



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector		(2) MEETING DATE 2/28/2017		(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submission of an audit report for the Sheriff-Coroner's Alternative Sentencing Unit's Performance and Internal Controls Audit for FY 2016-17. All Districts.					
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the audit report for the Sheriff-Coroner's Alternative Sentencing Unit's Performance and Internal Controls Audit for FY 2016-17.					
(6) FUNDING SOURCE(S) N/A		(7) CURRENT YEAR FINANCIAL IMPACT \$0.00		(8) ANNUAL FINANCIAL IMPACT \$0.00	
(9) BUDGETED? Yes					
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)					
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A					
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A				(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A		(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 04/12/2011 & 5/7/2013	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>					
(18) SUPERVISOR DISTRICT(S) All Districts					



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor - Controller - Treasurer - Tax Collector

DATE: 2/28/2017

SUBJECT: Submittal of an audit report for the Sheriff-Coroner's Alternative Sentencing Unit's Performance and Internal Controls Audit for FY 2016-17. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the audit report for the Sheriff-Coroner's Alternative Sentencing Unit's Performance and Internal Controls Audit for FY 2016-17.

DISCUSSION

The Alternative Sentencing Unit (ASU) operates under California Penal Code Section 1230.016. The unit provides voluntary, alternative sentencing for minimum security/low risk inmates, and consists of two programs, the Home Detention Program (HDP), and the Alternative Work Programs (AWP). The HDP allows inmates sentenced to ten days or more to be monitored while they serve their sentence in their homes and continue to work at their regular jobs. The AWP allows persons sentenced to 20 days or less in County Jail to perform eight hours of general labor for every one day of jail time.

At the time of audit there were approximately 31 participants enrolled in HDP and 42 participants enrolled in AWP. The purpose of our audit was to determine if the Home Detention and Alternative Work Programs are being administered in compliance with California Penal Code 1203.016, Board of Supervisors' approved rules and regulations, established policies, and good internal controls.

OTHER AGENCY INVOLVEMENT/IMPACT

Sheriff-Coroner

FINANCIAL CONSIDERATIONS

The 2016-17 budget for the Alternative Sentencing Unit is \$488,000. Current program fees are \$30 per day plus a \$75 non-refundable application fee for HDP, and \$14 per day plus a \$75 non-refundable application fee for AWP. In addition, AB109 funds are also received from the State of California to subsidize low income applicants' fees for HDP participants.

RESULTS

We determined the ASU is mostly in compliance with California Penal Code 1203.016, Board of Supervisors' approved rules, regulations and established policies. Strong internal controls exist throughout the operational and fiscal aspects of the programs.

However, the department is not in compliance with reporting standards under California Penal Code Section 1203.016; the code requires the rules and regulations and administrative policy of the Home Detention Program shall be written and reviewed on an annual basis by the County Board of Supervisors and the correctional administrator.

We documented one finding and two suggested improvements for the Alternative Sentencing Unit. All suggested improvements and findings are detailed in the attached Alternative Sentencing Unit's Performance & Internal Controls Audit

ATTACHMENTS

1. Alternative Sentencing Unit Report



COUNTY OF SAN LUIS OBISPO
AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

**Office of the Sheriff-Coroner
Alternative Sentencing Unit Performance
and Internal Controls Audit**

February 2017

**JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector-Public Administrator**



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JAMES P. ERB, CPA
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Treasurer-Tax Collector

James W. Hamilton, CPA
Assistant

TO: IAN PARKINSON, SHERIFF-CORONER
FROM: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR 
DATE: FEBRUARY 14, 2017
SUBJECT: ALTERNATIVE SENTENCING UNIT PERFORMANCE AND INTERNAL CONTROLS AUDIT

Our office recently completed a performance and internal controls audit to evaluate the Alternative Sentencing Unit's (ASU) Home Detention and Alternative Work Programs for fiscal year 2016-17. The audit resulted in one finding and two suggested improvements.

Your response to the Finding and Recommendation is included below. It is not necessary to provide a written response to the suggested improvements.

Purpose

The purpose of our audit was to determine if the Home Detention (HDP) and Alternative Work Programs (AWP) are being administered in compliance with California Penal Code 1203.016, Board of Supervisors' approved rules and regulations, established policies, and good internal controls.

Scope

The scope of our audit included reviewing the ASU's operational and fiscal policies and procedures along with program applications and forms, financial records, court documents, and records' storage.

Methodology

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing*. The International Standards for the Professional Practice of Internal Auditing require that the internal audit activity be independent and internal auditors be objective in performing their work. The Standards also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated to management.

Our methodology included interviews with ASU administrators and staff, observation of cash handling processes, review of program records, and financial analysis. Field visits were conducted to obtain samplings of program participants' files to test for complete applications and documentation of application reviews. Fee recalculations were performed to verify correct computation. Fee collections were compared to payment logs for accuracy. We also examined cash and electronic receipts and

compared the amounts to subsequent deposits. Additionally, we tested for compliance with records retention requirements through samplings of files scanned and stored in the Jail/Corrections Management System.

Results

We determined the ASU is mostly in compliance with California Penal Code 1203.016, Board of Supervisors' approved rules, regulations and established policies. Strong internal controls exist throughout the operational and fiscal aspects of the programs.

The ASU application and review process is thorough and complete in accordance with current departmental policies and procedures. We made a suggested improvement to HDP eligibility forms in order for staff to more fully document program placement. See the Suggested Improvements section of this report below for further details. Program records were stored and maintained electronically and met record retention requirements set forth in previously approved Board procedures.

Program fees were accurately calculated and collected. The participants were placed in compliance with court sentencing and paid all required program fees. We suggested the Rules and Regulations form for AWP be updated to better document participant agreement to the daily program fees. The unit's internal controls over payments appear to be adequate with clear separation of duties between receipt, reporting and reconciling. The unit uses a centralized collection process which promotes the safeguarding of cash and accurate timely deposits.

The department is not in compliance with reporting standards under California Penal Code Section 1203.016 as noted in the Findings and Recommendations section of this report below. Findings are issues which present a serious enough risk to require consideration by management and a written department response.

As noted above, during fieldwork we identified some areas where improvements could be made, and we immediately provided staff with suggestions for making these improvements. Suggestions for improvement are made for issues that the auditor considers not be of an immediate serious nature and/or for issues which staff can correct at the time of the audit. Unlike formal audit findings, written departmental responses are not required for these issues. Our comments are detailed in the Suggested Improvements section.

Finding & Recommendation

1. Annual Home Detention Program Report to Board of Supervisors

The Sheriff's department has not submitted a Home Detention Program annual report to the Board of Supervisors since November 25, 2003. Per California Penal Code Section 1203.016, the rules and regulations and administrative policy of the Home Detention Program shall be written and reviewed on an annual basis by the County Board of Supervisors and the correctional administrator. Turnover within the unit resulted in lack of information and training which caused staff to be unaware of the penal code filing requirement. Because the department is out of compliance with penal code reporting requirements, the Board of Supervisors is not aware of the current policies and practices of the program.

Recommendation:

We recommend ASU staff review and submit the rules, regulations and administrative policy of the Home Detention Program to the Board of Supervisors on an annual basis.

Department Response:

The Sheriff's Office ASU staff will review and submit the rules, regulations and administrative policy of the Home Detention Program to the Board of Supervisors on an annual basis beginning this year.

Suggested Improvements

1. Document Approval of Participants in the Home Detention Program

Not all current home detention files show documentation that an intake interview has occurred. The resulting acceptance or denial of the applicant into the HDP was also not documented. Because the unit is small, deputies can track participants and know who is in the program; however, documenting the initial interview and acceptance into the program provides additional assurance that procedures were properly followed and verbal communication with the participant took place. We recommended the unit update the eligibility worksheet to provide a space that allows the deputy to sign off that an interview has occurred and the acceptance or rejection of the participant into the Home Detention Program. Program staff have agreed to update the Home Detention Eligibility Worksheet as recommended.

2. Document Participant Agreement with Alternative Work Program Fees

Neither the AWP application nor the program rules and regulations require the participant to agree in writing to the required \$14.00 daily program fee. However, to increase participant accountability, the program fee should clearly be identified and the participant should document his or her agreement to the fee. The Sheriff's department has stated fees are not placed on the application or information sheet to prevent potential participants from trying to influence what program they are placed in; however, failure to have a program participant agree in writing to fees could weaken the participant's fiscal responsibility. In addition, potential program participants may not be applying for the program as they are not aware of the full program costs instead serving the time in custody which is less cost effective for the County. We recommended adding language regarding participant acknowledgement of the daily fee to the AWP rules and regulations sheet. Staff have updated the program forms as recommended.

The implementation of our finding and suggested improvements will help strengthen the compliance and administration of the ASU programs. We very much appreciate the collaborative, courteous attitude of your staff and the cooperation we received during the course of our audit.