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# AUDIT REPORT

## DUTCHESS COUNTY JAIL *INMATE, COMMISSARY, & INMATE WELFARE ACCOUNTS*



*DECEMBER 2021*



OFFICE OF THE  
DUTCHESS COUNTY COMPTROLLER

*ROBIN L. LOIS, COMPTROLLER*

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Dutchess County**

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**Robin L. Lois**  
Comptroller

**Karl G. Schlegel**  
Deputy Comptroller

Dear County Officials & Taxpayers,

The Dutchess County Comptroller's Office has completed an audit report of the Dutchess County Sheriff's Office Inmate, Commissary, & Inmate Welfare Bank Accounts for the period March 1, 2018 through December 31, 2020. Periodic audit of these accounts is required under New York State Law 9 CRR-NY 7016.1 and is subject to review by the New York State Commission of Correction. The last audit performed by this office was for the period January 1, 2017 through February 28, 2018.

Our audit of the Inmate, Commissary, and Inmate Welfare accounts revealed no misstatements or mishandling of cash or funds. The summary findings of our audit include lack of segregation of duties, outdated policies and procedures, and an accumulation of welfare account funds that should be spent more aggressively for the benefit of current inmates.

Staffing changes, including temporary losses from the County's early retirement incentive in 2020, contributed to the lack of segregation of duties during the audit period. New staffing and procedures were put in place in 2021, after the audit period ended. It is recommended that their policies and oversight be evaluated on an ongoing basis, and that they continue to be strengthened. It is also recommended that the jail administration look for additional acceptable uses or purchases with the inmate welfare account to prevent the accumulation of the funds and spend for the benefit of the current inmates as intended under the enabling law.

We thank the Sheriff's Office for their cooperation and assistance in accommodating our requests during the audit process.

Respectfully submitted,



Robin L. Lois  
Dutchess County Comptroller

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## Background and Organization

This audit is to comply with New York State Law (9 CRR-NY 7016.1) which requires a “periodic audit of the commissary accounts by the office of county auditor”. Under the regulation and supervision of the State of New York, the Dutchess County Sheriff’s Office (DCSO) is charged with the duty to maintain and administer the Dutchess County Jail (Dutchess County Sheriff’s Office Correction Division). The Dutchess County Jail is primarily responsible for holding individuals pending adjudication or sentenced to imprisonment for one year or less. The DCSO provides services under the supervision of an elected Sheriff. In addition to certain other law and safety enforcement duties, the Sheriff is responsible along with the “Corrections Administrator” for County Jail operations. The jail can currently house 294 inmates. The new jail which is currently under construction is proposed to house a maximum of 378. Since bail reform, the jail population has been averaging 200 inmates per month.

Jail bank accounts overseen by the DCSO include the Inmate, Commissary, and Inmate Welfare bank accounts.

In 2018, the Dutchess County Sheriff’s Office Correction Division requested an audit be conducted. In response to the Sheriff’s Office request, and an audit by the New York State Commission of Correction (NYSCOC) we conducted an audit for the period January 1, 2017 through February 28, 2018. In our previous audit we stated we would conduct this audit every two years.

Management and oversight of accounts were primarily under the auspices of the Corrections Superintendent and the Jail Business Manager. Both individuals in these positions retired in 2020. As 2021 progressed, several procedures were implemented to improve oversight and processes as staffing and restructuring of responsibilities changed. Current management and oversight is provided by the Sheriff, the Director of Budget and Finance, the Correction Superintendent, and an Accounting Clerk.

## Audit Objective

The objective of our audit was to perform a limited scope audit of the commissary account and its related bank accounts. The bank accounts reviewed were the Commissary, Jail, and Inmate Welfare. We examined the department’s processes and procedures. Our audit addressed the following related questions:

- Did Department staff properly account for and manage the inmate, commissary, and inmate welfare accounts?
- Were internal controls in place to provide oversight and duty segregation?
- Where applicable, was there compliance with the New York State Code 9 CRR-NY 7016.1 - Official Compilation of Codes, Rules and Regulations of the State of New York?

## Audit Scope and Methodology

Our review included the inmate and commissary account financial activity for the period March 1, 2018, to December 31, 2020. A table of year end account balances for 2018 through 2020 is included at the end of the report.

## 2020 Year End Bank Account Balances

	December 31 Ending Balance		
	2018	2019	2020
Jail Account (Commissary Profit)	\$10,847	\$5,000	\$7,905
Jail Inmate (Commissary Account)	74,352	54,283	45,669
Inmate Welfare Account	623,624	697,934	621,377
<b>Total</b>	<b>\$708,823</b>	<b>\$757,217</b>	<b>\$674,951</b>

Our review included:

- Current policies and procedures
- Internal controls
- Cash collections and disbursements
- Bank account reconciliations and procedure review
- Inventory management
- Purchasing procedures for equipment
- Commissary contract review

### Summary of Major Findings & Recommendations

#### *Findings*

- Lack of segregation of duties for account recording and reconciliation
- Lack of oversight and attestation of account recording and reconciliation
- Outdated policies and procedures
- The Inmate Welfare Account balance is accumulating with less funds being spent than what is being deposited

#### *Recommendations*

- Duties should be segregated to enhance controls
- Review and attestation procedures should be put in place to ensure proper oversight and mitigate risk
- Comprehensive written procedures for account handling should be reviewed and updated periodically to reflect current operations
- The jail should continue to make acceptable purchases and begin to use the accumulated funds for the benefit of the inmates

*NOTE: Staffing changes including temporary losses in critical oversight positions affected the internal controls for the Commissary Bank Accounts in 2020. In 2021 more controls were put in place to enhance oversight and duty segregation. During our review in 2021, we were notified of new procedures which were implemented to enhance oversight and duty segregation. An additional staff member was scheduled to be hired to assist in duty segregation.*

## Commissary Process Review

“Commissary Procedures” were received for audit review. The Dutchess County Sheriff’s Office operates a commissary through a contracted vendor for the purpose of offering food, health, and personal hygiene items for sale to inmates. Items are offered at prices established by the vendor and the Sheriff’s Office. Items purchased return a profit on goods sold. Profits are posted to this account and can be used for the purposes of “inmate welfare and rehabilitation” in accordance with the New York State Commission of Correction.

The commissary vendor is selected through a bid process. The current vendor is Aramark and provides meal and commissary services for the period November 1, 2018 – October 31, 2023. The contract provision states, ‘Each inmate shall have access one time per week.’ Indigent inmates are provided selected products weekly. In accordance with the regulations, prices and items are reviewed by the designated Corrections staff. The Aramark contract provides a commission rate of 30%.

The Jail staff maintain a separate accounting of all money for each inmate from the time of incarceration until the inmate is released. A computer software application is used to track the funds through Aramark. The provider’s software tracks inmate monies when funds are deposited in the Jail Inmate Account (Commissary Activity Account) and when commissary purchases and other related inmate activity occur (including inmate haircuts, disciplinary fees, and other costs). When the inmate is released, the balance of cash is typically returned to the inmate through a prepaid credit card. When this is not possible, a check is issued.

The vendor operates a kiosk where inmates order items through a software program. Once the orders have been placed, the cost of each inmate’s order is deducted from their individual account and items are delivered the next day.

Weekly, the vendor sends a report of all sales, the calculated commission, and a commission check which is deposited in the Jail Account (Commissary Profit).

Monthly, checks are written from the Jail Account (Commissary Profit) to the Inmate Welfare Account.

Weekly, a check is issued to the vendor for the commissary’s gross sales made during the immediately preceding week. Funds are already deducted from the inmate’s account at the time the inmate purchases the items.

## Bank Account Review

### *Jail Inmate Account (Commissary Activity)*

Our review included a sample of account transactions for deposits, withdrawals for purchases, and withdrawals for the final release of funds. The review included: the process for bank deposits, deposit reconciliation, check writing including signatures, stop payment processes and bank reconciliation.

An inmate may receive money in a variety of ways including money that was in the inmate’s possession at the time of incarceration. Deposits may also be made on behalf of an inmate by visitors using a kiosk at the jail or by phone calls using a debit card. The DCSO is responsible for maintaining a separate accounting of all money received at the time of incarceration to the time of release. Each inmate’s account record is updated whenever money is received, when money is disbursed for a commissary purchase, and when an inmate is released.

Cash collected from each inmate upon entry is secured in accordance with departmental procedures by the booking officer. A cash receipt is written, one copy is given to the inmate and the cash is kept in a safe. Once a day the accounting clerk runs a report of the cash collected that day. This report is compared to the cash in the safe and a bank deposit is prepared. Another officer brings the deposit to the bank. Funds are recorded in each inmate’s name.

Disbursements are typically through a debit card to an inmate upon departure or a disbursement check which is prepared and signed by the accounting clerk. Monthly, the accounting clerk reconciles the bank account.

## Observations

- Receipts were deposited timely. This included cash and electronic deposits. Detailed deposit reports which were generated from the software were reviewed to ensure the original receipts and bank deposits matched.
- Monthly software reports were generated by the Jail staff and reconciled to the ending bank account balance. Balances at the end of each year, December 31, were as follows:

2018: \$ 74,352

2019 \$ 54,283

2020 \$ 45,669\*

*\*Several factors resulted in a decrease of inmate funds. The Sheriff's Office staff indicated January 2020 bail reform decreased the inmate population and the COVID19 Pandemic also had an effect on the number of individuals incarcerated.*

## Findings

- At the time of our original review in January 2021, fiscal duties were not properly segregated; the same individual prepared the deposit, disbursed funds, and reconciled the bank account. Specifically, cash deposit reconciliation was done by the same person who prepared and recorded the deposits.
- Written procedures for the handling of funds for the Jail Inmate (Commissary) account were not up to date and did not contain banking procedures including check writing, stop payments, and check signatory. Checks were issued up to \$48,000 in the sample reviewed and two signatures were not required.
- Oversight regarding the review and attestation of the bank reconciliation was performed in 2019 but ceased in 2020.
- 'Booking Transaction Reports' which detail deposits made did not consistently indicate the cash receipt number. The missing cash receipts numbers were provided during the audit.

## Recommendations

- Duties should be segregated and where this may not be possible, procedures should be put in place to increase oversight to mitigate risk.
- Comprehensive written procedures for handling funds for the Inmate Account should be reviewed and updated periodically. Procedures should include banking. The internal Standard Operating Procedures regarding cash handling were updated during our review and will likely necessitate further updates as staffing and duties change.
- Banking documentation should be reviewed monthly, and an attestation of this review should be made a part of the bank reconciliation. Review should be consistently performed in a timely manner.
- Cash receipt numbers should be included for every cash deposit in the tracking system. Periodic review of the booking transaction report should be conducted to ensure records are complete.

## *Jail Account (Commissary Profit)*

In compliance with the New York Codes, Rules & Regulations 7016.1 Commissary (Exhibit I), a commissary account is maintained.

The purpose for the Jail Account (Commissary Profit) is to accumulate the weekly commissions checks which are received from the commissary vendor. All commissions received are required to be accounted for and deposited in a separate commissary bank account and may only be used for inmate welfare and rehabilitation purposes.

The vendor sends a commission check (30% of sales) to the Sheriff's Office along with a sales and commission report for that week. Commissions from haircuts received from the jail barber were also deposited into this account.

Monthly the accounting clerk writes a check payable to the Inmate Welfare Account consisting of the total commissions earned and deposited for that month.

Commission receipts totaled \$416,587 in the three-year audit period.

2018: \$ 187,543

2019: \$ 153,872

2020: \$ 75,172

As of December 31, 2020, the bank balance in this account was \$7,905.

### Findings

- The commissary commission check was not received from the vendor weekly as stipulated in the contract terms. The staff noted in 2020 the vendor had a system change delaying the checks.
- In December 2020, deposits were not made after December 15. These deposits were made in January 2021. The staff reported a delay in the mail and a transition in staff responsibilities were responsible for the delay in deposits.
- In December 2020, there were no disbursements made from this account to the Inmate Account. Commissions are supposed to be transferred to the Inmate Welfare Account monthly.
- There was a lack of duty segregation. The same person received the funds, prepared deposits; wrote and signed monthly checks; received the bank statement and prepared the bank reconciliation.
- In 2020, there was no attestation of review of the bank reconciliation by the Sheriff's Office.
- This account is only used as a pass through of commissions earned. Commission checks can be deposited directly into the Inmate Welfare Account. Funds should be properly deposited to their prospective accounts by year end.

### Recommendations

- The Director of Budget and Finance should ensure weekly profit checks are received in accordance with the contract scope. Possibly, the monies can be sent electronically to ensure prompt payment.
- Deposits should not be held. They should be deposited promptly. An internal oversight process should ensure this is being done.
- Funds should be transferred monthly in accordance with the established procedures.
- A review of duties should be conducted, and separation should be established to ensure proper checks and balances.
- Bank reconciliations and supporting documentation should be reviewed monthly with a proper attestation by an independent reviewer.
- Depositing commission checks directly into the Inmate Welfare Account would streamline the process and eliminate the need for a separate accounting and reconciliation.

## *Inmate Welfare Account*

This account contains the proceeds from commissions and should be used for the welfare of inmates. As of December 31, 2020, the available account balance was \$621,277. A review of the activity from March 2018 to December 2020 was performed.

### Observations

The balance as of the last audit was \$533,674 (2/28/2018). The balance as of 12/31/2020 was \$621,377.

In 2019, the average monthly deposits were \$13,310 for a total of \$159,720. In 2020, the average monthly deposits were \$6,017 for a total of \$72,267 in 2020. Deposits are considerably less in 2020 which may be relative to the number of inmates.

According to the bank statements: In 2019, disbursements averaged \$7,117 monthly for a total of \$85,410. In 2020, the average monthly disbursement was \$13,094 for a total of \$148,824.

### Findings

- The balance in the Inmate Welfare Account continued to accumulate more funds during the audit period. Disbursements for the welfare of the inmates were considerably less than funds deposited.
- There was no duty segregation. The accounting clerk deposited, disbursed, and balanced this account.
- There was no written process for check writing, including who may sign and if there is a dollar threshold which requires two signatures.
- There were no deposits into this account for December 2020.
- The Inmate Welfare Account bank statement is mailed directly to the Sheriff's Office rather than to the Dutchess County Department of Finance. This is an inconsistent practice since the other two bank statements are sent directly to the Dutchess County Department of Finance.

### Recommendations

- The Jail should continue to make acceptable purchases and begin to use the accumulated funds for the benefit of the inmates.
- Duties should be segregated to ensure proper internal controls.
- Check writing processes should be written and thresholds for large amounts of money should be established with a dual signature requirement.
- Deposits should be made timely.
- To ensure consistency and oversight by the Dutchess County Department of Finance, the bank statement should be mailed directly to Finance. To enhance oversight, the Department of Finance should ensure all bank accounts are reconciled.

## Review of Disbursements from the Inmate Welfare Account

As defined under **Commissary Process Review**, disbursements are to be made for the welfare of inmates.

A random sampling of items purchased were reviewed to the office's procedures. They included requests for purchase/approvals, a pricing quote from three vendors if applicable, the receipt of merchandise, the recording of inventory and the invoice payment.

### Observations

The staff indicated the current procedure for items such as books or special clothing is requested from the program officer on an order form, the deputy superintendent(s) signs off on the order form, and the accounting clerk searches vendors for the best price and purchases the item. Equipment purchases are reviewed by administration and the accounting clerk prepares a check and records the item into inventory.

The Jail Business Office provided a detail of disbursements from the Inmate Welfare Account by category for January 2018 – December 2020.

	2018	2019	2020
Equipment	\$10,074.90	\$5,184.27	\$4,916.57
Entertainment (TVs, Game Systems, Newspapers)	18,376.64	17,896.59	16,250.36
Work Program/Supplies	11,166.95	14,751.43	2,192.81
Program/Education	28,431.99	34,794.72	18,135.76
Supplies/Other	8,702.64	3,777.40	2,061.06
Clothing	5,010.00	5,073.58	2,993.58
Food	1,197.51	2,332.06	*107,548.82
<b>Totals</b>	<b>\$82,960.63</b>	<b>\$83,810.05</b>	<b>\$154,098.96</b>

*\*During the Covid-19 Pandemic in 2020, the inmates were not able to have visitation. Inmates received 2 additional commissary bags each week.*

New York Codes, Rules & Regulations state the spending of profits from commissary sales is limited to "the purpose of prisoner welfare and rehabilitation."

Purchases were reviewed for the purpose of prisoner welfare and rehabilitation. There were no concerns noted with the funds expended. A review of the funds was in line with what other jurisdictions used funds for. There are no specific guidelines available from New York State which dictate what funds may be expended on.

During the research of other Welfare Inmate Programs, we found activities for which funds may be expended include:

Youth Programs, Job Training and Job Readiness Programs, Vocational Courses Inmate Clubs, Chapels, Anger Management Programs, Food Culinary Arts, Motor Vehicles/Equipment for work-related programs and Jail Gym Equipment

Opportunities may exist to expend funds on the above items.

### Findings

- Procedures were not consistently followed in accordance with the procedure manual for purchasing items.
- Requests for the purchase of items in some cases were verbal and did not have a 'Purchase Requisition'

from the requesting staff per the procedure manual.

- There was not a procedure for receiving and confirming the receipt of items purchased. The procedure manual states to retain packing slips. These should be signed 'received' prior to payment. In the sample reviewed, half of the invoices were initialed received in 2018 through 2020 and packing slips were not retained.
- In some cases, there was no record of: request for purchase, approvals, or request of quotes. Three quotes for selected items were not documented for items purchased in 2020; However, the account clerk did maintain records for items requiring three quotes in 2021.
- The inventory listing did not include all items purchased during the period audited. (See Below Inventory)

### Recommendations

- The steps in the procedure manual should be followed.
- A purchase requisition should be on file for all purchases requiring a requisition.
- The receipt of each item should be noted via signature and be a part of the procedures.
- All quoting requirements should be followed and evidenced.
- All information should be retained as prescribed in the procedures and available for audit.

## **Inventory**

An inventory is maintained for equipment and machinery purchased through the Inmate Welfare Account. Procedures in the manual were reviewed. Equipment purchased was sampled to review the inventory recording process.

### Findings

- The procedure manual was not complete. It was noted "maintain inventory purchases that have a retained substantial monetary value". This value is not defined. Procedures for moving items or removing items from inventory was not documented.
- The location of each item was not recorded on the Jail Inventory.
- A sample of Inmate Welfare equipment/machinery purchases were traced to the inventory listing. In the sample some items such as TVs were not recorded on the inventory. The staff noted that the maintenance staff were responsible for this inventory.

### Recommendations

- The procedure manual should be updated. This should include the minimum value to be inventoried and procedures for moving items or removing items.
- All equipment and machinery purchased should be recorded in the Jail Inventory Report.
- Locations of the equipment should be added to the listing.

# EXHIBIT I

## 9 CRR-NY 7016.1 N&-CRR

OFFICIAL COMPILATION OF CODES, RULES AND REGULATIONS OF THE STATE OF NEW YORK

TITLE 9, EXECUTIVE DEPARTMENT

SUBTITLE AA. STATE COMMISSION OF CORRECTION

CHAPTER I. MINIMUM STANDARDS AND REGULATIONS FOR MANAGEMENT OF COUNTY JAILS AND PENITENTIARIES

SUBCHAPTER A. MINIMUM STANDARDS AND REGULATIONS

PART 7016. COMMISSARY AND INMATE ACCOUNTS

7016.1 Commissary.

(a) In the discretion of the sheriff or chief administrative officer, a commissary may be established, maintained, and operated for the purpose of making available, for sale to prisoners, items deemed proper by such officials and consistent with the health and welfare of the prisoners and the security and general operation of the facility concerned.

(b) The prices of any items offered for sale shall be fixed by the sheriff, or official in charge, to the extent that the commissary operation will be self-supporting and will provide a modest return above costs.

(c) Profits resulting from commissary sales shall be deposited in a separate bank account and shall be utilized only for the purposes of prisoner welfare and rehabilitation.

(d) Commissary accounts shall be maintained in a manner which will fully substantiate all purchases, sales and expenditures, and definite arrangements shall be made for periodic audit of the commissary accounts by the office of county auditor, county treasurer or other county officer in a similar capacity.

(e) Nothing in this section shall be construed as exempting commissary operations in a county jail or a county penitentiary from compliance with the provisions of any applicable county or State statute, resolution, rule, regulation, etc.

## EXHIBIT II - Department Response



# Dutchess County Sheriff's Office

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Kirk Imperati  
Sheriff

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December 10, 2021

Ms. Robin Lois, Comptroller  
Dutchess County Comptroller's Office  
22 Market St.  
Poughkeepsie, NY 12601

RE: Audit Response Dutchess County Jail Commissary Related Bank Account

Dear Ms. Lois:

A DC Jail Commissary Account Audit was conducted in 2018. At that time, there were several recommendations made with regard to segregation of duties and oversight. Recommendations that could be implemented were put in place. Due to staff shortages, some were unable to be implemented but will be in 2022 with the addition of staff.

The end of 2020 saw the retirement of several staff and elimination of positions. Financial oversight was assigned to the Director of Budget and Finance in 2021. Members requested reallocation and upgrade of current positions and review conducted by Human Resources. The requests were denied, however, this review implemented the restoration of an additional Accounting Clerk position to address the lack of segregation of duties. Recruitment for this position has begun.

The following procedures have been implemented in 2021:

The creation of a shared electronic checkbook register that the accounting clerk records all transactions into for all bank accounts. Register is reviewed by the Director of Business and Finance for reconciliation.

Checks are reviewed and signed by Jail Administration for all bank accounts.

Reconciliations performed by the Director of Budget and Finance for all bank accounts. To ensure consistency and oversight by the Dutchess County Department of Finance, the bank statement mailing address for all accounts will be reviewed and mailed directly to Finance.

***"TAKING PRIDE IN DUTCHESS COUNTY."***

An electronic inventory of inmate welfare purchases has been established.

The Jail Petty Cash Account has been closed due to lack of activity and funds turned over to the Commissioner of Finance.

Further procedures to be implemented:

The Sheriff, Chief Deputy and Superintendent will review the Inmate Welfare Account to determine and appropriate use of the available account balance for the benefit of the inmates.

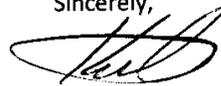
We anticipate the addition of another Accounting Clerk in the first quarter of 2022. At that time, further review of positions will take place to determine assignment of accounting task and appropriate segregation of duties.

We will explore the possibility of having the Commissary account profit directly deposited into the Inmate Welfare account and closing the Jail Account that acts as a pass through for commission checks.

Procedural manuals have been updated and will continue to be updated annually.

We accept and note all findings and will implement all recommendations to comply with NYS Law (9CRR-NY7016.1). Most changes have already been implemented and the addition of staff will complete compliance.

Sincerely,



Kirk Imperati, Sheriff

KI/MRS/pw

**OFFICE OF THE DUTCHESS COUNTY COMPTROLLER**

*ROBIN L. LOIS, COMPTROLLER*



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