2011 Public Safety Realignment Funds Audit

Final Report

Chief of Audits: Juan R. Perez
Audit Manager: Laura R. Flores, CIA, CFE, CGAP
Senior Auditor: Tatiana Foster, CPA, CFE
Senior Auditor: Ronald Cosey, CGAP

Report No. A17-025  March • 2017
Intentionally Left Blank
March 30, 2017

TO:      Ronald Lane, Deputy Chief Administrative Officer
         Public Safety Group

FROM:    Juan R. Perez
         Chief of Audits

FINAL REPORT: 2011 PUBLIC SAFETY REALIGNMENT FUNDS AUDIT

Enclosed is our report on the 2011 Public Safety Realignment Funds Audit. We have reviewed your response to our recommendations and have attached them to the audit report. The actions taken, in general, are responsive to the recommendations in the report.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

Juan R. Perez
Chief of Audits

AUD:RC:aps

Enclosure

C: Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
   Eunice Ramos, Group Finance Director, Public Safety Group
INTRODUCTION

Audit Objective
The Office of Audits & Advisory Services (OAAS) completed an audit of the 2011 Local Revenue Fund, Community Corrections Subaccount funds administered by the Public Safety Group (PSG). The objective of the audit was to evaluate adequacy of internal controls over the use and monitoring of realignment funds.

Background
The State of California’s Public Safety Realignment Act (Act) or Assembly Bill No. 109 (AB 109), Chapter 15 of the Statutes of 2011, took effect on October 1, 2011.1 The Act shifted fiscal and program responsibilities in the California criminal justice system from the State to counties. According to the Act, individuals sentenced to certain non-violent, non-serious, non-sex crimes are required to serve their time in county jails instead of state prisons. In addition, counties became responsible for the post release supervision of certain offenders and local custody for parole violators who violate the terms of their release. To fund the implementation of the Act, the State of California (State) dedicated a share of sales tax revenues or equivalent amounts to the counties.

The County of San Diego (County) developed a Public Safety Realignment Implementation Plan (Implementation Plan) that outlines specific strategies and goals for implementing changes in the criminal justice system. The Implementation Plan was approved by the County Board of Supervisors (Board) in September 2011.

The County established the Community Corrections Subaccount Trust Fund to receive monthly allocations from the State that are used to fund responsibilities shifted to the County (realignment expenditures). The funds from the Community Corrections Trust Fund are used by the following County departments:

- Sheriff’s Department
- Probation Department
- District Attorney
- Public Defender

The PSG is responsible for administering the Community Corrections Subaccount Trust Fund. Departments are required to submit claims with realignment expenditures on a quarterly basis. Based on an established budget driven by the Implementation Plan and approved by the Board, the PSG reimburses the departments for realignment expenditures claimed.

---

1 The legislation intended to reduce the state prison population with the intent of improving public safety outcomes for the adult offender population.
Audit Scope & Limitations

The scope of the audit covered realignment expenditures reimbursed by the Community Corrections Subaccount Trust Fund in FY 2015-16. OAAS selected the Probation and Sheriff’s Departments for testing.

A summary of the realignment expenditures for each of the selected departments is presented in the table below.

<table>
<thead>
<tr>
<th>Department</th>
<th>Realignment Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probation:</td>
<td></td>
</tr>
<tr>
<td>– Supervision</td>
<td>$13,446,427</td>
</tr>
<tr>
<td>– Community Service</td>
<td>$16,756,842</td>
</tr>
<tr>
<td>Sheriff</td>
<td>$32,099,872</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$62,303,141</strong></td>
</tr>
</tbody>
</table>

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

Methodology

OAAS performed the audit using the following methods:

- Reviewed state legislation related to the 2011 Public Safety Realignment.
- Reviewed Implementation Plan and subsequent amendments to the plan.
- Interviewed personnel at PSG and selected departments about internal controls over the use and monitoring of realignment funds.
- On a sample basis, tested realignment expenditures to ensure established internal controls have been implemented and realignment funds were used for the intended purposes.

Audit Results

Summary

Within the scope of the audit, there is reasonable assurance that adequate internal controls over the use and monitoring of realignment funds have been established. To further strengthen current controls and improve their effectiveness, OAAS has the following finding and related recommendation.

Finding I: Document Current Practices for the Control of Funds

Government Code Section 30025(f)(11), enacted by AB 109, states that the moneys in and transferred from the Local Community Corrections Account, and the moneys in its successor subaccount and special account, the Community Corrections Subaccount and the Community Corrections Growth Special Account, shall be the source of funding for
the provisions of Chapter 15 of the Statutes of 2011. This funding shall not be used by local agencies to supplant other funding for Public Safety Services.

The PSG, in consultation with its departments, prepares an annual budget for public safety services, including realignment activities. While OAAS noted that PSG established adequate budgetary and reimbursement procedures to ensure the proper uses of funding sources are analyzed, its procedures are not sufficiently documented to demonstrate control activities are in place to prevent and detect supplanting of existing funding sources with realignment funds. Further, OAAS did not find direct evidence to demonstrate that supplanting was considered during the budget process. The audit work did not identify any instances where the Community Corrections Subaccount Trust Fund was supplanting other funding for Public Safety Services.

Best practices outlined in Appendix I of “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General of the United States, state that documentation is a necessary part of an effective internal control system. Documentation is required to demonstrate the design, implementation, and operating effectiveness of an entity's internal control system.

Absence of documented procedures designed to prevent and detect supplanting of funds increases the risk of noncompliance with the Act's requirement. Also, it prevents other potential users of information to verify control effectiveness and rely on the control activity.

**Recommendation:** To increase compliance with the Act’s requirements, PSG should document current procedures in place designed to prevent and detect supplanting of realignment funds.
Department’s Response
March 28, 2017

TO: Juan R. Perez
    Chief of Audits

FROM: Ronald Lane, Deputy Chief Administrative Office
      Public Safety Group

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: 2011 Public Safety Realignment Funds Audit

**Finding 1:** Document Current Practices for the Control of Funds

**OAAS Recommendation 1:** To increase compliance with the Act’s requirements, Public Safety Group should document current procedures in place designed to prevent and detect supplanting of realignment funds.

**Action Plan:** The Public Safety Group has documented the current procedures that are in place to prevent and detect supplanting of realignment funds and will update as necessary.

**Planned Completion Date:** Complete

**Contact Information for Implementation:** Eunice Ramos, Public Safety Group Finance Director (619) 531-4509

If you have any questions, please contact me at 619-531-4509.

Ronald Lane
Deputy Chief Administrative Officer

ER:rd