



Date: 7/24/2019

Purpose:

Review all cash accounts within the jail from January 2018- December 2018.

Interviewed: Sergeant Richard Morrison
Sarah Smith, Account Clerk

Examined: Check Stubs, Cancelled Checks, Bank Statements, Deposit Slips, Daily Cash Sheets, Check Disbursements, Keefe Group Invoices (formerly Trinity Services), Miscellaneous Invoices, Cash Transaction Reports, Daily Inmate Trust Transaction Journals

The Wayne County Jail maintains several Bank Accounts:

Wayne County Jail Inmates Account (Checking and Savings)
Wayne County Jail Work Release Account (Checking and Savings)
Wayne County Jail Commissary Accounts (Checking and Savings)
Wayne County Jail Revenue Account (Checking and Savings)
Wayne County Jail Bail Account (Checking)
Wayne County Jail Trinity Services Commissary Account (Checking and Savings)

The Wayne County Jail Inmates Account

Was operated prior to the establishment of the Wayne County Jail Swanson Account and was formerly used to handle inmate money. This account was determined to be all but inactive, with no activity since 2014. This account had balances of *\$541.47 in checking and \$5.53 in savings, as of 12/31/18*. The bank reconciliation for November 2018 was not signed as reviewed by an individual separate from the preparer. December 2018's bank reconciliation was completed 1/11/2019 and was reviewed on 1/14/2019.

The Wayne County Work Release Account

This account is currently an inactive account due to the lack of inmates in work release. When inmates are granted work release they must repay the jail for their cost of living expenses, along with drug and alcohol testing when applicable. This account had balances of *\$564.92 in checking and \$14.98 in savings as of 12/31/18*. This balance has not changed since 2014. As noted in previous internal audits, all of the funds in this account reflect the cost of living expenses and the drug and alcohol testing fees that had been collected previously. The bank reconciliation for November 2018 was not signed as

reviewed by an individual separate from the preparer. December 2018's bank reconciliation was completed 1/11/2019 and was reviewed on 1/14/2019.

The Wayne County Jail Commissary Accounts (Checking and Savings)

This account is being used to process the commissions checks received from the Keefe Group. These funds are spent on the health and well-being of the inmates. The balances of these accounts effective 12/31/18 were verified during the course of this audit and are as follows:

| | |
|----------|--------------|
| Checking | \$ 27,828.14 |
| Savings | \$ 26,488.78 |

While reviewing bank reconciliations for the months of November and December 2018 it was discovered that the adjusted bank statement balance and adjusted check book balance did not match and therefore the accounts were not properly reconciled. November's bank reconciliation was not signed as reviewed by an individual separate from the preparer. December's bank reconciliation was signed as reviewed by a supervisor although the account did not reconcile. December 2018's bank reconciliation was completed 1/11/2019 and was reviewed on 1/14/2019.

During the initial interview with the Account Clerk it was found that they are the sole individual responsible for disbursements from this account as well as the preparer for the bank reconciliations.

The check register for the Jail Commissary Accounts had some recording errors in December 2018. December 2018's bank statement showed a check disbursement in the amount of \$30,000 with check number 1966, but check number 1966 was inaccurately recorded as a disbursement to Time Warner Cable in the amount of 143.69. December 2018's bank statement also showed a draft in the amount of \$55.23 occurred on 12/26/2018 with check number 1968. The check 1968 was recorded as a disbursement to Bob Barker in the amount of \$143.69 in the accounts check register.

Wayne County Jail Revenue Account

This account is used to provide telephone service through a vendor (GTL) to the inmates. The Jail is paid a commission from this vendor and this commission is used for the safety and security of the Jail facility. The balances of these accounts effective 12/31/18 were verified during the course of this audit and are as follows:

| | |
|----------|--------------|
| Checking | \$ 46,108.93 |
| Savings | \$ 28,368.86 |

During the review of the bank reconciliations and bank statements a few inconsistencies were noted. A bank statement for November 2018 was not immediately available during the field work and therefore was not compared with the banks reconciliations figures. I requested to review the bank statement and reconciliation for November 2018 on

6/28/2019. Subsequent to the field work performed 6/27/2019, the November bank statement was located on 7/12/2019.

During the review of the bank reconciliations it was found that the adjusted bank balance and adjusted checkbook balance were not equal for the months of November and December 2018. November's bank reconciliation was not signed as reviewed by another individual. December's bank reconciliation was signed as reviewed by an individual separate from the preparer, although the account did not reconcile. December 2018's bank reconciliation was completed 1/11/2019 and was reviewed on 1/14/2019.

Wayne County Jail Bail Account

This checking account was found to be a "Zero Balance" account with the bail money going out as soon as it comes in. This account had a balance of \$3,000 as of 12/31/2018 that appears to be due to outstanding checks, going back to 1997.

The November and December bank reconciliations and bank statements were not immediately available when the audit field work was completed therefore, I have provided a bank balance as of 10/31/2018. I requested copies of the bank reconciliations and statements on 6/28/2019 and I did not receive a response. The balance on 10/31/2018 was \$3,500.00 (\$3,000 of that balance is a result of outstanding checks).

Subsequent to the audit field work performed on 6/27/2019 the jail facility informed the audit office that the November and December bank reconciliations were located. Upon review the checkbook statement reports were accessed on 7/12/2019. The bank reconciliations were not signed as reviewed by an individual other than the preparer. The balance of the Jail Bail Account on 12/31/2018 was \$4,500.00 as a result of outstanding checks.

The Wayne County Jail Trinity Services Commissary Account

Internal Audit found that Keefe Group (formerly Trinity Services Group) is a national vendor who, by bid, won the right to be the seller of personal effects to the inmates. They operate in many prisons and jails all over the country. The inmates' money is initially deposited into the Keefe Group kiosk system and that money is carefully accounted for from the moment of the initial deposit until the inmates are released from the Wayne County Jail; upon their release, the unspent balance is then refunded back to them.

The Keefe Group provides the Jail with both the necessary hardware & software. The hardware interfaces with the Keefe Group's off site system, completely out of control of the Jail.

This account is quite active and deals with most of the funds handled within the Jail on a daily basis. The balances of these accounts effective 10/31/18 were verified during the course of this audit and are as follows:

| | |
|----------|--------------|
| Checking | \$ 19,031.31 |
| Savings | \$ 9.80 |

During the review of 2018's bank reconciliations and statements it was discovered three bank reconciliations were not immediately available for the months of October, November, and December 2018. I have provided a bank statement balance as of 9/30/2018. These items were requested on 6/28/2019.

Subsequent to the audit field work completed 6/27/2019, the jail facility informed the audit office that the bank reconciliation for October was located. I reviewed October's bank reconciliation. It was found that October's bank reconciliation was the last to be completed for this account in 2018. *The balance of this account effective 10/31/2018 was 12,112.82 in checking and \$9.80 in savings.* A balance as of 12/31/2018 is not provided due to the lack of bank statements and reconciliations for this account for the months of November and December 2018.

Recommendations

1. Bank reconciliations must be prepared for each account within five business days of bank statement availability unless a written notification to the supervisor is signed with a reason for the delay to be in accordance with the Wayne County Cash Collection Policy adopted by resolution 523-13.
2. Bank reconciliations should be properly reviewed by an individual separate from the preparer to ensure accuracy, timeliness and to review any potential issues.
3. The check register should be recorded immediately following the disbursement of a check to decrease the potential for errors.
4. A clear separation of duties should be present for the cash handling components of the office to maintain proper internal control. The individual that prepares the disbursements from an account should not also be preparing the bank reconciliation. The size of an office is taken into consideration as a factor in the separation of cash handling responsibilities.

Management's Response:

The following is a response from Sheriff Virts received in an email on 7/23/2019:

After reviewing the audit report in detail with Major Ambeau and Undersheriff Fosdick it is apparent that most, if not all, of the deficiencies are a result of our newest account clerk not fully being trained to the tasks, duties and functions of the jail facility account clerk job responsibilities.

This Office merged the jail facility and administrative account clerk positions from two account clerk positions to one account clerk position to do both the jail facility and administrative account clerk functions.

In that transition the deficiencies noted in the audit report were certainly a lack of training to what was needed and expected with the jail facility accounts.

Major Ambeau will reach out to our Swanson account representative to request a training session.

In addition, an internal training will occur with at least one correction sergeant and the account clerk so both positions fully understand the responsibilities and proper auditing processes.

Major Ambeau will monitor this closely over the next few weeks to make certain the proper training is providing to get the tasks are back up to par.

Kristen Scott
7/24/2019
County Auditor

Heidi Kronbeck
7/24/2019
Internal Audit Clerk