



HARFORD COUNTY, MARYLAND

Office of the County Auditor

July 8, 2013

Honorable Members of the County Council
Harford County, Maryland
212 S. Bond St., 2nd Floor
Bel Air, MD 21014

County Executive David Craig
Harford County, Maryland
220 S. Main St.
Bel Air, MD 21014

Dear Council Members and Mr. Craig:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the controls over the Harford County Detention Center's inmates' accounts to ensure the funds are adequately accounted for and controlled. The Harford County Sheriff's Office is responsible for control and accountability of inmate funds during detention and for the return of funds upon an inmate's release. Further the Office is responsible for reporting Detention Center revenue to the County Treasurer. The attached report summarizes our procedures and details the results of the audit.

We found that the control processes over inmates' accounts and revenue reporting are adequate.

We would like to thank the members of management for their cooperation during the audit. The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks, CPA, CGFM, CIA, CISA, CGAP
County Auditor

cc: Mr. Jesse Bane, Sheriff

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HARFORD COUNTY, MARYLAND
Office of the County Auditor

**AUDIT OF
DETENTION CENTER INMATE ACCOUNT CONTROLS**

Period Covered:
07/01/2011 through 02/28/2013

Report Number: 2013-A-02

Date Issued:
07/08/2013

Audit Team:

Chrystal Brooks, CPA, CIA, CGAP, CISA, CGFM
County Auditor

Laura Tucholski, CPA, CFE
Auditor

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BACKGROUND INFORMATION

INTRODUCTION AND KEY STATISTICS

Per the Harford County Sheriff's website:

The Harford County Detention Center opened in 1973 with a capacity of 100 inmates. Alterations and additions were constructed over the years with the last expansion opening in 1997, increasing the capacity to 474. Thirty-three beds are considered temporary housing and are not included in the capacity total. Those beds are reserved for classification housing, isolation, and medical cells. Yet another expansion is in the final stages with construction scheduled to begin during the summer of 2008, which will add 288 beds to the facility for a total capacity of 762.

The Harford County Detention Center is responsible for control and accountability of inmate funds during detainment and for the return of funds upon an inmate's release. Funds are held in a bank account, under Sheriff's Office control, which is separate from the County's other banking accounts. County revenue is paid from the Sheriff's bank account to the Treasurer's Office. Based on the results the County Auditor's annual risk assessment, the Detention Center's account management and revenue processes were selected for inclusion in the FY2013 Audit Plan because the deposits, withdrawals and revenue calculations are managed outside of the Treasurer's Office and because business processes involving frequent banking and cash transactions are inherently high risk.

During the booking (entry) process, an inmate's funds are collected by a Booking Officer and recorded in the jail's system with the inmate's other booking information. After booking, only an endorsed money order sent via U.S. Postal Service is accepted for deposit into an inmate's account. Inmates are provided receipts for all funds initially deposited and all funds subsequently intercepted from incoming mail. An inmate is able to release funds by completing a request for withdrawal form or signing a receipt documenting approval of a purchase. The Detention Center's computer system functions as an accounting system, recording all transactions and updating account balances accordingly. Any funds remaining at the time of the inmate's release are refunded to the inmate by cash or check, depending on the amount due.

The Detention Center charges for services such as medical visits, work release and weekend prisoner boarding fees, telephone commissions and commissary purchases. The revenue is forwarded to the County's Treasurer weekly. Telephone Commissions are designated for Inmate Welfare uses; other revenue is considered general County revenue. Budget and Actual Revenue for our audit period are detailed below.

	FY2012		FY2013		Audit Period
	Budget	Actual	Budget	Actual *	Total
Telephone Commissions	\$ 150,000	\$ 151,522	\$ 159,800	\$ 91,811	\$ 243,333
Inmate Welfare Fund	\$ 150,000	\$ 151,522	\$ 159,800	\$ 91,811	\$ 243,333
Commissary	\$ 300,000	\$ 239,050	\$ 271,000	\$ 176,746	\$ 415,796
Work Release	100,000	64,608	69,300	30,832	95,440
Weekend Prisoner	75,000	96,263	76,000	72,475	168,738
Medical Services	5,000	2,948	4,700	2,781	5,729
General Fund	\$ 480,000	\$ 402,869	\$ 421,000	\$ 282,834	\$ 685,703
Grand Total	\$ 630,000	\$ 554,391	\$ 580,800	\$ 374,645	\$ 929,036

*Through 2/28/2013

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to confirm that controls are adequate to ensure that each individual's inmate account is properly managed and revenue was correctly reported. The scope of the review was limited to inmate accounts at the Harford County Detention Center. This review did not include a complete evaluation of internal control, but instead, relied on substantive testing to support conclusions. Due to the narrow scope of the review, our evaluation of internal control was limited to proper accounting for individuals' accounts and proper use of collected funds. This lack of a complete review of internal control did not affect the objective of the review.

The audit focused on activity during the period of 07/01/2011 through 02/28/2013. Audit procedures included interviewing personnel and substantive testing. Specifically, we met with the Quartermaster at the Detention Center to gather an understanding of the processes for creating inmates' accounts, debiting and crediting those accounts, closing and refunding accounts and ensuring that revenue was properly deposited to the County.

Based on our understanding of the process, we performed the following tests we deemed necessary to achieve the audit objective:

- Agreed a sample of manual and mail room receipts to the inmate records system to ensure funds were applied to the inmates' accounts;
- Agreed a sample of refund/withdrawal checks to the inmate records system to ensure all money owed was refunded upon inmates' release and to ensure checks were only issued from the system, not issued manually;
- Agreed a sample of commissary transactions to signed receipts to ensure the purchases were approved;
- Agreed a sample of commissary receipts to the inmate records system to ensure that all transactions were deducted from inmate accounts correctly;
- Inspected a sample of shift change documents to ensure that cash on hand is regularly reconciled and approved;

- Inspected weekly reconciliations to ensure they were completed and any adjustments to revenue were properly supported;
- Agreed the revenue deposited to the County Treasurer to the weekly reconciliations to ensure that revenue was correctly reported; and
- Inspected a sample of monthly bank reconciliations to ensure that bank deposits and withdrawals were monitored by a second reviewer.

The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

REVIEW RESULTS

Harford County Sheriff's Office is responsible for establishing and maintaining effective internal controls for the Detention Center. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

Our testing disclosed that procedures are designed sufficiently to ensure funds collected from, or on behalf of, an inmate are being properly applied to the inmate's account and properly withdrawn from the account. We determined that the revenue for each transaction type was supported by adequate documentation. Daily, weekly and monthly controls functioned effectively to ensure that any errors and adjustments were identified, corrected, approved by supervisory personnel and supported by adequate documentation.

In our opinion, based on the evidence reviewed, adequate controls are in place to ensure inmates' accounts are properly managed and Detention Center revenue is correctly reported.

We have offered management an opportunity to respond to this report. However, there are no recommendations included in this report, so no management response is required. Consequently, Sheriff Bane has not provided a response.