

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

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## Sheriff's Department:

Work Release and Ankle Monitoring  
Follow-up Audit



**Oscar Valdez**

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# Auditor-Controller/Treasurer/Tax Collector

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## **SUBJECT: WORK RELEASE AND ANKLE MONITORING FOLLOW-UP AUDIT**

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the Sheriff's Department Work Release and Ankle Monitoring programs for the period of July 2015 through June 2016. The objective of the audit was to determine if the Department implemented the recommendations from the prior report. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit findings identified in the original audit report issued on May 18, 2015. Of the five recommendations from the original audit report, two have been implemented and three have been partially implemented.

We sent a draft report to the Department on November 14, 2016. The Department's responses to the current status of our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Sheriff's Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

**Oscar Valdez**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

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## **Sheriff's Department: Work Release and Ankle Monitoring Follow-up Audit**

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## Scope and Objective

Our audit examined the Department's work release and ankle monitoring programs for the period of July 2015 through June 2016.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Work Release and Ankle Monitoring Audit* issued on May 18, 2015.

## Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Reviewing the San Bernardino County Internal Controls and Cash Manual
- Interviewing Department management and personnel that were directly involved in the work release and ankle monitoring programs
- Testing fee waiver applications, daily cash deposit transactions and other supporting documentation



### **Prior Finding 1: Cash receipts were not deposited in a timely manner.**

The County's Internal Controls and Cash Manual (ICCM), Chapter 3 - Cash Controls, page 3-3, states "Deposits must be made by the next business day when the amount of receipts (including cash, checks, and money orders) reaches \$1,000 or at least weekly if lesser amounts are collected."

Cash receipts for the work release and ankle monitoring programs are counted and deposited Monday through Thursday. To determine the timeliness of the cash deposits, we tested 206 cash deposits that were processed by the Department during the audit period. We noted 23 of the 206 cash deposits were not deposited timely. The cash receipts for the 23 deposits totaled \$279,100.

Management was unaware of the County's ICCM guidelines regarding timely cash deposits. Maintaining large amounts of cash at the Department significantly increases the risk of misappropriation of cash.

#### **Recommendation:**

We recommend that management and staff familiarize themselves with the County's ICCM. Management should ensure that the daily cash receipts, in excess of \$1,000, are deposited by the next business day or at least weekly if lesser amounts are collected. In addition, management should also establish and implement routine monitoring procedures that would provide management with adequate assurance that the cash receipts are deposited in a timely manner.

#### **Current Status: Implemented**

During our testing of 20 Work Release and Electronic Confinement cash receipts for the audit period of July 2015 through June 2016, the cash receipts tested were deposited by the next business day.

### **Prior Finding 2: Controls for fee waivers and account adjustments should be improved.**

Chapter 3 - *Cash Controls*, page 3-3, of the County's Internal Controls and Cash Manual (ICCM) states that departments must not make adjustments to customers' ledger accounts without approval by the department head or authorized designee.



The Ankle Monitoring Program participants are required to complete the Fee Waiver/Reduction Application to demonstrate their inability to pay the program fees. After the application has been reviewed and approved, the participant is exempt from paying the program fees. However, we noted that there was no approving signature or date documented on the application.

Additionally, inmate account adjustments are necessary when recording errors are made by Department personnel. We noted that account adjustments are neither reviewed nor approved by a supervisor.

Management was unaware of the County's ICCM guidelines for approval of account adjustments. The risk of potential theft and error increases when account adjustments are not approved by a supervisor.

### **Recommendation:**

We recommend that management and staff familiarize themselves with the County's ICCM. Management should develop and implement formal procedures to specifically include the department head or authorized designee's approval of fee waivers and inmate account adjustments. Personnel with approving authority should have a thorough understanding of the purpose of an account adjustment to ensure it is reasonable. Additionally, management should develop a monitoring protocol that includes routine reviews of selected transactions to determine if any unauthorized adjustments have occurred on inmate accounts.

### **Current Status: Partially Implemented**

Management and staff are familiar with the County's ICCM and formal procedures have been developed to include an authorized designee's approval of fee waivers and inmate account adjustments. Management monitors and prevents unauthorized fee waivers by having a preliminary review done by the inmate's receiving deputy and a secondary approval done by the Sergeant. Out of a sample of nine inmates currently receiving fee waivers, five of the applications did not include a final approval by the Sergeant. There were no inmate account adjustments during the audit period.

### **Management Response:**

Fee waiver applications and supplemental paperwork are reviewed by a deputy. Once the deputy has approved the waiver, the sergeant reviews the application



and approves or denies based on the information provided. The reviewing deputy and sergeant both sign the application.

### **Auditor's Response:**

The Department's actions will correct the deficiencies noted in the finding.

### **Prior Finding 3: Written procedures for the Work Release Program and the Ankle Monitoring Program need to be established.**

The County's Internal Control and Cash Manual on page 2-2 states that by establishing internal controls, management is provided with reasonable assurance that their objectives are being met in a supportive control environment. An effective control environment includes the existence of policies and procedures.

The Department currently does not have operational procedures describing the key functions and responsibilities for the work release and ankle monitoring programs.

The Department's prior administration did not establish procedures for either program. When there are no written procedures, processes may be inconsistent and impact the Department's ability to operate efficiently and effectively.

### **Recommendation:**

Management should establish a set of procedures for day-to-day operations of the work release and ankle monitoring programs. The procedures should provide Department personnel with a clear understanding of their responsibilities and include a detailed authority structure for specific functions. Furthermore, management should communicate departmental procedures to all personnel directly involved with the work release and ankle monitoring programs and ensure the procedures are accessible at all times.

### **Current Status: Partially Implemented**

The written procedures for day-to-day operations of the work release and ankle monitoring programs are currently in draft form. Management has communicated departmental procedures to all personnel directly involved with the work release and ankle monitoring programs.



### **Management Response:**

Written procedures for each position in work release have been implemented.

### **Auditor's Response:**

The Department's actions will correct the deficiencies noted in the finding.

### **Prior Finding 4: The controls over the cash receipts need to be improved.**

The County's Internal Controls and Cash Manual (ICCM), Chapter 9 – Bank Accounts, page 9-4, states "supervisors must verify that deposits are intact. Deposits must consist of the same currency, checks, and/or money orders that were originally collected."

The Accounting Technician is responsible for preparing the bank deposits for the work release and ankle monitoring programs. However, no one verifies that the deposits are intact by comparing the cash intake records with the bank deposit slips.

Management was unaware of the County's ICCM bank deposit guidelines. There is an increased likelihood of theft when there is no supervisory review of the bank deposits.

### **Recommendation:**

Management should establish and implement a procedure requiring a supervisor to document verification that the bank deposits are intact prior to being transported to the bank.

### **Current Status: Implemented**

During our testing of 20 bank deposits for the period of July 2015 through June 2016, the daily cash intake records were all verified by a supervisor prior to being transported to the bank.



### **Prior Finding 5: Controls for the transfer of accountability of cash need to be improved.**

According to the Internal Controls and Cash Manual (ICCM), page 6-5, after the cashiers have counted their drawers, "the supervisor must then recount the cash in the presence of the cashiers and agrees his/her count to the count sheet."

At the end of each business day, the Sheriff's Custody Specialist (SCS) counts the cash received from the program fees. We noted that the recount was not conducted by the Accounting Technician immediately after the SCS counted their drawer. Furthermore, the Accounting Technician does not perform the recount in the presence of the SCS. Since the cash was counted and verified at separate times, there was no proper transfer of accountability of the daily cash receipts.

Management was unaware of the County's ICCM's guidelines for the transfer of accountability for cash receipts. Inadequate transfer controls provide opportunity to misappropriate cash, thereby increasing the risk of potential theft.

#### **Recommendation:**

Management should enforce the County's ICCM guidelines for the transfer of accountability for cash receipts. The Accounting Technician needs to recount the cash receipts in the presence of the SCS immediately after the SCS has counted the cash drawer. The Accounting Technician should agree their count to the count sheets. In addition, management should periodically monitor the cash receipting function to ensure that the staff is complying with the established policies and procedures.

#### **Current Status: Partially Implemented**

Management has enforced the County's ICCM guidelines for the transfer of accountability for cash receipts by having two SCS's count the cash receipts and agree the amounts to the JIMSnet report at the end of each business day. Once verified, the two SCS's initial the JIMSnet report and place the cash receipts and all backup documentation in the safe for the next day's deposit prepared by the Accounting Technician. Out of a sample of 10 cash receipts, 3 of the JIMSnet reports only had one SCS signature.



### **Management Response:**

At the end of each day, a JIMSNET report is generated. The JIMSNET report and cash receipts are checked by two SCS's. Once verified, both SCS's sign the JIMSNET report. Supervision has reiterated the procedures and expectations with staff.

### **Auditor's Response:**

The Department's actions will correct the deficiencies noted in the finding.