



**PINAL • COUNTY**  
*wide open opportunity*

**Internal Audit Report**

**Pinal County**

**Jail Enhancement Fund Review**

**August 2016**

## Executive Summary

### Background

Pinal County's Jail Enhancement Funds (JEF) are received from the Arizona Criminal Justice Enhancement Fund (CJEF). Arizona State law requires 85 percent of the Criminal Justice Enhancement Fund to be distributed to state and local law enforcement agencies for specific purposes and, of that 85 percent, 11.7 percent are allocated to the Jail Enhancement Fund and divided amongst the fifteen counties in Arizona. (A.R.S § 41-2401 D9)

Jail enhancement funds are to be used to increase or improve the value, quality, desirability or attractiveness of county jail services or operations.

The following Jail Enhancement Fund Guidelines<sup>1</sup> were approved by the Arizona Sheriffs Association in October 2011:

- a. At least twenty-five percent (25%) of the jail enhancement funds are recommended to be used to ensure adequate training and provide training related costs for jail and detention purposes.
- b. Remaining funds shall be used to enhance county jail facilities and operations, including county jails under the jurisdiction of a county jail district.
- c. The sheriff has absolute and final authority for the allocation of jail enhancement funds for their intended purpose and these funds cannot be used to supplant or replace budgeted funds or expenses that should otherwise be budgeted by the respective county or jail district.

Overall, the review of the Pinal County's Jail Enhancement Fund has affirmed that:

- All sampled expenditures contained supporting documentation and appeared to be within JEF guidelines;
- Personnel funded from the JEF were approved by the Board of Supervisors; and
- Annually, the JEF financial activity report has been submitted to the Arizona Criminal Justice Commission, as required for continued funding.

### Objective and Approach

The objectives of this audit were to examine expenditures from Pinal County's Jail Enhancement Fund submitted by the Sheriff's Department and review for:

- Compliance with Jail Enhancement Fund guidelines,
- Proper internal controls designed to ensure the orderly and efficient conduct of business, and
- Completeness and accuracy of accounting records.

A summary of procedures performed during this internal audit included:

- Obtaining an understanding of State guidelines and statutes to determine compliance criteria.
- Interviewing key personnel
- Testing a sample of expenditures

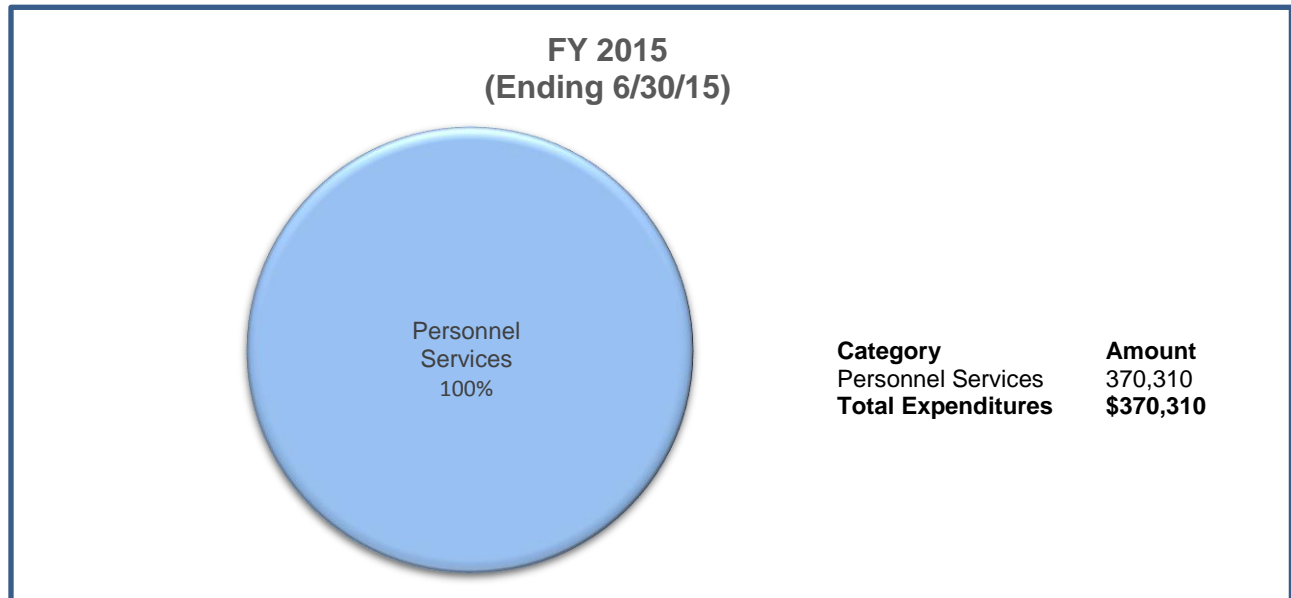
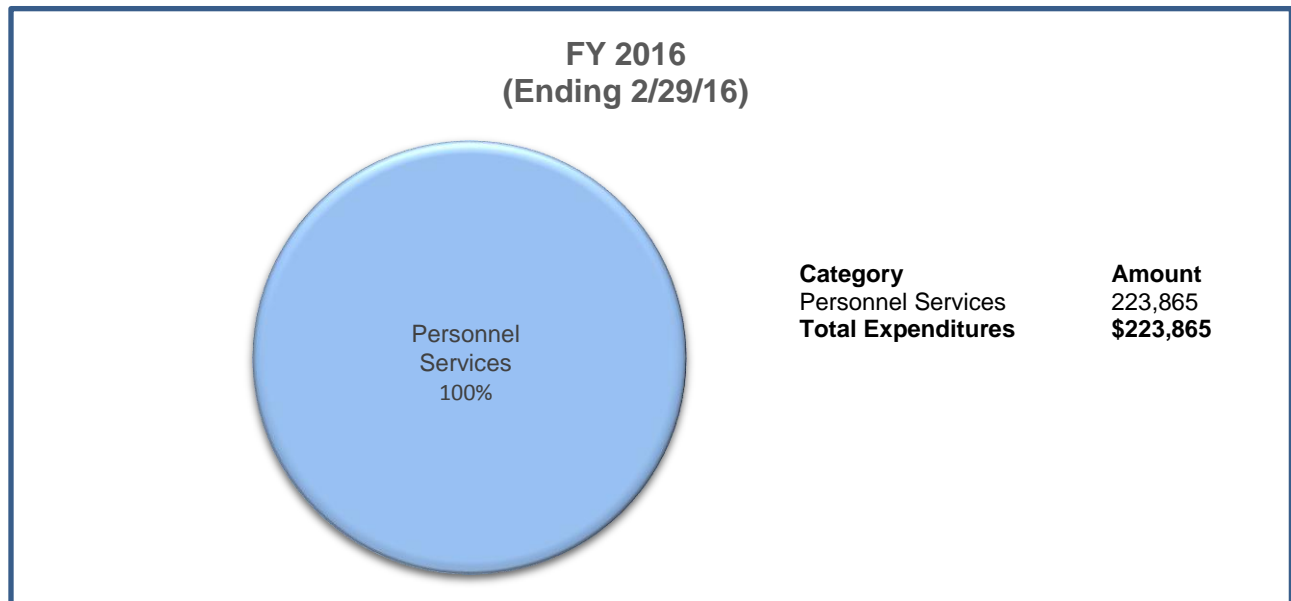
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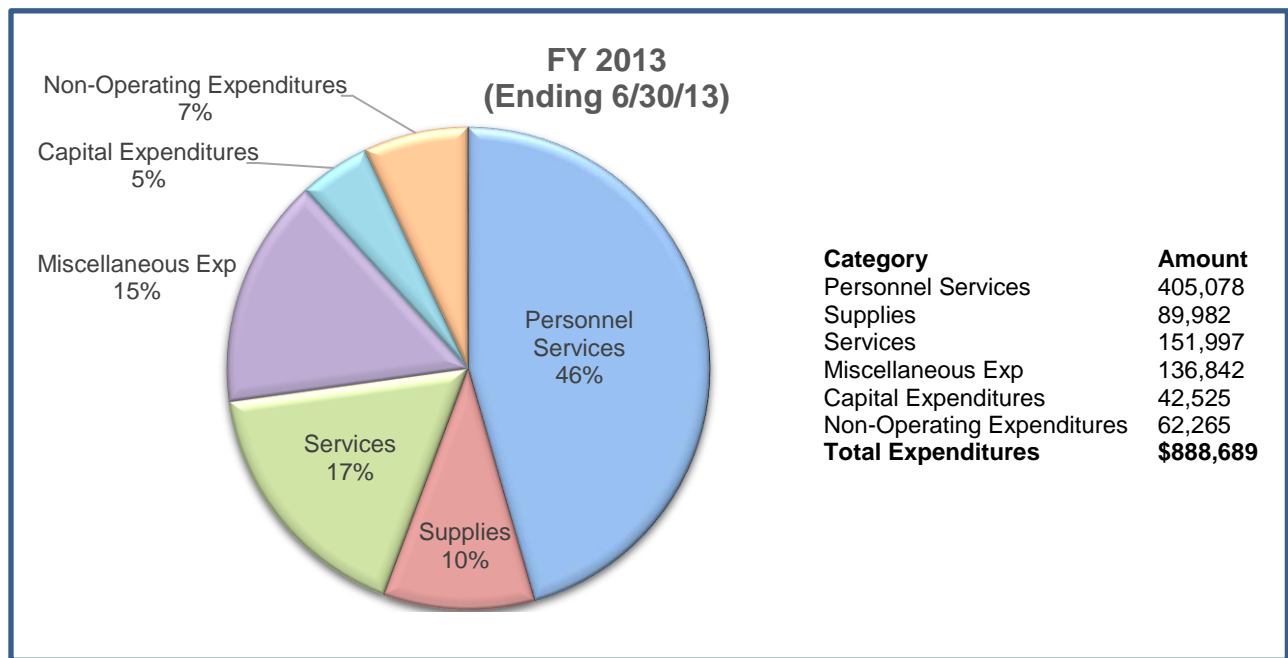
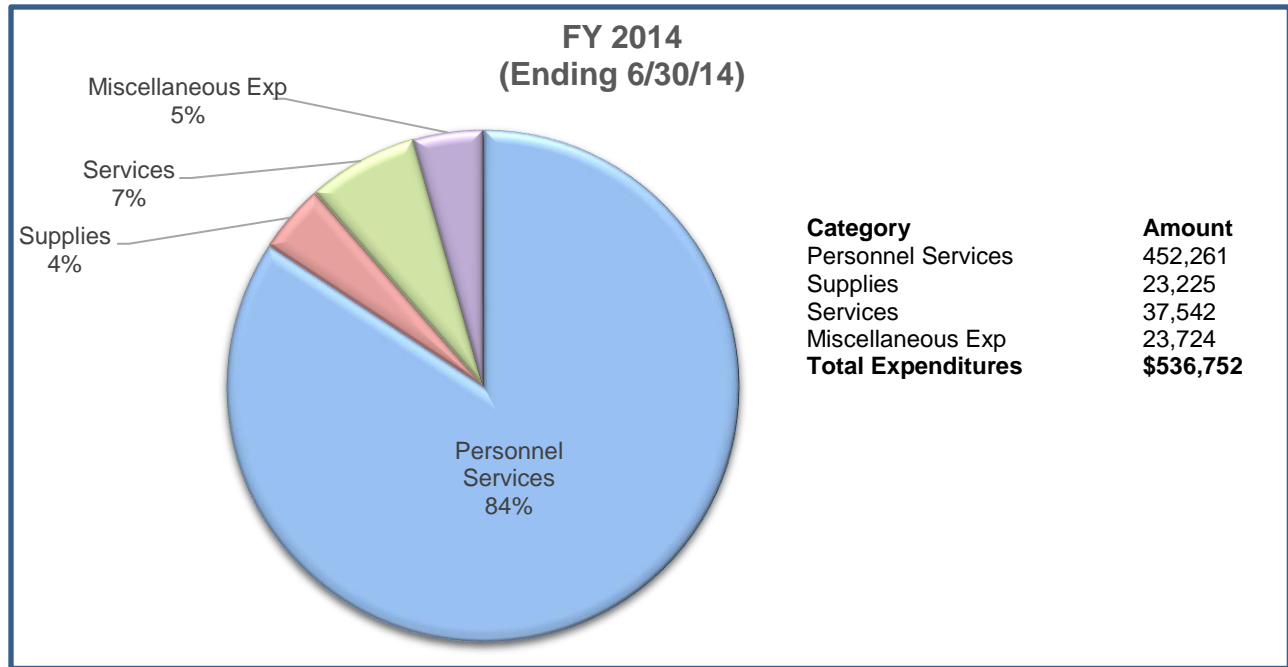
<sup>1</sup> Jail Enhancement Fund Guidelines:  
[http://www.azcjc.gov/ACJC.Web/pubs/Finance/ASA%20CJEF%20Guidelines%20\(2\).pdf](http://www.azcjc.gov/ACJC.Web/pubs/Finance/ASA%20CJEF%20Guidelines%20(2).pdf)

**Key Statistics: Provided by County Finance Department**

Internal Audit reviewed a sample of 40 expense transactions, totaling \$117,250 of \$3,412,419 from the period of July 1, 2012, through February 29, 2016. Of the \$3,412,419 total expenditures, \$2,604,713 were personnel expenses related to compensation and benefits.

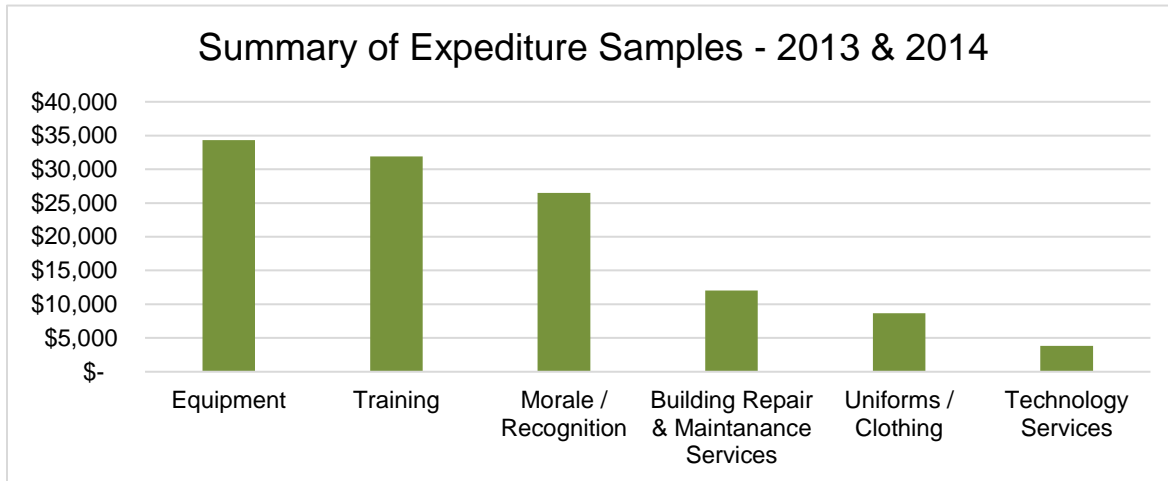
The charts and detail below illustrate percentage of Jail Enhancement Fund expenditures reported by category for fiscal years 2012 – 2016. Personnel services represents employee wages and compensation. Miscellaneous expenses are inclusive of training and training related costs for jail and detention purposes.





**Key Statistics: Internal Audit Samples**

The chart below represents a summary of the 40 sampled expenses totaling \$117,249.74. Refer to Appendix C for a detailed listing of expenses.



- Equipment – Security cameras, exercise equipment, chairs, and kick plates.
- Training – Conferences and related trainings.
- Morale and recognition – challenge coins, coffee mugs, recognition ceremony and pins.
- Building Repair & Maintenance Services – Seal coating payment.
- Uniforms / Clothing – Badges, polos and beanies.
- Technology Services – Jail Accreditation Implementation Service.

**Summary of Results - Improvement Opportunities**

Through detailed discussions with key personnel, performance of walkthroughs and detailed control testing, three key improvement opportunities were identified. Control and process improvement opportunities identified by Internal Audit are summarized below and discussed more thoroughly in the Improvement Opportunities and Action Plan section that follows.

Refer to Appendix B for Risk Ranking of each improvement opportunities and Appendix C for detailed listing of expenses.

No.	Improvement Opportunities	Risk Ranking
1.	Evidence of Sheriff authorization should be retained, organized and easily accessible.	Medium
2.	Jail Enhancement Funds monitoring should be enhanced.	Medium

**Improvement Opportunities and Action Plans**

No.	Improvement Opportunities	Risk Ranking*	Recommendations	Management Action Plan
1.	<p>Evidence of Sheriff authorization should be retained, organized and easily accessible.</p> <ul style="list-style-type: none"> <li>Evidence of JEF expenditure approvals were not retained for 19 of 44 expenditures sampled. (Highlighted in Appendix C)</li> </ul>	<b>Medium</b>	<p>A formal authorization and retention process for JEF expenditures should be established.</p> <p>When implemented, expense approvals from the Sheriff should be attached to documentation in OnBase.</p>	<p><b>Responsible Party</b> PCSO Finance</p> <p><b>Expected Completion Date:</b> October 1, 2017</p> <p><b>Management Action Plan:</b></p> <ul style="list-style-type: none"> <li>Creation of a new form that will document the expenditure request, request approval and signature of Sheriff or designee, and the applicable expense category (Equipment, Training, Morale/Recognition, Building Repair &amp; Maintenance Services, Uniforms/Clothing, or Technology Services).</li> <li>Recording and retention of request form, along with expenditure documentation or receipts scanned into OnBase system.</li> </ul>

\* Risk Ranking: Includes High, Medium, and Low. See Risk Ranking Definitions in Appendix B for further detail.

2.	<p><b>Jail Enhancement Funds monitoring should be enhanced.</b></p> <ul style="list-style-type: none"> <li>• During FY 2015 &amp; FY 2016 all JEF expenditures were related to personnel wages and compensation. No funds were spent on training.</li> <li>• During FY 2013 and FY 2014, 15% and 4% of funds, respectively, were spent on training related costs.</li> <li>• Budget overruns/deficits were incurred three of the past four years:</li> </ul> <table border="1" data-bbox="275 669 867 860"> <thead> <tr> <th>Fiscal Year</th> <th>Overrun</th> <th>Year-end Surplus / Deficits</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>(517,714.07)</td> <td>142,968.49</td> </tr> <tr> <td>2014</td> <td>(187,737.03)</td> <td>(44,768.54)</td> </tr> <tr> <td>2015</td> <td>(40,180.75)</td> <td>(84,949.29)</td> </tr> <tr> <td>2016</td> <td>(63,936.69)</td> <td>(148,885.98)</td> </tr> </tbody> </table>	Fiscal Year	Overrun	Year-end Surplus / Deficits	2013	(517,714.07)	142,968.49	2014	(187,737.03)	(44,768.54)	2015	(40,180.75)	(84,949.29)	2016	(63,936.69)	(148,885.98)	Medium	<p>Sheriff's Office should enhance expenditure documentation to include a designation of how the funds are used and how that usage correlates to the JEF guidelines.</p> <p>Monthly, review of budget to actual expenditures should be performed and documentation of the review and any associated action items should be retained.</p> <p>Sheriff's Office should consider historical funding during the annual budget process.</p>	<p><b>Responsible Party:</b> PCSO Finance</p> <p><b>Expected Completion Date:</b> Immediately (completed as of this date)</p> <p><b>Management Action Plan:</b></p> <ul style="list-style-type: none"> <li>• JEF budget currently not being utilized and all spending is on hold, as the account has a negative balance.</li> <li>• The expenditure documentation will be enhanced as outlined in the MAP for Improvement Opportunity/MAP #1.</li> <li>• October 1, 2017 will begin monthly meetings between PCSO Finance and PCSO Executive staff (Sheriff and Chief Deputy). These meetings will outline current JEF budget/balance, any outstanding balances/expenditures, and any projected expenditures. This will also include planning for future expenditures.</li> <li>• JEF funding will be utilized to supplement the PCSO budget in the applicable areas (see above), rather than utilized as part of the regular approved budget. The awarded JEF funding each budget cycle will be used to enhance operations and needs for that budget cycle.</li> </ul>
Fiscal Year	Overrun	Year-end Surplus / Deficits																	
2013	(517,714.07)	142,968.49																	
2014	(187,737.03)	(44,768.54)																	
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\* Risk Ranking: Includes High, Medium, and Low. See Risk Ranking Definitions in Appendix B for further detail.

## **Appendix A: Internal Audit Procedures Performed**

- Selected a sample of expense transactions throughout the period July 1, 2012 through February 29, 2016; and obtained the associated supporting documentation.
- Reviewed the selected transactions and related supporting documentation for compliance with the Jail Enhancement Fund Guidelines.
- Classified sampled expenses based on the items(s) purchased to understand usage of the Jail Enhancement Fund.



**Appendix B: Pinal County Risk Ranking Definitions**

<b>High</b>	<b>Medium</b>	<b>Low</b>
Material impact on financial statements of the organization	Less than a material impact on financial statements	No impact on financial statements
Significant impact on the operating effectiveness	Moderate impact on operating effectiveness	Minor impact on operating effectiveness
Significant impact on the safeguarding of critical assets throughout the organization	Moderate impact on the safeguarding of critical assets	No significant risk to the organization
Significant impact on the accomplishment of the operational objectives for the organization	Moderate impact on the accomplishment of the operational objectives	Management relied upon for minor modifications to manage the issue
Significant impact on management's decision making for the organization	Moderate impact on management's decision making	Materiality is low
Significant risk for non-compliance with regulations, laws and policies	Potential for non-compliance with regulations, laws and policies	Minimal risk for non-compliance with regulations, laws and policies
Significant risk for litigation for the organization	Potential risk for litigation	Low risk for litigation
Numerous occurrences of the noted issue	Random occurrences of the noted issue	Minimal occurrences of the noted issue
No controls or mitigation plans exist	Controls/ mitigation plans need to be updated and improved	Controls/ mitigation plans are in place and consistently applied
Significant impact/loss of staff, critical widespread impact on morale	Some impact on a few staff or negative impact on morale	Minimal impact on staff

**Appendix C: Detailed Listing of Sampled Expenses**

#	FY	Category	Vendor	Expense Description	Amount
1	2013	Morale / Recognition	Holiday Inn Express	Room Rental for Adult Detention recognition and awards luncheon.	\$100.00
2	2013	Building Repair & Maintenance Services	Regional Pavement Maintenance	Seal Coating Pavement	\$12,016.00
3 <sup>2</sup>	2013	Morale / Recognition	SymbolArts	Qty.2,000 1" Pin, PCSO Badge Nickel	\$5,700.00
4	2013	Training	John E. Reid and Associates	Registration: Interview and Interrogation Technique Training	\$1,100.00
5 <sup>2</sup>	2013	Morale / Recognition	SymbolArts	Qty. 250 - SWAT Challenge Coins	\$1,120.00
6 <sup>2</sup>	2013	Morale / Recognition	Kapan-Kent Co.	Qty. 720 - Coffee Mugs	\$4,572.00
7 <sup>2</sup>	2013	Morale / Recognition	SymbolArts	Qty. 500 - PCSO & PCAO Challenge Coins	\$2,200.00
8 <sup>2</sup>	2013	Morale / Recognition	SymbolArts	Qty. 250 - Air Support Unit Challenge Coins	\$1,400.00
9 <sup>2</sup>	2013	Morale / Recognition	SymbolArts	Qty. 300 - Chief Deputy Challenge Coins	\$2,265.00
10 <sup>2</sup>	2013	Equipment	Advanced Exercise	Exercise equipment – Decline Bench	\$561.00
11 <sup>2</sup>	2013	Equipment	Advanced Exercise	Exercise equipment – Utility Bench	\$393.00
12 <sup>2</sup>	2013	Morale / Recognition	SymbolArts	Qty. 1,000 - Honor Guard Challenge Coins	\$5,320.00
13	2013	Training	Harvard University	Senior Executives in State and Local Government	\$11,800.00
14	2013	Training	Harvard University	Senior Executives in State and Local Government	\$11,800.00
15	2013	N/A	Frontier Airlines	Group Airfare for Youth Explorer Group. This expense was inadvertently charge to JEF, expense was reimbursed.	N/A
16	2013	Equipment	Electronic Security Concepts	Panasonic Network System Management Software	\$585.00
17	2013	Equipment	Electronic Security Concepts	Panasonic 9TB HD 64 Camera	\$14,342.00
18	2013	Equipment	Electronic Security Concepts	Panasonic Network Dome Camera	\$2,352.00
19	2013	Equipment	Electronic Security Concepts	Panasonic Network PTZ Color Dome Camera	\$9,492.00
20 <sup>2</sup>	2013	Uniforms / Clothing	The Emblem Authority	Qty. 10,025 - Sheriff Shoulder Badges	\$3,508.75

<sup>2</sup> Reasonable explanation and descriptions were provided by Tim Gaffney, Director of Administration, Pinal County Sheriff's Office for selected samples.

**Appendix C: Detailed Listing of Sampled Expenses (cont'd)**

#	FY	Category	Vendor	Expense Description	Amount
21 <sup>2</sup>	2013	Equipment	Arizona Correctional Industries	Qty. 68 – Aluminum Kick Plates for jail facility doors	\$3,550.00
22	2013	Training	N/A	Per Diem while attending Senior Executives in State and Local Government	\$902.00
23	2013	Training	N/A	Per Diem while attending Senior Executives in State and Local Government	\$902.00
24 <sup>2</sup>	2013	Morale / Recognition	N/A	Per Diem while attending National Police week in Washington DC	\$451.50
25	2013	Training	Nami of Southern Nevada	Registration: Crisis Intervention Teams International Conference	\$330.00
26	2013	Training	Nami of Southern Nevada	Registration: Crisis Intervention Teams International Conference	\$330.00
27	2013	Training	Nami of Southern Nevada	Registration: Crisis Intervention Teams International Conference	\$330.00
28	2014	Technology Services	AARMS	Jail Accreditation Implementation Service	\$1,540.00
29 <sup>2</sup>	2014	Morale / Recognition	SymbolArts	Qty. 300 - K-9 Unit Challenge Coins	\$2,070.00
30	2013	Equipment	Dell Computer Company	Dell Latitude E6520 Laptop	\$1,631.49
31 <sup>2</sup>	2014	Equipment	Facilitec	Qty. 8 – Jail waiting area chairs	\$1,428.00
32 <sup>2</sup>	2013	Uniforms / Clothing	Uniform & Accessories	Qty. 600 – Sheriff Beanies	\$2,994.00
33	2013	Morale / Recognition	Kiss the Chef Catering	Catering for Adult Detention recognition and awards luncheon.	\$1,280.00
34 <sup>2</sup>	2013	Uniforms / Clothing	Faith's Creations	Seamstress service for sewn patches	\$352.00
35 <sup>2</sup>	2013	Uniforms / Clothing	Creative Promotions	Antigua Men's polo for Posse members and other volunteers	\$1,808.00
36	2014	Training	ADOC	AZ Dept. of Corrections training	\$660.00
37	2014	Technology Services	AARMS	Jail Accreditation Implementation Service	\$2,310.00
38	2014	Training	Fred Pryor Seminars	Registration - Training	\$79.00
39	2014	Training	Utah Sheriffs Association	Registration - Training	\$175.00
40	2013	Training	Sotelligence, Inc.	Registration: Managing Mentally and Emotionally Disturbed	\$3,500.00

**Appendix C: Detailed Listing of Sampled Expenses (cont'd)**

<b>#</b>	<b>FY</b>	<b>Category</b>	<b>Vendor</b>	<b>Expense Description</b>	<b>Expense</b>
41 <sup>3</sup>	2015	Personnel Services	N/A	Director II, Sheriff/Jail Enhancement	N/A
42 <sup>3</sup>	2015	Personnel Services	N/A	Administrative Clerk III, Sheriff Adult Detention	N/A
43 <sup>3</sup>	2016	Personnel Services	N/A	Volunteer POSSE Coordinator, Sherriff	N/A
44 <sup>3</sup>	2016	Personnel Services	N/A	Evidence Technician, Sherriff/Jail Enhancement	N/A

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<sup>3</sup> Positions funded out of the JEF were approved by the Board of Supervisors. These positions include Director, Administrative Clerk, Evidence Technician, and Volunteer Sheriff POSSE Coordinator.

### **Appendix D: Statement of Limitations**

This report (e.g. report of findings/recommendations, table, chart, summary) provides Pinal County management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel will significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.