



Metropolitan Detention Center

Internal Audit

October 2017

# **Bernalillo County Internal Audit Metropolitan Detention Center**

## **Executive Summary**

### **SUMMARY OF PROCEDURES**

REDW performed internal audit procedures over selected areas at the Bernalillo County Metropolitan Detention Center (MDC). Our internal audit focused on testing compliance with policies over inmate cash accounting, inmate property handling, and inmate court transportation.

We performed the following procedures:

- Obtained an understanding of the cash and property handling at inmate intake, during incarceration, and at release and evaluated whether inmates' cash and property were handled in accordance with policy.
- Obtained an understanding of the processes used to transport inmates to court and medical appointments and evaluated whether transportation practices were in accordance with policy.
- Tested a selection of cash and property receipts and determined if adequate supporting documentation existed and was in compliance with policy.
- Tested a selection of monthly bank reconciliations and determined whether differences were investigated and resolved.
- Tested a selection of cash and property disbursements and determined whether the disbursement was handled in accordance with policy.
- Tested a selection of transportation logs and determined whether roll calls were completed and the appropriate number and gender of officers was assigned to transport individual female inmates in accordance with policy.

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

During the course of the audit we identified areas which appeared to be functioning properly which included cash reconciliations from the bank balance to the Keefe system.

As a result of our testing, the following significant moderate risk observations were identified:

- 1) ***Property Inventory Forms not signed or completed consistently:*** There was one instance identified where the Property Inventory Form was not signed by the inmate or arresting officer. Additionally, the forms were not filled out consistently. MDC should complete all entries on the property inventory form, entering “not applicable” where necessary.
- 2) ***Disbursement receipts not maintained:*** There were two instances identified where cash disbursement receipts were not maintained with the appropriate shift log documentation. Processes should be implemented to ensure receipts for each disbursement are signed and retained with the shift cash accounting documentation.
- 3) ***Shift reconciliation support:*** There were two instances identified where the cash shift reconciliations did not have adequate support. Consider holding a refresher training for the cash accounting technicians on the reconciliation process and the importance of completing the reconciliation process accurately.
- 4) ***Female inmates transported without a female officer present:*** There were six instances where a single female inmate was not accompanied by a female transportation officer. In each of these cases, the inmate was escorted by two male transportation officers, and there was no documentation of authorization from the Jail Administrator. MDC should document all cases where a female staff member is not present in the transport of a female inmate and the rationale for alternative staffing arrangements.

\* \* \* \* \*

Further detail of our purpose, objectives, scope, and procedures are included in the internal audit report.

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

REDW LLC

Albuquerque, New Mexico  
December 4, 2017

# **Bernalillo County Internal Audit Metropolitan Detention Center**

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# **Bernalillo County Internal Audit Metropolitan Detention Center**

## **Report**

### **INTRODUCTION**

We performed the internal audit services described below solely to assist the Bernalillo County Metropolitan Detention Center (MDC) in evaluating the processes related to inmate cash accounting, inmate property handling, and inmate transportation. Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services. Since our procedures were applied to samples of 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.

An entrance conference was held on October 11, 2017, and fieldwork began October 16, 2017. An exit conference was held on November 14, 2017.

### **PURPOSE AND OBJECTIVES**

MDC is responsible for safe keeping of inmates' property and proper handling and controls over inmates' cash collections and disbursements. Our internal audit focused on testing the inmate cash accounting and inmate property handling processes to determine if cash deposited and disbursed was accurately accounted for in the inmate's trust accounts, and if the inmate's property was recorded and stored securely in accordance with County policies. Additionally, we tested the processes for transporting inmates to determine if inmates were transported with the appropriate number and gender of officers required by County policy.

## **SCOPE AND PROCEDURES PERFORMED**

**In order to gain an understanding of the processes and laws/regulations, we interviewed the following personnel:**

- Kate Aldrich, Fiscal Programs Supervisor
- Emily Madrid, Chief Financial Officer
- Al Hutchinson, Property/Records Coordinator
- Julia Rivera, Supervisor, MDC Property/Records
- Alexis Iverson, Lead Supervisor, MDC Property/Records
- George Doyle, Transportation Captain

**In order to gain an understanding of the processes we read relevant portions of:**

- Cash Accounting Policy dated – FIS2.03 – effective July 15, 2013
- Inmate Property Inventory (Admissions) Policy – APO16.01 – effective July 15, 2013
- Transportation and Hospital Police Holds Policy – SEC8.41 – effective July 15, 2013

**We performed the following test work:**

***Intake – Property and Cash Accounting:*** We obtained an understanding of MDC’s process for accounting for inmate funds at intake, cash deposits made subsequent to intake, and intake of inmate property. We obtained a listing of deposits from the Keefe system and a listing of bookings from the Electronic Justice System (EJS) for the period of September 1, 2016 through August 31, 2017. We selected a random sample of 30 deposits from the Keefe transaction detail and 30 inmate bookings from the EJS booking detail. For each item selected, we verified the Property Inventory Form was signed by the inmate and the Property Technician, the Cash Accountant reconciled cash to the inmate’s EJS cash record, and reconciled the property recorded on the Property Inventory Form to the inmate’s EJS property record. For lobby deposits and mail credits, we verified a receipt was issued for the deposited amount.

***Property Storage:*** We obtained an understanding of MDC’s process for inmate property storage. We conducted a walkthrough of the property storage area by observing the property lockers, storage system and conducting an inquiry of the process with the Property and Records Supervisor to determine if the property storage area appeared to have adequate controls and security to safeguard inmates’ property.

***Disbursement of Inmates Account:*** We obtained an understanding of MDC’s process for the disbursement of inmate funds at release or transfer. We obtained a listing of disbursements from the Keefe system and a listing of releases from EJS from September 1, 2016 through August 31, 2017. We selected a sample of 40 disbursements from the Keefe transaction detail, which included ten lobby withdrawals and 30 inmate releases from the EJS release detail. For all releases, we obtained the debit card receipt, verified the inmate signed the receipt, and the remaining balance in the Keefe system was zero. For transfers, we verified a check was issued in the amount of the inmate’s balance to the receiving institution. For lobby withdrawals, we verified the inmate authorized funds to be released to a specific individual on the Inmate Money-Property Release Form and that the person receiving the funds signed for receipt of the funds.

**Cash Reconciliations:** We obtained an understanding of MDC’s process to reconcile cash received to the bank balance and to the Keefe system. We selected 20 days between September 1, 2016 and August 31, 2017, to test cash shift reconciliations which resulted in a total sample of 60 cash shift reconciliations, as there are three shifts per day. We verified the oncoming and off going cash accountants counted the cash, reconciled cash on hand to the Keefe report, and signed as evidence of the count. We additionally tested three months of reconciliations from the Keefe system to the bank balance and verified that MDC verified all reconciling items including cleared and uncleared deposits, cleared and uncleared disbursements, and stale checks. We verified the bank reconciliations were performed within 30 days and initialed by the Chief Financial Administrator as evidence of review.

**Inmate Transportation:** We obtained an understanding of MDC’s process for inmate transportation, including the log that serves as the primary record of inmate transports each day. We selected ten days between September 1, 2016 and August 31, 2017, and assessed the log for documentation of inmate head counts and roll calls. We additionally selected an instance from each of the ten days of a female inmate being transported from the logs. For each female transport selected, we tested that a female transportation officer was present for the transport in accordance with policy.

## **OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

During the course of the audit we identified areas which appeared to be functioning properly which included cash reconciliations from the bank balance to the Keefe system.

As a result of our testing, REDW identified the following observations:

### ***1) Property Inventory Forms not signed or completed consistently***

MDC’s Inmate Property Inventory policy requires that the inmate sign the Property Inventory Form that lists the personal property that has been turned over to the Property Technician at intake. The form has a signature block for the arresting officer to sign in the event the inmate is unable to sign. Our testing identified one of 48 Property Inventory Forms that indicated the inmate was cuffed at the time of intake, but was not signed by the inmate or arresting officer.

Additionally, the forms were completed in an inconsistent manner. Examples of this include the following:

- Each form had varying levels of detail for descriptions of property items;
- The article of clothing received was not circled for clothing item name;
- For item descriptions on the form that were not applicable, some forms indicated this with a line through the field and some forms had blank fields;
- Some forms had completed item descriptions but did not have the “yes” or “no” box checked to indicate the item was inventoried;
- Some forms indicated “0” when there was no cash received while others have a line through the “amount” field; and,
- Some forms included handwriting that was not legible.

**Potential Risk: Moderate** – If the Property Inventory Form does not have a second signature to verify inmate’s personal property inventory, the MDC Property Technician becomes solely responsible for the personal property. If the inmate disputes the information on the form at a later time, MDC has limited proof that the property was received and recorded accurately.

**Recommendation:** MDC should complete all entries on the property inventory form, entering “not applicable” where necessary. This will demonstrate the Property Technician considered all entries at the time of booking. Specifically, where there are lines for signatures or initials, there should be a signature or a notation as to why there is none. Where there is an entry for cash and check amounts, there should be an entry to show evidence that the Property Technician considered the information instead of leaving it blank if the amount was zero.

**Management’s Response:** Directive was issued by the Corrections Technician Supervisor on November 15, 2017. All signatures are to be obtained and all lines of form are to be filled out. If inmate is unable to sign it will be noted on the form. Not Applicable (or “N/A”) will be entered for all lines of property inventory that do not apply. There will be no blank areas.

### ***2) Disbursement receipts not maintained***

MDC’s Cash Accounting Policy states that the Corrections Technician will file the signed receipt with the shift cash accounting documentation. Our testing identified two of 70 disbursements tested did not have a copy of the signed receipt with the shift cash accounting documentation. These two identified were for debit card disbursements totaling \$232.

**Potential Risk: Moderate** – If MDC does not obtain the inmate’s signature and retain the disbursement receipt, there is a risk that that MDC did not properly disburse inmates’ funds at the time of release. Without evidence that the inmate signed the receipt, the County would not have support if there was a dispute.

**Recommendation:** Processes should be implemented to ensure receipts for each disbursement are signed and retained with the shift cash accounting documentation. MDC should consider creating a shift log that lists each disbursement with a signature block for each inmate.

**Management’s Response:** There is currently a log in use that tracks releases and amounts. The log is maintained on the MDC team site and a hard copy with the release receipts in the shift log packets. Management will remind staff to obtain ALL signatures on releasing documents or to note “mailed” if the funds are mailed to another facility. Mail logs which list all checks mailed to another facility for inmate transfers are also maintained daily.

### ***3) Inadequate cash shift reconciliation support***

The cash shift reconciliation includes a Cash Drawer Count Report for the off going Corrections Technician, a tape that totals cash on hand, and a Cash Drawer Count Report for the oncoming Corrections Officer. MDC’s Cash Accounting Policy states that the Corrections Technician assigned to cash accounting will complete a Cash Drawer Count Report at the end of each shift, and the off going and oncoming Corrections Technicians must count the cash drawer and sign the close drawer report. Our testing of 60 shift reconciliations determined there were two instances where the cash shift reconciliations did not comply with policy.

- There was one cash shift reconciliation in which the cash count tape total was illegible and therefore could not be verified to the Cash Drawer Count Report.

- There was one Cash Drawer Count Report that was not signed by the oncoming Corrections Technician.

**Potential Risk: Moderate** – If cash is not reconciled and signed by both Corrections Technicians at the end of each shift, there is increased risk for cash count errors not being detected timely. This risk is determined to be moderate as the reconciliation is considered a key control for timely detection of errors in the cash deposit to the bank.

**Recommendation:** Consider holding a refresher training for the cash accounting technicians on the reconciliation process and the importance of completing the reconciliation process accurately.

**Management's Response:** A group refresher training was conducted by the Fiscal Program Supervisor on August 3, 2017. Training will continue to be provided on an as needed basis, but no less than once per year.

#### ***4) Female inmates transported without a female officer present***

MDC's Transportation and Hospital Police Holds Policy states that female inmates are to be escorted by at least one female staff member present at all times, unless otherwise directed by the Jail Administrator or designee. Our testing of ten transportation logs determined there were six instances where a single female inmate was not accompanied by a female transportation officer. In each of these cases, the inmate was escorted by two male transportation officers; however, there was no documentation of the Jail Administrator or designee's instructions on this matter.

**Potential Risk: Moderate** – If a female inmate is transported without a female officer present or documentation from the Jail Administrator, there may be a risk that the County is accused of inappropriate conduct. The purpose of this policy is to protect the female inmates, and ensure that the County acts appropriately when handling female inmates.

**Recommendation:** MDC should document all cases where a female staff member is not present in the transport of a female inmate and the rationale for alternative staffing arrangements. If a female staff member is unavailable due to staffing, MDC should consider documenting instructions for alternative arrangements such as utilization of two male officers.

**Management's Response:** Officers will note any occurrence of (and reasoning/justification for) alternative staffing arrangements on the transport logs. Management will review and revise the transportation policy as necessary to address the alternative staffing needs and procedures.

## **PROCESS IMPROVEMENT OPPORTUNITIES**

As a result of our testing, REDW identified the following best practice process improvement opportunities:

### ***1) Pre-numbered Property Bags***

Inmates' property is stored in sealed plastic bags and in paper bags that are labeled on the outside with a magic marker by the Property Technician. These bags are not otherwise individually identifiable and if a bag was opened, and its contents tampered with, the bag could be replaced

without detection. MDC should consider the use of bags that are pre-labeled with a serial number and record the serial number in the EJS system when entering property and cash and conducting periodic inventories of the serial numbers used to account for all bags.

**2) Keefe System Reports**

The Keefe System provides summary level information to perform a reconciliation of cash to the bank balance; however, MDC does not have the ability to produce detailed reports of reconciling items. Uncleared deposits and checks are accounted for in subsequent months' reconciliations; however, MDC is unable to produce a detail of the post-dated voided checks. MDC should work with Keefe technical support to produce detailed reports for the bank reconciliation.

\* \* \* \* \*

This report is intended for the information and use of the Bernalillo County MDC, the audit committee, members of Bernalillo County Commission and others within the organization.

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

REDW LLC

Albuquerque, New Mexico  
December 4, 2017