

MUNICIPAL AUDITING REPORT

CITY OF ROANOKE

**SHERIFF'S CANTEEN AND
AUXILIARY FUNDS**

July 31, 2013

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*Municipal Auditing Department
Chartered 1974*

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BACKGROUND

The Roanoke Sheriff's Office is responsible for the orderly operation and management of the jail, transportation of prisoners, security of the courthouse and courtrooms for the local District and Circuit Courts, and serving civil process and mental hygiene warrants. Per the Sheriff's web site, the goals of the Roanoke City Jail are to protect the community, to carry out judgments imposed by the courts, to provide a safe and humane environment for those committed to their custody, and to strive to increase the number of inmates who return to the community as law-abiding citizens.

The Compensation Board for the Commonwealth of Virginia reported that the Roanoke City Jail and Jail Annex had a rated operating capacity of 409 inmates, an average daily population of 609 inmates, and an average expense per inmate day of \$69.74 for the fiscal year ending June 30, 2011, the most recently reported year on its website. The Roanoke City Sheriff's Office reported an average daily population of 608 inmates for the fiscal year ending June 30, 2013. Based on the three year staffing history reported in the City's 2014 adopted budget, the Sheriff's Office had 209 full time equivalents for the fiscal year ending June 30, 2013. The City's accounting system reported posted expenditures totaling \$17,381,036 for the Sheriff's Office for the year ending June 30, 2013, as of August 8th.

The Sheriff's Office is nationally accredited through both the American Correctional Association and the National Commission on Correctional Health Care. The Office is also certified by the Virginia Board of Corrections every three years, most recently on July 24, 2013. The Sheriff's Office must comply with rules and regulations as promulgated by the Virginia Department of Corrections in accordance with the Code of Virginia.

The Code of Virginia provides that Sheriff's Offices can operate a canteen that offers inmates comfort items such as soft drinks, snacks, personal care products, and non-prescription medications. The Roanoke Sheriff's Office contracts with Swanson Services Corporation to operate the jail canteen. Inmates may purchase items from the canteen three times per week, when they have funds available to spend.

Inmate funds are held in trust by the Sheriff's Office and are accounted for using the COBRA banker system provided by Swanson. The Sheriff's Office sets up a trust fund for each inmate admitted to the jail. Any monies taken from the inmate or deposited on the inmate's behalf are

entered into the trust account; the inmate's purchases from the canteen and other fees assessed for his or her care at the jail are charged against the available balance in the account. Inmate trust accounts can develop a negative balance as prisoner care fees continue to be assessed against their trust accounts regardless of available balances. Inmates who have negative balances are not allowed to purchase comfort items from the canteen.

Swanson remits a commission of 37.5% to the Sheriff's Office on virtually all canteen sales. These funds are deposited to a "City Sheriff Canteen Fund" bank account administered by the Sheriff's Office. Per state code § 53.1-127.1, these funds must be used for the benefit of the inmates. Items such as clothing, books, recreation equipment, and hygienic items are examples of purchased considered to benefit jail inmates. In fiscal year 2013, expenditures from canteen funds totaled approximately \$196,351.

The Code of Virginia also allows the Sheriff's Office to charge inmates certain nominal fees to help cover the costs of their incarceration, such as a \$1 fee for each day they are in the jail and copays for medical services. As noted earlier, the fees for prisoner care are charged to the inmate's trust account regardless of available balance. As money comes into the inmate's trust account, it is withdrawn by the Sheriff's Office to satisfy all fees previously assessed. The money is then deposited with the City Treasurer's Office as revenue to be used toward funding the costs of operating the jail. The City's accounting system reported the revenue collected from these fees for fiscal years 2012 and 2013 at \$158,435 and \$166,061 respectively.

The *Specifications for Audits of Counties, Cities, and Towns* sets standards for audits of local governments in Virginia. This document is promulgated by the Virginia Auditor of Public Accounts and contains audit procedures as required by the Code of Virginia, Section §15.2-2511. Section 2.7 of the specifications defines audit requirement related to the Canteen Fund and various inmate fees.

OBJECTIVES

1. To agree revenue and expense amounts from Canteen Fund activity to the accounting ledger.
2. To determine if disbursements from the Canteen Fund benefited the inmates as required by state law.
3. To determine if medical co-payments were properly credited to the accounting ledger and used to defray inmate medical program costs.
4. To determine if other fees collected from inmates were deposited with the City of Roanoke Treasurer and used to defray the cost of jail operations.

SCOPE

The scope of the audit included revenue and expenditure transactions related to the Canteen Fund and other inmate fees occurring from July 1, 2012, through June 30, 2013, and Canteen Fund account balances as of June 30, 2013.

This engagement has been designed to satisfy the requirements set out in Section 2-7 of the *Specifications for Audits of Counties, Cities, and Towns*, as published by the Virginia Auditor of Public Accounts in August 2011.

METHODOLOGY AND RESULTS

The following describes the audit procedures we performed as a basis for accomplishing our audit objectives:

- Prepared a cash proof to determine if Canteen Fund revenues, expenditures, and cash balances reported by the Sheriff's Office are consistent with deposits, withdrawals, and the account balance reported by the Bank.

Result: We were able to verify total deposits of \$233,447 and withdrawals of \$194,048 reported by the bank were consistent with the revenues and disbursements reported in the Sheriff's accounting system. The ending cash balance in the Canteen Fund bank account at June 30, 2013 was \$133,325.

- Obtained the monthly commission reports from Swanson Services Corporation and recalculated commissions based on the qualifying canteen sales reported and the commission rate specified in the contract. We then traced commission payments to the bank statements for the Canteen Fund checking account.

Result: We verified that Swanson properly remitted all commissions to the Sheriff's Office resulting in deposits totaling \$224,255 to the Canteen Fund checking account.

- Scanned all disbursements reported on the Canteen Fund Register report looking for unusual amounts and out of the ordinary vendors. We selected two (2) disbursements from each month for a total of 24 expenditures. We reviewed supporting documentation for each of the sampled expenditures to determine if each one was for education, recreational or other purposes which benefited the inmates.

Result: We determined that all expenditures were for supplies and services that benefited the inmates

- Selected a sample of eight weekly reports from the jail accounting system showing the medical co-payments collected by the Sheriff's Office. We traced amounts to a validated receipt from the City Treasurer's Office and into the City's general ledger.

Results: We noted no exceptions; all co-pays tested were deposited with the City Treasurer's Office into the appropriate revenue account. These revenues were used to offset the expenses of the inmate's medical program.

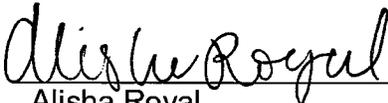
- For the same sample noted above, we traced other fees paid by inmates to the corresponding validated receipt from the City Treasurer's Office and finally into the City's general ledger.

Results: We noted no exceptions; all fees that we tested were deposited with the City Treasurer's Office and used to offset jail operating expenses:

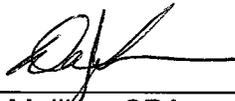
CONCLUSION

We conclude that canteen revenues and expenses were properly reported and used for the benefit of the inmates. Medical co-payments were properly credited to the accounting ledger and used to defray the costs of providing medical care to inmates. Other fees collected from inmates were deposited with the City Treasurer and used to defray the costs of operating the jail.

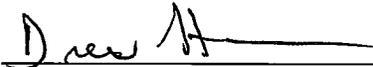
We would like to thank the Sheriff and her staff for their assistance and cooperation during the audit process.



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