



## *Columbus Consolidated Government*

### **Georgia's First Consolidated Government**

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### **REPORT ON TRANSITION AUDIT OF SHERIFF'S DEPARTMENT March 14, 2017**

#### **AUDIT AUTHORIZATION**

Sheriff-Elect Donna Tompkins requested a transition audit of the Sheriff's Department; City Council authorized it on December 13, 2016.

#### **BACKGROUND/HISTORY**

Internal Audit performs a transition audit when there is a change in department leadership. On January 2, 2017, Ms. Donna Tompkins was sworn in as the newly elected Sheriff. The Sheriff is a constitutional officer as required by the constitution of the State of Georgia.

#### **AUDIT SCOPE**

A transition audit assesses the state of the department in administrative and operational areas, providing recommendations for improvement, and accounting for all financial accounts and personnel assigned to the department.

#### **GENERAL AUDIT PROCESS**

The audit process began with a telephone entrance conference on December 27, 2016, attended by Internal Auditor John Redmond and outgoing Sheriff John Darr. Mr. Redmond explained the purpose of a transition audit and Sheriff Darr provided a departmental overview. Then the auditor developed an audit program to include a review and assessment of management supervision, operations, personnel, and internal controls. Fieldwork began on December 29, 2016 and concluded on January 25, 2017. A final report including management's responses will be distributed to Mayor Tomlinson and the City Council members concurrently.

#### **AUDIT PROCESS**

The auditor reviewed budgetary performance, tested expenditure authorization and appropriateness. Bank accounts reviewed include: Petty Cash Travel Fund, Forfeiture Accounts, Special Events Accounts, Inmate Trust Fund, Commissary Fund and the Special (Fees) Account. Campaign and other contributions for conflicts of interest, particularly vendors was reviewed as well. The audit incorporated a personnel records review, employee interviews and compared the hiring process of the Darr administration with that of Human Resources. Vendor contracts for compliance with the City's procurement policies was also included in the audit.

## **AUDIT FINDINGS**

### ***Budgetary Performance***

The budgetary performance of the Darr administration was compared with that of the Johnson administration. They each served two consecutive terms (8 years). The Johnson administration was \$579,000 under budget during the last four and one-half years of his tenure. His administration did not receive any O-LOST funds. The Darr administration received \$21.7 million from the O-LOST Funds between FY2010 and thru December of FY2016.

Unadjusted budgetary information obtained from the Finance department was used for this analysis. Unadjusted information represents the total expenditures for each fiscal year prior to final adjustments.

The Darr administration was over budget by approximately \$13 million from operations. This does not include the costs of litigation and settlement expenses incurred as a direct result of actions taken or initiated by the Sheriff, which are significant. The operational overage resulted in the reduction of 31.25 days of reserves in fund balance. Legal fees and settlements account for additional days in the reduction of fund balance.

Budgetary Overages for the prior 8 years were significant in the following areas: \$2.9 million from Unit 2100 Operations/Uniform Division, \$3.4 million from Unit 2600 Detention and \$3.8 million from Unit 2650 Medical. \$2.1 million in overages is attributable to the remaining business units. Unpaid obligations office-wide at 12-31-2016 are approximately \$800,000.

Unit 2100 Operations/Uniform Division: \$1.9 million of the overages result from the use of Bailiffs and Reserve Deputies due to increased security needs of the courts. The number of courts has increased from 11 to 16 over a 12-year period without a proportionate increase in appropriated funding.

In 2008, the O-LOST was adopted by the voters, it was predicated on the addition of 100 police officers and other enhancements to Public Safety, to provide better coverage of the city and to reduce crime. The increase in the number of police officers resulted in a much higher number of cases and arrests, which led to the increase in courts. Corresponding expense increases are a natural outcome of this growth.

Other overages consist of: (1) motor transport costs of juvenile and mental patients because of facility over-crowding and (2) operating costs increased to satisfy enhanced equipment needs of personnel (body cameras, vehicle cameras, etc...).

Unit 2600 Detention: \$2.6 million of the overages are because of overtime of which the majority is gap time. Overtime for the 8-year period totaled \$4,868,596 for an average of \$609,000. With the inception of the Rapid Resolution program in 2014, the inmate population has dropped by 6% in 2015 and again by 7% in 2016. This drop in population should have resulted in a downward trend of expenses.

Gap time is currently under discussion between Sheriff Tompkins and the Finance area.

Unit 2650 Medical: Of the \$3.8 million budget overage in Medical, \$3.145 million of the overages occurred while the medical clinic operated in-house of which hospital services, pharmaceuticals, and overtime represented the majority of the overage. Beginning in FY2014, the management of the medical clinic was outsourced to a third party vendor. Medical costs declined by \$419,000 (a 9.8% decrease) during the first year it was outsourced. Although costs have risen since FY2014, the increases have been nominal and the decision to outsource appears to have been a good one.

### ***Bank Account Reviews***

**The Special Events Account** provides a vehicle for funding charitable causes supported by the Sheriff's office to include items such as Adopt-A-School, Project Lifesaver, Special Olympics, PAWS-Humane, etc... Included in the deposits was a series of monthly payments from Trinity Services Group, Inc. notated as "commissions;" these payments totaled \$15,100 from April 2014 thru December 2015. There were also sizable contributions totaling \$13,800 from Amerigroup that did not appear to have any contractual relationship with the Sheriff's Office or the Columbus Consolidated Government.

Expenditures made from this account supported the aforementioned charitable causes. However, a portion of the expenditures appeared to be for operating and capital expenditures of the Sheriff's office that should have been paid from appropriated budgetary funds and compliant with City procurement policies.

**The Commissary Account** houses the commissions received from the commissary vendor. The account also received deposits of \$750 in commissions in excess of the amount calculated as owed by the vendor. These appeared to be similar to the monies deposited in the Special Events Account.

The expenditures appeared to be for operating and capital expenditures of the Sheriff's office that should have been paid from appropriated budgetary funds and compliant with City procurement policies. Some of the items purchased were for the benefit of the inmates.

There were no discrepancies noted in the other bank accounts.

### ***Personnel Records and Hiring Practices***

The personnel records and the hiring practices of the Darr administration were consistent with those of human resource criteria.

### ***Vendor Contracts***

The Sheriff's Office purchases its pharmaceuticals from Diamond Pharmacy Services. No contract exists in the Sheriff's Office or in the Purchasing Division's files. Expenditures with this company now exceed \$1 million per year. Expenditures with this vendor have escalated and the auditors found no evidence of monitoring or review, nor do invoices reflect any pricing. This vendor is not on a Georgia State Wide contract that gives favorable pricing without further negotiation.

## **AUDIT RECOMMENDATIONS AND RESPONSES**

### **Budgetary Performance**

We recommend that Sheriff Tompkins appoint and/or employ a financial manager with the requisite skills and experience to prepare budgets and to monitor and control expenditures.

### **Auditee Response**

Sheriff Tompkins has hired Major Joe McCrea as the Major of Administrative Bureau. Major McCrea has previous budget experience with the Sheriff's Office and was responsible for the budget during the Johnson administration. As noted in the audit report, the Johnson administration was \$579,000 under budget during the last four and one-half years of the administration.

### **Bank Account Reviews**

Close the commissary accounts that are no longer active and maintain a list of liabilities from those accounts for verification in the event of receipt of a subsequent claim for payment. A process should be developed and implemented to return unclaimed funds to their rightful owner. If such persons cannot be located, unclaimed funds should be escheated to the State of Georgia at the appropriate time.

The primary use of commissary funds should be for the benefit of the inmates. General repairs and the purchase of equipment for the jail should come from budgetary appropriations. The continued use of such expenditures from non-budgeted funds will lead to under-funding of budgetary appropriations.

### **Auditee Response:**

All inactive commissary accounts have been closed. An accounting of existing liabilities will be maintained and every effort made to return funds to the rightful owner. All unclaimed funds will be escheated to the State of Georgia.

All use of commissary funds will be used for the benefit of inmates. If there is a question of potential expenditures qualifying as a legitimate expense for inmates, we will seek guidance prior to the expenditure being made.

#### Vendor Contracts

A contract with a pharmaceutical company needs execution with adequate detail to enable invoice review as well as the mechanism for comparing their prices and services with their competitors.

The expired Lightspeed contract needs to be reviewed and a new contract needs execution.

On November 28, 2016, Sheriff Darr renewed the Beall's contract. It is currently under review by legal counsel.

#### Auditee Response:

At the direction of Sheriff Tompkins, all contracts will be reviewed for necessity, content and potential cost saving opportunities prior to renewal.

The pharmaceutical contract is currently under negotiation with our current medical provider (CCS). CCS is a vendor capable of purchasing pharmaceuticals at a discounted rate. The potential savings identified during early negotiation is estimated at as much as 15% minus a 3% administrative fee. In addition to savings related to purchase power, CCS will oversee medication utilization.

The expired Lightspeed contract is currently in negotiation.

The Beall's contract signed November 28, 2016 has been voided. This contract is currently being reviewed. In the event Beall's is not willing to negotiate an appropriate contract, an RFP will be prepared seeking a new vendor for inmate telephone service.

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John D. Redmond, Internal Auditor and Compliance Officer

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Date