

Scott County, Iowa
Forensic Investigation
Scott County Sheriff's Office

September 23, 2015

TABLE OF CONTENTS

Assignment.....	1
Background	1
Information Considered.....	2
Inmate Kiosk Bank Account	4
Manual Booking Office Receipts	10
Fingerprint Office Receipts.....	11
Billings to Other Jurisdictions.....	11
Summary	12

EXHIBITS

- EXHIBIT A – Cash deposit sequence
- EXHIBIT B -- Cash deposit timing discrepancies
- EXHIBIT C – Quad City Bank and Trust Officials Checks
- EXHIBIT D – Receipts from Other Jurisdictions
- EXHIBIT E – Inmate Kiosk Bank Account Checks
- EXHIBIT F – Other discrepancies

ADDENDUM

Assignment

McGladrey LLP (“McGladrey”) was retained by Scott County, Iowa (“the County”), to perform an investigation of potential irregularities involving certain accounts at the County Sheriff’s Office. McGladrey performed various procedures in its examination of financial records and certain supporting documents that were primarily provided by Pamela Bennett, Office Administrator of the County Sheriff’s Office. Our assignment was performed at the direction of Dee Bruemmer, County Administrator, David Farmer, County Budget Manager, and Rob Cusack, County Attorney’s Office.

The scope of the initial Phase I of this engagement was to perform procedures that may identify instances of misappropriation, theft or embezzlement of County or inmate funds during the period June 1, 2011 through April 10, 2015 “Review Period”. The primary objectives of Phase I were to ascertain:

- the access of the suspected perpetrator to County funds,
- whether there was a misappropriation of County assets and, if so,
- the method(s) used to misappropriate funds by the suspected perpetrator.

Our initial analysis was primarily limited to the 225 deposit transactions to the Scott County Jail Inmate Kiosk Account, account number XXXX at Quad City Bank & Trust (“Inmate Kiosk Bank Account”) from June 1, 2011 through April 10, 2015. In addition, other areas at risk due to the suspected perpetrator’s access to funds and job responsibilities were identified.

Phase II of our assignment included the development of methodologies for Scott County Jail administration to complete testing in the additional at risk areas identified and to review the results and conclusions.

We did not perform any management functions, make management decisions, or act or appear to act in a capacity equivalent to that of an employee.

Because of the unique nature of misappropriation, theft or embezzlement and because our engagement is limited to the matter described, misappropriations, theft or embezzlement may exist in the County that was not identified by us during the performance of these procedures. We reserve the right to update this report as requested by the County, law enforcement or Office of Auditor of State-State of Iowa (“State Auditor”).

Background

Jennifer Wierson (“Wierson”), was employed by the Scott County Sheriff’s Office from July 1, 1991 through April 10, 2015. From 2007 through April 10, 2015, her termination date, Wierson was a senior accounting clerk at the Scott County Jail.

Wierson’s employment was terminated on Friday, April 10, 2015, after County management discovered that she had not paid TurnKey Corrections, a subsidiary of T.W. Vending, Inc. (the inmate software and commissary vendor) (“TurnKey”) for four months and gave TurnKey permission to withdraw funds from the Inmate Kiosk Bank Account to pay the outstanding invoices. These checks appear in the check register as initiated by user “tkcsteve” or “timwestby”. Ten checks were initiated by these users over the period June 27, 2013 through March 31, 2015 and the checks totaled \$221,444.94.

Subsequently, an inmate released on Sunday, April 12th, 2015 made a partial cash payment for work release room and board that was in the booking safe on Monday, April 13th, 2015. Cheryl Iwinski, Wierson’s successor, reviewed the inmate’s records and determined that the County was owed an additional amount for room and board and Sergeant Bill Boyd contacted the released inmate. On Wednesday, April 29th, 2015, the released inmate produced a hand-written receipt for cash in the amount

of \$350, signed by Jennifer Wierson and dated April 3, 2015. With this receipt the released inmate did not have a balance due; rather the County owed the inmate \$262.32 for overpayment.¹ There was no record of the receipt in the TurnKey software or the County's general ledger. Due to these events, County management suspected financial improprieties may have occurred and commenced an internal investigation.

The County's internal investigation revealed suspicious deposit transactions in the Inmate Kiosk Bank Account, as well as possible skimming of cash received for fingerprinting services and work release room and board. As such, McGladrey was engaged to determine if a misappropriation of funds occurred and, if misappropriation exists, to identify the methods employed by the suspected perpetrator. The County requested that McGladrey's initial review and analysis be primarily focused on the review of approximately 200 deposit transactions from June 1, 2011 through April 10, 2015, the date of Wierson's termination.²

The scope of the Phase I investigation included the following procedures:

- Interview management and personnel to understand the normal processes used for the accounts identified by the County.
- Interview management and personnel to understand the County's internal investigation procedures and results to date.
- Review the duties and responsibilities of Jennifer Wierson, the former senior accounting clerk in the Scott County Jail.
- Review the key documentation for approximately 200 deposit transactions in the Inmate Kiosk Bank Account for the period June 1, 2011 through April 10, 2015.
- Communicate our findings and observations in a written report.

It is our understanding the Sheriff's office reviewed deposit detail in the Inmate Kiosk Bank Account prior to June 1, 2011 and found little, if any, evidence of improprieties. The initial period is based on the County's findings during their internal review.

The scope of the Phase II investigation included the following procedures:

- Develop testing methodology for other areas at risk for Scott County Jail Administration to complete.
 - Cash disbursements
 - Manual booking office receipts
 - Fingerprint office receipts
- Review the results of the testing procedures and related conclusions reached by Scott County Jail Administration and Scott County Administration.

Information Considered

We conducted on-site fieldwork during the period July 20, 2015 through July 24, 2015.

During our on-site field work, we conducted interviews with the following Scott County personnel:

- Dee Bruemmer – County Administrator
- David Farmer – County Budget Manager
- Pam Bennett – Sheriff's Office Administrator and Jennifer Wierson's former supervisor
- Judith Woodin – Sheriff's Office Receptionist and Senior Clerk

¹ Additional information and documentation is available upon request.

² "Phase I" per engagement letter dated June 29, 2015 between McGladrey LLP and Scott County.

- Cheryl Iwinski – Sheriff’s Office Senior Accounting Clerk
- Gary Hansen – Retired accountant who assisted with the investigation

We also interviewed:

- John R. McEvoy, Jr. – Quad City Bank & Trust, EVP, Chief Operations Officer and Cashier

A high level summary of the financial transactions at the Scott County Jail follows. It should be noted that over the period reviewed, the processes have changed and these changes will be discussed in further detail within this report. Most notably, Scott County installed a new ERP system effective January 1, 2014. The TurnKey software is specific to inmate related transactions which are not part of Scott County’s ERP system. The inmate related transactions go through the Scott County Jail Inmate Kiosk Account, account number XXXX at Quad City Bank & Trust (“Inmate Kiosk Bank Account”).

Most of the cash receipts at the Scott County Jail are received through one of two kiosk machines. There is a kiosk machine in the lobby of the jail that is primarily used by friends and family of inmates to deposit cash or make credit card transactions for the benefit of an inmate. The second machine is in the Booking Office and receipts are primarily for cash bonds and cash in which remanded inmates have with them upon arrival at the jail. An electronic receipt is generated for the kiosk machine transactions and the transactions are automatically recorded in the TurnKey software. No cash funds are kept on hand for the purpose of making change for any transactions.

Checks received and cash that will not go through the kiosk machines are placed in one of two safes; one in the senior accounting clerk’s office and one in the Booking Office. A manual receipt is prepared for these receipts. These receipts are pre-numbered and the white copy is placed in the safe with the funds and the yellow copy is retained in the receipt book. A copy is made for the remitter. The white copy is destroyed once the funds are deposited. This process is used in the Booking Office for work release room and board payments and other miscellaneous receipts.

Monies received for the benefit of the inmates (including cash bonds) are recorded in an account for the inmate within the TurnKey system. Inmates can use purchase cards up to the amount in their account. These cards are used to purchase commissary items, including purchasing virtual phone cards for \$10 per card for phone time. In addition, inmate accounts are charged for various services, such as medical services. Inmates on work release programs are charged \$55 a day or ½ of their weekly paycheck, whichever is less, for room and board. These receipts are generally recorded in the Turnkey system the following Monday.³ Initially, cash work release payments were remitted to the Scott County Treasurer without entry to Turnkey. During 2013, the process changed such that all work release payments were recorded in the inmate’s Turnkey account and checks are then written to Scott County Treasurer for the portion due the County. Work release room and board receipts and receipts from such services as fingerprinting, booking fees, or mug shot services are revenue due Scott County and is recorded in the County’s ERP system.

Cash is also received by the Public Print Room for fingerprinting. The Public Print Room does not have a kiosk machine. A manual receipt is prepared with the white copy for the payer and the yellow copy retained in the manual receipt book. Periodically, the cash is delivered to the senior accounting clerk who then forwards to the County Treasurer. These transactions are recorded directly in Scott County’s ERP system.

Accordingly, the key documents for Phase I, the review of 225 deposit transactions in the Inmate Kiosk Bank Account, and Phase II are as follows:

³ Most inmates bring the work release cash or checks on Fridays, but they are not recorded until Monday to reduce the risk of inmate’s purchasing in excess of the portion of the check or cash they are entitled to after room and board payment.

1. Quad City Bank & Trust ("QCBT") monthly bank statements and contents for Scott County Jail Inmate Kiosk Account, account number XXXX
2. Manually prepared deposit tickets
3. "Bank Deposit Reports"⁴
4. "Cash Till Session Transaction Detail Report"⁵
5. Selected copies of checks written from Inmate Kiosk Bank Account
6. Selected copies of Quad City Bank and Trust Officials checks deposited to Inmate Kiosk Bank Account
7. Listing of "Trust" accounts in Turnkey software⁶
8. Selected "Inmate History Reports" (inmate account activity reports)⁷
9. Selected "Control Account Detail Reports" (Trust account activity reports)⁸
10. Selected screen shots from County's Offender Management System ("OMS") software⁹
11. Spreadsheet of manual billings (prior to 1/1/2014) and billings from the County's ERP system (post 1/1/2014) to other law enforcement jurisdictions prepared by Pam Bennett at our request¹⁰
12. Booking office manual receipt books¹¹
13. Fingerprint office manual receipt books¹²
14. Copy of receipt no. 797065 dated 4/3/2015, \$350 received from Alicia Garcia and check #6620 from Scott County Jail Commissary Account to Alicia Garcia in the amount of \$262.32.
15. Notification to Jennifer Wierson from Sheriff Dennis Conrad of termination dated April 10, 2015, reference name Clearing Hearing – IA #15-08
16. Detail General Ledger Report, date range 6/1/2011 through 4/14/2015 for the following accounts:
 - a. 101.28.2802.1050-46013 Centralized Booking
 - b. 101.28.2802.1050-46016 I N S Fingerprinting
17. Accumulated Transaction Listings covering period 6/1/2011 through 4/14/2015 for the following account:
 - a. 101.28.2802.1050-46002 Work Release
 - b. 101.28.2802.1050-46011 Room & Board

Certain items above were reviewed on site and copies are not maintained in our files, we do not have any original documents in our possession.

Inmate Kiosk Bank Account

Review of Kiosk Cash Till Session Transaction Detail Report

As previously noted, there are two kiosk machines; one in the lobby and one in the Booking Office. It is the responsibility of the senior accounting clerk to change the cash boxes and prepare the deposit in the Turnkey system as well as prepare the manual deposit slip for deposit at QCBT. Each machine will only hold one box at a time and each box is capable of holding 1,200 bills. When a box is removed from the machine a Cash Till Session Transaction Detail Report ("CTSTDR") is generated that provides the detail of each transaction and the total amount of cash that is in the box. There are six (6) boxes that are

⁴ Available from TurnKey system each time the system is notified a deposit is being made.

⁵ Available from TurnKey system each time a cash box in a kiosk is changed.

⁶ These accounts are used to record charges made to an inmate's account for services, ex. a haircut. The proceeds are paid to Scott County or the appropriate vendor monthly.

⁷ Available from TurnKey system, includes all transactions for a particular inmate.

⁸ Available from TurnKey system, includes all transactions for a particular trust account. A trust account accrues charges from inmates and is used to then remit payments to the proper party (vendors or other departments of Scott County)

⁹ This system provides booking and release dates of inmates.

¹⁰ Original copies are available in the Sheriff's office.

¹¹ Ibid

¹² Ibid

numbered and whose number is identified on each CTSTDR. Reports are generated for each of the Kiosks currently identified¹³ as follows:

L07-670 = Lobby Kiosk
P2SD-JAL-BOK04 = Booking Office

We scheduled the dates for all of the CTSTDRs to verify that all days in the Review Period were accounted for and noted no missing periods. There was no consistent methodology as to the rotation of the box numbers.

The CTSTDR's are then "deposited" within the TurnKey system and a Bank Deposit Report is created. During this process the TurnKey system compiles the number of each denomination of bills and combines the cash with other receipts and checks that have been entered in the system. In the normal process, the actual cash and checks would be deposited at QCBT in the Inmate Kiosk Bank Account.

We matched each CTSTDR with Bank Deposit Report, noting the "Opening" and "Closing" dates (i.e. date and time a cash box was installed and removed from kiosk) and the date the Bank Deposit Report was generated. We then associated each Bank Deposit Report with a deposit receipt from QCBT noting the deposit dates.

From this process we noted the following discrepancies:

1. The CTSTDR for the Lobby kiosk for June 13, 2014 through June 26, 2014 could not be associated with a Bank Deposit Report or a deposit receipt from QCBT.¹⁴
2. Instances in which the dates for two boxes in a single kiosk overlapped.¹⁵
3. Instances in which there was a significant time lag between:
 - a. The CTSTDR and the Bank Deposit Report
 - b. The Bank Deposit Report and actual deposit into bank account.

The CTSTDR's with time lags between closing the box and initiating the deposit accounting in Turnkey and/or significant time lags between the Bank Deposit Report from Turnkey system and the physical deposit at QCBT are displayed in Exhibit A.

This analysis indicates significant time lags in processing the deposits in TurnKey system for removed cash boxes generally began early to mid-2012.¹⁶ The time lags may be attributed to incompetency or suggest kiting activity. As example, cash could be taken from a box removed (Box A) and the cash in the box remains in the safe rather than deposited timely to QCBT. The funds are automatically recorded in the inmate's Turnkey account at the time the transaction is initiated at the kiosk and therefore, the inmate would not be aware the actual dollars were not timely deposited at QCBT. At a later date cash from a box removed (Box B) is used to make up the cash shortage in Box A and the deposit for Box A is initiated in the TurnKey system as well as physically deposited at QCBT. Box B then remains in the safe until such a time as its cash shortage is fulfilled from another source (such as a later deposit or other funds).

¹³ The designations have changed over the period reviewed, but in each case "L" proceeds the number for lobby kiosk and "BOK" is included in the name for Booking Office.

¹⁴ See MISSING DEPOSIT section of this report

¹⁵ Scott County Jail administration discussed with TurnKey. TurnKey indicated these instances were caused by system "glitches" which had been fixed.

¹⁶ Shorter lags are noted in 2011 and there should not be more than one to three days (depending on day of the week the cash boxes are exchanged in kiosks).

Review of Deposit Transactions

We reviewed and scheduled the 225 deposit transactions to the Inmate Kiosk Bank Account from June 1, 2011 through April 10, 2015 using the following process:

1. Document the date and the amount of the bank deposit receipt from Quad City Bank & Trust ("QCBT").
2. Document the date, cash amount, check amount and total deposit amount from the Yellow Deposit Record Copy.¹⁷
3. Document the date of the Bank Deposit Report produced by the Turnkey software (i.e. the date the deposit was initiated in Turnkey), cash amount, check amount and total deposit amount.
4. Verify the cash amount, check amount and total amount from the Bank Deposit Report to the same totals from the Yellow Deposit Record Copy.
5. Verify the total deposit from the QCBT deposit receipt to the total deposit from the Yellow Deposit Record Copy and Bank Deposit Report.
6. Identified any deposit transaction in which there was a variance in:
 - a. The total deposit amount
 - b. The amount of cash versus checks included in the deposit

We identified 79 deposits with discrepancies and a total of 109 deposit components were investigated.

- We identified 6 discrepancies in the total deposit which appear to be isolated small errors.¹⁸
- We identified 14 discrepancies that appear to be timing differences.¹⁹
- We identified 18 official checks from QCBT.²⁰
- We identified 71 discrepancies between the amount reported as CASH in the Bank Deposit Report and CTSTDR and the amount reported as CASH on the manually prepared yellow deposit tickets. The difference was accounted for on the yellow deposit tickets as checks not included in the Bank Deposit Report. The checks are noted individually on both the Bank Deposit Report and the yellow deposit ticket.

Official Checks

Based on our interview with John R. McEvoy, Jr., Quad City Bank & Trust, EVP, Chief Operations Officer and Cashier, it was the normal practice to issue a QCBT official check to the Scott County Jail for cash received in excess of the amount noted on the manual deposit slip. This practice was established many years ago and bank tellers are not allowed to adjust the deposit for cash overages. The official checks are then redeposited at a later time²¹.

The normal practice would be to investigate the reasons for the cash in excess of that noted on the deposit slip and to make correcting entries. Based on the review of the deposits, these checks are used to disguise cash shortages between the yellow deposit slips and the CTSTDR generated by TurnKey in support of later kiosk cash box deposits. However, we cannot determine the source of the original cash overage. As with the Cash Deposit Sequence analysis, this may suggest incompetency or kiting activity. It is also possible cash from other sources, such as courtesy fingerprint fees in which only cash is accepted, is the source of the cash overage. If this is the case, the potential loss would be quantified in other aspects of the investigation. The total of the QCBT official checks is \$6,241 as presented in Exhibit C. At this time, the amount has not been included in the summarized net loss.

¹⁷ The Yellow Deposit Record Copy is the carbon copy of the deposit ticket submitted with each deposit.

¹⁸ See Exhibit F, Other Discrepancies

¹⁹ See Exhibit B, Cash Deposit Timing Discrepancies

²⁰ See Exhibit C, Quad City Bank & Trust Officials Checks

²¹ Generally within a month, See Exhibit C

Receipts from Other Jurisdictions

The senior accounting clerk was responsible for billing other jurisdictions for fingerprint and booking services. A report of these services is received from the OMS system noting the jurisdiction (example Eldridge Police Department) and individuals receiving services or being booked. Up to January 1, 2014 these billings were manually typed and mailed to the jurisdiction. No accounting entries were made to the TurnKey system or the ERP system. The paper billings were filed and in general, the date on which the payments were received is noted on the billings. The payments received were delivered to the Scott County Treasurer's office for deposit and recording as revenue in the Scott County general ledger. No entries in the TurnKey system were required.

Subsequent to January 1, 2014 the billings were processed by the senior accounting clerk on Scott County's ERP system. Under this process the Treasurer's department is aware of the billing and maintains a record of amounts receivable and not yet paid. The receipts are received by the senior accounting clerk and entered into the ERP system. The checks together with an Edit report are then delivered to the Treasurer's office.

Certain checks from the jurisdictions billed for fingerprinting and booking services were used to disguise a cash shortage such that the total amount deposited agreed to the Bank Deposit Report and the total reported on the deposit receipt from QCBT. These checks are presented in Exhibit D. There were no payments on invoices processed after January 1, 2014 used for this purpose.

The results of these procedures indicate receipts from other jurisdictions have been inappropriately deposited to the Inmate Kiosk Bank Account to hide misappropriations of cash. The total is \$13,882.50.

Inmate Kiosk Bank Account Checks

The senior accounting clerk was responsible for writing checks from the Inmate Kiosk Bank Account. These checks include payments to:

- TurnKey for commissary items and services
- DSI-ITI, LLC for inmate phone time and service fees
- Scott County Commissary Bank Account for the County's portion of the profit on commissary sales
- Scott County Treasurer for amounts due from work release room & board and other services
- Clerks of Court to remit bail money received
- Individual inmates for account balances; usually for those with large balances or who are being transferred to another facility

Cash bail money is generally received in the Booking Office. The bills go through the cash kiosk and an electronic receipt is produced. The cash bond funds are recorded in an inmate account in TurnKey with the account number 2663.²² Subsequently, checks are written to the appropriate clerk of the court through the TurnKey system and therefore, there is no balance in this account other than timing differences.

Checks to inmates are written through the TurnKey system and recorded directly in the individual inmate account.

Receipts for commissary items, phone services, work release room & board and other services are recorded in "Trust" accounts in the TurnKey system and the senior accounting clerk is responsible for writing checks from the Inmate Kiosk Bank Account at the end of each month to the Commissary Bank Account, the Scott County Treasurer or other County departments. These checks represent Scott County revenue or reimbursement for services provided to inmates. The profit from the commissary is to be used for the benefit of inmates and therefore, a separate bank account is maintained by Judy Woodin. The

²² Bail receipts are generally not recorded in individual inmate accounts.

senior accounting clerk has no access to checks on the Commissary Bank Account or any other bank account of Scott County.

The senior accounting clerk wrote checks from the Inmate Kiosk Bank Account to various payees, but the checks were re-deposited into the Inmate Kiosk Bank Account. The accounting for these checks indicates they were initiated by user "SCSD5522 – Jennifer Wierson". In addition, the checks were not recorded to the appropriate Trust account. For example, check 25454 is written to "Scott County Clerk of Court" but is not recorded in account 2663²³, rather it is recorded in "TKC Phone Card". These checks were used to disguise a cash shortage such that the total amount deposited agreed to the Bank Deposit Report and the total reported on the deposit receipt from QCBT. These checks are presented in Exhibit E.

The results of these procedures indicate checks have been inappropriately written from and re-deposited to the Inmate Kiosk Bank Account to hide misappropriations of cash. The total is \$88,034.97.

Missing Deposit

As noted above, the CTSTDR for the Lobby kiosk for June 13, 2014 through June 26, 2014 could not be associated with a Bank Deposit Report or a deposit receipt from QCBT. To verify cash associated with this CTSTDR has not been deposited, we performed the following procedures.

1. During our fieldwork, we viewed Box 6 and noted there was no cash in the box.
2. Cheryl Iwinski, Pam Bennett and Judy Woodin, each reported during our interviews that Wierson indicated Box 6 was "broken".
3. On Thursday, August 6, 2015, Cheryl Iwinski and David Farmer, under McGladrey's direction, tested Box 6 to see if it was operable. Box 6 was fully functional.²⁴
4. We traced the deposits on the QCBT bank statements for May, June, and July 2014 to the associated Bank Deposit Reports and verified the Box 6 CTSTDR was not included. The results are as follows:

Deposit Date	CTSTDR Box	CTSTDR Close	CTSTDR \$
May 20, 2014	Lobby-Box 1	May 14, 2014	\$16,765
June 3, 2014	Checks Only	NA	NA
June 23, 2014	Booking-Box 6	June 13, 2014	\$21,895
June 23, 2014	Booking-Box 4	June 13, 2014	\$700
June 23, 2014	Lobby-Box 1	June 3, 2014	\$12,550
June 23, 2014	Lobby-Box 5	June 13, 2014	\$16,814
June 23, 2014	Booking-Box 3	June 19, 2014	\$7,654
July 11, 2014	Booking-Box 2	April 15, 2014	\$44,703
July 11, 2014	Booking-Box 4	July 11, 2014	\$25,292

5. Verified Box 6 has not been used since June 26, 2014.
6. Tested five amounts on the CTSTDR to verify were recorded in individual inmate's account and there were no subsequent adjustments. Each of the entries indicated the source of the transaction was Box 6.²⁵

The results of these procedures indicate the cash in this CTSTDR has been misappropriated. The total of the CTSTDR is \$15,498.

²³ The Trust account used for bail money.

²⁴ Testing detail and screen shots signed by Cheryl Iwinski and David Farmer are included in our work files.

²⁵ The kiosk transactions are recorded automatically into the inmate's individual account at the time the transaction is made at the Lobby kiosk.

Miscellaneous

The miscellaneous transactions are primarily checks received from various vendors and money orders for the benefit of inmates that were deposited to the Inmate Kiosk Bank Account. These receipts were used to disguise a cash shortage such that the total amount deposited agreed to the Bank Deposit Report and the total reported on the deposit receipt from QCBT. The remaining items are small cash overages which reduce the loss and a correcting entry that was initiated by TurnKey that did not result in a loss. These items are presented in Exhibit F.

The results of these procedures indicate the receipts have been inappropriately used to hide misappropriations of cash. The total is \$4,093.97.

Review of Check Register

We coded the check register entries for fiscal year ending June 30, 2012 as:

- a. Bail
- b. Inmate
- c. Scott County
- d. TurnKey
- e. DSI
- f. Jennifer Wierson
- g. Other
- h. Void

We noted no other payees other than those listed in items a. through f. The two checks written to Jennifer Wierson were both voided. Judy Woodin searched on QCBT customer "Check Inquiry" to verify that check 21687 and 21688 were not cashed. The Inquiry returned response "No record of check found".

The other checks for further review included 15 checks that appear to be work release room and board remitted to Scott County Treasurer.²⁶ The remaining 23 checks appear to be payments to inmates, but we note the inmate name does not match the payee name. These checks were referred to Scott County Jail administration who determined either the inmate used a name and an alias (infrequent) or a property release from to the identified payee and been completed in all but one instance. The one instance was determined to be an isolated incident and we noted the first name of inmate and payee was the same.

McGladrey performed this procedure for FY2012 as a test of the methodology. The methodology was provided to Scott County Jail administration, along with instructions, to complete the review for FY2013, FY2014 and FY2015 through April 10, 2015. The testing was performed under the direction of Pam Bennett, Sheriff's Office Administrator, and reviewed by David Farmer, County Budget Manager.²⁷

Scott County management concluded there were no inappropriate checks written from the Inmate Kiosk Bank Account other than those identified in previous sections of this report. We reviewed the procedures performed by Pam Bennett and the review performed by David Farmer.

The results of these procedures indicate there no inappropriate checks written from the Inmate Kiosk Bank Account during the period from 7/1/2011 through 4/10/2015, other than those identified in previous sections of this report.

²⁶ See MANUAL BOOKING OFFICE RECEIPTS

²⁷ Original documents are available in the Sheriff's office.

Manual Booking Office Receipts

The Booking Office processes cash payments for bail using a kiosk and processes work release, cash in an inmate's possession at arrest and other miscellaneous receipts using a manual receipting book. As previously discussed, one of the initial indications of possible misappropriation of cash was a cash receipt related to an inmate's work release program. The senior accounting clerk is responsible for recording work release receipts and remitting the County's portion for room and board to the Treasurer's office.

McGladrey provided the Scott County Jail administration a methodology, along with instructions, to schedule receipts from the manual receipting book and code each receipt as to purpose.

- Based on the nature of cash bail money and the processes used to process the bail with the associated clerks of court, the risk of misappropriation is low and no further testing was performed.
- It was determined other miscellaneous receipts such as receipts for mug shots, photo copies or other assorted services were minimal and no further testing was performed.
- Multiple employees are involved in processing cash in an inmate's possession at the time of arrest and the risk of misappropriation is low. No further testing was performed.

As a result, McGladrey provided the Scott County Jail administration a methodology, along with instructions, to trace work release payments from the manual receipt ledger to an inmate's account, a Turnkey trust account, and/or the County's general ledger²⁸ in order to determine whether additional receipts were misappropriated. The testing was performed under the direction of Pam Bennett, Sheriff's Office Administrator, and reviewed by David Farmer, County Budget Manager.²⁹

Scott County management concluded the following cash receipts for inmate work release monies due the Scott County Treasurer's office were not remitted to the Scott County Treasurer's office or recorded in the County's general ledger:

Work Release Receipts

FY 2012	\$ 1,510.00
FY 2013	\$ 2,647.25
FY 2014	\$ 6,625.25
FY 2015*	\$ 4,842.00
TOTAL	\$ 15,624.50

**Through 4/10/2015*

We reviewed the procedures performed by Pam Bennett and the review performed by David Farmer.

The results of these procedures indicate cash receipts for inmate work release monies totaling \$15,624.50 during the period from 7/1/2011 through 4/10/2015 were misappropriated.

²⁸ The processes used to record work release receipts varied over the time period under review. The testing procedure takes into account each of the processes identified.

²⁹ Original documents are available in the Sheriff's office.

Fingerprint Office Receipts

A corrections officer accepts cash payments only for fingerprinting in the Public Print Room. A manual receipting book is used to record the receipts and the charge in most cases is \$15. The senior accounting clerk is responsible for remitting the revenue from fingerprinting to the Scott County Treasurer's office. During the Review Period, there was no reconciliation between the manual receipt ledger maintained by the officer and the cash remitted to the Scott County Treasurer's office. McGladrey reviewed one month's receipts noting there were 88 receipts; six (6) of which were for amounts other than \$15, but none over \$60.

McGladrey has provided the Scott County Jail administration an analytical methodology, along with instructions, to compare an estimate of cash courtesy fingerprint receipts by month and fiscal year to amounts recorded in the County's general ledger by month and by fiscal year in order to estimate the potential amount of cash misappropriated from the Public Print Office receipts. At a high level the procedures involved a comparison of the Public Print Office appointment book to the manual cash receipts and the manual cash receipt number sequence to determine the number of prints performed. The volume was multiplied by \$15 to estimate the total amount that should have been received. This total was compared to the amount received by the Scott County Treasurer's office and recorded in the County's ERP system. The testing was performed under the direction of Pam Bennett, Sheriff's Office Administrator, and reviewed by David Farmer, County Budget Manager.³⁰

Scott County management concluded the following cash receipts for courtesy fingerprinting were not remitted to Scott County Treasurer's office or recorded in the County's general ledger:

Fingerprint Receipts	
FY 2011	\$ 5,947.50
FY 2012	\$ 5,974.00
FY 2013	\$ 4,274.00
FY 2014	\$ 6,325.00
FY 2015	\$ 5,680.00
TOTAL	\$28,200.50

We reviewed the procedures performed by Pam Bennett and the review performed by David Farmer.

The results of these procedures indicate cash receipts for courtesy fingerprints totaling \$28,200.50 during the period from 7/1/2011 through 4/10/2015 were misappropriated.

Billings to Other Jurisdictions

Paper copies of the manual billings were pulled and Pam Bennett entered invoice date, the time period billed, jurisdiction billed to, purpose, fee per service, total invoice, preparer and date paid if noted on the invoice. The amounts were then traced to the County general ledger noting date, account number, account name and the amount.

³⁰ Ibid.

There were 56 variances totaling \$15,577.50 (none after 1/1/2014³¹) of which 19 variances totaling \$13,882.50 are accounted for in our work on the Inmate Kiosk Bank Account.

The unresolved variances, which include differences in amount paid and potentially unpaid invoices³² is \$1,695.

Summary

In summary, the purpose of Phase I of the forensic investigation was to perform procedures that may identify instances of misappropriation, theft or embezzlement of County or inmate funds during the period June 1, 2011 through April 10, 2015. Our primary objective was to ascertain whether there was a misappropriation of County assets and to ascertain the methods used by the suspected perpetrator. Our initial analysis was primarily limited to the 225 deposit transactions to the Scott County Jail Inmate Kiosk Account, account number XXXX at Quad City Bank & Trust ("Inmate Kiosk Bank Account") from June 1, 2011 through April 10, 2015. In addition, other areas at risk due to the suspected perpetrator's access to funds and job responsibilities were identified.

The scope of the Phase II investigation included developing and testing methodologies for Scott County personnel to complete a review of other areas at risk, including cash disbursements, manual booking office receipts and fingerprint office receipts. We reviewed the results and conclusions reached by Scott County Administration.

The documents reviewed and discussed in this report indicate that there was significant misappropriation of funds from the Inmate Kiosk Bank Account during the Review Period. In addition, the testing performed by Scott County personnel and reviewed by McGladrey indicates there was misappropriation of cash that was to be remitted to the Scott County Treasurer's office. The table below summarizes the County's estimated loss during the Review Period.

³¹ The date the County's ERP system was implemented and the processes for this billing were changed.

³² No accounts receivable subsidiary ledger was maintained prior to 1/1/2014

Summary

Scheme	Net Loss
Cash Deposit Timing Discrepancies	\$ - [1]
QCBT Official Checks	\$ - [2]
Receipts From Other Jurisdictions	\$ 13,882.50
Inmate Kiosk Bank Account Checks	\$ 88,034.97
Missing Deposit	\$ 15,498.00
Other Discrepancies	\$ 4,093.97
Checks Written from Inmate Kiosk Bank Account	\$ - [3]
Manual Booking Office Receipts	\$ 15,624.50 [3]
Fingerprint Office Receipts	\$ 28,200.50 [3]
	\$ 165,334.44

- [1] Fourteen (14) incidents
- [2] Eighteen (18) officials checks were initiated by QCBT for cash received in excess of written deposit amount. The total of the officials checks is \$6,241. The original source of excess cash cannot be determined.
- [3] Testing was completed by Scott County Jail Administration and reviewed by David Farmer, Budget Manager and McGladrey LLP

We reserve the right to supplement this report and file an amended report if additional information becomes available that would be pertinent to this matter or additional procedures are authorized by Scott County.

McGladrey LLP

Susan M. Evelsizer 2015

Susan M. Evelsizer, CPA, ASA
Director, Financial Advisory Services

LOBBY							
Box #	CTSTDR Date Open	CTSTDR Date Closed	Date of Bank Deposit Report	Close to System Deposit (Days)	Date of Bank Deposit Report	Date of Bank Receipt	System Deposit to Bank Receipt
4	07/18/2011	07/25/2011	08/05/2011	11	08/05/2011	08/08/2011	3
5	07/25/2011	08/01/2011	08/05/2011	4	08/05/2011	08/08/2011	3
1	09/27/2011	10/03/2011	10/17/2011	14	10/17/2011	10/17/2011	0
4	10/17/2011	10/21/2011	10/28/2011	7	10/28/2011	10/31/2011	3
5	12/05/2011	12/12/2011	12/14/2011	2	12/14/2011	12/19/2011	5
6	12/19/2011	12/27/2011	01/17/2012	21	01/17/2012	01/03/2012	(14)
1	01/03/2012	01/09/2012	01/17/2012	8	01/17/2012	01/17/2012	0
3	01/17/2012	01/25/2012	02/01/2012	7	02/01/2012	02/01/2012	0
1	03/12/2012	03/26/2012	04/03/2012	8	04/03/2012	04/03/2012	0
3	03/26/2012	04/06/2012	05/22/2012	46	05/22/2012	05/23/2012	1
4	04/30/2012	05/22/2012	05/22/2012	0	05/22/2012	05/23/2012	1
2	05/02/2012	05/15/2012	05/22/2012	7	05/22/2012	05/23/2012	1
2	06/26/2012	07/09/2012	09/07/2012	60	09/07/2012	09/10/2012	3
3	07/09/2012	07/19/2012	08/10/2012	22	08/10/2012	08/13/2012	3
5	08/10/2012	08/21/2012	08/28/2012	7	08/28/2012	08/29/2012	1
4	08/21/2012	09/04/2012	05/23/2013	261	05/23/2013	05/24/2013	1
2	10/08/2012	10/23/2012	11/27/2012	35	11/27/2012	11/28/2012	1
5	11/05/2012	11/12/2012	04/09/2013	148	04/09/2013	04/10/2013	1
2	02/07/2013	02/14/2013	02/14/2013	0	02/14/2013	02/15/2013	1
1	02/08/2013	02/14/2013	02/14/2013	0	02/14/2013	02/15/2013	1
6	03/08/2013	03/15/2013	03/15/2013	0	03/15/2013	03/22/2013	7
6	03/26/2013	04/09/2013	05/23/2013	44	05/23/2013	05/24/2013	1
3	05/10/2013	05/15/2013	05/23/2013	8	05/23/2013	05/24/2013	1
6	06/13/2013	06/26/2013	07/02/2013	6	07/02/2013	07/03/2013	1
4	06/26/2013	07/09/2013	07/16/2013	7	07/16/2013	07/17/2013	1
3	09/26/2013	10/04/2013	10/17/2013	13	10/17/2013	10/17/2013	0
6	10/28/2013	11/08/2013	11/20/2013	12	11/20/2013	11/20/2013	0
2	11/08/2013	11/20/2013	01/22/2014	63	01/22/2014	01/28/2014	6
3	12/11/2013	12/23/2013	01/02/2014	10	01/02/2014	01/02/2014	0
1	12/23/2013	01/03/2014	04/03/2014	90	04/03/2014	04/03/2014	0
3	01/03/2014	01/14/2014	01/29/2014	15	01/29/2014	01/29/2014	0
2	01/14/2014	01/28/2014	02/12/2014	15	02/12/2014	02/12/2014	0
2	02/12/2014	02/24/2014	03/05/2014	9	03/05/2014	03/05/2014	0
3	02/24/2014	03/05/2014	03/14/2014	9	03/14/2014	03/14/2014	0
5	03/05/2014	03/17/2014	04/16/2014	30	04/16/2014	04/17/2014	1
3	03/17/2014	03/20/2014	04/03/2014	14	04/03/2014	04/03/2014	0
4	03/20/2014	04/01/2014	05/06/2014	35	05/06/2014	05/07/2014	1
1	04/14/2014	04/24/2014	05/06/2014	12	05/06/2014	05/07/2014	1
4	05/14/2014	05/27/2014	06/02/2014	6	06/02/2014	06/03/2014	1
1	05/27/2014	06/03/2014	06/23/2014	20	06/23/2014	06/23/2014	0
5	06/03/2014	06/13/2014	06/23/2014	10	06/23/2014	06/23/2014	0
6	06/13/2014	06/26/2014	N/A	N/A	N/A	N/A	N/A
5	06/26/2014	07/03/2014	07/30/2014	27	07/30/2014	07/30/2014	0
3	07/29/2014	08/15/2014	08/28/2014	13	08/28/2014	08/28/2014	0
2	08/22/2014	08/29/2014	09/25/2014	27	09/25/2014	08/29/2014	(27)
5	09/12/2014	09/19/2014	09/26/2014	7	09/26/2014	09/26/2014	0
4	09/19/2014	10/03/2014	11/14/2014	42	11/14/2014	11/18/2014	4
5	10/03/2014	10/14/2014	10/28/2014	14	10/28/2014	10/29/2014	1
1	10/31/2014	11/06/2014	11/18/2014	12	11/18/2014	11/18/2014	0
3	11/06/2014	11/19/2014	11/26/2014	7	11/26/2014	11/26/2014	0
5	11/19/2014	11/26/2014	12/09/2014	13	12/09/2014	12/11/2014	2
2	12/17/2014	12/29/2014	01/13/2015	15	01/13/2015	01/13/2015	0
4	12/29/2014	01/06/2015	01/13/2015	7	01/13/2015	01/13/2015	0
2	01/20/2015	02/10/2015	02/10/2015	0	02/10/2015	02/11/2015	1
4	01/23/2015	01/30/2015	02/10/2015	11	02/10/2015	02/11/2015	1
1	01/30/2015	02/11/2015	02/20/2015	9	02/20/2015	02/20/2015	0
4	02/11/2015	02/11/2015	02/20/2015	9	02/20/2015	02/20/2015	0
2	02/11/2015	02/23/2015	03/09/2015	14	03/09/2015	03/11/2015	2
4	02/23/2015	03/09/2015	03/17/2015	8	03/17/2015	03/19/2015	2
3	03/09/2015	03/20/2015	04/08/2015	19	04/08/2015	04/09/2015	1
4	03/20/2015	04/02/2015	04/08/2015	6	04/08/2015	04/09/2015	1

Booking Office							
Box #	CTSTDR Date Open	CTSTDR Date Closed	Date of Bank Deposit Report	Close to System Deposit (Days)	Date of Bank Deposit Report	Date of Bank Receipt	System Deposit to Bank Receipt
2	09/27/2011	10/03/2011	10/21/2011	18	10/21/2011	10/21/2011	0
3	10/11/2011	10/27/2011	11/21/2011	25	11/21/2011	11/22/2011	1
1	11/15/2011	11/21/2011	12/14/2011	23	12/14/2011	12/16/2011	2
2	12/05/2011	12/12/2011	12/19/2011	7	12/19/2011	12/20/2011	1
3	12/12/2011	12/19/2011	01/17/2012	29	01/17/2012	01/03/2012	(14)
1	12/19/2011	12/27/2011	01/17/2012	21	01/17/2012	01/03/2012	(14)
2	12/27/2011	12/28/2011	01/17/2012	20	01/17/2012	01/17/2012	0
4	01/11/2012	01/17/2012	02/01/2012	15	02/01/2012	02/01/2012	0
2	01/25/2012	02/01/2012	02/21/2012	20	02/21/2012	02/22/2012	1
6	02/01/2012	02/08/2012	03/12/2012	33	03/12/2012	03/12/2012	0
2	02/27/2012	03/12/2012	04/10/2012	29	04/10/2012	04/11/2012	1
4	03/12/2012	03/26/2012	04/03/2012	8	04/03/2012	04/03/2012	0
1	04/30/2012	05/14/2012	06/12/2012	29	06/12/2012	06/14/2012	2
6	05/14/2012	06/01/2012	03/06/2013	278	03/06/2013	03/11/2013	5
5	10/04/2012	10/22/2012	10/25/2012	3	10/25/2012	11/06/2012	12
2	02/26/2013	03/06/2013	10/08/2013	216	10/08/2013	10/08/2013	0
1	03/06/2013	03/15/2013	03/15/2013	0	03/15/2013	03/22/2013	7
5	05/07/2013	05/23/2013	01/22/2014	244	01/22/2014	01/28/2014	6
3	05/23/2013	05/30/2013	06/24/2013	25	06/24/2013	06/27/2013	3
4	06/17/2013	06/26/2013	10/17/2013	113	10/17/2013	10/17/2013	0
4	09/11/2013	09/17/2013	09/26/2013	9	09/26/2013	09/27/2013	1
1	09/25/2013	10/04/2013	11/25/2013	52	11/25/2013	11/25/2013	0
4	10/04/2013	10/17/2013	03/20/2014	154	03/20/2014	03/21/2014	1
3	10/29/2013	11/12/2013	11/20/2013	8	11/20/2013	11/20/2013	0
6	11/12/2013	12/06/2013	01/30/2014	55	01/30/2014	01/31/2014	1
4	12/11/2013	01/09/2014	12/06/2013	(34)	12/06/2013	12/06/2013	0
5	01/09/2014	01/15/2014	01/22/2014	7	01/22/2014	01/28/2014	6
5	01/15/2014	01/30/2014	02/12/2014	13	02/12/2014	02/12/2014	0
6	01/30/2014	02/12/2014	03/20/2014	36	03/20/2014	03/21/2014	1
5	02/12/2014	03/04/2014	03/14/2014	10	03/14/2014	03/14/2014	0
2	03/04/2014	03/20/2014	04/03/2014	14	04/03/2014	04/03/2014	0
6	03/20/2014	03/31/2014	04/16/2014	16	04/16/2014	04/17/2014	1
2	03/31/2014	04/15/2014	07/11/2014	87	07/11/2014	07/14/2014	3
3	04/15/2014	05/02/2014	05/12/2014	10	05/12/2014	05/13/2014	1
6	06/02/2014	06/13/2014	06/23/2014	10	06/23/2014	06/23/2014	0
4	06/13/2014	06/13/2014	06/23/2014	10	06/23/2014	06/23/2014	0
4	07/31/2014	08/11/2014	08/12/2014	1	08/12/2014	08/18/2014	6
5	08/22/2014	08/29/2014	09/25/2014	27	09/25/2014	08/29/2014	(27)
2	09/10/2014	10/01/2014	10/28/2014	27	10/28/2014	10/29/2014	1
1	10/01/2014	10/22/2014	11/06/2014	15	11/06/2014	11/06/2014	0
5	10/22/2014	11/18/2014	11/18/2014	0	11/18/2014	11/18/2014	0
2	10/29/2014	11/19/2014	11/26/2014	7	11/26/2014	11/26/2014	0
4	11/19/2014	11/26/2014	12/09/2014	13	12/09/2014	12/11/2014	2
1	12/23/2014	01/13/2015	01/13/2015	0	01/13/2015	01/13/2015	0
3	01/05/2015	01/13/2015	01/13/2015	0	01/13/2015	01/13/2015	0
5	02/06/2015	02/24/2015	03/09/2015	13	03/09/2015	03/11/2015	2
1	02/24/2015	03/09/2015	03/17/2015	8	03/17/2015	03/19/2015	2
2	03/09/2015	03/13/2015	03/17/2015	4	03/17/2015	03/19/2015	2
5	03/12/2015	03/13/2015	N/A	N/A	N/A	N/A	N/A
5	03/13/2015	03/20/2015	04/08/2015	19	04/08/2015	04/09/2015	1
1	03/20/2015	04/06/2015	04/16/2015	10	04/16/2015	04/17/2015	1

**Scott County
Cash Deposit Timing Discrepancies**

Exhibit B

Deposit Date	Cash (Short)/Long	Deposit Date	Cash (Short)/Long	Net Loss
12/16/2011	\$ (10.00)	12/20/2011	\$ 10.00	\$ -
01/03/2012	\$ (10.00)	02/29/2012	\$ 10.00	\$ -
07/11/2012	\$ 18,323.00	07/19/2012	\$ (18,423.00)	\$ (100.00)
		08/02/2012	\$ 100.00	\$ 100.00
08/02/2012	\$ (99.34)	08/13/2012	\$ 98.64	\$ (0.70)
		08/24/2012	\$ 0.70	\$ 0.70
07/24/2013	\$ (30.00)	08/27/2013	\$ 30.00	\$ -
09/27/2013	\$ (106.00)	09/30/2013	\$ 106.00	\$ -
10/17/2013	\$ (40.00)	10/18/2013	\$ 40.00	\$ -
12/12/2013	\$ (17.00)	12/16/2013	\$ 17.00	\$ -
01/02/2014	\$ (50.00)	01/06/2014	\$ 50.00	\$ -
03/21/2014	\$ 5.00	04/14/2014	\$ (5.00)	\$ -
05/07/2014	\$ (600.00)	05/13/2014	\$ 600.00	\$ -
06/23/2014	\$ (170.00)	07/14/2014	\$ 170.00	\$ -
07/30/2014	\$ 537.00	08/18/2014	\$ (537.00)	\$ -
02/11/2015	\$ 10.00	02/20/2015	\$ (10.00)	\$ -
				\$ -

**Scott County
Quad City Bank & Trust Official Checks**

Exhibit C

<u>Deposit Date</u>	<u>Check Date</u>	<u>Check Number</u>	<u>Check Amount</u>	<u>Remitter</u>	<u>Payee</u>
10/03/2011	09/21/2011	5083962427	\$ 52.00	Scott County Jail	Scott County Jail
12/20/2011	12/08/2011	5083964526	\$ 21.00	Scott County Jail	Scott County Jail
02/22/2012	02/01/2012	5083964593	\$ 2.00	Scott County Jail	Scott County Jail
04/11/2012	03/12/2012	5083964648	\$ 100.00	QCBT	Scott County Jail
04/30/2012	04/11/2012	5083964683	\$ 88.00	Scott County Jail	Scott County Jail
04/30/2012	04/24/2012	5083964702	\$ 4.00	Scott County Jail	Scott County Jail
07/11/2012	06/14/2012	5087186110	\$ 24.00	Quad City Bank & Trust	Scott County Jail
07/11/2012	06/14/2012	5087186111	\$ 200.00	Quad City Bank & Trust	Scott County Jail
11/15/2012	11/06/2012	5087186270	\$ 500.00	Scott County Jail	Scott County Jail
12/14/2012	11/28/2012	5087186299	\$ 500.00	Scott County Jail	Scott County Jail
05/31/2013	05/01/2013	5087189039	\$ 91.00	Scott County Jail	Scott County Jail
11/25/2013	10/29/2013	5932411275	\$ 40.00	Scott County Jail	Scott County Jail
11/25/2013	10/31/2013	5932411273	\$ 10.00	Scott County Jail	Scott County Jail
02/12/2014	01/31/2014	5932411313	\$ 10.00	Scott County Jail	Scott County Jail
07/30/2014	07/14/2014	5932411409	\$ 820.00	Scott County Jail	Scott County Jail
08/18/2014	07/31/2014	5932411414	\$ 537.00	Scott County Jail	Scott County Jail
09/26/2014	08/28/2014	5932411424	\$ 2,842.00	Scott County Jail	Scott County Jail
12/11/2014	10/29/2014	5932411446	\$ 400.00	Scott County Jail	Scott County Jail
			<u>\$ 6,241.00</u>		

Scott County
Receipts From Other Jurisdictions

Exhibit D

<u>Deposit Date</u>	<u>Check Date</u>	<u>Check Number</u>	<u>Check Amount</u>	<u>Remitter</u>	<u>Payee</u>
01/31/2013	01/23/2013	00089584	\$ 7,737.50	City of Davenport	Scott County Sheriff
02/07/2013	01/21/2013	023463	\$ 75.00	City of Walcott	Scott Co. Sheriff Dept.
02/07/2013	01/07/2013	014226	\$ 225.00	City of Buffalo	Scott County Sheriff
02/07/2013	01/17/2013	134071	\$ 175.00	City of Eldridge	Scott County Sheriffs Dept.
02/15/2013	12/27/2012	158515	\$ 90.00	Community Action of Eastern Iowa	Sheriff of Scott County
04/25/2013	03/12/2013	159919	\$ 60.00	Community Action of Eastern Iowa	Sheriff of Scott County
09/27/2013	09/03/2013	015298	\$ 200.00	City of Buffalo	Scott County Sheriff
11/25/2013	10/16/2013	66287	\$ 3,325.00	City of Bettendorf	Scott County Sheriff
11/25/2013	10/17/2013	135565	\$ 350.00	City of Eldridge	Scott County Sheriffs Dept.
11/25/2013	10/11/2013	164277	\$ 30.00	Community Action of Eastern Iowa	Dennis Conrad, Sheriff
12/06/2013	11/04/2013	015567	\$ 150.00	City of Buffalo	Scott County Sheriff
12/06/2013	11/18/2013	24349	\$ 100.00	City of Walcott	Scott Co. Sheriff Dept.
12/06/2013	10/21/2013	28414	\$ 250.00	City of Blue Grass	Scott County Sheriff
01/28/2014	11/18/2013	28526	\$ 150.00	City of Blue Grass	Scott County Sheriff
01/29/2014	11/18/2013	164973	\$ 90.00	Community Action of Eastern Iowa	Dennis Conrad, Sheriff
01/31/2014	12/12/2013	135868	\$ 200.00	City of Eldridge	Scott County Sheriffs Dept.
01/31/2014	12/16/2013	24421	\$ 50.00	City of Walcott	Scott Co. Sheriff Dept.
01/31/2014	12/16/2013	28626	\$ 25.00	City of Blue Grass	Scott County Sheriff
02/05/2014	01/04/2014	55738	\$ 600.00	City of LeClaire, Iowa	Scott County Sheriff
			<u>\$ 13,882.50</u>		

**Scott County
Inmate Kiosk Bank Account Checks**

Exhibit E

Deposit Date	Check Date	Check Number	Check Amount	Payee (1)	Trust Account(s) Debited
08/27/2013	06/18/2013	24079	\$ 2,906.00	SCOTT CO SHERIFF	TKC Phone Card
12/06/2013	12/06/2013	24975	\$ 1,703.97	Timothy Hubbs	Scott County IA DSI Phone Account
12/06/2013	12/06/2013	24979	\$ 167.00	Christopher Runge	Scott County IA Balance Recovery
01/28/2014	01/22/2014	25167	\$ 5,420.00	SCOTT CO CLERK OF COURT	Room & Board (\$2,000), Scott County IA Balance Recovery (\$1,420), TKC Phone Card (\$2,000)
02/12/2014	02/12/2014	25260	\$ 5,880.00	DSHTI, LLC	TKC Phone Card
03/21/2014	03/20/2014	25454	\$ 5,000.00	SCOTT CO CLERK OF COURT	TKC Phone Card
03/21/2014	03/20/2014	25453	\$ 5,640.00	DSHTI, LLC	TKC Phone Card
04/17/2014	04/16/2014	25618	\$ 2,018.00	SCOTT CO TREASURER	Room & Board (\$600), Scott County IA RX Fee (\$600), TKC Phone Card (\$818)
05/07/2014	05/06/2014	25726	\$ 5,640.00	DSHTI, LLC	TKC Phone Card
05/07/2014	05/06/2014	25727	\$ 5,640.00	DSHTI, LLC	TKC Phone Card
05/07/2014	05/06/2014	25728	\$ 5,460.00	DSHTI, LLC	TKC Phone Card
05/13/2014	05/12/2014	25753	\$ 500.00	SCOTT CO TREASURER	Scott County IA RX Fee
06/03/2014	06/03/2014	25856	\$ 800.00	SCOTT CO TREASURER	Scott County IA RX Fee
06/23/2014	06/23/2014	25932	\$ 680.00	SCOTT CO JAIL	TKC Phone Card
06/23/2014	06/23/2014	25933	\$ 550.00	TURNKEY CORRECTIONS	TKC Phone Card
07/14/2014	07/11/2014	26011	\$ 5,170.00	DSHTI, LLC	TKC Phone Card
07/14/2014	07/11/2014	26012	\$ 5,170.00	DSHTI, LLC	TKC Phone Card
07/14/2014	07/11/2014	26014	\$ 5,170.00	DSHTI, LLC	TKC Phone Card
07/14/2014	07/11/2014	26013	\$ 5,170.00	DSHTI, LLC	TKC Canteen
07/14/2014	07/11/2014	26015	\$ 400.00	SCOTT CO CLERK OF COURT	Scott County IA RX Fee
07/14/2014	07/11/2014	26016	\$ 2,500.00	SCOTT CO CLERK OF COURT	Room & Board (\$300), Scott County IA Balance Recovery (\$100), Scott County IA Doctor Visit (\$100), Scott County IA Indigent Canteen Vendor (\$100), Scott County IA Nurse Visit (\$100), Scott County IA RX Fee (\$300), TKC Phone Card (\$1,500)
07/14/2014	07/11/2014	26017	\$ 1,500.00	SCOTT CO CLERK OF COURT	Inmate Snack Program (\$50), Room & Board (\$50), Scott County IA Dental Fee (\$50), Scott County IA Haircut (\$50), TKC Phone Card (\$1,300)
07/14/2014	07/11/2014	26018	\$ 5,000.00	SCOTT CO CLERK OF COURT	TKC Phone Card
07/30/2014	07/30/2014	26124	\$ 300.00	TURNKEY CORRECTIONS	TKC Phone Card
08/28/2014	08/28/2014	26256	\$ 4,950.00	DSHTI, LLC	TKC Phone Card
11/18/2014	11/17/2014	26648	\$ 500.00	SCOTT CO CLERK OF COURT	Scott County IA RX Fee
11/26/2014	11/26/2014	26698	\$ 500.00	SCOTT CO CLERK OF COURT	Room & Board
12/29/2014	12/26/2014	26830	\$ 350.00	ROCK ISLAND COUNTY CIRCUIT COURT	Scott County IA Nurse Visit (\$101.91), Scott County IA RX Fee (\$243.98), Scott County IA X-Ray Fee (\$4.11)
01/13/2015	01/13/2015	26918	\$ 1,000.00	JACKSON COUNTY CLERK OF COURT	TKC Phone Card
01/22/2015	01/22/2015	26963	\$ 350.00	SCOTT CO CLERK OF COURT	TKC Phone Card
04/09/2015	04/08/2015	27364	\$ 2,000.00	LINN COUNTY CLERK OF COURT	TKC Phone Card
			<u>\$ 88,034.97</u>		

Notes

(1) For all of the above checks, the remitter was "Scott County Jail Inmate Kiosk Account".

Scott County
Other Discrepancies

Exhibit F

Deposit Date	Source	Check Date	Amount	Remitter	Payee	Comments
08/18/2011	Check	08/11/2011	\$ 105.00	Integrated Biometric Technology, LLC	Scott County Sheriff Dept.	Vendor check received
09/01/2011	N/A	N/A	N/A	N/A	N/A	Turnkey correcting entry \$81
10/18/2011	Money Order	10/04/2011	\$ 5.00	State Bank	Matthew Anderson	Inmate money order.
06/14/2012	Check	06/07/2012	\$ 20.00	Scott County Jail Inmate Kiosk Account	Sherry Holloway	Check written.
01/16/2013	Money Order	01/13/2013	\$ 50.00	TCF National Bank	Francis Brisco	Inmate money order.
01/16/2013	Money Order	N/A	\$ 30.00	USPS	Jarvis Moore	Inmate money order.
01/16/2013	Money Order	01/11/2013	\$ 25.00	USPS	Lauren N. Craig	Inmate money order.
01/16/2013	Money Order	01/12/2013	\$ 20.00	USPS	Heather Hawkins	Inmate money order.
01/16/2013	Money Order	01/07/2013	\$ 20.00	MoneyGram	Cheryl Vanpelt	Inmate money order.
01/16/2013	Money Order	01/11/2013	\$ 20.00	USPS	Jamie Wallace	Inmate money order.
01/16/2013	Money Order	01/08/2013	\$ 20.00	Fidelity Express	Annette Holling	Inmate money order.
01/16/2013	Money Order	01/07/2013	\$ 20.00	MoneyGram	Lee Leatherberry	Inmate money order.
02/07/2013	Check	01/30/2013	\$ 437.34	DSI-ITI, LLC	Scott County Jail	Vendor Check Received
02/15/2013	Cash	N/A	\$ (20.00)	N/A	N/A	Cash Surplus.
02/20/2013	Cash	N/A	\$ (20.00)	N/A	N/A	Cash Surplus.
03/11/2013	Cashiers Check	03/02/2013	\$ 1,655.00	IH Mississippi Valley Credit Union	Scott County Sheriff's Office	Check Received [1]
04/10/2013	Cash	N/A	\$ 14.00	N/A	N/A	Cash Short
04/10/2013	Money Order	N/A	\$ 110.00	Western Union	Antonio Chavez	Inmate money order.
04/10/2013	Check	03/05/2013	\$ 255.00	Safran MorphoTrust USA	Scott County Sheriff Dept.	Vendor check received
04/10/2013	Cash	N/A	\$ (9.63)	N/A	N/A	Cash Surplus.
09/27/2013	Check	08/28/2013	\$ 822.26	DSI-ITI, LLC	Scott County Jail	Vendor check received
11/25/2013	Check	10/21/2013	\$ 75.00	Safran MorphoTrust USA	Scott County Sheriff Dept.	Vendor check received
01/29/2014	Check	11/26/2013	\$ 270.00	Safran MorphoTrust USA	Scott County Sheriff Dept.	Vendor check received
03/05/2014	Cash	N/A	\$ (5.00)	N/A	N/A	Cash Surplus.
03/14/2014	Cash	N/A	\$ (5.00)	N/A	N/A	Cash Surplus.
05/20/2014	Check	05/15/2014	\$ 45.00	Molyneaux Insurance, Inc.	Scott County Sheriff	Vendor check received
05/20/2014	Check	05/13/2014	\$ 135.00	Safran MorphoTrust USA	Scott County Sheriff Dept.	Vendor check received
			<u>\$ 4,093.97</u>			

[1] Cashier's check is a work release receipt on 3/3/2013

**Scott County, Iowa
Forensic Investigation
Scott County Sherriff's Office
Addendum**

September 23, 2015

This Addendum is related to our Forensic Investigation the purpose of which was to perform procedures that may identify instances of misappropriation, theft or embezzlement of County or inmate funds during the period from June 1, 2011 through April 10, 2015 at the Scott County Jail. Our detailed report thereon is dated April 10, 2015.

This Addendum sets forth our observations with respect to the procedures performed by the senior accounting clerk and potential procedural changes that could strengthen the internal controls over the transactions in the Scott County Jail Inmate Kiosk Account.

Internal control, as defined in auditing standards, is affected by those charged with governance (County Board) and management to achieve an entity's objective of reliable financial information, comply with laws and regulations and safeguarding an entity's assets. We have not performed a comprehensive review of the Scott County Jail's internal controls and accordingly are not providing an opinion or any other form of assurance on the adequacy of such internal controls. Rather this addendum sets forth our observations of matters that came to our attention during our forensic investigation.

A good system of internal controls contemplates an adequate segregation of duties such that no one individual handles a transaction from inception to completion. The senior accounting clerk is responsible for both depositing funds to and writing checks from the Scott County Jail Inmate Kiosk Account. In addition, this position is responsible for recording these transactions in the TurnKey system and/or the County's ERP system. We recognize that the Scott County Jail administrative and accounting staff may not be sufficient to provide an adequate segregation of duties. It is important that County management is aware of this situation and, in the event an adequate segregation of duties cannot be achieved, to implement compensating controls.

With this premise, we offer the following recommendations for consideration:

1. We noted the bank reconciliation is prepared by Judy Woodin who is independent of the day to day operations of the Inmate Kiosk Account. Ms. Woodin uses the bank reconciliation feature within the TurnKey system, however, this does not provide detail necessary to review the components of the deposits or the legitimacy of the checks. The bank reconciliation process could be improved by:
 - a. A Cash Till Session Transaction Detail Report ("CTSTDR") should be run each time a kiosk cash box is removed.
 - b. The yellow manual deposit slips along with the Bank Deposit Reports and the CTSTDRs should be forwarded to Ms. Woodin no less than monthly and reviewed in the bank reconciliation process. Specifically, these documents provide the breakdown of cash versus checks that should be included in the deposit. In addition, these reports provide a detail of the checks included in the deposit.
 - c. Only one cash box can be in a kiosk at a time. The opening and closing dates of the CTSTDRs for the Lobby Kiosk and the Booking office Kiosk should be monitored to assure all dates are sequential and there are no missing dates.
2. Scott County Jail administration should periodically review check copies noting payee names, memo comments and amounts.
3. We noted there did not appear to be any written policies and procedures with respect to scheduled removal and replacement of kiosk cash boxes and timely deposit of same. We recommend written procedures which set forth requirements for scheduled box removal and replacement, the reports to be processed and a requirement to deposit funds within 24 hours. Scott County Jail Administration should periodically monitor adherence to these policies.
4. The Quad City Bank and Trust ("QCBT") indicated the Inmate Kiosk Account has a long-standing verbal policy in which QCBT is allowed to correct cash shortages but is not allowed to correct cash overages on the deposit receipts. Cash overages are returned to the Scott County Jail in the form of a bank official's check. This practice should be discontinued and any deposit

discrepancies should be reported by QCBT to a Scott County Jail administration employee independent of the day to day operations, preparation of deposit or bank reconciliation process. QCBT should be allowed to correct the deposit receipt to the actual amount received. Discrepancies should be investigated timely and adjustments or corrections should be approved by an appropriate level of authority and a person independent of the day to day operations, preparation of deposits or checks and the bank reconciliation process.

5. Written policies and procedures should strictly prohibit the redeposit of Inmate Kiosk Account checks into the Inmate Kiosk Account. Any unused or incorrect checks should be voided within the TurnKey system.
6. The implementation of the County ERP system changed the process for billing other jurisdictions for booking and fingerprinting fees. While the senior accounting clerk does the billing and receipting of these fees, there is now an accounts receivable balance that can be monitored by other County offices. County-wide Administration should review this account monthly for past due amounts.
7. Monthly reconciliation procedures should be designed and implemented for the TurnKey Trust accounts. Amounts due other departments or vendors should be paid no less than monthly to facilitate this process and minimize the Inmate Kiosk Account balance. Scott County Jail Administration should periodically review the reconciliations.
8. The procedures used for work release receipts should be consistent between cash received and checks received regardless of whether any amounts are due inmates or their designees.
 - a. Establish written procedures and communicate to senior accounting clerk and employees backing up these functions.
 - b. Consider establishing a Turnkey Trust account in which all receipts are recorded in and relieved from the Trust account to Inmate Accounts and/or Treasurer's office weekly. This will provide a record of all inmate work release receipts in one place and can be verified to the manual receipt book monthly.
 - c. Obtain listing of inmates on work release programs from the Officer in charge of the program weekly and verify to receipts.
 - d. Consider using the Booking Office cash intake kiosk for cash work release payments.
 - e. Maintain white receipt copies.
 - f. An employee independent of the processing of receipts should periodically "audit" the white receipt copies, the manual receipt ledger, the detail of the TurnKey Trust account and the calculation of the amount due the County.
9. Historically, there has been no reconciliation between the Public Print Office manual receipt book and the amount receipted and recorded in the County ERP system.
 - a. An employee independent of the receipting and depositing process could run a tape of the manual receipt book and agree to the amount deposited and recorded in the County ERP system monthly.
 - b. During the reconciliation above, the number of courtesy prints could be agreed to the Officer's log (maintained on excel)
 - c. Consider the cost/benefit of automating receipts and employing relevant reconciliation procedures.
 - i. ERP Point of Sale
 - ii. Third Intake Kiosk