

Internal Audit Report on Community Corrections Money Receipts

County of Henrico



*Proud of our progress;
Excited about our future*

**Internal Audit Report #251
April 8, 2015**

HENRICO COUNTY INTERNAL AUDIT
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Internal Audit Report on Community Corrections Money Receipts



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Summary

- Scheduled Audit
- Conclusions on Audit Objectives (refer to Slide 15)
- Exception Oriented
- 10 reportable Issues and 4 Other Observations
- Management Action Plans have been developed to address all risks identified.





Contents

- Introduction and Background
- Scope, Internal Controls and Methodology
- Conclusions on Audit Objectives
- Issues and Management Action Plans
- Closing and Report Distribution



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Introduction

- Auditor III, Sharon Wade, performed audit work
- Used professional auditing standards
- Examined controls & tested for selective compliance
- All exceptions given to Agency
- Reported control design issues & significant test exceptions only
- Work for same Government we audit



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Background

The Community Corrections Program (CCP):

- Works with government agencies and community programs to provide a system of intermediate punishments and services for adults referred by the Henrico Courts
- Target population: defendants/offenders who may not require incarceration
- Helps to reduce the use of the jail facilities which saves the taxpayers' money



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Background

Community Corrections Program Areas:

- Pretrial Services (no associated fees)
- Probation Services
- Community Service Work (no associated fees)
- Group Services (outsourced; client pays the vendor directly)
- Restitution Monitoring
- Drug Court

Locations:

- Main Location-Human Services Building
- Satellite Locations:
 - Bremo Road in the Henrico Mental Health/Developmental Services Office
 - Resource Workforce Center (Cedar Fork Road in the East End)
 - Juvenile and Domestic Relations Court CCP Intake Office

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Background

Probation Services:

- A one-time probation program fee of \$150 is charged
 - A \$25 transfer fee applies if the offender is transferred to the jurisdiction in which s/he resides.
 - A fee reduction to \$75 is allowed if the offender provides evidence of financial hardship.
- Probation fees are collected in the CCP offices.
 - Manual Pay-In-Vouchers (PIV's) are completed and are taken with the payments to the Cashier's Office in order to update the General Ledger.
- The State's Pretrial and Community Corrections Case Management System (PTCC) is utilized to record and document probation fee payments.

Description	Amount
Total Probation Fee Revenue (4/1/14 – 8/31/14)	\$77,525
Source: G/L	

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Background

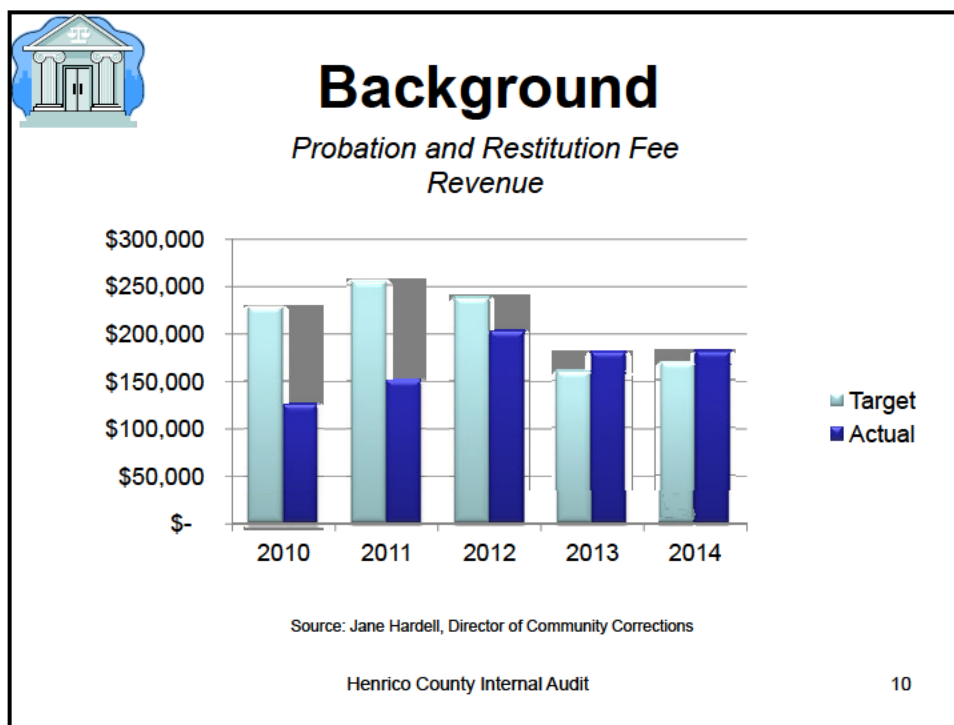
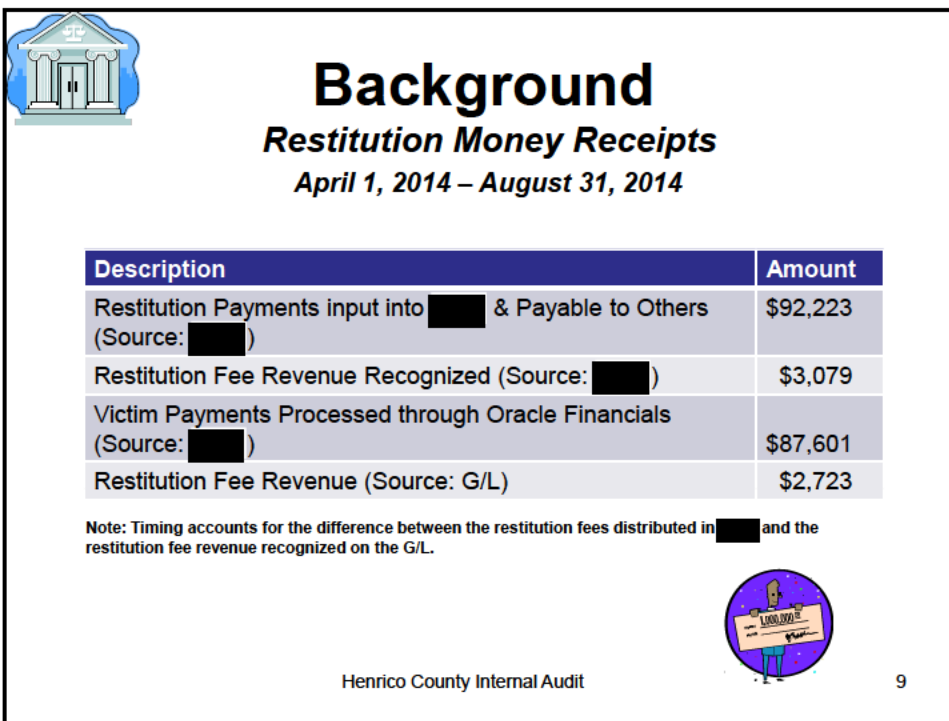
Restitution Monitoring:

- CCP receives fees for monitoring the restitution process.
- Restitution fees are based on the court-ordered restitution amount.
 - \$50 for restitutions of \$999 or less; \$100 for restitutions of \$1,000 or more
- Offenders make all restitution payments through the Cashier's Offices in Finance's Treasury Division.
 - A daily report of all payments received is emailed to CCP.
- CCP personnel enter all payments from this report into the County's [REDACTED] to control the disbursement of the pass-through funds to the appropriate recipients.
- CCP does not recognize fee revenue until the victim is made "whole" (i.e., the offender has paid the entire court-ordered restitution to the victim.)



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Audit Scope

Includes:

- Probation Services
- Restitution Monitoring
- [REDACTED] System
- Access Database (maintained in the Cashier's Office for receipting purposes)



Excludes:

- Drug Court Program (*Director of Community Corrections has no control over this money receipts process.*)
- Pretrial Services and Community Service Work (*no associated fees*)
- Group Services (*client pays the vendor directly*)



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Internal Controls *Objectives*

- Reliability and integrity of information
- Compliance with policies, procedures, laws and regulations
- Safeguarding of assets
- Effectiveness and efficiency of operations



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Internal Controls Cont'd

General Limitations of any Controls

- Errors and irregularities may go undetected
- Inherent limitations in any control structure including:
 - Resource constraints,
 - Legislative restrictions, etc.
- Projection to future subject to risk of change in effectiveness
- Compliance may deteriorate



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Audit Methodology

- Conducted walkthroughs of money receipts processes for both probation and restitution monitoring fees to document control strengths and weaknesses
- Tested one key control gap related to probation fees for quantification purposes
- Due to over-arching control issues noted, limited testing of restitution monitoring fee controls was performed.



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	<h2>Conclusions on Audit Objectives</h2>	
Rating	Audit Objective	Issues/Other Observations Identified
▲	Determine if controls exist and are operating effectively to ensure the accountability for money receipts (receipts, voids, segregation of duties, over/shorts) .	Issues 3, 6 and 7
●	Determine if controls exist and are operating effectively to ensure collected receipts are promptly recorded, deposited intact and reconciled.	Issues 1, 2, 3, 6, 7, 11, 12 and 13; Other Observations 5, 9, 10, and 14
■	Determine that controls exist to safeguard money receipts.	No Reportable Issues
▲	Determine compliance with agency money receipts policies and procedures.	Issue 12
▲	Determine if system controls exist and are operating effectively.	Issues 1, 3, 4, 7 and 8
●	Insufficient-Immediate Attention	
▲	Improvement Needed	
■	Sufficient	
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Issues

Restitution

Issues:

1. Implement Controls to Ensure All Restitution Payments are Recorded and Disbursed
2. Ensure Sufficient Efforts to Properly Collect on Delinquent Restitution Orders
3. Institute Controls to Monitor the Accuracy and Timeliness of Restitution Processing
4. Enhance █████ System Controls

Other Observation:

(Observation noted during the audit which was considered less critical in reaching our conclusions on the audit objectives.)

5. Post Restitution Fee Revenue to the General Ledger Monthly

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Issues

Probation

Issues:

6. Enhance Probation Receipt Book Controls
7. Utilize System Controls and Reconciliations of System Balances to Strengthen the Probation Money Receipts Process
8. Incorporate Best Practices for the Maintenance/Back-up of the Case Management Application and Database

Other Observations:

(Observations noted during the audit which were considered less critical in reaching our conclusions on the audit objectives.)

9. Restrictively Endorse Payments Immediately Upon Receipt
10. Post Signs Communicating the Expectation of a Receipt

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Issues

Restitution & Probation

Issues:

11. Ensure Department Reporting is Accurate and Agrees to the General Ledger
12. Revise Standard Operating Procedures
13. Enhance Controls over the Debt Set-Off Process

Other Observation:

(Observation noted during the audit which was considered less critical in reaching our conclusions on the audit objectives.)

14. Implement Systems to Formally Track Offender Complaints and Questions

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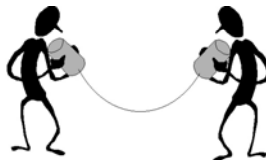
Restitution: Issues and Other Observation



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Issue 1

Implement Controls to Ensure All Restitution Payments are Recorded and Disbursed



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Condition

Issue 1

All restitution payments collected have not been reflected in offender records and disbursed to the proper victims.

The Treasury Division uses an Access database to facilitate the recording of offender restitution payments they collect which are compiled on daily reports sent to CCP. From these reports, CCP personnel update the individual offender records in the separate [REDACTED] System which then interfaces with Oracle Financials to disburse the collected funds to the appropriate victims.

During interviews, we learned that Treasury had determined that their master Access database had not been properly used as the sole system for recording all payments received. As a result, the daily reports that had been sent to CCP did not include all payments collected.



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Condition

Issue 1

Furthermore, it was determined that Treasury did not reconcile the restitution payments keyed into the Access database to the cashiering system prior to sending the daily reports to CCP. In addition, CCP was not reconciling the reports received to their general ledger accounts.

In order to quantify transactions not reported to CCP during April and May 2014, we compared the main Access database activity to the transactions processed through the cashiering system. We noted 86 transactions totaling \$8,908 which had been processed for deposit and recording on the general ledger but had not been entered into the main Access database and, thus, had not been reported to CCP.



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Issue 1

Effect

1. It appears some victims had not received checks for restitution payments made by offenders as the payments were not reported to CCP.
2. The potential for offenders being sent back to court for not complying with the court's orders for making restitution payments if they did not save their receipts from the Cashier's Office as evidence of the payment
3. Unrecorded and/or miscoded transactions are not identified



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Issue 1

Cause

1. Technology Support Specialists (TSS's) did not set up the link to the production Access database on the cashiers' computers but rather issued instructions to the cashiers to set-up their own access to this application.
2. No user training communicating that the database file is not to be copied onto local machines
3. No periodic checks of users' computers to ensure that copies of the production Access database have not been made and saved locally
4. Treasury Division personnel thought that CCP was reconciling this activity to the general ledger.
5. CCP has no Controller to provide direction and, thus, never thought to institute a reconciliation control.



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Issue 1

Criteria

Data used as a system input should first be reconciled to determine its completeness and accuracy. In addition, transactions should be periodically reconciled to the general ledger to ensure all activity is completely and properly posted.



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Issue 1


Recommendation

1. The Treasury Division Director and the Director of Community Corrections should work together to identify the offenders who made restitution payments which were processed through the cashing system but not through the main Access database and, thus, not reported to CCP. Once these payments are identified, CCP should work to ensure that all payments are properly recorded in [REDACTED] and disbursed to the victims.
2. The Treasury Division Director should initiate ongoing efforts to:
 - a. reconcile, for each transaction date, the restitution payments in the Access database to the pay file activity credited to the appropriate liability account before sending the daily report of payments received to CCP.
 - b. ensure that TSS's in Finance set-up the cashiers' computers with proper links to the production Access database.
3. The Director of Community Corrections should ensure that a formal process is implemented to periodically reconcile the general ledger liability account recording restitution payment activity (i.e., received from the offenders and then paid to the victims) as well as the monitoring fee revenue account.



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Issue 1


Management Action Plan

#	Management Action Plan	Completed By	Date
1.1	A procedure was implemented effective January 23, 2015 to review the unreconciled restitution payments which were processed through the cashiering system but not through the main Access database from that day backward until no unreconciled items are found. As of March 20, 2015, September 2014 – January 2015 have been reconciled. The Treasury Division is sending all unreconciled items to CCP. It is anticipated the review will have to go back to March 2014 when there ..a.. significant turnover of the cashiers.	Treasury Division Director	4/30/15



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Issue 1


Management Action Plan

#	Management Action Plan	Completed By	Date
1.2a	A procedure was implemented effective January 23, 2015 to review the restitution payments in the Access database to the pay file activity and send any unreconciled items that may not be on the Access database daily to CCP.	Treasury Division Director	1/23/15
1.2b	The Finance TSS set up a new PIV Access database in February 16, 2015 and placed it in a location hidden from the Treasury staff. The old databases were also placed in a secure location hidden from the Treasury staff. The TSS placed the proper link on all Treasury staff computers with the responsibility of creating PIV's.	Finance Technology Project Manager	2/16/15



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Issue 1

Management Action Plan

#	Management Action Plan	Completed By	Date
1.3	The Financial Office Assistant (OA) has developed and implemented a formal process for reconciling the Oracle General Ledger liability account recording restitution payment transactions with the PIV spreadsheets. In addition, the Account Analysis Actuals Report shall be run to review the restitution monitoring fee revenue account, monthly. CCP Director will periodically check this process to ensure consistency.	Financial OA	1/5/15




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Issue 2

Ensure Sufficient Efforts to Properly Collect on Delinquent Restitution Orders



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Issue 2

Condition

A walkthrough on 11/26/14 revealed that there were 1,184 delinquent orders in the [REDACTED] System on that day.

A Restitution Office Assistant, who works 29 hours a week, sets up restitution accounts in [REDACTED], enters payments and performs collection efforts on delinquent restitution orders.

The Restitution Office Assistant stated that she is only able to work about 10-15 of these accounts each day given her workload and scheduled work hours.

PAST DUE

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Issue 2

Effect

1. Reduced monitoring fee revenue as there is limited follow-up collection activity on a large number of delinquent restitution accounts
2. Delinquencies in payments to victims
3. Delay in notifying the courts of delinquencies in payments



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Issue 2

Cause

Tight budget for the restitution monitoring process only allows for a temporary, part-time position to perform this and other related job functions

Criteria

Adequate resources should be allocated to a function in order to accomplish its stated goals and objectives.



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Issue 2


Recommendation

The Director of Community Corrections should evaluate the volume of delinquent accounts, the time necessary to follow-up on individual accounts and the current staffing capacity within the office to determine an appropriate solution for having these cases addressed in a timely manner.



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Issue 2

Management Action Plan

#	Management Action Plan	Completed By	Date
2	The CCP Director has evaluated the number of delinquent accounts and conferred with the part-time Restitution OA who is responding to these accounts. It was determined a full-time temp currently working in CCP will focus solely on following-up on these cases in order to assist the Restitution OA. CCP Director will provide oversight of this process and will determine thereafter what additional staff resources are needed on an ongoing basis. It should be noted, however, that the number of delinquent accounts are constantly changing and the resulting impact of this follow-up will create additional work for the Restitution and Financial OA's and the Director.	CCP Director	6/30/15


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Issue 3

Institute Controls to Monitor the Accuracy and Timeliness of Restitution Processing



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Issue 3

Condition

1. Limited controls existed to monitor timeliness of restitution processing.
 - a. The Director of Community Corrections was not copied on the daily email from the Treasury Division which provides details on the restitution payments received the prior business day. Therefore, she did not know about the transaction volume or if the staff were entering and disbursing restitution payments to victims timely until they got to her desk for approval.
 - b. On 9/30/14, there was one payment dated 9/4/14 and approximately three dated 9/22/14 which had not yet been processed although the office goal for processing these payments is 5 business days.



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Issue 3

Condition

2. There was no verification of the data entered into [REDACTED] to ensure that payments were credited to the correct offender and paid to the proper victim.
 - a. While one employee checks the initial data entry by the part-time staff, she could also create or adjust the victim payee and initiate the payment transaction.
 - b. Furthermore, the payment approver was not checking the payee against the original court documents for accuracy.
 - c. Finally, [REDACTED] documentation stated that the original restitution orders from the courts are scanned into the system; however, this step was not being performed. As a result, the original court documents were not easily accessible to the payment approver.
3. [REDACTED] is the system of record for monitoring fee revenue. However, there was no system report available to show the revenue recorded during a specific time period in order to verify the accuracy of the journal entry used to post the revenue on the general ledger.



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Issue 3

Effect

1. The potential for restitution payments not being entered and distributed through [REDACTED] promptly which, in turn, delays payments to victims
2. Restitution payments being credited to the wrong offender and/or paid to the incorrect victim inadvertently or intentionally
3. Elimination of a compensating control in the restitution monitoring process as the scanned document is a reference tool to help ensure that the order was correctly set-up and has not been subsequently changed
4. The under-reporting of restitution monitoring fees on the general ledger



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Issue 3

Cause

1. Management never thought to request that the Director of Community Corrections be copied on the daily report from Treasury
2. Workload and/or research issues
3. Did not recognize these control gaps
4. Staffing transition

Criteria

1. COBIT 5, A Business Framework for the Governance and Management of Enterprise IT, sets forth information quality goals of completeness and accuracy.
2. Management should develop tools to monitor and manage the processes for which they are responsible.
3. CCP has set as a processing goal to have restitution checks cut to victims within a week (5 business days) of the PIV date as reported by the Cashier's Office.



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Issue 3

Recommendation

1. The Treasury Division personnel should include the Director of Community Corrections on the daily email of restitution payments received.
2. The Director of Community Corrections should:
 - a. Request that Information Technology grant her read-only access to the undistributed payments queue in [REDACTED].
 - b. Use both of these tools (the daily email of restitution payments received and the read-only access to the undistributed queue) to monitor the work flow and ensure that payments are entered and distributed promptly.
 - c. Work to establish data input controls, such as spot checks back to the original court paperwork during her payment approval process, to ensure that restitution payments are credited to the correct offender and are paid to the proper victim.



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Issue 3


Recommendation

- d. Reinstate the process of scanning the original Restitution Orders from the courts into [REDACTED] with consideration being given to assigning this duty to someone other than the person responsible for data entry.
- e. Work with the [REDACTED] System developer in IT to create a report that can be used to check the monitoring fee total being posted to the general ledger on the spreadsheet journal entry form. She should then approve the monitoring fee journal entry prior to submission and agree this report total to the amount on the spreadsheet journal entry form as a part of this approval process.



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Issue 3


Management Action Plan

#	Management Action Plan	Completed By	Date
3.1	The Director of Community Corrections was added to the daily distribution list for the email of restitution payments received as of March 4, 2015.	Finance Technology Project Manager	3/4/15
3.2a	The CCP Director has contacted the IT Assistant Director to request that she be provided read-only access to the undistributed payments in [REDACTED]. As a result, this change in access along with other recommended [REDACTED] changes/upgrades have now been added to IT's work schedule.	CCP Director	4/30/15
3.2b	Once the CCP Director has been granted read-only access to the undistributed queue in [REDACTED], both tools (system access and the daily email from Treasury) will be used to monitor work flow and ensure payments are entered and distributed promptly.	CCP Director	4/30/15

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Issue 3

Management Action Plan

#	Management Action Plan	Completed By	Date
3.2c	During her payment approval process, the CCP Director will review monthly a few scanned copies of Restitution Orders from the courts (or paper copies for cases where the Orders have not been scanned) to ensure that restitution payments are credited to the correct offender and are paid to the proper victim.	CCP Director	4/10/15
3.2d	The Restitution OA is now scanning all incoming original Restitution Orders directly into [REDACTED]. For now, she is the only OA devoted fully (albeit on a part-time basis) to restitution monitoring; CCP does not currently have another staff person available who can perform this task.	Restitution OA	2/18/15
3.2e	The CCP Director has requested that a report be created in [REDACTED] that displays the monitoring fees paid. When completed, the CCP Director, as a part of her approval process, will agree this report total to the amount being posted to the general ledger on the spreadsheet journal entry form.	CCP Director	4/30/15

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Issue 4

Enhance [REDACTED] System Controls



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Issue 4

Condition

Discussions with the Director of Community Corrections revealed that:

1. Periodic user access reviews of the [REDACTED] case management and payment tracking system for court-ordered restitution payments had not been performed.
2. Although changes to [REDACTED] are tested by CCP staff members, the test results have not been documented and retained.



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Issue 4

Effect

1. Transferred or terminated users may still have access to the system and, thus, the sensitive data housed therein (although the transferred/terminated user would also need a valid network user ID and password)
2. There is no support of processes being followed when system upgrade testing documentation is not retained.



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Issue 4

Cause

1. A [REDACTED] user access review was not on CCP's radar and there were other competing priorities.
2. Did not know that testing documentation should be retained

Criteria

COBIT 5, A Business Framework for the Governance and Management of Enterprise IT, states that system access should be restricted to those entitled to and needing it. In addition, this framework provides guidance to help ensure that change solutions are tested and properly controlled as the changes are introduced into the business process and the IT environment.



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Issue 4

Recommendation

The Director of Community Corrections should:

1. Perform periodic, documented user access reviews of the [REDACTED] System
2. Ensure that all documentation related to the testing of system upgrades including authorization emails be retained



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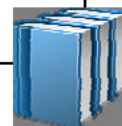
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Issue 4

Management Action Plan

#	Management Action Plan	Completed By	Date
4.1	On 10/1/14 and 3/5/15, CCP Director initiated and documented a [REDACTED] user access review. The CCP Director shall conduct [REDACTED] user access reviews semiannually at the same time as Oracle Financial User Security reviews.	CCP Director	8/1/15
4.2	CCP Director shall ensure that [REDACTED] upgrades/changes testing by Restitution staff remains documented via email. A copy of the testing results and authorization for the upgrades/changes that the CCP Director emails to the [REDACTED] IT Developer will be retained in the newly created [REDACTED] Internal Control Log Book.	CCP Director	5/15/15



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Other Observation

Issue 5

Post Restitution Fee Revenue to the General Ledger Monthly

Discussions with the Office Assistant III regarding the manual posting of restitution fee revenue revealed that the spreadsheet entries recording this fee revenue were only sent to Accounting to be uploaded to the general ledger when the spreadsheet was "full". She indicated, however, that fee revenue received during the fiscal year is posted during that year before the books are closed.

Recommendation:

The Director of Community Corrections should ensure that spreadsheet entries recording restitution fee payments received are sent to Accounting on a monthly basis in order to be uploaded to the general ledger.



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Management Action Plan

Issue 5

#	Management Action Plan	Completed By	Date
5	CCP Director has ensured that spreadsheet entries recording restitution monitoring fee payments received are sent to Accounting monthly in order to recognize revenue on a more timely basis.	CCP Director	5/8/15



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Probation: Issues and Other Observations



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Issue 6

Enhance Probation Receipt Book Controls



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Issue 6

Condition

1. A review of recently completed PIV Custody Logs revealed that they were not always properly completed in order to provide an accurate audit trail for each deposit transaction.
2. Individual logs were maintained for each PIV book which record information such as the dates the PIV book was issued and returned as well as the initials of the individuals who received the book and acknowledged its return. These logs also recorded the initials of the employee who verified that all PIV's had been accounted for and the date that this verification was performed. However, there was no consolidated PIV Receipt Book Log which:
 - a) compiles this data for all the PIV books issued to the various CCP office sites
 - b) inventories the unassigned PIV books
3. Unassigned PIV books were not stored in a secure location.



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Issue 6

Effect

1. Limited or ineffective audit trail documenting the custody of money receipts
2. Individual CCP PIV Receipt Book Logs are an inefficient control as management has no single tool which provides information on:
 - a. the location of PIV books issued
 - b. PIV books completed and returned
 - c. unassigned PIV books
3. Unassigned PIV books that are not properly secured could potentially be misused in an attempt to misappropriate payments.



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Cause

- 

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Criteria

- [illegible]

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Issue 6

Recommendation

The Director of Community Corrections should ensure that:

1. Going forward, the PIV Custody Logs are properly completed by performing periodic audits.
2. Her staff receives training related to the proper completion of the PIV Custody Logs.
3. A consolidated PIV Receipt Book Log is established and reviewed periodically by management for the purposes of identifying patterns of activity and trends.
4. Unassigned PIV books are properly secured.



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Issue 6


Management Action Plan

#	Management Action Plan	Completed By	Date
6.1	The CCP Director and the Probation Services Manager have been astutely reviewing each PIV Book Custody Log to ensure it is properly completed when reviewing and totaling PIV program fee payments, and prior to submitting them to the Cashier's Office each week.	Probation Services Manager	3/23/15
6.2	The Probation Services Manager is scheduled to provide all Probation Team staff and the OA's with training on the revised Probation Program Fee SOP on 4/2 and 4/3/15, which includes the detailed procedures for completing the PIV Receipt Book and Custody Log.	Probation Services Manager	4/3/15



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Issue 6

Management Action Plan

#	Management Action Plan	Completed By	Date
6.3	The Financial OA will create a consolidated CCP PIV Receipt Book Logch documents all PIV Receipt Books in use as well as those not yet assigned. The CCP Director will review it monthly for the purpose of identifying patterns of activity and trends.	CCP Director	6/1/15
6.4	Plans have been made to secure unassigned PIV Receipt Books in a locked cabinet.	Financial OA	5/1/15




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Issue 7

Utilize System Controls and Reconciliation of System Balances to Strengthen the Probation Money Receipts Process



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Issue 7

Condition

1. There was a segregation of duties risk at the satellite locations where the Probation Officers accept payments, write PIV receipts, record payments in the State's PTCC System and can also adjust balances due. Furthermore, there was a segregation of duties risk at the main office as the front desk receptionist and the Probation Supervisor, who is his back-up, accept payments and write PIV receipts while they also had access to the State's system and, as a result, had the ability to record payments or adjust balances due.
2. No one reconciled the paper copies of the payments received and corresponding PIV receipts written and maintained in the case files to the PTCC System that records, tracks and manages CCP case activity.



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Issue 7

Condition

3. Although supervisors review all unsuccessful case closures and perform random reviews of successful case closures, these checks did not include:
 - a. an agreement of the fee amount, aid, or the case file to the amount paid per the PTCC System
 - b. an agreement of the fee amount owed to the Debt Set-Off spreadsheet
4. Although the PTCC System is used to record fees due and paid, it does not offer accounts receivable system functionality to effectively report on and summarize supervisory fee amounts owed, collected and adjusted.
5. Testing of the March and April 2014 Payment Log from the PTCC System revealed that 59 of the 129 payment entries (46%) did not indicate a receipt number.



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Issue 7

Effect

The potential for:

1. Misappropriation of payments in the CCP satellite locations as Probation Officers accept payments, write receipts and update payments in the PTCC System
2. Under/overpayments of probation program fees which may affect CCP's ability to cover its operating costs
3. Withholding an incorrect amount owed from offenders' state taxes
4. Ineffective financial decision-making based on incomplete financial data
5. No efficient mechanism to reconcile collection activity reported to the State to the County's general ledger
6. No mechanism to efficiently analyze adjustment activity
7. Misappropriation of funds accepted with no receipt number written and noted in the system

No misappropriation was noted in our sample testing, however.



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Issue 7

Cause

1. Reduced staffing at the CCP satellite locations
2. Reliance on the documentation of payments received that is maintained in the Probation Officers' files
3. No CCP Controller who would be responsible for:
 - a. instituting cash receipts controls
 - b. ensuring that all systems are properly reconciled
 - c. implementing systems that provide management with financial information for effective decision-making purposes
4. Training issue



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Issue 7

Criteria

1. Best business practices dictate that the responsibilities for processing payments and updating payment information in the system be segregated.
2. Payments received and the corresponding voucher receipts should be reconciled to the system of record as well as any sub-systems.
3. COBIT 5, an IT Governance Framework, provides guidance on the processes necessary to acquire and implement IT solutions which ultimately provides information for effective management decision-making. Furthermore, this framework sets forth information quality goals of completeness and accuracy.



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Issue 7

Recommendation


The Director of Community Corrections should:

1. Discuss with Treasury the possibility of accepting debit cards as a payment option for supervision fees to help reduce the segregation of duties risk.
2. Ensure that payment amounts documented in the Probation Officers' files are periodically reconciled to the PTCC System.
3. Ensure that supervisors reconcile the fee amount paid per the probation file to the PTCC System and to the Debt Set-Off spreadsheet, if applicable, as a part of their reviews of closed cases.
4. Perform a cost benefit analysis related to establishing an accounts receivable sub-system that would more effectively track and report on probation fee amounts owed, collected and adjusted. If the benefits outweigh the costs, such a system should be implemented.
5. Ensure that probation staff members are re-trained on the proper steps to follow in recording payment information in the PTCC System.



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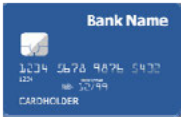
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Issue 7


Management Action Plan

#	Management Action Plan	Completed By	Date
7.1	CCP Director will discuss with the Treasury Division Director the possibility of accepting debit cards as a payment option for Probation program fees. In the interim, Intake Officers will informally survey new probationers to see if debit cards would be a preferred means to make a payment, so that we can begin to assess the cost/benefit. If determined to be feasible, implementation may begin in July 2015.	CCP Director	7/31/15



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Issue 7


Management Action Plan

#	Management Action Plan	Completed By	Date
7.2	The Probation Officers are tasked with ensuring that payment amounts documented in their paper files are periodically reconciled to the PTCC System. This procedure will be done quarterly in keeping with the Quarterly Reconciliation Reports schedule.	Probation Services Manager	6/30/15
7.3	The Probation Services Manager and Supervisor are tasked with ensuring that the fee amount paid per the probationer file is reconciled to the PTCC System and to the Delinquent Fees Debt Set-Off spreadsheet, if applicable, as part of their random quarterly reviews of both active and closed cases.	CCP Director	7/10/15



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Issue 7

Management Action Plan

#	Management Action Plan	Completed By	Date
7.4	The CCP Director consulted with colleagues and learned of 3 local probation programs that have created sub-systems to enter and track program fee payments. She will inquire with the Directors of the two similar size programs about their sub-system to determine if establishing one may be equally beneficial for Henrico CCP. An upgrade to the PTCC System may be a more viable alternative; therefore, this suggestion has been made to a colleague who serves on the Probation Advisory Committee PTCC Work Group.	CCP Director	6/1/15
7.5	The Probation Services Manager and Supervisor will train the Probation Staff on the proper steps for recording fee payment information in the PTCC System.	Probation Services Manager	4/3/15




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Issue 8

Incorporate Best Practices for the Maintenance/Back-Up of the Case Management Application and Database



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Issue 8

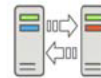
Condition

While reviewing general controls related to systems utilized in the CCP money receipts processes, it was discovered that the majority of the IT staff had no knowledge of the State's case management system or its related database which stores probation fee and other case data. An IT Project Manager researched the issue and determined that this database is, in fact, stored on a local server. Furthermore, it was learned that the County is responsible for:

- 1) providing a server with an operating system to house the database
- 2) backing up both the operating system and the server

Since the majority of the IT staff members were not aware of this database and the County's related responsibilities for its maintenance and continuity, we could not be assured that best practices were being utilized to maintain and back-up the server and the database. Finally, it was noted that the operating system was outdated.

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Issue 8

Effect

1. The likely possibility that business continuity plans did not include this application and database
2. Potentially inadequate retention schedules for database back-ups
3. Out-dated and, thus, unsupported operating system on the server that houses the database



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Issue 8

Cause

1. IT System Administrators installed the database; however, it was never assigned to a Project Management team to manage.
2. CCP employees did not ask the necessary questions related to the ongoing management of the database.
3. There was no signed Memorandum of Understanding between the County and the Department of Criminal Justice Services (DCJS) which outlined the responsibilities of both parties.

Criteria

COBIT 5, A Business Framework for the Governance and Management of Enterprise IT, provides guidance on the IT process to manage continuity which includes maintaining availability of information at an acceptable level in the event of a significant disruption.

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Issue 8


Recommendation

1. The Director of Community Corrections should meet with IT to establish and implement best practices for the maintenance and back-up of the State's case management application and database and the server on which the database resides. This would include an agreed upon back-up retention schedule which meets the users' needs and routine necessary upgrades of the operating system and database.
2. The Director of Community Corrections and IT should work together to ensure that a Memorandum of Understanding between the County and the DCJS which outlines both parties' responsibilities is agreed upon and signed.



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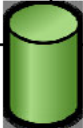


Issue 8


Management Action Plan

#	Management Action Plan	Completed By	Date
8.1	The PTCC database and application are being backed up on a regular schedule in accordance with the County's best practices. IT will work with the State's Department of Criminal Justice Services (DCJS) to upgrade the OS from MS 2003 to MS 2012. In addition IT will work with the State to upgrade the SQL Server database to the latest version the application supports and for which the State has a license. Going forward, IT will ensure that the operating system and SQL Server database are supported by Microsoft.	Information Technology Project Manager	7/1/15
8.2	CCP and IT will work with the DCJS to define the MOU and will subsequently work with the County Attorney's Office to determine if the MOU may be signed by the IT Director or other County staff.	CCP Director	7/1/15

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Issue 9

Other Observation


Restrictively Endorse Payments Immediately Upon Receipt

Discussion with the Probation Supervisor revealed that money orders and cashier's checks received were not restrictively endorsed until she prepared the payments for deposit which could be as long as a week after the receipt dates. The payments were properly secured until they were deposited, however.


Recommendation:

We recommend that probation program fee payments be restrictively endorsed immediately upon receipt.

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Issue 9

Management Action Plan

#	Management Action Plan	Completed By	Date
9	All staff members who accept fee payments now have restrictive endorsement stamps and are required to stamp money orders/cashier's checks immediately upon receipt.	Probation Services Manager	4/3/15



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Issue 10


Other Observation

Post Signs Communicating the Expectation of a Receipt

Observations at the CCP main office revealed that no signs were posted at the front desk communicating to offenders the expectation of a receipt.

Recommendation:

We recommend that the Director of Community Corrections ensure that signs communicating that customers should expect a receipt be posted at the front desk and at every Probation Officer's desk at the CCP main office as well as at the satellite locations.



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Issue 10

Management Action Plan

#	Management Action Plan	Completed By	Date
10	CCP Director ensured all Probation Officers, Intake and Main Offices have a sign visible, displayed communicating the expectation of a receipt.	Probation Services Manager	3/19/15

**Please expect
and wait for a
receipt.
Thank You!**

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Restitution and Probation: Issues and Other Observation



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Issue 11

Ensure Department Reporting is Accurate and Agrees to the General Ledger



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Issue 11

Condition

1. While trying to verify general ledger revenue figures which had been summarized on a spreadsheet, it was determined that \$1,045 in probation and restitution fee revenue had been coded to the wrong Oracle project code during the audit review period and had not been corrected.
2. It did not appear that the probation fee revenue reported on the monthly fee revenue spreadsheet was ever agreed to the weekly reconciliations of probation PIV receipts to Oracle Financials.



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Issue 11

Effect

The potential for:

1. Revenue to be recorded in the wrong accounting period as identified by Oracle's project codes
2. Under-reporting of revenue for management reporting purposes [i.e., to the DCJS]



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Issue 11

Cause

1. Workload issue
2. CCP personnel were never trained on the correct general ledger reports to run to identify miscoded transactions
3. CCP has no Controller; therefore, there was no position charged with the responsibility to ensure all revenue transactions are properly recorded on the general ledger and are periodically reconciled.

Criteria

1. Activity should be periodically reconciled to the general ledger to ensure complete and proper posting.
2. General ledger reports showing all revenue activity should be run as a part of the reconciliation process to ensure all transactions are properly coded.



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Issue 11

Recommendation

The Director of Community Corrections should ensure that:

1. The proper general ledger reports are run periodically as a part of the reconciliation process to ensure that miscoded revenue activity is identified and corrected on a timely basis.
2. Probation fee weekly revenue reconciliations agree to the monthly probation fee general ledger revenue report which is run and tracked for management reporting purposes.



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Issue 11

Management Action Plan

#	Management Action Plan	Completed By	Date
11.1	CCP Director and Financial OA consulted with a Budget Analyst on the proper report to run to ascertain miscoding errors. Financial OA is now tasked with running an Account Analysis Actuals Report at the end of each month to review all transactions made that month and to check for errors in cost center and project code. CCP Director will periodically review this process to check for consistency.	CCP Director	5/1/15
11.2	The Financial OA shall reconcile the Account Analysis Actuals Report which is run monthly to the weekly probation fee reconciliations.	Financial OA	5/1/15



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Issue 12

Revise Standard Operating Procedures



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Issue 12

Condition

1. A review of the Victim Restitution Monitoring Standard Operating Procedures (SOP's) revealed that they had not been updated since March 6, 2001; therefore, these SOP's did not incorporate any changes related to the implementation of [REDACTED] or the interface with Oracle Financials to facilitate the cutting of checks to victims.
2. The Probation Program Fees SOP's stated that unpaid supervision fees are processed quarterly through the State's Debt Set-Off System when, in fact, this is a yearly process.



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Issue 12

Condition

3. Furthermore, the Probation Program Fees SOP's stated that the Office Assistant reconciles CCP's probation PIV books to Oracle Financials monthly when this process actually occurs weekly.
4. When the Probation Program Fees SOP's were revised effective 4/7/14, the revisions were discussed in a staff meeting that same month; however, applicable employees were not required to sign and date acknowledgements that they read, understood and will abide by the outlined procedures.



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Issue 12

Effect

1. There were no current restitution SOP's available for reference and training purposes to facilitate consistent practices, particularly in the event of employee turnover.
2. Employee confusion as the procedures do not reflect current practices
3. Process steps not being performed such as the scanning of Restitution Order Forms into [REDACTED] (refer to Issue #3)
4. No proof in the form of a signed acknowledgement that employees are aware of the SOP's in the event that a violation is taken through the grievance process and/or becomes a legal dispute



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Issue 12

Cause

1. Heavy workload and other tasks became a higher priority
2. Oversight
3. Did not consider including a signed acknowledgement statement in the SOP revision process

Criteria

Policies and procedures documenting a process should be current and comprehensive in order to be utilized as a reference and training tool. In addition, employees should sign and date acknowledgements that they have read, understand and will abide by established policies and procedures.

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Issue 12

Recommendation


The Director of Community Corrections should:

1. Ensure that the Victim Restitution Monitoring SOP's are updated to reflect the current processes.
2. Ensure that the Probation Program Fees SOP's are corrected to reflect the current processes.
3. Establish a policy that all applicable employees sign and date acknowledgements stating that they have read, understand and will abide by the established SOP's each time the procedures are revised.



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Issue 12

Management Action Plan

#	Management Action Plan	Completed By	Date
12.1	CCP Director has been working with the Restitution OA and the Financial OA on updating and revising the Restitution Monitoring Program SOP.	CCP Director	5/1/15
12.2	CCP Director worked closely with the Probation Services Manager to revise the Probation Program Fee SOP to reflect current procedures and to address identified audit issues.	CCP Director	3/23/15
12.3	A policy has been established that all applicable employees sign and date an SOP Acknowledgment Form indicating that they have read, understand, and will abide by the established SOP. The signed and dated form shall be returned to their immediate Supervisor for inclusion in their personnel file.	CCP Director	4/15/15




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Issue 13

Enhancing Internal Control Debt Set-Off Process



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Issue 13

Condition

1. The Director of Community Corrections acknowledged that there was a period of time when the Debt Set-Off process was not utilized for unpaid restitution monitoring fees.

Based on information in [REDACTED], the Office Assistant III stated that 1/25/13 was the last time that unpaid monitoring fees were submitted through this program; therefore, the Director acknowledged that calendar year 2013 was most likely the period of time when information was not submitted through the Debt Set-Off program.



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Issue 13

Condition

2. If supervision fees remain unpaid when probation cases are closed, the Probation Officers add information including name, Social Security Number (SSN) and amount owed to a delinquent fees spreadsheet on the agency's shared drive. Then, in January of the next year, a designated employee keys the information from this file into the State's Debt Set-Off application. There were no established controls, however, to help prevent inadvertent changes/deletions or intentional manipulations of the data on this spreadsheet.
3. Furthermore, access to these Debt Set-Off related files which contain personal information such as SSN was not restricted to those employees who need it to perform their job duties.



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Issue 13

Effect

1. Reduced collection of monitoring fees which limits CCP's ability to cover its operating expenses for the restitution monitoring process (Note that CCP also receives County funds to aid in this effort.)
2. The potential for inadvertent changes or intentional manipulation of the data that is to be input into the State's application
3. The potential for the misuse of personal information



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Issue 13

Cause

1. Employee turnover
2. Lack of training
3. Out-dated restitution monitoring SOP's
4. Unaware of the risks of maintaining a spreadsheet system without established controls to help ensure the accuracy of the data contained therein
5. Workload issue

Criteria



1. In order to maximize collection efforts, the State's Debt Set-Off process should periodically be utilized to secure payment of past due restitution monitoring fees.
2. Spreadsheets housing the data prior to being input into the State system should be controlled to help prevent inadvertent changes/deletions or intentional manipulations of the information.
3. Access to files that contain personal information should be restricted to those individuals who need it to perform their job duties.

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Issue 13

Recommendation

The Director of Community Corrections should:

1. Ensure that the Debt Set-Off program is utilized as a yearly collection method for unpaid fees.
2. Implement controls over the delinquent fees spreadsheet used as the source document for data entry of unpaid supervision fees into the State's Debt Set-Off program.
3. Ensure that access to files containing personal information such as SSN is restricted to those individuals who need it to perform their job functions.



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Issue 13


Management Action Plan

#	Management Action Plan	Completed By	Date
13.1	CCP Director has established in the Restitution Monitoring and Probation Program Fee SOP's that Debt Set-Off is utilized as a yearly collection method for unpaid fees. The Probation Services Manager is tasked with providing oversight of this process on a yearly basis, by the end of February. The Debt Set-Off process related to delinquent probation program fees for 2014 was completed in February 2015. Once follow-up on delinquent restitution accounts is up to date, past due restitution fees will be processed through Debt Set-Off.	Probation Services Manager	2/29/16
13.2	CCP Technology Support Specialist has restricted access to the delinquent fees spreadsheet to Probation Officers, the Probation Services Manager, the Probation Services Supervisor, the Financial OA and the Director. In addition, he will work with IT to try to implement spreadsheet controls.	CCP Director	6/1/15



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Issue 13

Management Action Plan

#	Management Action Plan	Completed By	Date
13.3	CCP Technology Support Specialist has restricted access to the Supervision Fee Delinquent spreadsheet to ONLY Probation Staff, Financial OA and CCP Director. He has also restricted access to the Debt Set-Off file to only the designated Probation Officer, the Probation Services Manager, Probation Services Supervisor, the Financial OA and the Director.	CCP Director	3/24/15



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Issue 14

Other Observation

Implement Systems to Formally Track Offender Complaints and Questions

Walkthroughs of the probation and restitution monitoring fees processes revealed that there were no systems to formally track offender complaints/questions and review for trends as applicable.

Recommendation:
 The Director of Community Corrections should ensure that formal systems are implemented to track offender complaints/questions related to the supervision and restitution monitoring fees processes. Management should then periodically review the data to identify patterns or trends.



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Issue 14

Management Action Plan

#	Management Action Plan	Completed By	Date
14	Files have been created in shared folders to document customer inquiries and complaints related to the probation and restitution fee processes. The CCP Director shall review them monthly to identify patterns and trends.	CCP Director	6/30/15



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Closing

- Appreciate Agencies' cooperation
- Follow up on open Action Plans will be performed as completion dates are reached or after sufficient time has passed to ensure the actions are effective and on-going.



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Deputy County Managers for Community Services and Administration	Directors of Community Corrections, Finance, and Information Technology
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