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NEWS RELEASE

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FOR RELEASE _____ October 11, 2016, Noon _____

Auditor of State Mary Mosiman today released a report on a special investigation of the Cedar County Sheriff's Office for the period June 1, 2013 through December 31, 2015. The special investigation was requested as a result of concerns regarding collections which were not properly deposited by the former Jail Administrator, Daron Wilkinson. Mr. Wilkinson voluntarily left his position on December 28, 2015.

Mosiman reported the special investigation identified \$35,063.23 of undeposited collections, unbilled fees, and improper disbursements. The \$26,767.41 of undeposited collections identified includes \$23,130.00 of room and board and work release fees and \$3,637.41 of commissary collections.

The \$23,130.00 of undeposited room and board and work release fees identified include the following:

- 42 collections which were recorded in the general ledger but not properly deposited. The 42 collections total \$5,775.00.
- 27 collections which were recorded on receipts but not recorded in the general ledger or properly deposited. Of the 27 receipts, 1 was located in Mr. Wilkinson's office after his resignation and the remaining 26 were included in a receipt book found in a box for shredding. The 27 receipts total \$3,135.00.
- 70 instances where a Room and Board Reimbursement form was completed for an individual who was sentenced to serve time in the Cedar County Jail, but the form was not filed with the Cedar County Clerk of Court as a result of delinquency. As a result, payments should have been received from the individuals for room and board

or work release fees. However, payments from the individuals were not recorded in the general ledger or properly deposited. The 70 instances total \$14,220.00.

Mosiman also reported an additional 27 instances totaling \$7,380.00 of unbilled room and board fees were identified using records from the Cedar County Clerk of Court and records maintained by the Sheriff's Office. The fees were for inmates who served time in the Cedar County Jail. However, they were not recorded in the general ledger and a Room and Board Reimbursement form was not available for the fees identified. As a result, it appears the former Jail Administrator did not properly bill the inmates for these fees. However, it was not possible to determine if a Room and Board Reimbursement form was completed for all or some of the 27 instances but not properly filed in the Sheriff's Office. As a result, it is possible a portion or all of the \$7,380.00 identified was billed and collected but not deposited.

Mosiman also reported the \$915.82 of improper disbursements identified includes a payout to Mr. Wilkinson for unused vacation time at the date of his resignation and the County's share of related payroll costs. Because Mr. Wilkinson did not properly report certain days as vacation, the amount paid to him should have been less.

The report includes recommendations to strengthen the Sheriff's Office internal controls and overall operations, such as improving segregation of duties and performing bank reconciliations. Mosiman also recommended reconciling room and board billings to collections and subsequent deposits and reconciling collections for commissary to deposits.

Copies of the report have been filed with the Cedar 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 on the Auditor of State's website at <https://auditor.iowa.gov/reports/1510-0016-BE00> and in the Office of Auditor of State.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CEDAR COUNTY SHERIFF'S OFFICE
FOR THE PERIOD
JUNE 1, 2013 THROUGH DECEMBER 31, 2015**

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Auditor of State's Report

To Warren Wethington, Cedar County Sheriff,
and the Cedar County Board of Supervisors:

As a result of alleged improprieties regarding certain collections, we conducted a special investigation of the Cedar 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 June 1, 2013 through December 31, 2015. Based on discussions with Sheriff's Office personnel and a review of relevant information, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Compared room and board and work release fee collections recorded in the general ledger to deposits made with the County Treasurer to identify any collections which were not properly deposited.
- (3) Examined receipts for room and board and work release fees which were located in Daron Wilkinson's, the former Jail Administrator, office and in a box for shredding to determine if the collections were properly deposited.
- (4) Examined a listing of all instances in which individuals were sentenced in Cedar County to identify those instances which resulted in an individual being incarcerated in the Cedar County Jail. For those instances, we examined the related case files to determine if a room and board or work release payment was recorded in the general ledger. For instances for which a payment was not recorded, we determined if a delinquency was recorded, if a payment was received but not deposited, or if the room and board or work release fee may not have been properly billed.
- (5) Compared amounts recorded for commissary collections to amounts deposited in a bank account held by the Sheriff's Office to identify any collections which were not properly deposited.
- (6) Compared the source of deposits recorded in the commissary banking system to the composition of items deposited in a bank account held by the Sheriff's Office to identify vendor checks which were improperly substituted for commissary collections.
- (7) Obtained a listing of rebate checks from the vendor providing telephone services to the Sheriff's Office to determine if the rebate checks were improperly used to substitute for commissary collections deposited in a bank account held by the Sheriff's Office.
- (8) Examined statements for a credit card issued to Mr. Wilkinson and the related receipts to determine the propriety of purchases made with the credit card.


- (9) Evaluated vendors from whom Mr. Wilkinson made purchases for jail operations to determine reasonableness.
- (10) Examined reimbursements to Mr. Wilkinson to determine propriety.
- (11) Examined Mr. Wilkinson's timesheets to determine if they were properly approved and accurately reflected time taken as vacation.
- (12) Evaluated the calculation of Mr. Wilkinson's last paycheck, which included a payout of unused vacation, to determine accuracy.
- (13) Obtained and reviewed bank statements for accounts held at certain financial institutions by the Cedar County Sheriff's Office to determine reasonableness of activity.

These procedures identified \$35,063.23 of undeposited collections, unbilled fees, and improper disbursements. We were unable to determine if additional amounts were not properly deposited or if additional fees were unbilled because sufficient records were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **F** 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 Cedar 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 Cedar 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 Cedar County Sheriff's Office and the Division of Criminal Investigation during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State

July 15, 2016

Cedar County Sheriff's Office
Investigative Summary

Background Information

Daron Wilkinson was hired as the Jail Administrator of the Cedar County Sheriff's Office on May 6, 2013. As Jail Administrator, Mr. Wilkinson worked Monday through Friday and during the weekend if needed. He was responsible for the overall operation of the jail facility, which included financial and accounting aspects. The financial and accounting information Mr. Wilkinson was responsible for included:

- 1) Room and board/work release fees – billing, posting collections to the general ledger, and preparing deposits to the County Treasurer;
- 2) Commissary – processing collections, posting collections to accounting records, and preparing and making bank deposits;
- 3) Bonds – processing bond collections by posting to the accounting records and preparing and making bank deposits;
- 4) Purchasing – purchasing items for jail operations, such as office supplies and security equipment, and maintaining an appropriate environment for housing incarcerated individuals, including items such as uniforms, bedding, mattresses, and books; and
- 5) Reporting – preparing monthly financial reports.

The Sheriff's Office collects room and board fees, work release fees, commissary deposits, and cash bond payments. Room and board and work release fees are received from individuals, families, or other governmental agencies for housing incarcerated individuals at the County Jail. Commissary collections are received from individuals, family, and/or friends 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 Cedar County or from other counties in which an individual has had an outstanding warrant. Other collections received by the Sheriff's Office, such as fingerprint fees, are not collected by the jail staff and the Jail Administrator is not responsible for deposit of the other collections.

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 each 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 with 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.

After the individual has been processed, he/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. A payment plan agreement is established

for those who serve their time consecutively, are granted work release, or serve their time on weekends or when convenient to them. If individuals are subsequently found not guilty or the charges are dropped, the individuals are not billed for room and board fees.

Jail staff members are to complete a Room and Board Reimbursement form for each individual incarcerated in the County Jail which includes the inmate's name, date, and amount of fees due. Individuals are billed the first day they are confined to the County Jail and are allowed up to 30 days from the day they are released to send payment to the Sheriff's Office. If no payment is received within the 30 days, the Jail Administrator sends the Room and Board Reimbursement form to the Cedar County Clerk of Court, noting no payment or a partial payment was received. The account is considered delinquent once it is sent to the Clerk of Court. If an individual has the money to pay the room and board fees when he/she begins serving his/her sentence, a jailer prepares a receipt and takes the money to Office staff for deposit.

An 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. The amount of fees due from an individual depends on how the individual completes the time he/she is sentenced to serve.

- **Room and board fees** – 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. For these instances, room and board fees are \$15 per day.

If the judge allows an individual to complete the sentencing order on weekends or other days chosen by the individual, it is referred to as a "convenience sentence." In these instances, the individual may serve the appropriate number of days only on dates convenient to them until the sentencing order has been fulfilled. For these instances, room and board fees are \$50 per day.

- **Work release fees** – 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. These individuals do not pay for regular room and board, but rather are required to pay a work release fee. Individuals incarcerated in the jail as part of the work release program are charged \$25 per day for room and board.

According to Sheriff's Office representatives, the Sheriff's Office collects \$25 per day or \$175 per week from these individuals. However, if an individual earns less than \$350 per week, the amount collected by the Sheriff's Office is limited to 50% of their earnings. If an individual pays less than \$175 per week, they must provide a copy of their paycheck. The amount paid by the inmate is established in a work release meeting with the employer and the individual before work release begins.

As the Jail Administrator, Mr. Wilkinson was responsible for billing individuals in accordance with the terms of their sentences, collecting room and board and work release fees, recording the collections in the general ledger, and remitting all collections to the County Treasurer. However, according to representatives of the Sheriff's Office, it is unclear if Mr. Wilkinson was performing this responsibility in a consistent and timely manner.

According to representatives of the Sheriff's Office, when a payment for room and board or work release is received, a pre-numbered triplicate receipt is prepared. 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 at the Jail reception window or in the Jail Administrator's office. The yellow copy of the receipt is attached to the cash or checks received and placed in a banker's bag.

The banker's bag is periodically taken to the County Treasurer's Office. Staff from the County Treasurer's Office make deposits to the bank. According to representatives of the Sheriff's Office, room and board, work release, and bond collections were maintained in a separate ledger from commissary collections to ensure collections were not commingled. Mr. Wilkinson was responsible for posting all room and board and work release fee collections to the general ledger.

The County Jail offers commissary services which allows incarcerated individuals to purchase items, such as candy and personal hygiene products, while incarcerated at the County Jail. The County contracts with a vendor to provide the commissary services. Incarcerated individuals are given a catalog of items the vendor offers. To order items, they call the vendor and enter the corresponding code for the item listed in the catalog. The vendor delivers items ordered to the County Jail each week. The vendor also provides banking software which allows the Jail staff to track each individual's commissary balance separately.

Commissary collections are received for the incarcerated individuals from the individuals themselves, family, or friends. Commissary collections can be received through the Jail reception window or through an electronic kiosk in the lobby of the Sheriff's Office. A triplicate receipt book is used for commissary receipts taken in through the reception window. However, collections are also to be logged directly into the banking software and a receipt is printed from the banking software and given to the individual. A second receipt is printed from the banking software for the jail records. The kiosk provides an alternate way for individuals to deposit directly to an inmate's account. The amounts deposited through the kiosk are collected by the commissary vendor who removes the cash from the kiosk and makes an electronic deposit to the bank account maintained by the Sheriff's Office for commissary collections.

Commissary receipts collected through the reception window are recorded in the banking software and placed in a banker's bag along with copies of the receipts. The Jail Administrator prepares and makes the deposit to the bank. After the deposit is made, receipts and the deposit slip are brought back to the Sheriff's Office to be filed by the Jail Administrator in his office. If there is a balance remaining in an individual's commissary account at the time he/she is released, the Jail Administrator authorizes a check for the remaining amount to be prepared for the individual. The check is printed using the vendor's banking system and signed by the Jail Administrator.

The Sheriff's Office contracts with Securus Technologies for various services. An Inmate Debit service is provided in which debit accounts are set up for each inmate to pay for phone service. The account is funded by transferring money from individuals' commissary accounts. The incarcerated individuals are assigned a personal identification number to be used to access phone service. Incarcerated individuals are also given access to the Secure Instant Mail service. This service allows friends and family members to initiate communication with an individual in a manner similar to e-mail. According to staff members we spoke with, this service is rarely used by the individuals incarcerated at the Cedar County Jail.

The Sheriff's Office routinely receives rebate checks from Securus. Receipts for these checks are prepared by the Jail Administrator and the checks are to be deposited along with the commissary collections.

On December 28, 2015, Mr. Wilkinson voluntarily left his position as Jail Administrator of the Cedar County Sheriff's Office. The individual who held the position of Jail Administrator prior to Mr. Wilkinson was hired as interim Jail Administrator until the position was filled permanently. Shortly after her return, the interim Jail Administrator identified certain accounting irregularities regarding the room and board fees, work release fees, and commissary collections. In addition, while reviewing financial information, the Sheriff determined the amount of room and board collections recorded in the County's accounting records was less than expected. After performing an internal investigation, the interim Jail Administrator identified certain collections which were recorded in the general ledger but not deposited. In addition, a representative of the CPA firm which conducts the County's annual financial statement audit reviewed the irregularities

identified and concluded certain collections were not properly deposited. The representative of the firm advised County officials to contact the Office of Auditor of State. A representative of the Sheriff's Office also contacted the Iowa Division of Criminal Investigation.

As a result of the irregularities identified, we performed the procedures detailed in the Auditor of State's Report for the period June 1, 2013 through December 31, 2015.

Detailed Findings

These procedures identified \$35,063.23 of undeposited collections, unbilled fees, and improper disbursements. We were unable to determine if additional amounts were not properly deposited or if additional fees were unbilled because sufficient records were not available. Several internal control weaknesses were also identified. All of our findings are summarized in **Exhibit A** through **F** and a detailed explanation of each finding follows.

UNDEPOSITED COLLECTIONS

As previously stated, the Sheriff's Office receives room and board fees, work release fees, commissary revenues, and bonds. Room and board and work release fees are received from individuals, families, or other governmental agencies for housing incarcerated individuals at the County Jail. Commissary collections are received from individuals, family, and friends 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 Cedar County or from other counties in which the individual may have had an outstanding warrant. We reviewed documentation related to these revenue sources to determine if collections were properly deposited.

Room and Board and Work Release Fees

As previously stated, Mr. Wilkinson was responsible for billing individuals in accordance with the terms of their sentences, collecting room and board and work release fees, recording the collections in the general ledger, and remitting all collections to the County Treasurer.

We obtained the handwritten general ledger used by Mr. Wilkinson, the triplicate receipt books used by Jail staff to record room and board and work release receipts, accounting transaction reports from the County Treasurer, and bank statements for the period June 1, 2013 through December 31, 2015. By using these records and other information available from the Cedar County Clerk of Court, we identified certain collections for room and board and work release fees which were not properly deposited. We also identified additional room and board and work release fees which appear to have not been properly billed; however, it is possible a portion or all of the fees identified were billed and collected but not properly deposited. The instances identified are described in the following paragraphs.

Recorded in the general ledger – As previously stated, the interim Jail Administrator performed an internal investigation and determined certain room and board and work release fee collections were recorded in the general ledger but not deposited. In addition, a representative of the CPA firm which conducts the County's annual financial statement audit reviewed the irregularities identified and concluded certain collections were not properly deposited.

By comparing the hand written general ledger to accounting transaction reports from the County Treasurer, we confirmed the undeposited collections identified by the interim Jail Administrator. Because the amounts identified were recorded in the general ledger but not properly remitted to the County Treasurer, they were not deposited to the bank. The instances identified are listed in **Exhibit B**. As illustrated by the **Exhibit**, 42 instances were identified which total \$5,775.00.

The **Exhibit** also illustrates of the 42 instances, 1 was in August 2013, 17 were in 2014, and 24 were in 2015. The \$5,775.00 of undeposited collections are included in **Exhibit A**.

Discarded receipts - A Jail staff employee found a receipt for a \$30.00 room and board payment in Mr. Wilkinson's office after his resignation. A receipt book was also found in a "shred box" by a member of the Jail staff following Mr. Wilkinson's resignation. We compared the receipt found in his office and the receipts from the receipt book for room and board and work release to the entries in the general ledger and deposits included in accounting transaction reports from the County Treasurer. Based on this comparison, we identified 27 collections which were not recorded in the general ledger or in the accounting transaction reports from the County Treasurer. As a result, the collections were not deposited to the bank.

The 27 instances identified are listed in **Exhibit C** and total \$3,135.00. The **Exhibit** illustrates all 27 receipts were dated from July 11, 2015 through December 11, 2015. The \$3,135.00 of undeposited room and board and work release fee collections are included in **Exhibit A**.

During an interview with Mr. Wilkinson, he stated at some point during his tenure as the Jail Administrator a switch was made from using 3-part receipt books to 2-part receipt books. He also stated a receipt was given to the individual and a receipt was kept with the collections. According to Mr. Wilkinson, because there were only 2 parts to each receipt, a third copy was not kept in a book. As a result, receipt books would not be available for review. However, based on our observations 3 part receipt books are currently used in the Sheriff's Office and Jail staff stated there had been no changes. In addition, the book of receipts found in the shred box, which included receipts issued in December 2015, was a 3-part receipt book. It is unclear why Mr. Wilkinson stated 2-part receipt books were used.

Other fees not recorded in general ledger - Because receipts for room and board and work release fees from the receipt book located in the shred box were not recorded in the general ledger, it was necessary to determine if any other room and board or work release fee collections were not properly recorded in the general ledger.

To identify any additional room and board or work release fees which were not properly recorded in the general ledger, we obtained a listing from the Cedar County Clerk of Court of all individuals who were processed through the Cedar County Court from June 1, 2013 through December 31, 2015. With assistance from a representative of the Sheriff's Office, the listing was modified as follows:

- For each court proceeding included on the listing, we determined if a sentence was imposed which included time to be served by the defendant. If a sentence was not imposed or if the sentence did not include jail time, the proceeding was eliminated from the listing.
- The 432 remaining proceedings included instances in which individuals were sentenced to serve jail time. For these proceedings, we determined 109 of the individual instances were included in the general ledger. These 109 instances were eliminated from the listing.
- The 323 remaining proceedings included instances for which the general ledger did not include an entry for room and board or work release fees from the individual sentenced. For these proceedings, we determined if individuals served their sentences in the Cedar County Jail. For 115 instances, the individual served their time in another facility or served a sentence concurrently with another sentence. The 115 proceedings which resulted in instances in which the sentence was served at another facility or concurrently were eliminated from the listing.

The 208 remaining proceedings included instances in which an individual appeared in Cedar County Court and was sentenced from June 1, 2013 through December 31, 2015 to serve time in the Cedar County Jail, but for which there was not an entry recorded in the general ledger for the

room and board or work release fees for the time they were sentenced to serve in the jail. Of these 208 instances, we determined the following:

- For 111 instances, a Room and Board Reimbursement form was completed and filed with the Clerk of Court when the individual did not pay their room and board or work release fees within 30 days of being released from the Jail. For these instances, we determined the fees were not collected and further testing was not needed.
- For 70 instances, a Room and Board Reimbursement form was completed but not filed with the Clerk of Court for delinquency purposes. As a result, the room and board or work release fees should have been collected. However, because they were not recorded in the general ledger or the accounting transaction reports from the County Treasurer, the fees were not properly deposited.

The 70 instances identified are listed in **Exhibit D**. Using information specific to each instance, we determined the number of days and type of sentences imposed by the Cedar County Court. We also determined the amount of fees the Sheriff's Office should have received for each instance. As illustrated by the **Exhibit**, the room and board or work release fees which should have been deposited by the County total \$14,220.00 for the instances identified. The \$14,220.00 of undeposited room and board and work release fee collections are included in **Exhibit A**.

- For 27 instances, a Room and Board Reimbursement form was not available within the Sheriff's Office and a copy was not filed with the Clerk of Court for delinquency purposes. As a result, it appears the individual was not properly billed for the time they were incarcerated in the Cedar County Jail.

The 27 instances identified are listed in **Exhibit E**. Using information specific to each instance, we determined the number of days and type of sentences imposed by the Cedar County Court. We also determined the amount of fees the Sheriff's Office should have received for each instances. As illustrated by the **Exhibit**, the room and board or work release fees which should have been billed and deposited by the County total \$7,380.00 for the instances identified. The \$7,380.00 of fees are included in **Exhibit A** as unbilled fees.

However, we are unable to determine if a Room and Board Reimbursement form was completed for all or some of these 27 instances but not properly filed in the Sheriff's Office. As a result, it is possible a portion or all of the \$7,380.00 identified was billed and collected but not deposited.

Commissary Collections

As previously stated, commissary services are offered to the incarcerated individuals which allows them to purchase items, such as candy and personal hygiene products. The Cedar County Sheriff's Office contracts with a vendor for commissary services. Commissary collections are received from individuals, family, and/or friends for the incarcerated individuals through a kiosk or the reception window. Banking software is also provided by the vendor to track individual inmate commissary balances.

Also as previously stated, the Cedar County Sheriff's Office has a contract with Securus Technologies for phone service. Securus provides phone services to incarcerated individuals to place commissary orders and make other calls. Securus routinely sends rebate checks payable to the Cedar County Sheriff's Office. Receipts are to be prepared for these checks by the Jail Administrator and they are to be deposited with commissary collections.

We obtained Cash Transaction Reports from the commissary vendor's banking system which summarize all deposits recorded for the incarcerated individuals' commissary accounts. We compared the reports to bank deposits to determine if all collections were properly deposited in the bank account maintained by the Sheriff's Office.

The Cash Transaction Report included amounts described as “Cash Drawer Short” and amounts described as “Cash Drawer Over.” These notations were made to force the total of certain collections recorded in the banking system to agree with the amount deposited to the bank. If all commissary collections were properly deposited, the amounts recorded in the commissary banking system would agree with the amount deposited to the bank without using “Cash Drawer Short” and “Cash Drawer Over” entries.

To determine which commissary collections were not properly deposited, the interim Jail Administrator compared amounts recorded in the banking system for specific incarcerated individuals to the amounts actually deposited to the bank. During this comparison, she determined rebate checks from Securus were used to substitute for certain commissary collections. She also identified a check from Office Max which was used to substitute for undeposited commissary collections. We verified the interim Jail Administrator’s comparisons and identified an additional check from Securus which was used to substitute for undeposited commissary collections.

For instance, a \$1,015.01 deposit was made on September 1, 2015 which consisted of \$456.49 in currency and a \$558.52 check from Securus. However, the Cash Transaction Report obtained from the banking system shows \$1,051.01 of cash was collected as deposits to the incarcerated individuals’ commissary accounts. The check from Securus was used to substitute for \$558.52 of the currency collected.

We also obtained from Securus a listing of rebate checks sent to the Sheriff’s Office from June 1, 2013 through December 31, 2015. Using the listing, we did not identify any additional checks from Securus which were used to substitute for undeposited commissary collections.

Exhibit F summarizes the amounts recorded in the banking system for certain deposits to the commissary bank account. The **Exhibit** also compares the amounts recorded in the banking system to the amounts actually deposited to the bank. As illustrated by the **Exhibit**, the “Cash Drawer Short” or “Cash Drawer Over” was used on 4 occasions. In addition, checks from Securus or Office Max were substituted for commissary collections on 6 occasions. For 2 of the deposits, both a notation regarding the cash drawer was made in the banking system and a substituted check was included in the bank deposit. The **Exhibit** illustrates the undeposited collections for the 8 deposits identified total \$3,522.41.

For 4 of the 6 occasions when a deposit included a substituted check, the deposit included 1 substituted check. For the remaining 2 occasions, 2 substituted checks were used in the deposits. As a result, a total of 8 checks were used to substitute for undeposited cash collections. The checks totaled \$2,748.62.

When we reviewed the Cash Transaction Report, we determined the transactions which included “Cash Drawer Short” or “Cash Drawer Over” notations were prepared by Mr. Wilkinson, as indicated by the initials recorded as the operator. The transactions recorded in the Cash Transaction Report which reflected the amounts deposited to the bank were also recorded by Mr. Wilkinson. As previously stated, it was Mr. Wilkinson’s responsibility as the Jail Administrator to prepare the deposits of the commissary collections. The improper transactions were not identified prior to Mr. Wilkinson’s departure because no one reviewed the Cash Transaction Report or reconciled the activity in the reports to the amounts deposited to the bank.

While preparing a deposit for commissary collections during the week following Mr. Wilkinson’s resignation, the interim Jail Administrator determined cash on hand was \$115.00 less than the collections recorded in the banking system. As a result, the undeposited commissary collections identified total \$3,637.41. This amount is included in **Exhibit A**.

IMPROPER DISBURSEMENTS

Excess Vacation Payout

County employees are paid out for their unused vacation and personal time at the end of employment. Mr. Wilkinson received \$1,483.90 pay for the January 2, 2016 pay period for his unused vacation time.

According to Sheriff's Office personnel we spoke with, Mr. Wilkinson took a personal trip to Missouri from December 8, 2015 to December 11, 2015. However, Mr. Wilkinson told Sheriff's Office staff he was attending training for Jail Administrators during that period. While reviewing the County's credit card used by Mr. Wilkinson to purchase items on behalf of the Sheriff's Office, we determined Mr. Wilkinson used the credit card to rent a vehicle during the same period. We also determined the cost of the rental was not paid by the County.

By reviewing Mr. Wilkinson's timesheet for the pay period which ended December 19, 2015, we determined Mr. Wilkinson did not record the time he took for his personal trip as vacation. Instead, he recorded 33 hours of work time for the period December 8, 2015 through December 11, 2015. As a result, Mr. Wilkinson's vacation balance was overstated by 33 hours at the time of his resignation.

Mr. Wilkinson received \$850.74 of excess gross pay for the 33 hours of excess vacation time he was paid at the time of his resignation. In addition, the County incurred \$65.08 for the employer's share of FICA for the excess gross pay. As a result, the County incurred a total of \$915.82 of excess costs. This amount is included in **Exhibit A** as an improper disbursement.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Cedar County Sheriff's Office to process receipts, disbursements, and payroll. 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 identified 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 Cedar 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/work release fees – billing, posting collections to the general ledger, and preparing deposits to the County Treasurer.
 - (2) Commissary – processing collections, posting collections to accounting records, and preparing and making bank deposits.

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 ensure financial records are reviewed in a timely manner, reconciliations are prepared for deposits, bank reconciliations are prepared, and supporting documentation for accounting records is examined on a periodic basis.

B. Fees for Room and Board and Work Release – We identified the following concerns related to the collection of fees for room and board and work release for the County Jail.

- Reconciliations between the inmate accounts and the payments received for room and board were not completed.
- Reconciliations between the amount collected for room and board and the amount deposited to the County Treasurer were not completed.

In addition, there is no independent review or oversight of the collections to ensure all fees collected are properly deposited.

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.

In addition, independent reviews should be performed to ensure fees collected are properly deposited.

C. Commissary – We identified the following concerns related to the administration of commissary collections for the County Jail.

- Reconciliations between the collections received for commissary and the inmate accounts were not completed.
- Reconciliations between commissary collections recorded in the inmate accounts and the amounts deposited were not completed.

In addition, there is no independent review or oversight of the commissary collections to ensure amounts are properly deposited.

Recommendation – The following procedures should be implemented:

- Reconciliations between the inmate accounts and the collections received for commissary should be completed by someone independent of collecting the payments.
- Reconciliations between the amount collected for commissary and the amount deposited should be completed by someone independent of any collection or deposit duties.

In addition, independent reviews should be performed to ensure commissary collections are properly deposited.

D. Deposit of Collections – We identified room and board fees and commissary collections were not deposited in a timely manner by the former Jail Administrator.

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.

According to a representative of the Sheriff's Office, room and board deposits and commissary deposits are currently prepared every day, and occasionally multiple times per day.

- E. Credit Card Statements – The Jail Administrator uses a credit card issued to the County to purchase items on behalf of the Sheriff's Office and for travel costs associated with attending training events. We reviewed the purchases made with the County's credit card by the former Jail Administrator and did not identify any improper purchases paid for by the County. However, we identified an improper personal purchase made with the credit card which was not paid for by the County.

In addition, the credit card statements for each of the credit cards issued to the County are received in the mail directly by the holders of the credit cards.

Recommendation – Credit card statements should be received initially by an independent person for review. This will also ensure that statements cannot be modified or tampered with prior to review.

In addition, procedures should be implemented which ensure the credit cards issued to the County to purchase items on behalf of the Sheriff's Office and for travel costs associated with attending training events are not used for personal purchases.

Exhibits

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

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

Summary of Findings
For the period June 1, 2013 through December 31, 2015

Description	Exhibit/ Table Number	Amount
Undeposited collections:		
Room and board and work release fees:		
Recorded in general ledger	Exhibit B	\$ 5,775.00
Discarded receipts	Exhibit C	3,135.00
Other fees not recorded in general ledger	Exhibit D	14,220.00
Commissary	Page 11	3,637.41
		\$ 26,767.41
Unbilled fees	Exhibit E	7,380.00
Improper Disbursements:		
Excess vacation payout	Page 12	915.82
Total		\$ 35,063.23

Exhibit B

Report on Special Investigation of the
Cedar County Sheriff's OfficeUndeposited Room and Board and Work Release Fees
For the period June 1, 2013 through December 31, 2015

General Ledger Date	Initials of Incarcerated Individual	Amount
08/12/13	JJ	\$ 120.00
01/24/14	RM	30.00
02/21/14	MJ	100.00
02/26/14	JH	200.00
02/27/14	EG	200.00
03/03/14	SF	100.00
03/30/14	BW	50.00
05/04/14	MM	30.00
07/15/14	AE	50.00
07/21/14	SB	60.00
07/21/14	MR	50.00
08/02/14	BM	45.00
10/06/14	JJ	100.00
10/06/14	GL	350.00
11/01/14	JJ	100.00
11/12/14	JJ	100.00
12/02/14	CG	50.00
12/02/14	<i>illegible</i>	100.00
01/31/15	ML	100.00
02/09/15	KB	105.00
02/16/15	DC	100.00
02/16/15	KB	105.00
02/23/15	AL	100.00
03/25/15	<i>illegible</i>	100.00
04/06/15	AL	100.00
07/24/15	CS	675.00
08/14/15	KL	105.00

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

Undeposited Room and Board and Work Release Fees
For the period June 1, 2013 through December 31, 2015

General Ledger Date	Initials of Incarcerated Individual	Amount
08/25/15	CM	100.00
09/15/15	TD	350.00
10/22/15	WS	100.00
10/23/15	<i>illegible</i>	100.00
10/25/15	<i>illegible</i>	30.00
11/01/15	<i>illegible</i>	50.00
12/02/15	CE	100.00
12/02/15	JE	100.00
12/02/15	<i>illegible</i>	70.00
12/09/15	CE	50.00
12/15/15	HB	100.00
<i>12/xx/15</i>	JE	150.00
12/16/15	JE	250.00
12/17/15	JJ	750.00
12/23/15	JE	150.00
Total		<u>\$ 5,775.00</u>

Auditor's notations are in italics.

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

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

Recovered Receipts for Undeposited Room and Board and Work Release Fees
For the period June 1, 2013 through December 31, 2015

Receipt Date	Initials of Individual Listed on Receipt	Amount
07/11/15	JC	\$ 60.00
08/04/15	RR	100.00
08/07/15	RR	100.00
08/14/15	JS	105.00
08/21/15	JS	105.00
09/11/15	JH	175.00
09/19/15	JS	105.00
09/25/15	WS	100.00
09/26/15	JS	455.00
09/28/15	CM	100.00
10/02/15	CM	100.00
10/02/15	WS	100.00
10/09/15	CD	100.00
10/09/15	JS	40.00
10/09/15	WS	100.00
10/10/15	GAG	25.00
10/12/15	LW	150.00
10/16/15	CD	100.00
10/16/15	WS	100.00
10/23/15	WS	120.00
10/30/15	BV	30.00
11/06/15	JD	100.00
11/06/15	JT	175.00
11/11/15	FM	210.00
12/02/15	JE	150.00
12/04/15	EG	100.00
12/11/15	SC	30.00 *
Total		<u><u>\$ 3,135.00</u></u>

* - Receipt found in Daron Wilkerson's office. All other receipts listed were in a receipt book found in the shred box.

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

Report on Special Investigation of the
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Unrecorded Room and Board and Work Release Fees
For the period June 1, 2013 through December 31, 2015

Sentencing Court Date	Case Number	Amount
08/23/13	SRCR022092	\$ 30.00
09/20/13	OWCR022540	105.00
09/27/13	SRCR022525	30.00
10/04/13	SRCR022788	30.00
10/04/13	FECR022486	90.00
10/04/13	FECR022691	450.00
10/11/13	OWCR022822	30.00
10/11/13	OWCR022518	30.00
10/18/13	AGCR022706	265.00
10/18/13	AGCR022770	315.00
11/01/13	OWCR022818	105.00
11/08/13	SRCR022342	30.00
12/06/13	OWCR021832	30.00
12/16/13	SRCR022990	30.00
12/16/13	OWCR022883	30.00
12/20/13	OWCR022918	150.00
01/03/14	AGCR022532	240.00
01/24/14	OWCR022439	30.00
02/07/14	SRCR021517	30.00
02/14/14	SRCR022207	60.00
02/28/14	OWCR022992	30.00
02/28/14	OWCR022258	60.00
03/07/14	SRCR022064	30.00
03/21/14	SRCR021963	30.00
03/26/14	SMCR023093	105.00
03/28/14	AGCR022551	45.00
04/11/14	AGCR023064	250.00
04/18/14	OWCR023046	105.00

Exhibit D

Report on Special Investigation of the
Cedar County Sheriff's OfficeUnrecorded Room and Board and Work Release Fees
For the period June 1, 2013 through December 31, 2015

Sentencing Court Date	Case Number	Amount
04/18/14	OWCR023060	175.00
05/16/14	FECR023076	1,000.00
07/11/14	AGCR023145	450.00
07/25/14	SRCR023189	350.00
08/22/14	OWCR022170	30.00
08/29/14	AGCR023255	750.00
09/05/14	OWCR022339	30.00
09/19/14	AGCR023198	150.00
09/26/14	FECR023267	105.00
10/03/14	OWCR023304	250.00
10/03/14	FECR023294	2,160.00
10/10/14	OWCR023220	30.00
10/10/14	AGCR023315	250.00
10/16/14	SMCR023425	105.00
10/31/14	OWCR023341	60.00
11/14/14	OWCR022992	200.00
01/02/15	FECR023156	30.00
01/02/15	SRCR023053	105.00
02/06/15	OWCR021441	60.00
03/05/15	AGCR023221	60.00
03/24/15	SMCR023629	15.00
04/17/15	OWCR023526	60.00
05/01/15	SRCR023557	100.00
05/04/15	SMCR023652	75.00
05/08/15	AGCR023417	1,290.00
05/21/15	OWCR023573	30.00
05/29/15	AGCR023562	120.00
05/29/15	AGCR023521	1,000.00

Report on Special Investigation of the
Cedar County Sheriff's OfficeUnrecorded Room and Board and Work Release Fees
For the period June 1, 2013 through December 31, 2015

Sentencing Court Date	Case Number	Amount
06/05/15	OWCR023591	105.00
06/05/15	AGCR023541	200.00
06/26/15	OWCR023630	200.00
07/02/15	AGCR023623	105.00
07/10/15	AGCR023561	525.00
08/28/15	OWCR023739	105.00
09/10/15	AGCR023587	60.00
09/10/15	OWCR023763	105.00
10/09/15	AGCR023649	575.00
10/10/15	AGCR023446	150.00
10/12/15	SMCR023943	15.00
10/23/15	AGCR023374	105.00
10/23/15	AGCR023786	135.00
12/31/15	SRCR023257	30.00
Total		<u>\$ 14,220.00</u>

Exhibit E

Report on Special Investigation of the
Cedar County Sheriff's OfficeUnbilled Room and Board and Work Release Fees
For the period June 1, 2013 through December 31, 2015

Court Date	Case Number	Amount
08/02/13	AGCR022677	\$ 60.00
08/23/13	FECR022544	30.00
09/13/13	AGCR022862	450.00
09/20/13	OWCR022508	105.00
10/11/13	OWCR022841	105.00
11/01/13	AGCR022501	45.00
12/06/13	SRCR022130	60.00
12/20/13	FECR022912	150.00
01/03/14	SMCR023057	30.00
03/28/14	OWCR023051	30.00
04/07/14	SMCR023174	15.00
08/15/14	OWCR022682	120.00
08/27/14	SMCR023324	45.00
09/12/14	SRCR023316	1,125.00
10/27/14	SMCR023057	30.00
11/14/14	FECR023350	900.00
02/20/15	AGCR023414	450.00
02/27/15	FECR023452	1,275.00
04/10/15	SRCR023639	240.00
07/10/15	SRCR023643	15.00
07/10/15	SRCR023644	15.00
07/29/15	SRCR023645	15.00
07/31/15	AGCR023679	1,500.00
08/25/15	OWCR023843	255.00
09/04/15	FECR023544	135.00
09/25/15	SRCR019708	75.00
10/21/15	SMCR023947	105.00
Total		<u>\$ 7,380.00</u>

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

Undeposited Commissary Collections
For the period June 1, 2013 through December 31, 2015

Bank Deposit Date	Per Commissary Banking System			Per Bank Deposit/Bank Statement			Undeposited Amount
	Cash/ Check	Cash Drawer (Short)/Over	Net Deposit	Cash/ Check	Substituted Checks	Total Deposit	
06/04/14	\$ 215.00	(165.00)	50.00	50.00	-	50.00	\$ 165.00
09/30/14	877.63	(40.00)	837.63	837.63	-	837.63	40.00
03/03/15	970.81	-	970.81	417.77	553.04 ^	970.81	553.04
06/04/15	196.70	176.81	373.51	68.70	304.81	373.51	128.00
07/28/15	607.00	-	607.00	270.76	336.24	607.00	336.24
09/01/15	1,015.01	-	1,015.01	456.49	558.52	1,015.01	558.52
09/29/15	568.00	-	568.00	255.24	312.76	568.00	312.76
12/22/15	1,685.87	(745.60)	940.27	257.02	683.25 #	940.27	1,428.85
Total	\$ 6,136.02	(773.79)	5,362.23	2,613.61	2,748.62	5,362.23	\$ 3,522.41

^ - Includes \$541.96 check from Securus and \$11.08 check from Office Max.


- Includes 2 checks from Securus for \$393.66 and \$289.59.

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

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
David A. Cook, Staff Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State