once in a meeting.

Just let me know when you have the items above, or if you need to clarify things in person (if that is easier).

Since we are still awaiting a few items from you ,(OT information from a prior request), and with your most recent vacation, im sure you are backlogged a bit. We will be onsite until the 29th to ensure we complete all testing.

Thanks again!

Louie

Louis E. Bertolino

Senior Auditor II

Office of the State Auditor

1 Winter St. 9th Floor

Boston, MA 02108

(617) 727-0025

Louis.Bertolino@massmail.state.ma.us