



Internal Audit Report

2022-05 – INMATE TRUST FUND

Jonathan P. Edwards, CIA, CPFO
Internal Auditor
123 West Indiana Avenue
DeLand, Florida 32720

September 23, 2022

volusia.org/government/internal-auditor

Table of Contents

Audit Letter	1
Background	2
Scope and Methodologies	4
Evaluation	6
Inmate Concerns Over Account Balances	7
Findings, Concerns, and Recommendations	8
Findings	8
1. County Not Compliant With State Statutes & Did Not Follow County Policies on Receivables	8
1.A. County Was Out Of Compliance With State Statutes Regarding Inmate Receivables	8
1.B. Account Receivable Balances Were Not Recorded & Subsequent Write-off Not Approved	11
2. Staff Not Following Up On Inactive Inmate Balances Nor Complying With Escheatment Statutes...	16
3. Reconciliations Are Not Adequately Performed.....	21
4. Procedures & Oversight Need Improvement On Day-To-Day Inmate Banking Operations	22
4.A. Inmates Do Not Always Sign For Purchases and Returns Are Not Signed	22
4.B. Transactions Are Placed On Inmate Accounts After Being Released & Not Investigated	23
4.C. Backup Documentation For Commissary Purchases Not Always Retained	25
4.D. Inmates Are Not Properly Booked Or Released In CORE Banking System	26
4.E. Stop Payment Process Appears To Be Punitive	28
4.F. County Losing Recoupment Of Inmate Medical Bills Due To Slow Inputting of Charges	28
5. High Percentage of Terminated Employees Have Access to CORE	30
6. Policies and Procedures Handbook Needs Updating	32
Concerns	33
1. Petty Cash Procedures Were Lacking	33
2. County Continues to Invoice the State For Unfunded Mandate of Housing State Inmates.....	34
3. Population Projections Annual Report Not Prepared Since 2018	35
4. Public Safety Coordinating Council Minutes Not Published & Vote Tally Not Always Recorded.....	36



September 23, 2022

Honorable Members of the County Council and County Manager:

I am pleased to present audit report 2022-05 Inmate Trust Fund. The purpose of this audit was to determine, with a reasonable degree of assurance, if inmate trust funds are safeguarded, to assess the adequacy and effectiveness of the internal controls relating to their funds, and whether related activities are operating efficiently, effectively, and in compliance with regulations and policies. The audit scope included all inmate transactions from January 1, 2020, through December 31, 2021.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, except for the requirement of an external quality control review. Those standards require that I plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for my findings and conclusions based on audit objectives. I believe that the evidence obtained provides a reasonable basis for my findings and conclusions. The audit was performed in the months of January 2022 through July 2022. Svetlana Ries, staff auditor, assisted with the audit work.

This audit was successful due to the assistance of the Corrections and Accounting division staff and we appreciate their support. All audit reports are available on the County's website at:

volusia.org/government/internal-auditor

A handwritten signature in black ink, appearing to read "Jonathan Edwards".

Jonathan Edwards, CIA, CPFO
Internal Auditor

Background

The County Corrections Division (“Corrections”) provides housing, care, and safety to felony and misdemeanor criminal offenders who are arrested and awaiting trial or sentenced to serve time in the County’s institution. These facilities include the Volusia County Branch Jail (VCBJ) and the Volusia County Correctional Facility (VCCF). The VCCF opened in 1977 with a design-rated capacity of 595 while the VCBJ opened in 1987 with a design-rated capacity of 899. The total design-rated capacity of 1,494 represents the number of inmates that the facility is designed to hold at any given time, not the maximum number of inmates that can be held. To maintain a manageable jail population, staff pay close attention to a multitude of statistics regarding various aspects of the jail population and respond by working closely with other stakeholders in the criminal justice system. In June 2017, the Corrections Director was confirmed by the County Council.

The inmate trust fund acts as the inmate’s bank account and serves to manage the inmate’s monies while incarcerated. The primary responsibility of staff, related to the inmate trust fund, is to safeguard the monies of individual inmates and process the inmate’s transactions.

Deposits in and withdrawals out of the inmate trust fund originate from a number of sources. The deposits may include: money on the person when booked into the facility, money received from family members (via online deposit or onsite kiosk), or money received from other government agencies. The withdrawals may include: inmate purchases for canteen items such as snacks and personal items, telephone calls to family members, medical copayments while incarcerated, or other expenses of the inmate. Upon release, any remaining monies are returned to the inmate via a County-issued check. If an inmate is transferred to another detention facility, the monies are transferred to that facility.

As a trustee, the County has established an inmate banking system to track and account for the activity within these accounts. The County follows generally accepted accounting principles (GAAP) and properly records the activities into a separate fiduciary trust fund. These monies are kept separate and are not commingled with other County funds. These monies do not support the operations of the County. The activity is reported in the County’s audited annual comprehensive financial report (ACFR).

The County contracted with Aramark Correctional Services, LLC for inmate banking and commissary services on May 21, 2015. Aramark utilizes inmate banking software called “CORE.” The contract was renewed over the years but expired in the spring of 2022. The County released a request for proposals (RFP) in 2021 and on March 15, 2022, the County Council approved a contract with Keefe Commissary Network, LLC for an initial term of five years with two subsequent two-year renewals. During audit fieldwork, Corrections and Accounting staff were in the process of transitioning to the Keefe software. In June 2022, staff successfully implemented the new software.

In November 2021, a councilmember contacted the Internal Auditor regarding concerns over inmate accounts. An inmate had claimed that Corrections took half of their Federal stimulus money received during the pandemic and applied it to their old accounts receivable balance. The councilmember had contacted the Corrections Director a month prior but had not received any follow-up on the issue. The previous evening, the councilmember shared the concerns with the County Manager, Deputy County Manager, and Chief Financial Officer. They immediately assigned a senior finance staff member and assistant attorney to assess and determine the impact of the issue.

Internal auditing standards include the three lines of defense model: (1) that front-line staff or managers address the issue and if that fails, (2) the senior, or executive staff, assign other knowledgeable staff to address and fix the issue and if that fails, (3) the internal audit department becomes involved. The auditor believed the second line was being deployed appropriately and was confident finance and legal staff would be able to assess the issue, determine any impact, and make any necessary changes to inmate banking procedures. Additionally, the 2022 audit planning was already underway by the auditor and inmate banking was included as one of the top priorities for 2022. This issue was raised at the County Council meeting on January 6, 2022, when the audit plan was discussed and approved by the County Council.

One of the objectives of this audit was to review the work of the finance and legal staff including any changes implemented to the inmate banking system resulting from the inmate's concern.

On August 15, 2022, subsequent to the completion of audit fieldwork, but preceding the release of this report, the Corrections Director was placed on paid administrative leave pending an active personnel investigation. Management has confirmed that the investigation did not relate to inmate trust funds and does not impact the results of this audit.

Scope and Methodologies

On January 6, 2022, County Council approved the 2022 Audit Plan, which included an audit of the inmate trust fund.

The purpose of the audit was to determine, with a reasonable degree of assurance, if inmate trust funds are safeguarded, to assess the adequacy and effectiveness of the internal controls related to their funds, and whether related activities are operating efficiently, effectively, and in compliance with regulations and policies.

The audit scope included all inmate transactions from January 1, 2020, through December 31, 2021.

Specific audit objectives were:

1. To obtain an understanding of internal controls that are significant to inmate trust activities.
2. To perform procedures that will provide reasonable assurance of detecting instances of noncompliance with laws, resolutions, and policies passed by the Council and guidelines that have been established relating to the inmate trust fund.
3. To perform procedures that will provide reasonable assurance that inmate funds are properly accounted for, maintained, and safeguarded.
4. To review and test transactions for accuracy and proper controls over receipts and disbursements.
5. To review staff's determination, impact, and changes in procedures regarding the inmate concerns over account receivable balances.

Audit procedures to accomplish these objectives included the following:

- Obtained and reviewed resolutions, Federal and State regulations, program guidelines, department policies and procedures, and other relevant documentation pertaining to inmate trust funds.
- Reviewed and understood internal controls over inmate trust activities.
- Interviewed staff who oversee the inmate monies.
- Reviewed and tested deposits, commissary orders, medical, dental, and other disbursement transactions from the inmate's account.

During this timeframe, there were 23,881 inmates processed by Corrections. Combined, there were 1,850,648 transactions processed which consisted of inmate deposits, commissary orders, bond payments, medical charges, etc. There were \$7,660,928 total deposits and a total of \$7,573,503 disbursements. Table 1 provides a breakdown by the transaction type for the two calendar years.

A total of 75 inmates were selected for testing. 50 were randomly selected with the remaining 25 judgmentally selected based on a cursory review of their transactions. There was a total of 26,399 transactions between the 75 inmates. A total of 333 transactions were judgmentally selected for auditing. Table 1 provides a breakdown of the test selection by transaction type.

In addition to specifically testing these 333 transactions, if it was noted that the inmate had unusual or unique transactions outside of the scope of years 2020 and 2021, the transactions were audited and included in this report. Throughout this report, these transactions are used as examples to support the conclusions and recommendations.

During 2020 - 2021:

23,881 Total Inmates
1,850,648 Total Transactions

75 Inmates Selected

50 Randomly

25 Judgmentally

26,399 Transactions

333 Transactions Tested

Table 1: Inmate Trust Transactions Selected for Audit by Type for Years 2020 and 2021

Transaction Type	Population Amount	Population Count of Transactions	Test Amount	Test Count of Transactions	% of Population Amount	% of Population Count
Deposits	\$ 7,660,928	103,007	\$ 96,686	72	1.26%	0.07%
Commissary Orders	3,402,319	198,923	4,156	100	0.12%	0.05%
Bonds	296,226	613	6,500	5	2.19%	0.82%
Expired Checks	14,170	1,826	18	4	0.13%	0.22%
Inmate IDs	100	11	20	1	20.00%	9.09%
Release Inmate	2,260,386	42,163	7,533	70	0.33%	0.17%
Pay Debt	-	76	-	4	-	5.26%
Medical	44,478	4,852	148	17	0.33%	0.35%
Dental	29,766	742	282	4	0.95%	0.54%
Copies	1,406	1,642	135	9	9.62%	0.55%
Reading Glasses	7,297	743	11	4	0.15%	0.54%
Restitution	149	5	30	1	20.09%	20.00%
Transfers	30,306	9,145	9,271	18	30.59%	0.20%
Phone	1,486,900	1,486,900	24	24	0.00%	0.00%

Evaluation

Based on the results of the audit, there is significant room for improvement in internal controls. Policies and procedures are outdated; there is a lack of awareness and noncompliance with state statutes regarding inmate account balances; there are large percentages of inadequate documentation to support services and charges to inmate accounts; staff is not generating nor analyzing reports available in the inmate banking system; controls are lacking over monitoring and analyzing of inmate accounts to bank statements; and there is a general lack of understanding and assessment of the risks in regards to the inmate trust fund.

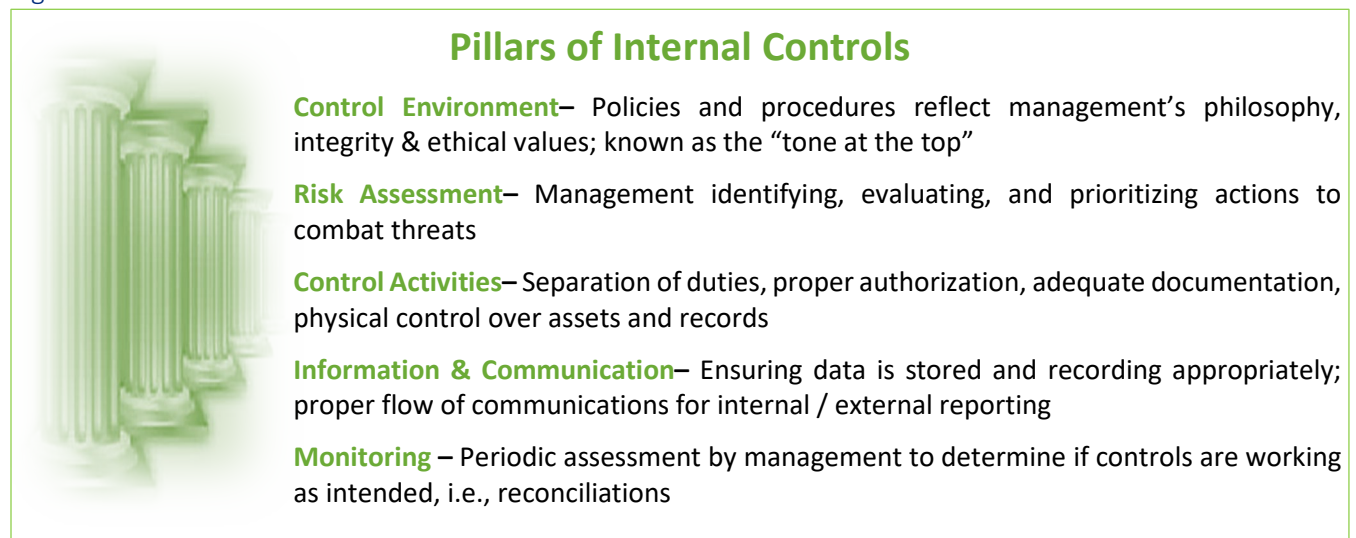
Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. It consists of five interrelated components, known as the internal control framework. These are derived from the way organizations are run and are integrated with the management process. Figure 1 is a brief description of these five pillars of internal controls.

Internal controls can:

- **prevent** undesirable events from occurring, i.e., separation of duties, passwords for computer programs, document authorization for transactions
- **detect** undesirable events which have already occurred, i.e., reconciling data, adequately reviewing reports and exception reports
- **encourage** a desirable event to occur, i.e., policy statements, guidelines, and training
- **compensate**, at least partially, for a missing or excessively costly control, i.e., supervisory review where separation of duties is impractical

By not having internal controls working optimally, the inmate trust fund is susceptible to fraud, mishandling, and inefficient processes.

Figure 1: COSO¹ Internal Control Framework



¹ Committee of Sponsoring Organizations, known as COSO, organized in 1985 sponsored jointly by the Institute of Internal Auditors, the American Institute of Certified Public Accountants, Financial Executives International, the American Accounting Association, and the Institute of Management Accountants; with the goal to provide leadership regarding internal control, enterprise risk management, and fraud deterrence.

Inmate Concerns Over Account Balances

As stated, in November 2021, a councilmember contacted the Internal Auditor as an inmate had claimed to the councilmember that Corrections took half of their Federal stimulus money received during the pandemic and applied it to their old accounts receivable balance. This information had been shared previously by the councilmember with the Corrections Director, but follow-up on the issue had not been satisfactory to the councilmember. The previous evening, the councilmember had shared the concerns with the County Manager, Deputy County Manager, and Chief Financial Officer (CFO). They assigned a senior finance staff member to work with an assistant County attorney to review the records and to make a determination on the impact on the inmate as well as other potentially impacted inmates.

The following afternoon a meeting was held between the CFO, the assigned finance staff, the assistant attorney, the Corrections Director, and Assistant Director to discuss the issue and management's response and plans. The auditor attended the meeting as well. Corrections staff confirmed that if an inmate has an outstanding balance from past incarcerations and if they receive any new deposits, half of their deposit is applied to the outstanding balance and the other half is used for any new commissary purchases. This practice was used to help the County recover amounts owed while still allowing the inmate to make purchases during their current incarceration.

Account balances owed by inmates were not derived from commissary purchases but from copayments for medical and dental charges, copies for legal research, and the purchase of reading glasses. Additionally, prior to the summer of 2017, the County would place a "restitution" charge to an inmate's account for any damage the inmate may have caused to County property while incarcerated. Also, if an inmate injured another inmate, the victim's medical bills were added as a restitution charge. The Corrections Director stopped this practice shortly after assuming the director role in June 2017.

During the meeting, staff shared they were confident in determining the impact and their plan to address the legal concerns. During the next 60 days, finance staff focused on all deposits over \$600 received during the last two years to determine if any of the large deposits, i.e., stimulus checks, were used to pay down debt older than three years. Finance staff determined that 78 accounts met the criteria and 12 were due refunds as their debt was older than 3 years. These 12 refunds totaled \$885.02.

Based on legal advice, new procedures were put in place that any debt older than 3 years would be purged on a monthly basis to meet the statutes. Staff also performed a write-off of all debt that was older than 3 years.

As noted in this report, staff reviewed deposits over \$600, mainly focusing on stimulus deposits that were applied against debt older than 3 years. However, the audit found at least one inmate who met the criteria and was missed by the finance staff. Also, in an attempt to meet the state statute, staff wrote off inmate balances that were older than 3 years. However, in doing so, staff did not comply with County policy in obtaining the County Council's approval for writing off individual balances over \$5,000. Additionally, as noted in the report, the write-off totaled over \$500,000, which given the amount and in the interest of awareness and transparency, should have been shared with the County Council.

This report includes several details that lead to this issue and recommendations on how to prevent this from happening in the future.

Findings, Concerns, and Recommendations

Findings are defined as frequent or commonly seen observations during an audit. They include critical and major failures in a program where requirements have not been effectively implemented or where there are significant issues.

Concerns are defined as infrequent or isolated observations during an audit. They include minor failures in a program where requirements have been met but opportunities may exist for improvement.

FINDINGS:

1. COUNTY NOT COMPLIANT WITH STATE STATUTES & DID NOT FOLLOW COUNTY POLICIES ON RECEIVABLES

The County has not been in compliance with state statutes and did not remove inmate receivable balances after 3 years. The County must provide certain services to inmates regardless of their ability to pay. The County's General Fund pays for these expenditures unless the inmate has sufficient funds in their trust account. The County has not been recording the inmate account receivable balances in the County's general ledger, which may have been material to the County's financial statements. Additionally, the subsequent write-off to comply with State Statutes was not approved by the County Council.

1.A. COUNTY WAS OUT OF COMPLIANCE WITH STATE STATUTE REGARDING INMATE RECEIVABLES

The County must provide certain services to inmates regardless of their ability to pay, i.e., medical, dental, and copies for legal purposes. In the event the inmate cash account does not contain sufficient funds to cover medical care, treatment, hospitalization, or transportation costs; Florida Statute 951.032(1)(a) allows counties "to place a lien against the inmate's cash account or other personal property to provide payment in the event sufficient funds become available at a later time." The statute further states that "any existing lien may be carried over to future incarceration of the same prisoner as long as the future incarceration takes place within the county originating the lien and the future incarceration takes place within 3 years of the date the lien was placed against the prisoner's account or other personal property."

County procedures set in place for several years, were that if an inmate had a balance owed, and received future deposits, that 50% of their deposit would be applied to their account receivable balance and the other 50% be available for any commissary purchases while incarcerated.

Prior to the summer of 2017, Corrections staff would place a "restitution" charge on inmate accounts if they caused damage to County property and/or caused medical claims to another inmate. These restitution charges were not taken through the Court system for a judgment against the inmate. These balances owed for these charges were treated the same as medical and dental charges, i.e., half of any future inmate deposits were applied against the balance until fully paid.

6 of the 75 inmates tested (or 8%) had half of their deposits applied to debt older than 3 years. This is out of compliance with the statute. Inmates are assigned two numbers at their initial incarceration: (1) a SPN (system person number) which never changes even if there are multiple incarcerations and (2) a booking number with a new number being assigned for each incarceration. Staff were running reports based on the inmate's booking number which showed transactions by each booking and not the inmate's SPN, which showed all transactions since July 2015 when the CORE system was

implemented. Management misunderstood and misapplied the statute. Following are details of the 6 inmates who paid debt that was past the statute limitations of 3 years:

- An inmate was charged a total of \$1,856.25 (a restitution charge of \$107.22 for breaking a window and medical charges of \$1,749.03 for an outside medical provider) on 12/8/2015. The restitution charge should not have been assessed and the medical charges should have been removed in 2018. Since 2015 the inmate has been incarcerated multiple times and incurred other debt through the years. During their different stays, the inmate also received multiple deposits and booking deposits that were applied at 50% to their account balance. In 2016, the inmate had \$55.04 in deposits applied to the medical debt. In April and June of 2021, the inmate received large deposits from the Federal stimulus with staff applying half of the amounts to debt that should have been written off in 2018 as well as applying the stimulus money towards the restitution charges. **When finance staff performed their review in January 2022, this inmate met the criteria but was not included in their search. The County should refund the inmate \$1,801.21.**
- An inmate had medical debt originating from 2015 of \$136.00, 2016 of \$36.00, and from 2020 of \$30.00 for a total balance owed of \$202.00. The inmate received a stimulus deposit of \$600.00 on 1/29/2021 and staff applied \$202.00 of it towards their balance due. However, the 2015 and 2016 debt should have been written off in 2018 and 2019 respectively. **When finance staff performed their review, it was noted, and the inmate received a refund of \$172.00 in January 2022.**
- An inmate had a balance owed of \$162.09 prior to July 2015 when the debt was transferred in. At the very latest, the debt should have been written off in July 2018. The inmate was reincarcerated in January 2021. In May 2021, the inmate received stimulus monies of \$1,802.07 and staff applied \$162.09 towards their balance due. **When finance staff performed their review, the inmate received a refund of \$162.09 in November 2021 upon the inmate contacting the councilmember.**
- An inmate had debt owed prior to the CORE system conversion in July 2015 of \$81.45 plus an additional medical charge of \$16.00 in August and September 2015, which totaled \$97.45. Since then, the balance increased due to medical charges and very small deposits to their account before a stimulus payment in 2021. Debt that was past the 3 years that should have been written off totaled \$144.27. **When finance staff performed their review, the debt incurred between 2015 and 2018 was not factored and only issued a refund of \$94.72. The inmate is owed an additional \$49.55.**
- An inmate had debt owed prior to the CORE system conversion in July 2015 of \$55.74. At the very latest, the debt should have been written off in July 2018. The inmate was not incarcerated again until November 2019 when half of their booking deposit was applied towards their balance due. **When finance staff performed their review, this inmate was not included as it did not met the criteria used by Finance. The inmate is owed \$55.74.**
- An inmate incurred two separate medical charges in October 2015 and January 2016 with an amount owed of \$20.75 when released in January 2016. The debt should have been completely written off by January 2019. The inmate was incarcerated for a few hours in 2020 and for a few months in 2021. In June 2021, the inmate received stimulus payments and staff applied \$20.75

towards their balance due. **When finance staff performed this review, the inmate met the criteria and the inmate received a refund of \$20.75 in January 2022.**

Staff were not reviewing inmate account balances to ensure the statute was properly followed. Corrections staff stated they only generate inmate account receivable reports upon request. However, as noted later in this report (see Figure 3), monthly reports were being generated but not reviewed or used which demonstrated inactive inmate accounts, their release date, and their account balances.

Table 2 provides a summary of the categories of inmate accounts receivable balances, the number of inmates, and the cumulative amount of the debt by dollar range.

Table 2: Inmate Accounts Receivable Balances By Category As of 12/31/2021

Range	Category	Number of Inmates	Cumulative Amount
\$50 and greater	Medical, Dental, Copies, etc.	862	\$ 103,778
\$10 - \$49.99	Medical, Dental, Copies, etc.	1,912	39,761
\$0.01 - \$9.99	Medical, Dental, Copies, etc.	1,172	7,742
Subtotal	Medical, Dental, Copies, etc.	3,946	151,281
\$50 and greater	* Old System	1,456	275,667
\$10 - \$49.99	Old System	3,410	72,734
\$0.01 - \$9.99	Old System	2,348	14,354
Subtotal	Old System	7,214	362,755
Total		11,160	\$ 514,036

* Old System are balances that were imported from the previous system used to account for inmate banking. This old system was called COBRA and was discontinued in July 2015.

RECOMMENDATIONS:

1. Develop and implement a policy and procedure to purge all inmate debt-related charges older than 3 years.
2. Investigate debt incurred prior to January 2022, and refund inmates whose accounts were charged incorrectly.
3. Generate, at least monthly, reports from the inmate banking system and review reports to ensure inactive inmates with balances are investigated.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and have already implemented this as part of the new Keefe inmate banking system.*
2. *We partially agree with the recommendation. We disagree with how broadly the recommendation was written, i.e., without a beginning date. Management believes it reasonable to investigate all debt incurred within the potential claim period available by State law (i.e., the statute of limitations). Utilizing the provisions of Florida Statute 95.11(3), management agrees to investigate payments made to the County inmate trust accounts within the last 4 years for any potential misapplication of such payments to debt. This review of debt will likely require additional staffing or contract services to perform.*

3. *We agree and have implemented policies and procedures to generate monthly reports to review inactive inmates with account balances and add a secondary level of staff review to identify inmate debt carried more than three (3) years.*

1.B. ACCOUNT RECEIVABLE BALANCES WERE NOT RECORDED & SUBSEQUENT WRITE-OFF NOT APPROVED

On 8/23/2012, the County Council approved the credit, collection, and write-off policy for accounts receivables. The policy requires the “County Chief Financial Officer, or their designee, to ensure that accounting and financial management systems are adequate to properly account for, record, and manage receivables, whether those systems are manual or automated.” It requires several items, including:

- an accurate record of receivable transactions,
- maintain a record of year-end receivable balances, including an aging report (i.e., 1-30 days old, 31-60 days old, 61-90 days old, 91-120 days old, and over 120 days old),
- recognize and report receivables in accordance with generally accepted accounting principles (GAAP),
- provide realistic estimates of, and properly account for, doubtful accounts,
- properly account for receivables that are written off

Table 3 is a listing of the inmate accounts receivable balances for fiscal years 2020 and 2021, which may have been material² to the County’s ACFR for those years ending. During the year-end process, accountants within the Accounting Division regularly prepare workpapers for general ledger balances. These workpapers are then reviewed by the accounting management prior to being given to the external auditor. This process ensures that balances are analyzed, understood, and appear to be correct. By not recording the inmate account balances in the general ledger, this analysis was not performed. If it had, the Accounting Division may have realized the County was not in compliance with state statutes and these balances could have been addressed earlier.

² Materiality is defined by generally accepted auditing standards (GAAS) promulgated by the American Institute of Certified Public Accountants (AICPA), in the context of financial reporting, as the notion that an omission or misstatement of accounting information is of significance as to make probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users made on the basis of the financial statements. Judgements about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement, a combination, or both. Judgements involve both qualitative and quantitative considerations. The auditor’s determination of materiality is a matter of professional judgement and is affected by the auditor’s perception of the financial information needs of users of the financial statements. [AU-C Section 320.02 and 320.04]

Table 3: Inmate Accounts Receivable Balances By Category

Category	Receivable Amount 9/30/2020	Number of Transaction Type 9/30/2020	Receivable Amount 9/30/2021	Number of Transaction Type 9/30/2021	Receivable Amount 5/10/2022	Number of Transaction Type 5/10/2022
Copies	\$ 1,740	266	\$ 1,726	285	\$ 12	16
Dental	58,888	924	59,344	906	2,551	52
Inmate ID Badge	32	3	32	3	-	-
Medical	74,112	3,272	73,274	3,297	715	36
Old System*	370,086	7,440	363,940	7,335	52	6
Reading Glasses	10,140	777	11,578	856	385	34
Restitution	3,922	68	2,800	62	-	-
Total	\$ 518,920	12,750	\$ 512,694	12,744	\$ 3,715	144

* Old System are balances that were imported from the previous system used to account for inmate banking. This old system was called COBRA and was discontinued in July 2015.

In January 2022, in an effort to meet the statute, the CFO directed County staff to write-off inmate account balances that were older than 3 years. This write-off totaled \$512,165.68 and consisted of 10,752 inmate account balances. Table 4 includes the dollar ranges of the inmate balances that were written off.

Table 4: Inmate Accounts Receivable Write-Off Range

Inmate Account Balance Range	Number of Inmate Balances	Amount of Balance
\$5,000 and greater	6	\$ 69,099.93
\$1,000 - \$4,999.99	19	37,059.27
\$50 - \$999.99	2,218	277,726.48
\$0.01 - \$49.99	8,509	128,280.00
Total	10,752	\$ 512,165.68

As noted in Table 4, there were 6 inmate accounts that were greater than \$5,000 that were written off. The 6 inmate accounts contained debt that was incurred prior July 2015 when the system was converted to CORE.

The County policy, adopted on 8/23/2012, requires that if the accounts receivable amount is \$5,000 or higher the County Council approves the write-off. The CFO contends the write-off was statutorily required and supersedes County policy. However, in the interest of accountability and transparency³, it is the auditor's opinion the County Council should have been presented with this information.

The County Attorney provided input on the issue and contends that County Ordinance 2020-13, which was passed by the County Council on 8/25/2020, authorized the County Manager "to compromise, settle, and pay any litigated or non-litigated claim filed with the County's risk management program for up to \$50,000 after consultation with the County Attorney and evaluation by the risk management program committee, if applicable. Further, the County Manager may resolve a claim of the County in an amount up to \$50,000."

The agenda item description stated, "the proposed ordinance would also authorize the county manager to settle a claim of the county in the same amount, such as a damage claim to a county vehicle." The discussion held between the Council and management during the Council meeting related to purchasing thresholds and settlement of claims against the County. There was no discussion between the County Council and management regarding receivable balances (or in the County Attorney's view "claims of") due to the County or that these write-off thresholds were changing. (Emphasis added with underlined text.)

The minutes of the Council meeting held on 8/23/2012 stated that the councilmembers (at the time) were not comfortable with the staff's recommendation of \$25,000. Council modified and adopted the policy to \$5,000 for the fiscal year 2012 and going forward. It is the auditor's opinion that the intent at the 8/25/2020 meeting was to change the purchasing and claims thresholds. If the intent was to modify the accounts receivable policy, staff should have presented the Council with additional information.

4 of the 75 inmates tested (or 5%) had debt arising from medical or dental charges that were less than 3 years old written off as part of the large write-off performed in January 2022.

- An inmate had medical debt originated in 2021 of \$139 and it was written off in January 2022.
- An inmate had medical debt originated in 2019 of \$12 and it was written off in January 2022.
- An inmate had medical debt originating in February and March of 2021 that totaled \$49.99 and it was written off in January 2022.
- An inmate had medical and dental debt originated in 2016 of \$207 that was not written off until January 2022. However, the inmate also had additional medical charges added in 2019 of \$40 and in multiple months during early 2020 for \$107.99, of which \$30.00 was incurred for not attending a GED class in 2020. The total debt written off in January 2022 was \$351.93; however, \$147.99 was written off before the 3 years expired.

³ Accountability is defined as "a process whereby public sector entities and the individuals within them, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance and submit themselves to appropriate scrutiny." Transparency relates to "the openness of a public sector entity to its constituents. Good governance includes appropriate disclosure of key information to stakeholders so that they have the relevant facts about the public sector entity's performance and operations necessary to clearly understand motives and reach correct conclusions about the impacts of its actions. Accordingly, the public sector's decisions, actions, and transactions must be conducted in the open." The Institute of Internal Auditors: "Supplemental Guidance "The Role of Auditing in Public Sector Governance" 2nd edition, Jan. 2012. www.theiia.org

Should the inmate be reincarcerated within the 3-year timeframe, the debt may have been collected upon any deposits the inmate had at the time of booking or received thereafter. When extrapolated, the impact could be roughly 2,229 inmates who had debt discharged before the statutory limit. The County's General Fund is potentially losing the opportunity to recoup inmate medical and dental expenses.

Finance staff did not perform a detailed review of inmate transactions to determine when the debt was incurred prior to writing off the debt.

RECOMMENDATIONS:

1. Record inmate receivable balances in the County's general ledger to ensure proper recording and monitoring of inmate account balances.
2. Ensure County write-off policies are being followed, including obtaining the County Council's approval for items over \$5,000.
3. Perform a cost-benefit analysis to determine if it is practical to perform a detailed review and an understanding of inmate debt, and when it occurred, prior to the write-off of inmate balances.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and will record the receivable balance in the fiscal year 2022 accounting records.*
2. *We agree that the Credit, Collection, and Write-off Policy ("write-off policy") shall be followed; however, we believe the policy was already being followed.*

*Management notes that a write-off, as defined in the write-off policy, is a transaction where "writing off debt for accounting purposes does not discharge the debt. **The debt is still owed to the County**, but is no longer reported on the books as a receivable" [emphasis added; quoted from the definition section of the policy].*

During the audit, the auditor identified six accounts over \$5,000 that were removed from the books in January 2022. At the January 2022 removal date, the period allowed by State law to legally collect the charges that were removed for these six accounts had already expired. When State law no longer allows collection, the debt is no longer owed to the County. Because these accounts were not owed to the County by State law, they are not a write-off in accordance with the definition in the policy (again noting the policy definition of write-off includes that "the debt is still owed to the County").

Management and the County Attorney believe that removal of debt not legally enforceable is separate from a write-off transaction as defined in the policy. In accordance with the definition in the policy, management believes the \$5,000 limit applies to amounts still owed to the County, but not to amounts no longer owed to the County by State law. However, given the auditor's

recommendation, management will seek County Council approval of a revised write-off policy which will separately provide for the accounting treatment of amounts no longer legally owed to the County.

Also of note, County Ordinance 2020-13 granted to the County Manager the authority to resolve all claims of the County under \$50,000. All claims removed from the books were under this threshold. While management believes this authority was not needed, as explained above, in the instance of any perceived ambiguity in the write-off policy, we believe the authority granted by County Ordinance 2020-13 alone would also address the auditor's perceived lack of management authority to remove these legally unenforceable amounts from the books.

- 3. We agree to perform the cost-benefit analysis and have provided this analysis below. In accordance with the cost-benefit analysis, it is management's belief that a detailed review of accounts should not be pursued due to costs exceeding the benefits.*

Cost-Benefit Analysis

Of the approximate \$500,000 removed from the books in January 2022, approximately \$350,000 was "old system debt" incurred prior to 2016. None of this debt should be considered as potentially recoverable since it exceeds the 3-year timeframe allowed by State law.

The remaining amount of approximately \$150,000 is related to the period of 2016 – 2021. At this time, only debt related to transactions occurring in September 2019 (3 years prior to today) through January 2022 (the removal date) need to be considered for potential restoration. This is again due to the 3-year timeframe allowed by State law. The amount related to the identified period is estimated to be no more than 1/3 of the total 2016 – 2021 amount, or \$50,000 ($\$150,000 \times 1/3$) (which is attributable to thousands of separate inmate accounts).

Management notes that many, if not most, of the balances owed by inmates that could be restored to the inmate debt ledgers are related to inmates that will not return to the county's corrections facilities in the future. For the portion of inmates that do return or currently incarcerated, management then believes that any such inmate, potentially owing part of the estimated \$50,000, will very likely also owe a debt from the soon-to-be implemented subsistence fees. Therefore, most of the estimated \$50,000 that could be potentially restored to inmate debt balances will only further pile onto already existing debt balances (from unpaid subsistence fees). This is why management believes adding back additional debt from the inmate's portion of the \$50,000 (which is spread over thousands of inmates) will rarely result in collection of these added-back amounts. When considering this, management believes no more than 10 percent of the potential \$50,000 amount to be collectible. This would mean no more than \$5,000 in return on the expenditures required to analyze thousands of inmate accounts to determine which inmate debt balances could potentially be restored. Management firmly believes the cost (estimated at \$15,000 to \$25,000) will be many times higher than the return to perform such investigation, therefore it is not considered cost-beneficial to pursue this matter any further.

2. STAFF NOT FOLLOWING UP ON INMATE BALANCES NOR COMPLYING WITH ESCHEATMENT STATUTES

County staff was not following up on inmates who had been released and had balances in their accounts. Upon being notified by the auditors, staff re-issued checks to former inmates for balances owed; however, the value of the inmate's account was not taken into consideration. Additionally, regarding the re-issued checks that were returned in the mail, it appears that staff did not take a few minutes to investigate or update inmate addresses as there was no documentation to support the effort.

Florida statutes 717.112(5) require that monies held in a fiduciary manner and are unclaimed for more than a year be turned over to the Florida Department of Financial Services. Amounts under \$50 may be combined in the aggregate when turned into the State. This is referred to as the escheatment process.

Corrections staff generate a monthly report which includes inmate balances and whether the inmate is considered "active" or "inactive" and share this report with the accountant during the monthly reconciliation process. The report also includes the date the inmate was released. The November 2020 report was reviewed by the auditors which revealed several inmates with an inactive status with balances owed to the inmate. Until the auditors started questioning staff during the spring of 2022, these balances were not resolved and were owed to the inmate. There were 1,697 inmates with inactive status released prior to 2019 (meaning the inmate balances should be, at minimum escheated to the State). Combined, the balances were \$28,484.54. Table 5 provides a summary of the inactive inmates prior to 2019 and the number of inmates with balances over \$50.

Table 5: Balances of Inactive Inmates Prior to 2019

Year	Number of Inmates	Inmate Balances	Number of Inmates over \$50	Inmate Balances over \$50
≤ 2015	717	\$ 12,509.07	31	\$ 6,284.71
2016	257	4,758.79	17	2,333.42
2017	218	3,354.20	14	1,381.22
2018	261	4,225.27	17	2,357.63
2019	244	3,637.21	11	2,161.35
Total	1,697	\$ 28,484.54	90	\$ 14,518.33

Figure 2: Number of Inactive Inmate Balances Prior to 2019

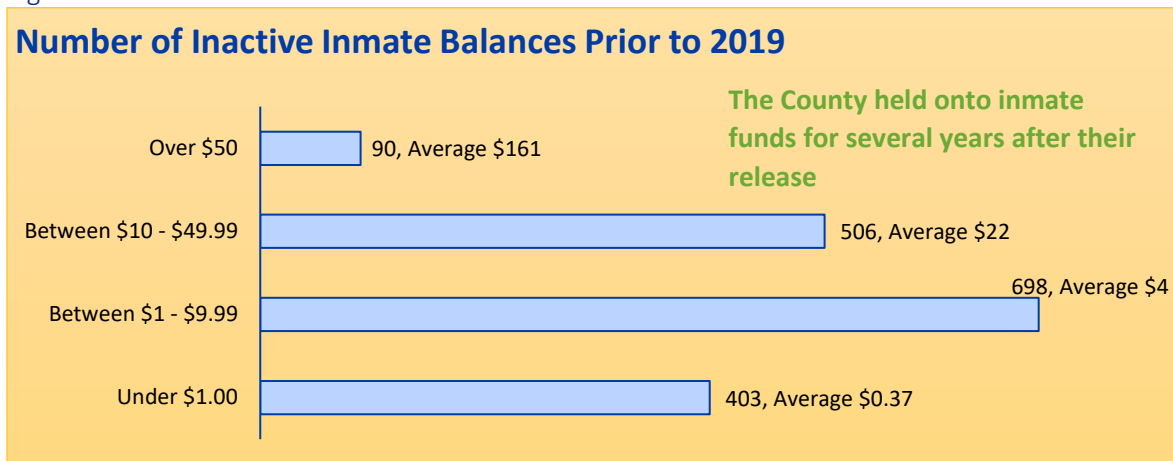


Figure 2 includes all of the inactive inmate balances where the County held onto their funds for several years after the inmate was released. There were 90 inmates who had balances due over \$50. All 90 of these balances were reviewed to determine why the inmates had balances outstanding while they were released prior to 2019. Table 6 provides a summary of the issues noted.

Table 6: Reason for Inmate Balances over \$50

Reason for Inmate Balances	Count	Percentage of Issue	Inmate Balances
Check Not Issued to Inmate	41	46%	\$ 6,530.86
Inmate Did Not Pick-Up Check Upon Release	20	22%	2,513.82
Inmate's Release is Not Recorded in CORE	19	21%	2,510.16
Check was Voided or Lost and Not Re-issued	10	11%	2,963.49
Total	90	100%	\$ 14,518.33

26 of the inmates had their balances imported from the inmate banking system used prior to 2015. This amounted to \$5,803.55. Below are just a few of the examples of the circumstances noted:

- An inmate was booked and released two hours later on 3/19/2014 with \$3,135.00. The previous banking system was used and it is unknown where their balance originated from, but it is assumed that the inmate was booked with money on hand. There is no documentation that staff contacted the inmate nor was the money escheated to the State. On 4/19/2022, the Corrections released a check to the former inmate for \$3,135.00. As of July 2022, the check remained outstanding.
- An inmate was booked with \$1,308.46 on hand and released seven hours later on 6/5/2019. Upon their release, a check was issued to the inmate; however, the check was voided on 6/17/2019 with a notation the inmate had "lost the check." No further transactions were recorded or documentation of re-issuing the check. On 4/19/2022, Corrections released a check to the former inmate for \$1,308.46. As of July 2022, the check remained outstanding.
- An inmate was booked with \$569.00 and released five hours later on 4/23/2018. A check was issued upon release; however, a few hours later the check was voided and was not reissued. On 4/19/2022, Corrections released a check to the former inmate for \$569.00, which was cashed by the inmate.
- An inmate was booked on 5/16/2015 and released on 9/27/2016. During this time, the inmate received deposits to their account and made multiple commissary purchases. Upon their release, the inmate had a balance of \$525.09; however, a check was not issued to the inmate. On 4/19/2022, Corrections released a check to the former inmate for \$525.09 but it was returned to the County in May 2022. The balance remains on the inmate's account as of July 2022.
- An inmate was booked on 5/27/2015 and released on 7/17/2015 with a balance of \$499.88. According to jail records the inmate is deceased. The balance remains on the inmate's account and no documented effort to escheat the balance to the State.
- An inmate was booked on 5/27/2015 and released on 10/4/2016 with a balance of \$330.78; however, a check was not issued to the inmate. On 4/19/2022, Corrections released a check to the former inmate for \$330.78 but it was returned to the County in May 2022. The balance remains on the inmate's account.
- An inmate was booked on 7/24/2015 and released on 9/29/2015 with a balance of \$259.58. Upon release, a check was issued then voided 3 hours later. On 4/19/2022, Corrections released a check to the former inmate for \$259.58. As of July 2022, the check remained outstanding.

As mentioned earlier in this report, monthly reports were being generated but not reviewed or used which demonstrated inactive inmate accounts, their release date, and their account balance. Figure 3 is an example from the November 2020 report that lists each individual inmate, their current status, the date of their last release, and the balance in their account. The report is 68 pages and Figure 3 is the top of the 3rd page. As demonstrated, there are 29 inmate balances in this screenshot, 21 (or 72%) were inactive and 8 (or 28%) were active. As noted elsewhere in this report, balances were imported from the prior banking system on 7/26/2015, meaning inmates with those dates were in fact released prior to that date.

Figure 3: Example of November 2020 Inmate Positive Balance Report

Current Status	Last Release	Balance
INACTIVE	10/29/2020	\$0.04
INACTIVE	07/26/2015	\$16.00
INACTIVE	07/26/2015	\$6.62
ACTIVE		\$41.66
INACTIVE	05/22/2019	\$1.06
ACTIVE		\$0.14
ACTIVE		\$47.24
INACTIVE	09/28/2018	\$6.40
INACTIVE	07/26/2015	\$12.00
ACTIVE		\$0.02
INACTIVE	07/26/2015	\$0.04
INACTIVE	01/18/2018	\$2.20
INACTIVE	07/26/2015	\$4.00
INACTIVE	07/26/2015	\$5.88
INACTIVE	08/15/2016	\$13.00
INACTIVE	06/12/2019	\$1.47
INACTIVE	08/16/2017	\$7.29
INACTIVE	09/25/2018	\$8.44
ACTIVE		\$0.92
INACTIVE	07/26/2015	\$25.50
ACTIVE		\$10.51
ACTIVE		\$140.96
INACTIVE	11/01/2015	\$26.36
INACTIVE	08/22/2017	\$20.96
INACTIVE	07/26/2015	\$3,135.00
ACTIVE		\$86.46
INACTIVE	10/29/2020	\$50.00
INACTIVE	07/28/2016	\$1.91
INACTIVE	01/29/2020	\$15.00

In reviewing all of the 90 inmates with old balances, there was no documented effort that Corrections staff tried to contact the inmates or escheat the balances to the State until it was brought to the attention by the auditors.

As noted in the examples above, in April 2022, Corrections staff reviewed the reports and issued checks to the last known address of the inmate. However, a few issues were noted with the approach utilized:

Checks were issued to the former inmates for the balance of their accounts. The present-day value of their balance was not taken into consideration. In numerous instances, the County held onto the inmate's money for several years. The County may have a difficult time proving a good faith effort was made in returning and researching inmate funds. By using the Consumer Price Index (CPI) produced by the U.S. Department of Labor Statistics, the annual average index could have been used to calculate the value of the inmate's account in the year the inmate was released. Table 7 shows a few inmate examples as discussed and the present-day value of their account balance.

Table 7: Present-Day Value of Account Balances Example

Date Released	Account Balance on Day of Release	Value in 2022	Increase in Value
3/19/2014	\$ 3,135.00	\$ 3,807.30	\$ 672.30
6/5/2019	1,308.46	1,471.45	162.99
4/23/2018	569.00	651.47	82.47
9/27/2016	525.09	629.00	103.91
9/29/2015	259.58	314.87	55.29

In the aggregate, using the inmate balances over \$50 as shown in Table 5, the increase in value is \$2,650.28 as shown in Table 8. The increase in value could have been provided by the County's General Fund.

Table 8: Balances of Inactive Inmates from 2015-2019 and Values in 2022

Year	Number of Inmates over \$50	Inmate Balances over \$50	Value in 2022	Increase in Value
≤ 2015	31	\$ 6,284.71	\$ 7,623.42	\$ 1,338.71
2016	17	2,333.42	2,795.20	461.78
2017	14	1,381.22	1,620.05	238.83
2018	17	2,357.63	2,699.36	341.73
2019	11	2,161.35	2,430.59	269.24
Total	90	\$ 14,518.33	\$ 17,168.61	\$ 2,650.28

In re-issuing the inmate funds in April of 2022, the last known address for former inmates was used. This resulted in several checks being returned as undeliverable. Staff did not perform research on the former inmates for these returned checks. The auditors randomly selected 4 of these returned checks and performed a simple Internet search based on the inmate's name, year of their birth, and their former address. Potential updated addresses were found with little time or effort. Additional outreach to the former inmate was not done. These 4 examples include:

- Inmate booked on 11/11/2016 and released on 12/6/2016 with a check for \$2.81, the amount of their account balance. However, on 12/8/2016 two return credits totaling \$63.49 was placed on their account. As shown in other examples in this report, staff did not follow-up and issue a check to the inmate. On 4/20/22 a check for \$63.49 was sent to their last known address, which was returned to sender.
- Inmate booked on 9/29/2015 and released on 10/02/2015 with a check for \$242.00, the amount of their account balance. However, the following day the check was voided with a note the check was not picked up by the inmate at a nearby addiction service center. On 4/19/2022 a check for \$242.00 was sent to their last known address and returned to sender.
- Inmate booked on 6/25/2018 and released several hours the same day with \$271.73. The next day the check was voided with a note indicating the inmate failed to pick up the check at the front desk. On 4/19/2022 a check for \$271.73 was sent to their last known address and returned to sender.

- Inmate booked on 5/27/2015 and released on 10/4/2016 and was not issued a check for their account balance of \$330.78. On 4/19/2022 a check in the amount of \$330.78 was sent to their last known address and returned to sender.

It may appear staff hold onto these former inmate checks without expending additional staff time and effort so that the checks can then be escheated to the State. According to the State Department of Financial Services, once monies are reported, they perform various research methods, including database searches, in an effort to notify owners of their property.

RECOMMENDATIONS:

1. Establish procedures for staff to follow up on the status of all checks issued to inactive inmates in a timely manner.
2. Compare, at least monthly, reports of released inmates from the jail management system to the inmate banking reports to determine if inmates were released and have balances available on their account.
3. Follow state statute escheatment procedures and properly turn account balances to the State Department of Financial Services.
4. Consider the present-day value of former inmate's account balances from the year of their last release and include the difference in the amount of re-issued check or the amount escheated to the State.
5. Create procedures for staff to investigate and perform due diligence research on all returned checks that were issued in April 2022.

MANAGEMENT'S RESPONSE:

1. *We agree and policies, procedures and internal controls have been established to ensure all discharged inmate balances, including balances resulting from returned checks, are reviewed, and, if necessary, reimbursements are prepared monthly.*
2. *We agree and policies, procedures and internal controls have been established to ensure that released inmates from the jail management system (JMS) are compared against inmate bank accounts to identify any account balances on inactive inmate accounts.*
3. *We agree and will add outstanding inmate balances, if any, to the process of escheatment already performed by the accounting division for unpaid checks.*
4. *We disagree with the principal behind the recommendation, noting that the interest is payable by the general fund (therefore by all taxpayers of Volusia County). Further, any interest owed is insignificant when compared to the cost/subsidy already paid by the taxpayers related to these inmates. However, solely pursuant to the auditor's recommendation, management will agree to make the recommended interest payments.*
5. *We partially agree; noting that while we agree that staff should perform due diligence research, we believe our procedure is already meeting an appropriate level of due diligence research. Our procedure for researching the last known address for the returned checks from the April purging is to address notification letters to the legal address on file in the JMS and the county-wide Criminal Justice Information System centralized data which contains the address on file for court purposes. Management considers this procedure to be due diligence. Attempts to locate former inmates*

using other sources does not provide the level of surety necessary to ensure proper identification and location.

3. RECONCILIATIONS ARE NOT ADEQUATELY PERFORMED

Reconciliations are not adequately performed between the bank, the County's general ledger, and the inmate CORE system. Reconciliation is an essential part of any accounting system for organizations. Reconciliations allow accountants to find any potential accounting and bank errors. At the end of the process, the accountant knows the exact amount of the balance available in the account.

The CORE banking system is specialized software to handle detailed transactions specifically for inmate banking. The CORE system does not automatically interface with the County's general ledger. The County's general ledger stores financial transactions. These transactions are recorded as a mixture of detail and summary amounts with the ending balances being used for financial reporting. Therefore, it is imperative that the two systems are manually reconciled to ensure all balances agree.

At the beginning of each month, the County's bank posts a statement for the prior month on the bank's website. The bank statement is downloaded by an accountant in the Accounting Division. Corrections staff generate certain detailed reports from the CORE system and email them to the accountant.

The accountant uses the bank statement to obtain the deposits made for the prior month. The accountant then records the deposits, on a summary level, to the general ledger. At the same time, the accountant uses a text file provided by Corrections staff which is downloaded from CORE. The accountant uploads the file to the general ledger. This file lists the details of all checks written to inmates at the time the inmates were released by Corrections. The accountant compares the list of checks written to the bank statement that indicates which checks have cleared the bank.

On the reconciliation form, the accountant documents any deposits that were recorded in CORE but not yet received by the bank (due to timing differences) as deposits-in-transit. Also documented on the form, the accountant lists any checks that were issued to inmates but have not yet been cleared by the bank as outstanding checks. The ending balances are then compared between the general ledger and the bank statement. Any differences are to be investigated by the accountant until the item is resolved.

The November 2020 reconciliation was randomly selected for review. Taking into consideration any deposits-in-transit and the outstanding checks, the ending balance the accountant reconciled between the bank and the general ledger totaled \$316,938.74. However, the ending balance of the CORE reports (i.e., the cumulative total of all inmate account balances) totaled \$121,917.24. This difference of \$195,021.50 could not be explained by the staff. It was clear from the review of one bank statement that the ledgers were not reconciled, and no further bank reconciliations were reviewed.

Historically, staff in the Corrections and Accounting divisions performed their functions separately in silos. Each month the Corrections staff provided reports out of the CORE system. The Accounting staff used the reports and performed the reconciliation. However, the accounting staff did not use all of the reports provided as they did not understand the purpose and use of the reports. As shown in Figure 3, one of these reports was the active and inactive inmate balances. Had this report been utilized by staff in Corrections and Accounting, the issues surrounding inmate balances may have been recognized and resolved more timely.

Proper reconciliations provide management with:

- Accurate reporting
- Ability to spot anomalies, fraud, or errors while they are still in a timeframe to be managed and resolved
- Cross-checking documents to ensure everything is recorded and updated
- Listing of any adjustments or corrective actions taken to ensure records are accurate

Best practices would be that the reconciliation process is only complete when reviewed and approved by the accountant's supervisor. It is also essential that reconciliations be performed promptly to ensure errors are corrected timely. Performing reconciliations monthly will increase the timeliness and efficiency of the year-end process.

RECOMMENDATIONS:

1. Establish proper reconciliation controls over banking, general ledger, and the inmate banking systems. Ensure all reconciling items are supported, investigated, and recorded in a timely manner.
2. Ensure the accounting manager documents their review and approval of the reconciliation.
3. Work as a team to remove silos between divisions to ensure reports are understood by all parties involved.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and will implement a reconciliation from the general ledger to the inmate banking system and will follow up on all reconciling items.*
2. *We agree and will implement concurrently with the above line.*
3. *We agree and will ensure that both the management of the accounting division and staff at the corrections division will review and understand the reconciliation. The accounting division has been provided access to the inmate banking system to provide greater clarity to the reports under review.*

4. PROCEDURES & OVERSIGHT NEED IMPROVEMENT ON DAY-TO-DAY INMATE BANKING OPERATIONS

Receipts for commissary purchases and returns are not always signed by the inmate. Transactions are placed on inmate accounts after being released and staff are not investigating released inmate accounts. Backup documentation for inmate purchases were not always retained. Corrections staff are not properly recording inmate booking and release transactions in the CORE banking system. Inmate medical charges are not always timely entered by the staff which may cause the County to lose on recoupment of inmate medical bills.

4.A. INMATES DO NOT ALWAYS SIGN FOR PURCHASES AND RETURNS ARE NOT SIGNED

11 of 75 (or 15%) of the inmates tested did not have the inmate's signature verifying the purchase of commissary items. Inmates may sign digitally on a tablet or on a paper receipt. The inmate did not sign that they received the ordered item, nor did the contractor indicate on the receipt that the inmate

refused to sign for the item. The purchases tested totaled \$406. Additionally, 100% of the returned commissary items were not verified by the inmate on the receipt. The commissary vendor does not obtain the inmate's signature on returned items. The returned items tested totaled \$545.

The inmates do not have the ability to verify they are being charged the correct amount for goods received or items returned. When extrapolated, the impact could be roughly 3,500 inmates who are not signing for their commissary purchases.

The contract with the vendor requires they shall provide delivery to the inmate and obtain a signed receipt indicating the product was delivered. Additionally, keeping adequate records and documents limit fraudulent activity.

RECOMMENDATIONS:

1. Ensure the inmates receive and sign a receipt for every commissary transaction, including returned items.
2. Hold vendor accountable for ensuring inmate receipts are provided.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree. Inmates are required to sign for receipt of commissary orders and receive either a paper or electronic receipt. The current vendor does not allow returns for items ordered through the tablet ordering system thus no receipt for returns would be needed. Inmates are also able to see their transaction history on tablets available to inmates. Additionally, inmates may submit a request for commissary to research a specific transaction and receive responses on the tablet as well.*
2. *We agree and the new commissary vendor understands the importance of signatures on receipts and provides them as described above.*

4.B. TRANSACTIONS ARE PLACED ON INMATE ACCOUNTS AFTER BEING RELEASED & NOT INVESTIGATED

9 of the 75 inmates (or 12%) had transactions placed on their accounts after the inmate had been released from the facility. Staff does not routinely generate or analyze reports to investigate inmate account balances. A few examples noted were:

- An inmate placed an order amounting to \$134.89 on Friday 8/13/21 and never received the order. The inmate was released early Tuesday morning on 8/17/21. The return credit was not posted until 90 days later on 11/15/21 and at that time, the inmate was issued a check for the \$134.89.
- An inmate was booked and released on 2/25/16 and on 7/29/16 received a \$40.00 money order in the mail which was deposited to their account. The \$40.00 remains posted to their account even though the inmate has not returned to the facility.
- An inmate was released on 8/3/15 with a balance of \$2.81. On 5/9/17 \$2.00 was found in the safe in an envelope referencing their account. Staff placed the \$2.00 onto their account making the balance \$4.81. The inmate is recorded as "active" in the banking system even though they have

not been incarcerated since 2015. Staff was unable to determine why the \$2.00 was not found until 2 years after their release.

- An inmate was released to state custody on 12/21/21 with a \$3.98 check at 4:36 a.m. Later the same day, they received a commissary return credit of \$28.67. As of 6/30/22 the balance remains on their account and has not been forwarded to the State. There were no documented efforts that staff attempted to release their funds to the State.
- An inmate placed an order on 4/4/21 and released on 4/5/21. On 6/6/21, 45 business days later, received a return credit for \$9.33. As of July 2022 the balance remains on their account and there have been no documented efforts that staff attempted to release their funds.

The banking system does not alert staff that inmates have been released prior to transactions being posted to their accounts. Additionally, Corrections staff is not routinely generating or analyzing reports of released inmates to determine if monies are due to the inmate.

When extrapolated, the impact could be roughly 2,547 inmates who have been released from the County facilities with subsequent deposits or credits on their accounts.

RECOMMENDATIONS:

1. Require the banking system to alert staff on pending transactions for released inmates so that staff may investigate the transaction prior to posting it to the inmate's account.
2. Compare, at least monthly, reports of released inmates from the jail management system to the inmate banking reports to determine if inmates were released and have balances available on their account.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We partially agree and are working with the banking vendor to develop alert notifications to prevent deposits from being applied to inactive inmate accounts. Commissary transactions to purchase commissary items are immediately deducted from inmate accounts and would not remain in a pending status. Thus, commissary purchases would not be applied to an inactive inmate account. The possibility of applying a credit to an account of a released inmate remains, however due to the timing of processing refunds for items not received. Under these circumstances, inactive inmates with remaining balances will be issued debit cards for the balance amount. These inmates will be identified through the monthly review of inactive inmate accounts with balances previously discussed. Inmates will be notified of an outstanding balance through a letter sent to the most recent address on file, and inactive inmates with account balances will be posted to the Division of Corrections' website after each monthly review.*
2. *We agree and new policies, procedures and internal controls have been developed to compare the list of released inmates to outstanding balances as noted above. Regarding debt, depending on day and time of release, certain transactions (i.e., medical debt) may not be applied at time of release, thereby creating a banking debt. This debt will be carried for the three years until the debt forgiveness period expires.*

4.C. BACKUP DOCUMENTATION FOR COMMISSARY PURCHASES NOT ALWAYS RETAINED

1 inmate of the 75 tested (or 1%) did not have the backup documentation or records maintained for the charge to their account. The inmate was charged \$20 for the replacement of an identification badge; however, the standard charge is \$10. It is unclear why the inmate was charged double the standard price. There were no records to substantiate the charge. When extrapolated, the number of inmates that are missing documentation for their transactions is 318.

6 of the 75 inmates tested (or 8%) had their bank accounts frozen by staff without any documentation or written approval. In some examples the accounts were frozen for a few minutes, other times for several days. One inmate had their account frozen for 422 days; however, staff indicated this was due to being transferred to an outside medical facility but still under the County's custody.

Inmate bank accounts may be "frozen" when the inmate is transferred to another facility, such as a hospital, but the inmate is still under the County's custody. The inmate's bank account may also be frozen for disciplinary actions, including limited commissary privileges. The policy requires that reports and permanent logs be prepared and maintained for each inmate requiring assignment to these disciplinary special management units. The procedures list several steps that must be followed, including continuing to provide medication, clothing, exercise, and other items that would not provide imminent danger to the inmate or others. An inmate may only be placed in disciplinary confinement by the direction of the Disciplinary Hearing Officer with a report due to the operations captain and investigative unit within 72 hours. Continuous confinement for more than thirty days requires the review and approval of the Warden or designee.

Transactions should be supported by written documentation with management approval. The risk of fraud occurring is increased significantly when documentation is not maintained or retained to support transactions.

RECOMMENDATIONS:

1. Maintain documentation for all transactions to inmate accounts and train staff on the importance of document retention.
2. Ensure written approval is obtained by the warden, or designee, when inmate accounts are deemed to be frozen or unfrozen.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and policies, procedures and post orders have been developed to ensure that staff are accountable for proper documentation and its retention once an inmate has been released. Commissary transactions are maintained in the inmate banking system and are viewable to inmates and staff. Staff covering the property release post will receive refresher training regarding release procedures and documentation.*
2. *We agree and new procedures and post orders to include monthly reviews of frozen inmate accounts have been developed to ensure compliance.*

4.D. INMATES ARE NOT PROPERLY BOOKED OR RELEASED IN CORE BANKING SYSTEM

21 of the 75 inmates tested (or 28%) had inmate booking and release transaction records missing from the CORE banking system.

- 15 of the 75 inmates (or 20%) had their booking records missing from CORE
- 4 of 75 inmates (or 6%) were released twice in CORE
- 2 of the 75 inmates (or 3%) were not properly released in CORE and have balances owed.

When inmates are booked into the facilities, all personal belongings they have on hand are placed onto a piece of cardboard. All items are photographed, placed into a vacuum-sealed bag, and labeled with the inmate's assigned booking number. If the inmate has any monies on hand, it is counted and verified. The inmate signs a receipt acknowledging the transfer of their belongings to the Corrections staff. The intake officers deposit all documented and photographed cash into the inmate's account via the CORE TouchPay system. This process automatically places the money into the inmate's bank account. If the inmate does not have any money on hand, the intake officer is to log into the CORE system and book the inmate with a zero balance.

Sometimes if the TouchPay system is out of order, if the cash is damaged (i.e., torn or wet), or if the cash is assumed to be counterfeit, the intake officer will place the cash into an envelope and place it into one of the locked vaults. The intake officer records on each envelope the inmate's booking number, dollar amount, the officer's badge number, and the last names of the inmate and officer. Intake officers input the amount of cash collected and related inmate information into the CORE system immediately or at least by the end of each shift. Intake officers notify the account clerk of the amounts. The account clerk records on a worksheet the time and day when funds are collected from the vault.

It was noted that the account clerk typically counts and deposits the vault every two to three weeks or when amounts are over \$1,000. The policy and procedures handbook does not dictate how often the vault should be verified and counted. By not verifying and depositing the money more quickly, the County is at risk that 1) the inmate may have had counterfeit monies initially, placed orders, and may have already been released before it is discovered that counterfeit money was utilized; therefore, the County is at risk for covering the inmate's purchases; 2) any differences between the intake officer's count and the account clerk's count may be more difficult to investigate several weeks after occurring; 3) future cash deposits into the vault may be damaged and impact other monies in the vault; and 4) the longer money remains in the vault, the more susceptible it is to being misplaced.

Upon being released, inmates report to the property room to collect their belongings. At this time, the officer logs into the CORE system to review the inmate's account balance. If the inmate has a balance, the officer records a release transaction in CORE and prepares a check for the balance to close-out the inmate's banking account. If there is no balance, the officer is supposed to record a "release inmate" transaction that closes-out the inmate's banking account. All checks issued to the inmates are written on the standard County's check stock with a magnetic ink character recognition (MICR) printer that includes the bank coding. If the MICR printer is not working properly, the inmate is instructed to return to Corrections the following business day so that the account clerk can reprint the check.

A few examples noted:

- An inmate was booked and released on 9/26/2018 with \$152.96 on their account. The inmate's money was properly recorded in CORE; however, when released a few hours later, there is no release transaction recorded in CORE. As such, the inmate has a balance owed of \$152.96. As of July 2022, the inmate's balance is still owed.
- An inmate was booked on 8/19/2020 with \$49.00 and released the following day. There are no records of their release in the CORE system and no check was issued upon their release. After the auditors inquired staff about this situation, staff issued a check on 4/26/2022 for the amount owed to the inmate. However, it was immediately voided with a notation that "the check printed on white paper, not check stock." As of July 2022, a check was not reissued, and the inmate's balance is still owed.
- An inmate was released on 4/16/2021 at 1:14 a.m. and issued a check for their balance. Within the hour (at 1:49 a.m.) another staff member recorded a release transaction with \$0 balance.
- An inmate was booked on 5/18/2020 at 11:01 a.m. and released the same day at 10:46 p.m. with no money on hand and no check was issued. A few hours later, at 4:36 a.m. the next day, another staff member recorded a release transaction with \$0 balance.

The policy and procedures handbook requires that all inmates are to have a booking and a release entry in the CORE banking system. This includes when inmates are booked with zero balance. This is to help safeguard both the booking officer and the inmate so if there are any disputes, the inmate has a signed receipt stating they were booked with no monies on hand. When extrapolated, the number of inmates that are missing booking or release transactions in the CORE banking system may be as high as 6,687.

RECOMMENDATIONS:

1. Establish a policy and procedures for vault handling, including how often the vault should be counted and monies deposited. At a minimum, the vault should be counted and deposited by the account clerk weekly.
2. Establish clear procedures and frequently train staff on the proper booking and release of inmates so that proper records are maintained within the inmate banking system.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and have converted standard procedures into written policy that requires ID/Booking staff to notify inmate banking in writing when monies have been placed in the vault. The inmate banking clerk retrieves the "deposit" and determines if the money is counterfeit in which case, it is turned over to the Division's intelligence unit, or, if contaminated, it is sealed and sent to Wells Fargo for handling. Policy has been established to require a weekly visual inspection of the vault and any deposit not previously identified are sent to Wells Fargo for handling.*
2. *We agree and policy, procedures and post orders have been revised and updated. Staff covering the property release post will receive refresher training regarding release procedures and documentation in both JMS and the inmate banking system.*

4.E. STOP PAYMENT PROCESS APPEARS TO BE PUNITIVE

If an inmate loses their check upon being released, Corrections staff will contact the bank to place a stop-payment on the check. This voids the check and stops it from being processed further by financial institutions. Corrections staff state they wait up to 60 days before reissuing a new check in the off chance that the check is in-process by a small convenience store that may have not made timely bank deposits. There is no business reason to make inmates wait up to 60 days before a check is reissued. It may appear that the current process is punitive to inmates who may be reliant on these monies upon their release. Additionally, by extending the reissue for so long, inmates and staff may forget to follow-up and reissue the check, thereby contributing to the large number of inactive inmates with account balances owed as discussed earlier in this report.

RECOMMENDATION:

Establish a policy and procedures on voiding and reissuing inmate checks so the County is protected from the appearance of being punitive and so that inmates can receive their account balances in a timely manner. A 4-to-5-day grace period would appear reasonable.

MANAGEMENT'S RESPONSE:

We agree and will establish policies and procedures for reissuing lost checks in a more reasonable time frame. Once Corrections staff is notified that a check has been lost, accounting will be notified so that a "cancel positive pay" order on the check can be processed. The inmate will be instructed to return in 7 calendar days to pick up a reissued check. Seven days is a reasonable standard as our Wells Fargo representative recommended that a 5-business day wait be observed when a "cancel positive pay" process is entered into the banking system before issuing a new check.

4.F. COUNTY LOSING RECOUPMENT OF INMATE MEDICAL BILLS DUE TO SLOW INPUTTING OF CHARGES

4 of the 75 inmates tested (or 5%) had medical charges applied to the inmate's bank account after being released from incarceration. In a cursory review of inmate transactions, a trend was realized where medical charges were not always posted in a timely manner to the inmate accounts. Therefore, auditors reviewed any medical transactions that were posted after the inmate was released for the 75 tested inmates.

The County contracts with Centurion Detention Health Services, LLC for inmate medical and dental services. Medical personnel are required to follow the National Commission on Correctional Health Care (NCCHC) regulations and guidelines. An inmate may contact medical personnel via tablets or by informing on-duty detention officers. No inmate is denied medical care due to a lack of personal funds in their inmate bank account. Typically, inmates are charged copayments, for example, \$8.00 for a nurse/sick visit, \$10 for a dental visit, \$4 for over-the-counter prescriptions, etc. Registered nurses provide treatments to all inmates and provide inmate charges and receipt documentation. The account clerk then inputs these charges into the CORE system and matches the receipt for charges, approved by the director of nursing.

In reviewing the inmate transactions for detailed testing, it was noted:

- An inmate received medical services on Monday 8/5/2019. They were released on Tuesday 8/6/2019, but the \$12 charge was not placed on their account until Friday 8/9/2019. The inmate has not been incarcerated since and the debt was written off in January 2022.
- An inmate received dental services on Thursday 6/30/2016. They were released on Friday 7/1/2016, but the \$115 charge was not placed on their account until Wednesday 7/6/2016. The inmate was reincarcerated in June of 2019 and received a deposit to their account in the mail on 6/17/2019 which was applied to their outstanding balance.
- An inmate received medical services on Sunday 10/25/2020. They were released on Thursday 10/29/2020 with a check for \$245.90. The \$8.00 charge was not placed on their account until Tuesday 11/03/2020. The \$8.00 debt remained on their account until the inmate was reincarcerated on 9/7/2021. The debt was paid by their deposit at reincarceration.
- An inmate received medical services on Friday 3/19/2021. They were released on Sunday 3/21/2021 but the \$12 charge was not placed on their account until Tuesday 3/23/2021. The inmate has not been incarcerated since and the debt was written off in January 2022.

The contract with Centurion requires that all co-pay charges in connection with transportation, medical, or dental services be reported and payments submitted to the County Project Manager on a daily basis. This appears to be done; however, controls are not in place to ensure these charges are inputted daily to the inmate's bank account when the account clerk is unavailable.

When extrapolated, there may be roughly 1,274 inmates who have had medical and dental charges placed on their account after being released. As noted in Table 1, there were 4,852 medical transactions totaling \$44,478 and 742 dental transactions totaling \$29,766. This averages to \$13.27 per transaction. When extrapolated to 1,274 potentially impacted inmates, the total is almost \$17,000 in lost recoupment to the County's General Fund.

Untimely medical billing results in the County not recouping all medical and dental charges.

RECOMMENDATION:

Establish procedures, including cross-training of other employees, to ensure inmate accounts are charged daily even when the account clerk is unavailable.

MANAGEMENT'S RESPONSE:

We agree and will establish policies and procedures to ensure staff are appropriately cross-trained and charges entered manually by staff are applied to inmate accounts daily.

5. HIGH PERCENTAGE OF TERMINATED EMPLOYEES HAVE ACCESS TO CORE

User accounts in CORE are not periodically reviewed to ensure users are active and current employees of the Corrections division. It was noted that employees are sharing login and password information even after employees terminated employment with the division. There were 444 users in the system with 128 marked as “inactive” and 316 marked as “active.” Inactive users cannot access the system and cannot make any modifications to the inmate banking system. Once a user is no longer granted access, they become inactive so that the system retains the history of the transactions performed.

It was noted:

- 79 of the 316 active users (or 25%) were terminated employees who no longer are employed by the Corrections Division.
- 20 of the 316 active users (or 6%) had two usernames assigned. Of these, 14 (or 4%) were current employees and 6 (or 2%) were terminated employees.
- 30 of the 316 active users (or 9%) were assigned to the vendor and engineers of the CORE banking system.

Management does not document or maintain an approval memo granting access to the vendor. A listing of the vendor’s authorized users to the system and the purpose for their access should be maintained and approved by management to ensure their access is still relevant and needed.

The 79 terminated employees had access to the system to perform the functions as described in Table 9.

Table 9: Access Rights Granted to Terminated Employees

Access Rights Granted to Terminated Employees	Number of Users
Full administrative rights, including setting up users, write-off inmate debt, post invoices, modify check numbers	3
Override debt	5
Transfer funds between inmates	11
Activate an inmate	53
Record transactions	69
Release inmates	70
Void transactions	70
Add inmates	70
Edit inmate personal information	70

The employee termination dates were compared to the last login recorded by the CORE system. There were 2 users who logged in after their termination date. In discussions with Corrections staff, it was confirmed that some employees were regularly sharing their login and password information.

Table 10 lists the termination dates, the last login of the users, the number of days between, and the number of logins recorded after the termination date. The user access was reviewed, and these two user accounts could perform functions to: release inmates, void transactions, modify transaction notes, activate/deactivate inmates, add inmates, and edit inmate personal information. These two users did not have administrative rights.

Table 10: Terminated Employees Logged-In After Their Termination Date

Termination Date	Last Login	Number of Days After Termination Date and Last Login	Number of Logins After Termination Date
4/10/2018	11/14/2021	1,314	146
1/2/2020	7/22/2021	567	323

According to the County's Information Technology Computing Security Procedures, "dormant or out of date user accounts provide an opportunity for misuse of County computer systems while appearing to be legitimate." It further charges department and division management the responsibility for ensuring that security is appropriate when an employee's, contractor's, or vendor's position or responsibilities change. The policy requires department and division managers to revoke user access when an employee leaves County employment, or a vendor or contractor is no longer doing business with the County.

In May 2022, after inquiries by the auditors, the Corrections staff deactivated all terminated employees and removed all duplicate usernames.

RECOMMENDATIONS:

1. Establish a policy and procedures to periodically, at least monthly, review the user access to the inmate banking system. Users should be cross-referenced to the Human Resources reports to ensure users are still active employees.
2. Review vendor access periodically to ensure their access is relevant to the tasks and needs of the division.
3. Ensure each user is given a unique login that cannot be reused by other employees.
4. Provide training to employees on the importance of County policies on sharing of login and password information.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and have developed policies, procedures, and internal controls to remove access to inmate banking upon termination. A secondary review will occur monthly to compare active staff lists to the inmate banking system user accounts.*
2. *We agree and the vendor will be asked for a list of current users to review accounts assigned for support on a bi-annual basis to ensure appropriate staff are provided access for the purpose of administration and support.*
3. *We agree; all regular and administrative users have been provided unique logins and passwords. We also note the exception to unique logins would be related to technical automated processes that allow for data interfaces between the inmate banking system and the jail management system.*
4. *Staff was trained on the County Password Security policies and procedures during the roll-out of the new inmate banking system.*

6. POLICIES AND PROCEDURES HANDBOOK NEEDS UPDATING

The division's policy and procedures handbook, which is available to employees on the intranet, contains items that are out-of-date. The last update is dated 3/15/2021; however, it was noted that several policies are outdated. For example, the inmate banking system procedures referenced systems that have not been in place since 2015. A cursory review was performed on the entire 720-page handbook to aid in understanding the operations of the division; however, for audit purposes, only a detailed review of the inmate banking policies and procedures was performed.

Staff acknowledged that a comprehensive review and update has not been performed for some time. Staff shortages and challenges presented during the pandemic have placed other priorities over updating the handbook.

The handbook requires that a policy guide review committee, appointed by the director and chaired by a warden, implement any new changes and review a draft prior to the director's review and approval. In the summer of 2022, staff implemented a new inmate banking system, which will need to be incorporated into the handbook. The handbook also will need to incorporate state statutes regarding the removal of inmate receivable balances after 3 years.

RECOMMENDATIONS:

1. Reestablish the policy guide review committee to meet on a regular basis.
2. Update the handbook to incorporate the changes made with the new inmate banking system, appropriate state statutes, and other changes that may have occurred in areas outside of inmate banking.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and the Policy and Procedure Committee resumed regular meetings (at least monthly) to update and revise policies in January 2022.*
2. *We agree and the Inmate handbook has been updated.*

CONCERNS:

1. PETTY CASH PROCEDURES WERE LACKING

Procedures over the petty cash funds maintained by the division were lacking and did not reconcile when audited. The division has maintained \$100 in petty cash funds for several years. The fund was used for small, nonrecurring purchases. On a surprise audit of the funds in March 2022, it was noted the fund had an overage of \$4.63. The cash on hand totaled \$50.95 with a \$53.68 replenishment check written to the petty cash custodian on 2/11/22. Staff could not account for the excess amount of over \$100. Staff did not maintain a log to track transactions in and out of the petty cash fund.

Staff maintained documentation to support the replenishment check for \$53.68 which was reviewed. It consisted of two separate purchases. 1) \$40.02 for fuel for a County vehicle which contained a notation that the transport card was not available to the employee at the time, 2) \$13.66 to Lowe's Home Improvement for wood shims and duct tape needed at the last minute by maintenance staff. Both were signed by the custodian, the purchaser, and the supervisor. The receipt to Lowe's Home Improvement included \$0.83 in sales tax on the purchase of \$12.83. The County is exempt from sales tax and documentation was not available where staff attempted to have the sales tax removed from the purchase.

The \$53.68 replenishment check was not taken to the bank for 78 business days (109 calendar days) and only after being prodded by the auditors. County policy on petty cash requires that replenishment checks be submitted to the bank within two weeks from the date of submitting the request.

While conducting the petty cash audit, it was noted that Corrections staff also maintained a separate stock of postage stamps which were stored in the petty cash lockbox. Staff stated the postage was not used for County-related business, but instead was being sold to employees. The County does not maintain a postage resale operation for employees and is not a sanctioned operation of the County.

When the stock of stamps became low, the petty cash custodian would also replenish the postage stamps with the monies received from employees. Staff did not know when the postage stamp stock originated but that it had been operating for several years in this manner. Comingling of official petty cash funds and unofficial postage stamp activities raises the risk of using monies fraudulently.

The Accounting Division maintains a policy, procedures, and forms on the proper use and replenishment of petty cash funds. However, the policy is not available on the County's intranet which may lead to divisions not being familiar with the policy. With staff turnover, these policies may not be shared at the divisional level and new staff may be unaware of the policy.

Another surprise audit of the petty cash fund was performed with no issues noted and amounts totaled \$100. After further discussion with the auditor, the Corrections staff closed the petty cash fund, returned the \$100 to the Accounting Division, and discontinued the resale of postage stamps.

RECOMMENDATIONS:

1. Eliminate petty cash funds and utilize the County's purchasing card process for these urgent purchases.
2. Post and provide training on all accounting policies, procedures, and forms on the intranet so employees in divisions are aware of policies that impact their operations.
3. Eliminate the practice of reselling postage stamps to reduce the risk of impropriety.
4. Retrain employees on the sales tax policy and work with retailers to remove sales taxes.
5. Ensure petty cash replenishment checks are taken to the bank within two weeks as required.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

1. *We agree and the petty cash account has been eliminated.*
2. *We agree and will post the accounting policies and procedures manual as well as specific procedures for petty cash on the County intranet.*
3. *We agree and the practice of reselling postage stamps has been eliminated.*
4. *We agree and will work with Purchasing to provide staff refresher training on the sales tax policy.*
5. *We agree; however, this recommendation is no longer applicable as the petty cash funds have been eliminated.*

2. COUNTY CONTINUES TO INVOICE THE STATE FOR UNFUNDED MANDATE OF HOUSING STATE INMATES

The County Corrections facility regularly provides temporary housing and care to inmates in custody of the Florida Department of Corrections. These inmates typically are awaiting transfers or have returned to the County on Court orders. The County is assuming the costs for housing and care. Upon direction from the County Manager serving in 2004, Corrections staff quarterly prepare statistical reports with the number of inmates housed, total beds used, and total cost per day. These reports are shared with the Accounting Department which prepares and mails an invoice to the Florida Department of Corrections. The State Department of Corrections has not made payments toward these invoices and the County does not have an agreement with the State. The total invoices mailed to the State for the most recent years:

- FY 2019 \$6.3 million
- FY 2020 \$8.2 million
- FY 2021 \$10.6 million

During the pandemic, the County held State inmates longer than normal due to additional screening and a 14-day quarantine before being transferred. County staff have advocated with the State to reduce the inmate stay and have since experienced State inmates staying shorter duration at County facilities. Since 2004, the County has provided over \$76 million in unreimbursed costs for housing of state inmates as shown in Table 11. The County's General Fund provides the funding for these unreimbursed costs.

Table 11: Unreimbursed Costs of Housing State Inmates From 2004 to March 2022

Category	Cumulative Bed Days	Cumulative Costs
Probation Violators	508,635	\$ 39,179,297
Sentenced to State Prison, Awaiting Transfer	362,946	27,315,324
Serving State Sentence, Returned to County on Court Order	113,731	7,951,753
Parole Violators	28,956	2,006,551
Cumulative Totals	1,014,268	\$ 76,452,925

These unrecorded receivable balances have not been recorded in the County's general ledger. In accordance with GAAP, these were not recorded as the likelihood of payment is nonexistent and there is no agreement with the State to pay for these costs. However, in preparing the invoices, Accounting staff time is used to track, report, and invoice the State for these services.

RECOMMENDATION:

Reevaluate the decision to continue tracking and invoicing inmate housing for State inmates. If the decision is to continue invoicing the State, direct the County's lobbyist to include the issue in their efforts.

MANAGEMENT'S RESPONSE:

We agree and have discontinued the practice of invoicing for inmate housing for State inmates.

3. POPULATION PROJECTIONS ANNUAL REPORT NOT PREPARED SINCE 2018

Corrections policy requires the director to submit an annual report to the County Council and County Manager to include data on population, major developments, and achievements. The last report was submitted for 2018. According to the policy, the information is used for preparing the annual budget. Additionally, the report is to include any inmate work programs implemented, major milestones achieved, facility modifications, and annual inspection reports.

Staff stated the report had not been done due to the challenges of the pandemic and the lack of staffing.

RECOMMENDATION:

Issue the annual report and submit it to the County Council and County Manager as required by policy.

MANAGEMENT'S RESPONSE:

We agree and processes will be updated to ensure the annual report is provided to the County Manager and County Council yearly.

4. PUBLIC SAFETY COORDINATING COUNCIL MINUTES NOT PUBLISHED & VOTE TALLY NOT ALWAYS RECORDED

Minutes of the Public Safety Coordinating Council meetings are not timely published to the County's website and minutes do not always reflect seconds to motions or the final vote tally.

FL Statute 951.26 requires that "each board of county commissioners shall establish a county public safety coordinating council for the county." The council meets for the purpose of assessing the population status of all detention and correctional facilities owned or contracted by the County. It may also develop a local public safety plan for future construction needs and assessment of availability of pretrial intervention or probation programs, work-release programs, substance abuse, etc. Per statutes, it is comprised of designees of the state attorney office, the public defender office, a circuit court judge, the chief correctional officer, court administration, a County Councilmember, and representatives of county and state job programs or substance abuse treatment centers.

FL Statute 951.26 (5) requires "all meetings of a public safety coordinating council, as well as its records, books, documents, and papers, are open and available to the public in accordance with FL Statutes 119.07 and 286.011."

It was noted that only 1 meeting of the Council was posted on the County's website (2/5/2018). Additionally, meeting agendas were not published on the website. Upon the auditor's request, Corrections staff were able to retrieve prior meeting minutes. Between October 2017 and January 2022, there were ten meetings (there were no meetings held between February 2020 and January 2022 due to the pandemic). The minutes were reviewed and it was noted that seconds to motions and the vote tally are not always recorded.

- 5/20/19 motion made to elect a new chair, but the second and vote tally not recorded
- 7/29/19 chair suggested providing an annual report to the County Council; however, the minutes do not reflect if a formal motion or vote was made
- 2/17/20 motion made to apply for a planning grant with a second recorded, but the vote tally was not recorded in the minutes

Robert Rules of Order section 48:5 requires the name of the maker of motions and vote tally be recorded in the minutes. This also follows the standards the County Council, with the minutes recording the maker, second, and vote tally for each motion. Additionally, FL Statute 286.011 requires the minutes of a meeting be promptly recorded, and such records open to public inspection. Any public officer who violates any provision of the statute is guilty of a noncriminal infraction, punishable by fine not exceeding \$500.

RECOMMENDATIONS:

1. Publish all meeting minutes to the County's website and ensure all future meetings are recorded and published in a timely manner. Publish future meeting agendas and meeting dates so any member of the public has notice and option to attend is desired.
2. Ensure all motions, including seconds, and vote tally is properly recorded in the recorded minutes.

MANAGEMENT'S RESPONSE:

We are responding to this comment based on the individual parts of the recommendations above:

- 1. We agree and will post meeting minutes to the County's website following the approval of the minutes from by the Public Safety Coordinating Council.*
- 2. We agree and will review procedures for motions and voting in the next meeting of the PSCC so that all motions, seconds, and vote tallies are recorded appropriately.*

Internal Audit

Our Values and Ethics

Values

Public Interest. Internal audit work is performed to benefit the public and improve the way government operates.

Integrity and High Ethical Conduct. Auditors conduct themselves with integrity and honesty, which are the foundations on which trustworthiness is built.

Objectivity. Auditors maintain objectivity in performing services.

Organization and Hard Work. Auditors endeavor to make efficient use of their time. Valued is a safe work place and one in which we are honored and recognized for our talents and accomplishments. Encouraged are fresh ideas and teamwork among employees and between county government and the community we serve.

Professionalism and Manner. Auditors are committed to the highest level of competence and professional conduct. We expect honest and respectful interactions with each other and the public. We handle resources provided, access to information and the position in a professional manner and when appropriate, protect the confidentiality or restricted information our roles may allow us access.

Auditee Relations. Auditors make themselves accessible and communicate openly and frequently. Communications are friendly, non-threatening, fair, and objective.

Audit Reports. Reports focus on significant, timely, and useful information for our constituents. Audit staff strive to make reports accurate, clear, convincing, objective, fair, and constructive.

Professional Development. Auditors strive to improve their knowledge, skills, and abilities through training, work experiences, and related outside activities.

Code of Ethics

Integrity. Establish trust. This provides the basis for reliance on judgment.

Objectivity. Exhibit highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. This will make a balanced assessment of all relevant circumstances not unduly influenced by own interests in forming judgments.

Confidentiality. Respect the value and ownership of information received and do not disclose information without appropriate authority unless there is a legal or professional obligation.

Competency. Apply knowledge, skills and experience needed in performance of internal audit services.

Producing Results for My Community. Be informed and knowledgeable. This can produce results my community expects to build trust.

Treating People Fairly. Treat people fairly and develop processes and procedures that are fair.

Diversity and Inclusion. Embrace diversity and inclusiveness to cultivate and promote policies that reflect the community we serve.

Reliability and Consistency. Consistently apply standards and honor the commitment to the community to make it easier to do the right thing even when faced with challenging circumstances.

