



Metropolitan Detention Center

Internal Audit

April 2013

Bernalillo County Internal Audit Metropolitan Detention Center

Executive Summary

SUMMARY OF PROCEDURES

REDW performed an internal audit over selected areas at the Bernalillo County Metropolitan Detention Center (MDC). Our internal audit focused on testing internal controls for various MDC processes including honor pod, travel and training expenditures, background checks, and the tracking, monitoring and reporting of inmate programs. We also performed follow-up procedures on those prior internal audit observations that MDC believed were resolved.

The procedures performed included:

- Obtaining an understanding of MDC operational procedures through reading relevant Administrative Instructions and MDC specific policies and procedures, and through interviewing various MDC personnel;
- Testing a sample of background checks for completion prior to start dates and on a consistent basis thereafter for those that have contact with inmates or fiscal responsibilities;
- Testing the honor pod process including:
 - a sample of honor pod expenditures to verify proper supporting documentation and approvals, as well as reasonableness for program purposes;
 - a sample of honor pod participants to determine if eligibility requirements were properly documented, approved and monitored during program participation;
 - a sample of indigent credit participants to determine if inmates were properly authorized to receive the credits and if eligibility criteria was monitored during participation;
- Testing a sample of travel/training expenditures to verify proper supporting documentation, approvals, and that they were processed in accordance with County policies and NM State Statute requirements;
- Analyzing the processes in place to monitor inmate programs;
- Obtaining daily reconciliation documentation for cash accounting to determine if reconciliations were completed and verified by a supervisor and supporting documentation was available; and,
- Obtaining monthly reconciliation documentation for medical fees posted to inmate trust accounts to determine if they were appropriately charged and paid to the County.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

We found areas during the course of the audit where controls were functioning properly and established procedures were followed. All honor pod expenditures tested were properly approved and the procurement process was followed. Prior internal audit observations related to medical fees and cash reconciliation were resolved, and processes relating to these areas are functioning properly.

Significant high and medium risk observations are presented below:

- **Initial Background Checks**—MDC Policy 3.11 governing background checks was not consistently followed. Additionally, MDC Policy 20.01 had conflicting language as it related to screening and selection of volunteers.
- **Honor Pod Indigent Credit**—The criteria governing the eligibility process for inmates to receive an indigent credit was not included in the main body of the Honor Pod policy and only referenced in the appendix. Inmate participation should be properly approved and documented upon entrance to the program.
- **Inmate Programs**—There was no comprehensive reporting of inmate programs with tracking of measurable objectives, expenditures and funding sources.

The lower risk observations are included in the attached detailed report.

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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
May 9, 2013

Bernalillo County Internal Audit Metropolitan Detention Center

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Bernalillo County Internal Audit Metropolitan Detention Center Operations Report

INTRODUCTION

We performed the internal audit services described below solely to assist Bernalillo County in evaluating the internal controls over selected processes at the Metropolitan Detention Center. 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.

An entrance conference was held on March 4, 2013, at which time most items needed for the audit were requested. Fieldwork began the week of April 1, 2013. An exit conference was held on May 3, 2013, and final management responses were received on May 9, 2013.

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 testing of internal controls for selected processes at MDC including the honor pod process, travel and training expenditures, background checks, and the tracking, monitoring and reporting of inmate programs. In fiscal year 2012 the County expended approximately \$294,044 on the honor pod program, which included the indigent credit. Additionally, in fiscal year 2012 the County expended \$70,073 for travel and training purposes. Although not inclusive of all inmate program expenditures, the total investment in the NorthPointe classification and risk assessment system to date was \$579,053. We also performed follow-up procedures on those prior internal audit observations that MDC believed were resolved.

SCOPE AND PROCEDURES PERFORMED

In order to gain an understanding of the processes and operations surrounding MDC, we interviewed the following MDC personnel:

- Kevin Sourisseau, Chief Financial Administrator
- Dannette Gonzales, MDC Employment Manager

- Destry Hunt, Policy and Planning Administrator
- Kate Aldrich, Cash Accounting Supervisor
- Joseph Lovato, Contract Compliance Officer
- Erin Riley, Training Coordinator
- Kimberlee Hanson, Principal, Gordon Bernall Charter School
- Ramon Rustin, Chief of Corrections
- Virginia Chavez, Assistant Chief of Operations
- Monica Roybal, Financial Services Administrator I
- Monica Gutierrez, Recruiting Officer

In order to understand MDC’s policies and procedures we read relevant portions of:

- MDC 3.11 – Background Check Policy;
- MDC 20.01 – Volunteer Background Check Policy;
- MDC 19.22 – Honor Pod (Character-Based Program) Policy;
- MDC 2.03 – Cash Accounting Policy;
- MDC 4.08 – Travel Policy;
- Bernalillo County Administrative Instruction No. BD 09 – Travel; and,
- New Mexico Statute 2.42.2 NMAC – Regulations Governing the Per Diem and Mileage Act.

We performed the following testwork:

Background checks: We obtained the listings of current MDC employees, contractors and volunteers as of March 2013. We selected a statistical sample of 55 people (based on 95% confidence level (CL) and 5% tolerable deviation (TD)) and tested that the background check was completed prior to start date, and deemed satisfactory by a Deputy Chief or higher rank, “Personal History Questionnaire” was completed, and an National Crime Information Center (NCIC) request form was completed.

Honor pod expenditures: We obtained the honor pod expenditures for July 2012 through December 2012 and judgmentally selected a sample of 15. We tested the expenditures selected for proper approval and reasonableness as it related to the honor pod policy.

Honor pod eligibility: We obtained a listing of all inmates and extracted those inmates housed in honor pods for July 2012 and September 2012. We selected a statistical sample of 22 inmates (based on 90% CL and 10% TD) and tested for the requirements in MDC policy 19.22 including 21 consecutive days at MDC, likelihood of remaining at least 30 more days at MDC, clean drug urinalysis, and successful completion of the alcohol treatment program if applicable. We also tested seven inmate damage charges.

Indigent Credit: We obtained the listing of honor pod indigent credit participants for October 2012 and December 2012 and selected a statistical sample of 22 participants (based on 90% CL

and 10% TD). We tested eligibility criteria identified through inquiries with MDC personnel and the inmate handbook including that the inmate trust account was no more than \$3, limited demerits in the period, no care packages received from family, and that the inmate trust account was credited no more than \$41 each month. Additionally, we tested that low income verification was properly documented and approved. We also selected five participants to test the process for unused indigent credit balances.

Travel and Training Expenditures: We obtained the account detail for travel and training for July 2012 through December 2012. We selected a statistical sample of 17 expenditures (based on 90% CL and 10% TD) and tested supporting documents for reasonableness of the costs, evidence of approvals and compliance with County policies and state statute requirements.

Inmate Programs: We interviewed various MDC personnel to gain an understanding of inmate programs that have the objectives of improving behaviors and reducing recidivism rates. We obtained listings and meeting minutes from the MDC program committee to determine if inmate programs were properly tracked, monitored, reported and evaluated for progress on a regular basis to ensure that program activities were adding value to the overall MDC operations.

OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

We identified the following weaknesses relating to the Bernalillo County Metropolitan Detention Center's processes:

1) Initial Background Checks

MDC Policy 3.11 – Background Checks states that all applicants for employment with Bernalillo County at MDC, as well as all contractors and volunteers, must undergo a background investigation to determine suitability for their position. The policy states that employees, contractors, and volunteers must have a background check performed prior to their start date, a Deputy Chief or higher rank must determine if the background check was appropriately cleared, and a “Personal History Questionnaire” must be completed. During our testing of background checks we observed the following:

- Six of 55 people tested did not have documented clearance by a Deputy Chief or higher rank on the background check form.
- We found a different screening policy, MDC Policy 20.01, which conflicts policy 3.11. Additionally there were several variations of the background check form in use.
- Three of 55 people tested did not have documented start dates that could be verified to ensure the background check was completed prior to their start date.
- For four of 55 people tested, we were unable to verify that a background check had been completed as determined by confirmation on the report provided by the New Mexico Department of Public Safety.
- Ten of 55 people tested started at MDC before a background check had been performed.

Risk: High – All individuals who enter MDC with the possibility of interacting with inmates or who have fiscal responsibilities should have a background check completed prior to their start date.

Recommendation

All policies referencing background check procedures should be thoroughly examined and consolidated into one policy. Additionally, processes should be implemented to track all background checks completed with proper documentation of start dates. Forms should be updated to reflect consistent information and support that background checks have been completed and authorized prior to the start date.

Management's Response

MDC will update policies to eliminate duplication and/or conflicting policies. While the forms were not being used properly the forms are slightly different to distinguish between the types of background checks being performed. The forms are the following:

- The MDC/County employee background check form is used for employment and must be signed and approved by The Chief of Corrections per Human Resources Policy.
- The Volunteers/Contractor background check form is used for non-employees upon initial entrance and can be signed by MDC Deputies.
- The Annual Volunteer/Contract background check form is used yearly to update the files.

Changes to personnel and procedures during the period audited led to inconsistencies in the documentation. The Human Resources Manager at MDC is now responsible for all background checks. The manager will ensure that proper procedures are followed and that documentation is maintained. The department NCIC logs indicate that background checks were performed on the individuals in question prior to beginning employment. Although the data requested from DPS was for NCIC process dates, the data provided by DPS was for fingerprint confirmation. DPS has been contacted to get the NCIC dates, but as of May 9, 2013 we still have not received it.

2) *Honor Pod Indigent Credit*

The eligibility requirements for receiving an indigent credit in the honor pod was not included in the main body of the policy and only referenced in the appendix. We obtained the criteria used for calculating the indigent credits from discussions with MDC personnel and criteria outlined in the Honor Pod Inmate Handbook.

During our assessment of the indigent credit we observed the following:

- Twelve of 22 indigent credits tested did not have documentation to support the number of demerits received. The demerit listing did not include all inmates, which could cause improper calculation of the credits they were eligible for.
- All 22 indigent credits tested did not have documentation to support the review and approval by an individual other than the employee who calculated the credits to verify low income status upon beginning to receive the indigent credits.
- The manual spreadsheet used to calculate the indigent credits was complicated and leaves room for error in determining eligibility for the credits paid to inmates. The indigent credit calculation also included at least one pod that was not designated as an honor pod. This could cause these inmates to receive the credit when they are not eligible.

- There was not a process to reconcile credits used to ensure they were used by the correct inmate. Additionally, unused indigent credits were not cleared out of the system after an inmate was released.

Risk: Moderate – The County may be paying indigent credits to inmates who are not eligible.

Recommendation

The qualification process and requirements for eligibility to receive an indigent credit should be included in the main body of the Honor Pod policy. A documented approval with low income verification should be on file when the inmate starts to receive the credit by an individual other than the employee who calculates the credits. There was only one MDC employee who understands the process for calculating the credits. At least two MDC employees should be identified and trained to calculate the credits. Additionally, training should be provided to personnel implementing the policy and procedures.

Management's Response

By June 1, 2013, the criteria governing the eligibility process for inmates to receive an indigent credit that is already referenced in the appendix to the current Honor Dorm policy will be included in the main body of the Honor Dorm policy.

By July 15, 2013, the MDC will put in place a procedure whereby the inmates admitted into the honor pods will be concurrently added to the demerit tracking system. Every month before the indigent commissary credits are calculated, the demerit tracking system will be reconciled with the EJustice (EJS) roster to ensure that every inmate housed within the honor program is also included within the demerit tracking system.

In order to ensure proper review and approval of the calculation of credits by another employee, on May 7, 2013, the MDC began to transfer the responsibility for managing the calculation of credits, as well as the new review and approval as recommended by this audit, to the MDC Finance/Accounting Unit. This transition is anticipated to be completed by June 7, 2013. The Cash Accounting office will manage the calculation of the credits, and the MDC Finance Unit will identify another of its offices to provide the review and approval of the calculation performed by Cash Accounting. MDC Finance will engage MDC I.T. in order to automate the calculation function performed by the manual spreadsheet that currently calculates the credits. The pod that was mistakenly thought to be an honor pod is no longer being issued indigent credits.

MDC Finance will begin to require a detailed billing of indigent credits from Aramark in order to reconcile the billed credits against the credits allotted by the MDC. MDC Finance will also begin to review the system maintained by Aramark within which the auditors reported that credits were not being cleared upon an inmate's release.

3) Inmate Programs

MDC has a variety of inmate programs with the objective of reducing the jail population, the rate of recidivism and corrections officer workload. We were unable to obtain documentation that included all programs with monitoring of measureable objectives, expenditures and funding sources. This information should be reported to County stakeholders, with supporting documentation available that can be verified and assessed as needed.

Risk: Moderate – Without the ability to weigh program outcomes and expenditures in a comparable format, the County could be expending resources on programs that are not providing value for the resources invested.

Recommendation

A process should be implemented to provide comprehensive reporting of inmate programs to County stakeholders to enable more effective assessments and monitoring. Reporting should include measurements of objectives, expenditures, funding sources and a summary of regular assessments to ensure that programs are meeting stated objectives and adding value to justify budgeted amounts. This will allow the County to monitor each program and make adjustments as needed. Additionally, programs with objectives to reduce recidivism should be measured over periods of several years to ensure effectiveness.

Management's Response

At the time of the audit, a review of all MDC programs was already underway by a Program Committee comprised of four Doctor of Philosophy (Ph. D.) level professionals working under the direction of Chief Rustin. The committee will incorporate the auditors' recommendation into its current process to ensure that programs meet the stated program objectives, add value to justify the program funding, and that those programs with the objective of reducing recidivism are measured over a period of several years to ensure effectiveness.

4) Honor Pod Eligibility

During our testing of inmate honor pod eligibility, we determined that the policy had not been properly implemented or tracked for the program requirements. We also observed the following:

- 10 of 22 inmates tested did not meet the eligibility requirements as stated in MDC policy 19.22.
- There were seven inmates who were in debt to the County for damage or fraud committed against MDC, which would be considered an infraction per the policy.

Risk: Low – Inmates who have not met the requirements of the honor pod policy may be receiving privileges and benefits they are not eligible for.

Recommendation

Honor pod requirements should be communicated and applicable training provided to all relevant personnel. Additionally, all inmates applying to participate in the honor pod program should be properly screened for meeting eligibility requirements prior to entering the program and on a regular basis during their program participation.

Management's Response

No later than June 5, 2013, the Classification Unit will assume the responsibility for placing inmates into the honor program with the use of the Northpointe tool. This new ability to centralize the function of inmate placement will ensure consistency and strict adherence to the Honor Dorm policy.

5) *Policies and Procedures*

It is best practice to include the effective date of a policy and ensure there is a process in place to update and approve changes to the policies. There was no effective date to indicate when a policy was implemented or documentation of an approval on MDC policies and procedures. We also determined that two policies (3.11 and 20.01) in use have conflicting requirements.

Risk: Low – Without effective dates personnel could be using outdated or superseded policies.

Recommendation

All policies should properly reflect an effective date, and a process should be implemented to properly update policies on a regular basis, with documented approvals of changes made. A comprehensive listing should be available indicating the dates of the policies that are effective and in use. Additionally, a consistent template for policies and procedures documentation should be used at MDC and possibly county-wide to facilitate ease of use and understandability.

Management's Response

No later than June 1, 2013, every MDC policy will include an effective date. Although a documented electronic approval for every policy change already exists within County email, by June 1, 2013, the Chief will also sign the title page of every current and approved MDC policy.

The two policies with conflicting requirements (3.11 and 20.01) will be revised by two subject matter experts, the MDC Employment Manager and the MDC Facility Chaplain, and those requirements which are conflicting will be revised by June 1, 2013.

6) *Subsequent Background Checks*

MDC policy does not require that subsequent background checks be performed for employees, contractors, or volunteers. Best practices for high risk environments require that background checks are updated periodically for all individuals with the possibility of contact with inmates or with fiscal responsibilities.

Risk: Low – Individuals previously screened and cleared could have subsequent criminal incidents.

Recommendation

To mitigate risks of theft, fraud, workplace violence and potential liability, all individuals with the possibility of contact with inmates or with fiscal responsibilities should have a background check updated on a periodic basis.

Management's Response

MDC will enter into discussion with the State Department of Public Safety to determine the feasibility of performing periodic subsequent background checks.

FOLLOW-UP ON PRIOR-YEAR OBSERVATIONS

Follow-up testing was performed on observations noted during the April 2013 MDC internal audit report if MDC considered the observation significantly improved or resolved. The status of each observation below was determined through inquiry, testing, and/or observation.

Prior Observation: Porch Findings, 2010 #17—Cash accounting shifts and documentation to support reconciliation of cash drawers.

Current Status: Resolved – We obtained 30 daily reconciliation packets from cash accounting to determine if reconciliations were completed and verified by a supervisor and supporting documentation was available.

Prior Observation: Porch Findings, 2010 #9—Medical fees and subsequent payments related to duplicate charges to inmate accounts and payments to the County.

Current Status: Resolved – We obtained the monthly medical fee reconciliations for December 2012, January 2013 and February 2013. There was a new system used to track medical fees, and there are controls in place to detect duplicate charges.

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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 Commissioner 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
May 9, 2013