



Wicomico County, Maryland
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September 28, 2022

Internal Auditor's Report

The County Council and Acting County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Resolution 88-2022, the Office of the Internal Auditor (IA) has conducted an audit of the inmate welfare account at Department of Corrections in Wicomico County. A report is submitted herewith. The purpose of the audit was to determine the adequacy of procedures and controls in place and to ensure funds are spent in accordance with the County's fiduciary responsibility.

IA conducted the audit with due professional care, and IA planned and performed the audit to evaluate the current practices and management of the inmate welfare fund account in the County.

IA extends appreciation to Management and Staff for their timely assistance, cooperation, and candid assessment during the audit process.

Respectfully submitted,

Levin Hitchens

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Internal Auditor

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Audit Report

Background

The purpose of the audit was to gain an understanding of how purchases from the welfare account are proposed and evaluate the accounting controls. The inmate welfare account is a fiduciary account that is funded through commissions of purchases and services inmates optionally use at the detention. It should be noted, the account is separate from county funds and is not taxpayer funded at all. Individual optional services such as payphones and commissary purchases payback a commission that deposit monthly into the inmate welfare account.

The inmate welfare account provides funds for the well-being of inmates above what is required of the Department of Corrections. Purchases for law materials, legal consulting services, recreational goods, and holiday gifts for example. Not all purchases have to be an item that is for wide use. Certain types of purchases are available for anyone but provided on as-needed basis. For instance, legal consulting services are available for all inmates to use; however, the consultant is only paid when the service is requested. Another example would be that indigent inmates are provided socks and undergarments through this account.

Audit Objective

The objectives of the audit were to:

1. Gain an understanding of how purchases from the welfare account are proposed
2. Assess internal controls and accountability of bank account and funds
3. Ensure the funds are being spent in a manner that is appropriate and to the benefit of the inmate population
4. Make recommendations (if appropriate)

Scope of the Audit

The audit period examined was FY2022. The scope was open ended. Observations and interviews with departmental staff was conducted. Bank account reconciliations and invoices for purchases were examined.

General Statistics and Highlights

During the audit, four months of the past fiscal year were selected and examined. Receipts, invoices, and deposit slips were reviewed for those months. Management provided explanations for various purchases throughout the period examined. During FY2022, the inmate welfare account received \$273,784 in deposits and had purchases for \$267,372.

The bank account that stores the funds is administered by the Department of Corrections' accounting team. All purchases for the account and their criteria are authorized by the Warden before being implemented. With authorization, purchases are procured, the transactions are recorded in QuickBooks, and monthly reconciliations are provided to the County Finance department to account for in Munis.

Conclusion

Based on testing and interviews performed for the Inmate Welfare Fund Audit, IA is of the opinion that the program's design is at a satisfactory¹ level. Below, IA offers findings and suggestions to the overall program.

¹ For the purposes of this audit, IA uses a three-tier grading system recommended by the International Professional Practices Framework (IPPF) as expressed by the IPPF Practice Guide issued March 2009. The three tiers are Inadequate System of Internal Control, Adequate System of

Schedule of Findings and Recommendations

1. County Procurement Rules

As the administrator of the inmate welfare fund, the County is responsible for safeguarding and using the funds responsibly. In IA's opinion, the best way to perform that responsibility is to use the same rules the County uses for its funds. IA recommends the County follow the policies and procedures outlined for purchases (three quotes for >\$1000, bids and piggybacking for >\$25,000, and so on). By adopting the use of the County's procurement policies, it will be assured that due diligence is being performed for purchases identical to the handling of County funds.

Auditor's Closing Remark

The Wicomico County Office of the Internal Auditor would like to thank management and staff from the Department of Corrections for their timely cooperation and assistance during the audit.

Internal Control, and Satisfactory System of Internal Control. Satisfactory findings indicate that overall controls are satisfactory, although some enhancements may be recommended. It is the highest rating on the scale.