



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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KAREN LOQUET
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December 14, 2021

TO: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Arlene Barrera *Arlene Barrera*
Auditor-Controller

SUBJECT: **SHERIFF'S DEPARTMENT - INMATE WELFARE FUND FINANCIAL AND COMPLIANCE REVIEW (May 18, 2021, Board Agenda Item 13)**

On May 18, 2021, your Board instructed the Auditor-Controller (A-C), in conjunction with the Chief Executive Office, to perform a financial and compliance audit of the Sheriff's Department's (Sheriff) Inmate Welfare Fund (IWF) covering Fiscal Years 2017-18 through 2020-21. Specifically, your Board requested:

- Motion Directive 2.a - An evaluation of the Sheriff's usage of IWF revenues and whether the expenditures complied with California Penal Code 4025.
- Motion Directive 2.b - An evaluation of the Sheriff's efficiency and effectiveness in reaching the IWF purpose, goals, and objectives.

To address these requests, we split the evaluations as follows: (1) a private auditing firm, BCA Watson Rice LLP (BCA), to conduct a review of the Sheriff's usage of IWF revenues and whether the expenditures complied with California Penal Code 4025 and (2) the A-C to conduct follow-up reviews of two recent A-C reports since the recommendations in these reports addressed the efficiency and effectiveness in reaching the IWF purpose, goals, and objectives.

We issued our report addressing Motion Directive 2.b on October 6, 2021. Below are the results of BCA's compliance audit report addressing Motion Directive 2.a.

Review Summary

BCA's review report (Attachment I) indicates that the Sheriff complied, in all material respects, with the utilization/expenditure requirements applicable to the IWF prescribed in the California Penal Code Section 4025.

BCA did not identify any improper or ineligible expenditures. The non-compliance matters identified by BCA related to the Sheriff mistakenly posting certain revenues to the IWF instead of the General Fund and not filing the annual report of itemized expenditures to the Board.

Review of Report

The Sheriff's responses, included within BCA's report in Attachment I, indicates general agreement with the findings and describes actions they have taken or plan to take to implement the recommendations. However, the Sheriff disagreed with one finding/recommendation related to the annual reporting of itemized expenditures to the Board, which BCA and the A-C continue to believe the Sheriff should implement to ensure compliance with California Penal Code 4025 and as such, the Sheriff will continue to explore an appropriate means for adhering to this requirement. BCA discusses this finding in detail in their attached report.

If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:MP:JU:jd

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Alex Villanueva, Sheriff
Dardy Chen, Principal Analyst, Chief Executive Office
Audit Committee
Countywide Communications

County of Los Angeles
Sheriff's Department Inmate Welfare Fund

Compliance Audit
With Independent Auditor's Report

For the Fiscal Years Ended June 30, 2021, 2020, 2019, and 2018



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COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
INMATE WELFARE FUND
COMPLIANCE AUDIT
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the Board of Supervisors
County of Los Angeles, California

Report on Compliance

We have audited the County of Los Angeles Sheriff's Department's (LASD) compliance for the Inmate Welfare Fund (IWF) with the *California Penal Code Section 4025* and applicable laws and regulations for the fiscal years ended June 30, 2021, 2020, 2019, and 2018.

Management's Responsibility

Compliance with the requirements of the *California Penal Code Section 4025* and applicable laws and regulations is the responsibility of LASD's management.

Auditor's Responsibility

Our responsibility is to express an opinion on LASD's compliance with the *California Penal Code Section 4025* and applicable laws and regulations based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Penal Code Section 4025* and applicable laws and regulations for the fiscal years ended June 30, 2021, 2020, 2019, and 2018. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Inmate Welfare Fund occurred. A compliance audit includes examining, on a test basis, evidence about LASD's compliance with those requirements and performing other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination of LASD's compliance with those requirements.

Opinion

In our opinion, except for the effects of the non-compliance matters discussed in the summary of compliance requirements and audit findings and questioned costs, LASD complied, in all material respects, with the compliance requirements applicable to the Inmate Welfare Fund prescribed in the *California Penal Code Section 4025* and applicable laws and regulations for the fiscal years ended June 30, 2021, 2020, 2019, and 2018.

BCA Watson Rice, LLP

Torrance, California
November 10, 2021

COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
INMATE WELFARE FUND
COMPLIANCE AUDIT

SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018

California Penal Code Section 4025	Audit Findings and Questioned Costs
(a) The sheriff of each county may establish, maintain and operate a store in connection with the county jail and for this purpose may purchase confectionery, tobacco and tobacco users' supplies, postage and writing materials, and toilet articles and supplies and sell these goods, articles, and supplies for cash to inmates in the jail.	LASD is in compliance with this requirement. No audit findings noted.
(b) The sales prices of the articles offered for sale at the store shall be fixed by the sheriff. Any profit shall be deposited in an inmate welfare fund to be kept in the treasury of the county.	LASD is in compliance with this requirement. No audit findings noted.
(c) There shall also be deposited in the inmate welfare fund 10% of all gross sales of inmates' hobby craft.	<p><u>Condition:</u> LASD is partially in compliance with this requirement. We noted that 100% of the inmate hobby craft gross sales were deposited to the Inmate Welfare Fund (IWF). If this compliance requirement was strictly implemented, the 90% of the gross sales of inmates' hobby craft should not have been deposited to the IWF, but to the General Fund.</p> <p><u>Cause:</u> LASD's interpretation of this compliance requirement was that 100% of the sales proceeds of the inmates' hobby craft should be deposited to the IWF. However, County Counsel provided a legal opinion that only 10% of the hobby craft sales proceeds should be deposited into the IWF and the remainder into the General Fund.</p> <p><u>Non-Penal Code Section 4025 Revenues:</u> The calculated 90% of the gross sales from inmates' hobby craft for the fiscal years ended June 30, 2018 through 2021 (last four fiscal</p>

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
	<p>years) was \$115,923 (net of applicable sales tax) and this amount should have not been deposited to the IWF, as summarized in Schedule I of this report.</p> <p><u>Recommendation:</u> We recommend that the 90% of the sales proceeds from inmates' hobby craft, which is \$115,923 for the last four fiscal years (2018 through 2021) be transferred from the IWF to the General Fund.</p> <p><u>LASD Management's Response:</u> LASD is in agreement with this recommendation. The Department will collaborate with BCA to verify the estimated transfer amounts. Implementation is anticipated by June 2022.</p>
<p>(d) There shall be deposited in the inmate welfare fund any money, refund, rebate, or commission received from a telephone company or pay telephone provider when the money, refund, rebate, or commission is attributable to the use of pay telephones which are primarily used by inmates while incarcerated.</p>	<p><u>Condition:</u> LASD partially complied with this requirement. We noted that revenues from the Visitors' Lockers and Meal Program for the probation inmates for the last four fiscal years (2018 through 2021), which are not Penal Code Section 4025 revenue sources, were deposited to the IWF. These revenues should have been deposited to the General Fund.</p> <p><u>Cause:</u> The LASD's interpretation of this compliance requirement was that the revenues from the Visitors' Lockers and Meal Program for the probation inmates were to be deposited to the IWF. However, County Counsel ruled that revenues from the Visitors' Lockers and Meal Program should be deposited to the General Fund.</p>

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
	<p><u>Non-Penal Code Section 4025 Revenues:</u> The revenues for the last four fiscal years (2018 through 2021) from Visitors' Lockers (\$21,736) and Meal Program (\$295,206) for the probation inmates that should have not been deposited to the IWF are as summarized in Schedule I.</p> <p><u>Recommendation:</u> We recommend that the revenues from Visitors' Lockers of \$21,736 and Meal Program of \$295,206 for the probation inmates for the last four fiscal years (2018 through 2021) be transferred from the IWF to the General Fund.</p> <p><u>LASD Management's Response:</u> LASD is in agreement with this recommendation. The Department will collaborate with BCA to verify the estimated transfer amounts. Implementation is anticipated by June 2022.</p>
<p>(e) The money and property deposited in the inmate welfare fund shall be expended by the sheriff primarily for the benefit, education, and welfare of the inmates confined within the jail. Any funds that are not needed for the welfare of the inmates may be expended for the maintenance of county jail facilities. Maintenance of county jail facilities may include, but is not limited to, the salary and benefits of personnel used in the programs to benefit the inmates, including, but not limited to, education, drug and alcohol treatment, welfare, library, accounting, and other programs deemed appropriate by the sheriff. Inmate welfare funds shall not be used to pay required county expenses of confining inmates in a local detention system, such as meals, clothing, housing, or medical services or</p>	<p><u>Condition:</u> The LASD did not submit an itemized report of IWF expenditures to the County Board of Supervisors for the fiscal years ended June 30, 2018, 2019, 2020 and 2021, as required by section (e) of the Penal Code 4025. The itemized expenditures are presented in Schedule II of this report for additional reference.</p> <p><u>Cause:</u> LASD believes that they are in compliance with this requirement (see LASD management's response below.)</p>

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
<p>expenses, except that inmate welfare funds may be used to augment those required county expenses as determined by the sheriff to be in the best interests of inmates. An itemized report of these expenditures shall be submitted annually to the Board of Supervisors.</p>	<p><u>Recommendation:</u> We recommend that the itemized expenditures be submitted annually to the Board of Supervisors in compliance with the Code. We further recommend that this annual itemized expenditures report be certified by LASD as being accurate and complete prior to its submission to the Board of Supervisors.</p> <p><u>LASD Management's Response:</u> LASD believes that they are in compliance with this requirement via the Department's submission of the special fund spending plans (submitted during the Recommended Budget phase of the County budget process) and the posting of the IWF annual budget information on the CEO's/County's budget webpage.</p> <p><u>BCA's Comments on LASD Management's Response</u> We acknowledge LASD's submission of the IWF spending plans to the CEO during the budget process and the posting of the annual budget information on the CEOs'/County webpage, however, these documents only present expenditure summary totals for Services and Supplies, Capital Assets, Other Financing Sources and Appropriation for Contingencies. These documents do not provide the required itemized listing or breakdown of actual expenditures for a particular fiscal year as required by the Code. Thus, we believe that these documents are insufficient to comply with the Code requirement for submission of itemized expenditures to the Board of Supervisors.</p>

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
(f) The operation of a store within any other county adult detention facility which is not under the jurisdiction of the sheriff shall be governed by the provisions of this section, except that the board of supervisors shall designate the proper county official to exercise the duties otherwise allocated in this section to the sheriff.	This compliance requirement is not applicable to LASD's IWF. LASD did not operate a store within any other county adult detention facility, which is not under the jurisdiction of the LA County Sheriff.
(g) The operation of a store within any city adult detention facility shall be governed by the provisions of this section, except that city officials shall assume the respective duties otherwise outlined in this section for county officials.	This compliance requirement is not applicable to LASD's IWF. LASD did not operate a store within any other city adult detention facility, which is not under the jurisdiction of the LA County Sheriff.
(h) The treasurer may, pursuant to Article 1 (commencing with Section 53600), or Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, deposit, invest, or reinvest any part of the inmate welfare fund, in excess of that which the treasurer deems necessary for immediate use. The interest or increment accruing on these funds shall be deposited in the inmate welfare fund.	LASD is in compliance with this requirement. The IWF is part of the County's investment in pooled funds. The interest income and investment earnings from the pooled investments are allocated and deposited to the IWF.
(i) The sheriff may expend money from the inmate welfare fund to provide indigent inmates, prior to release from the county jail or any other adult detention facility under the jurisdiction of the sheriff, with essential clothing and transportation expenses within the county or, at the discretion of the sheriff, transportation to the inmate's county of residence, if the county is within the state or within 500 miles from the county of incarceration. This subdivision does not authorize expenditure of money from the	LASD is in compliance with this requirement. No audit findings noted.

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
inmate welfare fund for the transfer of any inmate to the custody of any other law enforcement official or jurisdiction.	

	Grand Total	2018	2019	2020	2021
Revenues					
Telephone Commissions	\$ 60,056,800	\$ 15,016,500	\$ 15,000,000	\$ 15,040,300	\$ 15,000,000
Commissary sales	90,659,735	20,382,582	19,560,452	20,840,004	29,876,697
Investment Income	1,524,786	463,445	532,016	365,415	163,910
Meal Program- Probation Inmates	295,206	295,206	-	-	-
Jail Enterprise-Hobby Craft (net of sales tax)	128,803	54,443	60,467	11,913	1,980
Visitors' Lockers	21,736	10,661	9,106	1,969	-
Miscellaneous (Note 1)	265,850	265,658	-	192	-
Total revenues	\$ 152,952,916	\$ 36,488,495	\$ 35,162,041	\$ 36,259,793	\$ 45,042,587

Note 1:

Miscellaneous income for the fiscal year ended June 30, 2018 represents fees from the Probation Department for the use of the Jail Hospital Information System (JHIS) maintained by the LASD. This amount was in turn used for the maintenance of the JHIS. During the fiscal year 2018-2019, the maintenance of the JHIS was transferred to the County's Health Department. Thus, no fee revenues were received from the Probation Department in fiscal years ended June 30, 2019, 2020, and 2021.

Hobby Craft Revenues

	Grand Total	2018	2019	2020	2021
Jail Enterprise-Hobby Craft (net of sales tax)	\$ 128,803	\$ 54,443	\$ 60,467	\$ 11,913	\$ 1,980
Less, 10% should be deposited to IWF	(12,880)	(5,444)	(6,047)	(1,191)	(1,980)
Amount for Transfer to General Fund	\$ 115,923	\$ 48,999	\$ 54,420	\$ 10,722	\$ -

Note 2:

Starting fiscal year 2020-2021, only 10% of the hobby craft revenue was deposited to the IWF. The remaining 90% of revenue was deposited to the general fund.

Revenues Not Falling Under Penal Code Section 4025

	Grand Total	2018	2019	2020	2021
Meal Program- Probation Inmates	\$ 295,206	\$ 295,206	\$ -	\$ -	\$ -
Visitors' Lockers	21,736	10,661	9,106	1,969	-
	\$ 316,942	\$ 305,867	\$ 9,106	\$ 1,969	\$ -

Note 3:

Starting fiscal year 2018-2019, revenue from the meal program-probation inmates was no longer deposited to the IWF, and starting fiscal year 2020-2021, revenue from the visitors' lockers was no longer deposited to the IWF. These revenues were instead deposited to the general fund.

	Grand Total	2018	2019	2020	2021
Expenditures					
Program:					
Transfers-out	\$ 37,073,144	\$ 8,394,155	\$ 9,618,470	\$ 9,762,656	\$ 9,297,862
Special department expense	28,867,264	160,372	10,005,001	10,672,575	8,029,316
Technical services	15,303,766	5,530,589	6,484,495	3,279,343	9,339
Clothing and personal supplies	7,350,428	5,186,192	1,106,893	599,923	457,420
Food	5,812,450	5,717,755	94,695	-	-
Professional services	2,390,616	963,180	769,168	622,032	36,236
Office expenses	1,353,527	372,306	503,900	476,529	791
Communications	589,366	135,625	144,685	143,001	166,056
Memberships	339,076	576	424	-	338,076
Equipment	288,573	-	262,785	25,787	-
Telecommunications	245,772	118,154	79,721	20,485	27,412
Computing-Midrange	200,677	-	98,371	102,306	-
Administrative services	180,328	362	102,062	77,673	231
Maintenance-building and improvements	137,695	45,395	61,525	30,241	533
Small tools and minor equipment	98,740	29,028	38,915	28,349	2,448
Household expenses	86,433	30,370	31,726	10,990	13,346
Maintenance-equipment	82,442	28,256	26,640	27,546	-
Transportation and travel	75,876	33,096	17,928	24,752	100
Computing mainframe	67,610	12,341	38,139	17,129	-
Computing personal	57,272	12,335	22,438	11,041	11,458
Rents and leases – equipment	49,896	18,081	18,259	12,657	898
Training	3,614	1,893	1,721	-	-
Medical, dental and laboratory supplies	2,456	652	451	1,353	-
Miscellaneous	471,009	64,641	148,038	140,842	117,488
Total Program Expenditures	101,128,030	26,855,357	29,676,449	26,087,213	18,509,010

Expenditures	Grand Total	2018	2019	2020	2021
Facilities Maintenance:					
Transfers-out	\$ 9,976,530	\$ 4,662,000	\$ 5,314,530	\$ -	\$ -
Special department expense	9,833,586	159,337	468,389	974,131	8,231,729
Administrative services	6,875,681	2,249,230	2,209,786	1,192,247	1,224,418
Maintenance-building and improvements	6,235,292	1,186,948	1,670,651	1,336,228	2,041,465
Computing mainframe	2,561,499	2,561,499	-	44,696	(44,696)
Maintenance-equipment	1,455,286	59,401	193,218	664,108	538,559
Small tools and minor equipment	1,293,851	196,207	281,718	360,960	454,965
Professional services	1,269,138	648,241	338,042	278,335	4,520
Technical services	787,297	162,557	247,565	138,370	238,804
Rents and leases - equipment	609,900	501,960	89,077	4,900	13,963
Clothing and personal supplies	422,418	-	422,418	-	-
Telecommunications	392,902	91,695	189,201	69,632	42,374
Equipment	339,160	-	20,325	32,152	286,683
Computing-Midrange	303,909	-	-	-	303,909
Information technology services	147,146	147,146	-	-	-
Food	90,982	-	90,982	-	-
Transportation and travel	56,547	8,022	6,403	18,553	23,569
Household expenses	49,609	20,369	6,527	8,631	14,083
Communications	32,923	-	-	-	32,923
Computing personal	12,883	-	-	-	12,883
Office expenses	12,077	1,385	1,448	-	9,244
Medical, dental and laboratory supplies	7,042	-	2,185	4,857	-
Total Facilities Maintenance	42,765,658	12,655,997	11,552,466	5,127,800	13,429,395
Grand Total	\$ 143,893,688	\$ 39,511,354	\$ 41,228,916	\$ 31,215,013	\$ 31,938,405
Percentage to Total Expenditures					
Program	70%	68%	72%	84%	58%
Facilities maintenance	30%	32%	28%	16%	42%
	100%	100%	100%	100%	100%

Note on transfers-out:

Transfers-out represent LASD's IWF personnel salaries and benefits paid by the County's General Fund and reimbursed by the IWF. For fiscal years 2019-2020 and 2020-2021, LASD's management decided not to reimburse the General Fund for the salaries and benefits directly related to IWF Facilities Maintenance because of the potential financial uncertainty of reduced IWF revenues resulting from: 1) State legislation Senate Bill 555 that would cap telephone and other service rates prohibiting communication providers from imposing and collecting specified fees, and 2) LA County's recent efforts to potentially reduce the amount of IWF revenue that support programming and facility maintenance needs.

County of Los Angeles Sheriff's Department Inmate Welfare Fund

Compliance Audit With Independent Auditor's Report

For the Fiscal Years Ended June 30, 2021, 2020, 2019, and 2018



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**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
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COMPLIANCE AUDIT
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

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We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Penal Code Section 4025* and applicable laws and regulations for the fiscal years ended June 30, 2021, 2020, 2019, and 2018. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Inmate Welfare Fund occurred. A compliance audit includes examining, on a test basis, evidence about LASD's compliance with those requirements and performing other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination of LASD's compliance with those requirements.

Opinion

In our opinion, except for the effects of the non-compliance matters discussed in the summary of compliance requirements and audit findings and questioned costs, LASD complied, in all material respects, with the compliance requirements applicable to the Inmate Welfare Fund prescribed in the *California Penal Code Section 4025* and applicable laws and regulations for the fiscal years ended June 30, 2021, 2020, 2019, and 2018.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California
November 10, 2021

**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
INMATE WELFARE FUND
COMPLIANCE AUDIT**

**SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
(a) The sheriff of each county may establish, maintain and operate a store in connection with the county jail and for this purpose may purchase confectionery, tobacco and tobacco users' supplies, postage and writing materials, and toilet articles and supplies and sell these goods, articles, and supplies for cash to inmates in the jail.	LASD is in compliance with this requirement. No audit findings noted.
(b) The sales prices of the articles offered for sale at the store shall be fixed by the sheriff. Any profit shall be deposited in an inmate welfare fund to be kept in the treasury of the county.	LASD is in compliance with this requirement. No audit findings noted.
(c) There shall also be deposited in the inmate welfare fund 10% of all gross sales of inmates' hobby craft.	<p><u>Condition:</u> LASD is partially in compliance with this requirement. We noted that 100% of the inmate hobby craft gross sales were deposited to the Inmate Welfare Fund (IWF). If this compliance requirement was strictly implemented, the 90% of the gross sales of inmates' hobby craft should not have been deposited to the IWF, but to the General Fund.</p> <p><u>Cause:</u> LASD's interpretation of this compliance requirement was that 100% of the sales proceeds of the inmates' hobby craft should be deposited to the IWF. However, County Counsel provided a legal opinion that only 10% of the hobby craft sales proceeds should be deposited into the IWF and the remainder into the General Fund.</p> <p><u>Non-Penal Code Section 4025 Revenues:</u> The calculated 90% of the gross sales from inmates' hobby craft for the fiscal years ended June 30, 2018 through 2021 (last four fiscal</p>

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Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
	<p>years) was \$115,923 (net of applicable sales tax) and this amount should have not been deposited to the IWF, as summarized in Schedule I of this report.</p> <p><u>Recommendation:</u> We recommend that the 90% of the sales proceeds from inmates' hobby craft, which is \$115,923 for the last four fiscal years (2018 through 2021) be transferred from the IWF to the General Fund.</p> <p><u>LASD Management's Response:</u> LASD is in agreement with this recommendation. The Department will collaborate with BCA to verify the estimated transfer amounts. Implementation is anticipated by June 2022.</p>
<p>(d) There shall be deposited in the inmate welfare fund any money, refund, rebate, or commission received from a telephone company or pay telephone provider when the money, refund, rebate, or commission is attributable to the use of pay telephones which are primarily used by inmates while incarcerated.</p>	<p><u>Condition:</u> LASD partially complied with this requirement. We noted that revenues from the Visitors' Lockers and Meal Program for the probation inmates for the last four fiscal years (2018 through 2021), which are not Penal Code Section 4025 revenue sources, were deposited to the IWF. These revenues should have been deposited to the General Fund.</p> <p><u>Cause:</u> The LASD's interpretation of this compliance requirement was that the revenues from the Visitors' Lockers and Meal Program for the probation inmates were to be deposited to the IWF. However, County Counsel ruled that revenues from the Visitors' Lockers and Meal Program should be deposited to the General Fund.</p>

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FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
	<p><u>Non-Penal Code Section 4025 Revenues:</u> The revenues for the last four fiscal years (2018 through 2021) from Visitors' Lockers (\$21,736) and Meal Program (\$295,206) for the probation inmates that should have not been deposited to the IWF are as summarized in Schedule I.</p> <p><u>Recommendation:</u> We recommend that the revenues from Visitors' Lockers of \$21,736 and Meal Program of \$295,206 for the probation inmates for the last four fiscal years (2018 through 2021) be transferred from the IWF to the General Fund.</p> <p><u>LASD Management's Response:</u> LASD is in agreement with this recommendation. The Department will collaborate with BCA to verify the estimated transfer amounts. Implementation is anticipated by June 2022.</p>
<p>(e) The money and property deposited in the inmate welfare fund shall be expended by the sheriff primarily for the benefit, education, and welfare of the inmates confined within the jail. Any funds that are not needed for the welfare of the inmates may be expended for the maintenance of county jail facilities. Maintenance of county jail facilities may include, but is not limited to, the salary and benefits of personnel used in the programs to benefit the inmates, including, but not limited to, education, drug and alcohol treatment, welfare, library, accounting, and other programs deemed appropriate by the sheriff. Inmate welfare funds shall not be used to pay required county expenses of confining inmates in a local detention system, such as meals, clothing, housing, or medical services or</p>	<p><u>Condition:</u> The LASD did not submit an itemized report of IWF expenditures to the County Board of Supervisors for the fiscal years ended June 30, 2018, 2019, 2020 and 2021, as required by section (e) of the Penal Code 4025. The itemized expenditures are presented in Schedule II of this report for additional reference.</p> <p><u>Cause:</u> LASD believes that they are in compliance with this requirement (see LASD management's response below.)</p>

**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
INMATE WELFARE FUND
COMPLIANCE AUDIT**

**SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
<p>expenses, except that inmate welfare funds may be used to augment those required county expenses as determined by the sheriff to be in the best interests of inmates. An itemized report of these expenditures shall be submitted annually to the Board of Supervisors.</p>	<p><u>Recommendation:</u> We recommend that the itemized expenditures be submitted annually to the Board of Supervisors in compliance with the Code. We further recommend that this annual itemized expenditures report be certified by LASD as being accurate and complete prior to its submission to the Board of Supervisors.</p> <p><u>LASD Management's Response:</u> LASD believes that they are in compliance with this requirement via the Department's submission of the special fund spending plans (submitted during the Recommended Budget phase of the County budget process) and the posting of the IWF annual budget information on the CEO's/County's budget webpage.</p> <p><u>BCA's Comments on LASD Management's Response</u> We acknowledge LASD's submission of the IWF spending plans to the CEO during the budget process and the posting of the annual budget information on the CEOs'/County webpage, however, these documents only present expenditure summary totals for Services and Supplies, Capital Assets, Other Financing Sources and Appropriation for Contingencies. These documents do not provide the required itemized listing or breakdown of actual expenditures for a particular fiscal year as required by the Code. Thus, we believe that these documents are insufficient to comply with the Code requirement for submission of itemized expenditures to the Board of Supervisors.</p>

**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
INMATE WELFARE FUND
COMPLIANCE AUDIT**

**SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
(f) The operation of a store within any other county adult detention facility which is not under the jurisdiction of the sheriff shall be governed by the provisions of this section, except that the board of supervisors shall designate the proper county official to exercise the duties otherwise allocated in this section to the sheriff.	This compliance requirement is not applicable to LASD's IWF. LASD did not operate a store within any other county adult detention facility, which is not under the jurisdiction of the LA County Sheriff.
(g) The operation of a store within any city adult detention facility shall be governed by the provisions of this section, except that city officials shall assume the respective duties otherwise outlined in this section for county officials.	This compliance requirement is not applicable to LASD's IWF. LASD did not operate a store within any other city adult detention facility, which is not under the jurisdiction of the LA County Sheriff.
(h) The treasurer may, pursuant to Article 1 (commencing with Section 53600), or Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, deposit, invest, or reinvest any part of the inmate welfare fund, in excess of that which the treasurer deems necessary for immediate use. The interest or increment accruing on these funds shall be deposited in the inmate welfare fund.	LASD is in compliance with this requirement. The IWF is part of the County's investment in pooled funds. The interest income and investment earnings from the pooled investments are allocated and deposited to the IWF.
(i) The sheriff may expend money from the inmate welfare fund to provide indigent inmates, prior to release from the county jail or any other adult detention facility under the jurisdiction of the sheriff, with essential clothing and transportation expenses within the county or, at the discretion of the sheriff, transportation to the inmate's county of residence, if the county is within the state or within 500 miles from the county of incarceration. This subdivision does not authorize expenditure of money from the	LASD is in compliance with this requirement. No audit findings noted.

**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
INMATE WELFARE FUND
COMPLIANCE AUDIT**

**SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

Compliance Requirements Under the California Penal Code Section 4025	Audit Findings and Questioned Costs
inmate welfare fund for the transfer of any inmate to the custody of any other law enforcement official or jurisdiction.	

**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
COMPLIANCE AUDIT
SCHEDULE OF INMATE WELFARE FUND REVENUES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

	Grand Total	2018	2019	2020	2021
Revenues					
Telephone Commissions	\$ 60,056,800	\$ 15,016,500	\$ 15,000,000	\$ 15,040,300	\$ 15,000,000
Commissary sales	90,659,735	20,382,582	19,560,452	20,840,004	29,876,697
Investment Income	1,524,786	463,445	532,016	365,415	163,910
Meal Program- Probation Inmates	295,206	295,206	-	-	-
Jail Enterprise-Hobby Craft (net of sales tax)	128,803	54,443	60,467	11,913	1,980
Visitors' Lockers	21,736	10,661	9,106	1,969	-
Miscellaneous (<i>Note 1</i>)	265,850	265,658	-	192	-
Total revenues	<u>\$ 152,952,916</u>	<u>\$ 36,488,495</u>	<u>\$ 35,162,041</u>	<u>\$ 36,259,793</u>	<u>\$ 45,042,587</u>

Note 1:

Miscellaneous income for the fiscal year ended June 30, 2018 represents fees from the Probation Department for the use of the Jail Hospital Information System (JHIS) maintained by the LASD. This amount was in turn used for the maintenance of the JHIS. During the fiscal year 2018-2019, the maintenance of the JHIS was transferred to the County's Health Department. Thus, no fee revenues were received from the Probation Department in fiscal years ended June 30, 2019, 2020, and 2021.

Hobby Craft Revenues

	Grand Total	2018	2019	2020	2021
Jail Enterprise-Hobby Craft (net of sales tax)	\$ 128,803	\$ 54,443	\$ 60,467	\$ 11,913	\$ 1,980
Less, 10% should be deposited to IWF	(12,880)	(5,444)	(6,047)	(1,191)	(1,980)
Amount for Transfer to General Fund	<u>\$ 115,923</u>	<u>\$ 48,999</u>	<u>\$ 54,420</u>	<u>\$ 10,722</u>	<u>\$ -</u>

Note 2:

Starting fiscal year 2020-2021, only 10% of the hobby craft revenue was deposited to the IWF. The remaining 90% of revenue was deposited to the general fund.

Revenues Not Falling Under Penal Code Section 4025

	Grand Total	2018	2019	2020	2021
Meal Program- Probation Inmates	\$ 295,206	\$ 295,206	\$ -	\$ -	\$ -
Visitors' Lockers	21,736	10,661	9,106	1,969	-
	<u>\$ 316,942</u>	<u>\$ 305,867</u>	<u>\$ 9,106</u>	<u>\$ 1,969</u>	<u>\$ -</u>

Note 3:

Starting fiscal year 2018-2019, revenue from the meal program-probation inmates was no longer deposited to the IWF, and starting fiscal year 2020-2021, revenue from the visitors' lockers was no longer deposited to the IWF. These revenues were instead deposited to the general fund.

**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
COMPLIANCE AUDIT
SCHEDULE OF INMATE WELFARE FUND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

	<u>Grand Total</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenditures					
Program:					
Transfers-out	\$ 37,073,144	\$ 8,394,155	\$ 9,618,470	\$ 9,762,656	\$ 9,297,862
Special department expense	28,867,264	160,372	10,005,001	10,672,575	8,029,316
Technical services	15,303,766	5,530,589	6,484,495	3,279,343	9,339
Clothing and personal supplies	7,350,428	5,186,192	1,106,893	599,923	457,420
Food	5,812,450	5,717,755	94,695	-	-
Professional services	2,390,616	963,180	769,168	622,032	36,236
Office expenses	1,353,527	372,306	503,900	476,529	791
Communications	589,366	135,625	144,685	143,001	166,056
Memberships	339,076	576	424	-	338,076
Equipment	288,573	-	262,785	25,787	-
Telecommunications	245,772	118,154	79,721	20,485	27,412
Computing-Midrange	200,677	-	98,371	102,306	-
Administrative services	180,328	362	102,062	77,673	231
Maintenance-building and improvements	137,695	45,395	61,525	30,241	533
Small tools and minor equipment	98,740	29,028	38,915	28,349	2,448
Household expenses	86,433	30,370	31,726	10,990	13,346
Maintenance-equipment	82,442	28,256	26,640	27,546	-
Transportation and travel	75,876	33,096	17,928	24,752	100
Computing mainframe	67,610	12,341	38,139	17,129	-
Computing personal	57,272	12,335	22,438	11,041	11,458
Rents and leases – equipment	49,896	18,081	18,259	12,657	898
Training	3,614	1,893	1,721	-	-
Medical, dental and laboratory supplies	2,456	652	451	1,353	-
Miscellaneous	471,009	64,641	148,038	140,842	117,488
Total Program Expenditures	101,128,030	26,855,357	29,676,449	26,087,213	18,509,010

**COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
COMPLIANCE AUDIT
SCHEDULE OF INMATE WELFARE FUND EXPENDITURES (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2020, 2019, AND 2018**

Expenditures	Grand Total	2018	2019	2020	2021
Facilities Maintenance:					
Transfers-out	\$ 9,976,530	\$ 4,662,000	\$ 5,314,530	\$ -	\$ -
Special department expense	9,833,586	159,337	468,389	974,131	8,231,729
Administrative services	6,875,681	2,249,230	2,209,786	1,192,247	1,224,418
Maintenance-building and improvements	6,235,292	1,186,948	1,670,651	1,336,228	2,041,465
Computing mainframe	2,561,499	2,561,499	-	44,696	(44,696)
Maintenance-equipment	1,455,286	59,401	193,218	664,108	538,559
Small tools and minor equipment	1,293,851	196,207	281,718	360,960	454,965
Professional services	1,269,138	648,241	338,042	278,335	4,520
Technical services	787,297	162,557	247,565	138,370	238,804
Rents and leases – equipment	609,900	501,960	89,077	4,900	13,963
Clothing and personal supplies	422,418	-	422,418	-	-
Telecommunications	392,902	91,695	189,201	69,632	42,374
Equipment	339,160	-	20,325	32,152	286,683
Computing-Midrange	303,909	-	-	-	303,909
Information technology services	147,146	147,146	-	-	-
Food	90,982	-	90,982	-	-
Transportation and travel	56,547	8,022	6,403	18,553	23,569
Household expenses	49,609	20,369	6,527	8,631	14,083
Communications	32,923	-	-	-	32,923
Computing personal	12,883	-	-	-	12,883
Office expenses	12,077	1,385	1,448	-	9,244
Medical, dental and laboratory supplies	7,042	-	2,185	4,857	-
Total Facilities Maintenance	42,765,658	12,655,997	11,552,466	5,127,800	13,429,395
Grand Total	\$ 143,893,688	\$ 39,511,354	\$ 41,228,916	\$ 31,215,013	\$ 31,938,405
Percentage to Total Expenditures					
Program	70%	68%	72%	84%	58%
Facilities maintenance	30%	32%	28%	16%	42%
	100%	100%	100%	100%	100%

Note on transfers-out:

Transfers-out represent LASD's IWF personnel salaries and benefits paid by the County's General Fund and reimbursed by the IWF. For fiscal years 2019-2020 and 2020-2021, LASD's management decided not to reimburse the General Fund for the salaries and benefits directly related to IWF Facilities Maintenance because of the potential financial uncertainty of reduced IWF revenues resulting from: 1) State legislation Senate Bill 555 that would cap telephone and other service rates prohibiting communication providers from imposing and collecting specified fees, and 2) LA County's recent efforts to potentially reduce the amount of IWF revenue that support programming and facility maintenance needs.