



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF DETENTION CENTER INMATE ACCOUNT CONTROLS

Report Number:
2025-A-15

Report Date:
6/18/2025

Council Members and County Executive Cassilly:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Harford County Detention Center Inmate Account Controls for the period of 7/1/2023 through 4/30/2025. This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2025.

The objective of this audit was to confirm that controls are adequate to ensure that individual commissary accounts are properly managed, revenue is recognized completely and timely and related accounts are reconciled routinely. The scope was limited to the processes managed by the Detention Center related to inmate accounts and revenue. The results of the audit, our findings and recommendations for improvement are detailed in this report.

We would like to thank the members of management for their cooperation during the audit; they have been provided an opportunity to respond to this report; the response(s) provided follows the Issues and Corrective Actions.

Sincerely,

Chrystal Brooks, CPA

Chrystal Brooks
County Auditor

CONCLUSIONS

Our opinion, based on the evidence obtained, is controls are adequate to ensure that transactions are authorized, and accounts are reconciled routinely; however, deposits of cash and revenue were not always completed timely. This assessment is based on the strengths and weaknesses identified for the operational objectives below.

Business Process Objective	Assessment ⁱ
Accounts accurately reflect inmates' deposits and withdrawals	Effective
Deposits are made to Treasury timely and completely	Generally Effective
The HCDC bank account is only used for authorized transactions.	Effective

ISSUES AND CORRECTIVE ACTIONS

2025-A-15.01 Timeliness of Detention Center Deposits

Most deposits to inmate accounts are made using an automated kiosk system, online or over the telephone. However, if the kiosk system is down at an inmate's intake, officers collect cash and/or money orders and provide a receipt to the inmate. The cash and money orders are held securely for bank deposit after the weekly accounting reconciliation is completed. Also, after the weekly reconciliation is complete, the Commissary Accountant takes a check to the County Treasurer reflecting the revenue earned that week (commissary sales, medical visits, damage fines, etc.). In our testing, we sought to confirm that the bank deposit and revenue reporting were completed timely after the end of the week. We noted 19 of 35 sampled weeks were not deposited to the bank and to the County Treasurer within 5 days. The average days to deposit was 10.6.

In part this is related to not having a backup for the Commissary Accountant; if she is on leave, the reconciliations are performed when she returns to the office. In our testing, 10 of 35 sampled weeks included two weeks' worth of transactions. When these accounting tasks are not performed timely, there is a greater risk of cash being misplaced. Further, the Treasurer's Office may not be able to record the revenue in the correct accounting period, impacting financial reporting and creating a potential small loss of investment income since the Detention Center's bank account does not earn interest.

We recommend the Detention Center update its procedures to ensure deposits are made each week and designate a backup Accountant for Commissary administration.

Management Response: See attached memo from HCSO.



HARFORD COUNTY SHERIFF'S OFFICE

COURAGE HONOR INTEGRITY

Sheriff
Jeffrey R. Gahler

MEMORANDUM

DATE: June 18, 2025

TO: Ms. Chrystal Brooks
Harford County Auditor

FROM: Captain Yvonne Chester #458
Support Services Division Commander
Correctional Services Bureau

SUBJECT: Management Response to Inmate Account Controls Audit

The Harford County Detention Center has reviewed the draft report from our Inmate Account Controls audit that began on June 3, 2025, and we agree with the auditor's findings and suggestions. We have decided that an exit conference for this audit is not necessary therefore we respectfully decline the offer.

We plan on addressing the findings related to the timeliness of deposits by training an additional person as a backup Accounting Officer. We plan to have this backup person trained within 60 days of the date of this memo.

We thank you for your time and suggestions and we look forward to working with you in the future.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

Harford County Detention Center is responsible for control and accountability of inmate funds during detainment and for the return of funds upon an inmate's release. During the booking process, an inmate's cash is collected by a Booking Officer and recorded in the Detention Center's inmate management and accounting system using a unique identifying number. Deposits to the inmate's account may be made through using kiosks at the Detention Center, online or by telephone and via Money Order (by mail). An inmate may use their account balance to order commissary items using the kiosks within the facility. Funds are also used for charges for services such as medical visits and weekend prisoner boarding fees. A full refund of an inmate's account is issued upon release on a debit card but may also be issued in cash (under \$5.00) or by check.

Inmate account funds are held in a bank account, under Sheriff's Office control, which is separate from the County's other banking accounts. Related County revenue is paid from the Sheriff's bank account to the Treasurer's Office. Revenue for the Detention Center in fiscal years 2024 and 2025 (through 4/30/2025) was approximately \$650,000 and \$525,000, respectively.

The audit approach focused on testing the key controls that address management's objectives. We reviewed the issue reported in a prior audit, related to bank reconciliations, and noted that it had been addressed at the completion of the prior audit. Our audit procedures included interviewing personnel, observation and testing as described in the table below.

Process / Control Objective	Scope of Review
Inmate Account Management	
Inmates receive and sign receipts for deposits to their accounts	<ul style="list-style-type: none">• Confirm that cash and money orders received are included in system reports
Withdrawals for Commissary purchases are automated, and inmates sign for receipt of purchases	<ul style="list-style-type: none">• For a sample of weeks, confirm that commissary order documentation is supported by signed receipts• Confirm that related refunds were entered into the correct inmate accounts
Manual charges to accounts are supported by receipts or other documentation	<ul style="list-style-type: none">• Confirm receipts for medical visits, damages, etc. are included in weekly accounting files

Process / Control Objective	Scope of Review
Checks issued to third parties are authorized by the inmate	<ul style="list-style-type: none">• Confirm checks are issued to inmates or that third-party payments have signed request forms attached
Revenue Recognition and Deposit	
Revenue is reported to Treasury within 5 days of the week end	<ul style="list-style-type: none">• For a sample of weeks, confirm timely reconciliation and deposit
Cash and money orders are deposited to the bank weekly	
Revenue is supported by system reports and receipts	<ul style="list-style-type: none">• For a sample of weeks, confirm that documentation agrees to system generated reports
Weekend board bills are calculated using a standard formula and are documented	<ul style="list-style-type: none">• For a sample of weekender inmates, confirm board charges were correctly calculated
Bank Reconciliations	
Bank Statements are reconciled monthly	<ul style="list-style-type: none">• For a sample of months, confirm that a bank reconciliation was completed and outstanding items identified.

Areas for improvement are described in the Issues and Corrective Actions section of this report.

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

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

Report Distribution:

Mr. Jeffrey Gahler, Harford County Sheriff
Mr. Daniel Galbraith, Warden, Harford County Detention Center
Ms. Diane DeHaven, Accountant, Harford County Detention Center
Mr. Robert Sandlass, County Treasurer

Audit Team:

Chrystal Brooks
CPA, CIA, CGAP, CISA, CGFM, CRMA
County Auditor

Sarah Self, CIA, CGAP
Senior Auditor

| Definitions

Effective: The design and effectiveness of the internal control environment address key risks. The business unit complies with external laws and regulations, and internal policies, procedures and guidelines. Business processes are managed effectively resulting in achievement of expected outcomes.

Generally Effective: The design and/or effectiveness of the internal control environment generally address key risks; however, the number and severity of findings relative to the size and scope of the business unit being audited indicate that some minor areas of weakness in the control environment need to be addressed. Isolated instances of non-compliance with external laws and regulations, and internal policies, procedures and guidelines may exist. Business processes may not be managed effectively in all areas resulting in reduced achievement of expected outcomes.

Not Effective: The design and/or effectiveness of the internal control environment does not address key risks. Non-compliance or historical patterns of non-compliance with key regulatory requirements and internal policies, procedures and guidelines exist which expose the audited entity to financial, reputational, and operational risks. Business processes are not managed effectively and expected outcomes are not achieved.