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**NEWS RELEASE**

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FOR RELEASE \_\_\_\_\_ October 5, 2011 \_\_\_\_\_

Auditor of State David Vaudt today released a report on a special investigation of the Bremer County Sheriff's Office for the period January 1, 2009 through March 17, 2011. The special investigation was requested by the Iowa Division of Criminal Investigation (DCI) on behalf of the Sheriff's Office as a result of alleged misappropriation of funds by the former Jail Administrator, Jeremy Eberhart. Mr. Eberhart had been the Jail Administrator for approximately 4½ years. He was placed on paid administrative leave on March 17, 2011 and was subsequently terminated from employment, effective April 11, 2011.

Vaudt reported the special investigation identified \$12,507.00 of undeposited collections, which consisted of room and board fees from individuals with an established payment plan agreement or who were in the work release program. Vaudt also reported it was not possible to determine if additional collections were not properly deposited because adequate records for all collections were not available. Documentation not available included monthly reconciliations and some receipts for collections. Vaudt also reported it is not possible to readily identify additional individuals who were not properly billed by Mr. Eberhart or the amount owed to the Sheriff's Office because records were not maintained or available identifying individuals billed or to be billed.

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 room and board billings to collections and depositing collections.

Copies of the report have been filed with the Bremer 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/1010-0009-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION  
OF THE  
BREMER COUNTY SHERIFF'S OFFICE  
  
FOR THE PERIOD  
JANUARY 1, 2009 THROUGH MARCH 17, 2011**

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Auditor of State's Report

To Duane Hildebrandt, Bremer County Sheriff,  
and the Bremer County Board of Supervisors:

As a result of alleged improprieties regarding certain collections and at the request of the Iowa Division of Criminal Investigation (DCI) on behalf of the Bremer County Sheriff's Office, we conducted a special investigation of the Bremer 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, 2009 through March 17, 2011, or as otherwise noted. Based on discussions with Sheriff's Office personnel and representatives of the DCI and a review of relevant information, we performed the following procedures for the period specified:

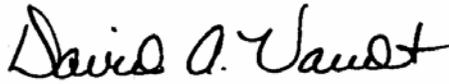
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Examined deposits to the Sheriff's Office bank accounts to determine the source, purpose and propriety of each deposit and to determine if deposits were made intact.
- (3) Examined room and board payment plan agreements to determine if the collections were properly accounted for and deposited. In addition, we compared room and board payment plan agreements to customer statements recorded in Quickbooks to determine if all payment plan agreements were properly recorded.
- (4) Reviewed room and board records to determine if individuals were properly billed and if the payments were properly recorded.
- (5) Examined selected receipts to determine if the collections were properly accounted for and deposited.
- (6) Examined available receipt books to determine if recorded cash collections were properly accounted for and deposited.
- (7) Obtained and reviewed personal bank statements for accounts held at certain financial institutions by Jeremy Eberhart, 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.
- (8) Examined receipts recovered at Mr. Eberhart's home by the DCI to determine if the related collections were properly recorded and deposited.

These procedures identified \$12,507.00 of undeposited collections for room and board fees from individuals with an established payment plan agreement or who were in the work release program. 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 **Exhibits A** and **B** 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 Bremer 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 Bremer 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 Bremer 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

August 22, 2011

Bremer County Sheriff's Office  
Investigative Summary

**Background Information**

Jeremy Eberhart was hired as a Jailer at the Bremer County Sheriff's Office on April 4, 2005 and was appointed Jail Administrator in December 2006. As Jail Administrator, Mr. Eberhart worked Monday through Friday from 8:00 a.m. until 4:00 p.m. and was responsible for the overall operation of the jail facility, which included limited financial and accounting aspects of the facility. The financial and accounting information Mr. Eberhart was responsible for included:

- 1) Room and board – preparing billings (payment plan agreements), contacting individuals for payment, posting collections to individual accounts and accounting records and preparing and making bank deposits and
- 2) Reporting – preparing monthly financial reports.

The remaining financial and accounting information for commissary revenues and cash bonds were segregated among other Jailers and office staff. As a result, Mr. Eberhart was not responsible for the daily or monthly transactions for revenue sources other than room and board collections.

The Sheriff's Office collects room and board fees, commissary revenues, cash bonds and fingerprinting fees. 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 Bremer County or from other counties in which the individual may have had an outstanding warrant. In addition, the Sheriff's Office receives fingerprinting fees for performing background checks for employers.

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 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. The personal data sheet includes detailed information regarding the individual's clothing worn when arrested and items on the individual when booked, such as a wallet, 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 agreement 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 Sheriff's Office prefers the individual have the appropriate amount of money with them to pay room and board fees before they are allowed to stay at the jail. Individuals incarcerated in the jail are charged \$50.00 per day for room and board.

According to representatives of the Sheriff's Office, the *Code of Iowa* allows the Sheriff's Office to collect \$50.00 per day or 50% of the individual's weekly pay check, whichever is less, for the number of days the individual plans to serve that week. Therefore, individuals may bring in their entire pay check and sign the pay check over to the Sheriff's Office, in which case the Sheriff's Office will deposit the check and issue a check to the individual for 50% of the original amount to fulfill the room and board fees. 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 any form of payment is accepted for individuals completing their sentence through work release.

If the individual has the money to pay their room and board fee, a Jailer will take the individual back to the booking room. In the booking room, the Jailer prepares a receipt for the collection of money while 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. After the Jailer receipts in the collection, the Jailer takes the money to Office staff for deposit.

- **Payment Plan Agreements** – 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. If the individual was not released on bond but served enough jail time to fulfill the sentencing order, the individual is released after sentencing.

Prior to being released, individuals who have been sentenced and have completed their sentencing order are required to review and sign a payment plan agreement which establishes the amount they owe for room and board fees and the terms under which the fees will be paid. A copy of the agreement is given to the individual upon release or it is mailed to them. A copy of a payment plan agreement is included in **Appendix 1**.

Mr. Eberhart was responsible for billing individuals in accordance with the terms of the payment plan agreements for outstanding room and board fees. However, according to representatives of the Sheriff's Office, it is unclear if Mr. Eberhart was performing this responsibility.

All payments on the payment plan agreements are to 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 by the Jailer on duty. The white copy of the receipt is given to the individual remitting payment and the pink copy is maintained in the receipt book at the Sheriff's Office in either the booking room or at the jail reception window. The yellow copy of the receipt is attached to the cash or checks received and placed in a hanging file in an unlocked drawer. According to representatives of the Sheriff's Office, room and board

collections were maintained in a hanging file separate from commissary collections to ensure collections would not be commingled.

For collections received through the mail, collections are to be recorded in the same manner as collections received at the Sheriff's Office.

For room and board collections, Mr. Eberhart was responsible for generating an invoice and customer statement on Quickbooks for all individuals with payment plan agreements and posting collections to the individual's customer statements to accurately reflect any outstanding obligations for each individual. In addition, according to representatives of the Sheriff's Office, Mr. Eberhart was the only employee with access to this function on Quickbooks and he had a password which was only known by him. According to representatives of the Sheriff's Office, Mr. Eberhart was responsible for gathering the collections from the hanging file and he took all the collections and receipts to his office to post to Quickbooks. Also, Mr. Eberhart was responsible for taking the collections to the County Treasurer's Office for deposit.

For commissary collections, a specific Jailer is responsible for gathering collections from the hanging file, preparing the deposit and making the deposit to the bank. The deposit slip goes to the Sheriff to be recorded in Quickbooks. In addition, the Sheriff reconciles the account to the bank statements every month and provides the Jailer an account summary statement. Also, each individual's inmate account is maintained in a separate software program by the Sheriff which specifies an account balance at any time. Individuals may request a copy of their statement at any time to review the accuracy of the activity. If an individual has an account balance at the time of their release, the Sheriff reviews the account balance and issues a check to the individual for the amount remaining. According to representatives of the Sheriff's Office, balances remaining in an individual's commissary account are not allowed to be directly applied to a room and board balance by jail staff. However, the individual may issue a check to the Sheriff's Office for the same amount if the individual chooses.

For cash bond collections, the Sheriff is responsible for gathering the collections and giving them to office staff for deposit preparation and deposit to the bank. Once the deposit is made, a check is issued to the Clerk of Court in the amount of the cash bond.

For fingerprinting collections, Jailers collect the money and place it with a receipt in an envelope located in an unlocked drawer in the booking room. Once each month or when the envelope is full, a Jailer takes the envelope to a designated individual for deposit to the bank.

On January 18, 2011, the Chief Deputy requested Mr. Eberhart gather all the room and board payment plan agreements which were past due and place them on his desk. According to the Chief Deputy, he needed the payment plan agreements to contact individuals with past due accounts to attempt to collect the amounts due.

The Chief Deputy was unable to remember the exact date Mr. Eberhart gave the files to him. However, he noticed on March 16, 2011 he had a folder lying on his desk with room and board payment plan agreements. According to the Chief Deputy, he began contacting individuals with past due accounts. The 1<sup>st</sup> individual contacted had a balance of \$100.00; however, the individual's mother was sure her son had paid the balance and believed she kept the receipt. The Chief Deputy requested she call the Sheriff's Office if she was able to locate a receipt. Meanwhile, the Chief Deputy asked Mr. Eberhart if the individual still had a \$100.00 balance and, according to Mr. Eberhart, the individual still showed a balance. The individual's mother subsequently called the Chief Deputy and stated she had receipt number 305831 signed by Mr. Eberhart on August 18, 2010 for a \$100.00 cash payment. After the Chief Deputy received the information, he advised Mr. Eberhart the individual's mother provided a receipt for the payment and asked Mr. Eberhart why a balance was still shown. A short time later,

Mr. Eberhart informed the Chief Deputy the computer showed a \$0.00 balance and he was unsure why it showed a balance previously.

In addition to the 1<sup>st</sup> individual contacted, another individual contacted by the Chief Deputy stated he paid \$350.00 in cash and would look for the receipt.

On March 17, 2011, the Chief Deputy advised Mr. Eberhart the Sheriff requested Mr. Eberhart turn over all the room and board payment plan agreements to the Chief Deputy. Mr. Eberhart was then requested to check on the balance for the 2<sup>nd</sup> individual the Chief Deputy contacted. Mr. Eberhart opened Quickbooks and showed the Chief Deputy there was a balance due of \$350.00. At that time, the Chief Deputy printed all deposit tickets generated by Quickbooks and noticed the last deposit was February 14, 2011. Mr. Eberhart stated he was having problems with the computer and something attacked his Quickbooks which resulted in the computer crashing. However, it was later discovered malware software was installed which would not affect Quickbooks, nor would the software cause the computer to crash.

Later in the day, the Chief Deputy received a call from the 2<sup>nd</sup> individual who stated he had receipt number 396334 issued for \$300.00 in December 2010 and the individual still owed \$50.00. Mr. Eberhart was unable to explain why the computer showed a balance. Because of the concerns identified, the Chief Deputy was given the responsibility for the room and board process and Mr. Eberhart was instructed to gather up collections from the hanging file with receipts and give them to the Chief Deputy. Mr. Eberhart provided a receipt for cash collections of \$60.00 but only \$35.00 in cash was with the receipt. According to the Chief Deputy, Mr. Eberhart stated he was going to have to look further for the other \$25.00 that was to be with the receipt.

As a result of the concerns identified and because the room and board account balance was lower than expected, a representative of the Sheriff's Office contacted the DCI.

The DCI performed a voluntary consent search at Mr. Eberhart's personal residence and found 7 yellow receipts issued from the Sheriff's Office for room and board collections ranging from \$50.00 to \$300.00. Also, 3 other receipts identified as fingerprinting collections were located in Mr. Eberhart's personal vehicle. As a result, Mr. Eberhart was placed on paid administrative leave.

On March 18, 2011, on behalf of the Sheriff's Office, the DCI requested the Office of Auditor of State perform an investigation of the Sheriff's Office financial transactions. On April 11, 2011, Mr. Eberhart was terminated from his position as Jail Administrator with the Bremer County Sheriff's Office. After Mr. Eberhart's termination, the Sheriff and County jail staff located a list of names and 54 receipts for room and board collections in an employee personnel file in Mr. Eberhart's desk.

On April 15, 2011, 2 Jailers were going through riot gear and found 8 yellow pieces of paper tucked between a pair of elbow pads. The yellow pieces of paper were believed to be fingerprinting receipts. The receipts were turned over to the Chief Deputy and later identified as a room and board collection in the amount of \$450.00 and 7 fingerprinting collections totaling \$35.00.

As a result of the Sheriff's request, we performed the procedures detailed in the Auditor of State's Report for the period January 1, 2009 through March 17, 2011.

## Detailed Findings

These procedures identified \$12,507.00 of undeposited collections for room and board fees from individuals with an established payment plan agreement or who were in the work release program. 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 and monthly reconciliations. It is not possible to readily identify additional unbilled room and board fees or the amount owed to the Sheriff's Office.

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

### UNDEPOSITED COLLECTIONS

As previously stated, the Sheriff's Office receives room and board fees, commissary revenues, cash bonds and fingerprinting fees. 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 Bremer County or from other counties in which the individual may have had an outstanding warrant. In addition, the Sheriff's Office receives fingerprinting fees for performing background checks for employers. We reviewed documentation related to these revenue sources to determine if collections were properly deposited.

**Room and Board Fees – Payment Plan Agreements** – As previously stated, the Sheriff determined the balance of the room and board account was lower than expected. All room and board collections received by the Sheriff's Office are to be deposited to the County Treasurer's Office. **Table 1** compares the total cash and checks deposited to the County Treasurer's Office each 6 months for the period October 1, 2009 through March 17, 2011. As illustrated by the **Table**, the amount of cash deposited decreased significantly during this period.

<b>Period</b>	<b>Cash</b>	<b>Checks</b>	<b>Total</b>
10/01/09 – 03/31/10	\$ 2,445.00	6,416.56	8,861.56
04/01/10 – 09/30/10	470.00	4,122.84	4,592.84
10/01/10 – 03/17/11	80.00	5,715.05	5,795.05

According to Sheriff's Office staff we spoke with, individuals sentenced to serve jail time are charged room and board fees. The daily charge for room and board is \$50.00 or 50% of the individual's weekly pay check, whichever is lower.

As previously stated, an individual is to receive a payment plan agreement if found guilty on charges and sentenced to consecutive days jail time. The payment plan agreement is either given to the individual when released or sent via mail. As Jail Administrator, Mr. Eberhart was responsible for ensuring all individuals were appropriately billed for room and board fees and received a payment plan agreement. In addition, Mr. Eberhart was responsible for preparing the billings, posting collections from the payment plan agreements on Quickbooks, maintaining a list of all outstanding balances, deposit preparation and taking the deposit to the County Treasurer.

According to representatives of the Sheriff's Office, Mr. Eberhart was responsible for generating an invoice and customer statement on Quickbooks for all individuals with payment plan agreements and posting all collections to the individual's customer statements to accurately reflect any outstanding obligations for each individual. In addition, according to representatives of the Sheriff's Office, Mr. Eberhart was the only employee with access to this function on Quickbooks and he had a password which was only known by him.

We obtained a copy of Quickbooks from the Sheriff's Office with customer statements for all individuals for the time period January 1, 2009 through March 17, 2011. In addition, we also obtained all payment plan agreements established for individuals who were incarcerated from January 1, 2009 through March 17, 2011.

- **Receipts for Undeposited Collections** – DCI and Sheriff's Office personnel located 62 receipts for room and board collections in Mr. Eberhart's personal residence and personal vehicle, the desk in the Sheriff's Office used by Mr. Eberhart and the riot gear prior to completion of our fieldwork. After fieldwork was completed, the Sheriff's Office located 4 additional receipts in a cleaning supply catalog and a payment plan agreement marked "Paid in Full" in a federal medical billing file on Mr. Eberhart's desk. We compared those receipts to customer statements to determine if the collections identified on the receipt were properly recorded in Quickbooks and were deposited intact to the County Treasurer's Office.

The 66 receipts document payments from 45 individuals. The payments could not be traced to a payment on the customer statements or to a deposit with the County Treasurer. The payments, which total \$5,932.00, are listed in **Exhibit B**. As illustrated by the **Exhibit**, 57 of the 66 payments showed a payment type of cash. The remaining 9 payments did not have a payment type indicated on the receipt.

When reviewing the 66 receipts, we identified an individual whose payment plan agreement showed room and board fees of \$500.00 although the customer statement showed room and board fees of \$300.00. The Sheriff's Office provided a copy of an accounts receivable report for the individual which properly showed the \$500.00 original balance. The accounts receivable report and customer statement show 5 receipts totaling \$260.00 applied to the individual's account. However, the accounts receivable report shows a balance of \$240.00 as of January 7, 2010 and the customer statement shows a balance of \$40.00 as of January 7, 2010. The January 7, 2010 accounts receivable report shows a new balance of \$40.00 without any explanation, such as a payment or credit, for the reduced balance. According to a receipt, the individual paid \$240.00 on June 9, 2010 but we located a deposit to the County Treasurer on June 28, 2010 for \$40.00 with the individual's name. Both the accounts receivable report and the customer statement showed a \$40.00 payment on June 28, 2010 with a balance of \$0.00. We were unable to trace the remaining \$200.00 to a deposit. As a result, we have included the \$200.00 as an undeposited collection in **Exhibit B**. Copies of the accounts receivable report and the customer statement for January 7, 2010 are included in **Appendix 2**. In addition, a copy of the receipt is included in **Appendix 3**.

We also identified Individual A-10 who had a payment plan agreement totaling \$1,300.00 when the customer statement showed a balance of \$1,250.00, a difference of \$50.00. We identified 3 receipts totaling \$65.00 for payments on the payment plan agreement which were not reflected on the customer statement and could not be traced to a deposit with the County Treasurer's Office. As a result, we have included the 3 receipts as undeposited collections in **Exhibit B**.

The undeposited collections totaling \$5,932.00 are included in **Exhibit A**.

- **Collections with Missing Receipts** – Because several receipt books were missing from the Sheriff's Office, we compared payment plan agreements to collections recorded on customer statements. As a result of our comparison, we identified amounts paid by 3 individuals which were not properly deposited and for which the related receipts were not located. The 3 individuals and the amounts paid are listed in **Table 2**. Additional information about each amount is provided after the **Table**.

**Table 2**

<b>Individual</b>	<b>Undeposited Collections</b>
A-4	\$ 350.00
A-22	20.00
A-47	100.00
Total	\$ 470.00

We were unable to locate a receipt for Individual A-4 and Individual A-47. However, the payment plan agreements for Individual A-4 and Individual A-47 were marked “Paid in Full.” According to a representative of the Sheriff’s Office, it is common practice for the Jailer to write “Paid in Full” on the payment plan agreement if full payment of the room and board fees is received upon release of the individual. Also, during our review of customer statements, Individuals A-4 and A-47 did not have a customer statement and payments could not be traced to a deposit with the County Treasurer. As a result, we have included \$350.00 and \$100.00 shown on the payment plan agreements for Individuals A-4 and A-47, respectively, as undeposited collections in **Table 2**.

For Individual A-22, we reviewed a payment plan agreement which was for 14 days at a daily rate of \$50.00, for a total of \$700.00. However, the individual’s customer statement printed from Quickbooks on April 19, 2011 included only 10 days at a daily rate of \$48.00, for a total of \$480.00. According to representatives of the Sheriff’s Office, the daily rate for room and board is \$50.00 and has never changed. As stated previously, Mr. Eberhart was responsible for preparing the customer statements. Because he entered an improper daily rate, the customer statement showed \$220.00 less than the payment plan agreement.

The customer statement for Individual A-22 included 14 payments totaling \$480.00 recorded between September 8, 2009 and June 28, 2010. We were able to trace the 14 payments to a deposit with the County Treasurer. As of June 28, 2010, the Individual’s customer statement showed a \$0.00 balance.

However, using the receipts located by law enforcement officials, we determined Individual A-22 also paid \$20.00 in cash on July 14, 2010 and \$180.00 in cash on August 7, 2010, for a total of \$200.00 which has been included in **Exhibit B**. We were unable to locate a receipt for the remaining \$20.00 of the \$220.00 variance identified between the payment plan and the customer statement. However, because the individual routinely paid each month, the \$20.00 may have been collected in September 2010. In addition, we were unable to locate a \$20.00 deposit with the County Treasurer. As a result, the \$20.00 has been included in **Table 2** as an undeposited collection.

The \$470.00 of undeposited collections with missing receipts is included in **Exhibit A**. Because sufficient records are not available, we are unable to determine if additional collections were not properly deposited.

- **Payment Plan Agreement Differences** – As previously stated, we compared the payment plan agreements to customer statements to determine if all payment plan agreements were properly recorded on the customer statements. We identified 13 individuals for which payment plan agreements did not agree with the customer statement. The 13 individuals’ payment plan agreements, customer statements, receipts and differences are detailed in **Table 3**.

**Table 3**

<b>Individual</b>	<b>Amount per</b>			
	<b>Payment Plan Agreement</b>	<b>Customer Statement</b>	<b>Receipts *</b>	<b>Difference</b>
Individual 1	\$ 350.00	250.00	-	100.00
Individual 2	1,950.00	-	-	1,950.00
Individual 3	400.00	150.00	-	250.00
Individual 4	500.00	250.00	-	250.00
Individual 5	350.00	-	-	350.00
Individual 6	250.00	-	(50.00)	200.00
Individual 7	150.00	-	-	150.00
Individual 8	1,150.00	650.00	(100.00)	400.00
Individual 9	150.00	-	-	150.00
Individual 10	350.00	200.00	(105.00)	45.00
Individual 11	1,500.00	-	-	1,500.00
Individual 12	100.00	50.00	(40.00)	10.00
Individual 13	1,500.00	1,450.00	-	50.00
<b>Total</b>	<b>\$ 8,700.00</b>	<b>3,000.00</b>	<b>(295.00)</b>	<b>5,405.00</b>

\* - We identified receipts which should have been applied to these payment plan agreements. As a result, we have deducted the collections to show a remaining balance on the payment plan agreements.

As shown by **Table 3**, 13 individuals had differences totaling \$5,405.00 between the amount per the payment plan agreement and the amount recorded in Quickbooks and shown on the customer statements. In addition, 6 individuals did not have an amount due recorded in Quickbooks or their customer statements. According to notes included on the customer statements, Individual 2 was “fired from job spent remaining time in jail.” The customer statements also stated “Miscellaneous/Other \$0.00” for Individuals 5, 6, 7, 9 and 11. According to representatives of the Sheriff’s Office, any individual serving jail time is charged the room and board fees and is to pay the Sheriff’s Office for the fees incurred.

The remaining 7 individuals shown in the **Table** had fewer days reported on their customer statement than in their payment plan agreement. For example, Individual 8 served 23 days according to the payment plan agreement, but the customer statement showed the individual was only charged for 12 days.

Because the payment plan agreements were improperly recorded in Quickbooks, the payment plan agreement differences totaling \$5,405.00 have been included in **Exhibit A**.

- **Not Recorded on Quickbooks** – As previously stated, prior to release from jail, individuals are to sign a payment plan agreement. According to Sheriff’s Office representatives we spoke with, Mr. Eberhart was to enter the payment plan agreements in Quickbooks shortly after the individual was released from jail.

We compared the payment plan agreements available to customer statements to determine if all payment plan agreements were properly recorded on Quickbooks and resulted in correct customer statements. As a result of our comparison, we identified 5 payment plan

agreements which were not recorded on Quickbooks. As a result, the individuals' room and board fees did not appear on a customer statement.

**Table 4** lists the 5 individuals and their payment plan agreement amounts. The **Table** also illustrates receipts of \$100.00 were located for 1 of the payment plan agreements. Additional information about the 5 individuals and their payment plan agreements is provided after the **Table**.

**Table 4**

<b>Individual</b>	<b>Amount per Payment Plan Agreement</b>	<b>Receipts for Undeposited Collections</b>	<b>Remaining Undeposited Collections</b>
Individual A	\$ 100.00	-	100.00
Individual B	250.00	100.00^	150.00
Individual C	100.00	-	100.00
Individual D	250.00	-	250.00
Individual E	100.00	-	100.00
Total	\$ 800.00	100.00	700.00

^ - Included in **Exhibit B**.

Each of the 5 individuals identified had 2 or more payment plan agreements. However, 1 payment plan agreement for each individual identified was not properly recorded. By not properly recording the payment plan agreements, Mr. Eberhart ensured a billing was not prepared for the individual for amounts already paid but not properly deposited.

As illustrated by the **Table**, Individual B's unrecorded payment plan agreement was for \$250.00. However, 2 receipts totaling \$100.00 related to the payment plan agreement were located in a personnel file in Mr. Eberhart's desk after he was terminated from the Sheriff's Office. The 2 receipts were not included in Quickbooks or deposited to the County Treasurer's Office. The \$100.00 of receipts is included in **Exhibit B**.

The 5 unrecorded payment plan agreements identified were dated between July 2010 and September 2010. As previously stated, several receipt books used from March 2010 into October 2010 were missing from the Sheriff's Office. As a result, with the exception of the 2 receipts for Individual B, the receipts for any collections on the payment plan agreements during this period are not available.

The 5 payment plan agreements listed in **Table 4** were identified because a payment plan agreement was located in the individuals' files and an account was established within Quickbooks for each individual because they had at least 1 previous or subsequent payment plan agreement. However, additional unrecorded payment plan agreements may exist which we are unable to identify. If an individual's payment plan agreement was not properly maintained in the files within the Sheriff's Office and the individual did not have additional payment plan agreements for which an account was established within Quickbooks, we would not be able to readily identify the unrecorded payment plan agreement.

Because the 5 payment plan agreements were never recorded on Quickbooks and we were unable to locate a deposit for the \$700.00 summarized in **Table 4**, this amount is included in **Exhibit A** as undeposited collections.

- **Unbilled Room and Board Fees** - According to representatives of the Sheriff's Office, Mr. Eberhart was responsible for preparing billings. During our investigation, were unable to locate any copies of prepared billings and, according to a representative of the Sheriff's Office, they are unsure if Mr. Eberhart prepared all, or any, billings. Therefore, we are unable to determine if all room and board fees have been properly billed or if there are individuals which have never been billed.

**Fingerprinting Collections** – As previously stated, the Sheriff's Office receives collections for fingerprinting services related to background checks. The charge is \$5.00 per fingerprint card. As previously stated, the collections are placed in an envelope which is not secured. We reviewed fingerprinting collections deposited in the Sheriff's Office bank account for the period January 1, 2009 through March 31, 2011. **Table 5** summarizes total collections for fiscal years 2009, 2010 and 2011.

**Table 5**

<b>Fiscal Year</b>	<b>Amount Deposited</b>
2009	\$ 1,216.00
2010	726.00
2011*	823.90

\* Through March 31, 2011

As illustrated by the **Table**, collections deposited decreased from fiscal year 2009 to fiscal year 2010. In addition, the amounts deposited do not include only the \$5.00 charge for fingerprinting services. As illustrated by the **Table**, the amounts deposited are not multiples of the \$5.00 fee. According to a representative of the Sheriff's Office, miscellaneous fees are sometimes posted to the fingerprinting collections line item. Because supporting documentation was not maintained or available, we were unable to determine if all fingerprinting collections were properly deposited. In addition, we were unable to determine if the amounts deposited included miscellaneous fees or if Jailers were accepting amounts less than \$5.00 per fingerprinting card.

**Commissary Collections** – As previously stated, Mr. Eberhart was not responsible for gathering, recording or depositing commissary collections. However, because collections were kept in an unsecure hanging file, we examined selected receipts to determine if the amounts collected for the commissary were properly accounted for and deposited. We were able to trace receipts prepared for commissary collections to a deposit in the bank. However, receipts were not prepared for commissary collections received in the form of money orders or checks from other counties. We were unable to determine if there were commissary collections which were not properly recorded in the receipt books used in the Sheriff's Office.

## **Recommended Control Procedures**

As part of our investigation, we reviewed the procedures used by the Bremer County Sheriff's Office to perform bank reconciliations and 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 Bremer 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) Room and board – preparing billings (payment plan agreements), contacting the individuals for payment, posting collections to individual accounts and accounting records and preparing and making bank deposits and
- (2) 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. Room and Board – We identified several control weaknesses related to the administration of room and board for the County jail. The following concerns were identified:

- 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 County Treasurer are not completed.
- Payment plan agreements and collections were not properly entered or entered in a timely manner on Quickbooks.
- Payment plan agreements were not billed or not billed timely.

Recommendation – The following procedures should be implemented:

- 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 County Treasurer should be completed by someone independent of any collection or deposit duties.
- Procedures should be developed to ensure all payment plan agreements are properly prepared and entered accurately and timely on Quickbooks.
- Procedures should be developed to ensure all payment plan agreements are properly billed to individuals who completed jail time prior to sentencing in a timely manner.

According to a representative of the Sheriff's Office, receipts and payment plan agreements are currently entered in Quickbooks on a routine basis.

C. Fingerprinting – We identified the several control weaknesses related to fingerprinting collections. The following concerns were identified:

- Reconciliations between the amount collected for fingerprinting and the amount deposited to the bank are not completed.
- Tracking or monitoring of fingerprinting collections was not performed.
- Other miscellaneous fees collected were recorded to the fingerprinting line item.

Recommendation – The Sheriff’s Office should ensure reconciliations between the amount collected for fingerprinting and the amount deposited to the bank are completed by someone independent of any collection or deposit duties. In addition, the Sheriff’s Office should implement procedures to properly track all fingerprinting collections and an independent person should periodically review the collections to ensure accuracy and completeness. Also, miscellaneous fees should be recorded to a separate line item to allow an independent person to track and compare collections at any point in time.

D. Pre-numbered Receipts – We were unable to locate all receipts for fingerprinting and room and board fees. In addition, the numerical sequence of receipts is not accounted for. Also, receipts were not prepared for commissary collections received in the form of money orders or checks from other counties.

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. Also, the numerical sequence for all receipts should be reviewed and accounted for.

According to a representative of the Sheriff’s Office, receipts are currently signed by 2 Jailers and compared to the receipt book to ensure completeness. In addition, all collections, including checks and money orders, are not included in the receipt book.

E. Deposit of Collections – We identified room and board fees were not deposited in a timely manner by the former Jail Administrator. In addition, fingerprinting collections were not deposited in a timely manner by Office staff. Also, collections were not placed in a secure location with limited access.

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. In addition, all collections should be placed in a secure location with limited access and the use of hanging files should be discontinued.

According to a representative of the Sheriff’s Office, room and board deposits are currently prepared every 2 weeks. In addition, all collections are properly secured in a safe with 1 person having access to remove collections.

## **Exhibits**

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

Report on Special Investigation of the  
Bremer County Sheriff's OfficeSummary of Findings  
For the period January 1, 2009 through March 17, 2011

<b>Description</b>	<b>Exhibit/ Table Number</b>	<b>Amount</b>
Undeposited room and board fees:		
Receipts for undeposited collections	<b>Exhibit B</b>	\$ 5,932.00
Collections with missing receipts	<b>Table 2</b>	470.00
Payment plan agreement differences	<b>Table 3</b>	5,405.00
Not recorded on Quickbooks	<b>Table 4</b>	700.00
Total		<u>\$ 12,507.00</u>

**Exhibit B**Report on Special Investigation of the  
Bremer County Sheriff's OfficeUndeposited Receipts  
For the period January 1, 2009 through March 17, 2011

<b>Per Receipt</b>			
<b>Individual</b>	<b>Receipt Date</b>	<b>Payment Type</b>	<b>Amount Paid</b>
A-1	08/13/10	Cash	40.00
A-2	09/12/10	Cash	250.00
A-3	01/31/11	Cash	10.00
A-5	* 07/11/10	None	50.00
A-5	* 07/11/10	None	50.00
A-6	11/14/10	Cash	100.00
A-6	03/01/11	Cash	100.00
A-7	<i>Not specified</i>	Cash	50.00
A-8	10/28/10	Cash	25.00
A-8	12/01/10	None	25.00
A-8	12/30/10	Cash	25.00
A-9	09/21/10	Cash	50.00
A-9	10/28/10	Cash	200.00
A-10	^ 11/02/10	Cash	20.00
A-10	^ 11/30/10	Cash	25.00
A-10	^ 01/03/11	Cash	20.00
A-11	02/16/11	Cash	175.00
A-12	01/13/10	Cash	200.00
A-12	02/19/10	Cash	150.00
A-13	09/03/10	None	25.00
A-14	11/12/10	Cash	100.00
A-15	11/17/10	Cash	20.00
A-15	01/12/11	Cash	20.00
A-16	08/20/10	Cash	100.00
A-17	03/12/11	Cash	30.00
A-18	02/15/11	Cash	50.00
A-19	01/10/10	Cash	25.00
A-20	07/09/10	Cash	25.00
A-20	08/09/10	Cash	25.00
A-21	07/13/10	Cash	100.00
A-22	# 07/14/10	Cash	20.00
A-22	# 08/07/10	Cash	180.00
A-23	06/11/10	Cash	100.00
A-24	01/30/10	Cash	50.00
A-25	10/29/10	Cash	100.00
A-26	03/07/10	None	100.00
A-26	03/21/10	Cash	100.00
A-26	04/04/10	Cash	150.00
A-27	01/05/11	Cash	100.00
A-28	05/05/10	Cash	80.00

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

Undeposited Receipts  
For the period January 1, 2009 through March 17, 2011

<b>Per Receipt</b>			
<b>Individual</b>	<b>Receipt Date</b>	<b>Payment Type</b>	<b>Amount Paid</b>
A-29	05/14/10	Cash	150.00
A-30	05/12/10	Cash	350.00
A-31	08/10/10	Cash	20.00
A-31	09/18/10	Cash	22.00
A-31	10/16/10	Cash	23.00
A-31	11/23/10	None	20.00
A-31	01/11/11	Cash	20.00
A-32	12/15/10	Cash	100.00
A-33	02/18/11	Cash	450.00
A-34	08/22/10	Cash	350.00
A-35	12/02/10	Cash	80.00
A-36	11/06/10	Cash	40.00
A-37	07/16/10	Cash	25.00
A-37	09/01/10	None	25.00
A-37	11/03/10	Cash	42.00
A-38	08/08/10	Cash	100.00
A-39	07/13/10	Cash	20.00
A-39	08/11/10	Cash	20.00
A-40	04/21/10	Cash	50.00
A-40	04/24/10	Cash	50.00
A-41	^^ 06/09/10	None	240.00
A-42	02/16/11	Cash	60.00
A-43	03/06/10	Cash	100.00
A-44	04/09/10	Cash	100.00
A-45	03/26/10	Cash	350.00
A-46	04/10/10	None	100.00
			5,972.00
		Less: Part of receipt deposited ^^	(40.00)
		Total	\$ 5,932.00

\* - The individual's payment plan agreement was not properly recorded in Quickbooks. See **Table 3.**

^ - Payment plan variance was \$50.00, but the individual had a total of \$65.00 of undeposited collections.

# - Payment plan variance was \$220.00, but the individual had a total of \$200.00 of undeposited collections. The remaining \$20.00 could not be traced to a deposit.

^^ - Payment plan variance was \$200.00, but the individual paid \$240.00 according to the receipt. We were able to determine \$40.00 was deposited with the County Treasurer, but we could not trace the remaining \$200.00 to a deposit.

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

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director  
Melissa J. Knoll-Speer, Senior Auditor  
James R. Wittenwyler, Senior Auditor  
Ryan A. Yeager, Assistant Auditor



Tamera S. Kusian, CPA  
Deputy Auditor of State

## **Appendices**

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

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

Copy of a Payment Plan Agreement

ORIGINAL

ROOM AND BOARD REIMBURSEMENT CLAIM  
IOWA CODE: 910.1(4) AND 356.7  
PAYMENT PLAN

For Case(s): \_\_\_\_\_  
\_\_\_\_\_  
Defendant Name: Last \_\_\_\_\_, First \_\_\_\_\_, Middle \_\_\_\_\_  
Defendant Address: \_\_\_\_\_ City \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_  
Defendant Phone: Home (\_\_\_\_) \_\_\_\_\_ Cell: (\_\_\_\_) \_\_\_\_\_  
Social Security #: \_\_\_\_\_ Place of Employment: \_\_\_\_\_

I \_\_\_\_\_, \_\_\_\_\_, agree that I owe \$ 500 in UNPAID ROOM AND BOARD FEES for 10 days sentenced or credited served in the Bremer County Jail. (At the rate of \$50.00 per day) for case(s) listed above. I hereby agree to begin payment I hereby agree to begin payment of this debt by making payments of \$ 20 every month. I agree to make the first payment on or before May 1, 2009, and will continue making payments thereafter until said balance is paid in full. I understand that if I do not maintain this payment plan as agreed the Bremer County Sheriff's Office will initiate the necessary legal action to collect this amount from me without further notice. I FURTHER UNDERSTAND THAT IF I HAVE AMOUNTS OWED FOR CASES NOT LISTED ABOVE, THAT THEY ARE NOT COVERED BY THIS PAYMENT PLAN.

\_\_\_\_\_  
Defendant Signature Date: 43, 2009

\_\_\_\_\_  
Defendant Print Name

\_\_\_\_\_  
Witnessed By

Send Payments To:  
Bremer County Sheriff's Office  
Attention: Jail Administrator - J. Eberhart  
111 4th Street N.E.  
Waverly, Iowa 50677

Contact Number  
(319) 352-5400 Ext: 300

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

Copies of Accounts Receivable Report and Customer  
Statement for January 7, 2010

Bremer County Sheriff's Office/Jail  
111 4th Street NE  
Waverly, IA 50677

**Statement**

Date
4/19/2011

To:

		Amount Due	Amount Enc.		
		\$0.00			
Date	Transaction	Amount	Balance		
12/31/2006	Balance forward		0.00		
04/24/2009	INV #1263. Due 04/24/2009.	300.00	300.00		
06/08/2009	PMT #2598.	-40.00	260.00		
06/08/2009	PMT #2444.	-40.00	220.00		
08/07/2009	PMT #2610.	-40.00	180.00		
09/08/2009	PMT #2621.	-40.00	140.00		
01/07/2010	PMT #2626. John Deere Community Credit Union	-100.00	40.00		
06/28/2010	PMT	-40.00	0.00		
<b>CURRENT</b>	<b>1-30 DAYS PAST DUE</b>	<b>31-60 DAYS PAST DUE</b>	<b>61-90 DAYS PAST DUE</b>	<b>OVER 90 DAYS PAST DUE</b>	<b>Amount Due</b>
0.00	0.00	0.00	0.00	0.00	0.00

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

Copies of Accounts Receivable Report and Customer  
Statement for January 7, 2010

Bremer County Sheriff's Office/Jail							1/7/2010	
Register: Accounts Receivable								
From 01/01/2010 through 01/07/2010								
Sorted by: Date, Type, Number/Ref								
Date	Number	Customer	Memo/Description	Qty	Rate	Charge	Paid	Balance
01/07/2010	2626						100.00	240.00

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

Copy of a Receipt

**RECEIPT**

DATE 10-9-10 No. 306120

RECEIVED FROM Two hundred forty dollars 100 DOLLARS

FOR RENT  
 FOR \_\_\_\_\_

ACCOUNT	<u>246</u>	<input type="checkbox"/> CASH
PAYMENT	<u>246</u>	<input type="checkbox"/> MONEY ORDER
BAL. DUE	<u>0</u>	<input type="checkbox"/> CHECK
		<input type="checkbox"/> CREDIT CARD

FROM \_\_\_\_\_ TO \_\_\_\_\_

BY \_\_\_\_\_

© 1988 1182