

Prince George's County, Maryland
Office of Audits and Investigations

**Department of Corrections
Inmate Finance Office**

Inmate Holding Account

September 2015



**David H. Van Dyke
County Auditor**

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THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

September 2015

The County Council and County Executive
of Prince George's County, Maryland

We have conducted a performance audit of the

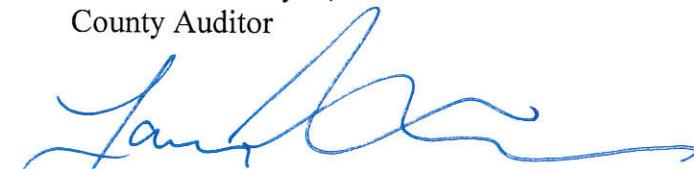
DEPARTMENT OF CORRECTIONS' INMATE HOLDING ACCOUNT

in accordance with the requirements of Article III, Section 313, of the Charter for Prince
George's County, Maryland. Our Report is submitted herewith.

We have discussed the contents of this Report with appropriate personnel of the
Department of Corrections, and wish to express our sincere gratitude to them for the cooperation
and assistance extended to us during the course of this engagement.



David H. Van Dyke, CPA
County Auditor



Larry Whitehurst, CPA, MBA
Audit Manager

Results In Brief

The Department of Corrections (DOC) is responsible for housing inmates that are awaiting trial or transfer to another facility or that have been sentenced to terms generally less than 18 months. The County Correctional Center is divided into several housing units with a capacity to house a maximum of 1,524 inmates in minimum, medium, and maximum-security sections; and in FY 2013, the DOC processed over 18,000 inmates at its facility. The Department, through the Inmate Finance Office, provides for the secure storage of inmate funds and valuables, and provides the opportunity for inmates to purchase various amenities such as commissary, hair/nail care, sick call, and postage.

Given the significant number of inmates processed through the County Correctional Center, it is imperative that the internal controls related to the collecting, verifying, documenting, securing, storing, reporting, and return of inmate funds and valuables are operating effectively and efficiently. These internal controls should also provide reasonable assurance that disbursements of inmate funds and release of inmate valuables are authorized by the inmate and are made to appropriately designated parties. The lack of sufficient controls could expose the County to the potential loss, theft, or misappropriation of inmate funds/valuables.

The following major findings are addressed in our report:

- Several established internal control policies and procedures need to be enhanced to ensure that necessary policies and procedures are developed and that existing policies and procedures are effectively designed and updated to promote consistent efficient operations.
- Failure to follow documented policies and procedures with respect to the inmate intake process, and the release/transfer of inmate money and valuables.
- Inadequate storage of large inmate valuables within the Inmate Finance Office.
- Improper recording of funds collected from inmate accounts for restitution payments within the County's accounting system.
- The monthly reconciliation process was not operating effectively; for each month in FY 2013, there existed unreconciled balances that ranged from a negative (\$14,664) to a positive \$86,166 (**Repeat finding from prior audit report dated September 2003**).

- Inaccurate reporting of Inmate Holding Account “Cash” and “Due to Participants” balances due to the failure to account for cash held on-hand within the Inmate Finance Office.

Internal control activities are an important part of an agency’s ongoing planning, implementation, and review of programs and services. They are essential for effective and efficient operations and proper accountability of County resources. For this reason, several recommendations for improving internal controls are made throughout this report.

Background

The Inmate Finance Office utilizes various policies and procedures established in the Department of Corrections County Correctional Center Policy and Procedure Manual to provide the framework related to the collecting, securing, and disbursing of inmate funds and valuables. The following is a summary of the relevant procedures:

- Policy & Procedure 2.3 - Fiscal Management: Inmate Funds – establishes procedures for collecting inmate funds upon initial intake, depositing funds into inmate accounts, deducting funds for inmate purchases, returning remaining account balances, conducting shift reconciliations, and conducting monthly reconciliations.
- Policy & Procedure 2.4 - Fiscal Management: Inmate Valuables – establishes procedures for collecting and storing inmate valuables upon initial intake, releasing valuables to authorized recipients, returning valuables upon release or transfer, and disposal of unclaimed valuables.
- Policy & Procedure 2.5 - Fiscal Management: Commissary – defines items indigent inmates may receive without charges, establishes procedures for processing and delivering commissary orders, and establishes procedures for granting refunds for undeliverable commissary orders.
- Policy & Procedure 14.5 - Inmate Rules and Discipline: Restitution – establishes the procedure for seeking relief for County Property which has been damaged, destroyed, or defaced by inmates.
- Policy & Procedure 16.3 - Admission, Orientation, & Release Property Control: Inmate Personal Property Control – establishes procedures for the searching, maintenance, controlling, and storage of inmate personal clothing and property; claims for lost property; and inventories of inmate property.

The DOC uses the Offender Management System (OMS) to administer all aspects of the Inmate Holding Account. In order to receive access to the OMS, a request must be made to the Department of Corrections Information Services Unit and the County’s Office of Information Technology from authorized personnel on behalf

of a prospective user. In addition, prospective users must first sign a Computer User Confidentiality Agreement which acknowledges their commitment to protect and maintain the confidentiality of their sign-on username(s) and password(s), all inmate and/or employee information, and all proprietary information to which they have access in the course of their work. Each user is given specific administrative rights within the system based upon their duties.

When a new inmate arrives at the facility for intake, a Processing Officer removes and counts all of the inmate's valuables, currency, coins, and financial instruments in the presence of the inmate. These items are listed on the Inmate Money/Valuables Form (IMVF), which is then signed by the Processing Officer, the inmate, and witnessed by a second Processing Officer. The IMVF is completed and signed regardless of whether or not an inmate has money and valuables in his/her possession at intake. At the beginning of each Finance Office shift the Finance Clerk retrieves and verifies all money and valuables collected. Once verified the money is secured in the cash drawer and an account is opened for each inmate in the OMS to account for their money. Each inmate that has valuables is assigned a numbered locker in the Valuables Storage Room which will house their valuables.

Family and friends of inmates may deposit funds into an inmate's account (up to \$150 per inmate per week) either through the EZ-Deposit kiosks located in the Reception Area of the County Correctional Center or by going online at <http://www.offenderconnect.com>. The funds in an inmate's account can be used throughout the duration of the inmate's incarceration for various purposes such as on commissary orders, hair and nail services, sick call fees, additional postage for mail, and restitution for damaged County property.

At the end of each shift the Finance Clerk counts the cash drawer and prepares a calculator tape of the cash drawer count. These tapes are used in conjunction with the Cash Drawer Report and compared with the Money System Shift Reconciliation Sheet. If there are any discrepancies in the settlement process, the Finance Clerk is responsible for discovering the cause of the error(s) or, if the cause is not found, adjusting the cash amount in the Correctional Information Management System. If an adjustment is made in the system the Finance Clerk must fill out a Cash Over/Under form detailing the reason for the adjustment. At the end of the shift any cash in excess of \$3,000, all checks, and all money orders are deposited in the large holding safe. This safe maintains approximately \$15,000 within the Inmate Finance Office to be utilized for any shortages in cash drawer funds. Any amount that exceeds approximately \$18,000 within the Inmate Finance Office funds (cash drawer and large safe funds) is transferred to the Office of the Finance for deposit into the County's bank account.

A monthly reconciliation is performed 30 days after the closing of the month. Once completed, the monthly reconciliation and appropriate backup for each

component are forwarded to the Fiscal Services Section Chief. The Fiscal Services Section Chief reviews each month's reconciliation to ensure it is complete and accurate, investigates any differences, and initiates appropriate follow-up. After this, the Fiscal Services Section Chief prepares a brief written summary and forwards it along with the reconciliation to the Deputy Director, Bureau of Administration; Chief, Division of Support Services; Assistant Chief, Division of Support Services; and Inmate Holding Fund Accountant, Office of Finance. Any accumulated difference is noted and may be written off during the annual fiscal year closeout.

Objective, Scope, & Methodology

The purpose of this audit was to: (1) assess the adequacy and design of established written and/or documented policies and procedures over inmate holding accounts; (2) determine if existing controls are operating effectively and in accordance with applicable policies and procedures; (3) ensure the accuracy of individual inmate accounts and overall inmate holding accounts balances; and (4) identify factors inhibiting satisfactory performance and recommend corrective action.

To conduct this audit we reviewed the DOC County Correctional Center Policies and Procedures Manual. We also corresponded with staff members from the County Correctional Center Inmate Finance Office and the County Office of Finance. We then obtained a record of all transactions posted to the Inmate Holding Account during FY 2013 and obtained access to the Department of Corrections Offender Management System (OMS). Using the OMS, we selected various audit samples for each stage of the Inmate Holding process (intake, release, deposits, commissary purchases, hair/nail service, sick call, restitution, shift reconciliation, and monthly reconciliation). These samples were then compared to supporting documentation based upon testing attributes. We also examined the amount reported for the Inmate Holding Account in the County's Comprehensive Annual Financial Report (CAFR) to ensure the amount is reflective of the overall OMS inmate account balance as of June 30, 2013.

Management's Responsibility for Internal Control

Internal control is a process, effected by people at every level of the organization, designed to provide reasonable assurance that the following objectives are being achieved¹:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

Management is responsible for establishing and maintaining an environment that sets a positive and supportive attitude towards internal control. When the importance of internal control is communicated to employees, particularly through management's own actions and beliefs, the process is more likely to function effectively.

A strong internal control environment is essential in minimizing operational risks and improving accountability which further helps an agency to achieve its mission.

We noted the following strengths in relation to the internal controls surrounding the Inmate Holding Account that we reviewed within the DOC:

- The DOC has written policies and procedures in place for various aspects of administration of the Inmate Holding Account.
- The DOC has IT administrative and user access controls in place to limit access to the Inmate Holding Account.
- The DOC provides inmates with an Inmate Handbook which includes a detailed description of how holding accounts are created, how they may receive additional funds, and what holding account funds can be used for.

We also observed internal control weaknesses surrounding the administration of the Inmate Holding Account that require management's attention. The following sections detail the items noted during our review.

¹ Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, Copyright 1994

Internal Control Design

An evaluation of the Inmate Finance Office's current internal control structure revealed the following opportunities for improvement:

Lack of Procedures for Cash Replenishment

The Inmate Finance Office is authorized to carry up to \$3,000 in the cash drawer/small safe and an additional \$15,000 in the large safe. In the normal course of business, the Office receives the cash carried by inmates who arrive for initial intake and disburses cash up to a \$500 limit to inmates who are being released to the community or transferred to a different institution/jurisdiction. County Administrative Procedure 346 establishes the procedure for transferring cash to the County's Office of Finance (Treasury Division) for bank deposits, but there is no procedure that establishes the procedure for replenishing cash on-hand should the Inmate Finance Office run low (for instance, due to a large number of releases/transfers). The last time the Inmate Finance Office was in need of cash (which was reportedly many years ago) the County Office of Finance wrote a check out to the Inmate Finance Supervisor at the time, who then had to cash it through her personal checking account.

Overarching criteria for this entire section are as follows:

The Government Accountability Office (GAO) Government Audit Standards (GAO -12-331G) Fieldwork Standards for Performance Audit section 6.16 states that:

"Auditors should obtain an understanding of internal control that is significant within the context of the audit objectives. For internal control that is significant within the context of the audit objectives, auditors should assess whether internal control has been properly designed and implemented and should perform procedures designed to obtain sufficient, appropriate evidence to support their assessment about the effectiveness of those controls."

The Government Accountability Office (GAO) Government Audit Standards (GAO/AIMD -00-21.3.1) Standards for Internal Control in the Federal Government states that:

"These standards [internal control] provide a general framework. In implementing these standards, management is responsible for developing the detailed policies, procedures, and practices to fit their agency's operations and to ensure that they are built into and an integral part of operations."

The Inmate Finance Office has not established a procedure for replenishing the cash on-hand because it is a rare occurrence. There is a \$500 limit imposed on

cash disbursements of inmate holding account funds, with the remainder remitted via check. Additionally, when it seems the Inmate Finance Office may run low on cash, the Inmate Finance Supervisor has the discretion to reduce the limit of cash disbursements.

In the absence of a well-designed and documented process for cash replenishment, actual practice could vary widely. Ill-designed, impromptu practices like that used in the last event of a cash shortage greatly increase the risk of error, theft, and fraud.

We recommend the following based upon the condition identified:

1(a) The Inmate Finance Office and the County Office of Finance should draft an adequate policy or procedure to replenish the cash held on-hand in the Inmate Finance Office in the event of a shortage of funds needed to meet the cash dispersal needs of inmate releases/transfers.

Lack of Proper Segregation of Duties

The duties of the Accounting Technician are at times a hybrid of the duties of the Finance (Account) Clerk and that of the Accountant I positions. As such, the Accounting Technician has access to both the small safe/cash drawer and the large safe, has performed the full duties of a Finance (Account) Clerk (such as processing inmate intakes and releases), and has performed Monthly Reconciliations and other Accountant duties on occasion.

In addition to the overarching criteria listed earlier, specific criteria related to segregation of duties are as follow:

The Government Accountability Office (GAO) Government Audit Standards (GAO/AIMD -00-21.3.1) Standards for Internal Control in the Federal Government states that:

“Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.”

County Administrative Procedure 346 states:

“The employee opening the mail (cashier) should not have access to documents and records under the bookkeeper’s control and the bookkeeper should not handle any money.”

The risks associated with inadequate segregation of duties are inherent in the current design of the Accounting Technician's duties due to the 24 hour, 7 day a week operations of the County's correctional facility. No one person should have the ability to initiate, approve, and record transactions; handle assets; and reconcile balances. Such a situation greatly increases the risk that errors or fraud may occur and remain undetected.

We recommend the following based upon the condition identified:

1(b) The duties and system permissions of the Accounting Technician be reviewed and (if needed) be modified to conform to County Administrative Procedure 346 and General Accountability Office guidance pertaining to the segregation of duties.

Inadequate Control of Cash Drawer Activities

The County Correctional Center Policy and Procedures Manual Section 2.3, number 11 e. states "if there are any discrepancies in the [shift] settlement process it will be noted in the Correctional Information Management System by adjusting the cash amount. The Finance Clerk will be responsible for resolving these errors." As such, the Finance Clerk who runs the cash drawer is responsible for investigating and resolving any discrepancies between funds counted in the drawer at the end of a shift and the amount indicated in the cash drawer system. If the cause of the discrepancy cannot be found, the Finance Clerk can complete a Cash Over/Under form and then write up (or down) the amount in the system. Because there is not always a supervisor on duty at the end of every shift, the shift settlement process is often completed with little or no oversight. The Inmate Finance Office Accountant signs off on the Shift Settlement Sheet but does not actually count funds at the end of the shift. The Accountant's signature merely attests to the fact that the amount listed in the system (after any adjustments by the Finance Clerk) matches the amount in the drawer at the start of the next shift. In addition, there is no review of any system produced audit trail report that would allow supervisors to determine who initiated changes, when the changes were made, and the frequency of these changes within the system.

Although the Shift Settlement process is carried out as dictated by County Correctional Center Policies and Procedures, the process is not designed to provide adequate control over Cash Drawer activities. There is often no supervisor oversight over the Shift Settlement process because there are only two supervisors (the Accountant and the Inmate Finance Supervisor), who are not usually on duty at the end of certain shifts (such as nights, weekends, and holidays).

The funds kept in the cash drawer are particularly susceptible to the negative consequences of error, theft, and fraud stemming from the combination that 1)

cash on hand in the Inmate Finance Office is not reflected in GEAC; 2) Finance Clerks have the ability to directly adjust the cash drawer amount in the system; and 3) supervisors do not independently perform a cash count, and haven't explored reviewing system generated audit trail/exception reporting to ensure adequate review of manual overrides conducted by staff.

We recommend the following based upon the condition identified:

1(c) The Finance Clerk ending a shift and the Finance Clerk beginning the following shift should count the cash drawer funds in each other's presence and both sign the Shift Settlement Sheet to add an additional level of surety to the cash count.

1(d) The Inmate Finance Office should contact the provider of the Cash Drawer system and OMS to enquire about the process of producing audit trail reports. Audit trail reports should regularly be reviewed by supervisors and all manual changes be identified and appropriately addressed.

All implemented controls should be incorporated into the Department of Corrections County Correctional Center Policy and Procedure Manual.

Failure to Update Documented Policies and Procedures

Numerous policies and procedures published in the County Correctional Center Policy and Procedure Manual appear to contain references to outdated or ambiguously-titled documents which are no longer being utilized in the process of accounting for inmate funds:

- Many entries make reference to the Property Exchange Form, which is no longer in use.
- The entry outlining the documents to be compiled for "Pen Runs" references two currently outdated/unused documents (the Property Exchange Form and the Final Balance Sheet) and fails to mention the currently used Pen Run Final Account Balance and Property Disposition form.
- The entry describing the Shift Reconciliation process mentions the "Money System Shift Reconciliation Printout" which, by the description given, appears to be an outdated version of the Cash Drawer Report (which is also listed in the procedure). No Money System Shift

Reconciliation Printouts matching the description given and separate from the Cash Drawer Report were found during testing.

County Correctional Center Policy and Procedure Manual Section 1.3, Administration, Organization and Management: Establishment and Maintenance of Manuals, assigns responsibility for maintaining updated policies and procedures. The specifics of the established procedures are as follows:

- f. *In addition to effecting random revisions to departmental manuals, the Audit Coordinator will oversee a systematic annual review of the complete Department of Corrections Policy and Procedure Manual and each satellite facility's Standard Operating Procedures Manual.*
 - i. *This review will be made according to the schedule in V. APPENDIX*
 - ii. *On or about the first of each month, the Audit Coordinator will designate a Chapter Reviewer for each document to be reviewed. The Chapter Reviewer will assign a Policy and Procedure Reviewer who will perform the steps indicated on the form, then sign and date the form accordingly.*
 - a) *The Chapter Reviewer will signify his approval of any modifications by signing the form and will then forward the modified version to the Audit Coordinator.*
 - b) *At the end of each month, the Audit Coordinator will conduct a Committee Review meeting with the Chiefs of affected Divisions (or their representatives). Only in extenuating circumstances, will this responsibility be designated any lower than the Assistant Division Chief. The Committee Review Team will:*
 - i. *Discuss proposed revisions and explore consequences which may occur as a result;*
 - ii. *Ensure that proposed revisions do not violate established standards;*
 - iii. *Determine final content of the policy and procedure during the meeting;*
 - iv. *Monitor facility operations and programs by assessing staff compliance with each policy and procedure under review; and*
 - v. *Follow-up, via the proper channels, on instances of non-compliance with the written procedures.*

Two possible explanations exist in regards to the existence of outdated information in the Policy and Procedure Manual: 1) the Policy and Procedure

Manual is not being reviewed adequately in accordance with policy and procedure 1.3; and/or 2) new information has been added to the Manual without removal of the old, outdated information. The latest version of the Policy and Procedure Manual has an effective date of November 1, 2010.

Without updated policies and procedures to follow, actual practice may vary widely and could result in inadequate documentation of transactions involving inmate funds.

We recommend the following based upon the condition identified:

2(a) The Inmate Finance Office should review all current written policies and procedures to ensure that they are reflective of current operations. If deviations are found, written policies and procedures should be updated accordingly.

Inmate Intake Process

Thirty-five (35) inmate accounts were selected from the inmate population of the County Correctional Center as of June 28, 2013, for the purpose of testing the intake procedures conducted by the Inmate Finance Office. Based on the tests performed, the following exceptions were found:

- No Intake Money/Valuable Form (IMVF) could be located for two (2), or 6%, of the 35 inmates selected. Of the remaining 33 that were located, it appears that two (2), or 6%, may not have been signed by a separate Witnessing Officer;
- Of the 35 selected inmates, 23 had valuables collected during intake according to their IMVFs and the Offender Management System (OMS).
 - However, only 22 of these 23 inmates had their valuables listed on both the IMVF and in the OMS. One inmate record could not be verified because the inmate's IMVF could not be located. Of the 22 located IMVFs which recorded intakes one (1), or 5%, did not properly record the correct location of the inmate's valuables.
 - Of the 23 inmates with valuables one (1), or 4%, did not have the location of their valuables properly recorded in the OMS. This recording error contributed to the valuables of an inmate not being returned to the inmate's possession upon release.
- Of the 35 selected inmate intakes, one (1) could not be confirmed to be recorded in a verification logbook due to the unavailability of the logbook for the relevant time period. Of the remaining 34 inmate intakes three (3), or 9%, were not recorded in a verification logbook.

(Note: Though the relatively small percentages of exceptions found during each stage of testing may seem insignificant when considered separately, it is important to remember that each step is merely a part of the whole intake process and must be considered together. For the 35 intakes tested, only 28 (or 80%) were found to be completed without errors and in full accordance with established policies and procedures.)

An excerpt from the County Correctional Center Policy and Procedure Manual Section 2.3, Fiscal Management: Inmate Funds describes the responsibilities relating to the inmate intake process as follows:

1. *Monies Received from Initial Intake – All currency, coins and financial instruments will be removed by the Processing Officer and counted in the presence of the inmate. Any checks, other than those from a correctional facility, will be placed with the inmate's valuables.*
 - a. *The Processing Officer will complete the Intake Money/Valuables Form, indicating the items removed from the inmate and the amount of money in his account. This form will be signed by the Processing Officer, the inmate and witnessed by a second Processing Officer. The monies are then secured in a brown envelope and attached to the valuables bag. The officer will give the inmate a copy of the Intake Money/Valuables Form to serve as a receipt.*
.....
 - d. *At the beginning of each shift the Finance Office, the Finance Clerk and the Zone 1 Commander will retrieve all valuables and money that have been deposited in the locked receptacle in the Processing Area. A Verification Logbook will be utilized by the Finance Clerk to record all money/valuable intakes. The Finance Clerk and the Zone Commander or designee will sign the logbook to indicate monies deposited are correct and that the valuables bag is properly sealed.*
 - e. *Once the monies and valuables have been verified, the Finance Clerk opens an account for each inmate in the automated accounting system. The funds will be secured in the cash drawer.*
 - f. *A copy of the Intake Money/Valuables Form will be stapled to the property bag and placed with the property in secured storage. The original copy will be noted to identify the storage location and the form will be filed alphabetically.*

The exceptions to the above policies and procedures noted during testing were caused by Inmate Finance Office personnel not adequately adhering to the County Correctional Center Policy and Procedure Manual. For one exception noted

(obtaining Witnessing Officer signature on the IMVF), the policies and procedures not being followed pertained to the duties of DOC personnel outside of the Inmate Finance Office, such as Security and Processing Officers.

There are various negative possible outcomes of the published policies and procedures not being followed:

- The IMVF records all of the intake information for an inmate including the date, time, funds collected, and description and quantity of items collected.
 - If the IMVF is not properly completed and maintained on file, inmate funds and valuables left in trust of the Inmate Finance Office may not be properly accounted for.
 - Without a copy of the IMVF that was signed by the inmate, it is impossible for the Inmate Finance Office to verify or disprove claims of lost valuables or incorrect dollar amounts.
- The Verification Logbook is utilized by the Finance Clerk to record all money/valuables intakes. Both the Finance Clerk and the Zone Commander sign the logbook to indicate monies deposited are correct and that the valuables bag is properly sealed.
 - If an intake is not recorded in the Verification Logbook as the policies and procedures require, then no record attesting that the information recorded on the IMVF is correct pertaining to the money/valuables collected will exist.
- If the location of inmate valuables is not properly noted in OMS, it increases the risk that valuables collected from inmates upon intake and entrusted to the Inmate Finance Office will not be appropriately returned to an inmate.

In FY 2012, the Department of Corrections processed over 15,000 inmates through the County Correctional Center, and in FY 2013 the Inmate Finance Office recorded approximately \$700,000 in new commitments (intakes). If the results of the testing performed are representative of the intake process throughout the year, a large number of inmate intakes may not be adequately documented in the Inmate Finance Office records.

We recommend the following based upon the conditions identified:

3(a) The Inmate Finance Office should take steps to ensure that all policies and procedures established in the County Correctional Center Policy and Procedure Manual are followed for all inmate intakes.

Inadequate Security of Large Inmate Valuables

During testing of the inmate intake process, we observed that inmate valuables packages containing large items that are unable to fit into the lockers in the valuables storage room were being left unsecured in a mail crate on the floor of the storage room. The storage room is equipped with a key card lock but the door is often left open and unsecured. This allows anyone who can gain access into the Inmate Finance Office direct access to large inmate valuables.

An excerpt from the County Correctional Center Policy and Procedure Manual Section 2.4, Fiscal Management: Inmate Valuables describes the responsibilities relating to the inmate intake process as it pertains to securing inmate valuables as follows:

2. *The Finance Clerk will store the valuables in the Valuables Storage Room.*
 - a. *The clerk will assign a numbered locker to each inmate with valuables.*
 - b. *The clerk will place the packaged valuables and inventory receipt copy into the assigned locker in the Valuables Storage Room.*
 - i. *Lockers with stored property will be locked at all times. Normally, only the Finance Clerks and the Inmate Finance Supervisor will have access to the Valuables Storage Room. This room will be locked when the Inmate Finance Office is closed.*
 - ii. *Only the Finance Clerks and the Inmate Finance Supervisor will open the individual storage lockers.*

Large inmate valuables are left unsecured in the Valuables Storage Room because the County Correctional Center Policy and Procedure Manual does not specifically address the issue of securely storing inmate valuable packages which are too large to fit into the individual storage lockers.

Improper security of large inmate valuables results in an increased risk of theft or loss of valuables entrusted with the Inmate Finance Office.

We recommend the following based upon the conditions identified:

- 4(a) The Inmate Finance Office should purchase a large safe in which to place large inmate valuables packages or close the door to the Valuables Storage Room between each use.

Improper Recording of Inmate Restitution Payments

We tested the process by which the Inmate Finance Office records restitution collected from inmates by sampling the Journal Vouchers for four months of FY 2013. Based on the results of the tests performed, we determined that restitution was not being properly recorded during FY 2013. For three (or 75%) of the four months tested, an incorrect amount was recorded for restitution on the Journal Voucher:

- For one month, the amount *billed* for restitution was used instead of the amount *collected*;
- For one month, the total of restitution and other funds collected was used as opposed to just the amount of restitution collected; and
- For one month, the amount collected for restitution needed to be calculated from the number reported by the OMS due to the miscoding of other transactions as restitution. The restitution amount was miscalculated using the total of restitution and other funds collected in the place of the amount of restitution collected.

County Correctional Center Policy and Procedure Manual Section 14.5: Inmate Rules and Discipline, Restitution provides the procedure for recovering the cost of County property which has been damaged, destroyed, or defaced by inmates. The following excerpts relate to the recovery of funds from inmate accounts:

- a. *An adjustment hearing will be held in accordance with Policy and Procedure 14.3: "Adjustment Hearings." In the event the inmate is found guilty at the adjustment hearing, the cost of the damages will be deducted from the inmate's account.*
 - i. *In addition to documenting any imposed sanctions, the Adjustment Hearing Officer will immediately report the findings to the Division Chief, Fiscal Operations and the Inmate Finance Section Chief who will ensure the cost of the damages are deducted from the inmate's account.*
 - ii. *If there are insufficient funds in the inmate's account, a hold will remain on the account in an effort to recover any future funds that may be deposited in the account. Staff in the Inmate Finance Office will be responsible for overseeing the file on this restitution account until the full amount has been recovered.*

Though the County Correctional Center Policy and Procedure Manual details the process of holding an adjustment hearing and assigns to the Inmate Finance Office the responsibility of collecting restitution, it does not specifically address how the Inmate Finance Office should document and record funds recovered from inmate accounts for restitution. The improper recordings of inmate restitution

noted during our audit were mostly attributed to human error (i.e. recording the incorrect amount) versus an error in the actual transactional recording of the restitution amount.

The absence of a formal procedure guiding the recording of restitution recovered from inmate accounts greatly increases the probability of errors brought about by inconsistent practices. Failing to accurately journalize restitution collected from inmate accounts may lead to misstatements in the County's financial statements, in that the amount carried in the County's records for the Inmate Holding Account will not be an accurate reflection of the actual amount of inmate funds held in trust. In addition, this failure to accurately record restitution is likely a contributing factor to the inability to reconcile the amount reflected in OMS to that reflected by the County's accounting records during the monthly reconciliation process.

We recommend the following based upon each condition identified:

5(a) The Inmate Finance Office should develop a formal procedure concerning the recording of restitution and ensure that the resultant procedure is properly followed.

Inmate Money and Valuable Release Process

Based on the results of the tests performed we determined that the inmate money and valuable release process was not operating at its optimal level during FY 2013. None of the five (5) tested transfers of inmates to the Maryland Penitentiary ("Pen Runs") were documented by a signed Inmate Account History Statement as required by the established policies and procedures.

County Correctional Center Policy and Procedure Manual Section 2.3: Fiscal Management, Inmate Funds covers the inmate intake process. The following excerpts relate specifically to the Inmate Finance Office's "Pen Run" duties:

- c. *A transfer of inmates to the State Penitentiary is scheduled weekly. This transfer will be referred to as the "Pen Run." On the day prior to the transfer, the Finance Clerk will obtain from the Diminution Coordinator the list of names of those inmates being transferred. A file for each inmate will be prepared, including:*
 - i. *Intake Valuable Form;*
 - ii. *Inmate Account History Statement;*
 - iii. *Final Balance Sheet, and*
 - iv. *Property Exchange Form.*

d. *This file will be forwarded to the Release Team for Processing. The Shift 1 Processing Officer will:*

i. *Sign and obtain each inmate's signature on the Inmate Account History Statement, indicating that the final account balance is correct. If there is a discrepancy it will be noted on the form and will be adjusted by the Inmate Finance Office [emphasis in the original].*

The Inmate Finance Office was not printing Inmate Account History Statements for inmates because an inmate's account history statement could be 20 pages or longer (depending on length of incarceration and number of transactions), and it was therefore deemed unfeasible to print one for each inmate.

Not affording inmates the opportunity to verify the accuracy of their final account balance, as dictated by the established policies and procedures, increases the risk that errors or fraud may occur and remain undetected.

We recommend the following based upon the condition identified:

6(a) The Inmate Finance Office should take steps to ensure that all policies and procedures established in the County Correctional Center Policy and Procedure Manual are followed for all inmate releases.

Monthly Reconciliation Process Not Operating Effectively

Based on the results of the tests performed we determined that the Inmate Holding Account monthly reconciliation process was not operating at an optimal level during FY 2013. The reconciliation is an attempt to reconcile the Offender Management System (OMS) balance for the inmate holding account with the County's accounting system (GEAC) balance. During the auditing period the Inmate Holding Account reconciliations contained unreconciled balances ranging from a negative (\$14,664) to a positive \$86,166. Two months of reconciliations were selected in an attempt to identify the reason for the unreconciled balances. We were unable to identify the reason for these unreconciled balances due to the following:

- The use of undated forms/printouts, such as those from GEAC and OMS, which make identifying the timing differences of reconciliation items extremely difficult;
- Instances of internal documents disagreeing with OMS records;
- Reconciling amounts that disagreed with that reflected in OMS (possibly due to reversals);

- Items used in adjusting the GEAC balance which were already reflected in GEAC; and,
- Unprocessed checks that were not properly accounted for in the reconciliation.

Furthermore, while conducting testing of the processing of commissary purchases, the recording of payments for inmate workers, the inspection rewards program, hair/nail services, sick calls, and restitution, we identified several instances where transactions reversed from the OMS were not reversed in the County's accounting records (GEAC) via a general journal entry. Failure to accurately report these transactions could not only contribute to the unreconciled balances noted, but could also contribute to the improper representation of the Inmate Holding Account balance reflected in the financial statements.

The Inmate Holding Account monthly reconciliation process is outlined in Section 2.3, Fiscal Management: Inmate Funds, of the County Correctional Center Policy and Procedure Manual. The following excerpt explains the duties of the Inmate Finance Office:

1. *The Inmate Holding Account will be reconciled monthly to ensure that the records of inmate funds maintained by the Inmate Finance Office agree with the County's financial system records for inmate funds. The Inmate Finance Supervisor will:*
 - Perform the monthly reconciliation of the Inmate Holding Account 30 days after the closing of the month. The monthly reconciliation will be summarized and reported on the automated spreadsheet that was developed for that purpose.*
 - Ensure all transactions posted to inmate accounts during the reporting month are captured in the reconciliation.*
 - Forward the completed monthly reconciliation and appropriate backup for each component of the reconciliation to the Fiscal Services Section Chief.*
2. *The Fiscal Services Section Chief will review each month's reconciliation to ensure it is complete and accurate. He will investigate any difference between the records of the Inmate Finance Office and the County's financial system and initiate appropriate follow-up. He will also prepare a brief written summary and forward it along with the reconciliation to the following persons:*
 - Deputy Director, Bureau of Administration;*
 - Chief, Division of Support Services;*
 - Assistant Chief, Division of Support Services;*
 - General Fund Accountant, Office of Finance.*

3. *Any accumulated difference will be written off during the annual fiscal year closeout.*

The imbalance of the monthly reconciliation has been a problem plaguing the Inmate Finance Office for at least the last 10 years, as it was a finding in the last Inmate Holding Account audit conducted in 2003. We believe the imbalance is the result of a variety of factors: some timing differences of transactions are not being identified and adequately accounted for in the reconciliation, unrecorded reversals are causing discrepancies between OMS and GEAC, inaccurate figures are being used for reconciliation items, and a snowballing of past undiscovered errors.

The operating assumption within the Inmate Finance Office was that any reversals posted after the relevant time period would be reflected in the entry of the next period, and therefore the account would balance out in the aggregate. However, OMS does not record reversals as separate entries; instead, when a reversal is posted the original transaction is made null.

The continual imbalance of the monthly reconciliation could indicate that inmate funds are not being accounted for properly, errors are going undiscovered, and/or fraudulent activity is taking place. If the imbalance is allowed to continue as normal, the County will be exposed to the risk that the aforementioned activities will happen (or continue to happen) undiscovered.

In addition, this failure to adequately reverse transactions from the County's accounting records is almost certainly a contributing factor to the inability to reconcile the amount reflected in OMS to that reflected by the County's accounting records during the monthly reconciliation process.

We recommend the following based upon the condition identified:

7(a) A comprehensive reconciliation between the OMS and GEAC should be completed to identify a true amount to be written off due to a failure to properly identify and address prior years' accumulated unreconciled items. The reconciliation should be completed during a period in which no changes in inmate balances are taking place. This can be accomplished by imposing a temporary moratorium on online and kiosk deposits during a weekend. All known unreconciled items (i.e. deposits, commissary, hair/nail service, etc.) should be brought up-to-date in both the OMS and GEAC. Once these items have been addressed, theoretically the resulting unreconciled balance should represent the true amount to be written off.

7(b) Upon completion of the comprehensive reconciliation and subsequent write-off, **we recommend** that the Inmate Finance Office develop a thorough understanding of the reconciliation and all of its related components so that a

more effective monthly reconciliation process can be developed. The Inmate Finance Office should solicit input from the Office of Finance when developing and structuring this new reconciliation process to ensure that all financial transactions are properly accounted for to help facilitate the identification of reconciling items when conducting the monthly reconciliations.

Note: Currently, cash receipts from inmate intakes and cash disbursements for inmate releases (other than those remitted via check) are not journalized in the County accounting records. At least on a weekly basis, the Inmate Finance Office should complete a Journal Voucher describing the cash intakes and releases processed the prior week.

Accounting for Inmate Holding Account Balances

The County's FY 2013 Comprehensive Annual Financial Report (CAFR) reports assets and liabilities for the inmate holding account as follows:

➤ Assets	
○ Cash and Investments	\$156,297
○ Accounts Receivable	624
➤ Liabilities	
○ Accounts Payables	\$118,204
○ Due to Participants	38,717

However, when reviewing documents to support each reported amount for the inmate holding account, we discovered some inconsistencies. The inconsistencies noted were as follows:

- **Cash and Investments** – According to representatives in the Office of Finance this amount is derived from a pooled cash concept in which there is one bank account that supports various cash balances. The allocation of cash for each agency fund is determined by the deposits and charges against that specific fund. A trial balance report for the County's accounting system (GEAC) was provided to support the amount reported. However, this cash amount presented in the CAFR (\$156,297) includes only the cash in the bank that is attributable to the Inmate Holding Account and does not include the funds on-hand in the Inmate Finance Office, reported at \$25,027 as of June 30, 2013.
- **Due to Participants** – This amount should represent the amount of funds due to all inmates as reflected in the inmate balances as of June 30, 2013. Using historical reports from the Offender Management System (OMS), which is the first point of entry for all inmate transactions, we calculated the total amount

of inmate accounts as of June 30, 2013, to be \$49,322, which differs from the reported amount by \$10,605.

The U.S. Government Accountability Office Financial Audit Manual Vol. 1 (GAO-08-585G) Section 395B lists financial statement assertions and the potential misstatements that could occur in each. The potential misstatement associated with one such assertion, “account completeness,” is that “assets and liabilities of the entity exist but are omitted from the financial statements.” The manual goes on to state:

All accounts, assets, and liabilities that exist as of the reporting date that belong in the financial statements [should be] included in the financial statements. There [should be] no undisclosed assets or liabilities.

According to Office of Finance representatives, only those funds in the County’s bank account and those in Petty Cash funds are included in the “Cash and Investments” portion of the CAFR. As the funds on-hand are not currently recorded as a petty cash account, they are only recorded in the County’s accounting records once they are transmitted from the Inmate Finance Office to the County Office of Finance for deposit into the County’s bank account.

The “Due to Participants” amount is currently calculated by subtracting the fund’s Accounts Payables from the fund’s total assets. Therefore, any inaccuracies in the reporting of the Inmate Holding Account assets or liabilities can cause the “Due to Participants” amount to differ from that reported by OMS. Additionally, the failure to annually write off the irreconcilable balance from the Monthly Reconciliation process at fiscal year-end as dictated by the Department of Corrections policies and procedures has contributed to the discrepancy between the “Due to Participants” amounts and that reported by OMS.

The failure to properly account for all fund assets will result in financial statements which do not accurately portray the true financial position of the Inmate Holding Account.

We recommend the following based upon the condition identified:

8(a) The funds that are held on-hand at the Inmate Finance Office is accounted for and are subsequently represented in the County’s accounting records. The recording of this on-hand cash amount can be achieved by the Inmate Finance Office conducting a periodic count of these funds and communicating the results to the Office of Finance for reporting purposes. Furthermore, the amount reported as “Due to Participants” should be reconciled against the amount reported in the OMS to ensure that all funds are accounted for properly.



THE PRINCE GEORGE'S COUNTY GOVERNMENT

DEPARTMENT OF CORRECTIONS

13400 DILLE DRIVE, UPPER MARLBORO, MARYLAND 20772

Corrections and the Community – A Partnership for Improved Life

Rushern L. Baker, III
County Executive

MEMORANDUM

June 17, 2015

TO: David H. Van Dyke, County Auditor
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FROM: Mary Lou McDonough, Director, Department of Corrections

RE: Audit Report - Department of Corrections Inmate Holding Account

The Department of Corrections thanks your staff for the recent audit conducted on the department's Inmate Holding Account. It has been several years since this account has been audited and we welcomed the findings. In reviewing the findings and recommendations, we discovered that there are some recommendations we are able to implement and others we are not due to operational reasons. Below are our responses to the audit's findings and recommendations:

Finding: Lack of Procedures for Cash Replenishment

1(a) The Inmate Finance Office and the County Office of Finance should draft an adequate policy or procedure to replenish the cash held on-hand in the Inmate Finance Office in the event of a shortage of funds needed to meet the cash dispersal needs of inmate releases/transfers.

RESPONSE:

The Inmate Finance Office will meet with the Office of Finance to draft and institute a policy on cash replenishment.

Finding: Lack of Proper Segregation of Duties

1(b) The duties and system permissions of the Accounting Technician be reviewed and (if needed) be modified to conform with County Administrative Procedure 346 and General Accountability Office guidance pertaining to the segregation of duties.

RESPONSE:

Government Accountability Office (GAO) standards and the County Administrative Procedure 346 does indicate the separation of duties to avoid fraud and/or the reduction of error or fraud. In the findings, it is mentioned that the duties and responsibility of the Accounting Technician job description are hybrid duties of an Accounting Technician and

Account Clerk. We disagree. Clearly, the Accounting Technician position description was developed in accordance with OHRM's classification specifications. However, due to manpower shortages, the department has cross-trained personnel to ensure operations are continual and optimal. In other duties as assigned, the Accounting Technician serves as a backup Account Clerk. Since this position requires a higher skill set than the Account Clerk, the Accounting Technician is able to fill-in and performs an Account Clerk's duties. When this occurs, the Accounting Technician absorbs the duties of the Account Clerk thus becoming the Account Clerk and not doing any duties as an Accounting Technician. The absorption of duties is less than 10% of the overall job responsibilities. The Account Clerks are responsible for running the cash drawer, processing inmate intakes and releases. There are rare occasions where the Accounting Technician must assume other duties as assigned and assist with intake and releases. The department releases inmates on a twenty-four hour basis; the Inmate Finance Office provides services from Monday to Friday, 6:30 am to 11:00 pm. to accommodate inmate intakes and releases. Whenever the Accounting Technician is handling intakes and releases; there are two supervisors available to verify transactions and/or discrepancies. Due to having two levels of supervision, we feel we are using reasonable and prudent practices that fall within the purview of general accounting principles but also within the spirit of the GAO and administrative procedures to avoid fraud, errors and redundancy. In addition, the Accounting Technician position has limited OMS system permissions and supervisors have advanced permissions in the OMS system. The Accounting Technician does not process mail and this is not in the job description. Account Clerks process staff mail only and may receive checks from another jurisdiction. The Inmate Finance Office does not accept cash in the mail; most financial transactions are done by kiosk and internet that is managed by the vendor.

1(c) The Finance Clerk ending a shift and the Finance Clerk beginning the following shift should count the cash drawer funds in each other's presence and both sign the Shift Settlement Sheet to add an additional level of surety to the cash count.

RESPONSE:

We have taken under advisement the above finding. The Inmate Finance Office operates two shifts. The first shift runs from 6:30am-3:00pm and the second shift runs from 2:30pm-11:00pm, Monday-Friday and Holidays. When the two shifts are changing, the Finance Clerks ending Shift I and the Finance Clerk beginning Shift II will count the cash drawer funds in each other's presence and both sign the settlement sheets. The problem is the second shift, as there is not a beginning Finance Clerk to count the drawer in the presence of the ending Finance Clerk. As a result, the following procedure has been adopted. At the ending of the second shift, the Finance Clerk handling the cash drawer will count the drawer in the presence of the second Finance Clerk working the shift. Both will sign the settlement sheet. The next day the Finance Clerk not handling the cash drawer will serve as the ending shift II Finance Clerk recounting the Shift II's drawer while the beginning Finance Clerk observes the count. Both will sign the Shift Settlement Sheet. The Inmate Finance Office does not work weekends and there is limited coverage on

holidays. Additional surety is the supervisor reviews daily the settlement folder in accordance with P&P 2.3, 11(a-e). If there is a discrepancy a Cash Short/Over Report must be prepared by the cash drawer clerk. The second clerk is now also required to sign this report. The supervisor will review, investigate and attempt to resolve any discrepancies. If a discrepancy cannot be resolved by the supervisor then the discrepancy may be subject to investigation. The departmental policy and procedures will be updated to reflect this new procedure.

(1d) The Inmate Finance Office should contact the provider of the Cash Drawer system and OMS to enquire about the process of producing audit trail reports. Audit trail reports should be reviewed by supervisors and all manual changes be identified and appropriately addressed.

RESPONSE:

Recommendation accepted. On January 26, 2015, an Override Report was created by the OMS' vendor, DSI. The Inmate Finance supervisor reviews this report daily. The report identifies all manual changes in the cash drawer and indicates the responsible clerk for making those changes.

Finding: Failure to Update Documented Policies and Procedures

2(a) The Inmate Finance Office should review all current written policies and procedures to ensure that they are reflective of current operations, and if deviations are found, written policies and procedures be updated accordingly.

RESPONSE:

Annually, the Inmate Finance Office policies and procedures are reviewed. The Inmate Finance Office supervisor submits any revisions to the Compliance Office. Any changes are submitted to the department's Compliance Office. However, a finalized printed version is the Compliance Office's responsibility and may not be issued immediately. In the interim, the Inmate Finance Office supervisor makes staff aware of any changes via memorandum and/or electronic mail. As explained during the audit interviews, the majority of the forms have been updated and/or consolidated. Additionally, report names in OMS changed slightly due to the upgrade in 2012. It will be our continual practice to change written policies and procedures as deemed necessary and also review them in accordance with the department's annual review schedule. If changes are made, a general directive and/or memo will be issued to staff regarding the changes until a finalized version is printed.

Finding: Inmate Intake Process

3(a) The Inmate Finance Office take steps to ensure that all policies and procedures established in the County Correctional Center Policy and Procedure Manual be followed for all inmate intakes.

RESPONSE:

The Inmate Finance Office does ensure it follows departmental policies and procedures. The Inmate Finance Office is not responsible for any valuables/monies until they are dropped in the locked receptacle (see P&P 2.3, IV (B-D). The aforementioned finding discovered that proper procedures were not maintained before the Inmate Finance Office actual custody and responsibility of the valuables/monies. After this finding was brought to our attention, the Inmate Finance Office staff met with the Special Operations Commander about what the audit revealed. On December 23, 2014, a memorandum was sent to staff (processing officers) to follow step-by-step policies and procedures (see attached).

FINDING: Inadequate Security of Large Inmate Valuables

4(a) The Inmate Finance Office purchase a large safe in which to place large inmate valuables packages or close the door to the Valuables Storage Room between each use.

RESPONSE:

Due to inadequate office space, the purchase of a large safe is not viable. The locker room could not accommodate a large safe. It is impractical to close the locker room door between each use, as the timing for inmate releases fluctuates and cannot be determined. The office is designated as an *Authorized Personnel* only area and staff can visibly see anyone entering the area. There is a card reader that records entrances and exits and a security camera in the hallway outside. Anyone attempting to steal could be easily identified.

FINDING: Improper Recording of Inmate Restitution Payments

5(a) The Inmate Finance Office develop a formal procedure concerning the recording of restitution, and ensure that the resultant procedure is properly followed.

RESPONSE:

Before the OMS upgrade in June 2012, journalizing restitution actions were handled through a crystal report developed and titled "Financial Transactions by Type and Date Report". This report showed the amount collected during the month. When journalizing, staff only needed to capture the amount collected from this report. When the OMS 2012 upgrade occurred the Cost Recovery Report was developed for restitution and the aforementioned crystal report was no longer available. The Cost Recovery Report ran the total amount billed as well as the amount collected. Unbeknownst to staff, staff accidentally recorded the data from the grand total amount as opposed to the amount actually collected during the month. This caused the journal entry errors. Our policy does fall short on the journalizing process for restitution. We are developing a procedure on the proper recording and journalizing of restitution.

FINDING: Inmate Money and Valuable Release Process

6(a) Recommend that the Inmate Finance Office take steps to ensure that all policies and procedures established in the County Correctional Center Policy and Procedure Manual be followed for all inmate releases. This includes providing all inmates being transferred to the State Penitentiary an opportunity to review and sign their Inmate Account History Statement.

RESPONSE:

The Pen Run Final Account Balance and Property Disposition form is available for inmates to sign when they review their accounts prior to being transported on the Pen Run. However, it is the responsibility of the Release Team Correctional Officer to have the form signed by the inmate prior to transport. After this finding was brought to our attention, we are working with the Population Management Division to ensure that the policy and procedures are followed.

FINDING: Monthly Reconciliation Process Not Operating Effectively

7(a) Recommend that a comprehensive reconciliation between the OMS and GEAC be completed to identify a true amount to be written off due to a failure to properly identify and address prior years' accumulated unreconciled items. The reconciliation should be completed during a period in which no changes in inmate balances are taking place. This can be accomplished by imposing a temporary moratorium on online and kiosk deposits during a weekend. All known unreconciled items (i.e. deposits, commissary, hair/nail service, etc.) should be brought up-to-date in both the OMS and GEAC. Once these items have been addressed, theoretically the resulting unreconciled balance should represent the true amount to be written off.

RESPONSE:

For over a year we have been working with the Office of Finance in order to reconcile the Inmate holding account to identify the differences in the OMS and GEAC balances. The department will continue to cooperate with the Office of Finance to develop a more effective monthly reconciliation process to ensure all financial transactions are accounted for when conducting the monthly reconciliations.

7(b) Upon completion of the comprehensive reconciliation and subsequent write-off, Audits and Investigations that the County Office of Finance and the Inmate Finance Office work together to develop a more effective monthly reconciliation process that would include ensuring that **all** financial transactions are properly accounted for to help facilitate the identification of reconciling items when conducting the monthly reconciliations.

David H. Van Dyke

June 17, 2015

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RESPONSE:

The department will cooperate with the Office of Finance to develop a more effective monthly reconciliation process to ensure all financial transactions are accounted for when conducting the monthly reconciliations.

FINDING: Accounting for Inmate Holding Account Balances

8(a) Recommend that the funds that are held on-hand at the Inmate Finance Office is accounted for and subsequently represented in the County's accounting records. The recording of this on-hand cash amount can be achieved by the Inmate Finance Office conducting a periodic count of these funds and communicating the results to the Office of Finance for reporting purposes. Furthermore, the amount reported as "Due to Participants" should be reconciled against the amount reported in the OMS to ensure that all funds are accounted for properly.

RESPONSE:

A memorandum to the Office of Finance requesting a procedure for communicating the results of a periodic cash on-hand will be submitted.

Attachments

cc: Nicholas A. Majett, Chief Administrative Officer
Barry L. Stanton, DCAO for Public Safety
Corenne D. Labb  , Deputy Director, Bureau of Administration
Mark E. Person, Deputy Director, Bureau of Operations
Kaaryn Y. Stanford, Assistant Chief, Support Services Division
Kathy M. Burns, Inmate Finance Unit Coordinator
File – Director
File

PRINCE GEORGE'S COUNTY
DEPARTMENT OF CORRECTIONS
13400 DILLE DRIVE
UPPER MARLBORO, MARYLAND 20772

INTER-OFFICE MEMORANDUM

DATE: December 23, 2014
TO: Shift Commanders
FROM: Major Christopher Chubb #513, Commander, Special Operations *BCS*
RE: Intake Money/Valuables Form

During a recent audit of our Intake process it was discovered that on several occasions the Intake Money/Valuables Form is not accurate, is incomplete, or has no witnessing officer signature.

In order to maintain accurate records of inmate accounting it is imperative that Processing Officers complete the Intake Money/Valuables Form accurately, completely and legibly. This is to include a witnessing officer's signature. The witnessing officer signature is necessary to avoid errors and to prevent liability concerns related to lost or missing property.

The Zone I Commander will conduct periodic inspections of completed forms. They will correct and address any deficiencies and document that the deficiency has been addressed and corrected in the Zone I Commander's OMS Logbook. If there are any questions regarding this issue, please contact Lt. Knowles ext. 7024 or Major Chubb ext. 2369

cc: Col. Gregory O. Harris, Deputy Director, Bureau of Operations
Corenne Labb  , Deputy Director, Bureau of Administration
Lt. Col. Hilton #106, Chief, Division of Operations
Lt. Curtis Knowles #396, Regional Processing Unit Commander
Kathy Burns, Unit Coordinator, Inmate Finance Office
Regional Processing Supervisors
Zone I Commanders
Processing
Shift Clipboards

Auditor's Comments on the Department of Corrections (DOC) June 17, 2015, Response to the Audit Findings

We have received the responses to our audit of the Department of Corrections Inmate Holding Account and wish to thank everyone involved for their efforts. However, we take exception with one response and our comments are as follows:

Audit Finding #1(b) - Internal Control Design relating to the lack of proper segregation of duties for the Accounting Technician position:

The duties of the Accounting Technician are at times a hybrid of the duties of the Finance (Account) Clerk and that of the Accountant I positions. As such, the Accounting Technician has access to both the small safe/cash drawer and the large safe, has performed the full duties of a Finance (Account) Clerk (such as processing inmate intakes and releases), and has performed Monthly Reconciliations and other Accountant duties on occasion.

Audits and Investigations' Recommendation: The duties and system permissions of the Accounting Technician be reviewed and (if needed) be modified to conform with County Administrative Procedure 346 and General Accountability Office guidance pertaining to the segregation of duties.

DOC Response: "Government Accountability Office (GAO) standards and the County Administrative Procedure 346 does indicate the separation of duties to avoid fraud and/or the reduction of error or fraud. In the findings, it is mentioned that the duties and responsibility of the Accounting Technician job description are hybrid duties of an Accounting Technician and Account Clerk. We disagree. Clearly, the Accounting Technician position description was developed with OHRM's classification specifications. However, due to manpower shortages, the department has cross-trained personnel to ensure operations are continual and optimal. In other duties as assigned, the Accounting Technician serves as a backup Account Clerk. Since this position requires a higher skill set than the Account Clerk, the Accounting Technician is able to fill-in and performs an Account Clerk's duties. When this occurs, the Accounting Technician absorbs the duties of the Account Clerk thus becoming the Account Clerk and not doing any duties as an Accounting Technician. The absorption of duties is less than 10% of the overall job responsibilities. The Account Clerks are responsible for running the cash drawer, processing inmate intakes and releases. There are rare occasions where the Accounting Technician must assume other duties as assigned and assist with intake and releases. The department releases inmates on a twenty-four hour basis; the Inmate Finance Office provides services from Monday to Friday, 6:30 am to 11:00 pm to accommodate inmate intakes and releases. Whenever the Accounting Technician is handling intakes and releases; there are two supervisors available to verify transactions and/or discrepancies. Due to having two levels of supervision, we feel we are using reasonable and prudent

practices that fall within the purview of general accounting principles but also within the spirit of the GAO and administrative procedures to avoid fraud, errors and redundancy. In addition, the Accounting Technician position has limited OMS system permissions and supervisors have advanced permissions in the OMS system. The Accounting Technician does not process mail and this is not in the job description. Account Clerks process staff mail only and may receive checks from another jurisdiction. The Inmate Finance Office does not accept cash in the mail; most financial transactions are done by kiosk and internet that is managed by the vendor.”

Audits and Investigations' Comment: The finding mentions that the duties of the Accounting Technician are at times a hybrid of the duties of the Finance (Account) Clerk and that of the Accountant I positions, not the Accounting Technician position. Also stated in the finding and supported in the agency response, there are times when the Accounting Technician duties include the duties of the Finance (Account) Clerk position. When this situation occurs, whether infrequent or not, it presents a circumstance where the duties of an individual position are not properly segregated. We understand that manpower shortages limit the Department's ability to segregate all duties completely for every process, however, as part of the audit process we are obligated to identify any and all potential internal control weaknesses. Although it was mentioned in the response that there are supervisors available for oversight in the rare occasion when the Accounting Technician is handling intakes and releases, there can be situations when a supervisor may not be on duty as indicated in the finding related to “Inadequate Control of Cash Drawer Activities”. Furthermore, the oversight that the supervisors are providing was also questioned, in the above mentioned finding, due to the lack of a detailed supervisory review of reports to substantiate shift related account activity.

