



**OFFICE OF AUDITOR OF STATE**  
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**NEWS RELEASE**

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FOR RELEASE \_\_\_\_\_ June 28, 2011 \_\_\_\_\_

Auditor of State David Vaudt today released a report on a special investigation of the Tama County Sheriff's Office. The report covers the period January 1, 2007 through December 31, 2010 and certain transactions prior to January 1, 2007 for which adequate documentation was available. The special investigation was requested by the Tama County Sheriff as a result of alleged misappropriation of County funds by the former Jail Administrator, Gwen Wathan. Ms. Wathan had been the Jail Administrator for approximately 11 years. She was placed on unpaid administrative leave on November 5, 2010 and was subsequently terminated from her position as Jail Administrator, effective December 14, 2010.

Vaudt reported the special investigation identified \$46,752.15 of undeposited collections and unbilled room and board fees. Undeposited collections total \$35,034.94 and include \$18,422.00 of room and board fees from individuals who established a payment plan or participated in the work release program, \$11,362.94 of commissary collections and \$5,250.00 of cash bonds received for individuals with warrants outside of Tama County. Unbilled room and board fees total \$11,717.21 and include fees to be paid by individuals for whom a payment plan could not be located.

Vaudt also reported it was not possible to determine if additional collections were not properly deposited because adequate records for collections were not available. Documentation not available included receipts for collections, monthly reconciliations, a comprehensive listing of individuals on payment plans and an accounts receivable listing of individuals with obligations to the Tama County Sheriff's Office. Vaudt also reported it is not possible to readily identify additional individuals who were not properly billed by Ms. Wathan or the amount owed to the Sheriff's Office.

The report includes recommendations to strengthen the Sheriff's Office internal controls and overall operations, such as improving segregation of duties, performing bank reconciliations,

reconciling board and lodging billings to collections, preparing an initial receipts listing and depositing of collections.

Copies of the report have been filed with the Tama County Attorney's Office, the Attorney General's Office and the Iowa Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/specials/1010-0086-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION  
OF THE  
TAMA COUNTY SHERIFF'S OFFICE  
FOR THE PERIOD  
JANUARY 1, 2007 THROUGH DECEMBER 31, 2010**

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Auditor of State's Report

To Dennis Kucera, Tama County Sheriff,  
and the Tama County Board of Supervisors:

As a result of alleged improprieties regarding certain collections and at your request, we conducted a special investigation of the Tama County Sheriff's Office (Sheriff's Office). We have applied certain tests and procedures to selected financial transactions of the Sheriff's Office for the period January 1, 2007 through December 31, 2010, or as otherwise noted. Based on discussions with Sheriff's Office personnel and representatives of the Division of Criminal Investigation (DCI) and a review of relevant information, we performed the following procedures for the period specified:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Scanned all images of checks from the Sheriff's Office bank accounts for reasonableness. We examined all disbursements issued to other counties to determine if they were appropriate.
- (3) Examined deposits to the Sheriff's Office bank accounts to determine the source, purpose and propriety of each deposit and to determine if deposits were made intact.
- (4) Confirmed payments to the Sheriff's Office by the Meskwaki Nation Police Department to determine whether they were properly deposited to the Sheriff's Office bank accounts in a timely manner.
- (5) Examined commissary collections to determine if the collections were properly accounted for and deposited for the period January 1, 2007 through February 9, 2011. The period December 1, 2010 through February 9, 2011 was reviewed for comparative purposes only.
- (6) Examined room and board collections to determine if the collections were properly accounted for and deposited.
- (7) Reviewed room and board collection records to determine if individuals were properly billed and if the payments were properly recorded.
- (8) Examined work release collections records to determine if all individuals paid and if payments were properly accounted for and deposited for the period January 1, 2007 through February 28, 2011. The period December 1, 2010 through February 28, 2011 was reviewed for comparative purposes only.
- (9) Reviewed available records for cash bonds received by the Sheriff's Office for individuals with warrants issued from other counties to determine if they were properly deposited.
- (10) Examined available receipt books to determine if recorded cash collections were properly accounted for and deposited.
- (11) Obtained and reviewed personal bank statements for accounts held at certain financial institutions by Gwen Wathan, the former Jail Administrator, to identify

the source of certain deposits. We also reviewed disbursements from the accounts to determine if any payments were made to the Sheriff's Office.

- (12) Obtained and reviewed gambling records from certain casinos for the former Jail Administrator to identify any unusually large amounts wagered at the facilities. If significant winnings were identified, we examined personal bank statements to determine if similar amounts were deposited.

These procedures identified \$46,752.15 of undeposited collections and unbilled room and board fees. We were unable to determine if additional collections were not properly deposited because adequate records for receipts were not available. It is also not possible to readily identify additional unbilled room and board fees or the amount owed to the Sheriff's Office. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibit A** of this report.

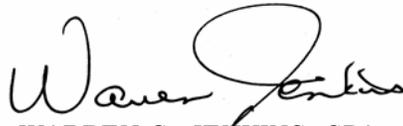
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Tama County Sheriff's Office, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Tama County Attorney's Office, the Attorney General's Office and the Division of Criminal Investigation.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Tama County Sheriff's Office during the course of our investigation.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 15, 2011

Tama County Sheriff's Office

Investigative Summary

**Background Information**

Gwen Wathan was hired as a Jailer at the Tama County Sheriff's Office on October 26, 1990 and was appointed Jail Administrator on September 13, 1999. As Jail Administrator, Ms. Wathan worked Monday through Friday from 8:00 a.m. until 4:30 p.m. and was responsible for the overall operation of the jail facility, which included all financial and accounting aspects of the facility. The financial and accounting information Ms. Wathan was responsible for includes:

- 1) Commissary collections – collecting, posting to the accounting records and making bank deposits,
- 2) Room and board – preparing and mailing billings (payment plans), posting collections to individual accounts and accounting records and preparing and making bank deposits,
- 3) Cash bonds from other counties – collecting, posting to the accounting records, preparing and making bank deposits, preparing checks and signing checks,
- 4) Purchasing – ordering and maintaining inventories of food supplies, hygiene products, clothing, bedding and commissary items,
- 5) Disbursements – placing orders for Commissary supplies, receiving invoices, posting to the accounting records, preparing checks and signing checks,
- 6) Bank accounts – reconciling monthly bank statements for the Commissary and Room and Board accounts to accounting records and
- 7) Reporting – preparing monthly financial reports.

According to representatives of the Sheriff's Office, Ms. Wathan began delegating some of her responsibilities, such as preparing payment plans, month end reports for the commissary, placing commissary orders, preparing schedules and miscellaneous filings, to the 7 County Jailers. However, according to the Sheriff, he was unaware Ms. Wathan delegated responsibilities to the Jailers and he would not have approved the delegation of duties if he had been asked.

The Sheriff's Office collects room and board fees and commissary revenues. Room and board fees are received from individuals, families or other governmental agencies for housing incarcerated individuals at the County jail. Commissary collections are received from individuals or outside sources for the incarcerated individuals to purchase items, such as candy and personal hygiene products, while incarcerated at the County Jail. The Sheriff's Office also receives bail money from individuals within Tama County or from other counties in which the individual may have had an outstanding warrant.

All individuals arrested are processed when they arrive at the Sheriff's Office. According to representatives of the Sheriff's Office, the arresting officer takes the individual to the booking room and either the arresting officer or a Jailer on duty completes an arrest report, personal data sheet and a medical sheet. An arrest report includes information regarding the individual, such as name, height, weight and the arrest charges, such as outstanding warrant or operating while intoxicated. The personal data sheet includes detailed information regarding the individual's clothing worn when arrested, items on the individual when booked, such as a wallet and cell phone and the number of credit cards or cash on the individual. The medical sheet includes the types of medication the individual takes or any known medical problems, such as diabetes.

After the individual has been processed, he or she waits to see the magistrate judge to make an initial appearance and receive release conditions, if applicable. If the judge sets bond conditions, the individual may be released once the bond conditions are met. If the individual is released on bond, the individual is to return to court for a trial. A sentencing order will be completed if there is a guilty plea or a guilty verdict.

If individuals are subsequently found guilty on the charges and sentenced to serve time in the County jail, the judge will order the individuals to fulfill the sentencing order through a work release program or serve the days consecutively in jail. For the individuals who serve their time consecutively, a payment plan is to be established. If individuals are subsequently found not guilty or the charges are dropped, the individuals are not billed for room and board fees.

- **Work Release** – If allowed by the judge, the individual can complete the jail sentence on weekends or other days throughout the week to allow the individual to continue to work. According to representatives of the Sheriff's Office, individuals are required to call the Sheriff's Office to schedule days to serve jail time, which allows the Sheriff's Office to ensure a cell is available. When individuals arrive to serve jail time, the individual is required to have the appropriate amount of money with them to pay room and board fees before they are allowed to stay at the jail. Prior to May 1, 2009, individuals incarcerated in the jail were charged \$40.00 per day for room and board. After May 1, 2009, the room and board fee increased to \$50.00 per day.

According to representatives of the Sheriff's Office, if the individuals do not have money when they arrive, they are turned away and required to reschedule their stay. The representatives of the Sheriff's Office also stated cash is the only form of payment accepted for individuals completing their sentence through work release.

If the individual has the cash to pay their room and board fee, a Jailer will take the individual back to the booking room. In the booking room, the individual completes a medical history report and a personal data sheet which documents and describes items taken from the individual to be returned at the end of the served jail time.

- **Payment Plans** – If the judge orders an individual to serve jail time without the option of completing the sentencing order on weekends or around the individual's work schedule, the individual is required to serve the jail time in consecutive days until the sentencing order has been fulfilled. The individual may be given credit for time previously served for the charges, which reduces the remaining jail time. If the individual was previously released on bond and served enough jail time prior to being released, the individual may not be required to return to jail.

Ms. Wathan was responsible for billing the individual for the number of days spent in jail. The billing process included a payment plan agreement and a letter stating the amount owed as a result of their jail time. The agreement and letter were sent via certified mail by Ms. Wathan.

If the individual was not released on bond but served enough jail time to fulfill the sentencing order, the individual was released after sentencing. However, prior to being released, the individual was required to review the payment plan agreement and sign the agreement. A copy of the agreement was given to the individual.

For all payment plans, any payments made on the plans must be sent to the Sheriff's Office.

According to representatives of the Sheriff's Office, when a payment is received, a pre-numbered triplicate receipt is prepared in the booking room by either the Jailer on duty or the Jail Administrator. The white copy of the receipt is given to the individual remitting payment and the pink copy is maintained at the Sheriff's Office in the booking room. The

yellow copy of the receipt is attached with the cash or checks received and placed in a locked drawer holding all cash and/or checks collected.

For collections received through the mail, any mail labeled with attention to a specific person is not opened but placed in the individual's box. Collections received through the mail are to be recorded in the same manner as collections received at the Sheriff's Office. We were unable to locate receipts for collections for the period January 1, 2007 through November 30, 2010.

In late August 2007, the Sheriff's Office began using Stellar software in conjunction with the Money Manager system, which is an electronic money counter, to track commissary collections. The Money Manager system counts cash and check collections and automatically records the amount counted in the Stellar software. According to representatives of the Sheriff's Office, once the amount counted is automatically recorded in the Stellar software program, the Jailer enters the appropriate individual's information, such as name and date, and a receipt is printed and provided to the individual. According to representatives of the Sheriff's Office, Stellar software was also capable of tracking room and board collections, which would provide monthly reports of outstanding balances and provide receipts for individuals showing the remaining balances. However, Ms. Wathan declined to use the Stellar software. Instead, she listed room and board collections by hand.

The Money Manager system has a drawer located on the bottom into which all collections are placed after they are counted. The drawer is locked and the 2 night Jailers have access to the drawer. Every Tuesday night, a night Jailer removes the money from the locked drawer and compares commissary collections to the cash drawer report prepared by the Stellar software. After reconciling the report to the commissary collections, a deposit slip is prepared by the night Jailer and placed in a bank bag. Prior to her departure, the bank bag was placed in Ms. Wathan's locked drawer and Ms. Wathan was responsible for making the commissary collections deposit to the Inmate Commissary Fund bank account.

According to the night Jailer, all other collections, such as room and board fees and cash bonds, were removed from a separate locked drawer in the booking room on Tuesday nights and placed in Ms. Wathan's drawer. The night Jailer also stated Ms. Wathan instructed the 2 night Jailers not to count the collections or prepare a deposit. Ms. Wathan prepared the deposit and made the deposits for these collections. For room and board collections, the Sheriff's Office established a separate bank account named Inmate Trust Account to separate collections from other revenue sources. However, the cash bonds were either taken to the Tama County Clerk of Court for residents of Tama County or deposited in the Inmate Trust Account for individuals residing outside of Tama County.

On May 17, 2010 the Office of Auditor of State released a report on a special investigation of the Tama County Sheriff's Office and Tama County Clerk of Court's Office. As a result of certain discrepancies identified with cash bonds, the Sheriff's Office began maintaining a separate receipt book for cash bonds and collection of room and board fees starting in July 2009. In addition, cash bond collections were locked in a separate drawer from the room and board fees to ensure collections were not misplaced.

In October 2010, the Sheriff's Office was contacted by the County's independent auditing firm because Ms. Wathan had not provided documentation requested, such as bank statements and monthly reports for commissary and room and board transactions. According to the Sheriff, he confronted Ms. Wathan regarding the requested information and Ms. Wathan stated she was unable to provide the documentation requested.

On November 3, 2010, the Sheriff received a phone call from a local vendor regarding unpaid invoices for the months of July through October for jail groceries. The Sheriff also received a phone call in early November from a local police department regarding payments of detained inmates issued to the Sheriff's Office which were still outstanding because they were not cashed or deposited for the period June through September 2010.

On November 4, 2010, the Sheriff requested Ms. Wathan provide all unpaid invoices, undeposited checks, any mail not opened and bank deposit information to him by November 5, 2010. However, on November 5, Ms. Wathan did not provide the Sheriff any of the information requested. As a result, he placed Ms. Wathan on administrative leave without pay for 3 days. After Ms. Wathan was placed on leave, her work area was searched and the Sheriff found 8 undeposited checks totaling \$8,650.00 in a file cabinet located in Ms. Wathan's office. Of these checks, 1 was dated November 2009.

After Ms. Wathan's 3 day administrative leave, Ms. Wathan returned to work. However, on November 24, 2010, Ms. Wathan was placed on administrative leave with pay until further notice to allow the Sheriff to further investigate or locate records.

On December 3, 2010, the Sheriff and Board of Supervisors requested the Office of Auditor of State perform an investigation of the Sheriff's Office financial transactions. As a result, we performed the procedures detailed in the Auditor of State's Report for the period January 1, 2007 through December 31, 2010.

On December 14, 2010, Ms. Wathan was terminated from her position as Jail Administrator with the Tama County Sheriff's Office.

### **Detailed Findings**

These procedures identified \$46,752.15 of undeposited collections and unbilled room and board fees. We were unable to determine whether additional collections were not properly deposited because adequate records for receipts were not available. Documentation not available included receipts for collections, monthly reconciliations, listings of individuals on payment plans and an accounts receivable listing for individuals with obligations to the Tama County Sheriff's Office. It is not possible to readily identify additional unbilled room and board fees or the amount owed to the Sheriff's Office.

The unbilled room and board fees identified total \$11,717.21. The \$35,034.94 of undeposited collections includes:

- \$18,022.00 of room and board collections from individuals participating in work release,
- \$400.00 of room and board collections received from individuals with payment plans,
- \$11,362.94 of commissary collections and
- \$5,250.00 of cash bonds for inmates with warrants issued in counties other than Tama County.

All of our findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

### **UNDEPOSITED COLLECTIONS AND UNBILLED FEES**

As previously stated, the Sheriff's Office receives room and board fees and commissary revenues. Room and board fees are received from individuals or the individuals' families for housing incarcerated individuals at the County jail and commissary revenues are received from individuals or others for the incarcerated individuals to purchase items, such as candy and personal hygiene products, from the jail. Room and board fees are collected from some individuals before they are incarcerated and are billed to others after their incarceration. The Sheriff's Office also receives bail money from individuals within Tama County or from other counties to address an outstanding warrant. We reviewed documentation related to these revenue sources to determine if collections were properly deposited.

**Room and Board Fees** – According to Sheriff’s Office staff we spoke with, individuals sentenced to serve jail time are charged room and board fees. Prior to May 1, 2009, the daily charge for room and board was \$40.00. After May 1, 2009, the daily charge increased to \$50.00.

If allowed by the sentencing order, the individuals may complete the sentence through a work release program. Otherwise, the individual must serve the days ordered consecutively. The processes for work release and consecutive days are discussed in detail in the following paragraphs.

- **Work Release** – As previously stated, if allowed by the judge, the individual can complete their jail sentence on weekends or other days throughout the week to allow the individual to continue to work. Also as previously stated, Ms. Wathan was responsible for posting and depositing room and board fees collected. According to a representative of the Sheriff’s Office, the 2 night Jailers were instructed to not count or prepare a deposit slip for room and board fees collected.

According to representatives of the Sheriff’s Office, individuals on work release are coded differently in the accounting system by Sheriff’s Office personnel to distinguish them from individuals not on work release. We obtained a listing of all individuals coded as work release for the period January 1, 2006 through February 28, 2011. The listing included the individual’s name, booked in date, time and released date. As a result, we were able to calculate the number of days the individual served and determined the amount of cash to be collected for the individual based on the room and board rate. Because all individuals participating in the work release program are required to pay their room and board fees prior to each night they stay at the jail, we were able to determine the amount of room and board fees collected from the individuals.

We also obtained images of deposit slips from the Sheriff’s Office bank statements for the period January 1, 2006 through February 28, 2011. The images of the deposits slips included from whom the payment was received, payment type, such as cash, check or money order, and whether it was commissary or room and board. We compared the deposit slips to the amount collected from the individuals included on the work release listing to determine if all collections were properly deposited.

**Table 1** summarizes the amounts collected for work release individuals and the amount of the deposits related to the work release individuals for the period of January 1, 2006 through November 30, 2010.

<b>Calendar Year</b>	<b>Work Release Collections</b>	<b>Amount Deposited</b>	<b>Undeposited Collections</b>
2006	\$ 8,280.00	6,450.00	1,830.00
2007	8,600.00	6,678.00	1,922.00
2008	8,480.00	5,720.00	2,760.00
2009	4,900.00	3,840.00	1,060.00
2010*	10,600.00	150.00	10,450.00
Total	\$ 40,860.00	22,838.00	18,022.00

\* - Through November 30, 2010.

As illustrated by the **Table**, \$18,022.00 of collections were not properly deposited to the Sheriff’s Inmate Trust Account. We also reviewed the Inmate Commissary Fund account

to ensure work release collections were not deposited to the wrong bank account. We did not identify any deposits for work release in the Inmate Commissary Fund account.

We also obtained a listing of all individuals coded as participating in the work release program for the period December 1, 2010 through February 28, 2011 and performed the same comparison to the itemized deposit slips to determine if all collections were properly deposited subsequent to Ms. Wathan's employment. We determined \$1,200.00 of collections for work release individuals were deposited to the Inmate Trust Account. No other concerns were identified

The \$18,022.00 of undeposited collections summarized in **Table 1** are included in **Exhibit A**.

- **Payment Plans** – As previously stated, an individual is to receive a payment plan if found guilty on charges and sentenced to consecutive days jail time. The payment plan is either given to the individual when released or sent via certified mail. As Jail Administrator, Ms. Wathan was responsible for ensuring all individuals were appropriately billed for room and board fees and received a payment plan. In addition, Ms. Wathan was responsible for preparing the billings, filing the payment plans in the individual's folder and maintaining a list of all outstanding balances.

According to representatives of the Sheriff's Office and based on our observations of records within the Sheriff's Office, Ms. Wathan did not maintain a listing of all individuals with a payment plan and did not follow up with individuals if a payment was not received. Because a mechanism was not in place to track individuals with outstanding balances, we obtained a listing of all individuals, excluding work release participants, showing the individual's name, case number, booked date, released date and disposition of charges to try to identify all incarcerated individuals. We discussed the listing with representatives of the Sheriff's Office and determined the disposition of charges and/or sentencing order was not included in the report because this information is not entered in the computer software.

In order to obtain the sentencing order, each case file with a guilty verdict or plea would have to be pulled and reviewed to determine if jail time was ordered. However, because payment plan records were not properly maintained by Ms. Wathan, we would not be able to determine if a plan was established and not properly filed or never properly created and provided to the individual. In addition, if a plan was established, we would not be able to determine if collections were received and deposited. As a result, we were unable to determine if payment plans were completed for all individuals and we were unable to determine if all collections were properly deposited by Ms. Wathan.

Unbilled Room and Board Fees - According to representatives of the Sheriff's Office, Ms. Wathan had a Jailer prepare the letters which accompanied the payment plans; however, Ms. Wathan was responsible for mailing them. During our investigation, we identified 35 unsent letters dated April and May 2009 on Ms. Wathan's desk waiting to be mailed. We reviewed the 35 letters found on Ms. Wathan's desk to determine if payment plans were established and to determine if collections were received.

For 3 of the 35 letters, we were able to locate a folder which had a payment plan signed by the individual for the same cases and the same dates of incarceration as the unsent letters. We compared the amount due on the signed payment plan in the individual's folder to the amount in the unsent letter and determined the amounts in the letter were significantly lower, as illustrated in **Table 2**.

**Table 2**

Name	Amount per		
	Payment Plan	Letter	Variance
Individual A	\$ 240.00	80.00	160.00
Individual B*	716.25	40.00	676.25
Individual C*	412.73	280.00	132.73
Total	\$ 1,368.98	400.00	968.98

\* - Payment plan includes reimbursement of medical charges.

As illustrated in the **Table**, the variance between the payment plans and the letters totals \$968.98. The variance was discussed with the Jailer to whom Ms. Wathan delegated this responsibility. According to the Jailer, the letter was completed with the forms provided by Ms. Wathan. In addition, according to the Jailer, the letters on Ms. Wathan's desk were originals because they included information, such as sentencing orders and booking information, which is not retained in the individual's folders once a payment plan has been established. Also, according to the Jailer, copies of the actual letter are not retained.

Because the letters were never sent, none of the \$1,368.98 due to the Sheriff's Office was collected. It is unknown if the Sheriff's Office will be able to collect the \$1,368.98 from the 3 individuals.

We were unable to locate folders for the remaining 32 individuals for whom a letter was found on Ms. Wathan's desk. As a result, we were unable to determine if a payment plan had been established. The amounts shown in the letters for the 32 individuals are listed in **Table 3**.

**Table 3**

Individual	Amount	Individual	Amount
1	\$ 1,880.00	17	80.00
2	120.00	18	1,360.00
3	40.00	19	40.00
4	320.00	20	40.00
5	40.00	21	320.00
6	40.00	22	2,000.00
7	240.00	23	200.00
8	40.00	24	40.00
9	160.00	25	240.00
10	560.00	26	80.00
11	80.00	27	40.00
12	80.00	28*	588.23
13	40.00	29	40.00
14	720.00	30	360.00
15	80.00	31	400.00
16	40.00	32	40.00
		Total	\$ 10,348.23

\* - Payment plan includes reimbursement of medical charges.

As illustrated by the **Table**, the letters totaled \$10,348.23. However, because payment plans for the individuals could not be located and sufficient records to determine the amounts due are not readily available, we are unable to determine if the amounts shown in the letters were properly calculated or if they were reduced as done for the 3 individuals included in **Table 2**. By reviewing the jail census reports and certain court records, we were able to determine the 32 individuals were incarcerated in the County’s jail and they were subsequently convicted of an offense. As a result, they owed the Sheriff’s Office for room and board during their period of incarceration.

Because the letters were never sent, none of the \$10,348.23 due to the Sheriff’s Office was collected. It is unknown if the Sheriff’s Office will be able to collect the \$10,348.23 from the 32 individuals.

The \$1,368.98 not billed to the 3 individuals listed in **Table 2** and the \$10,348.23 not billed to the 32 individuals listed in **Table 3** totals \$11,717.21. This amount is included in **Exhibit A** as unbilled room and board fees. Due to the manner in which records were maintained, it is not possible to readily identify additional individuals who were not properly billed by Ms. Wathan or any additional amount due to the Sheriff’s Office.

Current Payment Plans - There were several file cabinets located in Ms. Wathan’s office which held file folders labeled with individual’s names. The file cabinets also included a drawer labeled “current payment plans.” According to representatives of the Sheriff’s Office, Ms. Wathan used this drawer to hold folders for individuals currently making payments on their payment plans. However, we were unable to determine how Ms. Wathan determined which individuals were “current payment plans.” In addition, we were unable to locate payment plans which were paid in full for the period of our review.

As a result, we reviewed all 59 individual payment plans included in the drawer labeled “current payment plans” to determine if payments posted were properly deposited. We identified 3 payments totaling \$300.00 not deposited in the Inmate Trust Account or the Inmate Commissary Fund account. **Table 4** summarizes the 3 payments in date order, including the amount of payment and type of payment, such as cash, check or money order.

<b>Name</b>	<b>Payment Date</b>	<b>Type of Payment</b>	<b>Amount</b>
Individual X	03/26/08	Cash	\$ 50.00
Individual Y	01/15/09	Cash	50.00
Individual Z	July 09	Cash	200.00
Total			\$ 300.00

As illustrated by the **Table**, all 3 payments were cash collections. As previously stated, Ms. Wathan was responsible for posting the collections to the payment plan, preparing the deposit slip and making the deposit.

We also determined 1 individual’s payment plan balance included a reduction in the balance due from \$150.00 to \$50.00 although no payments were recorded for the individual. We were unable to determine when the payments were made because there are no dates included on the payment plan. We reviewed deposit slips to try to identify a payment from the individual, but we were unable to locate a deposit slip which included the individual. As a result, we have determined the \$100.00 to be an undeposited collection. A copy of the payment plan is included in **Appendix 1**.

The 4 payments totaling \$400.00 have been included in **Exhibit A** as undeposited collections.

**Commissary** – As previous stated, every Tuesday night, the night Jailer removed the money from the locked Money Manager drawer and compared collections to the cash drawer report generated from the Stellar software. After reconciling the report to the collections, a deposit slip was prepared by the night Jailer for commissary collections and the collections and deposit slip were placed in a bank bag. The bank bag was placed in Ms. Wathan’s locked drawer and Ms. Wathan was responsible for making the deposit to the Inmate Commissary Fund bank account.

In November 2010, a night Jailer compared weekly cash drawer reports prepared by the Stellar software for the period March 17, 2010 through November 17, 2010 to the deposit slip books to determine if the deposit slips were stamped and had a bank receipt. For the 37 cash drawer reports, the night Jailer was able to locate the carbon copy of 34 deposit slips. However, according to the night Jailer, the remaining 3 carbon copies of the deposit slips were removed from the deposit slip book. The top portion of the perforated carbon copy was still in the book.

We reviewed the deposit slip book and confirmed the top portion of the carbon copy deposit slip was intact in the deposit slip book. In addition, we obtained all cash drawer reports for the period August 28, 2007 through February 9, 2011. We compared the cash drawer reports to deposits recorded in the bank statements for the Inmate Commissary Fund account to determine if all cash drawer reports were properly deposited.

We identified 24 cash drawer reports totaling \$11,362.94 which were not deposited in the Inmate Commissary Fund account or the Inmate Trust Account. **Table 5** summarizes the dates of the cash drawer report and the amounts.

<b>Cash Drawer Report Date</b>	<b>Amount</b>	<b>Cash Drawer Report Date</b>	<b>Amount</b>
07/15/09	\$ 347.80	01/27/10	1,229.85
10/14/09	382.29	02/03/10	279.67
10/21/09	1,169.75	02/10/10	484.46
10/28/09	470.56	02/17/10	210.86
11/04/09	277.26	02/24/10	184.33
11/11/09	669.06	03/03/10	204.43
11/23/09	182.62	03/10/10	163.55
12/08/09	303.12	03/17/10	456.96
12/16/09	132.50	07/21/10	1,490.94
01/06/10	339.04	10/13/10	184.53
01/13/10	802.49	10/20/10	419.98
01/20/10	204.58	10/27/10	772.31
		Total	<u>\$ 11,362.94</u>

As illustrated by the **Table**, there were several consecutive weeks in which Ms. Wathan did not deposit the commissary fund collections to the Sheriff’s Office bank accounts.

Prior to August 28, 2007, the Sheriff’s Office issued pre-numbered triplicate copy receipts for all collections. However, we were unable to locate any receipts for the commissary prior to the implementation of the Stellar software on August 28, 2007. For the period January 1, 2007 through August 27, 2007, we were unable to locate receipts and were unable to determine if commissary collections were properly deposit for this period.

The undeposited collections of \$11,362.94 are included in **Exhibit A**.

**Cash Bonds** – As previously stated, the Sheriff’s Office received cash bonds for individuals residing in Tama County. During our review of the bank statements, we identified checks issued to other counties. According to representatives of the Sheriff’s Office, cash bonds for individuals with warrants issued from other counties are collected at the Sheriff’s Office and a check is issued to the county which issued the warrant.

According to representatives of the Sheriff’s Office, all cash bonds for individuals with warrants issued from other counties are collected and received in the booking room. These cash bonds are deposited in the Sheriff’s Office Inmate Trust Account by Ms. Wathan. In addition, Ms. Wathan was responsible for issuing checks to the appropriate county in the amount of the cash bond received. Because Ms. Wathan was responsible for these cash bonds, we reviewed the bank statements to determine if all cash bonds for individuals with warrants issued from other counties had been properly deposited and a check for the amount of the cash bonds were issued to the appropriate counties for the period January 1, 2007 through December 31, 2010. In addition, because we were unable to locate a listing of all cash bonds received by the Sheriff’s Office, we were unable to determine if additional cash bonds were not properly deposited to the Inmate Trust Account.

We were able to compare names on deposits slips to names on the memo line of the check. However, we identified some checks which only included the case number on the memo line, so we discussed these checks with representatives of the Sheriff’s Office to determine the name of the individual making the cash bond payment.

We identified 6 payments issued to outside counties for which we were not able to trace the corresponding cash bond collection to a deposit slip. **Table 6** summarizes the 6 payments, including check date, check number, payee and amount of check.

**Table 6**

<b>Check Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Amount</b>
11/03/08	1987	Clay County Clerk of Court	\$ 1,000.00
02/03/10	2025	Linn County Clerk of Court	2,000.00
04/06/10	2026	Benton County Clerk of Court	500.00
<i>Not Available</i>	2027	Polk County Clerk of Court	750.00
08/01/10	2047	Fayette County Clerk of Court	500.00
08/30/10	2046	Marshall County Clerk of Court	500.00
Total			<u>\$ 5,250.00</u>

As illustrated by the **Table**, the check amounts range from \$500.00 to \$2,000.00 among 6 counties. Because we were unable to locate the cash bonds deposited in the Sheriff’s Office bank accounts, the 6 payments totaling \$5,250.00 have been included in **Exhibit A** as undeposited collections.

**Meskwaki Nation Police Department** – As previously stated, the Sheriff’s Office receives room and board collections from other agencies for housing individuals at the County jail. The Sheriff’s Office houses individuals for the Meskwaki Nation Police Department if space is available. The Meskwaki Nation Police Department issues a check each month to the Sheriff’s Office for the room and board fees incurred for its individuals.

Because Ms. Wathan was responsible for billing and collecting room and board fees, we obtained a vendor payment history report from the Meskwaki Nation Police Department for the period January 1, 2007 through December 31, 2010 to determine if all payments were properly deposited. We traced 44 of 48 payments to a deposit in the Inmate Trust Account. For the remaining 4 payments, we spoke with a representative of the Meskwaki Nation Police Department to determine if the payments were outstanding or if the payments cleared the bank. According to

the representative of the Meskwaki Nation Police Department, the 4 payments, which were issued between January 18, 2010 through June 3, 2010, had not cleared as of March 24, 2011. According to a representative of the Sheriff's Office, the payments could not be located in Ms. Wathan's desk. As a result, the Sheriff was going to request the checks be re-issued.

In addition to identifying outstanding payments, we determined Ms. Wathan was not making timely deposits. We identified 11 payments issued by the Meskwaki Nation Police Department which were not deposited within 15 business days.

Because we were able to trace the remaining payments from the Meskwaki Nation Police Department to a deposit or identify outstanding checks, further testing was not deemed necessary.

## **DISBURSEMENTS**

As previously stated, Ms. Wathan was responsible for commissary and room and board disbursements, which included placing orders for supplies, receiving invoices, posting to the accounting records, check preparation and signing checks. Because Ms. Wathan was responsible for commissary and room and board disbursements, we scanned all disbursements issued from the Inmate Trust Account and the Inmate Commissary Fund account to determine if disbursements were appropriate for jail operations. We determined all disbursements were appropriate for jail operations, so no further testing was performed.

### **Recommended Control Procedures**

As part of our investigation, we reviewed the procedures used by the Tama County Sheriff's Office to perform bank reconciliations, process receipts and disbursements. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check of those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Tama County Sheriff's Office internal controls.

- A. Segregation of Duties - An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former Jail Administrator had control over each of the following areas for the Sheriff's Office.
- (1) Commissary collections – collecting, posting to the accounting records and making bank deposits,
  - (2) Room and board – preparing and mailing billings (payment plans), posting collections to individual accounts and accounting records and preparing and making bank deposits,
  - (3) Cash bonds from other counties – collecting, posting to the accounting records, preparing and making bank deposits, preparing checks and signing checks,
  - (4) Purchasing – ordering and maintaining inventories of food supplies, hygiene products, clothing, bedding and commissary items,
  - (5) Disbursements – placing orders for commissary supplies, receiving invoices, posting to the accounting records, preparing checks and signing checks,
  - (6) Bank accounts – reconciling monthly bank statements to accounting records and
  - (7) Reporting – preparing monthly financial reports.

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the functions listed above should be segregated. In addition, the Sheriff should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.

- B. Bank Reconciliations - During our investigation, we determined reconciliations of the Sheriff's Office accounting records to the bank balances had not been performed on a monthly basis. In addition, the former Jail Administrator was the only person reviewing the bank statements.

Recommendation - To improve financial accountability and control, a monthly reconciliation of the Sheriff's Office accounting records to the bank balances should be prepared by an independent person and retained. Any variances should be investigated and resolved in a timely manner. The Sheriff should also ensure an independent party reviews the bank reconciliations and bank statements in a timely manner. In addition, the Sheriff should ensure an independent person receives the bank statements to allow for an independent review.

- C. Room and Board - We identified several control weaknesses related to the administration of the County jail. The following concerns were identified:

- Receipts are not issued for payments received for room and board.
- Reconciliations between the inmate accounts and the payments received for room and board are not completed.
- Reconciliations between the amount collected for room and board and the amount deposited to the bank are not completed.
- No tracking or monitoring of payment plans.
- The Stellar software is capable of tracking all room and board collections and preparing monthly reports. However, the software has not been used for this purpose.

Recommendation - The following procedures should be implemented:

- Receipts should be issued for payments received for room and board.
- Reconciliations between the inmate accounts and the payments received for room and board should be completed by someone independent of collecting the payments.
- Reconciliations between the amount collected for room and board and the amount deposited to the bank should be completed by someone independent of any collection or deposit duties.
- Procedures should be developed to ensure all payment plans are properly prepared.
- Procedures should also be developed which ensure the software purchased is used to track all collections. Prior to the end of fieldwork, the Sheriff's Office began to use the Stellar software to track cash bonds and current individual's room and board collections.

- D. Pre-numbered Receipts - We were unable to locate receipts for cash bonds paid for individuals for whom a warrant was issued by a county other than Tama County, commissary collections and room and board fees.

Recommendation - Pre-numbered receipts should be issued for all collections at the time of collection to provide additional control over the proper collection and recording of all money received. The receipts should periodically be compared to

deposits by an independent party. In addition, all receipts should be maintained to ensure proper record keeping.

- E. Initial Receipt Listing – The mail opener only opens mail if it is not addressed to a specific person. All mail addressed to a specific person goes to that person’s box for them to open. Therefore, an initial receipt listing is not prepared for all collections received through the mail.

Recommendation - To improve financial accountability and control, an initial receipt listing should be prepared for all collections received through the mail to ensure all collections have been receipted in at the initial point of contact. In addition, the listing should periodically be reviewed by an independent party.

Prior to the end of fieldwork, the Sheriff’s Office had implemented an initial receipt listing to track all collections received through the mail.

- F. Deposit of Collections – We identified 11 checks which were not deposited in a timely manner by the former Jail Administrator. In addition, we identified 4 checks issued to the Sheriff’s Office during the period January 18, 2010 through June 3, 2010 which had not been deposited in the Sheriff’s Office bank accounts as of March 24, 2011.

Recommendation – The Sheriff’s Office should implement policies and procedures to ensure all collections received are deposited in a timely manner. As previously stated, a monthly reconciliation of the Sheriff’s Office accounting records to the bank balances should be prepared by an independent person and retained.

**Exhibit**

Report on Special Investigation of the  
Tama County Sheriff's Office

Summary of Findings  
For the period January 1, 2007 through December 31, 2010

<b>Description</b>	<b>Table/ Page Number</b>	<b>Amount</b>
Undeposited collections:		
Room and board fees:		
Work release	<b>Table 1</b>	\$ 18,022.00
Current payment plans	<b>Page 12</b>	400.00
Commissary	<b>Table 5</b>	11,362.94
Cash bonds	<b>Table 6</b>	<u>5,250.00</u>
Total undeposited collections		\$ 35,034.94
Unbilled room and board fees		<u>11,717.21</u>
Total	<b>Page 12</b>	<u><u>\$ 46,752.15</u></u>

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Report on Special Investigation of the  
Tama County Sheriff's Office

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director  
Melissa J. Knoll-Speer, Senior Auditor

  
Tamera S. Kusian, CPA  
Deputy Auditor of State

## **Appendix**

**Report on Special Investigation of the  
Tama County Sheriff's Office**

