

OFFICE OF THE COUNTY ADMINISTRATOR

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June 30, 2016

TO: Mahesh Sharma, County Administrator

CC: Board of Supervisors
Dennis Conard, Sheriff
Financial Review Committee:
Wes Rostenbach, Accounting and Tax Manager
Craig Hufford, Financial Management Supervisor

FROM: David Farmer, CPA, Director of Budget and Administrative Services

SUBJECT: Implementation status of Addendum to Scott County, Iowa Forensic Investigation
– Scott County Sheriff's Office, September 23, 2015

Attached is the implementation status of the recommended internal controls to be applied to the Scott County Sheriff's office. 21 of 21 items have been tested and are considered complete. The 21st item was tested in the 4th fiscal quarter of the 2016. The department developed new control procedures in the 3rd quarter and it was best to test the procedures after sufficient data has been collected.

The Sheriff's Department fully addressed and documented the new procedures for staff. The new internal controls will be subject to yearly evaluation through external audit and internal financial review committee consideration.

I will be at the July 12th Committee of the Whole to answer in questions concerning the implementation plan.

Accounting Department Improvement Plan

Reviewed by: Scott County Financial Review Committee

Reviewed

Internal Control Section		Finding		Condition and Recommendation		Implementation		Completed/Progress		FRC (unless stated)		Comments:	
Entity Audit Findings - CAFR FY15													
Supporting documentation; Incomplete bank reconciliation; management review of balances, processes and transactions	1. We noted the bank reconciliation is prepared by Judy Woodin who is independent of the day to day operations of the Inmate Kiosk Account. Ms. Woodin uses the bank reconciliation feature within the TurnKey system, however, this does not provide detail necessary to review the components of the deposits or the legitimacy of the checks.	The bank reconciliation process could be improved by:		Cheryl Iwinski currently runs the "Cash Box Reconciliation" to reconcile the cash box. This is not a report, so Cheryl will print a screen shot and send that to Judy Woodin each time a cash box is reconciled. Judy Woodin will print the CTSTDR report for each deposit in order to reconcile the Kiosk Account on a monthly basis.		Complete		Observed Cash Reconciliation on 12/17/15; followed up with senior accounting clerk on 1/21/16					
		a. Cash Till Session Transaction Detail Report ("CTSTDR") should be run each time a kiosk cash box is removed.		Judy Woodin is comparing the checks and cash amounts from each deposit ticket to the Bank Deposit Report.		Complete		Observed Cash Reconciliation on 12/17/15; followed up with senior accounting clerk on 1/21/16					
		b. The yellow manual deposit slips along with the Bank Deposit Reports and the CTSTDRs should be forwarded to Ms. Woodin no less than monthly and reviewed in the bank reconciliation process. Specifically, these documents provide the breakdown of cash versus checks that should be included in the deposit. In addition, these reports provide a detail of the checks included in the deposit.		c. Only one cash box can be in a kiosk at a time. The opening and closing dates of the CTSTDRs for the Lobby Kiosk and the Booking office Kiosk should be monitored to assure all dates are sequential and there are no missing dates.		Judy Woodin is monitoring all dates of Kiosk reconciliation dates from October 2015 statement and on-going.		Complete		Observed Cash Reconciliation on 12/17/15; followed up with senior accounting clerk on 1/21/16			
Supporting documentation; management review of balances, processes and transactions; internal audit for completeness, authorization and accuracy	2. Scott County Jail administration did not review all disbursements of the Jail Inmate Kiosk Account	2. Scott County Jail administration should periodically review check copies noting payee names, memo comments and amounts.		Memo and process instructions are complete		Complete		Reviewed January 2016		New processing procedures to be applied 7/1/16			
Written Policies; Management review of balances, processes and transactions	3. We noted there did not appear to be any written policies and procedures with respect to scheduled removal and replacement of kiosk cash boxes and timely deposit of same.	We recommend written procedures which set forth requirements for scheduled box removal and replacement, the reports to be processed and a requirement to deposit funds within 24 hours. Scott County Jail Administration should periodically monitor adherence to these policies.		Memo and process instructions are complete		Complete		Reviewed January 2016					
Error identification and correction process; incomplete bank reconciliations; management review of balances, processes and transactions; written polices	4. The Quad City Bank and Trust ("QCBT") indicated the Inmate Kiosk Account has a long-standing verbal policy in which QCBT is allowed to correct cash shortages but is not allowed to correct cash overages on the deposit receipts. Cash overages are returned to the Scott County Jail in the form of a bank official's check.	This practice should be discontinued and any deposit discrepancies should be reported by QCBT to a Scott County Jail administration employee independent of the day to day operations, preparation of deposit or bank reconciliation process. QCBT should be allowed to correct the deposit receipt to the actual amount received. Discrepancies should be investigated timely and adjustments or corrections should be approved by an appropriate level of authority and a person independent of the day to day operations, preparation of deposits or checks and the bank reconciliation process.		Authorized signer informed QCBT that all deposit discrepancies will consist of a call made to Judy Woodin to inform her of the discrepancy in the deposit and the entire deposit will be returned to the Sheriff's Office for corrections.		Complete		Reviewed January 2016					

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Internal Control Section	Finding	Condition and Recommendation	Implementation	Completed/Progress	FRC (unless stated)	Comments:
Written Policies; Supporting Documentation	5. There are no written policies regarding the maintenance of checks received by the Inmate Kiosk Account.	Written policies and procedures should strictly prohibit the redeposit of Inmate Kiosk Account checks into the Inmate Kiosk Account. Any unused or incorrect checks should be voided within the Turnkey system.	Memo and process instructions are complete	Complete	Reviewed January 2016	
Supporting documentation; management review of balances, processes and transactions; internal audit for completeness, authorization and accuracy; written policies	6. The implementation of the County ERP system changed the process for billing other jurisdictions for booking and fingerprinting fees. Management should review and monitor accounts receivable for services performed.	While the senior accounting clerk does the billing and receipting of these fees, there is now an accounts receivable balance that can be monitored by other County offices. County-wide Administration should review this account monthly for past due amounts.	With the implementation of the ERP system in January, 2014, accounts receivables are being monitored.	Complete	Reviewed January 2016	
Management review of balances, processes and transactions; internal audit for completeness, authorization, accuracy	7. Monthly reconciliation procedures were not performed in a timely manner and to the level of detail to detect errors in the reconciliation.	Monthly reconciliation procedures should be designed and implemented for the Turnkey Trust accounts. Amounts due other departments or vendors should be paid no less than monthly to facilitate this process and minimize the Inmate Kiosk Account balance. Scott County Jail Administration should periodically review the reconciliations.	Cheryl will begin with November, 2015 to print the balances in the trust accounts before checks are written and then print the balances in the trust accounts after the checks are written and will send these reports to Pam Bennett. Pam Bennett will compare these figures to what was actually deposited to the general ledger through the ERP system and through the Treasurer's Office.	Complete	Reviewed January 2016	
Written Policies; internal audit for completeness, authorization, accuracy; supporting documentation; incomplete transaction reconciliations	8. The procedures used for work release receipts should be consistent between cash received and checks received regardless of whether any amounts are due inmates or their designees.	a. Establish written procedures and communicate to senior accounting clerk and employees backing up these functions.	Memo and process instructions are complete	Complete	Reviewed January 2016	
		b. Consider establishing a Turnkey Trust account in which all receipts are recorded in and relieved from the Trust account to Inmate Accounts and/or Treasurer's office weekly. This will provide a record of all inmate work release receipts in one place and can be verified to the manual receipt book monthly.	This has been completed for work release, fingerprinting and mug shots on a monthly basis. Any transactions from the inmate account is completed on a daily basis.	Complete	Reviewed January 2016	
		c. Obtain listing of inmates on work release programs from the Officer in charge of the program weekly and verify to receipts.	Reconciliation implemented in December, 2015 on a monthly basis.	Complete	Reviewed January 2016	
		d. Consider using the Booking Office cash intake kiosk for cash work release payments.	Implemented in September, 2015	Complete	Reviewed January 2016	
		e. Maintain white receipt copies.	Because a Kiosk account has been established, there are no white receipt copies.	Complete	Reviewed January 2016	
		f. An employee independent of the processing of receipts should periodically "audit" the white receipt copies, the manual receipt ledger, the detail of the Turnkey Trust account and the calculation of the amount due the County.	This is being done for fingerprinting since October 2015. This was implemented for other areas in December, 2015	Complete	Reviewed January 2016	

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Supporting Documentation; incomplete transaction reconciliation; management review of balances; processes and accuracy; written policies	9. Historically, there has been no reconciliation between the Public Print Office manual receipt book and the amount receipted and recorded in the County ERP system.	a. An employee independent of the receipting and depositing process could run a tape of the manual receipt book and agree to the amount deposited and recorded in the County ERP system monthly.	Judy Woodin is reconciling the fingerprint account.	Complete	Reviewed January 2016	
		b. During the reconciliation above, the number of courtesy prints could be agreed to the Officer's log (maintained on excel)	Judy Woodin is currently completing this recommendation.	Complete	Reviewed January 2016	
		c. Consider the cost/benefit of automating receipts and employing relevant reconciliation procedures. i. ERP Point of Sale ii. Third Intake Kiosk	In early 2016, fingerprinting will be scheduled on-line by the consumer and will be paid by credit card or cash. This should considerably affect the amount cash received. Cash will be receipted by Cheryl Iwinski and Amy Lueders and no ID officer will be accepting cash.	Complete	Reviewed May 2016	New procedures reconciles fingerprint activity to revenues.