



## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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April 11, 2018

Mr. Devon Bell, Sheriff  
Placer County Sheriff's Office  
2929 Richardson Drive  
Auburn, CA 95603

Re: Inmate Welfare Trust Follow-up Review

Dear Sheriff Bell:

The Internal Audit Division of the Auditor-Controller's Office performed a follow-up review to our prior Inmate Welfare Trust Review for the Sheriff's Office (Office). The objective of our procedures was to determine how recommendations from our previous review were implemented to strengthen internal controls over the Office's processes related to the Inmate Welfare Trust. Our procedures included inquiries of Office personnel, along with reviews of supporting documentation relating to our recommendations in our original report and how recommendations were utilized along with actions taken.

The following is a summary of our observations and recommendations along with the Office's response from the previous report dated June 28, 2017, which is then followed by the status of the Office's implementation of our recommendations.

### Escheating Unclaimed Funds

During our review, we noted the Sheriff's Office does not have a process in place to escheat unclaimed funds from the inmate Umpqua Bank Account, as required per Government Code Section 50050 – 50057. Additionally, we noted the Office has not escheated unclaimed funds from the inmate account for several years.

We recommend the Office work with the Auditor's Office to implement a process to review and escheat inmate unclaimed funds.

*Office's Response:*

*The Sheriff's Office has been working on escheating unclaimed funds with the vendor of the canteen software. The software has the ability to move escheated funds out of inmate accounts and hold them until all documentation is complete. We have met with canteen staff and have started the escheating process. At this time we have the first run of escheated funds ready to send to the State.*

**Status – Implemented**

**The Office implemented a process to escheat unclaimed inmate funds to the State Controller's Office, in accordance with Civil Code 1510-1528.**

Deposits

During our review, we noted the Office receives checks frequently throughout the month. However, the Office is not depositing checks daily into the County Treasury per Placer County Code Section 4.04.060.

We recommend the Office deposit checks daily into the County Treasury upon receipt. If a weekly deposit is preferred, the Office must request approval from the Auditor-Controller, per County Code. Until checks are deposited, they should be secured in a safe or locked cabinet when unattended, with access provided to only a few employees.

*Office's Response:*

*The Sheriff's Office is in the process of requesting a deviation from County policy, which would provide our office with a weekly deposit exception (request forwarded to the Auditor on June 28, 2017). All moneys waiting to be deposited are kept in a locked safe, accessible by accounting staff only.*

**Status – Not Implemented**

**Although the Office implemented a process to deposit checks weekly into the County Treasury after receiving approval from the Auditor-Controller, we noted checks were deposited up to a month and half after they were received. The Office expects to fully implement this recommendation by May 2018.**

Segregation of Duties

During our review, we noted three Jail Corrections and Detentions employees perform several key accounting functions for the Umpqua Bank Account. These key accounting functions include depositing money, processing checks, and performing the monthly bank reconciliation.

We recommend an employee separate from the above functions receive the bank statement and perform the monthly Umpqua Bank reconciliation to strengthen internal controls related to segregation of duties.

*Office's Response:*

*There are 3 employees that perform key accounting function for the Umpqua Bank Account because we have 2 locations and work an alternate work schedule that could require all 3 to process checks, or deposit money in a month or even a week. It may not be possible to eliminate one of the employees from the duties involved in working with the Umpqua Bank account, as checks that are issued could be needed at a moment's notice. Past practice was to have one of the jail staff do the reconciliation and send it to our Accountant-Auditor and he/she would validate the reconciliation by doing their own reconciliation and verifying the jail numbers. Moving forward we will have the Accountant-Auditor in our fiscal unit do the reconciliation.*

**Status – Implemented**

**The Office strengthened internal controls relating to segregation of duties and implemented procedures to ensure an employee in the Sheriff's Fiscal Unit, separate from performing the key accounting functions for the Umpqua Bank Account, completes the monthly reconciliation.**

Revenue Recognition

During our review of Inmate Welfare deposits, we noted several instances of revenue not being recorded in the proper accounting period.

Going forward, we recommend the Office timely review deposits, especially at fiscal year-end, to ensure revenue is accurately recorded in the proper accounting period.

*Office's Response:*

*The Inmate Welfare is a trust account, therefore, year-end isn't an issue as funds roll from year to year. By making weekly deposits we will be minimizing the cross over between accounting periods.*

**Status – Not Implemented**

**We were unable to review deposits at year-end, as the original report was issued on June 28, 2017 and the Office would not have implemented the recommendation by the 2017 fiscal year-end close. Consequently, we reviewed deposits made from July – December 2017 and determined revenue was not being recorded in the proper accounting period at month end. Based on our testing and per discussion with the Office, the recommendation has not been**

implemented and the Office is planning to revisit implementation when the new accounting system, Workday, is in place.

#### Review Process

During our review, we noted instances of improper coding and duplicate vendor payments that were undetected by the Office's review process.

Going forward, we recommend the Office's review process include a detailed review of the documents coding and all supporting documentation. We also recommend the Office establish a method to log/track vendor invoices to ensure duplicate payments are not processed.

#### *Office's Response:*

*Office procedure is to have the Commissary person match the invoices to the orders and stamps, and approve the invoice for payment. Only then do the jail accounting staff pay the bill. When the refund was returned, jail staff realized that PAS didn't catch the duplicate invoice and the second invoice also was not approved. At that time they made changes in their processing to make sure all invoices have the approval stamp. This is the only time our jail staff can recall this having ever happened.*

#### **Status – Implemented**

**The Office updated their review process and added another level of detailed review. A deposit log was also created to ensure coding is accurate and duplicate payments do not occur.**

The Office's responses to our recommendations identified in our original report dated June 28, 2017 are included above. We did not audit the responses and, accordingly, we do not express an opinion on them.

We appreciate the courtesy and cooperation of the Office's staff throughout the course of this review.

Respectfully,



Nicole C. Howard, CPA  
Assistant Auditor-Controller

cc: Mark Giacomini, Administrative Services Manager, Sheriff's Office  
Rosie Dreher, Supervising Accountant, Sheriff's Office  
Placer County Audit Committee