



INTERNAL AUDIT DEPARTMENT

INTEROFFICE MEMORANDUM

Date: October 15, 2009

To: Honorable Mayor Ron Jones
Members of the City Council

cc: Bill Dollar, City Manager
Bryan Bradford, Senior Managing Director, Budget and Research
George Kauffman, Managing Director of Financial Services
Mitch Bates, Police Chief

From: Craig Hametner, City Auditor

Subject: Audit Investigation of the Detention Center – Follow-up

Upon notification or discovery of a suspected fraud, Administration Directive #8 requires a report be submitted to City Council and the Audit Committee at the conclusion of the investigative activity. The issue was brought to our attention on July 1, 2008 by the Municipal Court Director. This is a follow-up of the Audit Investigation of the Detention Center issued on October 9, 2008.

The following are the recommendations that were made with responses:

1. Replace the current cash register so that it may print register tapes

City Manager's Response was: I have reviewed your audit and concur with your findings.

Follow-up: The Detention Center purchased a new register in October 2008 that prints register tape. Audit observed the new register and the PC Poll and PC Capture register systems. The PC Poll is a management software and the PC Capture is a video/audio transaction software. The Cash Office has video and audio surveillance that allows management to view and hear each transaction as it is taking place. The Detention Center has also purchased a text overlay device, and will install that upon arrival. It is their intention to overlay the text on the live and recorded video, so that any key stroke is displayed simultaneously with the video record of the transaction.

Recommendation was Fully Implemented.

- 2. Create a link between the cash register and the police system to automate the data entry process and to generate receipts in numerical order**

City Manager's Response was: I have reviewed your audit and concur with your findings.

Follow-up: The Detention Center has the ability to generate an electronic journal of all transactions that include the booking ID for each inmate. By using the booking ID from the electronic journal transactions, the Detention Center can look up inmate information on the GPDWeb (Garland Police Department) and the iLeads Jail Management System (Detention Center). Audit observed the Detention Center Administrator enter an inmate's booking ID from an electronic journal transaction summary report into the GPDWeb and verify that the information from the receipt matched the inmate's information within GPDWeb.

Management should be aware that while reviewing the electronic journal, audit observed that the transaction numbers were not in sequential order and some were missing. The Detention Center Administrator is currently researching within the system manuals as to why this is happening and how to correct it. This is a new system and the Detention Center is continually evaluating processes in search of more effective and efficient methods. The Detention Center is looking to streamline and automate as much as possible, to reduce the human element often responsible for accounting errors, and to improve the overall efficiency of personnel.

Recommendation was Partially-Implemented.

- 3. Ensure that receipts are generated in accordance with the Municipal Court's receipt standards**

City Manager's Response was: I have reviewed your audit and concur with your findings.

Follow-up: Per the Municipal Court Program Coordinator, Municipal Court does not have documented 'receipt standards' because they have an automated system. However, in response to this audit investigation, the Detention Center Cash Office Procedures for Class "C" Misdemeanors was revised in November 2008 to include specific procedures relating to City offenses, paperwork review and packets. Audit did a walk-through with the Detention Center Administrator in the Cash Office. Audit observed the Transaction Logs that are completed at the end of each shift, reconciled by the supervisor, and signed. All monies and court packets, containing

customer receipts, are sealed in an envelope and placed in a secured lockbox in the cash office. Each morning the designated court personnel will bring the key for the lockbox to the Detention Center to receive the cash.

Recommendation was Fully Implemented.

- 4. Cash registers must be kept locked and keys are not accessible to anyone other than the assigned detention officer or the supervisor**

City Manager's Response was: I have reviewed your audit and concur with your findings.

Follow-up: Audit observed that the cash register was kept locked and that the keys were only accessible to the Detention Center supervisor.

Recommendation was Fully Implemented.

- 5. Detention officers who are in charge of cash registers should manually count the cash in the register at the beginning and end of their shifts, as well as, prepare a daily report at the end of their shifts**

City Manager's Response was: I have reviewed your audit and concur with your findings.

Follow-up: The Detention Center Cash Office Procedures for Class "C" Misdemeanors was revised in November 2008 to include:

At the end of each shift, the supervisor will run the Z-report (Financials) on the cash register and verify that the totals match the amount removed from the register. When this report is run, the register will open, allowing the supervisor to remove the money and count it. The receipt printed from this transaction will be placed in the court packet.

The Detention Center has a \$20 Change Drawer Fund that is used to make change readily available for customer payments. The \$20 Change Drawer Fund in the Cash Office register has been returned to Financial Services; therefore, a beginning count of the cash in the register is not applicable. Audit did a walk-through with the Detention Center Administrator in the Cash Office. Audit observed the Transaction Logs that are completed at the end of each shift, reconciled by the supervisor, and signed. All monies and court packets, containing customer receipts, are sealed in an envelope and placed in a secured lockbox in the cash office. Each morning the designated court personnel will bring the key for the lockbox to the Detention Center to receive the cash.

Recommendation was Fully Implemented.

- 6. Supervisors should manually count the cash in the registers, and reconcile the daily total with cash register tapes, the police system data and court documents before signing off daily reports**

City Manager's Response was: I have reviewed your audit and concur with your findings.

Follow-up: The Detention Center Cash Office Procedures for Class "C" Misdemeanors was revised in November 2008 to include:

The detention supervisor will review the Detention Center Transaction Log, verifying all totals and ensuring the all cash, checks or credit card payments received have been properly noted on the Transaction Log. A copy of this report will be filed in the supervisor office for reference and follow-ups. The Transaction Log requires two signatures; the signature of the person who collected the money, and the signature of the reviewing supervisor who completed the verification checklist.

Audit observed the Transaction Logs that are completed at the end of each shift. The Transaction Logs are completed at the time of each transaction. The top portion of the Transaction Log is completed by the Supervisor and serves as a reconciliation process that is completed before the court packet is prepared and placed in the lockbox with the collected monies.

Recommendation was Fully Implemented.

- 7. Any discrepancies found need to be reported to the management immediately and thoroughly investigated before actions are made**

City Manager's Response was: I have reviewed your audit and concur with your findings.

Follow-up: The Detention Center Cash Office Procedures for Class "C" Misdemeanors was revised in November 2008 to include:

If there is a discrepancy with the totals, the supervisor should enlist the assistance of a third person to count the monies and verify all totals. The supervisor will submit a memorandum to the Detention Center Lieutenant when:

- The discrepancy is not resolved by the end of their shift or,*
- The discrepancy (resolved or not) involves an error greater than \$20 or,*

- *The discrepancy correction results in the return of money to a citizen or,*
- *The supervisor believes that the discrepancy is the result of unlawful activity*

Audit judgmentally sampled and reviewed approximately 130 Detention Center Transaction Logs from July 14, 2009 to August 23, 2009 for overages and shortages and found one collection error in the amount of \$193.00. The error had already been found and corrected by the Detention Center Administrator the day the error took place. The Detention Center Administrator supplied audit with a copy of the memorandum issued explaining the cause of the error and proof of the monies returned to the customer.

Recommendation was Fully Implemented.

We want to thank management and staff for their assistance on this follow up audit. Their assistance was essential for the successful completion of our work.