



**Audit Report on the
Onondaga County Sheriff's Office
Justice Center Commissary & Inmate Revenue
Accounts**

November 27, 2024

By Onondaga County Comptroller Martin D. Masterpole

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SECTION I

BACKGROUND & EXECUTIVE SUMMARY

Background

In early 2023, the newly elected Sheriff of Onondaga County requested the Comptroller's Office audit the operations of the Sheriff's Office (Sheriff's) as related to the oversight of a multitude of their bank accounts.

This report is the sixth in a series of audits performed on the trust and agency and cash accounts under the control of the Onondaga County Sheriff's Office and focuses on two related trust and agency accounts—the **Justice Center (JC) Commissary** and the **Justice Center Inmate Revenue Account**.

Per New York State Department of Corrections regulation 9 CRR-NY 7016.1: §(a) At the discretion of the sheriff, a commissary may be established, maintained and operated for the purpose of making available, for sale to prisoners, items deemed proper by the sheriff and consistent with the health and welfare of the prisoners and the security and general operation of the facility concerned;. §(b) The prices of any items offered for sale shall be fixed by the sheriff, or official in charge, to the extent that the commissary operation will be self-supporting and will provide a modest return above costs. §(c) Profits resulting from commissary sales shall be deposited in a separate bank account and shall be utilized only for the purpose of prisoner welfare and rehabilitation. §(d) Commissary accounts shall be maintained in a manner which will fully substantiate all purchases, sales and expenditures, and definite arrangements shall be made for periodic audit of the commissary accounts by the office of county auditor, county treasurer or other county officer in a similar capacity.

Onondaga County Sheriff's Office Written Directive CUS-034 Inmate Commissary dated 7/29/2020 provides guidance on the process and procedures for Commissary Operations.

The JC Commissary Account was established for the purpose of making available for sale to prisoners with a modest profit margin items such as, candy, clothing, personal hygiene and snacks deemed proper by officials. These profits can only be used for purposes of prisoner welfare and rehabilitation, such as the payment of ministry services, computers for inmate classrooms, games and TVs for housing units.

The JC Inmate Revenue Account respectively maintains funds received on behalf of every inmate for their own personal use of commissary purchases, haircuts, payment of phone time, court surcharges, postage, and newspapers, etc.

Unused funds remaining in an inmate's trust account is returned to them upon their discharge. Unused prepaid phone funds, regardless of the amount is returned with a check, while the remaining commissary funds are returned using a preloaded smart card.

Executive Summary

During our audit of these accounts we found the following:

- The Civil Division is responsible for reconciling these two accounts.
 - a. Commissary items prices were fixed and priced to earn a modest profit.
 - b. Profits are deposited into a separate and distinct bank account.
 - c. Audit of the commissary account is performed on an as-needed basis.
- We noted the following internal control and compliance issues relating to these areas of operations:
 - a. Welfare Expenditure Forms were not properly completed
 - b. Transactions and deposits are not being made in accordance with written Sheriff's directives.
 - c. Deposits are posted incorrectly in the Trinity / Cobra / Fusion Banker System.
 - d. An inadequate bank reconciliation process is being used.
 - e. Proof of current and up-to-date contractor insurance policies are not maintained.

Our high level recommendations include the following:

- *An administrative review should be done to ensure Welfare Expenditure Forms are completed properly.*
- *Sheriff's administration should assign an individual to ensure contracts are properly executed and current. If needed, they should work closely with the County Law Department.*
- *Individuals responsible for the accounts should be trained in the proper completion of monthly bank reconciliations.*
- *Consideration should be given to using the smart card for unused telephone funds.*

SECTION II

SCOPE AND METHODOLOGY

Time Period Covered: January 1, 2023 – June 30, 2023

Objectives:

The objective of this report is to inform the Sheriff's administration if their operations and established internal controls of the Inmate Trust Accounts and Commissary Accounts are operating effectively to ensure compliance with the New York State Regulations 9 CRR-NY 7016.1, 9 CRR-NY 7016.2 and the Sheriff's directive CUS-034.

Methodology:

In order to complete our objective we:

- Reviewed relevant State regulations, County policies and procedures and Sheriff's Directives.
- Interviewed various staff responsible for the above areas to determine specific practices for these areas.
- Tested a sample of transactions and processes relating to these areas to determine if established internal controls are operating effectively.
- Discussed draft recommendations with Sheriff's Office Management for their input and practicality evaluation.
- Finalized recommendations and included them in this report.

SECTION III

FINDINGS & RECOMMENDATIONS

Section I: Justice Center Commissary Account

Inmate Welfare Expenses

Findings: We randomly tested 9 checks written and 1 EFT from the Commissary Account and noted the following:

1. 2 Inmate Welfare Expenditure Forms were not completed per written directive Inmate Commissary CUS-034 or established controls as the signature of those making the request to use commissary funds and or the signature to authorize the payment was lacking. The employee submitting the request is responsible for filling out the form in full and the Chief of the Civil Department's responsibility is to ensure the form is fully completed and to sign and date signifying the approval for payment.
2. We noted 7 out of 10 Inmate Welfare Expenditure Forms were not fully in compliance with New York State regulation 9 CRR-NY 7016.1: §(d) Commissary accounts shall be maintained in a manner which will fully substantiate all purchases, sales and expenditures, as the Inmate Welfare Fund Expenditure Form was missing the "*beneficial reasoning*" to inmates welfare to substantiate the use of commissary funds.

Recommendation:

We recommend Sheriff's Office staff adhere to their current procedures and processes to ensure the backup paperwork is properly filled out and the needed authorizing signatures are present.

Bank Reconciliation

3. We noted the February 2023 bank reconciliation was not properly prepared as the amount of outstanding checks of \$15,705.98 used to balance the account did not agree to the actual detailed listing of checks totaling \$21,705.98, a difference of \$6,000. The error was due to check, #2408 (dated 3/7/2023) written for \$464.67 but was listed as outstanding for \$6,464.67. This implies due diligence was not exercised by the administrative reviewer as it clearly indicates a comparison of the amount used on the reconciliation to the total of the detailed listing was not performed. Additionally, a check dated in March should not be on the February bank reconciliation.

Recommendation:

We recommend assigned staff are informed of the importance performing their responsibilities in preparing accurate monthly bank reconciliations.

Insurance Coverage

Findings: We noted the following Trinity Services Group insurance coverage's have expired as of 12/31/2023.

4. Workers Compensation, General, Auto, Cyber Liability, and Umbrella all expired 12/1/2023.
5. The E&O – Miscellaneous Professional-Primary coverage expired on September 14, 2023.

Recommendations:

We recommend the Sheriff's administration assign an individual with the responsibility of establishing and maintaining a schedule to verify and confirm coverages are in place for the duration of the contract. We also suggest the individual work closely with the County Law Department to ensure all required insurance coverages are up to date and properly authorized prior to executing the contract.

Section II: Justice Center Inmate Revenue Account

As previously mentioned, unused inmate funds are returned to them upon discharge. Therefore, the Inmate Revenue bank account should always have sufficient funds to cover all of the inmate account balances.

6. **Finding:** We noted a proper monthly bank reconciliation taking into account the inmate's balances is not performed and an appropriate month end cutoff date is not used. We prepared an accurate book to bank reconciliation and determined the account would be approximately \$9,690 short to cover the inmate's unused funds. Please see Section III for Sheriff's bank reconciliation as compared to our bank reconciliation.

Inmate's Revenue Account Balance vs Bank Account Balance June 30, 2023	
Adjusted Bank Balance	\$ 86,885.75
June's Inmate Expenses A	(55,133.18)
Estimated Inmate Funds	<u>\$ 31,752.57</u>
Commissary Balances B	
Active Resident	\$ 37,751.93
Inactive Resident	3,690.18
Total	<u>\$ 41,442.11</u>
Bank shortage	<u>\$ (9,689.54)</u>
A June's inmate related expenses which are invoiced and paid during July.	
B Information from the Resident Balance Summary as of 6/30/2023	

7. **Finding:** We noted the required quarter-ending Inmate Revenue Account balance reported to the Comptroller's Office for inclusion into the PeopleSoft financial system was incorrect.

Quarterly Reporting Differences in PeopleSoft			
Month	Audit's Corrected Balance	Quarterly Balance per PeopleSoft	Difference
December 31, 2022	\$132,117.50	\$115,972.64	16,144.86
March 31, 2023	\$93,662.91	\$135,382.55	(41,719.64)
June 30, 2023	\$86,885.75	\$102,110.30	(15,224.55)

The balance reported in PS is based on the Sheriff's improperly prepared bank reconciliations.

8. **Finding:** We noted the established procedure to review stale dated checks on a six-month basis is not being followed, as thirty outstanding items exceeding the 180-day threshold were included on the June 30, 2023 bank reconciliation. These checks ranged from \$0.10 to \$51.97 and a majority of them are for the return of unused phone funds. The total of these checks can be turned over to County Finance for deposit where the money will remain for 6 years (subject to claim); upon which the funds are to be turned over to the County's general fund.

Recommendations:

We recommend staff assigned to the preparation and review obtain an understanding of the proper completion of a bank reconciliation as well as familiarizing themselves with the established controls.

We also recommend the balance for the unused prepaid telephone funds be transferred to the smart card as well, to alleviate accounting for outstanding and stale dated checks.

Section III: Both Jamesville Commissary and Inmate Revenue Accounts

9. **Finding:** We noted the monthly reconciliations for both accounts are not being prepared properly as, the June 2023 bank reconciliation in both accounts included outstanding checks, withdrawals, and deposits in-transit with activity dated in July 2023 (the following month). It appears these accounts were reconciled each month using activity from the following month. Please see example of June 2023 in the following table.

Inmate Revenue Account Sheriff's Bank Reconciliation June 30,2023		Inmate Revenue Account Internal Audit's Reconciliation June 30,2023	
Bank Balance	\$ 116,762.52	Bank Balance ¹	\$ 116,762.52
O/S Deposits	\$ 18,843.45	Less:	
O/S ACH	\$ 54,444.56	O/S ACH ²	\$ (4,113.00)
Total	\$ 190,050.53	O/S Checks ³	<u>\$ 33,989.77</u>
Less:		Total	<u>\$ 29,876.77</u>
O/S Checks	\$ 87,940.23	Adjusted Bank Balance ⁴	<u>\$ 86,885.75</u>
Total Subtractions	\$ 87,940.23	Book Balance ⁵	\$ 102,110.30
Adjusted Bank Balance	<u>\$ 102,110.30</u>	Less Net of July's Activity ⁶	\$ (15,224.55)
Book Balance	<u>\$ 102,110.30</u>	Adjusted Book Balance ⁷	<u>\$ 86,885.75</u>

¹ Bank Balance: This is the cash balance available in the bank account at the end of the month - found on the bank statement
² O/S ACH: These are ACH which have been initiated but have not cleared the bank yet
³ O/S Checks: These are the checks that have been written, but have not been cashed/cleared by the bank
⁴ Adjusted Bank Balance: This is the actual cash balance after all adjustments have been made to the bank balance
⁵ Book Balance: This is the end-of-month cash balance recorded in their electronic bookkeeping system
⁶ July's deposits and written checks: included in June Reconciliation shown as net which needs to be removed
⁷ Adjusted Book Balance: This is the book balance after all activity is removed dated from the following month

Per Sheriff's directive, CVL-008 Financial Transactions, section IV. Procedures, Disbursements section (I) (1) (h), "Checks that have not yet been cashed are listed each month on the outstanding check report and reconciled to the monthly bank statement" and (1) (i), "Every bank account controlled by the civil office shall be reconciled monthly by the Civil Fiscal Deputy, no later than the 10th day of the month following the monthly period to be reported. This reconciliation shall include monthly receipts and disbursements, the adjusted bank balance, a list of outstanding checks and deposits in transit, any other adjustments and analysis of the cash balances.

10. Finding: We noted 5 of the 12 monthly bank reconciliations for both accounts were not completed in accordance with the Sheriff's Office Written Directive, CVL-008. A similar finding was noted in a local CPA firm's review of Sheriff's accounts in 2022. This is illustrated for both accounts in the following chart:

Jamesville Commissary and Inmate Revenue Accounts

Bank Reconciliations Completed After the 10th of the Month

Month	Date Reconciled	Days Exceeding
January	February 14, 2023	4
February	March 15, 2023	5
March	April 27, 2023	17
May	June 29, 2023	19
June	July 19, 2023	9

Recommendation:

We recommend the Sheriff's Office review their current procedures and implement methods to ensure monthly bank reconciliations are performed in accordance with Sheriff's directive CVL-008 or adjust the directive as needed.

SECTION V MANAGEMENT RESPONSE

Response to Audit Report on the Onondaga County Sheriff's Office JUSTICE CENTER COMMISSARY & INCARCERATED INDIVIDUAL REVENUE ACCOUNTS

November 21, 2024

By Chief Lisa Dell

First and foremost, I would like to thank the County Comptroller for the time and effort that his staff dedicated to the above listed audit.

Each section will be addressed in the order it was outlined in the report provided.

SECTION 1: JUSTICE CENTER COMMISSARY ACCOUNT

INCARCERATED INDIVIDUAL EXPENSES

FINDINGS - Recommendation: We recommend Sheriff's Office staff adhere to their current procedures and processes to ensure the backup paperwork is properly filled out and the needed authorizing signatures are present.

We recognize that some expense forms for incarcerated individual expenses were not properly filled out. This form has been updated, training has been given and there has been no issues since January 1, 2024.

BANK RECONCILIATION

FINDINGS-Recommendation: We recommend assigned staff are informed of the importance performing their responsibilities in preparing accurate monthly bank reconciliations.

After meeting with the Comptroller's office to discuss this audit, we learned that there were more reports and functions available in the Fusion Banker system to prepare a proper bank reconciliation. Training was immediately provided after the meeting, and we will ensure a complete and proper bank reconciliation going forward.

INSURANCE COVERAGE

FINDINGS-Recommendation: We recommend the Sheriff's administration assign an individual with the responsibility of establishing and maintaining a schedule to verify and confirm coverages are in place for the duration of the contract. We also suggest the individual work closely with the County Law Department to ensure all required insurance coverages are up to date and properly authorized prior to executing the contract.

It has been past practice and our understanding that County Law obtains updated insurance coverage. As of March of 2024, training was provided, and this function was turned over to designated Contract Managers for each County Department. The Sheriff's office has two assigned Contract Managers who monitor when insurance expires and obtains the updated documents. The updated documents are then sent to a designated email address: insurance@ongov.net.

SECTION II: JUSTICE CENTER INCARCERATED INDIVIDUAL REVENUE ACCOUNT

FINDINGS-Recommendation: We recommend staff assigned to the preparation and review obtain an understanding of the proper completion of a bank reconciliation as well as familiarizing themselves with the established controls. We also recommend the balance for the unused prepaid telephone funds be transferred to the smart card as well, to alleviate accounting for outstanding and stale dated checks.

After meeting with the Comptroller's office to discuss this audit, we learned that there were more reports and functions available in the Fusion Banker system to prepare a proper bank reconciliation. Training was immediately provided after the meeting, and we will ensure a complete and proper bank reconciliation going forward. Additionally unused prepaid telephone funds are transferred to a smart card and there are some circumstances beyond our control that a paper check must be issued instead. An employee will be assigned to perform due diligence to find payees of stale dated checks after 180 days. If unsuccessful, the unclaimed fund process will be adhered to.

SECTION 111: BOTH JAMESVILLE COMMISSARY AND INMATE REVENUE ACCOUNTS

FINDINGS-Recommendation: We recommend the Sheriff's Office review their current procedures and implement methods to ensure monthly bank reconciliations are performed in accordance with Sheriff's directive CVL-008 or adjust the directive as needed.

While we recognize that some bank reconciliations have not been completed (due to unforeseen anomalies) per directive CVL-008, it is important to note that CVL-008 does not apply to inmate revenue or commissary accounts only to the Civil Process bank account. However, we have updated CVL-008 to reflect that they are to be completed by the 15th of the month, not the 10th of the month. We are exploring the idea to create one Sheriff directive to document procedures and best practices for preparing and reconciling all bank accounts managed by OSCO staff.

Additionally, after a meeting with the Comptroller's office to discuss this audit, we learned that there were more reports and functions available in the Fusion Banker system to prepare a proper bank reconciliation. Training was immediately provided after the meeting, and we will ensure a complete and proper bank reconciliation going forward.