

**COUNTY OF MILWAUKEE**  
**Inter-Office Communication**

**Date:** May 24, 2013

**To:** Supervisor Willie Johnson, Jr., Co-Chair, Committee on Finance, Personnel and Audit  
Supervisor David Cullen, Co-Chair, Committee on Finance, Personnel and Audit

**From:** Jerome J. Heer, Director of Audits

**Subject:** Status Report – Audit of Sheriff’s Inmate Trust Funds (File No. 12-879)

At its meeting on December 13, 2012, the Committee on Finance, Personnel and Audit passed a motion to approve and recommend this report for adoption and to concur with the recommendations made in our audit report, “Improved Recordkeeping Practices are Needed to Ensure Accountability Over Inmate Trust Funds.”

The attached status report summarizes the progress made toward implementation of the recommendations. As indicated in the report, Office of the Sheriff management has fully implemented six of the 10 audit recommendations and has made substantial progress towards implementing the remaining four recommendations.

This status report is informational and indicates progress towards implementing all of the audit recommendations is substantially complete. Therefore, we will informally work with Office of the Sheriff’s management to monitor efforts to close out the four outstanding audit recommendations. Should there be any problems in realizing the intended implementation schedule for those remaining items, as identified in the attached report, we will inform the Committee.



Jerome J. Heer

JJH/PAG/cah

Attachment

cc: Scott Manske, Milwaukee County Comptroller  
Finance, Personnel and Audit Committee Members  
Chris Abele, County Executive  
David A. Clarke, Jr., Milwaukee County Sheriff  
Kelly Bablitch, Chief of Staff, County Board Staff  
Steve Cady, Research Analyst, County Board Staff  
Janelle Jensen, Committee Clerk

**STATUS OF IMPLEMENTING AUDIT REPORT RECOMMENDATIONS**

**Audit Title:** Improved Recordkeeping Practices are Needed to Ensure Accountability Over Inmate Trust Funds      **File Number:** 12-879

**Audit Date:** October 2012      **Status Report Date:** May 2013      **Department:** Office of the Sheriff

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
1. Process all accounting transactions, including issuance of checks to transfer funds to Office of the Treasurer accounts, as well as the deposit of cash receipts, in a timely manner. Such transactions should be processed at least monthly.		X			X	Continued monitoring	Auditee: As of September 1, 2012 CCW system reports were revised and incorporated into daily processes to reconcile inmate account deposits and withdrawals. All transactions are processed monthly.
2. Correctly post inmate trust account activity to the Advantage accounting system and perform reconciliations between the CCW system and Advantage monthly.		X			X	Continued monitoring	Auditee: As of January 1, 2013 the CCW system reports were revised and incorporated into daily processes to reconcile monthly CCW activity to the Tri City National Bank Inmate Trust Account. The Fiscal staff at the HOC reconciles all differences and discrepancies to all bank statement transactions and makes appropriate adjustments monthly. Transactions are then posted to Advantage monthly.
3. Establish a dollar threshold for employing a dual-signature requirement to authorize inmate trust fund transactions.		X			X	None	Auditee: All checks written on the Inmate Trust Account at Tri City National Bank in the amount of \$500 or more require two signatures of the authorized signers on the account signature card. The account that was previously utilized for Inmate Trust Huber transactions is no longer in use but continues to contain funds that are currently being reconciled with old outstanding inmate credit and debit balances. The signature card for this account was updated to require a minimum of two signatures on all transactions (Checks and/or Electronic Transfers).

**STATUS OF IMPLEMENTING AUDIT REPORT RECOMMENDATIONS**

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	Yes	No	Yes	No	Completed	Further Action Required	
	4. Segregate responsibilities among staff for signing checks and/or executing electronic fund transfers from those involved with the accounting/recordkeeping of these transactions. Provide the banks with updated authorizations which reflect only those individuals that should be signing checks and executing electronic transfers and, going forward, update the applicable bank(s) concurrent with changes.		X			X	

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Number & Recommendation	Status Report Date: May 2013				Department: Office of the Sheriff		Comments
	Deadlines Established		Deadlines Achieved		Implementation Status		
	Yes	No	Yes	No	Completed	Further Action Required	
5. Perform a detailed reconciliation between the CCW system and the inmate trust bank account to identify and analyze the factors underlying the large discrepancy and ultimately, make the adjusting entries necessary to bring the two back into balance.	X				No	Complete detailed rec of CCW system and inmate trust bank accounts	Auditee: Currently there is a minimum of five (5) staff members involved in this detailed reconciliation on a part time basis. Each staff member has their daily tasks and duties and devotes as much time as possible to this reconciliation each day. At the CJF the Accountant III and Accountant II are reviewing the inmate accounts that were not converted to the current active database and also are researching inactive accounts and multiple accounts for the same individual on the active database. At the HOC the Accountant III and staff are researching inactive, multiple and zero balance accounts on the active database. These are being combined, identified as unclaimed or closed as appropriate. The Accountant IV is researching the Huber inmate accounts that were not converted to the active database. His research will provide the history on the account transactions and reasons for the outstanding debit or credit balances. The results of these efforts will enable the ultimate reconciliation of the differences previously identified between the CCW system and inmate trust bank account. It is planned that additional efforts to complete this reconciliation will be available from existing Fiscal Staff as office operations are streamlined. Expected completion date is December 31, 2013.

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	6. Develop a written policies and procedures manual that covers all material aspects of administering the inmate trust account function.	X				No	
7. Work with the CCW system vendor to develop the ability to extract detailed historical data from the system for use in performing monthly reconciliations and to flag potential errors and irregularities.		X			X	Continued monitoring	Auditee: Daily and monthly reports have been developed and refined with the CCW system vendor to extract daily and monthly historical data to perform daily and monthly reconciliations and identify errors and regularities and initiate corrective actions.
8. Consider resumption of cash payouts of inmate trust balances below \$25, or some other reasonable dollar threshold, at the time of release and return of other personal property to inmates.		X			X	None	Auditee: Effective August 24, 2012, the Office of the Sheriff resumed cash payouts to inmates at the time of their release. Inmates with balances in their accounts less than \$30 are refunded the entire amount in cash. Inmates with balances in their accounts of \$30 or more are refunded \$25 upon release and the balance refunded by check. This should eliminate the need to issue checks for less than \$5.

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	Yes	No	Yes	No	Completed	Further Action Required	
9. Report and transfer all unclaimed funds, regardless of the dollar amount, from inmate trust fund balances at both the CCF-South and CCF-Central facilities to the County Treasurer's Office on a timely basis.	X				No	Complete final rec of CCW and inmate trust bank account & identify unclaimed funds	Auditee: According to Wisconsin Statutes 59.66 the following accounts were forwarded to the Office of the Milwaukee County Treasurer by January 20, 2013: CJF Accounts dated 01/01/2009-12/31/2011 \$15,746.64 CJF Accounts dated 01/01/2010-12/31/2010 \$ 4,399.19 (Not converted to combined active database) CJF Accounts dated 01/01/2011-12/31/2011 \$ 4,033.97 (Not converted to combined active database) HOC Accounts dated 01/01/2009-12/31/2011 \$45,004.09 As the final reconciliation proceeds of the accounts "Not converted to the combined active database" additional accounts will be identified as "Unclaimed" and forwarded to the Milwaukee County Treasurer to be publicly published in the next reporting cycle. Expected completion date is December 31, 2013.
10. Consult with Corporation Counsel as to whether past unclaimed funds of at least \$10 and up to \$25 that have not previously been reported to the Office of the County Treasurer and published must now be published.		X			No	Comply with opinion of Corp Counsel	Auditee: A request was forwarded to Corporation Counsel on May 16, 2013 requesting an opinion of the status and future treatment, if any, of unclaimed funds retained by the Office of the Sheriff. Expected completion date is July 31 2013.