

Audit Report Highlights

Sheriff's Office

September 2021

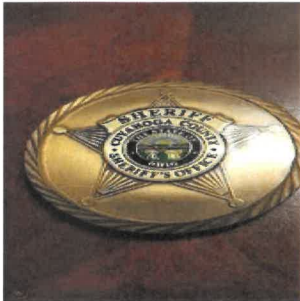
Total Potential Recoveries¹ = None

Total Cost Savings² = None

2021 Sheriff's Office Budget³ = \$146 million

County Annual Budget⁴ = \$1.4 billion

Why DIA Did This Audit



An audit was conducted to assure adequate controls exist over the disbursement process of various Sheriff's Office funds. This review was requested by the newly appointed Sheriff. The audit was approved as part of the 2021 audit plan. The audit period under review was January 1, 2021 through May 31, 2021. The purpose of this audit was to:

1. Assess internal controls over the bank reconciliation processes,
2. Assure accuracy of the fund balances,
3. Assure the Sheriff's Office was in compliance with applicable internal Policies and Procedures and state laws,
4. Assure identified fraud risk was minimized.

What DIA Found

The Sheriff's Office funds appeared well managed. However, DIA did note the following internal control or compliance issues:

- Bank reconciliations for Discretionary Funds and Civil were not approved;
- There were two expenditures for \$483 that did not have proper approval;
- Commissary does not maintain a book balance of Inmate Trust Fund;
- There were monthly reconciling items for the Inmate Trust Fund that were not identified;
- The Commissary bank reconciliation had a large number of outstanding checks from years prior;
- The Commissary reconciliation was not completed until three months after the reporting month;
- There was a lack of tracking for reimbursement requests sent to the Prosecutor's Office;
- Return of Prisoner fund expenses exceeded the allowable amount per their Policies and Procedures or were unsupported.

Recommendations have been rated by priority: High, Moderate or Low.
The report contains 15 recommendations:

7 **High** – 30 days to complete
8 **Moderate** – 90 days to complete
0 **Low** – 180 days to complete

¹ Total amount that could potentially be recovered from overpayments or other revenue sources.

² The amount the County could potentially save annually by implementing recommendations. Cost savings may not be identified.

³ Budget amount reported on OBM's 2021 Adopted Departmental Budget Summary.

⁴ The County Annual Budget includes operating appropriations from all County funds.

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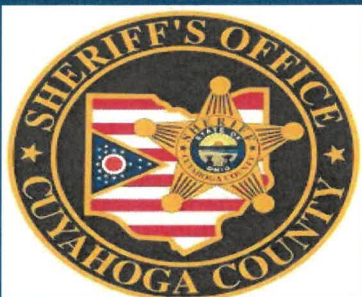
Background

The Sheriff's Office maintains various Discretionary Funds that can be used for Sheriff's Office and law enforcement purposes. These funds are governed by ORC. These funds do not go through regular County procedures regarding budgeting, reporting, and usage.

The Sheriff's Commissary Department collects money for inmates in the County Jail that can be used to purchase items. The profits from these sales are used to fund the Commissary operations and make purchases that benefit the jail inmates.

The Sheriff Civil Division carries out court orders on foreclosures, writs, executions, evictions and replevins. In addition, they record the collections and disbursements related to Sheriff Sales of property.

DIA previously audited the Sheriff's Office in 2014.



What DIA Recommended

DIA provided the Sheriff's Office management with recommendations for improving internal controls. We provided these recommendations during fieldwork to lessen potential risks related to internal controls for child support determination, recording, and collection. Doing so during the course of the fieldwork rather than at the end allows the department a chance to remedy things immediately and have no surprises when the report is written.

Sheriff's Office is working to address the issues noted in this report. Based on their responses, we believe corrective action will be taken to mitigate the risks identified. Management responses follow each recommendation in the report. Recommendations we made included:

- Following established Sheriff's Office Policies and Procedures regarding the approval of expenditures and documentation.
- Create and implement a policies and procedures manual regarding Commissary accounts.
- Automate Commissary reconciliation process by upgrading or replacing IMACS to provide a book balance. In the meantime, create a spreadsheet to maintain month and year to date balances for ITF.
- Having all bank reconciliations performed and approved within 30 days from the end of the month by a supervising employee with knowledge of the operations and bank reconciliation process.
- Voiding outstanding checks that have been issued for over a year.
- Adding to established Policies and Procedures that prisoner portion of meals and appropriate travel rates (full or partial days) be noted on receipts and/or expense reports.
- Develop electronic tracking for reimbursements sent to and received from Prosecutor's Office.

Internal Audit would like to express our appreciation for the cooperation and assistance received from the Sheriff's Office during this audit. The strides made help improve the County's efficiency and accountability.

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

Sheriff's Office Funds Audit
Department of Public Safety and Justice Services
January 1, 2021 - May 31, 2021

**Director of Internal Auditing: Monica Houston, CPA,
CGMA, CFE, CIDA**

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Staff Auditor: Dawn Meredith

Staff Auditor: Tom Schneider, CPA



Release Date 9/27/2021



**CUYAHOGA COUNTY
DEPARTMENT OF INTERNAL AUDITING**

**INTERNAL AUDIT REPORT
Sheriff's Office
Cover Letter**

August 09, 2021

To: Sheriff Christopher Paul Viland and current management of the Cuyahoga County Sheriff's Office

The Department of Internal Auditing (DIA) has conducted an audit of Sheriff's Office funds for the period of January 1, 2021 through May 31, 2021. Our main objective was to conduct an audit to assure adequate controls exist over the disbursements process for the Commissary, Cashbook, and Discretionary funds. Also, that the balances were accurate, and the expenditures made from these funds during the period were in compliance with Policies and Procedures, as well as applicable regulations, laws, and state or federal guidance. Last, we determined to the extent possible if there were any potential conflicts of interest for Commissary Fund vendors.

To accomplish our objectives DIA reviewed documentation and conducted interviews with management and staff regarding the procedures used for the bank reconciliations and expenditures of these funds. In addition, we conducted control and substantive testing and reviewed Ohio Revised Code (ORC) and the Ohio County Sheriff's Manual (OCSM) compliance documentation.

Our audit procedures disclosed internal control weaknesses associated with bank reconciliations and expenditures. This report provides the details of our findings. We are confident corrective action has been taken or will be taken, as per the stated management response, to mitigate the risks identified in this audit report.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate 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.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our appreciation to the Sheriff's Office (referred to within this report as "the Office") staff and management, and interrelated departments that assisted throughout the process for their courtesy and cooperation during this audit especially as such occurred during a time of significant crisis for the County. A draft report was provided to the Office's management for review. Management responses are included within the audit report.

Respectfully,



Monica Houston, CPA, CGMA, CFE, CIDA
Director of Internal Auditing

Cc: Cuyahoga County Council
William Mason, Chief of Staff
Greg Huth, Law Director
Michael C. O'Malley, Cuyahoga County Prosecutor
Catherine Tkachyk, Executive Audit Liaison

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Glossary

Law Enforcement Trust Fund (LETF)

This fund must be established under Ohio Revised Code (ORC) Section 2933.43 by each County Sheriff to receive proceeds from the sale of forfeited property and contraband seized during law enforcement activities. Funds may be used for law enforcement activities and in accordance with ORC Section 2981.13.

Furtherance of Justice Fund (FOJ)

This fund is established under ORC Section 325.12 and 325.071. Funding is received from the County's general fund as per ORC Section 325.071 and may not to exceed one-half of the Sheriff's annual salary at the beginning of the fiscal year. The officer may not receive this amount unless the officer gives bond in an amount not less than the officer's official salary. Once bond is given, the officer is entitled to the funds without further approval by the County Commissioners. These funds are used to provide for expenses incurred in the performance of the Sheriff's official duties and in the furtherance of justice.

Drug Law Enforcement Fund (DLEF)

Auditor of State Bulletins 86-16 and 87-18 address the creation of a DLEF. Funding is provided by the mandatory drug fines imposed pursuant to ORC Section 2925.03. These funds are to subsidize the County's law enforcement efforts that pertain to drug offenses.

Return of Prisoner Fund (ROP)

Also sometimes referred to as the Transportation account. Per ORC Section 325.07, this fund functions as a reimbursement account wherein advance funds are deposited at the directive of the County Commission for the purpose of pursuing prisoners within or without the State or for transporting the prisoners to correctional institutions, or both. Necessary expenses for the transportation or pursuance of prisoners that are actually incurred by the Sheriff's Office are submitted for reimbursement to the County Fiscal Officer who serves warrant upon the Treasurer for reimbursement to the fund. Any unexpected balance remaining in the fund at the end of each succeeding fiscal year is returned to the County treasury

Commissary Fund

This fund may be established pursuant to Ohio Revised Code 341.25. It allows the Sheriff to establish a commissary in which inmates may make purchases from. The commissary is required to provide for the distribution of hygiene articles and writing materials to indigent inmates. The profits are to be used fund Commissary operations and to make purchases to benefit the persons incarcerated in jail.

**Inmate Trust Fund
(ITF)**

The Inmate Fund is a record of all personal property and money the prisoner might have with him/her at the time of arrest or incarceration as well as money received and expended (via commissary) during their incarceration. All inmates must have a separate ledger card which shows the transactional detail and balance of all personal property and money custodied by the Sheriff's Office. When an inmate is released, a check is issued to them for any outstanding balance in their account. Even though the Inmate Fund and the Commissary Fund go hand in hand, they are required to have separate checking accounts.

**Incarceration
Management and
Cost-Recovery
System (IMACS)**

Jail management software utilized to effectively manage inmate property and commissary. IMACS tracks individual inmate balances which may be used to purchase items from Commissary.

Cashbook

Ohio Revised Code §311.11 requires the County Sheriff to keep a cashbook. Upon receipt or disbursement of any money in his official capacity, the Sheriff must make and keep an accurate and detailed accounting. Per ORC Section 311.11, Funds requiring a cashbook include: Furtherance of Justice (FOJ) Fund, Inmate Fund, Commissary Fund, and the Prisoner Return Fund. The Office maintains all the requisite cashbooks (as identified above) as well as one for administrative and general purposes, this account is identified simply as Cashbook.

Report Details

Purpose

The purpose of this audit was to provide assurance that the balances for the various funds utilized by the Office were accurate and that adequate controls were in place to prevent and detect errors or irregularities.

At the request of the newly appointed Sheriff in March 2021 to review the Commissary, Cashbook, and various Discretionary funds, the Audit Committee approved inclusion of an audit of the Office's funds in DIA's 2021 Audit Plan. We conducted our review through inquiry, observation, and substantive testing of expenditures and bank reconciliations during the audit period. DIA evaluated processes for existence and effectiveness of controls as well as compliance with existing policies and applicable legal statutes and guidance.

Audit Objectives

The objectives of this audit were to:

- Assess internal controls over the bank reconciliation process for all of the funds reviewed.
- Assure accuracy of the fund balance.
- Assure the Office was in compliance with applicable internal Policies and Procedures and state laws.
- Assure any identified fraud risk was minimized from receipt until disbursement of monies to the various funds.
- Assess the control consciousness level of the environment relative to management of the Funds.
- Determine, to the extent possible, if any conflicts of interest exist for vendors of the Commissary Fund.

Control conscious environment

Adequate level of internal control awareness; proper separation of duties; existence of a proper monitoring system; appropriate authorization/approval of expenditures; and adequate safeguarding of financial, physical, and information assets.

Scope

To accomplish our objectives, we selected an audit period of January 1, 2021 through May 31, 2021. Interviews with management and staff were conducted to document the controls in place and determine if they were designed appropriately. Additionally, tests of transactions and controls were performed to determine whether the fund balances were accurate, and controls were operating effectively. Due to budget constraints, our review focused mainly on disbursement related transactions as we deemed these to be of higher risk than funding transactions. The

processes and controls relative to funding of these accounts were reviewed in detail in the Sheriff's Office Property Room Report, Sheriff's Office Civil Division Report, and Sheriff's Office General Operations Report released in 2017 as well as in the relative Follow-up Reports released in 2018/2019.

Methodology

DIA made inquiries to gain a general understanding of the Office processes in regard to receipt, deposit, and expenditure of funds. Additionally, the processes used for bank reconciliations were reviewed. DIA also obtained and reviewed the Office's most up to date Policies and Procedures.

DIA reviewed month end book to bank reconciliations for the various funds. DIA tested the mathematical accuracy of these reconciliations, agreed bank balances to amounts noted on the bank statements, traced deposits in transit and outstanding checks to subsequent month's bank statements, compared deposit and check disbursement amounts to internal system totals, and verified reconciliation review and approval by a responsible party within a reasonable timeframe from month end.

To test controls and compliance, DIA obtained a list of expenditures made with Discretionary and Commissary funds. AICPA sample methodology was used to determine the sample size to test. DIA reviewed the expenditures for proper approval, as required by the Office's Policies and Procedures, and compliance with applicable ORC sections that govern the usage of the funds. Additionally, the existence of adequate supporting documentation (receipts and invoices) was confirmed and, where applicable, that timely reimbursement of the expenditure was received from the responsible third party.

Further, DIA obtained a listing of vendors utilized within the Commissary Fund during the audit period. DIA reviewed ownership information of these companies for any readily identifiable conflicts of interest with Office personnel.

Background

DIA conducted audits over the Office's Property Room, Commissary, Civil, and General Operations for the audit period 1/1/2011-8/31/2013. These reports were released in 2014 and 2017. There were also follow-up audits conducted in 2018 and 2019 to see the progress of the Office in implementing DIA recommendations. There has been significant turnover at the executive and management levels since and during the

performance of these engagements. The recently appointed Sheriff requested that assurance be provided, on a priority basis, to the Office relative to the accuracy of the balances and adequacy of the controls for the Funds under his authority and supervision.

Discretionary Funds



The Office’s Discretionary Funds consisted of the Law Enforcement Trust Fund (LETF), Furtherance of Justice Fund (FOJ), Drug Law Enforcement Fund (DLEF), and Return of Prisoner Fund (ROP). In addition, there was another account the Federal Equity Sharing Account (FESA). However, this account has been transferred over to the County Treasurer’s Office as part of an Ohio Prosecuting Attorney Association Opinion. It is no longer solely at the discretion of the Office and will operate through County procedures. There were no expenditures from this account during the audit period.

Each of the Funds has its own separate bank account and policies and procedures regarding usage. Each fund follows the applicable ORC associated with it that govern funding and expenditure of funds. The Business Services Manager for the Office keeps track of the fund usage.

The following table shows a summary of transactions for the Discretionary Fund accounts for the audit period (1/1/21-5/31/21) as well as the account balance as of May 31, 2021:

Fund	Deposit	Disbursement	Account Balance
Law Enforcement Trust Fund (LETF)	\$ 176,976	\$ 190,667	\$56,430
Furtherance of Justice (FOJ)	\$ 63,003	\$ 5,435	\$57,568
Drug Law Enforcement (DLEF)	\$ 396	\$ -	\$23,234
Return of Prisoner (ROP)	\$ 7,977	\$ 10,632	\$35,359
All funds total	\$ 248,352	\$ 206,734	\$172,591

Source: The Office accounting records

Commissary

The Commissary Department consists of three employees and four Correction Officers that oversee Commissary operations. The Commissary Fund and the Inmate Trust



Fund (ITF) work in tandem with one another. The staff collects money that is to be deposited into individual inmate accounts in the ITF. Deposits come from several sources: (1) Booking when an individual is processed into the jail, (2) Cash received directly by a Commissary employee or cash collection machine, (3) Money orders received via mail, or (4) Money received from 3rd party service provider for payments by credit card. Once received, the money is credited to the inmate's IMACS account and the money

is deposited into the Inmate Trust Fund (ITF). The inmate balance may be used to purchase items on a weekly basis. Orders are received by the Commissary Correction Officers whom oversee jail trustees that physically pack the items. The Commissary Officers will distribute the items ordered to the inmate. The amount of the sale will be deducted from the inmate's IMACS account. This amount will then get transferred over to the Commissary account. Funds in the Commissary account may be used by the Office to purchase supplies for the Commissary store or for the general operation of the Commissary. Funds may also be used to purchase items to benefit the inmates or to purchase technology to prevent contraband from entering the jail. When individuals are released from the County Jail a check may be issued from the ITF account by Commissary for the balance of their IMACS account.

The following table shows the amount of expenditures from the Commissary account and deposits into the ITF account for the audit period (1/1/21-5/31/21), as well as the balance of each account as of May 31, 2021. As a note, inmate commissary charges from the ITF and deposits into the Commissary Fund represent simultaneous transactions and hence net to zero.

Account	No. of Transactions	Amount of Expenditures	Account Balance
Commissary Fund	106	\$881,662	\$668,568

Source: Commissary accounting records

Account	No. of Deposits	Amount of Deposits	Account Balance
Inmate Trust Fund	181	\$1,900,271	\$904,305*

Source: Commissary accounting records

* IMACS does not provide a balance for Inmate Trust Fund. Due to this system limitation, the Office needs to manually maintain a book ledger. However, rather than manually record and track all book entries, a new balance is determined each month by adjusting the beginning bank statement balance for current month bank transactions that agree to IMACS. Thus, it appears that the Office lacks a process to appropriately maintain an accurate book balance for the Inmate Trust Fund. (See [Commissary Bank Reconciliation finding for further information.](#))

Cashbook



The Office's Civil Division carries out court orders on foreclosures, writs, executions, evictions, and replevins. Their main function is to serve all parties engaged in any legal action associated with Cuyahoga County Common Pleas Court in a timely manner. The following is a brief description of the departments within Civil:

- *Cashiers*- Account for all funds collected by the Civil Division;
- *Deeds & Distribution*- Collects proceeds of Real Property Sales. Also, disperse funds and issues deeds;
- *Executions*- Seizes and sells personal property to satisfy monetary judgements and handles evictions;
- *Land Sales*- Processes Foreclosures;
- *Tax Delinquent*- Processes tax delinquent foreclosures;
- *Writs*- Serves all summons and subpoenas within Cuyahoga County. This includes foreign writs.

The following table shows the amount of deposits and disbursements that were maintained as part of the Cashbook for the audit period (1/1/21-5/31/21) as well as the account balance as of May 31, 2021:

Month	Deposits	Disbursements	Account Balance
January	\$ 4,001,594	\$ 4,726,456	\$5,772,292
February	\$ 2,200,481	\$ 2,350,624	\$5,622,149
March	\$ 5,965,705	\$ 4,054,362	\$7,533,492
April	\$ 5,265,893	\$ 5,207,792	\$7,591,593
May	\$ 5,753,052	\$ 3,160,390	\$10,184,255
Total	\$ 23,186,725	\$ 19,499,624	-

Source: Civil banking records

Commendable Practices

DIA commends the Sheriff for proactively seeking DIA review of various aspects of fund operations to assure they are functioning adequately. DIA noted that there were good controls throughout the life cycle of fund receipt, deposit, and expenditure. The Office's staff seems very knowledgeable of various fund requirements and the environment seems to be at a moderate level of control consciousness in that management and staff are aware of the various aspects of the controls they perform; there appears to be proper separation of duties; and there is adequate safeguarding of financial assets.



We commend and thank the Office for their cooperation during the audit especially as such occurred during the challenging crisis created by COVID-19. Based on the results of our audit, we believe the Office's funds have sound controls in place for their management.

Priority Level Criteria for Recommendations

High (P1)	Highest-Ranking Officer's immediate attention is required. Corrective action is strongly recommended (<u>30 days</u>).
	<ul style="list-style-type: none"> • Financially material loss or potential loss • Lack of or failure of internal controls requiring considerable time and resources to correct • Non-compliance with laws, regulations, and policies resulting in significant loss of funds, fines, or restrictions • Significantly negative effect on the County's reputation or public perception
Moderate (P2)	Senior Management's attention is required. Corrective action is recommended (<u>90 days</u>).
	<ul style="list-style-type: none"> • Financial loss or potential loss • Internal controls exist but they are not effective, or they are not consistently applied • Non-compliance with laws, regulations, and policies resulting in loss of funds, fines, or restrictions • Negative effect on the County's reputation or public perception
Low (P3)	Management's attention is required. Corrective action is recommended (<u>180 days</u>).
	<ul style="list-style-type: none"> • Financial loss or potential loss is minimal • Internal controls exist, but could be improved • Non-compliance with laws, regulations, and policies is a minimal risk • No effect on the County's reputation or public perception

In an effort to assist the auditee in making the best use of their resources, we have prioritized the recommendations according to the table above.

Findings and Recommendations

Bank Reconciliation Findings

FINDING Lack of Bank Reconciliation Approvals

Bank reconciliations are not being reviewed or approved. A review of the monthly bank reconciliation is a best business practice. This ensures accuracy and completeness of the reconciliation. It should be noted this was a recommendation from the Sheriff's Office Audit – General Operations (page 39) released June 2, 2017 and Sheriff's Office Audit-Civil Division (page 32) released May 19, 2017 for which Management agreed. It is also required in the Sheriff's Office internal control policies that the bank reconciliations are to be approved by departmental leadership (Chief Deputy, Special Assistant or the Sheriff).

The following was noted regarding Sheriff's Office bank reconciliations review:

- Reconciliation of Sheriff discretionary funds are not reviewed and/or approved. The Business Service Manager performs monthly reconciliations of Sheriff discretionary funds including Law Enforcement Trust Fund (LETF), Drug Law Enforcement Funds (DLEF), Furtherance of Justice (FOJ), and Return of Prisoners Transportation accounts. Bank statements are reconciled to office records. DIA sampled one month from the audit period to test reconciliations of each account. No supervisor approval was noted for any of the four bank reconciliations. DIA was informed that review and approval of bank reconciliations had not occurred during the audit period.
- The Civil bank reconciliation is not reviewed or approved. The bank reconciliation is prepared by the bank and then reviewed by the Administrative Supervisor. The reconciliation is then sent to the Commissary Supervisor. However, they do not approve the reconciliation. The Commissary Supervisor is not a supervisor of the Administrative Supervisor or involved with Civil Operations. They may not possess the requisite knowledge for a proper review.

Departmental leadership did not comply with the internal control policies requiring approval of reconciliations for discretionary funds. Department leadership has also failed to ensure compliance with relative policies by not setting an expectation that secondary approval of the bank reconciliation is mandatory. The Sheriff's Civil Division is in the process of creating and reviewing new Policies and Procedures.

Risk to the County if Not Corrected

Lack of approval may lead to errors or irregularities in the Office's records and could ultimately result in inaccurate cash balances and misappropriation of assets.

Recommendations

1. (P2) The Sheriff's Office should review and approve monthly reconciliations of discretionary funds as required in their internal control policies. This review should be performed by an appropriate level of departmental leadership who has sufficient knowledge to adequately perform the review. Review completion should be documented by signature and date performed. There should be at least two employees at the managerial/supervisory level with the knowledge and ability to approve bank reconciliations. This would ensure compliance with internal control policies in the event of changes in leadership.

Management's Response:

Sheriff agrees that monthly reconciliations of discretionary funds should be reviewed and approved as required in internal control policies by a supervisor of appropriate rank which includes sign off and date. Additionally, the Sheriff agrees that more than one such supervisor should have the knowledge and ability to complete this task. Suitable positions will be identified and trained (subject to filling of current vacancies and reorganization of some Department functions). Reconciliation review and record maintenance will begin immediately thereafter.

Identification of positions, training and compliance will begin by the time related October bank account statements are available for review. Incorporation of internal control policy into a new Fiscal Unit Manual will be part of an extensive review and re-drafting of current policy and is expected to be completed by the end of Q4 2021.

Target Date for Completion:

End of Q4 2021.

2. (P2) A review and noted approval should be conducted of the Civil bank reconciliation. This should be done by an employee with sufficient knowledge of Civil operations and understands the reconciliation process. This procedure should be incorporated into new Policies and Procedures that are being reviewed by Sheriff's Office management.

Management's Response:

The Sheriff agrees that similar reconciliations should occur in the Civil operations unit. Suitable positions will be identified and trained. Reconciliation review and record maintenance will begin immediately thereafter. Additionally, suitable internal controls regarding this function will be incorporated into an updated Fiscal Unit Manual.

Identification of positions, training and compliance will begin by the time related October bank account statements are available for review. Incorporation of internal control policy into a new Fiscal Unit Manual will be part of an extensive review and re-drafting of current policy and is expected to be completed by the end of Q4 2021.

Target Date for Completion:

End of Q4 2021.

FINDING Commissary Bank Reconciliation and Ledger Balance

The Commissary Department does not have an adequate reconciliation process and is non-compliant with Ohio Revised Code (ORC). Commissary accounts consist of two funds:

1. *Commissary* – Fund allowing for the operation of the Cuyahoga County Jail Commissary which allows inmates to purchase products such as hygiene items or snacks.
2. *Inmate Trust Fund* – Fund for the depositing of money to credit inmate Commissary accounts. A check is issued upon inmate release for any outstanding balance.

Ohio Revised Code 311.11 requires, "... in the office of the sheriff a cashbook, to be furnished by the county, in which, on receipt by him of any money in his official capacity, the sheriff shall make an entry of the date, the amount thereof, the title of the cause, and the name and number of the writ or process on which such money was received." In addition, the Ohio Auditor of State's Ohio County Sheriff's Manual (OCSM) requires adherence to ORC 311.11 and month to date and year to date total should also be calculated for all cashbooks.

Best business practice is to perform adequate bank reconciliations on a monthly basis to assure the accuracy of the financial system to the bank balance. The OCSM recommends that a reconciliation be performed to ensure accuracy and prevent errors from being undetected over an extended period of time. In support of the performance of a reconciliation the OCSM further states that all documents pertaining to reconciliations, including outstanding check lists and lists of reconciling items, must be retained. An adequate bank reconciliation relies on maintaining and utilizing an accurate book balance to ensure that all transactions and reconciling items are considered in the reconciliation process. Having procedures and adequate documentation in

place relative to monthly bank reconciliations is essential to ensure the accuracy and timeliness of financial reporting.

During testing, it was noted the Commissary Department does not maintain a book balance of the Inmate Trust Fund as required by ORC 311.11 and the Auditor of State’s Ohio County Sheriff’s Manual (OCSM). IMACS does not provide a book balance and a separate ledger is not maintained, therefore the monthly reconciliation does not utilize a book balance. The monthly reconciliation uses the beginning bank statement balance and only reconciles the current month bank transactions to IMACS. It should be noted, Sheriff’s Fiscal employees have used this method in a valiant effort to compensate for IMACS’s shortcomings.

DIA also noted that for monthly bank reconciliations from 1/1/2021 through 5/31/2021, reconciling items existed and were not properly identified, followed up on appropriately, or resolved or removed in a timely manner. The Commissary Department does not maintain a log of outstanding reconciling items month-to-month, so DIA was unable to determine the total amount of outstanding reconciling items for an accurate book balance.

Additionally, for both Inmate Trust Fund and Commissary, bank reconciliations are not timely prepared and approved. The following issues were noted as part of the Commissary’s bank reconciliations from 1/1/2021 through 5/31/2021:

- *Inmate Trust Fund*

- As of 5/31/2021, there were \$23,136.99 in outstanding checks over one year old. Some of these checks were issued as far back as November 2016. See table below:

Year	No. of checks outstanding	Total Amount
2016	13	\$ 900.49
2017	139	\$ 2,473.79
2018	199	\$ 8,747.85
2019	243	\$ 8,763.77
2020*	64	\$ 2,251.09
Total	611	\$23,136.99

**Only includes April 2020 as May 2021 bank reconciliation was reviewed and only April 2020 would be over one year old at that point.*

- There were balance discrepancies for each of the reconciliations performed 1/1/2021 through 5/31/2021; reconciling items were not identified and hence the balance was unreconciled:

Month	Amount	Type of Difference
January 2021	\$ 759.65	Book Over Bank
February 2021	\$ 471.55	Book Over Bank
March 2021	(\$ 232.05)	Bank Over Book
April 2021	\$ 181.31	Book Over Bank
May 2021	(\$ 82.64)	Bank Over Book

- The bank reconciliation for February 2021 was not completed and approved until May 2021. The bank reconciliations for March 2021 through May 2021 were not completed and approved until time of audit.
- *Commissary*
 - As of 5/31/2021, there were five outstanding checks totaling \$1,840 over one year old. These checks were issued between July 2015 and February 2020.
 - As of 5/31/2021, there were two deposits totaling \$2,580 from 2016 and 2017, that are still shown as uncleared transactions.
 - The bank reconciliation for February 2021 was not completed and approved until May 2021. Bank reconciliations for March 2021 through May 2021 were not completed until the time of audit.

The Commissary Department does not have written policies and procedures regarding the bank reconciliation process or a procedure for voiding old checks. Some of this is due to the anticipated switch of jail management software from IMACS to XJail that has been long delayed.

Risk to the County if Not Corrected

Non-compliance with ORC 311.11, as well as AOS requirements relative to the maintaining of the Cash Book for the Inmate Trust Fund. Errors or irregularities may go undetected for a period of time.

Potential inefficient use of resources and lack of timely detection and resolution of errors or irregularities. By having outstanding items for years shown on bank reconciliations, it is more difficult for the preparer and reviewer to be sure that the information presented is correct. The list continues to grow making reports and reconciliations unnecessarily long. Also, the more time that passes between the month being reconciled and the completion of the reconciliation can make it more difficult to timely detect and resolve errors. Further, the lack of a system or log to maintain a book balance and perform an adequate reconciliation could result in the unauthorized use of funds not being detected.

Recommendations

Recommendations:

1. (P1) DIA recommends creating a spreadsheet to calculate and maintain month to date and year to date balances for the Inmate Trust Fund. This spreadsheet should commence with the most recently reconciled book balance and include any deposits in transit, stop payments, and as well as any voided checks or deposits. The spreadsheet should be included in the daily reconciliation review and approval process over expenditures and receipts
2. (P1) The Commissary Dept. should automate the reconciliation process. Viable options for making the reconciliation of the Inmate Trust Fund less manual include upgrading IMACS to provide a book balance, XJail implementation, or use of accounting software with a general ledger. In the meantime, Commissary Dept. should consider using ASCII formats of bank statements and IMACS reports to automate the reconciliation/matching process of checks and deposits in Excel by using VLOOKUP formulas.
The DIA is available to assist in developing a more automated process given current resources until a system upgrade or change occurs.
3. (P1) Reconciling items should be attempted to be resolved on a monthly basis. Prior month reconciling items should be carried over to the following month to maintain a full listing. Any unidentified reconciling items should be reviewed for write offs under the Cuyahoga County write off procedures. These are currently being developed by County Fiscal Office.
4. (P1) Bank reconciliations should be completed and approved within 30 days of the completion of the month.
5. (P1) The Commissary Dept. should void checks that have been outstanding for over a year and perform the appropriate adjusting entry to return the funds to the ITF account. The Commissary Dept. should also develop and establish a policy relative to inactive inmate account balances for instances where uncashed checks are returned to inmate accounts that are classified as inactive. This policy should address transferring inactive inmate account balances to the Treasurer's Office after a predetermined amount of time (Use of Dormancy Guidelines provided by ORC 169.02 is recommended). Per Ohio Revised Code 9.39, these funds should be treated as unclaimed funds according as previously recommended in Sheriff's Office-Commissary Department Audit Report (p.12) released on March 2, 2014. This should be documented within written policies and procedures.

6. (P1) The Commissary Dept. should maintain copies of voided checks and create a monthly listing to incorporate with the bank reconciliation process. The Commissary Dept. should use the listing to account for any gaps in check numbers that clear the bank statement to ensure all checks are accounted for and disbursements authorized. The listing and copies of voided checks should be maintained with the reconciliation paperwork and made available to the supervisor for review.
7. (P1) The Sheriff's Office should create and implement a policy and procedures manual. All of the recommendations above should be incorporated within said manual.

Management's Response:

- a. *The Sheriff agrees with the recommendation to maintain a spreadsheet which appropriately calculates and maintains month to date and year to date balances for the Inmate Trust Fund. Fiscal/Commissary staff will commence such procedures beginning with the most recently reconciled book balances and will include daily reconciliation review and approval.*
- b. *The Sheriff agrees that the Commissary Department should automate its reconciliation processes. The Fiscal staff will begin exploring various methodologies for doing so including utilizing the assistance of the Department of Internal Audit for solutions and strategies until a system change or upgrade occurs.*
- c. *The Sheriff agrees that stale outstanding checks should be voided with accompanying accounting adjustment entries in the ITF account. Additionally, the Sheriff agrees that policy should be established relative to inactive inmate account balances which would include transferring these balances to the Treasurer's Office pursuant to the Ohio Revised Code and treating them as unclaimed funds. Fiscal/Commissary staff will create a process to systematically identify stale issued checks for voiding and adjustment entries. Additionally, policy will be created addressing the transfer of inactive inmate accounts as unclaimed funds pursuant to the Ohio Revised Code as part of the updating of the Fiscal Unit Manual as indicated in Section 1, above.*
- d. *The Sheriff agrees that Commissary reconciliation items should be resolved on a monthly basis; with unidentified reconciling items reviewed under the pending County write off procedures. Fiscal/Commissary staff will create policy to*

accomplish this as part of the updating of the Fiscal Unit Manual and pending receipt of write off procedures under development by the County Fiscal Office.

- e. The Sheriff agrees that bank reconciliations should be completed and approved within 30 days of the completion of the month. Fiscal/Commissary staff will ensure that this timeline is met and that it is memorialized as part of the updating of the Fiscal Unit Manual.*
- f. The Sheriff agrees that records should be maintained of all voided checks to be incorporated into the bank reconciliation process. Fiscal staff will utilize this data to ensure all checks are accounted for and all disbursements are authorized.*
- g. The Sheriff agrees that a policy and procedures manual is a necessity. The Department will be doing an extensive review and redrafting of current policy in a Sheriff's Department Fiscal Unit Manual.*

Target Date for Completion:

A spreadsheet to calculate and maintain month to date and year to date balances for the Inmate Trust Fund will be created and initiated upon approval of your final report. The Sheriff's Department is posting a Request for Proposals for commissary services that may include the vendor providing fund and reconciliation processes. Additionally, the Department is looking forward to an upgrade in the software system in use which may also provide sufficient solutions. In the meanwhile, processes will be identified to more robustly automate the reconciliation process within thirty days of the approval of your final report. Identification, voiding and adjustment entries for stale checks will begin immediately with a forecasted completion date of October 31, 2021. Reconciliations will be approved within 30 days of the completion of the month effective immediately. A record of all voided checks will be incorporated into the bank reconciliation process upon approval of your final report. Incorporation of new provisions of policy into a new Fiscal Unit Manual will be part of an extensive review and re-drafting of current policy and is expected to be completed by the end of Q4 2021.

FINDING Discretionary Funds

Discretionary expenses occurred without approval and supporting documentation. The Sheriff's Office is responsible for depositing and disbursing discretionary funds for the benefit of the Office. These funds include the following:

- Drug Law Enforcement Fund
- Furtherance of Justice Fund
- Law Enforcement Trust Fund
- Transportation Fund

The Sheriff's Office has established Policies and Procedures regarding the usage of these funds, as required by the applicable ORC sections for each fund. The Internal Control Policies state, *"Each LETF expenditure will require approval by an appropriate agency administrator i.e. Captain, Chief, or Sheriff. This approval can be in the form of a signature or email."* They further state, *"No monies shall be released from the Transportation account without an original invoice or report of expenditure and appropriate agency administrator approval."*

The following was noted regarding the usage of discretionary funds:

- Two of the 10 (20%) Law Enforcement Trust Fund expenditures tested did not have proper approval as noted in the Sheriff's Office Policies and Procedures. These expenditures amounted to \$483 of the \$78,946 of tested expenditures.
- One of the three (33%) monthly Transportation Fund credit card statements tested included one expenditure in which there was no supporting documentation or approval. This expenditure amounted to \$20.00 of the \$8,547 of tested credit card expenditures.

It was reported that verbal approval was obtained for the expenditures. However, this does not follow the established Policies and Procedures for usage of the fund.

Risk to the County if Not Corrected

Without proper approval for discretionary fund disbursements there is an increased risk of funds being disbursed from an incorrect fund. Furthermore, funds could be used for a reason outside of management expectations or not in compliance with federal, state, or local laws. Last, funds could be misappropriated and used for the benefit of an unauthorized individual.

Recommendations

1. (P2) The Sheriff's Office should follow their established procedures regarding the approval and documentation required for the expenditure of discretionary funds. If there are situations wherein verbal approval is necessary to effect the operations of the business, such should be specified in the established policy along with the procedures required to properly document the approval. If an original invoice cannot be presented for an expenditure then a reason should be noted as to why and the policy deviation should be approved by the same responsible parties whom can approve expenditures per the Internal Control Policy.

Management's Response:

The Sheriff agrees that established procedures regarding the approval and documentation required in the expenditure of discretionary funds including provisions for exigent situations and documentation of verbal approvals and unavailable required documentation must be strictly adhered to. Fiscal employees will be re-instructed as to necessary requirements and expected 100% compliance. Fiscal staff will ensure that these practices are memorialized during the updating of the Fiscal Unit Manual.

Staff will be reinstructed regarding necessary documentation and approvals in the expenditures of discretionary funds within 30 days of publication of your report. Assurance that these matters are appropriately encoded into the Fiscal Unit Manual will be part of an extensive review and re-drafting of current policy and is expected to be completed by the end of Q4 2021.

Target Date for Completion:

End of Q4 2021.

FINDING Extradition Meal Expenditures

The Office paid for expenses with the Return of Prisoner (ROP) Fund which exceeded the allowable amount per their Policies and Procedures. In addition, some expenses were not sufficiently supported to determine if allowable amounts were exceeded.

The Office performs prisoner extraditions as part of their duties. Extraditions are paid out of the ROP bank account as authorized under ORC Section 325.07. For extraditions, Sheriff deputies must sign out the credit cards from the Sheriff's Fiscal Department prior to using them. An expense report must be completed upon return and submitted to the Sheriff's Fiscal Department with all receipts. The Fiscal Office reviews and approves for payment out of the ROP fund. Deputies also make extraditions for the County Prosecutor's Office. The extradition credit cards were used for Prosecutor trip expenses and were submitted the same way as the Sheriff extraditions. The Prosecutor's Office would be billed to reimburse the Sheriff's transportation account.

The Office has established Policies and Procedures regarding the usage of these credit cards. It states in part: *"Authorized uses for the extradition credit card for food and or dining are as follows:*

4.1 To purchase food or pay restaurant charges up to the Counties permissible per diem rates, (which also includes taxes) for each location. This does not include any charges for alcohol however gratuity is permissible.

4.2 It will be the responsibility of the Deputy to get the allowed per diem amount for the destination location, which will dictate the per diem amount.

4.3 The card can be used to purchase food for the inmate. The cost of the food for the inmate must also follow the Counties permissible per diem schedule."

The County Travel Policy establishes the maximum amount of per diem that is allowable based on the city of travel. It also states: *"If an employee is eligible for the meal reimbursement, but the duty-related travel does not constitute a full day, the per-diem maximum shall be reduced by the following amounts."* The following table indicates these amounts:

	Regular Locations	Premium Locations
Breakfast	\$ 9	\$ 12
Lunch	\$ 13	\$ 16
Dinner	\$ 28	\$ 32
Total	\$ 50	\$ 60

The following was noted regarding expenditures from the ROP Fund. DIA reviewed three of the three (100%) credit card billing statements that occurred during the audit period. These three statements accounted for 16 prisoner extraditions which consisted of 31 days of travel and a total of \$8,547.

- Fourteen of the 16 extraditions (88%) did not indicate on the meal receipts or expense report if the inmate was part of the bill.
- For three of the 31 days (10%) traveled for prisoner extraditions, the meal expenses exceeded the allowable maximum per diem rates (for 2 people) per the County Travel Policy. It is not noted if meals for the inmate were included as a part of any of the meal expenses, which may explain why the maximum per diem was exceeded. Details are shown below:

Day	Max Per Diem (per 2)	Amount charged	Overage
1	\$ 100	\$ 105.34	\$ 5.34
2	\$ 100	\$ 119.31	\$ 19.31
3	\$ 100	\$ 101.69	\$ 1.69
Total	-	-	\$ 26.34

- Eighteen of the 57 meal expenditures (32%) appeared to have been on a day which did not constitute a full day of travel. The County Travel Policy reduces the amount allowable per meal if travel is limited to a partial day. DIA could not definitively determine if the applicable meal allowances were exceeded as it is unknown if inmate meal costs were included or if the deputies were entitled to a full day of per diem. It was not indicated when deputies departed for or returned from the extradition trip.

The deputies making the extraditions do not usually indicate if a prisoner was part of the expenditure or if travel was required for a full or partial day. This makes it difficult for the fiscal reviewer to determine if appropriate per diem rates were followed. It is noted in the Office’s extradition card polices that the inmate meals are allowable following the same County per diem rates, but it does not indicate that deputies are to notate the portion of the receipt that is the inmate’s meal or if the travel required a full or partial day.

Risk to the County if Not Corrected

Lack of policy and procedures that allow for the clear determination as to the amount and appropriateness of an expense may result in the payment of expenditures that exceed allowable amounts as per County Fiscal policy as well as non-compliance with ORC 325.07.

Recommendations

1. (P2) The Office should add to established Policies and Procedures that meals for prisoners during extraditions should be separately identified on receipts and/or expense reports as well as if travel is conducted on a full or partial day. In addition, the Office should consider limiting meals to prisoners at a lower rate than per diems allowed for deputies (*recommended in General Operations Audit Report (pg.27) released June 2, 2017*).

Management's Response:

The Sheriff agrees that the Department should adhere to established policy regarding meals for prisoners during extraditions and the requirement that they be separately identified on travel and expense reports; along with eligibility for employee meals by documenting full or partial day travel. Prisoner meals should be limited by policy to a lower per diem that allowed for employees. Fiscal and Law Enforcement employees participating in extraditions and fiscal management of records will be re-instructed as to necessary requirements and expected 100% compliance. Fiscal staff will ensure that these practices are memorialized during the updating of the Fiscal Unit Manual.

Re-instruction and/or notice regarding expected practices will occur within 30 days of the publication of your report. Assurance that these matters are appropriately encoded into the Fiscal Unit Manual will be part of an extensive review and redrafting of current policy and is expected to be completed by the end of Q4 2021.

Target Date for Completion:

End of Q4 2021.

2. (P2) If daily per diem is exceeded than deputies should be responsible for reimbursing the Office for the charges, as noted in Policies and Procedures.

Management's Response:

The Sheriff agrees that at any time a per diem is exceeded the involved employee is responsible for reimbursing the County pursuant to policy. Fiscal and Law Enforcement employees participating in extraditions as well as any other employment related travel will be reminded of this policy. Fiscal staff will ensure that these practices are memorialized during the update of the Fiscal Unit Manual.

Target Date for Completion:

End of Q4 2021.

FINDING Lack of Reimbursement Tracking

There is a lack of tracking of extradition services performed for the Prosecutor's Office to ensure that all expenses are timely submitted, received for reimbursement, and followed up upon when necessary.

DIA reviewed all three credit card statements used to pay for extraditions during the audit period. This accounted for 15 Prosecutor Office extraditions. One of the extraditions for the Prosecutor's Office reviewed occurred in December 2020 however has not been reimbursed as of report date. The Office was unable to provide support of when the extradition expenses of \$327.88 were submitted to the Prosecutor's Office as hard copies are sent via inner-office mail. DIA was informed that the invoice had been sent to the Prosecutor's Office in January 2021 and resubmitted in July 2021. As of the report date the reimbursement has not been received.

It should be noted that the Sheriff Fiscal Office started tracking Prosecutor Office extradition reimbursements electronically during the audit.

The Office performs extraditions on behalf of the County Prosecutor's Office. All extradition expenditures are initially paid for with an Office credit card. Deputies submit expenditure receipts and the Sheriff's Fiscal Office pays the credit card statement monthly from the Return of Prisoner (ROP) fund.

The Office's internal Policy and Procedures require invoicing the Prosecutor's Office for all extradition service expenses after reconciling the credit card statement and expenditure receipts. It is best practice to track account receivables and follow up on overdue invoices after a set amount of time.

Current Policy and Procedures do not address accounts receivable tracking or monitoring.

Risk to the County if Not Corrected

There is the potential for loss of prisoner extradition reimbursement as required by the Office's own internal Policy and Procedures.

Recommendations

1. (P2) Develop an electronic detailed tracking sheet for reimbursements sent to and received from the Prosecutor's Office. This tracking sheet should include the following:
 - The amount of each credit card statement and what extraditions make up that statement which are Prosecutor's Office trips;
 - Date request for payment was sent;
 - Prisoner's name and amount of expenses to be reimbursed;
 - Date reimbursement check was received;
 - Date a follow up was done for any payments not received.

There should be a regularly scheduled review of the tracking sheet to ensure reimbursements are being received.

2. (P2) Incorporate accounts receivable tracking and monitoring into the current Policy and Procedures. This should include escalating follow ups to managerial or higher level if a reimbursement payment is not received within 90 days.
3. (P2) Submit extradition reimbursement invoices to the Prosecutor's Office using a method which creates a documented record (i.e. email).

Management's Response:

The Sheriff agrees that a more robust system is required to track and maintain records of the invoicing of the Cuyahoga County Prosecutor's Office for reimbursement regarding extraditions completed on their behalf. As you have noted, the Fiscal Office began just such an improvement during the time of this audit. The Fiscal Office will continue to develop and maintain a suitably detailed tracking sheet for reimbursements invoiced and received. Fiscal staff will ensure that these practices are memorialized during the update of the Fiscal Unit Manual. And invoices will be submitted only utilizing a method that creates a documented record.

Target Date for Completion:

Detailed tracking sheet has already been put into place along with a change in practice ensuring that invoices are submitted only utilizing a method that creates a documented record. Assurance that these matters are appropriately encoded into the Fiscal Unit Manual will be part of an extensive review and re-drafting of current policy and is expected to be completed by the end of Q4 2021.