Internal Control Assessment of County Sheriff’s Office

Purpose: To document an understanding and assess the internal controls of the County Sheriff’s Office as it pertains to the following:

1. Whether the obligations and costs of the operation are in compliance with applicable law
2. Whether county funds, property and other assets that are designated/assigned to the sheriff are safeguarded against waste, loss, unauthorized use, or misappropriation
3. Whether revenues and expenditures in the county general fund and drug fund are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets

Overview: An in-depth analysis of the internal control environment for the operations of the County Sheriff’s Office was performed over a four day period by county sheriff’s command staff employees and the CTAS field consultant as well as the CTAS sheriff and jail consultants.

**Sheriff Office**

1. Whether the obligations and costs of the operation are in compliance with applicable law

(purchasing, payroll, contracts, purchase orders, emergency purchases, efficiency of operations (cost effective solutions).

Purchasing:

The sheriff’s office complies with the adopted county purchasing policy under the Financial Management System of 1981 that is in effect for County Government.

Purchase Orders:

The (name/position) will originate a purchase order requisition with the county finance department and coordinate with the finance department to ensure there is funding available in the line item for the purchase and that the vendor is on the approved vendor list. The county finance department issues the purchase order which authorizes the purchase to be made. (Name and position) will then place the order with the vendor. When goods arrive the same people verify that the goods received are what is itemized on the invoice. The invoice is then initialed as goods received and forwarded to county finance for payment by accounts payable. The sheriff’s office can utilize blanket purchase orders with numerous vendors (hardware store, auto parts store) and the vendor will send a monthly invoice. (Name/position) reviews all the blanket purchase orders for legitimate county purchases of goods.

Store cards:

Walmart and Lowes cards are kept locked up when not in use in (name/position) desk. Name’s/position’s) will go to these stores for needed purchases that are then applied to blanket purchase orders. (Name/position) will review the monthly invoices from these store card purchases and will ensure that there is adequate appropriation and an open purchase order (PO) for these purchases.

Credit Card:

The sheriff’s office has a (name of business, bank, etc.) credit card that is provided to transport deputies that are going on long distance transports. The deputies are instructed that the card can only be used to purchase fuel, meals (if overnight and in accordance with adopted travel policy) and lodging reservation (rarely) if an overnight stay is required for the transport and the hotel was not able to be reserved ahead of time. (Name/position) reviews and reconciles purchases with the monthly credit card statement. When the card is not in use it is locked (where).

Contracts:

Per County purchasing policy, the county finance director signs all county contracts dealing with purchasing. All contracts that are over one year in length are approved by the county commission after the county attorney reviews them. (Name/position) coordinates with the county finance department to ensure contract compliance per county purchasing policy.

Emergency purchases:

(Name/position) will coordinate with the county finance department in the case of emergency purchases that arise from unforeseen events that will require normal bidding procedures to be circumvented because of the nature of the emergency at hand. The county purchasing policy addresses emergency purchases and the sheriff’s office complies with these policies.

Payroll: Payroll is authorized each fiscal year through a letter of agreement that is prepared by county finance and signed by the mayor and sheriff after the adoption of the county budget. (Name/position) receives a copy of the sheriff’s adopted budget and then receives a monthly year to date expenditure versus budget report from county finance each month. (Name/position) is responsible for bringing any anticipated foreseeable budget overages to the attention of the sheriff and county finance in order that a budget amendment can be prepared. All payments to employees are paid through payroll accounts (not vendor accounts) in order to comply with IRS tax code for payroll taxes and state unemployment compensation and worker comp laws.

1. Whether county funds, property and other assets that are designated/assigned to the sheriff are safeguarded against waste, loss, unauthorized use, or misappropriation.

Overview: The audited financial report detailed expenditure statements was reviewed to identify expenditures of material amounts. In the sheriff office, material expenditure amounts were: payroll, maintenance of vehicles (parts), and fuel. Internal controls over these material assets/costs were scrutinized in-depth.

Sheriff:

Fee account (receipt/disburse/deposit/reconcile/segregation of duties over cash)

The following procedure will be in place to help satisfy and insure compliance with internal controls over cash with fee account.

1. (Names/positions) will retrieve and receive checks from (name/position) at the sheriff’s office and cash bonds from the jail.
2. (Name/position) will receipt checks and/or cash in to receipt book(s).
3. (Name/position) will complete deposit book, check for inconsistencies, and transport these monies to the bank.
4. (Name/position) will receipt into the general ledger and reconcile general ledger at the end of each month and calculate disbursement checks for the county trustee and court clerk.
5. (Names/positions) are the designated signers of said disbursements.
6. (Name/position) reconciles monthly bank statements to the general ledger at the end of each month.

Note: In the event of the absence (sickness, vacation, etc.) of any of the above mentioned employees, regular business will continue with a modified policy to ensure deposit of monies within the standard three day window. In these instances this temporary duty routine shall be documented for that instance and the reason.

Cash Bonds:

The (who) on duty at the jail receipts the cash bond into the manual receipt book upon receiving the money and provides the payee a copy of the receipt. The receipted funds are placed (in what secured location). (Name/position), posts the cash bonds to the general ledger, works up the deposit for receipts, and deposits all cash including the cash bond money to the bank intact and within three days.

Sex Offender Registry Fees:

The sexual offender’s fee of $150 is collected by (name/position) and a pre-numbered receipt is issued to the payee. (Name/position) then brings the sex offender money to the (where, name/position) to receipt for jail deposit. The sex offender money is then deposited into the regular checking account.

*Confidential Funds*:

Since the county has an active drug task force, the sheriff does very little confidential drug buys. When the sheriff’s office does a confidential buy, the sheriff’s office requests a check from county finance from the county drug fund and cashes it to make undercover buys. The sheriff follows the state drug fund manual and completes the necessary forms pertaining to the drug buys. The lead investigator is responsible for overseeing flash rolls and verifying that buys are legitimate and for return of unused funds to the drug fund.

*Inventory of weapons*:

All weapons that are not assigned to officers are maintained in the armory that is located in the sheriff’s office. (Name/position) is responsible for the armory and maintains an inventory of all weapons on hand and those assigned to officers. Inventory records are computerized (name of software) and include a detailed description, the make and model, caliber, serial number, year purchased, cost, who assigned to, and disposal date. (Names/positions) have keys to the armory. (Name/position) performs a complete annual inventory of all assigned weapons. Ammunition is stored in same room and (name/position) inventories this as well. All weapon and ammunition purchases are done in compliance with county purchasing policy with county finance and all surplus of firearms are disposed of in accordance with the county surplus policy (trade to firearm dealer after declared surplus). (Name/position) coordinates with county finance for all purchasing of firearms and ammo.

*Inventory of evidence room*:

(Name/position) is in charge of logging evidence and maintaining it and the records. Evidence brought into the sheriff’s office is put in a locker in the squad room and locked by the seizing deputy. A tag describing what it is and the form listing the case number and general information of the arresting report is attached to the item. (Names) of who has keys to locks on lockers). (Name/position) issues the keys to authorized employees.

(Name/position) gets the items from the lockers and verifies the paperwork is filled out correctly. They then fill out the evidence log and assigns a number to match the item and paperwork. The numbers are consecutive. Once it has been added to the log and tagged with a copy of the evidence log, it is put in (the evidence room – if more than one, specify here). A copy of the log is added to the log book. The evidence room (specify which one if there is more than one) holds drugs and other miscellaneous evidence. (Names/position) is/are the only person(s) authorized access to this room. The second evidence room is (located where) and contains firearms. A different key is used to enter this evidence room. (Name/position) are the only persons authorized to access this room. (Describe how these rooms are accessed such as by key (who keeps the key and where), or by access code (how frequently is the code changed and by who)).

If evidence needs to be tested or examined by the Tennessee Bureau of Investigation (TBI), deputies are required to submit a TBI lab request form with their evidence. If the evidence has already been logged in before the lab request form is filled out, the deputy turns the lab request into (name/position). (Name(s)/position(s)) will take the evidence to the TBI lab for testing each week, or as needed. Evidence that is sent to the lab is signed out for lab testing by (name/position). Once the evidence is finished at TBI, (name/position) will bring the evidence back to the sheriff's office. The evidence is then logged back into evidence by (name/position).

If a deputy needs evidence for court, the deputy makes a request to retrieve the evidence from (name/position). (Name/position) requires the deputy to sign for the evidence. After the court proceedings, the deputy shall log the evidence back in at the sheriff's office. (Name/position) then logs the evidence back into the evidence room(s). If the evidence is entered into the court as evidence, (name/position) logs the evidence in the narrative section of the evidence report date and time the evidence was logged into the court.

(Name/position) is responsible for evidence disposal after a case is adjudicated. If the evidence is drugs, paraphernalia, contraband, or evidence of no value, a destruction order is obtained by (name/position). If the evidence is of value, and the owner cannot be located after 90 days, (name/positioner) will obtain an order for the evidence to be sold at public auction or on Gov. Deals. If the evidence is a firearm, (name/position) will obtain an order for the firearm to be awarded to the sheriff’s office. If the firearm is not used at the sheriff’s office, another order will be obtained for the firearm(s) to be traded to an authorized gun dealer for in store credit. If the weapon is abandoned property, and the owner cannot be located after 90 days, (name/position) will obtain an order for the firearm to be awarded to the sheriff’s office. If the firearm is not used at the sheriff’s office, another order will be obtained for the firearm(s) to be traded to an authorized gun dealer for in store credit.

*Inventory of vehicles*:

(Name/position) maintains an inventory of assigned vehicles on the (name of software system). The inventory software records vehicle make, model, year, color, description, what officer is assigned to the vehicle, year purchased, purchase price, VIN. (Who) are responsible for notifying (name/position) of any changes in vehicle assignments.

*Payroll*:

To protect against fraud (ghost employees, unauthorized bonus payments, etc.) all sheriff’s office employees have a personnel file maintained by (name/position) and are assigned a supervisor from the approved organizational chart. All non-exempt sheriff’s office employees are required to fill out and turn in a time sheet for hours worked with both their signature and their immediate supervisor’s signature for pay authorization each pay period. At the end of each pay period, (name(s)/position(s)) review each employee’s completed timesheet, verifies signatures and then (name/position) compiles a payroll spreadsheet for county finance to summarize the gross pay and hours worked and sends this summary report to county finance to prepare payroll checks. Vacation and sick time accruals are maintained by each employee on their time sheets and verified each pay period for activity by their immediate supervisor. An annual leave accrual is calculated from these forms by (name/position) for financial reporting purposes. Personnel policy prohibits employees from having more than 80 hours of vacation leave payout upon resignation/retirement from the sheriff’s office. (Name/position) reviews the monthly budget to actual expenditure reports to ensure the actual expenditures are in line with the approved budget.

*Fuel reconciliation*:

Each sheriff’s office vehicle is assigned a fuel card that remains in the vehicle at all times. The fuel card can be used only for fuel purchases. When the card is used, the deputy keys in the current odometer reading and the card PIN into the gas pump at participating gas stations. At the end of the month, (name/position) receives a detailed invoice breaking down fuel consumption by vehicle (card) usage for that time period. (Name/position) reviews the invoice for irregular usage based on variances in MPG, fill up times, excessive fuel use for each vehicle and alerts (name/position) if (they) identify potential issues.

1. Whether revenues and expenditures in the sheriff’s office and drug fund are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets

(Name/position) is responsible for coordinating with the county trustee office to ensure that all receipted funds are coded to the correct revenue line item. (Name/position) coordinates with the county finance department to ensure purchase orders for non-payroll items are coded to the correct object code and expenditure budget. (Name/position) fills out the annual sheriff’s office financial report and files this with the county finance office and the county clerk. (Name/position) coordinates with the county finance office to ensure that capital asset records for external reporting purposes are up to date and in compliance with county capital asset policies. Drug Fund non-confidential expenditures are coordinated by (name/position) in same way as general fund expenditures for the sheriff’s office.

**Jail**

1. Whether obligations and costs of the operation are in compliance with applicable law

Jail:

Inmate funds cash on hand when booked, inmate belongings, supplies, inventory of equipment, and vehicles.

(Purchasing, contracts, purchase orders, emergency purchases, efficiency of operations (cost effective solutions)

Purchasing:

The jail complies with the adopted county purchasing policy under the Financial Management System of (what Act) that is in effect for County Government.

*Purchase Orders*:

(Names/positions) are authorized to originate a purchase order requisition with the county finance department and coordinate with the finance department to ensure there is funding available in the line item for the purchase and that the vendor is on the approved vendor list. The county finance department issues the purchase order which authorizes the purchase to be made.

(Name(s)/position(s)) will then place the order with the vendor. When goods arrive the same people verify that the goods received are what is itemized on the invoice or bill of lading. The invoice is then initialed as goods received and forwarded to county finance for payment by accounts payable. The invoice is held until all items are received per county purchasing policy (no payments for partial shipments) unless under rare circumstances there is an item out of stock, then the county requests an amended invoice from the vendor for items received so that the purchase order can be closed. The jail can utilize blanket purchase orders with numerous vendors (hardware store, auto parts store, food) and the vendor will send a monthly invoice. (Name/position) reviews all the blanket purchase orders for legitimate county purchases of goods.

*Store cards*:

Walmart, Staples, Lowes cards are kept (identify secure area) when not in use. (Name(s)/position(s)) are authorized to go to these stores for needed purchases that are then applied to blanket purchase orders or the jail gets a PO prior to going to the store. (Name/position) will review the monthly invoices from these store card purchases and will ensure that there is adequate appropriation and an open PO for these purchases. (Name/position) reviews individual store trip receipts when staff returns from the store.

*Credit card*:

The jail has a (name of institution) credit card that is provided to transport officers that are going a long distance. The officers are instructed that the card can only be used to purchase fuel, meals (if overnight and in accordance with adopted county travel policy) and lodging reservation (rarely) if an overnight stay is required for the transport and the hotel was not able to be reserved ahead of time. (Name/position) reviews and reconciles purchases with monthly credit card statement. When not in use the credit card is (stored in what secure area). Anyone that gets the card has to sign it out and then back in.

*Contracts*:

Per the County purchasing policy, the county finance director signs all county contracts dealing with purchasing. All contracts that are over one year in length are approved by the county commission after the county attorney reviews them. (Name(s)/position(s)) coordinate with the county finance department to ensure contract compliance per county purchasing policy.

*Emergency purchases*:

(Name/position) will coordinate with the county finance department in the case of emergency purchases that arise from unforeseen events that will require normal bidding procedures to be circumvented because of the nature of the emergency at hand. The county purchasing policy addresses emergency purchases and the jail complies with these policies.

1. ***Whether county funds, property and other assets that are designated/assigned to the sheriff are safeguarded against waste, loss, unauthorized use, or misappropriation***

Overview: The audited financial report detailed expenditure statements was reviewed to identify expenditures of material amounts. In the jail, material expenditure amounts were: inmate medical and dental services, inmate food, and utilities. Internal controls over these material assets/costs were scrutinized in-depth.

*Prisoner funds*:

The sheriff’s office maintains a property receipt (preprinted form) on each prisoner. This receipt lists all articles belonging to the prisoner including money. All articles are placed into (what) that is stored in the property room. All money taken from prisoners in booking is counted in front of a witness and a receipt is generated and placed in an envelope with the receipted funds. The inmate receives a copy of the receipt. The money is placed (describe here). (If there is a policy and procedure that permits for a different process for an inmate being released immediately – describe here). The inmate may release money to their family by filling out a release of property form if the money has not been deposited (where). (Name/position) collects the funds each business day and is counted by this person and (a second jail employee – identify here) to verify that the receipts agree with collected funds. (Name/position) then takes all receipted funds and (describe what is done with these receipted funds here). (Describe if there is any exception to this procedure here). Only (name(s)/position(s) have a key to this box. Upon discharge, the prisoner signs the property receipt verifying that all articles were returned. When the prisoner is released from the jail, (describe here how their remaining funds are returned to them). Due to the short period of time the prisoner funds are held at the sheriff’s office, the amount of prisoner funds being held will be immaterial.

*Commissary*:

(Describe who operates the inmate commissary here). All money collected from an arrestee in the booking room is deposited into (what account/bank/commissary provider). Besides the booking room receipting, the jail is not responsible for any other commissary transactions besides handing out the prisoners orders and the rare occasion that the ordering software is down and the inmates have to use paper ordering forms (which would be picked up by corrections officers and turned into (name/position)). When (who) hand out the commissary orders, inmates sign a receipt for the order and the receipts are then taken to (name/position). (Name/position) will coordinate with (who – commissary provider) with any order issues. Inmates can use kiosks to view their own balance and orders. (Describe process for orders that arrive after an inmate is released from custody). (Describe how unused balances are disbursed to inmates upon their release from confinement here). (Describe who is responsible and how unclaimed inmate property is disposed of here).

*Payroll*:

To protect against fraud (ghost employees, unauthorized bonus payments, etc.) all jail employees have a personnel file maintained by (name/position) and are assigned a supervisor from the approved organizational chart. All non-exempt jail employees are required to fill out and turn in a time sheet for hours worked with both their signature and their immediate supervisor’s (or name/position) signature for pay authorization each pay period. At the end of each pay period, (name/position) reviews each employees completed timesheet, verifies signatures and then (name/position) compiles a payroll spreadsheet for county finance to summarize the gross pay and hours worked and sends this summary report to county finance to prepare payroll checks from. Vacation and sick time accruals are maintained by each employee on their time sheets and verified each pay period for activity by their immediate supervisor. An annual leave accrual is calculated from these forms by (name/position) for financial reporting purposes. Personnel policy prohibits employees from having more than 80 hours of vacation leave payout upon resignation/retirement from the jail. Overtime is approved by (name/position) after requested by a shift supervisor and a note is made in the employees payroll timesheet noting the reason for the overtime (cover sick employee, transport, etc.). (Describe here if employees are permitted to use compensatory time). (Name/position) review the monthly budget to actual expenditure reports to ensure the actual payroll expenditures are in line with the approved salary budget.

*Medical costs*:

The county contracts with (name of company) for jail inmate medical, mental health, and dental services. (Name(s)/position(s)) are responsible for contract compliance and coordinate with county finance if any questions arise with contract issues. For medical issues that cannot be handled by jail medical staff, the county has an agreement with the local hospital (name of hospital) for care. (Describe here any negotiated rates that the county may have). (Name(s)/position(s)) are responsible for reviewing hospital bills to ensure that the county is receiving the correct discount and that the county is only being billed for care received and care for just inmates.

Inmates are charged medical co-pays to see a nurse, doctor, dentist or go to the hospital ER through their commissary fund balance. (Name of medical provider) sends a list of inmates that were seen to the (name/position, commissary vendor, etc.) to apply the copayment charge to the inmate’s commissary account. (Name/position or commissary vendor) transmits the copays collected each month to the county jail along with the profit share check.

Food:

Inmate food is competitively bid out by the county finance department annually. Blanket purchase orders are issued monthly for food vendors and (name/position) keep track of actual food cost to budget on a monthly basis. (Name/position) is responsible for ordering food based on the meal plan which has been approved by the jail dietician. The jail kitchen receives two shipments from food vendors per month and (name/position) reviews the shipment against the bill of lading and initials the bill that ordered food agrees with bill of lading. The bill of lading is forwarded by (name/position) to (name/position), who reconciles the bills of lading with the monthly food invoices prior to forwarding the invoice to county finance. Received food is stored in the jail walk-in freezer and cooler and a dry storage food pantry. (Name/position) do a weekly inventory on each Thursday and inventory sheets are forwarded to (name/position). Jail food is only consumed by inmates. Correctional staff are not allowed to eat jail food. Any leftovers from meals that can be frozen or refrigerated will be reused. Other items that cannot be reused will be discarded. Any shrinkage that is identified in the inventories is investigated by (name/position). The monthly food invoices are mailed from the vendors to (name/position) and they review the unit price on the invoice with the unit price on the annual bid award to verify prices are correct. If the county is overcharged for an item then (name/position) will notify the vendor for a credit and they also notifies (name/position) of the issue.

Utilities:

Utilities bills are paid by the county finance department. (Name/position) review the actual expenditures to budget monthly financial reports to verify that the amount is in line with the current budget. There are multiple electric and water meters for the sheriff and jail building.

1. ***Whether revenues and expenditures in the county jail budget are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets***

(Name/position) is responsible for coordinating with the county trustee’s office to ensure that all receipted funds are coded to the correct revenue line item. (Name/position) coordinate with the county finance department to ensure purchase orders for non-payroll items are coded to the correct object code and expenditure budget. (Name/position) fills out the annual jail financial report and files this with the county finance office and the county clerk. (Name/position) coordinates with the county finance office to ensure that capital asset records for external reporting purposes are up to date and in compliance with county capital asset policies.

*Recommendations from the Internal Control Environment Assessment*:

* The sheriff, chief deputy, chief administrator, jail administrator, jail lieutenant, and county finance director should have a meeting to review this internal control assessment and do a fraud /risk assessment to identify improvements for the internal control environment and review any internal control weaknesses identified with this assessment or prior year independent audits. Action items from this meeting should be assigned to individuals to ensure follow through and a deadline to report back to the sheriff.
* Since payroll is the largest portion of both the sheriff and jail operating budget, consider utilizing an automated timekeeping software package that can interface with the county finance department’s payroll software. The current manual time keeping system requires numerous entries and verifications of multiple people and in the often times hectic work environment of the facility can leave room for errors and mistakes. With the onset of federal ACA employer reporting requirements and potential federal fines, an accurate payroll system is even more important.
* The county finance office needs better coordination with the sheriff’s office and jail with tracking of assets that should be capitalized for external financial reporting. The sheriff’s office and jail are maintaining accurate inventories on their office software, however the county finance office is not coordinating with the sheriff’s office and the jail to do an annual update for the county finance capital asset software. Currently, the county finance office is doing their inventory update in coordination with the county insurance agent’s records, which leaves room for errors.
* The current scheme with assessing and charging inmate medical copays is not allowing the county to track revenue from these charges. Payments from the commissary vendor does not break out this revenue line item. Therefore it is difficult/impossible to verify if profit share from the vendor contract is being recognized. Unpaid co-pay balances are being carried over on the inmates’ commissary account should they receive funds in the future or be re-incarcerated. Consider transferring the unpaid medical copay balances over to county probation when/if the inmate is released on probation status so these costs are included.
* The county should consider a TVA energy audit of the jail and sheriff’s buildings as this is one of the largest single expenses (outside payroll) of the jail. There is grant funding and TVA incentives available for upgrades to facility lighting, HVAC and kitchen equipment as well as replacing a jail transport vehicle with an energy efficient hybrid car for long distance transfers.
* The sheriff and county finance department should coordinate to do a formal performance review of all contracts (jail medical, inmate telephone profit sharing, commissary profit sharing, pest control, copier maintenance agreements) to insure vendor compliance with terms. The contract for jail medical services should especially be scrutinized as this is the largest non-payroll item in the jail budget and has variable costs in the contract that depends on jail population numbers.
* The sheriff’s office has recently purged numerous old firearms from its evidence room from closed cases and utilized the funding received from these to purchase new service handguns for the patrol deputies. Consider surplus of unused weapons in the sheriff’s armory as there are old rifles stored in the armory.
* Sex offender registry funds: consider additional internal controls to have supervisor compare number of sex offenders that are currently registered to what fees are actually being collected and watch for variances.
* Since they have check signing authority and are over the bookkeeper, consider having the jail administrator or jail lieutenant open the monthly bank statement when it comes in the mail and review the canceled checks and to verify that deposits are being made in a timely manner prior to the bank statement being given to the bookkeeper for monthly reconciliation.