



**Report on the
Onondaga County Sheriff's Office
Review of Inmate Revenue and Commissary Accounts
By Onondaga County Comptroller Matthew J. Beadnell
September 27, 2019**

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SECTION I

BACKGROUND AND EXECUTIVE SUMMARY

Background

This audit was requested by the Onondaga County Sheriff's Office (OCSO) to comply with New York State regulation 9 CRR-NY 7016.1 Commissary, which requires a "...periodic audit of the commissary accounts by the office of the county auditor...".

It is the policy of the Onondaga County Sheriff's Office Custody Department to maintain a commissary for the purpose of making items deemed proper by the Sheriff or his designee available for sale to inmates. The items for sale are deemed consistent with the welfare and rehabilitation of the inmates and the general operation of the Onondaga County Justice Center.

The Onondaga County Sheriff's Office Written Directive Number: CUS-034 Inmate Commissary describes the process by which inmates incarcerated in the Onondaga County Justice Center will be able to use the commissary. The directive also establishes a procedure for the use of the inmate commissary account.

The Onondaga County Sheriff's Office has contracted with Swanson Services Corp. (part of Trinity Service Group) via contract #05014 to provide commissary services and technology to the Justice Center. Swanson handles all commissary functions from order placement to product delivery. The technology provided by Swanson includes Cobra Banker inmate banking software which is double entry ledger accounting software. They also provide in-pod kiosks for inmate commissary ordering and cashier kiosks used to accept deposits to inmate commissary accounts. The Cobra Banker system also includes the back office accounting functions used by the Bail Cashier for recording keeping and reporting.

Separate bank accounts have been established by the Sheriff's Office to account for inmate funds. One bank account is for inmate commissary funds (Inmate Revenue bank account) which receives deposits to inmate accounts, pays Swanson for commissary products and services, and issues refunds of unused commissary account funds to released/transferred inmates. The other bank account is for commissions earned from sales of commissary products (Inmate Commissary bank account) which are used to purchase goods/services for the welfare and rehabilitation of inmates.

Executive Summary of Recommendations

Based on our Findings, we recommend the Sheriff's Office:

- 1. Work with Financial Operations to determine the most appropriate way to perform a reconciliation of inmate fund balances to the Inmate Revenue Account bank balance. Once the process and procedures have been established, the reconciliation should be performed regularly by someone independent of inmate fund transactions.*
- 2. Institute an approval or regular review process that will strengthen internal controls over the deposit and disbursement of inmate funds. At a minimum, checks should not be pre-signed. They should only be signed by designated individuals after verification that they are being disbursed for valid and appropriate purposes. If a post disbursement review is chosen as a control method, such reviews should be performed on a random, unscheduled basis throughout the year and the results should be documented.*
- 3. Develop written policies and procedures covering the Bail Cashier functions with respect to the Inmate Revenue Account and the bank reconciliation process.*
- 4. Consult with Financial Operations to routinely remove old outstanding checks using an approved process and therefore minimize the number of checks outstanding.*
- 5. Separate the duties of the Chief Civil Deputy with respect to disbursements from the Inmate Commissary Account or provide for additional internal controls to minimize the risk that disbursement transactions may not be properly authorized or executed.*
- 6. Require a completed Inmate Welfare Fund Expenditure Form, signed by the Chief Civil Deputy or his designee, be on file as approval for the expenditure prior to a check being printed and signed.*

SECTION II

SCOPE AND METHODOLOGY

SCOPE AND OBJECTIVES

Our purpose was to obtain reasonable assurance that the Inmate Revenue and Inmate Commissary functions are operating in accordance with the New York State regulations 9 CRR-NY 7016.1 and 7016.2, the Sheriff's directive CUS-034, and Onondaga County's policies and procedures for 2018.

Our objectives were to determine if:

- Established policies, procedures, and internal controls are in place and operating effectively.
- Commissary funds (commissions) are disbursed for proper purposes per established policies.
- Proper and timely reconciliation of Inmate Revenue and Inmate Commissary bank accounts are occurring.

METHODOLOGY

In order to complete our objectives we:

- Reviewed relevant County and Sheriff's Office policies and procedures for purchasing, cash receipts, cash disbursement, and recording of financial transactions involving the Inmate Revenue and Inmate Commissary functions.
- Interviewed various staff responsible for the above procedures to determine specific practices for these areas.
- Reviewed and analyzed transactions for the Inmate Commissary and Inmate Revenue bank accounts for May 2018 and October 2018 which included bank deposits of inmate funds, cash disbursements to commissary contracted vendor, disbursement of inmate balances upon release, disbursement of unclaimed inmate funds, calculation of commission on commissary sales, and purchases made with commissary commissions.
- Discussed draft recommendations with Sheriff Office Management for their input and practicality evaluation.

SECTION III

FINDINGS AND RECOMMENDATIONS

INMATE REVENUE ACCOUNT

We reviewed Inmate Revenue account transactions for the months of May and October 2018, traced inmate funds received to bank deposits, inmate funds dispersed to released inmates via debit cards, weekly inmate commissary sales to monthly commissary sales invoices, payment of commissary vendor invoices, and bank reconciliations to determine whether established policies and procedures were being followed and to verify transactions were appropriate.

The Bail Cashier, located in the Justice Center, is responsible for deposit and withdrawal/disbursement transactions involving the Inmate Revenue Account. The Bail Cashier prints end of month reports that are submitted to the Administrative Assistant in the Sheriff's Office Civil Division. The Administrative Assistant is responsible for the monthly bank reconciliation for the Inmate Revenue Account.

Reconciliation of Inmate Account Balances

The current process does not include a reconciliation of Inmate Revenue bank account to the balances of inmate funds held in trust. The Bail Cashier explained this is due to other types of funds flowing through the Cobra Banker accounting system and activity is constantly being entered into the system making it difficult to get a clean cut off period.

The Inmate Revenue bank account should always have sufficient funds to cover the inmate account balances. Without performing a periodic reconciliation of the bank to the inmate account balances it is impossible to determine if there are sufficient funds in the bank to cover the inmate account balances.

Recommendation:

1. The Sheriff's Office should work with Financial Operations to determine the most appropriate way to perform a reconciliation of inmate fund balances to the Inmate Revenue Account bank balance. Once the process and procedures have been established, the reconciliation should be performed regularly by someone independent of inmate fund transactions.

Internal Controls over Inmate Funds

The Bail Cashier is the main person responsible for receiving and disbursing inmate commissary funds. Due to the nature of the custody department's functions there are on average 7 Community Service Officers (CSO) and 10 deputies that have access to the Trinity Cobra Banker system to perform some duties when the Bail Cashier is not available.

Inmates may be released anytime, 24 hours a day, 7 days a week. Funds remaining in their commissary account are refunded to them via issuing a debit card for the remaining amount or a check made out to another facility if the inmate is being transferred at the time of release. The checks are printed by the Bail Cashier or officer on duty in her absence. The checks are printed on blank stock paper and the signature of the Chief Civil Deputy prints directly on the check. There is no evidence of independent review or verification performed at the time the checks are printed. Check registers and release reports are printed at month end and sent to the Chief Civil Deputy's Administrative Assistant as backup for the bank reconciliation. There is no evidence other than initials on the bank reconciliation that the release report is verified to the cancelled checks.

Both of these practices represent internal control weaknesses as they place one individual in a position to both initiate and execute transactions without independent approval or review. The general rule should be that no one person can control enough of any transaction so an error or irregularity could occur during their normal course of duties and not be detected and thus conceal errors or irregularities. This finding is a repeat finding from our prior audit (November 2016). The Sheriff's Office responded to this finding stating the system allows for management to review all transactions performed based on their User ID. We were provided with no evidence that anyone was assigned to do a post review or that a post review of these transactions was actually performed regularly.

Recommendation:

2. The Sheriff's Office should institute an approval or review process that will strengthen internal controls over the deposit and disbursement of inmate funds. At a minimum, checks should not be pre-signed. They should only be signed by designated individuals after verification that they are being disbursed for valid and appropriate purposes. If a post disbursement review is chosen as a control method, such reviews should be performed on a random, unscheduled basis throughout the year and the results should be documented.

Written Policies and Procedures

There are no approved written policies or procedures related to neither the Bail Cashier functions nor the bank reconciliation process.

Recommendation:

3. The Sheriff's Administration should develop written policies and procedures covering the Bail Cashier functions with respect to the Inmate Revenue Account and the bank reconciliation process.

Old Outstanding Checks

The October 2018 bank reconciliation contained several old outstanding checks: 13 checks from 2015 totaling \$242.71, 26 checks from 2016 totaling \$226.09 and 44 checks from 2017 totaling \$445.30.

Recommendation:

4. The Sheriff's Office should consult with Financial Operations to routinely remove old outstanding checks using an approved process and therefore minimize the number of checks outstanding.

INMATE COMMISSARY ACCOUNT

The New York State Commission of Corrections (SCOC) Standards and Regulations, Part 7016.1 (c), updated through January 2018, states earnings on the commissary can be used for the purpose of "prisoner welfare and rehabilitation." The SCOC does not provide any specific details or guidelines for what purposes are proper for use of commissary fund earnings. The Sheriff's Office has requested specific clarification for the use of commissary funds but has not received a response from the SCOC.

We reviewed Inmate Commissary transactions for the months of May and October 2018 to verify commissions were properly calculated; payments were properly documented, authorized and recorded; and commissions from sales of commissary items were in conformity with the SCOC standards.

Disbursement Internal Controls

The Chief Civil Deputy currently approves expenditures, prints and signs checks, enters the disbursement data into the accounting system, and approves the bank reconciliation prepared by his administrative assistant. Copies of cancelled checks are not included with the monthly bank statement. Cancelled checks are available for review online through the bank's website but they are not reviewed on a routine basis. All of these duties being performed by one person represent an internal control weakness. The general rule is no one person should be able to control enough of any transaction so an error or irregularity could occur during their normal course of duties and not be detected. This is a repeat finding and recommendation from our previous audit (November 2016).

Recommendation:

5. We recommend additional separation of duties for the Chief Civil Deputy with respect to disbursements from the Inmate Commissary Account or providing for additional internal controls to minimize the risk that disbursement transactions may not be properly authorized or executed.

Disbursement Approval

We reviewed the checks that cleared the Inmate Commissary Account bank statement for the months of May and October 2018. We noted of the 34 requests for disbursement forms (Inmate Welfare Fund Expenditure Form) reviewed, 2 were not signed by the Chief Civil Deputy (or his designee) as approval of the expenditure as required by Sheriff's directive CUS-034 Inmate Commissary.

Recommendation:

6. The Sheriff's Office should require a completed Inmate Welfare Fund Expenditure Form, signed by the Chief Civil Deputy or his designee, be on file as approval for the expenditure prior to a check being printed and signed.

SECTION IV

SHERIFF'S OFFICE RESPONSE

Onondaga County Sheriff's Office

Eugene J. Conway
Sheriff



Jason M. Cassalia
Undersheriff

Joseph B. Ciciarelli Chief Deputy Police Department
Kenneth C. Andrews Chief Deputy Civil Department
Esteban M. Gonzalez Chief Deputy Custody Department
William R. Bleyte Chief Deputy Correction Department

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Sheriff's Office Response to the Executive Summary of Recommendations

Sheriff's Office	315-435-3044
Police Department	435-3036
Human Resources	435-1767
Civil Department	435-3060
Correction Department	435-5581
Custody Department	435-1717
Criminal Investigations	435-3081
Police Records	435-3010
Custody Records	435-1782

Recommendation#1

The Secretary to the Civil Chief will print a full transaction report summary each month of the inmate revenue account check book and balance the transactions, the bank balance, and the Swanson system account each month. This will demonstrate that at any point there is enough money in the account to cover all the inmate funds if they were to leave all at once. The Civil Chief and Secretary to the Civil Chief have no ability to enter any transaction into the Inmate Revenue account and are completely independent to perform the reconciliations. Currently there is a historic difference between the Inmate Fund balance in the Swanson system and the Bank balance. Three months of reconciliations will be tracked and if the difference remains consistent then a onetime adjustment will be made to the Swanson account to bring the account balances equal.

Recommendation#2

The Secretary to the Civil Chief will align the Swanson Reports and the Bank statements to the same day. The complete transaction report will be included with the monthly reconciliation and given to the Civil Chief. The Civil Chief will randomly select a few transactions each month and track the complete transaction from request for funds to check clearing the bank. This will be documented as part of the monthly reconciliation report.

Recommendation#3

Our Policy is being updated to reflect this recommendation.

Recommendation#4

Our Policy is being updated to reflect this recommendation.

Recommendation#5 and #6

The Sheriff Office current procedure meets these recommendation. There is currently a three step approval process before the checks are written after the third review. The Inmate Welfare Fund Expenditure Form flows from the Administrative Custody Sergeant to the Chief of Custody to the Civil Chief. Once all approvals are completed a check is written by the Civil Chief and the Inmate Welfare Fund Expenditure Form, the check and a transaction report for all checks written that day is returned to the Administrative Custody Sergeant. Reconciliation is performed by the Secretary to the Civil Chief and copies of the reconciliation with a full transaction report is sent to the Administrative Custody Sergeant, Chief of Custody, Civil Chief and the Account Clerk at County Finance.

Respectfully Submitted;

Eugene Conway
Onondaga County Sheriff