



Internal Audit Department

O R A N G E C O U N T Y

AUDIT HIGHLIGHT

May 16, 2012

INTERNAL CONTROL AUDIT: SHERIFF-CORONER INMATE WELFARE FUND AND SELECTED JAIL COMMISSARY PROCESSES Audit No. 1123

WHY IS THIS AUDIT IMPORTANT?

Under the California Penal Code Section 4025, the Inmate Welfare Fund is mandated to provide services essential for the benefit, welfare, and educational needs of inmates confined in detention facilities. The Sheriff-Coroner's Inmate Services Division administers the Inmate Welfare Fund and the Jail Commissary operations. Profits from jail commissary operations are one revenue source of the Inmate Welfare Fund. Disbursements from the Inmate Welfare Fund are used to provide inmate support services, and educational, vocational, and recreational programs to foster rehabilitation and reduce recidivism. As of June 30, 2011, the Inmate Welfare Fund had **\$3.5 million in revenues** and **\$4.4 million in expenditures**, and required an \$875,000 fund balance transfer to cover the difference between revenues and expenditures.

WHAT THE AUDITORS FOUND?

Successes

Our audit found that internal controls and processes over Inmate Welfare Fund receipts are effective and adequate to ensure receipts are valid, timely, and supported in accordance with California Penal Code Section 4025, as well as County and Sheriff-Coroner policies and procedures. In addition, our audit found that internal controls and processes over Inmate Welfare Fund disbursements are effective and adequate to ensure disbursements are valid, supported, timely, and made in accordance with California Penal Code 4025, and with County and Sheriff-Coroner policies and procedures.

Audit Findings and Control Recommendations

Our audit disclosed issues concerning the administration and monitoring of the Inmate Welfare and Jail Commissary Funds, particularly concerning a trend of declining fund balances available, and related policy and procedures for profit transfers and use of operating reserves. As such, we identified **four (4) Significant Control Weaknesses** and **three (3) Control Findings** regarding the recording and reconciling inmate trust accounts, declining fund balances in the Inmate Welfare and Jail Commissary Funds, the methodology of determining prices of commissary items, jail commissary physical inventory controls, and jail commissary order forms.