



City of Norfolk

TO: Honorable Council Members

FROM: John H. Sanderlin, Jr., City Auditor

JHS

DATE: February 15, 2013

SUBJECT: Norfolk Sheriff's Office audit report

Please find attached our final audit report on the Norfolk Sheriff's Office. Should you have any questions please feel free to contact me at 664-4045.

cc: Sheriff McCabe
Marcus Jones, City Manager

Audit of the Norfolk Sheriff's Office



City of Norfolk

Office of the City Auditor

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Audit Report No. 13-4R

February 15, 2013

Executive Summary

We have completed our audit of the Norfolk Sheriff's Office. Our audit covered expenditures for Fiscal Year 2010. Because of other competing priorities, our office was delayed in issuing this report.

Overall, we observed strong controls over General Fund expenditures in the Sheriff's Office and our review did not disclose any material deviations from prescribed processes and procedures in respect of general fund expenditures. The Finance Department of the Sheriff's Office demonstrated: adequate monitoring of expenditures, proper approvals and authorization, sufficient support documentation for transactions, timeliness of payments, adequate monitoring of expenditures incurred to control spending, and a strict adherence to the city's financial and procurement guidelines. Additionally, it appears divisions within the Sheriff's Office pride themselves on performing procurement research to obtain the most economical and practical item needed.

As a point of emphasis, our audit was limited to the review of sampled general fund expenditures and did not focus on jail management or operations beyond gathering an understanding of processes related to tested transactions. From our scope of work, nothing came to our attention of concern regarding jail management or operations.

This departmental audit of the Sheriff's Office was part of the City Auditor's Audit Plan for fiscal year 2011. We held an exit meeting with the Sheriff and the Finance Director for the Sheriff's Office on October 11, 2012 to discuss our audit results. The Sheriff was appreciative of our audit and the matters brought to his attention and

formally responded in the attached, Appendix 1. We appreciate the cooperation and assistance of the Sheriff's Office staff during the audit process.

Background

The Sheriff's Office operates using four major funding sources to cover expenditures. These are the City's general fund, special revenues, commissary/inmate, and deputy funds. The latter two are internal funds independent of local funding sources. Our audit focused on expenditures covered by the City's general fund.

According to its mission statement, the Norfolk Sheriff's Office serves the residents of Norfolk by providing for the incarceration of adult and certified juvenile offenders in methods that protect public safety; and maintain institutional safety in a cost-effective manner that meets statutory and constitutional standards.

The Norfolk Sheriff's Office is required by the State Constitution to operate in three capacities: maintain a safe and secure jail facility; ensure public safety in the Norfolk court system; and execute various types of civil processes. At the time of our audit these functions were performed by 484 employees.

Over the last few years the Norfolk Sheriff's Office has accomplished the following: installed a biometric system based on scanning an individual's iris to prevent the swapping of inmate's identities and greatly reduce the possibility of an erroneous release, and implemented the GPS Electronic Monitoring Program for an average daily population of 55 non-violent offenders for intensive supervision in the



community while serving a punitive sentence. This program provided the jail an additional 55 beds for more serious offenders. Additionally, scanners were purchased to input information on 5,986 weekender offenders into the jail management system; the increase in revenues to the City from the State from this process is expected to be over \$135,000 in per diems for four fiscal years.

Objective

Our overall audit objective was to determine the effectiveness and adequacy of controls over general fund expenditures.

Scope and Methodology

The scope of our audit was limited to the testing of controls over financial transactions occurring through the General Fund for Fiscal Year 2010, excluding payroll expenditures. As stated in the Executive Summary, our audit did not specifically include a focus on jail operations beyond processes related to transactions tested. Our audit methodology consisted of the following:

- We performed a trend or comparative analysis of expenditures for fiscal years 2008 through 2010 to show percentage changes and dollar differences for General Fund accounts. This analysis showed significant differences in the following eight budgetary codes or accounts (object codes)¹:

- 5206 Repairs-Office Equipment
- 5214 Repairs-Signal Equipment
- 5234 Supplies-Cleaning and Household
- 5238 Supplies-Medical and Expenses
- 5248 Supplies Police
- 5307 Other Contractual Services
- 5345 Travel Expenses

¹ An object code is a four digit number which identifies the description of the expense, such as repairs, supplies, travel, equipment, etc.

5412 Equipment-Replacement Automotive

- From the eight identified accounts showing significant dollar and percentage changes, we judgmentally selected 92 transactions totaling \$882,393 using the following criteria:
 - a. dollar amount
 - b. unusual line description within the object code
 - c. split purchases based on proximity of dates, closeness of invoice numbers
 - d. individuals' names as vendors
 - e. reasonableness of transaction
 - f. findings of particular vendors from previous audits
 - g. transactions selected based on journal document number to get a cross selection of transactions
 - h. interest of the account because of it's description
 - i. transactions that amounted to approximately 5%-49% of the object code dollar total

We reviewed policies and procedures, contracts, invoices, vouchers, credit card statements, and other applicable documents. We interviewed the Sheriff's Finance staff to obtain explanations and descriptions of processes in place to support how transactions were performed. Further, we performed a cash count of the petty cash funds in the Sheriff's Office.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Audit Results

Our testing of general fund expenditures to include petty cash transactions did not disclose any significant internal control deficiencies or noncompliance with City policies. However, during our course of work, we noted a few minor areas of concern that we brought to the Sheriff's Office attention for consideration as actions that can mitigate risks, improve controls, and help to automate manual processes which are in place. These matters are presented below.

Recreational Purchased Items

The Sheriff's Office purchases various recreational items for the incarcerated offenders. Although the department assigns object codes to each purchase and provides a brief description for many of these expenses, our sample of transactions noted recreational expenses in the amount of \$2,658 were recorded in Supplies-Cleaning and Household and not in the Supplies Recreational object code to track these costs.

We do not consider this observation a major audit concern and the Finance Director in the Sheriff's Office stated they do not have funds budgeted in this object code, however, if appropriate, a request would be made for budgeted funds. Management's consideration and monitoring of these expenses would allow the department to have more quantitative data regarding the costs of recreational items. This would be useful for budgeting purposes and help to mitigate any risks if these expenses increase.

Levy Payments

We noticed the Sheriff's Office assisted with a levy payment between parties by receiving a payment from a plaintiff. We did not see guidelines in the *Service of Civil Process and Related Sheriff's Office Functions Manual*, stating that payments should not have been received by the Sheriff's Office. While it appeared this instance did not prove to be an obstacle to the Sheriff's Office ability to

accomplish its constitutional mission, the Sheriff initiated a policy change on February 1, 2010 immediately after this incident that stopped the collection/payment of funds for this purpose. No collections of this nature have been made since that event. We encourage the Sheriff's Office to continue to follow the policies and procedures in place.

Medical Care and Meals

The Sheriff's Office provides food services and comprehensive medical, dental, and mental health services for the inmates. Our benchmarking results shown in the charts below indicate that the average cost per inmate for medical care and meals, the Norfolk Sheriff's Office pays less as compared to other cities. We applaud the efforts of the Sheriff's Office to ensure costs are kept to a minimum.

Medical Care Per Inmate

City	Medical Contract Amount	Number of Inmates	Avg. Cost Per Inmate
Virginia Beach	\$3,000,000	1,300	\$2,308
Chesapeake	\$3,300,000	1,045	\$3,158
Norfolk	\$3,850,000	1,700	\$2,265

Meals Cost Per Inmate

City	Number of Inmates	Price Per Meal
Virginia Beach	1,300	\$1.05
Chesapeake	1,045	\$0.88
Norfolk	1,700	\$0.76

Automation

Automation of the following practices could enhance performance, increase accuracy and proficiency, decrease paperwork as well as improve the safety of deputies in some instances:

- A robust query and report capability in the Jail Management System which would aid in quickly identifying critical information at a moments notice.



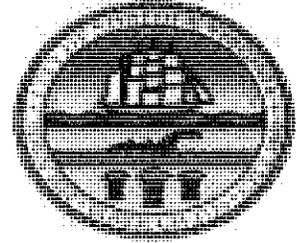
- Bar coding and portable scanner technology that would aid in tracking inmates for meals, court appearance, medical appointments, jail visitations, and booking. This technology can also be used in maintaining physical equipment inventory in the jail and for recording of paperwork served during the Civil Process.

We encourage the Sheriff's Office to explore such opportunities for automation.



**Office of the Sheriff
Norfolk Sheriff's Office
Sheriff Robert J. McCabe**

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Accredited by Virginia Law Enforcement Professional Standards Commission

February 8, 2013

Mr. John Sanderlin
City Auditor
Room 806
810 Union Street
Norfolk, VA 23510

Dear Mr. Sanderlin:

The final draft of the audit of the Norfolk Sheriff's Office has been reviewed. I do not have any additional comments.

It is my understanding that your staff did an extensive review of our General Fund operations. I will use the report as a guide for potential improvements, particularly in the area of automation.

Please advise when you release the audit and expect it to be put on the Council docket.

Many thanks to you and your staff.

Sincerely,

A handwritten signature in black ink that reads "Robert J. McCabe".

Robert J. McCabe
Sheriff / High Constable