ULSTER COUNTY COMPTROLLER'S OFFICE

Elliott Auerbach, Comptroller

July 27, 2016

Sheriff's Office Inmate Commissary Audit

The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

ULSTER COUNTY
OFFICE OF THE COMPTROLLER

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Director of Internal Audit & Control

July 27, 2016

Dear County Officials:

The Office of the Ulster County Comptroller ("Office") has conducted an audit of the Sheriff's Office Inmate Commissary Fund. The primary objective was designed to verify whether commissary funds are being used and accounted for properly in accordance with New York State Correction Law. Our analysis consisted of ensuring that the Sheriff's Office has adequate controls to effectively manage the commissary funds.

Based on our inspection of the records provided, we conclude that the Sheriff's Office is in compliance with State Law regarding the commissary fund.

The reports issued by this Office are an important component in accomplishing the development and promotion of short and long-term strategies to achieve reduced costs, to improve service delivery, and to account for and protect Ulster County's ("County") assets. These reports are expected to be a resource and are designed to identify current and emerging fiscally related problems and provide recommendations for improvement.

The Office of the Ulster County Comptroller conducted this audit and produced this Report in accordance with the Comptroller's authority as set forth in Article IX, Section 57, first paragraph, and Sections 57(A) and (G) of the Ulster County Charter, as well as applicable State laws, rules and regulations.

If we can be of assistance to you, or if you have any questions concerning this Report, please feel free to contact us.

Respectfully submitted,

Ulster County Comptroller

Scope & Objectives

At the request of the Sheriff, the Comptroller's Office was called upon to review tasks completed under the tenure of a long-time employee who retired in early 2016. Although this individual's responsibilities encompassed several Sheriff civil division accounts, our Office decided to focus on one account at this time – the Inmate Commissary Fund – for the period of January 2013 through December 2015. This account consist of monies not disbursed by the Commissioner of Finance, and therefore activity is not routinely monitored by our Office, which is why it lent itself as a prime subject for our review.

The primary purpose of the audit was to assess the controls surrounding the financial operations and general accounting of the Inmate Commissary Fund. Our review sought to determine whether measures in place could reasonably:

- safeguard assets from abuse, error, and loss;
- support revenue transactions and ensure they were recorded and deposited in their entirety in a timely manner; and
- approve, spend, and record expenditures properly.

The audit largely consisted of reviewing the related laws, policy, and procedures, as well as interviewing personnel and examining records and purchases. The initial review revealed that purchases for several items in 2015 seemed excessive, including washers, dryers, and board games. This discovery prompted our Office to request documentation for expenses in 2013 and 2014.

Background

Inmates lose substantial privileges enjoyed in daily life once they go to jail; however, most are allowed to buy their own belongings at a store within the correctional facility, known as the commissary. The commissary offers inmates the opportunity to purchase many items for sale such as food, personal hygiene products, postage supplies, and writing materials.

The Ulster County's Sheriff Office has operated a commissary for inmates for a couple of decades. In accordance with New York State Correction Law, Article 2, Section 26, a commissary may be established, maintained and operated at the Sheriff's discretion. The price of any item offered for sale is fixed by the commissary vendor per Sheriff Policy 4038, which must fully support the commissary's operation while providing a modest return above cost. Profits resulting from commissary sales should be deposited in a separate bank account for purposes of prisoner welfare and rehabilitation. The following chart breaks these expenses down by category for 2013 through 2015 that are paid through the aforementioned, separate account for the benefit of inmates:

Expense Category	Amount		
	2013	2014	2015
Books & Newspapers	$ 18,588	$ 15,620	$ 16,140
Cable	$ 4,494	$ 4,717	$ 4,496
Commissary Supplies	$ 12,984	$ 19,391	$ 17,128
Education Training	$ -	$ 190	$ 269
Electronics	$ 4,296	$ 10,097	$ 8,978
Hairdressing Equipment	$ 1,042	$ -	$ 1,596
Ice Machines	$ 1,891	$ 925	$ 13,581
Inmate Payroll	$ 20,245	$ 20,084	$ 23,818
Recreational Equipment	$ 4,540	$ 7,627	$ 14,484
Sporting Equipment	$ 1,564	$ 1,586	$ 2,926
Stationary	$ 143	$ 35	$ 2,798
Transportation	$ 31	$ -	$ 197
Vechicle	$ -	$ -	$ 39,179
Vocation Supplies & Training	$ 687	$ 1,062	$ 691
Washer & Dryer	$ 7,493	$ 2,105	$ 10,044
Work Supplies	$ -	$ 8,532	$ -
	$ 77,998	$ 91,971	$ 156,323

The commissary bank account is managed by the junior accountant of the civil division. That unit within the Sheriff's Office employed one employee that oversaw several bank accounts for a significant portion of her 30 year tenure with the County. Given the substantial length of time this one individual had sole control over these funds, the Sheriff requested a review of the work performed by this employee to ensure the accounts were up to date and the transition would be seamless upon her departure.

Findings & Recommendations

A. Deposit went uncollected and was not made in a timely manner

Finding – During our review of the 2015 deposits, we found that each deposit packet included two commissions' reports over the course of the year. However, on October 29, 2015, only one report from Aramark was present along with one deposit receipt. When we inquired of this anomaly, it was discovered that the second commissions' report was outstanding and had gone undetected until it was received and deposited in March 2016. This deposit and recording discrepancy occurred most likely due to the transition period of time between retiring staff and training a replacement. **Upon further clarification from the Sheriff, which can be referenced in Appendix A, the missing deposit was detected and the civil division had continued to follow up with Aramark. The deposit's delay was due to a delay in response by Aramark.**

Recommendation – Situations such as these speak to the need of cross-training certain employees as a simple means to improve procedures, efficiency, and institutional knowledge. We recommend that the civil division consider cross-training financial staff and supervisors so that work can be sustained even while employees may be absent or transitioning. Additionally, a supervisor should be reviewing bank reconciliations on a consistent basis (i.e. monthly, quarterly, or annually) so they are able to catch errors, identify omissions, and have a general idea that the accounts are accurate.

B. Documentation for expenses inconsistent or missing

Finding – Each expense claim should be accompanied by a "Correction Division Special Purchase Request Form," which contains the vendor's information, account number, item to be purchased, justification for purchase, individual making the request, and signature space for two jail administrators, the Undersheriff, and the Sheriff. Despite all purchases being accompanied by some level of documentation in support of their acquisition, the required forms contained several inconsistencies:

- 13 special request forms were missing;
- 12 invoices were missing, not itemized, or did not agree to what was actually paid; and
- 91 transactions did not capture all required signatures on the Special Purchase Request Form.

Recommendation – We recommend that the commissary fund expenses be consistent with backup for each purchase made. In addition, it appears a bit redundant to require both the Sheriff and Undersheriff to sign off on a purchase request. It should be documented on the request form and in written procedures as to whom is required to sign, the specific areas of review for each signee, and that both the Sheriff and Undersheriff's signatures are not required; therefore, only one member of upper management need review and approve the request.

C. Policy & procedures should be reviewed and updated

Finding – The current policy and procedures governing the commissary were last issued in 1988. The existing policy lacks guidance on some topics that should be addressed to ensure the operation of the Commissary fund remains in good standing.

During our review, it seemed that the purchase of certain items – specifically washers, dryers, microwaves, and board games – were above what was considered the normal annual expense when compared to the prior two years. This discovery prompted an inquiry regarding the replacement and disposal procedures for both big and small items that might otherwise have longer useful lives. The Sheriff's Office suggested a general practice of buying new products when the items they are replacing are unrepairable and subsequently disposing of the outdated items. However, no written procedures exist to formally govern this process.

Recommendation – It is always a best practice of any organization to regularly review policy and procedures to ensure they are effective and conducive to current needs. Thus, we recommend the Sheriff's Office review the aforementioned practices with a focus on inputting written procedures as they relate to all aspects of the commissary, including: receipt of goods purchased, dissemination of items into the jail, and a full accounting of the disposal of items in accordance with their useful lives. The last category is of particular importance, considering that a van for inmate work outings was purchased out of the commissary fund in 2015. Once this van has exhausted its useful life, the Sheriff's Office should consider how it will be disposed of and how it will affect the commissary account (e.g. would it be sold and would revenues be put back into the account).

Conclusion

Our primary objective was to ascertain whether the controls over the commissary fund were adequate and proper support existed to track the activity within the account. We conclude that the commissary appears to be in good standing. Our recommendations principally deal with amending the current policy and procedures to continue safeguarding the commissary funds.

The matters in this report have been discussed with officials from the Sheriff's Office. A draft report was submitted to the Sheriff with a request for comment. The Sheriff's Office provided their response, which is included along with our follow-up comments as Appendix A to this report.

APPENDIX A

OFFICE OF THE
SHERIFF
ULSTER COUNTY

Paul J. VanBlarcum
Sheriff

Ulster County Law Enforcement Center
380 Boulevard, Kingston, NY 12401
www.co.ulster.ny.us/sheriff

Michael O. Freer
Undersheriff

Vincent V. Altieri
Captain /Criminal Division

James R. Hanstein
Superintendent / Corrections Division

Area Code 845

Administration	340-3802
Criminal Division	338-3640
Corrections Division	340-3644
Civil Division	340-3643
Pistol Permits	340-3639
Crime Tips Hotline	340-3599
Fax (Administration)	331-2810
Fax (Criminal Division)	340-3718
Fax (Corrections/Records)	340-3468
Fax (Corrections/Booking)	340-3436
Fax (Civil Division)	334-8125
Fax (Detectives)	340-3588

August 2, 2016

Mr. Elliott Auerbach
Ulster County Office of the Comptroller
PO Box 1800
Kingston, NY 12402

Dear Sir:

We are in receipt of your July 27, 2016 Sheriff's Office Commissary Audit and have reviewed it.

We are pleased with your conclusion that we are in compliance with State Law but we also endeavor to improve our performance in this, and all, areas of our responsibility.

We accept your recommendation that the civil division cross-train financial staff and supervisors. Further, the Civil Administrator will take a more involved supervisory role including, but not limited to, reviewing the monthly bank reconciliation submissions to the Comptroller's Office.

With respect to one of the less than favorable findings, we would like to note that with regard to the missing October 29, 2015 second Aramark commissions' report, a request for a replacement was made by Ms. Laura Romano, the retired junior accountant, in November of 2015. That request was repeated several times and Ms. Romano made a point of advising her replacement, Ms. Ligotino, to continue to pursue the matter, which she did. The discrepancy in fact had not gone undetected and the fact that it was only received and deposited in March 2016 is the result of delay by Aramark responding to our repeated requests.

Thank you.

Respectfully,

John McGovern
Chief Civil Officer