INVESTIGATIVE AUDIT

Tulsa County Sheriff’s Office Inmate Trust Account

January 9, 2017

Independently serving the citizens of Oklahoma by promoting the accountability and fiscal integrity of governmental funds.

Oklahoma State Auditor & Inspector
Gary A. Jones, CPA, CFE
TULSA COUNTY SHERIFF’S OFFICE
INMATE TRUST ACCOUNT
INVESTIGATIVE AUDIT
JANUARY 9, 2017
EXECUTIVE SUMMARY

The Tulsa County District Attorney’s Office requested the assistance of the Oklahoma State Auditor and Inspector in conducting an investigation of the Tulsa County Sheriff’s Office in connection with allegations of a misappropriation of funds from the Tulsa County Sheriff Inmate Trust Account.

The objective of our investigation was to determine a complete and accurate assessment of the funds received and deposited through the Inmate Trust Account and if a misappropriation of funds had occurred.

During our investigation few records of any kind were available for 2007 and 2008. From 2009-2012, our testing revealed a substantial number of both receipt books and drawer reports missing. When receipt books were provided many of the receipts were unreadable or used in random order. When drawer reports were found they were unreliable.

To determine an accurate amount of unaccounted for funds would require a transaction-by-transaction review and comparison of approximately 1.9 million computer records to the Tulsa County Sheriff’s Office’s original records, a significant amount of which are now missing.

Given the volume of missing, unreadable, and inaccurate records we cannot determine an accurate amount of funds that have either been misappropriated or are the result of erroneous and undetected accounting errors during the 2007-2012 time periods.

In March 2013, as part of an internal investigation, a Tulsa County Sheriff’s Office Corporal stated she had misappropriated funds from the Inmate Trust Account during and prior to 2012. The Corporal estimated she had taken $1,000 a month for a period of approximately 12 months. The Corporal resigned March 12, 2013.

In addition to funds allegedly missing due to that misappropriation, other issues were identified that have contributed to unaccounted for funds, and continue to contribute to an environment lacking internal controls and oversight.

Because of these extensive and continuous problems, we were unable to determine the amount of money that has been misappropriated from the Inmate Trust Account.
January 9, 2017

The Honorable Stephen A. Kunzweiler
District Attorney, District 14
500 S. Denver Ave, Suite 900
Tulsa, Oklahoma 74103-3832

District Attorney Stephen Kunzweiler:

Pursuant to your request and in accordance with the requirement of 74 O.S. § 212(H), we performed an investigative audit of the Tulsa County Sheriff’s Office Inmate Trust Account.

The objectives of our investigation primarily included, but were not limited to, the areas noted in your request. Our findings and recommendations related to those objectives are presented in the accompanying report.

Because investigative procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Tulsa County Sheriff’s Office Inmate Trust Account.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government while maintaining our independence as we provide this service to the taxpayers of Oklahoma.

This document is a public document pursuant to the Oklahoma Open Records Act, in accordance with 51 O.S. §§ 24A.1, et seq.

Sincerely,

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR
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INTRODUCTION

The Inmate Trust Account was created under 19 O.S. § 531.A which states in part, “…the county sheriff may establish a checking account, to be designated the ‘Inmate Trust Fund Checking Account,’ to be managed by the county sheriff and maintained separately from regular county funds.”

The statute continues with, “The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”

On January 13, 2016, the Tulsa County District Attorney’s Office requested the Oklahoma State Auditor and Inspector (OSAI) to perform an investigative audit on the Tulsa County Sheriff’s Office Inmate Trust Account to determine if funds have been misappropriated.

The results of our inquiry are included in the following report and were provided to the District Attorney of Tulsa County.
OVERVIEW

According to Tulsa County Sheriff’s Office (TCSO) officials, in early 2012, questions were raised concerning the TCSO inmate trust account procedures. TCSO brought in an accounting specialist who, after a review of the circumstances, believed a shortage existed in the inmate trust accounts in excess of $100,000. As a result of the review, TCSO conducted both a criminal investigation as well as an internal investigation into the missing funds.

The two investigations, although resulting from the same set of circumstances, were conducted as independent investigations. The purpose of the criminal investigation was to determine if a crime had been committed and if sufficient facts could be identified to determine if criminal charges should be considered. The purpose of the internal affairs investigation was to determine if departmental policies had been violated and if an internal personnel action was warranted.

In an interoffice memorandum, dated September 12, 2012, the criminal investigation resulted in the following conclusion:

> After completing this inquiry and interviewing the employees of the Inmate Accounting Unit I [the investigator] can find no criminal violations associated to the accounting problems of the unit. There have been many accounting errors and violation of policy and best practice procedure that have occurred throughout the years since the Tulsa County Sheriff’s Office has taken over and created the Inmate Trust Accounts. These actions are the result of improper supervision and inadequate documentation of the accounts and failure of that chain of command to maintain constant watch over a problematic system.

After the criminal investigation was concluded the internal affairs investigation began. According to the deputy assigned to the internal investigation, he had contacted a bank official to obtain bank records for one of the TCSO inmate accounts and was told those records were not available, as one inmate trust account had been closed and another account opened.

As a result of the belief that bank records were not available, the internal affairs investigator was unable to determine if funds had been misappropriated. Undaunted, the internal affairs investigator interviewed a TCSO Corporal associated with the inmate trust accounting. During the interview, on March 8, 2013, the TCSO Corporal stated she had misappropriated funds from the inmate trust account and estimated she had taken around $1,000 a month for a period of approximately 12 months. The Corporal resigned a few days later on March 12, 2013.

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1 The inability to obtain records was apparently a miscommunication between the bank official and the deputy. We obtained the bank records during our inquiry initiated in 2016.
PART I  DETERMINE IF INMATE TRUST ACCOUNT FUNDS HAVE BEEN MISAPPROPRIATED

Summary of Findings:

- As many as 500 receipt books were missing.
- Receipts from receipt books provided were often unreadable.
- Receipt books were used in random order.
- Receipt books did not include cash, check or money order compositions.
- Closing drawer reports were missing.
- Closing drawer reports, including reproduced reports were inaccurate and unreliable.
- Inmates were erroneously paid money that was not owed.
- TCSO management ignored or dismissed repeated findings and concerns related to the lack of accountability of inmate trust funds.
- Inmate trust account reconciliations are not being performed. The lack of reconciliations has resulted in sustained errors in the inmate trust account.

Background

As noted in the ‘Overview’ of this report, concerns were raised about funds that had been misappropriated during the 2007 – 2012 period. During this period, money physically received² for inmate commissary accounts was derived from three areas:

1. Intake funds received during the intake process (intake/booking).
2. Lobby funds received from friends or family members of the inmates in the lobby area of the jail (visitation/lobby).
3. Mail funds received through the mail (mail/mailroom).

Typically, funds received through the intake process consisted of cash while funds received through the lobby or the mail consisted primarily of money orders.

² Not including funds wired or electronically deposited directly to the TCSO inmate trust account.
During the jail intake process, the arresting officer was responsible for counting the money taken from an arrestee and for writing a receipt for the money received. The arresting officer would place the money and a copy of the receipt in an envelope. The TCSO intake officer would then record the amount of money received to the appropriate inmate’s account in the TCSO computer system.

Once receipted and recorded, the envelope containing the money and receipt would be placed in a drop safe. The next morning someone from inmate accounting would retrieve the envelopes and the inmate accounts personnel would verify the amount of money in the envelope to the receipted amount and to the amount entered on the computer system.

The inmate accounting personnel then prints a report called a “closing drawer report” which was reportedly used to reconcile the money received and recorded on the inmate’s commissary account.

**Finding**

**As many as 500 receipt books were missing.**

One of the most fundamental tests performed to determine if funds have been misappropriated is a ‘receipt-to-deposit test’ comparing the amount of money receipted to the amount of money deposited.

TCSO officials believed money had been misappropriated between 2007 and 2012. We originally agreed to perform a receipt to deposit test for the 2008-2012 time period and make adjustments to that time period as required.

TCSO initially provided 63 boxes of records related to the inmate trust account. Three months later, TCSO provided another box of receipt books discovered in an employee’s office. The boxes of records generally included labeling; however, we found the labeling often did not reflect the actual contents of the box.

The boxes of records provided included 905 receipt books with each book generally containing one hundred receipts, approximately 90,500 total.

We prepared a schedule of the 905 receipt books which included the starting and ending receipt numbers of each book. The receipt books contained receipts starting with a number ending in “01” and ending with a number “00” such as starting with receipt #32101 and ending with #32200.

We compared the starting and ending receipt numbers and found substantial gaps between the ending receipt numbers in one book and the
starting numbers of the next book. We found, for example, a receipt book for receipts #202301 through #202400. There were no receipt books, however, representing the 300 receipts from #202401 through #202800.

In one box of records we found loose receipts in the bottom of the box that, when stacked in a single stack, measured over 12” high. We reviewed a random sample of those receipts about 1” high and found they were from 2009, 2010 and 2011.

When we correlated the sample of the receipts to the receipt books provided we identified receipts from twenty different receipt books that appear missing.

Overall, 776 of the 905 receipt books, ostensibly representing 77,600 receipts, were identified as covering the 2007-2012 time periods. For the period July 2008 through December 2012, the inmate trust computer records reflected inmate account credits\(^3\) that should have been receipted as follows:

- 64,480 - Inmate lobby credit entries
- 46,069 - Inmate intake credit entries
- 17,619 - Inmate mail credit entries
- 128,168 - Total inmate account credits

For the entire 2008 calendar year, seven receipt books, approximately 700 receipts, were provided. In comparison, from July through December 2008, the inmate trust account computer records\(^4\) reflected 5,345 transactions recorded as cash intake credits\(^5\). Based on 100 receipts per book, the variance between the computer records and the receipt books found indicated that as many as 46 receipt books were missing in 2008.

We found 47 receipt books covering at least some portion of 2009. Thirteen of the books, or 1,300 receipts, represented cash intake collections. During the same period, computer records reflected 11,229 cash intake credits. Based on 100 receipts per book, the variance between the computer records and the receipt books indicate as many as 100 receipt books are missing for intake collections in 2009.

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\(^3\) Not including inmate credits resulting from the kiosk machines located in the lobby of the jail.

\(^4\) Discussed in Part 2 of this report.

\(^5\) Not including collections recorded from the lobby and mail areas.
Computer records provided for the 2008-2012 period reflected 128,168 lobby, intake and mail credits had been made to the inmate accounts. Based on the receipt books provided, with 100 receipts per book, it appears TCSO may be missing as many as 500 receipt books for the 2008-2012 periods.

Finding

Receipts from receipt books provided were often unreadable.

Although a significant number of receipt books appeared to be missing, we attempted to test a sample of the receipts that were provided. We found a substantial portion of the receipts to be unreadable and/or undecipherable.

For example, we reviewed 18 receipt books, 1,800 receipts, used in July 2010, and found 167 of the receipts unreadable. For August 2010 we reviewed 21 receipt books, 2,100 receipts, and found 170 receipts were unreadable.

Based on this review, we were unable to make any determinations with respect to receipts and deposits for even a single month.

Finding

Receipt books were used in random order.

The 2011 audit report for Tulsa County included finding 2011-2 stating in part:

When inmates arrive at the county jail, the arresting officer uses any available receipt book. The receipt books are pre-numbered, but they are not issued in numerical order because multiple receipt books are used. Therefore, not all of the receipts can be accounted for. Receipt number sequences cannot be traced to deposit slips ensuring the accuracy of deposits.

The management response to the finding included, in part:

Receipt books will now be kept in the inmate accounting department and will be issued to each department in sequential order.

Although the management response to the 2011 report indicated the problem was being addressed, the same condition continued to exist after the March 27, 2012, report release date. The table below is a

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A representative sample of the sequence of ten receipt books used from July 2012 forward:

<table>
<thead>
<tr>
<th>#</th>
<th>Starting Receipt</th>
<th>Ending Receipt</th>
<th>Receipts</th>
<th>Starting Date</th>
<th>Ending Date</th>
<th>Area Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>256801</td>
<td>256900</td>
<td>100</td>
<td>7/20/2012</td>
<td>7/30/2012</td>
<td>Mail Credit</td>
</tr>
<tr>
<td>2</td>
<td>256901</td>
<td>257000</td>
<td>100</td>
<td>11/26/2012</td>
<td>11/30/2012</td>
<td>Intake</td>
</tr>
<tr>
<td>3</td>
<td>257001</td>
<td>257100</td>
<td>100</td>
<td>12/4/2012</td>
<td>12/4/2012</td>
<td>Intake</td>
</tr>
<tr>
<td>4</td>
<td>257101</td>
<td>257200</td>
<td>100</td>
<td>1/3/2013</td>
<td>1/7/2013</td>
<td>Intake</td>
</tr>
<tr>
<td>5</td>
<td>*257401</td>
<td>257500</td>
<td>100</td>
<td>6/19/2012</td>
<td>6/24/2012</td>
<td>Visit Credit</td>
</tr>
<tr>
<td>6</td>
<td>257501</td>
<td>257600</td>
<td>100</td>
<td>6/20/2012</td>
<td>6/22/2012</td>
<td>Visit Credit</td>
</tr>
<tr>
<td>7</td>
<td>257601</td>
<td>257700</td>
<td>100</td>
<td>6/29/2012</td>
<td>7/1/2012</td>
<td>Visit Credit</td>
</tr>
<tr>
<td>8</td>
<td>257701</td>
<td>257800</td>
<td>100</td>
<td>7/1/2012</td>
<td>7/4/2012</td>
<td>Visit Credit</td>
</tr>
<tr>
<td>9</td>
<td>*257901</td>
<td>258000</td>
<td>100</td>
<td>10/1/2012</td>
<td>10/6/2012</td>
<td>Intake</td>
</tr>
<tr>
<td>10</td>
<td>258001</td>
<td>258100</td>
<td>100</td>
<td>9/24/2012</td>
<td>10/31/2012</td>
<td>Intake</td>
</tr>
</tbody>
</table>

* Denotes a gap in the receipt books

The 2012 Tulsa County audit report\(^7\) again included a finding concerning the random use of receipt books. Finding 2012-01 included, in relevant part:

> When inmates arrive at the County jail, the arresting officer uses any available receipt book. The receipt books are pre-numbered, but they are not issued in numerical order because multiple receipt books are used. Therefore, not all of the receipts can be accounted for. Receipt number sequences cannot be traced to deposit slips ensuring the accuracy of deposits.

For investigative purposes, even when *some* receipt books are missing we can select a block, or range of receipts, to reconcile to deposits. If we knew we had all of the receipt books used for a specific time period we could possibly determine if all funds for that period had been deposited.

In this case we were unable to reconcile any time period because of the randomness in which the receipt books were used and the number of missing books. For example, we found five receipts books used in sequence during April 2010. Those receipt books consisted of receipts #201401 through #201900.

We also found the following additional receipt books used in April 2010 that were not in the same sequence:

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\(^7\) Tulsa County, Oklahoma Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards, released by the Oklahoma State Auditor and Inspector, March 11, 2013.
With a substantial number of receipt books missing from a pool of books used in a random and haphazard manner, we are unable to reliably determine total receipts issued, and subsequently unable to determine how much money may have been misappropriated during a specified time period.

**Finding**

**Receipt books did not include cash, check or money order compositions.**

When receipting and reconciling money received, one important aspect for accountability and oversight is the ability to distinguish the composition of the funds being collected, typically cash, checks, or money orders. Reconciling composition amounts is a key component in identifying if deposits are being manipulated to conceal a misappropriation.

The receipt books used for receipting the inmate trust funds did not include a *preprinted* designation to note the composition of the funds being collected and, in most cases, there was no indication if the receipts were for cash, checks or money orders.

The receipts or the receipt books also did not indicate in which area the books had been used; intake, lobby, or mail.

Because of the number of missing receipt books, the number of unreadable receipts from the receipt books, and the inability to determine composition, it was determined the receipt books were of no value in determining the amount of funds that have been misappropriated.

**Finding**

**Closing drawer reports were missing.**

In 2009, during the annual Tulsa County financial audit, the procedures described by TCSO officials concerning inmate trust funds portrayed that funds from the lobby and mailroom\(^8\) were being reconciled daily to a computer generated report called a *closing drawer report*.\(^9\)

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\(^8\) Typically money orders.

\(^9\) The term ‘drawer’ with respect to the closing drawer reports indicates which computer terminal was used to record a specific transaction rather than an actual physical drawer.
The process was represented as being essentially the same for FYE 2010 through FYE 2012. Although the audit documentation for 2009 – 2012 did not denote the same ‘closing drawer report’ procedures for intake\(^\text{10}\), it seems reasonable TCSO would exercise an equal amount of oversight regarding cash as it did with money orders.

We performed a preliminary review of the closing drawer reports for the six-month period January thru June 2011 to establish if the reports could be relied upon in determining an amount that had been misappropriated.

Each box of records provided contained a file folder for each day and for each area money was collected.\(^\text{11}\) In most cases, while the folders for the mail and lobby areas contained a signed closing drawer report, the folders representing intake collections, mostly cash, were empty.

For the six month period, January through June 2011, a 180 day period, we located 150 lobby closing drawer reports, 85 mail room reports\(^\text{12}\), and only 32 intake reports. Moreover, when we compared how many of those reports were actually signed by someone attesting to the report reconciliation, we found 98\% of the lobby closing drawer reports were signed, 89\% of the mail room reports were signed, and only 13\%\(^\text{13}\) of the intake reports had been signed.

The inmate trust records usually consisted of one box of records for each month. In our review we noted the entire box of records for the month of February 2011 was missing.

We inquired of TCSO officials if any reports had been removed or secured as part of the prior audits or investigations. According to officials, reports had not been removed as part of any previous audits or investigations and are apparently missing.

**Finding**  
Closing drawer reports, including reproduced reports, were inaccurate and unreliable.

Because of the substantial number of missing receipts and closing drawer reports, we chose to obtain computer data for the inmate trust accounts. Using the data we reproduced reports representing the amounts recorded on the computer systems as having been collected and created reproductions of the closing drawer reports.

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\(^{10}\) Predominantly cash collections.  
\(^{11}\) Intake, lobby, mail.  
\(^{12}\) Lobby and mail collections were typically money orders.  
\(^{13}\) Four total for the six-month period.
We attempted to reconcile daily collections from the data generated reports to the deposits made to the trust bank accounts. During this process, we began to question the accuracy of the data in the inmate trust computer system. As a result, we chose to review individual inmate account histories.

The review of individual inmate account histories revealed a number of problems that adversely affected both inmate account balances and inmate trust bank account balances.

1. **Adding nonexistent cash to the system.**

When an inmate is released they are often issued a debit card for the balance remaining on their account, called a debit card release. In some cases when the debit card failed to scan properly, the error was corrected by adding a second intake cash collection to the computer system.

For example, on July 27, 2011, Inmate Williams was credited with a cash intake credit of $498.52. On the same day a card release entry was also recorded in the amount of $498.52. The card apparently did not scan correctly so a second cash intake credit of $498.52 was added to the inmate’s account.

On January 24, 2011, Inmate Simmons was credited with a $236.99 cash intake credit. The following day, January 25, 2011, the $236.99 intake credit was voided with a notation indicating the money was not received in the inmate accounting division. On January 26, 2011, another cash intake credit was recorded in the amount of $236.99.

After finding several instances of the same or similar circumstances we contacted software support to discuss the ramifications of the additional cash intake credits. According to the software support vendor, this method of erroneously correcting errors was “adding cash to the system that should not exist.”

The duplicate cash entries also cause the closing drawer reports, including reports reproduced by the software vendor, to be inaccurate. For example, a receipt was issued on July 3, 2010, reflecting the collection of $328.13 for Inmate McGehee. The $328.13 was credited to the inmate’s account at 12:46 am using computer terminal INTAKE2.

At 7:02 am a debit card release was issued for the $328.13. Although the inmate’s account does not reflect a problem with the card release, a few minutes later, at 7:06 am, another cash intake credit was made on the account for $328.13 this time using computer terminal INTAKE1.
We contacted the software vendor and asked them to reproduce the closing drawer reports for July 3, 2010, for both INTAKE1 and INTAKE2. Both of the intake reports reflect the same $328.13 cash intake amount.

In order for us to rely on the closing drawer reports, even those that may be recreated by the software vendor, we would need to review all inmate accounts appearing on the report to ensure that the reports do not contain duplicated or nonexistent cash entries.

Between July 2008 and December 2012, there were 741,542 transactions recorded in the inmate account computer system.

2. **Duplicate entries incorrectly increase inmate balances.**

On August 16, 2010, receipt #207247 was recorded on the account of Inmate Langley in the amount of $225.88. The same day a 3rd party check and a debit card release totaling $225.88 was recorded leaving the inmate’s account with a $0.00 balance upon release. The check and the card were both processed and paid.

Three days after being released, another cash intake credit was recorded on the account in the amount of $225.88 and reflected in a note field as “207247” indicating the receipt number for the $225.88 previously recorded on the account. The computer system now indicated the inmate is owed $225.88 in error.

While reviewing the same inmate’s account we also noted two additional entries, one on March 27, 2011, for an order debit and another on March 29, 2011, crediting the inmate for a return credit. According to TCSO records the inmate was released on August 16, 2010, and was not in the facility on March 27 or March 29, 2011, revealing that order credits may also be problematic.

On February 28, 2009, a $649 cash intake credit was recorded on the account of Inmate Dacus. The same day a release by check was recorded, indicating the inmate was issued a check in the amount of $649 leaving a $0.00 balance on the account.

On March 4, 2009, the check issued to the inmate was processed and paid from the inmate trust bank account. On the same day another cash intake credit was recorded on the account adding the $649 amount back to the inmate’s account. The computer system now erroneously indicates the inmate is owed $649.
3. Duplicate inmate accounts caused erroneous balance amounts.

On December 21, 2010, a $786.62 cash intake credit was recorded for Inmate Heard #1195749. The entry included, in a note field, “213475/213476 – BOOKED BY DEPUTY”. On the same day a $150 check and a $636.62 card release was recorded leaving a $0.00 balance on the inmate’s account.

On December 22, 2010, a day later, two cash intake credits were recorded for Inmate Heard #1109523. The entries, in the amounts of $129.00 and $657.92, collectively totaled $786.62. The cash entries included notations referencing the same receipt numbers, #213475 and #213476, previously included on Inmate Heard’s #1195749 account.

Although the inmate numbers were different, we determined both inmate numbers represented the same individual and both accounts had been credited with the same $786.62 cash intake credit. Because the dual entries had not been detected, one of the two accounts now incorrectly reflects the inmate is owed $786.62.

Finding

Inmates were erroneously paid money that was not owed.

Example 1

On August 31, 2010, at 7:02 pm receipt #208017 was issued to Inmate Watts in the amount of $1,225.25. Also on August 31, 2010, at 7:17 pm receipt #208018 was issued to Inmate Taylor in the amount of $614.93.

The $614.93 receipted for Inmate Taylor was incorrectly credited to Inmate Watts’ account. As a result of incorrectly crediting the $614.93 receipt the following occurred.

On August 31, 2010, at 7:37 pm and 7:45 pm two cash intake credits were recorded on the account for Inmate Watts. The entry amounts were $1,225.25 and $614.93 and reflected the notations “208017” and “208018.” This resulted in the inmate having a balance of $1,840.18. At 9:38 pm the inmate was issued a debit card for $1,840.18, the card was processed and paid on September 2, 2010, for the full amount.

On September 1, 2010, at 12:13 am a cash intake credit was recorded on the account of Inmate Taylor with the same notation “208018” and in the same amount as the $614.93 previously recorded for Inmate Watts. Two minutes later, at 12:15 am a debit card release entry was recorded
reflecting that Inmate Taylor was given a debit card in the amount of $614.93. The debit card was processed and paid on September 3, 2010.

Based on the timing associated with these inmate entries it appears the $614.93 receipted amount was initially entered on the wrong inmate’s account. When the inmate actually owed the $614.93 was released the error was discovered resulting in an additional $614.93 cash intake credit being recorded and debit card issued.

The initial receipting and posting error to the account of Inmate Watts resulted in that inmate receiving an unowed $614.93 upon release.

Example 2

On September 1, 2010, at 3:22 am a $460 cash intake credit was recorded on the account of Inmate Lingren with the notation “208022.” A release entry was recorded on September 9 reflecting the inmate was issued a check in the amount of $460, which was processed and paid on October 19, 2010.

When we reviewed receipt #208022 we found the name on the receipt did not correlate with Inmate Lingren (#1193083) but, rather, to Inmate Anderson (#1193084). When we reviewed the account for Inmate Anderson we found another $460 cash intake credit that included the same “208022” notation had been made on this inmate’s account at 1:47 pm on September 1, 2010.

One minute later, at 1:48 pm, a debit card release was recorded on the inmate’s account reflecting the release of another $460. The card was processed and paid on September 3, 2010.

It appears TCSO credited and paid the wrong inmate $460 upon release and then, the following day, also paid the correct inmate $460 upon release.

Paying inmates money that is not actually owed would adversely affect the trust fund bank account balances, although the adverse effect would be due to bookkeeping errors rather than a misappropriation.

Finding

TCSO management ignored or dismissed repeated findings and concerns related to the lack of accountability of inmate trust funds.
On March 31, 2008, OSAI published an audit report\(^\text{14}\) which included several findings related to the Inmate Trust Fund including the following:

**Finding 2007-05 – Receipts – Inmate Trust Fund Checking Account**

Criteria: Effective accounting controls over receiving of monies include adequate documentation of such receipts.

Condition: When inmates arrive at the County Jail, the booking officer uses any available receipt book. Receipts are pre-numbered but they are *not being issued* in numerical order and therefore, not all of the receipts can be accounted for. Receipt number sequences range from 61000s to the hundreds and back to the 10000. There was no evidence that receipts are being voided or retained when an officer decides not to issue a receipt.

Effect: This does not allow for proper accountability of all receipts. *This may also lead to the misappropriation of Inmate Trust Funds.* [Emphasis added]

On May 27, 2010, OSAI published an audit report\(^\text{15}\) which included several findings related to the Inmate Trust Fund including the following:

**Finding 2009-9—Inmate Trust Fund—Checking Account (Repeat Finding)**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To ensure proper accounting of funds, receipts should be issued in sequential order and adequate documentation for receipts should be maintained.

Condition: When inmates arrive at the county jail, the arresting officer uses any available receipt book. The receipt books are pre-numbered, but they are not issued in numerical order because multiple receipt books are used. Therefore, not all of the receipts can be accounted for. Receipt number sequences cannot be traced to deposit slips ensuring accuracy of deposits. There was no evidence that receipts are being voided or retained when an officer decides not to issue a receipt.

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\(^{14}\) Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 – Schedule of Findings and Questioned Costs.

Effect: This does not allow for proper accountability of all receipts. **This may also lead to the misappropriation of funds.**

[Emphasis added]

On July 25, 2011, OSAI published an audit report\(^{16}\) that included a number of findings related to the Inmate Trust Account including the following:

**Finding 2010-6 – Segregation of Duties – Inmate Trust Account (Repeat Finding)**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: The receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the Inmate Trust Account were not properly segregated to assure adequate internal control over the Inmate Trust Account.

Effect: This condition could result in **unrecorded transactions, undetected errors, or misappropriation of funds.** [Emphasis added]

For at least three years prior to the 2012 embezzlement discovery, TCSO had been warned that conditions existed that could lead to the undetected misappropriation of Inmate Trust Account funds.

**Finding**

**Inmate trust account reconciliations are not being performed. The lack of reconciliations has resulted in sustained errors in the inmate trust account.**

One key component for fiscal accountability is the reconciliation of receipts to bank deposits to ensure that all monies are being accounted for. The lack of reconciliations related to the inmate trust account has been a continual problem since at least 2007.

Previous reports published by OSAI have continued to include findings related to the lack of bank reconciliations for the inmate trust account. The report for FYE 2007 included the following finding:

\(^{16}\) Tulsa County Single Audit for the year ended June 30, 2010.
Finding 2007-04 – Bank Reconciliations – Inmate Trust Account

Criteria: An essential part of the internal controls is the performance of a reconciliation of accounting records to bank records. The reconciliation is an important process in ensuring the accuracy of accounting records and ensuring that all monies are accounted for. Supervisory review is an integral part of ensuring that established office policies and procedures are being followed.

Condition: It appears no bank reconciliations have been performed of the records of the Inmate Trust Account.

Effect: Without monthly reconciliations, the Sheriff’s office is unable to have a complete and accurate assessment of the monies on hand in the Inmate Trust Account.

Leading up to the misappropriation issues that came to light in 2012, reports by OSAI included similar findings for each report from FYE 2008 through FYE 2012.

The management responses to the findings concerning the lack of reconciliations included, in relevant parts:

Finding 2008-3 – Inmate Trust Records Reconciliations

A new accounting system (ACTFAS) was installed after this audit. The new system allows for a bank book of all checks written and for deposits made into the trust account at the Bank of Oklahoma. A daily reconciliation log is kept.

Finding 2009-11 - Inmate Trust Records – Reconciliations – (Repeat Finding)

There is an account ledger which can be printed. However, the auditors never requested this information. Our deposits, intake, visitation and mailroom transactions are reconciled every business day…

OSAI Response: At the time of our request, the information was not provided.

Finding 2010-5 – Inmate Trust Account Records – Reconciliations (Repeat Finding)

There is an account ledger which can be printed. However, the auditors never requested this information. Our deposits, intake,
visitation and mailroom transactions are reconciled every business day... 

OSAI Response: At the time of our request, the information was not provided.

Finding 2011-2 – Inmate Trust Account Receipts and Reconciliations (Repeat Finding)

With the new CORE accounting system, reconciliation will be performed monthly. There is an actual reconciliation function with this new system that we started in January [2012].

Finding 2012-01 – Inmate Trust Account Receipts and Reconciliations (Repeat Finding)

Since May 2012, the Tulsa County Sheriff’s office has restructured staff assigned to the Inmate Trust Account to ensure segregation of duties, as well as, hiring an Accounting Specialist to oversee the activity of the account and to reconcile the account on a monthly basis.

A TCSO internal memo dated September 12, 2012, referenced an interview with the inmate accounting supervisor purportedly occurring on September 4, 2012. The memo included:

[The inmate accounting supervisor] then informed me that the Inmate Trust Accounts have never been balanced or reconciled. [Emphasis added]

The 2009 and 2010 responses from management that the intake, visitation, and mailroom collections were being reconciled conflicted with the statement by the inmate accounting supervisor responsible for performing those reconciliations who said the accounts had never been reconciled.

In 2012, when TCSO discovered a problem existed with the inmate trust accounts, an accounting specialist was brought in to identify problems. In a TCSO internal memo, dated August 31, 2012, the accounting specialist, addressing the reconciliations performed by the inmate accounts supervisor, stated that the Inmate Trust Account Supervisor “has completely failed to perform [reconciliations] on a daily basis.”

Whether or not management was being misled by the inmate accounts supervisor was beyond the scope of our engagement. It is noteworthy, however, that the inmate accounts supervisor later admitted, during the internal investigation, to having misappropriated funds from the accounts.
Based on the substantial number of errors, missing receipt books, missing and erroneous drawer reports, incorrect data entries, and the methodology of using whatever receipt book was lying around, we fail to see how TCSO could have performed an effective reconciliation of the accounts even if such reconciliation had been attempted.

CONCLUSION

During our initial interview TCSO officials stated they believed a misappropriation of funds occurred between 2007 and 2012.

The internal affairs investigator interviewed a TCSO Corporal associated with the inmate trust accounting. During the interview, on March 8, 2013, the TCSO Corporal stated she had misappropriated funds from the inmate trust account and estimated she had taken around $1,000 a month for a period of approximately 12 months.

In 2009, OSAI cautioned TCSO about the effect of not performing reconciliations on the inmate trust accounts:

> Without monthly reconciliations, the Sheriff’s office is unable to have a complete and accurate assessment of the monies on hand in the Inmate Trust Account.

The objective of our investigative audit was to determine a complete and accurate assessment of the funds received and deposited through the inmate trust fund account seven years after our first warning to TCSO that not performing reconciliations resulted in their inability to “have a complete and accurate assessment of the monies on hand…”

As noted previously, few records of any kind were available for 2007 and 2008. From 2009-2012, our testing revealed a substantial number of both receipt books and drawer reports missing. When receipt books were provided many of the receipts were unreadable or used in random order. When drawer reports were found they were unreliable.

When we reviewed the computer data from the inmate accounting systems, the only other source of information that might enable us to identify an amount misappropriated, we found the data to contain erroneous and misleading information impacting both inmate account balances as well as the inmate trust bank account balances; and as previously noted reconciliations were not being performed.

Because of these extensive and continuous problems, we were unable to determine the amount of money that has been misappropriated from the inmate trust accounts.
PART II: PROVIDE AN OVERVIEW OF OTHER INMATE TRUST ACCOUNT ISSUES

Summary of Findings:

- Software limitations restricted the ability to identify receipting errors.
- Software requirements and defined processes contributed to errors in inmate balances.
- Communication issues between software companies may have contributed to erroneous or missing inmate transactions.
- The lack of training may have contributed to an ineffective oversight of funds being receipted and deposited.
- The $188,877 previously reported as unaccounted for was based on reports provided by TCSO that contained numerous errors.

Background

The primary purpose of the District Attorney’s request was to determine if a misappropriation of inmate trust funds had occurred and if so, the amount that had been misappropriated. We addressed those issues in Part I of this report.

During the course of our investigation we found a number of issues directly impacting the inmate trust systems and procedures which resulted in erroneous inmate balances being recorded and, as a result, financial reports being generated that are inaccurate.

In some cases the problems found were contributory issues resulting in errors not as a result of a misappropriation. Part II of this report addresses some of these issues that need to be recognized and addressed by TCSO.

Finding

Software limitations restricted the ability to identify receipting errors.

One fundamental process in reconciling money received and deposited is to reconcile receipts to deposits. One purpose of the reconciliation process is to identify and correct mistakes in a timely manner and to ensure the financial records are accurate. One of the issues identified was the agencies inability to identify duplicated entries in the inmate commissary computer system.

For example, on October 2, 2010, receipt #207414 was issued to Inmate Benner for $499 at 10:13 am. A few minutes later, at 10:22 am, a $499 cash intake credit was recorded on the computer system for Inmate Taylor.
Inmate Taylor had previously been incarcerated but had been released on February 11, 2010, and was not in jail at the time the $499 was posted to his inmate account on October 2, 2010.

On October 6, 2010, four days after the receipt was issued, the $499 cash intake credit was correctly recorded for Inmate Benner. The entry included in the note field was “207414 – was not entered during intake.” Inmate Benner was subsequently provided a release card for the $499 balance. A balance for the $499 remains on the account of Inmate Taylor.

While TCSO was in some cases entering the receipt numbers in the note field of the computer software system, the software system did not allow for searching the note field. TCSO had no means to search for and identify instances, such as in this case, where a receipt had already been entered on the wrong account.

Undetected duplications resulted in incorrect inmate balances and, in some cases, caused TCSO to pay inmates upon release for money that was not actually owed. In this particular instance, because of the inability to search for and identify where the receipt had been entered in error, the error remained undetected and the inmate computer system improperly reflects Inmate Taylor is owed the $499.

During our investigation we discussed this issue with TCSO officials who are currently working with the software company to establish a defined receipt field in the software system that will be searchable.

**Finding**

**Software requirements and defined processes contributed to errors in inmate balances.**

One process we found that resulted in errors in the inmate accounts was the lengthy method of correcting errors when a debit release card did not issue correctly. The correction process includes nine defined steps required in issuing an inmate release card.

Transactions are *presumed* to have completed successfully and the inmate’s account is debited regardless of whether or not the transaction was processed successful. If the transaction was not successful, then the detention officer was required to take a 10th step to *manually* remove the *automatic* debit entry.

While reconciling an unrelated issue, we obtained and evaluated the itemized ACH bank withdrawal transaction data for card releases. While
evaluating the unrelated issue, we discovered problems with the card release transactions.

On September 1, 2010, the inmate accounting software reflected a debit release card had been issued to Inmate Seawell in the amount of $16. In addition to the software entry, we found a card release report reflecting the inmate had been issued the $16 card. We also noted a receipt signed by the inmate and by the release officer reflecting the inmate had received a $16 release card. There was no indication the debit release card was ever voided.

In spite of the account history data, the printed report, and the receipt indicating the card had been issued, we were still unable to reconcile the related transactions suggesting there was a problem with the issued card.

We obtained the itemized transactions associated with the ACH card withdrawals for that particular day from the inmate trust bank account. Using that data, it still could not be determined if the card had actually been issued.

At that point we contacted the software vendor who confirmed the card was not issued and should have been voided in the inmate account software.

We previously reported errors in the inmate accounting software caused erroneous entries that, according to the inmate accounting software representative, resulted in “adding cash to the system that should not exist.” The failure of the cards to activate correctly also resulted in correcting entries that contributed to the non-existent cash issue.

For example, on April 27, 2009, a $418.37 debit card release was recorded for Inmate McVeigh. According to the ACH card detail transaction data we determined the card did not scan and had not processed.

Rather than follow procedures, to void the failed card transaction, a new entry was made reflecting another $418.37 cash intake credit to the inmate’s account. This process contributes to the issue of non-existent cash being recorded in the system.

**Finding**

Communication issues between software companies may have contributed to erroneous or missing inmate transactions.

While we were not tasked with auditing the software companies and their systems that directly relate to the inmates credits and debits, we found a number of issues related to the communications between the companies
and TCSO software systems responsible for maintaining inmate balance amounts.

**Example 1**

While reconciling reports between the inmate booking software and the inmate banking software, we determined some accounts appeared in the booking software (IMACS) but not in the banking software (CORE). The software vendor for CORE said if an inmate has a record in IMACS then they should also have a record in CORE.

When we asked CORE for an explanation of why we identified instances where an inmate existed in IMACS but not CORE, the software vendor provided the following response:

<table>
<thead>
<tr>
<th>With the Interface, if the inmate was active in the IMACS system they should have been active in the CORE Banking software. There are a couple of different things that can occur to prevent this:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) We were never passed an inmate file to import them into the CORE Banking software</td>
</tr>
<tr>
<td>2) There was a network issue that prevented the inmate file from being transferred to the ARAMARK server</td>
</tr>
<tr>
<td>3) There was an issue with the file that prevented the inmate from being created in the CORE Banking software</td>
</tr>
</tbody>
</table>

There is really no way for us to tell why an inmate would be active in the IMACS system, but not in the CORE system back in December of 2015.

**Example 2**

Another issue between software companies related to the ATM-like kiosk machines used by jail visitors to add money to an inmate’s commissary account.

There are three kiosk machines that accept money on behalf of the inmates. The funds from the kiosk machine are not handled by TCSO. Instead, the company operating the machines collects the money and electronically deposits the funds to TCSO’s inmate trust bank account. A software entry is then electronically recorded on the inmate’s commissary account.

While TCSO does not physically receive funds from the kiosk machines, they should have monitored and reconciled the funds being collected from the machines, deposited into the bank accounts and recorded on the inmate commissary software to ensure the accuracy of the inmate account records. A TCSO internal email, dated August 27, 2012, addressed the kiosk-to-bank transfers and noted the inmate accounting supervisor “did
not know when & how much money was moved from the kiosk to BOK.\textsuperscript{17}

The funds collected in the kiosk machine can represent either credits for an inmate’s use of the phone system or credits to the inmate’s commissary account. TCSO should receive all funds attributed to inmate commissary accounts. Telephone credits and transactions are managed by an outside company.

According to TCSO officials, they became aware that the company operating the kiosk machines had as much as $5,000 represented as “unallocated” funds received from the kiosk machines. When we contacted kiosk company officials they said the “unallocated” amount was $5,150 and that it could not be identified as to where or what the money actually represents or how it should be allocated.

\textbf{Example 3}

In another example we noted Inmate #1207215 had an outstanding balance from 2012 totaling $10,607. We reviewed this account more thoroughly since it seemed unlikely a former inmate would simply leave $10,607 on the books.

The $10,607 balance was mostly derived from a series of kiosk credit card transactions occurring in September 2012. The inmate’s account reflected on September 26, 2012, a series of 45 kiosk transactions crediting the inmate’s account with $8,500. When we asked TCSO officials about the account they stated the account had been frozen but were unable to tell us why.

Using publicly available records, we found the inmate had been charged in both state and federal court on numerous felony charges relating to identity theft and credit card fraud around the same time period as the questionable credit card transactions were occurring on the kiosk machines.

In spite of repeated requests, the company responsible for the kiosk machines was either unwilling or unable to provide us specific information related to this inmate’s account and whether or not the funds represented on the inmate’s account had actually been deposited into the TCSO’s inmate trust bank account.\textsuperscript{18}

\textsuperscript{17} Bank of Oklahoma

\textsuperscript{18} We originally requested the information on August 18, 2016. The information had not been provided as of October 18, 2016.
Because we were unable to obtain the information requested, we attempted to reconcile the kiosk transactions recorded on the inmate accounts to the electronic deposits made to the TCSO’s inmate trust bank account using the inmate bank records and the inmate’s commissary account.

Between September 2012 through December 31, 2012 the amount actually deposited in TCSO’s bank account was short $12,883 from the amount recorded as kiosk credits in the inmate accounting software.

The difference between the $12,883 variance that we could not reconcile to corresponding deposits and the $12,698 amount recorded as kiosk deposits for Inmate #1207215 is $185.

Absent specific records that were not provided, we cannot definitively conclude the $12,698 recorded on the inmate’s account was or was not received, although it seems likely the transactions were fraudulent and that TCSO did not actually receive those funds. As a result, the $10,607 amount recorded as owed to the inmate is likely incorrect and represents money that was not actually received by TCSO and not owed to the inmate.

An internal memo, dated August 31, 2012, indicated no reconciliations had been performed concerning either the card release withdrawals from TCSO’s bank account or the kiosk deposits to the bank account which would result in these types of issues remaining undetected for years.

**Finding**

A lack of training may have contributed to the ineffective oversight of funds being receipted and deposited.

In 2012, when TCSO discovered a problem with the inmate trust accounts a now former employee, with financial experience, was called in to investigate. In an interview the employee stated that one of the problems was that detention officers and supervisors responsible for the inmate trust accounts had little or no financial experience or training.

We also interviewed the deputy who conducted the criminal investigation in 2012. According to the deputy, detention officers with little or no financial training or experience were being promoted to positions in inmate accounting, and TCSO relied primarily on on-the-job training which resulted in improper procedures being passed down from employee to employee.

The deputy who had conducted the internal investigation relating to the inmate trust accounts also expressed to us that one of the issues in the past
was a lack of training in financial matters both with respect to the detention officers, as well as with the supervisors tasked with the responsibility of providing oversight.

We have previously noted instances where it appears that errors contributed or compounded the reconciliation process. In at least some of these instances the errors may be attributable to a lack of training, or to a lack of understanding of how errors and corrections should have been made to the computer systems.

**Finding**

The $188,877 previously reported as unaccounted for was based on reports provided by TCSO that contained numerous errors.

On February 29, 2016, the annual audit report\(^\text{19}\) for FYE 2015 included the following finding:

**Finding 2015-5 – Inmate Trust Fund Reconciliation (Repeat Finding)**

**Condition:** Bank reconciliations for the Tulsa County Inmate Trust Fund are not accurately prepared. While monthly deposits and expenditures are reconciled to amounts presented on the bank statement, a true reconciliation of the ending ledger balance to the bank statement balance is not performed. Elements of the bank reconciliation that would include outstanding checks, amounts due inmates upon release, and amounts due to other agencies are not included in the reconciliation.

As of December 31, 2015, known amounts payable upon inmates’ release and other liabilities exceeded the bank balance by approximately $188,877. It appears these funds are unaccounted for.

Outstanding debt had been derived from a mathematical calculation comprised of the inmate trust bank balance, outstanding checks, amounts owed for medical expenses, and included $236,686.91 representing the “Active Balance Rpt” for inmates. The mathematically calculated elements are depicted in the image at right.

The $236,686.91 amount included in the mathematical equation was derived from a report titled “Inmate

Balance Report as of 12/31/2015.”

We obtained the report representing the $236,686.91 and found the amount represented 37,818 inmate entries including inmates with “0.00” balances. When the “0.00” balance entries were filtered out, we found the amount represented balances owed on 16,049 inmate accounts.

We distinguished between the balances of inmates actually incarcerated and the historical balances for inmates that had already been released. As a result we found $44,273.22 of the $236,696.91 amount represented balances for inmates actually in jail and $192,413.69 represented historical balances for inmates that had already been released.

TCSO used the inmate accounting software ActFas from 2008-2012. In 2012, when they transitioned from ActFas to the current system CORE, they imported 7,329 inmate balance records totaling $150,025.

Many of the errors in inmate accounting we have identified in this report were errors made in the ActFas software resulting in incorrect balances being imported in the CORE system and, ultimately, being reflected on the $236,686.91 report.

During the course of our engagement, in an attempt to determine how much money had been misappropriated, we obtained over 1.9 million records representing inmate commissary transactions from various software systems. We then created specialized software allowing us to view the correlations between the various computer systems.

We identified problems in virtually every aspect of the agencies computer data relating to inmate trust accounts. This resulted in identifying issues in both inmate balances and the agencies expected bank balances that are incorrect due to clerical errors and erroneous transactions, in addition to a misappropriation of funds.

CONCLUSION

In 2013 an inmate trust accounting supervisor admitted to having misappropriated funds. In addition to funds that may be missing due to that misappropriation, we have identified other issues that also have contributed to the previously reported “Inmate Trust Fund Total Outstanding Debt” of $188,877.35 that was unaccounted for.

To determine the correct amount that may be missing or unaccounted for would require a transaction-by-transaction review and comparison of the 1.9 million computer records obtained to TCSO’s original records, a substantial amount of which are now missing.

20 Shown as the “Active Balance Rpt” in the reconciliation
21 i.e. receipts books, drawer reports, etc.
In addition to TCSO’s missing records, we also attempted to obtain additional third-party records from one of the vendors responsible for receiving, accounting for, and depositing funds to TCSO’s inmate trust account. We were unable to obtain these additional third-party records that would be necessary if such an undertaking was attempted.

Given the substantial volume of missing, unreadable, and inaccurate records we cannot determine an accurate amount of funds that have either been misappropriated or are the result of erroneous and undetected accounting errors during the 2007-2012 time periods.
DISCLAIMER

In this report there may be references to state statutes and legal authorities which appear to be potentially relevant to the issues reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose, or intent by the issuance of this report to determine the guilt, innocence, culpability, or liability, if any, of any person or entity for any act, omission, or transaction reviewed. Such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.