



Internal Audit

Community Custody Program

September 2013

# Bernalillo County Internal Audit

## Community Custody Program

### Executive Summary

#### SUMMARY OF PROCEDURES

REDW performed an internal audit focused on evaluating the Bernalillo County Community Custody Program (CCP) intake and monitoring process and the collection of related fees to determine if these were in compliance with policies and procedures (P/Ps), and reflected best practices and sound internal controls.

The purpose of CCP is community-based supervision of non-violent inmates. This program allows men and women to return to their homes to be active, beneficial members of society or support their families. Inmates are charged 10% of their weekly income as a fee for participating in the program.

The procedures performed included testing a sample of CCP inmate files from the 2013 fiscal year to ensure documentation was on file to support proper inmate tracking and fee collection. We also tested a sample of daily cash receipts reconciliation prepared by CCP.

#### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

The significant high/moderate risk observations are presented below:

- **Fee Collection Process**—Weekly fees often did not have support for the amount assessed nor were they collected consistently. Additionally, the record of payment on the inmate’s file was often incomplete or missing.
- **Forms and Signatures**—There are various forms that are required to be completed and approved throughout the inmates’ time in the CCP. Many of the required forms were often missing from the inmates’ files. Additionally, there were many versions of forms in use, and newer versions of the same forms not in use. Different files from the same period of time used different versions of the same form.

\* \* \* \* \*

Further detail of our purpose, objectives, scope, procedures, observations, and recommendations are included in the internal audit report. In that report, management describes the corrective action taken for each observation.

We received excellent cooperation and assistance from the various departments during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

*REDW LLC*

Albuquerque, New Mexico  
January 13, 2014

# **Bernalillo County Internal Audit Community Custody Program**

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# **Bernalillo County Internal Audit Community Custody Program Report**

## **INTRODUCTION**

We performed the internal audit services described below solely to assist Bernalillo County in evaluating the internal controls over selected processes within the Community Custody Program (CCP). Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants, Generally Accepted Government Auditing Standards, and the terms of our contract agreement for internal audit services. Since our procedures were applied to samples of transactions and processes, it is possible that significant issues related to the areas tested may not have been identified.

Although we have included management's responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

## **PURPOSE AND OBJECTIVES**

Our internal audit focused on evaluating the CCP intake and monitoring process and the collection of related fees to determine if these were in compliance with policies and procedures (P/Ps), and reflected best practices and sound internal controls.

## **SCOPE AND PROCEDURES PERFORMED**

**In order to gain an understanding of the processes and internal controls surrounding the Community Custody Program we interviewed the following personnel:**

- Ray Gonzalez, Captain
- Angelica Dominguez, Administrative Office
- Cara Smouse, Financial Officer
- Various CCP Staff

Read relevant portions:

- of the Bernalillo County Metropolitan Detention Center Policy 18.12 Community Custody Program dated March 11, 2011.

**We performed the following testwork:**

We selected a sample of 59 CCP inmate files based on 95% confidence level (CL) and 5% tolerable deviation (TD) from the 2013 fiscal year and an additional 5 from August 2013 (64 total). We tested for the following:

- An *initial counseling evaluation* form was complete and on file.
- A complete intake form was on file.
- Documentation was on file to support that a two-week case review had occurred.
- Documentation was on file to support that a 12, 30, and 60 day case review had occurred.
- Job applications and reference sheets were on file.
- A weekly fee calculation document was on file with supporting data and accurate fee assessment.
- Documentation was on file to support that the individual paid the \$30 hook-up fee.
- Documentation was on file to support payments of the weekly participation fees.
- A *Community Custody Program Contract and Rules* form was on file with an approving signature.
- A *Rules for Home Visit* form was on file with an approving signature.
- A *Home Owner/Primary Tenant Home Verification Agreement* was on file with an approving signature.
- An *Electronic Monitoring Referral* form was on file.
- A *Program Matrix* form was on file with an approving signature.
- A *File Completion* form was on file with an approving signature.

We also selected a sample of 5 days from the months of July and August 2013 and obtained the daily cash receipts reconciliations prepared by CCP. We tested the reconciliations to determine the following:

- The cash receipts received were accurately posted to the inmate's account; and
- The cash desk posting agreed to the check or money order received from the inmate.

**OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

We identified the following weaknesses in either CCP's Policy or the daily operations:

Note: if the total number is less than the number of files tested, it is because some forms were not applicable to all the inmates. For example, an inmate is not required to make weekly payments if he/ she is enrolled full-time in school.

### ***1) Fee Collection Process***

An initial hook-up fee and weekly fees are to be assessed and collected from the inmates throughout their time in the program. During our testing we found the following:

- 46 of 46 files had no documentation to support that the weekly fee was assessed at the correct amount.
- 38 of 46 files had no documentation that a weekly fee rate was established.
- 34 of 46 files had no documentation that weekly fees were being paid.
- 13 of 64 inmates had no recorded payments of any kind in SAP for the period tested.

From an administration standpoint, we observed weekly fees were often not assessed accurately or collected consistently. Fees were not followed up on once an inmate left the program. There was confusion about who was responsible for each of the various elements of the process. Additionally, the record of payment on the inmate's file was often incomplete or missing.

**Risk: High**—Although the revenue collected is not material to the County, failure to accurately assess and collect fees could result in negative publicity for the program.

### **Recommendation**

Fees collected were \$128,000 in fiscal year 2013 with an unknown balance of outstanding fees. There were approximately 1,500 inmates in the program during fiscal year 2013 with a daily cost per inmate of approximately \$30. The daily cost of an inmate at MDC is approximately \$70.

The County should consider eliminating the wage-based fee portion of CCP policy since the administration and processing cost of collecting the fees most likely outweighs the benefits. If it took even two full-time employees to administer the fees, any financial benefit would be lost. Alternatively the County should consider increasing the initial fee to offset the costs of the program.

### **Management Response**

The Metropolitan Detention Center will pilot a project to charge a one-time fee of \$100 for each CCP inmate. The pilot will last for at least 6 months. The courts will be notified of the pilot project and the potential change to the fee structure based on the outcome of the pilot project. The CCP pilot project policy language will include the following:

#### **A. Program Participation Fees**

1. Equipment Installation and Weekly Program Fees.
  - a. All inmates are required to pay a basic fee of \$100.00, within two weeks of placement onto the Program. The assigned Officer or a Classification Specialist can extend the deadline for the connection fee payment with approval from CCP Captain.
2. Fee Collection Process
  - a. A Community Custody Officers shall not under any circumstance collect or handle fees.

- b. Program administrative staff will make arrangements with the Treasurer's Office to accept the inmate's payment and issue a receipt to the inmate.
  - c. For each fee due, the inmate will make the required payment by money order to the Bernalillo County Treasurer's Office located in the basement of City Hall. These fees will be processed Monday through Friday from 8:00 a.m. to 5:00 p.m.
  - d. Program administrative staff will make arrangements with the Treasurer's Office to obtain a list of CCP payments received at the end of each business day.
  - e. Program administrative staff will access the County's SAP computer data base and print out a second receipt and provide it to the Community Custody Officer assigned to supervise the particular inmate who made the payment. The information stored on the County's SAP computer database for all Program inmates includes, but is not limited to, the following:
    - i. Inmate's name;
    - ii. Payment due date;
    - iii. Amount due;
    - iv. Date received;
    - v. Amount received;
    - vi. Waiver type (i.e., unemployment, disability, student, etc.); and
    - vii. Assigned Community Custody Officer.
3. The Community Custody Officer who receives the second receipt will place it in the inmate's file and note the receipt of payment on a payment tracking form that is maintained on top of the receipts within the inmate's file.
  4. Program administrative staff will print a third receipt to attach to the list generated by the Treasurer's Office for reference at the Program Center.

## **2) *Forms and Signatures***

There are various forms that are required to be completed and approved throughout the inmates' time in CCP. Many of the required forms were often missing from the inmates' files. We observed that forms required when an inmate first joins the program were more consistently present than the forms required after the first few days in the program. For example we observed there were no missing Long Forms, which is the form filled out when the inmate joins the program; but on the other hand, we observed 35 of 48 having no two week review documents. During staff interviews we were informed that the program had recently instigated a daily check of a selection of files to verify accuracy and completeness, however; when we tested an additional sample of the most recent files, we observed no significant difference between the newer files and the older ones. There were still similar issues with missing forms. Additionally, we found no consistent errors throughout all the files; each individual file had a unique set of missing forms. In summary, required forms were often missing from the inmate's file and the regular audit of the files was not working effectively.

During our testing we specifically observed the following:

- 35 of 48 files had no documentation (i.e. *CCP Two-Week Program and Benefits Review or Classification Review* form) that a two-week case review occurred.
- 48 of 48 files had no documentation that a 12, 30, and 60 day case review occurred.

- 25 of 48 files had no documentation a job was held, a job search was regularly completed, or of full-time school enrollment.
- 8 of 60 files had no *File Completion* form.
- 39 of 52 had no signature on *File Completion* form.
- 2 of 62 files had no *Two Week Review* form.
- 55 of 62 files had no signature on the *Two Week Review* form.
- 8 of 64 files had no *initial counseling evaluation* form.
- 1 of 64 had no signature on the *Community Custody Program Contract and Rules* form.
- 9 of 64 files had no *Rules for Home Visits* form.
- 18 of 64 files had no *Home Owner/ Primary Tenant Home Verification Agreement* form.
- 3 of 46 had no signature on the *Home Owner/Primary Tenant Home Verification Agreement* form.
- 7 of 64 files had no *Electronic Monitoring Referral* form.

Additionally, there were many versions of forms in use, and newer versions of the same forms were not in use. Different files from the same period of time used different versions of the same form.

**Risk: High**—With no consistency in the required forms, inmates cannot be effectively monitored in the program and the monitoring cannot be adequately supported.

### **Recommendation**

Forms which have multiple versions should be standardized to only one form, and it should be enforced that only the current version of the form is to be used. Additionally, all forms should be reviewed for consolidation purposes to reduce complexity. Finally, there should be a system in place for regular documented file audits. This will help ensure that files are complete and CCP's policies are followed. Specific recommendations follow:

1. Someone should be designated to conduct monthly audits on a selection of random files to ensure accuracy and completeness. A checklist should be created to assist in the consistency of the process. Additionally, a listing should be maintained to document the files that were checked, date of check, if issues were noted, and the date the issues were corrected. We recommend the results be reported to both someone responsible at Metropolitan Detention Center (MDC) as well as the Captain of CCP.
2. All forms should be internally clarified so staff understands which version of forms to use. The following were forms we specifically observed to be unclear to CCP staff.
  - a. Community Custody Program Contract and Rules form
  - b. *Classification Review* form
  - c. *CCP Two-Week Program and Benefits Review* form
  - d. *New Client/Change in Information* form
3. CCP should focus on critical documentation and approvals. We recommend all forms be evaluated to see what is required to be approved and what can be removed.

- a. *Daily Itinerary*—We suggest this form be reduced to only show the inmate’s standard weekly schedule. When the schedule changes, there should be a place for the staff to indicate what deviation was made, accompanied with the staff’s initials.
- b. *Two Week Review*—We recommend this form be eliminated. It has been used as a reminder for the inmates to make their payments rather than as an official document.
- c. *Intake Forms*—We recommend that the *Short Form* be eliminated and an additional box be added on the *Long Form* to indicate what information is required depending on the inmate’s circumstances. We then suggest that the *Community Custody Program Contract and Rules* form, *Rules for Home Visits* form and any other forms filled out at the beginning of an inmate’s participation in the program be combined with the condensed *Long Form*.

### **Management Response**

MDC Managers will conduct monthly audits of the CCP files for compliance. A check list will be developed and followed for the monthly audits. A report of deficiencies will be submitted to the CCP Captain and Chief. When deficiencies are identified the deficiencies will be addressed on or before the next scheduled monthly audit. The audit members will verify that the deficiencies have been corrected. The CCP file audit checklist will be developed by February 2014.

MDC will review all of the forms associated with CCP and consider consolidating and/or updated the forms by March 2014. New and revised forms will be submitted to the MDC Forms Committee for approval.

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This report is intended for the information and use of Bernalillo County management, the audit committee, members of the Board of Commissioners of Bernalillo County and others within the organization. However, this report is a matter of public record, and once accepted its distribution is not limited.

We discussed and resolved other minor observations with management and received excellent cooperation and assistance from the various departments during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

*REDW LLC*

Albuquerque, New Mexico  
January 13, 2014