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[CLICK HERE FOR THE AUDITOR-CONTROLLER'S REPORT DATED OCTOBER 6, 2021](#)

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County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

SELWYN HOLLINS
Director

"Trusted Partner and Provider of Choice"

Telephone: (323) 267-2101
FAX: (323) 264-7135

August 18, 2021

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

From: Selwyn Hollins  for,
Director

REMOVING FINANCIAL BURDENS FOR FAMILIES: PROVIDING FREE TELEPHONE CALLS AND ELIMINATING PROFITS AND MARK-UPS ON COMMISSARY ITEMS IN THE LOS ANGELES COUNTY JAILS AND JUVENILE CAMPS AND HALLS (ITEM #13, AGENDA OF MAY 18, 2021)

On May 18, 2021, the County of Los Angeles (County) Board of Supervisors (Board) adopted a motion, as revised and submitted by Supervisor Solis, directing specific County Departments to submit a report back to the Board as follows:

1. The Internal Services Department (ISD), the Chief Executive Office (CEO), in collaboration with the Sheriff's Department (Sheriff), the Office of Inspector General, and other relevant Departments to address the following directives and report back to the Board in writing in 90 days:
 - a. Fiscal impact of making telephone calls from Los Angeles County jails and the Probation Department's (Probation) camps and halls at no cost to people in custody and their support network.
 - b. Other no-cost telephone call options for people in custody, like Voice over Internet Protocol (VoIP).
 - c. Analysis of policy changes in other jurisdictions, including those of San Francisco and San Diego regarding no-cost telephone calls in the jails, and applicability to Los Angeles County.
 - d. The annual amount of revenue generated by the Sheriff from telephone fees for the fiscal years (FY) 2017-18, 2018-19, 2019-20, and 2020-21.

- e. Fiscal impact of offering commissary and vending machine items at cost to people in custody in the County jails, camps, and halls.
 - f. The annual amount of revenue that the Sheriff has generated from commissary and vending machine items mark-ups and profits for FY 2017-18, 2018-19, 2019-20, and 2020-21.
 - g. Recommendations on how Los Angeles County can provide no-cost calls to people in custody, including an analysis of moving to a fixed-rate contract.
 - h. Recommendations on how Los Angeles County can offer commissary and vending machine items at cost to people in custody.
 - i. An itemized statement of the Sheriff's expenditures of Inmate Welfare Fund revenues on "maintenance of county jail facilities" (as defined in California Penal Code 4025), including a description of each expenditure and the amount allocated.
2. The CEO and the Auditor-Controller (A-C) to perform a financial and compliance audit of the Inmate Welfare Fund covering FYs 2017-18, 2018-19, 2019-20, and 2020-21, and report back to the Board in writing in 120 days. The CEO and the A-C will provide a separate response to this directive.
 3. ISD, the CEO, the Office of County Counsel (County Counsel) with the Sheriff and Chief Probation Officer to report back to the Board in 90 days with a scope of work draft and other relevant Request for Proposals (RFP) language to help ensure that the County contracts for phone or tablet services to be provided at no cost to justice involved population and their families.
 4. The CEO and County Counsel to include in their report back to the Board in 90 days whether the Board can use the budget process to make adjustments and enter into contracts to allow free phone calls to inmates with funds allocated through the Sheriff's budget, and whether the Board can assert additional authority over the Inmate Welfare Fund (IWF).

This report addresses directive number one (1) above to the Directors of the ISD, and the CEO, in collaboration with the Sheriff, the Office of Inspector General and other relevant Departments, concerning the fiscal impact of providing no-cost telephone services to the justice involved population and their families, as well as providing commissary items at cost, with a report back due to your Board in 90 days. Directive number three (3) pertaining to the solicitation process for telephone services will be reported back to your Board separately by October 18, 2021.

Definitions

This report was prepared based on the definitions of the following terms:

AT COST: The price for goods or services, negotiated between the contractor and the County without a commission or other markup added by the County, that is charged to the justice involved population by the contractor.

CUSTODY FACILITY: Includes jails, juvenile camps, juvenile halls, Sheriff's station jails, and/or courthouse lockups.

JUSTICE INVOLVED POPULATION: Persons in custody and/or housed within a custody facility.

MARK-UP: The margin [or difference] between "at cost" and the amount charged to the justice involved population for commissary and vending machine items.

NO-COST: Goods or services for which the contractor is paid a negotiated price directly by the County and there is no charge to the justice involved population.

Background

Current Environment

Telephone Services at County Custody Facilities:

In addition to patrol station jails and courthouse lockups, the Sheriff operates seven separate adult custody facilities housing an average daily population ranging from 15,000 to 17,000, and Probation operates five juvenile camps and two halls with a current population of 390. The Sheriff contracts for telephone services within the custody facilities, with each minute costing \$0.25 for all Intrastate Calls, \$0.25 for Interstate (Collect) Calls, and \$0.21 for Interstate (Debit Account/Cardless) and Pre-Paid Account Calls. In May 2020, the Sheriff was able to secure one free five-minute COVID-19 courtesy call per justice involved person each week. The courtesy calls are due to conclude when the contract expires on October 31, 2021.

Commissary Services at County Custody Facilities:

The Sheriff's currently contracts with two separate vendors for commissary and for vending machine services for the seven custody facilities located throughout the County. The Sheriff's commissary services contract provides the justice involved population with

an opportunity to purchase a variety of commissary-style goods on a weekly basis. These service contracts generate revenue that is deposited into the Inmate Welfare Fund (IWF) and spent on rehabilitative programming, education, and other services provided for the benefit of the County's justice involved population. The existing contracts limits the prices charged by the vendors to be equal to or less than prices charged in the local retail marketplace. There is no express or implied "mark-up" charged by the vendors, the Sheriff's, or the County beyond the retail market price of the goods. Additionally, the Sheriff's vending services contract provides debit card vending machines that utilize RFID technologies, and which are made available to the justice involved population to purchase commissary-style goods at any time.

Market Survey and Results

To provide a thorough and comprehensive report back to the Board, on June 14, 2021, ISD released a *Removing Financial Burden for Families* Request for Information (RFI). The purpose of the RFI was to obtain information from firms that can provide telephone services (or other telephone call options) and/or commissary services for the justice involved population (and their families) and to enhance rehabilitative outcomes for these individuals. The RFI requested firms address specific questions which included identifying recommended approaches to providing the requested services, any limitations and restrictions, specific costs, and list cities for which they currently provide similar services.

Below is a list of firms that responded to the RFI.

No.	Firms	Type of Services Offered
1.	GTL (bought PCS- the current LA County Sheriff provider)	Telephone and Commissary Partner such as Keefe or Aramark
2.	Keefe Group (bought phone company ICSolutions)	Telephone and Commissary
3.	Network Communications International Corp., DBA NCIC Inmate Communications	Telephone and Commissary Partner
4.	Securus Technologies, LLC.	Telephone and Commissary Partner
5.	T-Mobile	Cell Phones only

Summary of Responses

- **Phone Call Costs** - The firms recommended phone call cost options which included providing minute restricted calls (i.e., five minutes) per justice involved person per week at no cost, fixed monthly rate per minute based on actual usage, and fixed monthly rate per device per month.
- **Mobile Devices** - One firm indicated that tablets would be at an additional cost per device per month, while another stated that tablets would be at no additional cost. The two other firms stated that tablets will be supported with no additional details, and the remaining firm had no response.
- **Commissary Services** - The Keefe Group indicated they are the current provider for County's custody facilities. If revenue sharing with the County is reduced or eliminated, the price to justice involved persons will be reduced. One firm did not provide a response while the other three firms stated they would partner with a company to provide this service.

After analyzing the RFI responses, conducting the market research and consulting with the relevant departments, the following data, information and recommendations are provided to address the nine directives outlined in this motion.

1a: Fiscal Impact of Making Telephone Calls from Los Angeles County Jails and the Probation Department's Camps and Halls at No Cost to People in Custody and Their Support Network

Through Board-approved delegated authority, the Sheriff currently contracts with Public Communications Services, Inc. (PCS) for telephone services for the justice involved population in custody facilities. The contract is revenue-generating. The revenue is deposited into the Sheriff's IWF to support inmate educational programs, vocational training, and other services as indicated in the revenue and expenditure documents provided by the Sheriff and attached hereto as Exhibit A, IWF Spending Plan. The County's commission is 67.5 percent of the Total Billable Amount, or a Minimum Annual Guarantee (MAG) of \$15 million for the Sheriff and a MAG of \$59,000 for Probation, whichever is greater, for each year of the Agreement, and deposited into the Sheriff's IWF.

If the County ultimately decides to relieve its justice involved population (and their families/loved ones) of the financial burdens associated with the cost of making telephone calls from the County's custody facilities and authorize implementation of telephone calls at a no cost model, then the Sheriff's IWF will no longer receive the approximate

\$15.0 million MAG. As such, the loss of the \$15.0 million MAG may necessitate a County-led assessment of potential funding options to support the programs dependent upon existing telephone revenue. The following are the potential impacts of the loss of telephone revenue:

- Elimination of rehabilitative programming, education, and services for the benefit of the County's justice involved population;
- Deferral or suspension of jail facility modifications/improvements necessary to support the successful provision of the aforementioned programming/education;
- Diminishment of budgeted positions and County employment opportunities that are directly responsible for facilitating the custody programming and services for the benefit of the County's justice involved population;
- Substantial one-time and ongoing technology/equipment and infrastructure costs resulting from increased call volumes throughout the County's custody facilities.

In response to item 1c of this motion, a discussion was convened with representatives from the City and County of San Francisco, including members of the San Francisco Sheriff's Office. Effective August 1, 2020, the City and County of San Francisco made domestic and international phone calls from its County custody facilities, and video visitation at designated terminals, free for the justice involved population and their families. The Welfare Services Program fund, which was strictly used for programs benefiting the justice involved population, is now 80% funded by the Mayor's Office, and 20% funded by the San Francisco Sheriff's Office reallocation of funding from within their departmental budget.

San Francisco shared their experiences and statistics and stated the call volume amongst their justice involved population increased by approximately 50 percent subsequent to converting to a no-cost call model. San Francisco's justice-involved population is approximately 700-800, which is roughly 5 percent of Los Angeles County's current average daily population of approximately 15,000.

If the justice involved population no-cost call model results in the need for increased County investments in technology/equipment and infrastructure to meet the call demands similar to those experienced by San Francisco, this will be an added cost/obligation that the County will need to address. The Sheriff does not believe it has the ability to absorb the additional costs within its existing budget. Given the unknown nature of the full impact a potential increased call volume will have on related technology, equipment, personnel, and infrastructure needs, the County's workgroup recommends that these potential costs (one-time and ongoing) be further assessed.

Recommendations:

If a no-cost custody telephone call model is implemented, the County should consider the following recommendations:

- A. Explore alternative funding options for the loss of telephone revenue to ensure the ongoing ability to provide vital rehabilitative and family connectivity and community reentry programs.
- B. Convene a work group to assess the impact on existing capacity to handle the technological and financial needs.

In addition to the loss of the MAG, the County would also incur the cost associated with providing free phone services to the justice involved population. Due to the anticipated increase in phone usage, if San Francisco has approximately 700-800 in justice involved population and required \$1 million in funding, then the corresponding costs for Los Angeles County is estimated roughly over \$18 million. More precise costs will need to be obtained through the RFP process.

Probation moved to free telephone calls for youth as reductions in family visiting were necessarily implemented due to the emergence of the COVID-19 pandemic. Probation's experience since then supports their conclusion and current practice that all youth calls will remain free.

Probation believes offering exclusively free calls elevates youth and family connectivity and serves as a vital component of enhancing youth readiness for community reentry and as such, Probation agrees to do away with collect call phones, and the department can absorb the revenue reduction within their existing appropriation.

1b: Other No Cost Telephone Call Options for People in Custody, like Voice Over Internet Protocol (VoIP)

The Sheriff concurs with Probation and the other members of the County workgroup that there are several other options for the County to consider/pursue that will help enhance and support the communication needs of the County's justice involved population. The Sheriff recommends that the County consider all potential options and that whatever options are ultimately pursued including, but not limited to, the introduction of tablets and voice over internet protocol (VoIP) communication within the County's jail facilities that the County carefully consider both the necessary safety protocols (that will need to accompany this technology) and the existing infrastructure capabilities/needs of the County's custody facilities. The Sheriff agrees that the potential benefits of enhanced

and no-cost communication mediums amongst the County's justice involved population (and their families/loved ones) may result in priceless, long-lasting benefits/outcomes for this population, as well as the County; however, the County must also ensure that these options are pursued in a safe and secure manner with a dedicated, sustainable/ongoing funding commitment from the County.

Probation is utilizing iPhones and tablet devices within custody facilities to connect youth with family members and community service providers. These calls are free of charge.

Other no-cost telephone call options for people in custody include:

1. **Voice over Internet Protocol (VoIP – computer internet calling services through the County's existing AT&T contract.** Voice over Internet Protocol (VoIP), is a technology that allows a person to make voice calls using a broadband internet connection instead of a regular (or analog) phone line. A broadband (high speed Internet) connection is required, and some VoIP services do not work during power outages. This solution would require the County to procure new devices and upgrade the County facilities network and security infrastructure. Communications connections would need to be accessed through the Sheriff's Data Network or be permitted to be accessed through an alternate network such as a vendor data network.
2. **Application calling services through tablets, iPads, desktop computers, and laptops.** Mobile devices and desktop computers can include a phone dialer that enables secure inmate calling. Mobile devices can also offer additional communication options including email/text messaging and other inmate self-service tools such as educational resources, commissary ordering, grievance, forms, sick call, and law library access. Security issues should be considered such as whether to connect to a secure in-facility intranet system and whether to block access to outside internet content. This solution would require the County to procure new devices and upgrade the County facilities network and security infrastructure. Communications connections would need to be accessed through the Sheriff's Data network or be permitted to be accessed through an alternate network such as a vendor data network. The approximate pricing for this solution is as follows: iPad Gen 8 32GB cost of \$459.99 per device plus a monthly unlimited data plan of \$19.74 per month per device.
3. **Video conferencing services platforms such as Microsoft Teams, Zoom, WebEx, Skype, etc.** Remote video visitation provides an alternative to face-to-face visits in which participants typically are separated by panes of glass. In addition to speaking to family members and friends, virtual visits can also be

applied to visits with healthcare and mental health providers, to court appearances thereby eliminating travel costs, and to private and secure inmate and lawyer meetings. A broadband high-speed internet connection is required and in some cases software related issues can cause interruptions. This solution would require the County to procure new devices and upgrade the County facilities network and security infrastructure. Communications connections would need to be accessed through the Sheriff's Data Network or be permitted to be accessed through an alternate network such as a vendor data network.

Cell phone – unlimited calling plans (calls, texts, data), including free international calls to Mexico and Canada. This recommendation was proposed by one of the RFI respondents, however, California Penal Code § 4576 and 18 U.S. Code § 1791 prohibits the providing or possession by individuals housed in jails/prisons of contraband including cell phones.

1c: Analysis of Policy Changes in Other Jurisdictions, including those of San Francisco and San Diego regarding no-cost phone calls in the jails, and applicability to LA County

ISD researched policy changes in other jurisdictions regarding no-cost phone calls in the jails. Below is a summary of the findings and the applicability to the County:

San Francisco City and County

The Board of Supervisors of the consolidated City and County of San Francisco passed the "People Over Profits Ordinance" in July 2020 amending the Administrative Code - Goods or Services Contracts for Incarcerated Persons, prohibiting the City from entering into an agreement to provide goods or services to the justice involved population of a custody facility that allows the City to collect some or all of the revenue paid for those goods or services.

San Diego City and County

The Board of Supervisors (BOS) directed the Chief Administrative Office to create a board policy prohibiting San Diego County from entering into contracts for communication services that charge the justice involved population or their families, and from generating operating revenue from fees charged for communication services. In May 2021, the BOS approved a Motion making communications free, as well as Policy B-73: No Cost Communications Services for Incarcerated Persons, effective 7/1/2021.

State of California

No policy changes were made. The governor rejected a proposal by the state legislature to make telephone calls free for the justice involved population in California state custody facilities setting forth his concern that making calls free might result in insufficient funding for welfare programs and services being provided to the justice involved population in custody facilities. Instead, the California Department of Technology (CDT), in partnership with the California Department of Corrections and Rehabilitation (CDCR), entered into a new contract with GTL effective 3/19/2021, for significantly reduced national and international telephone call rates for the adult justice involved population. Phone calls remain free of charge for the youth justice involved population.

The new contract with reduced rates results in no cost to taxpayers, and the welfare programs continue to be funded with monies generated by the GTL contract.

New York City

In 2018 the City of New York passed Local Law 144 amending its Administrative Code to provide that the justice involved population shall not be charged fees for telephone calls made from its custody facilities.

State of Connecticut

In 2012 Connecticut entered into Information Processing Systems Agreement Number 10ITZ0119MA with Securus Technologies (Securus) for a term ending in 2022. Since then, the Connecticut Legislature passed SB 972 with bipartisan support, and the governor signed it into law on June 16, 2021. The justice involved population will be provided a minimum of 90 minutes per day of free calls effective 2022.

State of Illinois

Effective 1/1/2017, Illinois passed Public Act 099-0878, which, among others, amended Section 3-4-1 of the Illinois Unified Code of Corrections, codified at 730 ILCS 5/3-4-1. The amendment to the Illinois Unified Code of Corrections, which is applicable to any new or renewed "inmate calling services" contract effective 1/1/2018, prohibits vendors that provide domestic or international telephone services, from charging called parties or the justice involved population any discretionary fees. Vendor expenses are not allowed.

Applicability to the County

If a final determination is made by the Board for no-cost telephone services for the justice involved populations in custody facilities, the Board may follow San Diego's example and direct the relevant departments to develop a policy prohibiting the County from entering into contracts for communication services that charge the justice involved population or their families, and from generating operating revenue from fees charged for communication services.

1d: The Annual Amount of Revenue Generated by the Sheriff from Telephone Fees for the FYs 2017-18, 2018-19, 2019-20, and 2020-21

The amount of revenue generated for telephone services on an annual basis from the Board-approved telephone contract is approximately \$15.0 million. The following provides the actual receipts for FY 2017-18 through FY 2020-21:

- FY 2017-18: \$15,335,124
- FY 2018-19: \$15,060,468
- FY 2019-20: \$15,052,405
- FY 2020-21: \$15,001,846

It should be noted that telephone fees are a subcomponent of the phone business that are collectable by the contractor not the County.

1e: Fiscal Impact of Offering Commissary and Vending Machine Items At Cost to People in Custody in the County Jails, Camps, and Halls

Similar to the result of implementing a no-cost to the justice involved population telephone call model, should the County decide to also relieve its justice involved population (and their families/loved ones) of the financial responsibility for Board-approved revenue generation on commissary and vending machine items, the Sheriff's IWF will no longer receive the approximate \$20.0 million in gross annual revenue the commissary program generates. This proposed action may necessitate a County-led assessment of potential funding options in order to continue the important client-focused programs these funds support. The loss of this revenue and potential consequences to the County resulting from the proposed action are outlined in Section 1a Fiscal Impact of Making Telephone Calls from Los Angeles County Jails and the Probation Department's Camps and Halls at No Cost to Incarcerated Persons and Their Support Network.

During the County workgroup's communication with San Francisco, the San Francisco Sheriff's Office explained that aside from the loss of revenue/funding to their IWF, no

additional costs were realized with the reduction in mark-ups to their commissary menu items. San Francisco also shared that the challenges they foresee ahead are maintaining the continued support of their Mayor and the Board of Supervisors to fund both the existing and potentially new justice involved population programs with the city/county's General Fund resources. Whereas San Francisco experienced an increase in call volume upon moving to a no-cost telephone call model, San Francisco did not indicate whether they experienced a similar increase in the consumption of commissary items by their justice involved population after the commission was eliminated from the prices charged for the items.

Should the County decide to move forward with discontinuing commissary/vending revenue sharing and/or making these items available to its justice-involved community "at cost" the County's workgroup recommends an assessment whether or not this change would result in increased volume of commissary/vending purchases, and if so, identify the impacts this may have on the County's finances, human resources, equipment, and infrastructure. This could potentially lead to a reduction/elimination in commissary and vending features and/or services, which could ultimately have a negative impact on the wellbeing of the justice-involved population.

Recommendation:

The County should consider the following recommendation, if moving towards a model of providing commissary and vending machine items at cost to the justice involved population:

- A. Assess if the elimination of commission on commissary items would result in increased purchasing volume, and identify the impact on funding, human resources, and infrastructure.

Probation does not provide commissary services and does not currently have vending machines in any facilities. Further, snacks and sundry items (e.g., writing materials, personal care items, etc.) at the Probation custody facilities have always been provided to youths at no charge.

1f: The Annual Amount of Revenue that the LA Sheriff's Department has Generated from Commissary and Vending Machine Item Mark-Ups and Profits for Fiscal Years (FYs) 2017-18, 2018-19, 2019-20, and 2020-21

Over the last four FYs (2017-18 through 2020-21), the average amount of gross commissary revenue received and deposited annually to the Sheriff's IWF has been

approximately \$20.0 million. The following provides the actual receipts for FY 2017-18 through 2020-21:

- FY 2017-18: \$20,697,773
- FY 2018-19: \$19,888,587
- FY 2019-20: \$21,200,931
- FY 2020-21: \$29,179,647

Regarding the above dollar amounts, over fifty percent are paid to the commissary and vending services contractors per the terms of the Board-approved contracts. As such, less than half of each the above amounts remain in the IWF and are available for the County's justice involved population. In addition to the gross revenue deposited to the Sheriff's IWF, it should be noted that over the last four fiscal years these revenues have generated approximately \$0.5 million in interest that have also been deposited to the IWF to support the benefits and needs of the County's justice involved population.

1g: Recommendations on How LA County can Provide No-Cost Calls to People in Custody, Including an Analysis of Moving to a Fixed-Rate Contract

Based on the analysis conducted on how the County can provide no-cost calls to the justice involved population, the County workgroup's recommendations on contracting options are as follows:

1. Telephone Services through Fixed Monthly Cost per Device Payment Structure Contract:

Based on the San Francisco model, the County can provide no-cost telephone calls to the justice involved population by requiring the Contractor to provide the services based on a fixed monthly per-device lease cost structure contract paid by the County. The services will include without limitation, furnishing, installation, operation and maintenance of the inmate telephones, visitor telephones, and related equipment. The Contractor would be required, without expense to County beyond a monthly per-device lease cost, to include all labor, materials, equipment, actions and other requirements to enable the justice involved population housed at the custody facilities to complete, without limitation, unlimited free local, long distance and/or international calls. In addition, fixed device pricing will allow the County to modify device counts as needed resulting in cost effectiveness.

Additional rate structure options for consideration are as follows:

- A. Fixed monthly fee per inmate, unlimited calling plans
 - B. Fixed rate monthly fees per minute, rates to be established based on justice involved population
2. Telephone and Video Conferencing Services through Fixed Monthly Cost per Device and per license Payment Structure Contract:

The County can provide no-cost telephone calls and video conferencing (remote video visitation capabilities) to the justice involved population by requiring the Contractor to provide the services based on a fixed monthly per-device lease cost paid by the County (tablets/iPads and phone services). The services would include without limitation, furnishing, installation, operation and maintenance of the telephones, visitor telephones, video visitation devices (tablets and/or iPads) and related equipment. The Contractor would, without expense to County beyond a monthly per-device lease cost, include all labor, materials, equipment, data circuits, wiring, network connection services, labor, hardware and software, and other requirements to enable the justice involved population at the custody facilities to complete, without limitation, unlimited free local, long distance and/or international calls and video visitation. In addition, fixed device lease pricing will allow the County to modify device counts as needed resulting in cost effectiveness. It is important to note that the recommendations for a no-cost telephone service are not currently funded within the Sheriff's budget.

Both options would include the development of a tablet infrastructure. If these were pursued, the County would need to determine the additional services (games, movies, music, etc.) chosen to implement along with the cost model for providing these services to the justice involved population.

1h: Recommendations on How LA County can Offer Commissary and Vending Machine Items at Cost to People in Custody

Two respondents to the RFI indicated that they could provide commissary and vending machine items to people in custody, which were Keefe Group and Securus Technologies, LLC. The recommendations are as follows:

- 1. Keefe Group can provide the hardware, banking interface, software and labor for delivery and vending replenishment at no cost to the County for a period agreed upon by the County and Keefe Group. Keefe has a wide selection of items to

include in the commissary and vending operation that can be offered on the County's current menu or a separate menu of items. Under this option, the cost of commissary and vending machine items would be tied directly to the commission paid to the County. Reducing or eliminating the commission enables lower pricing to those in custody. As noted above, reducing or eliminating the commission impacts the Sheriff's ability to provide beneficial services to the justice involved population.

2. Securus Technologies, LLC, subcontracts with commissary and vending machine vendors and assists in streamlining the ordering process, reducing the staff time involved in processing the orders, with direct interfaces to commissary vendors. Under this option, ordering applications can be placed on Securus devices at no additional cost to the County. This includes ordering via telephone or via visible menu on tablets or multi-function devices. This option does not include costs associated with the commissary and vending machine items as this option is for the application of ordering only.

Notwithstanding the representations made by the respondents to the RFI, there is no certainty that the elimination of the shared revenues deposited to the IWF will result in a proportional reduction in the price charged to the justice involved population. Future prices charged will be subject to a competitive RFP for both the commissary/vending items and the associated services needed to comprehensively support the County's operations.

1i: An Itemized Statement of the Sheriff Department's expenditures of IWF Expenditure Revenues on "Maintenance of County Jail Facilities" (as Defined in California Penal Code 4025), Including a Description of Each Expenditure and the Amount Allocated

Facility-related expenses currently supported by the IWF, which include staffing, supplies, and equipment, indirectly provide support for the programming and educational needs of the County's justice involved population as well as assist in preserving the health, safety, and security of this population. Over the years, facility-related activities and expenses have included the installation of, or upgrades, to:

- Classrooms,
- Mezzanine guards to help reduce and/or prevent falls,
- Complaint boxes (The Sheriff's Facilities Service Bureau has built complaint boxes through the years and continues to do so when an area is discovered to be in need of one, or is destroyed)

- Outdoor recreation
- Repair of air conditioning systems, restrooms, and shower facilities

A summary report with further descriptions of the program and facility/maintenance needs supported by the IWF, including the proposed costs for FY 2021-22, is depicted on Exhibit A, IWF Spending Plan.

Additionally, the CEO and the Auditor-Controller (A-C) will be performing a financial and compliance audit of the Inmate Welfare Fund covering FYs 2017-18, 2018-19, 2019-20, and 2020-21, and report back to the Board on this item, pursuant to directive two in the Board Motion.

Conclusion

Providing no-cost telephone calls to the County's justice involved population and their families/loved ones will result in the shift of these costs from the IWF to the County and will potentially result in the reduction and/or elimination of programs and services, and maintenance of the custody facilities.

Providing "at cost" commissary and vending machine services will result in the partial or full elimination of commissary and vending machine services to the County's justice involved population. Dependent upon the availability of alternative funding streams, there may also be insufficient funding to support the overhead costs related to managing the contracts, personnel, and other associated costs.

Due to the complexity of the technical and security requirements within the multiple County locations that are included in the Statement of Work (SOW), additional time is needed to further analyze the County's network and infrastructure requirements. Additional time is also needed to properly address each of the items included in the Board motion's directive number three, specifically, to develop a draft SOW and other relevant RFP language that will help ensure that the County contracts for phone or tablet services that come at no cost to people who are incarcerated and their families to enhance rehabilitative outcomes. ISD will continue to hold workgroup meetings with the responsible departments to ensure a proper response to the Board motion directive number three by October 18, 2021.

If you have any questions, please contact me at (323) 267-2101, via email at SHollins@isd.lacounty.gov, or your staff may contact Christie Carr, of my staff at (323) 267-3101, via email at CCarr@isd.lacounty.gov.

The Honorable Board of Supervisors
August 18, 2021
Page 17

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Attachment

c: Board Justice Deputies
 Board of Supervisors, Executive Office
 Chief Executive Officer
 Auditor-Controller
 County Counsel
 Sheriff Department
 Probation Department
 Office of the Inspector General

**EXHIBIT A - Inmate Welfare Fund Spending Plan
FY 2021-22**

Line	Line Item Program Plan	Adopted Budget (Recommended)
1	Services & Supplies	
2	PROGRAM SERVICES:	
3	Transfer of funds to General Fund for fees, computer baseline, and other misc. expenses	\$ 10,000.00
4	Various business operations expenses to maintain daily operations for justice-involved population (program supplies, office supplies/equipment/other related expenses for education, etc.)	\$ 300,000.00
5	Newspaper _ justice-involved population newspapers	\$ 350,000.00
6	Cable TV / internet - justice-involved population TV programs	\$ 160,000.00
7	Metropolitan Transit Authority (MTA) - METRO tap cards for released justice-involved population to travel home	\$ 35,000.00
8	Portable toilets	\$ 1,000.00
9	Hygiene admission kits (service cost for hygiene kits)	\$ 500,000.00
10	Movie videos for justice-involved population	\$ 10,000.00
11	Clippers for justice-involved population hair cuts	\$ 7,000.00
12	Health Right 360 Gender-Responsive Rehabilitation Program for female offenders contract	\$ 300,000.00
13	Five Keys Charter Schools - education & life skills courses for justice-involved population contract	\$ 2,400,000.00
14	Phone service charges for pro-per individuals (justice-involved population to represent themselves in court)	\$ 40,000.00
15	As-needed travel and training expenses related to identifying improvements in justice-involved population programming.	\$ 11,000.00
16	Audit of the Inmate Welfare Fund	\$ 50,000.00
17	Justice-involved population Birth Certificate Program	\$ 51,000.00
18	Annual maintenance agreement for the tattoo removal machines used for justice-involved population tattoo removal program	\$ 1,000.00
19	Justice-involved population data network, iPad deployment & anticipated contingencies	\$ 655,000.00
20	Moral Reconciliation Therapy Program to provide courses to the justice-involved population to reduce antisocial thinking and behavior	\$ 8,000.00
21	Men's Central Jail (MCJ) TV's	\$ 3,000.00
22	Replace current CISCO Unified Contact Center project to improve justice-involved population visiting booking system at each jail facility	\$ 91,000.00
23	Gender Response Rehabilitation Program	\$ 800,000.00
24	Service contract with Just Detention International, Inc. for Prison Rape Elimination Act education	\$ 92,000.00
25	Overtime for tattoo removal machine for Nurses and Custody Assistants	\$ 155,000.00
26	First Class Vending contract	\$ 2,000,000.00
27	Keefe Commissary contract	\$ 12,000,000.00
28		
29	SUB-TOTAL Services & Supplies - Program	\$ 20,030,000.00
30	FACILITIES SERVICES:	
31	Installation and implementation of Jail Information Management System (SYSCON - contract)	\$ 23,000.00
32	Union Hall staff employee benefit costs	\$ 2,300,000.00
33	Internal Service Department fees for processing purchase orders	\$ 30,000.00
34	As-needed repairs and maintenance	\$ 5,500,000.00
35	Pitchess Detention Center (PDC) North glass replacement in dorms	\$ 1,000,000.00
36	Twin Towers Correctional Facility (TTCF) - heating ventilation and air conditioning (HVAC) control system	\$ 700,000.00
37	SUB-TOTAL Services & Supplies - Facilities Service	\$ 9,553,000.00
38	TOTAL Services & Supplies -IF	\$ 29,583,000.00
39	Capital Assets	
40	FACILITIES SERVICES:	
41	TTCF water system upgrade to plumbing	\$ 400,000.00
42	PDC intercom access control upgrade	\$ 296,000.00
43	MCJ toilet and pipe renovation	\$ 295,000.00
44	TOTAL Capital Assets	\$ 991,000.00
45	Other Financing Uses	
46	PROGRAM SERVICES:	
47	Education-Based Incarceration salary and employee benefits (S&EB) for 25 Employees	\$ 2,500,000.00
48	Inmate Services Unit S&EB for 25 Employees	\$ 3,200,000.00
49	Population Management / Community Transition Unit S&EB for 28 Employees	\$ 3,455,000.00
50	Jail Enterprise Unit S&EB for 2 employees	\$ 225,000.00
51	Special Funds Accounting Unit S&EB for 6 employees	\$ 300,000.00
52	Data Systems Bureau S&EB for 1 employee	\$ 200,000.00
53	SUB-TOTAL Other Financing Uses - Program	\$ 9,880,000.00
54	FACILITIES SERVICES:	
55	S&EB for Facilities Services Personnel	\$ 4,053,000.00
56	TOTAL Other Financing Uses - IF	\$ 13,933,000.00
57	Appropriation for Contingencies	
58	Appropriation for Contingencies	\$ 324,000.00
59	TOTAL Appropriation for Contingencies	\$ 324,000.00
61	TOTAL FINANCING USES	\$ 44,831,000.00



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

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ARLENE BARRERA
AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

**PETER HUGHES
KAREN LOQUET
CONNIE YEE**

September 16, 2021

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

FROM: Arlene Barrera *Arlene Barrera*
Auditor-Controller

SUBJECT: **EXTENSION REQUEST FOR 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 Inmate Welfare Fund (IWF), covering Fiscal Years 2017-18 through 2020-21 containing: a) an evaluation of the Sheriff's Department's (Sheriff or Department) usage of IWF revenues and whether expenditures complied with California Penal Code 4025, and b) an evaluation of the Sheriff's efficiency and effectiveness in reaching the IWF purpose, goals, and objectives.

To address part (a) of your directive, we requested that a private auditing firm, BCA Watson Rice LLP (BCA), conduct their routine financial and compliance audit of the IWF and issue their compliance report separately. BCA's audit is in progress, and they anticipate issuing their compliance audit report to the A-C by November 30, 2021. We will issue the results to your Board under a separate cover by December 14, 2021.

To address part (b) of your directive, we conducted follow-up reviews of two recent audit reports since the recommendations in these reports addressed the efficiency and effectiveness in reaching the IWF purpose, goals, and objectives. While we have completed this review and have drafted our written report to the Board, additional time is needed to clear the report with the appropriate parties prior to issuance. We anticipate issuing our report no later than October 6, 2021.

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

AB:OV:PH:MP:JU:jd

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
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

**PETER HUGHES
KAREN LOQUET
CONNIE YEE**

October 6, 2021

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

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 (CEO), to perform a financial and compliance audit of the Sheriff's Department's (Sheriff or Department) Inmate Welfare Fund (IWF) covering Fiscal Years (FY) 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 the 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 this request, 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 the 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. Details of these evaluations are discussed below.

Motion Directive 2.a - Compliance Review Conducted by BCA

The A-C contracted with BCA, at the request of the Sheriff, to conduct their routine financial and compliance audits of the IWF on May 10, 2021. As a result of this motion, the A-C requested that BCA conduct the compliance portion of the audit to cover FYs 2017-18 through 2020-21 and issue their audit report separately. BCA's audit is in progress, and they anticipate issuing their compliance audit report to the A-C by November 30, 2021. We will issue the results to your Board under a separate cover in December 2021.

Motion Directive 2.b – Follow-up of Prior A-C IWF Reports

As mentioned above, the A-C's evaluations consisted of two recently issued follow-up reports on the IWF to fulfill this as part of the Board motion since it contains the recommendations related to the

efficiency and effectiveness in reaching the IWF purpose, goals, and objectives. Specifically, we followed-up on the 12 Recommendations from these two prior reviews:

- Sheriff's Department – Inmate Welfare Fund Process Review issued on April 22, 2021 (7 Recommendations)
- Sheriff's Department – Inmate Welfare Fund Financial Comparison Review issued on April 28, 2021 (5 Recommendations)

As summarized in Table 1 and 2, Sheriff fully implemented four recommendations, partially implemented three recommendations, and has not implemented five recommendations.

Table 1 - Results of First Follow-up Review – INMATE WELFARE FUND PROCESS REVIEW

PRIORITY RANKINGS	TOTAL RECOS	RECOMMENDATION IMPLEMENTATION STATUS		
		FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	2	1	1	0
PRIORITY 2	5	2	2	1
PRIORITY 3	0	0	0	0
TOTAL	7	3	3	1
				4

Table 2 - Results of First Follow-up Review – INMATE WELFARE FUND FINANCIAL COMPARISON REVIEW

PRIORITY RANKINGS	TOTAL RECOS	RECOMMENDATION IMPLEMENTATION STATUS		
		FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	1	0	0	1
PRIORITY 2	4	1	0	3
PRIORITY 3	0	0	0	0
TOTAL	5	1	0	4
				4

Attachment I details our follow-ups on all 12 recommendations from both reviews, including the Department's corrective actions and the Department's justifications and/or disagreements for certain recommendations they have not implemented. In accordance with our standard procedures, we will conduct a second follow up of the outstanding Priority 1 and Priority 2 recommendations.

We thank Sheriff management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:PH: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

LOS ANGELES COUNTY AUDITOR-CONTROLLER

Attachment I
Page 1 of 6

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Mike Pirolo
DIVISION CHIEF

AUDIT DIVISION

Report #K21EK

SHERIFF'S DEPARTMENT – INMATE WELFARE FUND PROCESS REVIEW - FIRST FOLLOW-UP REVIEW

	RECOMMENDATION	A-C COMMENTS
1	<p>Priority 1 - Sheriff's Department (Sheriff or Department) management establish a process and control to ensure that the Department:</p> <p>a) Develops Key Performance Indicators (KPI) and other performance measures to track and evaluate the effectiveness of their Inmate Welfare Fund (IWF or Fund) programs.</p> <p>b) Periodically evaluates IWF inmate programs with established KPIs and other performance measures.</p> <p>Original Issue/Impact: The Department generally relied on IWF program contractors to report back their progress and results of their programs, which generally included statistics when requesting additional funding from the Sheriff. While KPIs are not required by California Penal Code (CPC) 4025, they are a best practice that assists management in determining the effectiveness of the programs. The Sheriff had \$19.4 million in net program expenditures from the IWF in Fiscal Year (FY) 2018-19.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed that Sheriff management is developing KPIs in various forms. Specifically, the Sheriff is developing a Quality Control Plan that will define parameters for individual program contractor success and a Standardized Funding Report Form that will require each contractor to define its desired outcomes and value added to the inmate population. We reviewed a draft Quality Control Plan and Standardized Funding Report showing the Sheriff's proposed KPIs.</p> <p>The Department indicated that they are not able to provide an estimated full implementation date at this time due to staffing shortages and other high priority assignments. We will review this recommendation again as part of our second follow-up.</p>
2	<p>Priority 1 - Sheriff management establish a process and control to ensure that the Department:</p> <p>a) Performs periodic IWF assessments of the overall inmate program needs and other expenditures for the direct benefit/welfare of inmates to ensure that the current allocation percentages for inmate programs and jail maintenance is appropriate.</p> <p>b) Annually evaluates and considers adjustments to the IWF allocations based on the periodic Fund assessments and evaluations.</p> <p>Original Issue/Impact: The Sheriff has historically and continues to allocate 51% of IWF revenue to inmate programs and 49% to jail maintenance. The CPC requires IWF monies to be used for the benefit, education, and welfare of inmates confined within the jail and any funds not needed for the welfare of</p>	<p>Recommendation Status: Implemented</p> <p>Sheriff management indicated that each IWF program is reviewed and approved by the Sheriff, County Counsel, and the Inmate Welfare Commission (IWC). The Sheriff has implemented a "Funding Request Form" as part of this process. In addition, the IWC reviews IWF financial information (i.e., revenue and program and maintenance expenditures) and program performance information at each of its monthly meetings to ensure funding is sufficient. We reviewed documentation of the approval process for a recently approved birth certificate program (i.e., provides inmates with birth certificates, which will assist them upon release to obtain other benefits like housing, financial assistance) and confirmed this process, and we reviewed a monthly financial</p>

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Agency's operations if corrective action is not taken.

RECOMMENDATION	A-C COMMENTS
<p>inmates may be used for jail maintenance expenditures. For FY 2018-19, the Sheriff allocated approximately \$18 million to inmate programs and \$17.2 million to jail maintenance, respectively. The lack of procedures to periodically evaluate inmate needs increases the potential that the 51% of IWF revenues allocated to inmate programs may not be sufficient to meet program funding needs.</p>	<p>information package used at an IWC monthly meeting.</p> <p>Sheriff management also indicated that they have not encountered a situation where the current IWF allocation has prevented the Sheriff from meeting their inmate program needs and that this discussion would be held if an individual program was not approved due to a lack of funding.</p>
<p>3 Priority 2 - Sheriff management establish a process to ensure that an itemized IWF expenditure report is submitted annually to the Board of Supervisors (Board).</p> <p>Original Issue/Impact: The Sheriff has an outside Certified Public Accounting firm conduct IWF financial/compliance audits, which include an itemized summary of expenditures. However, we noted the Sheriff has historically had these reviews performed biennially or less frequent, instead of annually, as required by CPC 4025 (e). In addition, as of April 2020, Sheriff's last reported itemized expenditures to the Board covered FY 2015-16.</p>	<p>Recommendation Status: Partially Implemented</p> <p>As of FY 2018-19, the Sheriff is required to prepare and provide annual spending plans to the Chief Executive Office (CEO) as part of the annual budgeting process for all special revenue funds that includes itemized expenditures. Sheriff management indicated that they are currently developing an expenditure report using these annual spending plans as the form/template since they already include the same itemized expenditure categories when reporting the budget. However, we noted that this proposed IWF expenditure report is still not submitted to the Board. Sheriff management indicated that they would work with the CEO to determine how to report this document to the Board annually.</p> <p>The Department indicated that they are not able to provide an estimated implementation date at this time due to staffing shortages and other high priority assignments. We will review this recommendation again as part of our second follow-up.</p>
<p>4 Priority 2 - Sheriff management strengthen their IWF expenditure reporting processes to ensure that Salaries and Employee Benefits (S&EB) costs are accrued throughout the fiscal year and reported to the IWC accordingly.</p> <p>Original Issue/Impact: The Sheriff accrued all their S&EB costs at the end of each fiscal year. While this does not violate CPC 4025, accounting for costs more frequently is a best practice that assists management in monitoring IWF funds.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed that the Sheriff accrues S&EB costs in the IWF quarterly. We reviewed and verified the Sheriff's transfer of S&EB costs to the IWF for the third quarter of FY 2020-21.</p>

RECOMMENDATION	A-C COMMENTS
<p>5 Priority 2 - Sheriff management develop ongoing self-monitoring processes that include:</p> <ul style="list-style-type: none"> a) Examination of process and control activities, such as review of an adequate number of transactions on a regular basis to ensure adherence to established procedures and internal controls, County rules, and best practices. b) Documenting the monitoring activity and retaining evidence so it can be subsequently validated. c) Elevating material exceptions to management on a timely basis to ensure awareness of relative control risk, and to ensure appropriate corrective actions are implemented. <p>Original Issue/Impact: The Sheriff did not have self-monitoring processes over the IWF (e.g., reviewing funding allocations, ensuring timely accrual of S&EB costs, etc.), as required by County Fiscal Manual (CFM) Section 1.0.2. This weakness increases the risk that important departmental and Fund objectives are not being achieved. In addition, it increases risk for not promptly identifying and correcting any processes/control weaknesses or instances of non-compliance with State, departmental, and County guidelines.</p>	<p>Recommendation Status: Not Implemented</p> <p>The Sheriff has not developed ongoing self-monitoring processes. Sheriff management indicated that staffing shortages and other high priority assignments have contributed to the delay in implementing this recommendation.</p> <p>The Department indicated that they are not able to provide an estimated implementation date at this time due to staffing shortages and other high priority assignments. We will review this recommendation again as part of our second follow-up.</p>
<p>6 Priority 2 - Sheriff management establish written standards and procedures to adequately guide supervisors and staff in the performance of their duties for all key IWF processes and controls.</p> <p>Original Issue/Impact: The Sheriff did not have adequate written standards and procedures for some of their IWF processes (e.g., evaluating the allocation of Fund revenues, ensuring that an itemized IWF expenditure report is submitted annually to the Board, etc.), as required by CFM Section 8.3.0. This weakness increases the risk that management and/or staff will perform tasks, such as budgeting and expenditure approvals incorrectly or inconsistently. It may also increase the effort required to train new staff to perform these processes to ensure accurate data/information is provided to the State, the IWC, the Board, and Chief Executive Office.</p>	<p>Recommendation Status: Partially Implemented</p> <p>We confirmed that the Sheriff is drafting written standards and procedures. We reviewed a draft procedure over accounting of the IWF: Inmate Services Bureau Handbook for Accountant III. Sheriff management indicated that staffing shortages and other high priority assignments have contributed to the delay in fully implementing this recommendation.</p> <p>The Department indicated that they are not able to provide an estimated implementation date at this time due to staffing shortages and other high priority assignments. We will review this recommendation again as part of our second follow-up.</p>
<p>7 Priority 2 - Sheriff management consider extending the IWC's authority to include oversight over IWF jail maintenance expenditures to ensure appropriate oversight of all Fund revenues to the extent possible/practical.</p>	<p>Recommendation Status: Implemented</p> <p>Sheriff management indicated that they considered this recommendation and do not believe extending IWC authority to include oversight over IWF jail</p>

RECOMMENDATION	A-C COMMENTS
<p>Original Issue/Impact: The IWC does not have any authority or oversight of the 49% of revenues allocated to jail maintenance costs. While CPC 4025 does not require the IWC to oversee jail maintenance expenditures, this process would increase the accountability of use of IWF funds. In FY 2018-19, the Sheriff reported jail maintenance expenditures of \$11.8 million, which are approved by the Sheriff facilities personnel as opposed to the IWC.</p>	<p>maintenance is appropriate. Currently, the IWC reviews all jail maintenance expenditures retroactively during their monthly meetings, which includes briefings from the Sheriff's Facilities Services Bureau director. In addition, Sheriff management indicated that some jail maintenance expenditures are emergent in nature, which would not be able to be approved by the IWC. However, emergent expenditures are included in the IWC's monthly review.</p>

SHERIFF'S DEPARTMENT - INMATE WELFARE FINANCIAL COMPARISON REVIEW - FIRST FOLLOW-UP REVIEW	
RECOMMENDATION	A-C COMMENTS
<p>1 Priority 1 - Sheriff management establish a process and control to ensure that the Department develops and maintains a multi-year spending plan to implement best practices and account for the IWF balance.</p> <p>Original Issue/Impact: The Department annually budgets the IWF revenue and expenditures but does not develop a multi-year spending plan. While this is not required by CPC 4025, multi-year spending plans help to ensure that the Sheriff is effectively managing and maximizing the use of the Fund balance. As of June 30, 2019, the Fund had a balance of approximately \$15.3 million.</p>	<p>Recommendation Status: Not Implemented</p> <p>The Sheriff has not established a process and control to ensure that the Department develops and maintains a multi-year spending plan. Sheriff management indicated that staffing shortages and other high priority assignments have contributed to the delay in implementing this recommendation.</p> <p>The Department indicated that they are not able to provide an estimated implementation date at this time due to staffing shortages and other high priority assignments. We will review this recommendation again as part of our second follow-up.</p>
<p>2 Priority 2 - Sheriff management strengthen their IWF monitoring practices by periodically benchmarking IWF practices with peer counties to identify, evaluate, and implement best practices where applicable.</p> <p>Original Issue/Impact: The Sheriff does not periodically compare their IWF collection, allocation, funding usage, etc. with other local peer counties for best practices. For example, we noted that while the Sheriff allocates 51% of IWF revenues toward inmate programs, the three other counties we reviewed appeared to spend between 65% to 85% of their Fund revenue on inmate programs. While benchmarking is not required by CPC 4025, this is a best practice that assists management and the IWC in identifying and potentially implementing best practices.</p>	<p>Recommendation Status: Not Implemented</p> <p>The Sheriff has not strengthened their IWF monitoring practices by periodically benchmarking IWF practices with peer counties. The Sheriff disagreed with this recommendation in their response to our original report and Sheriff management indicated that they continue to do so. However, management indicated that they would consider implementing this recommendation in the future, possibly biennially, as long as the final decision to use any benchmarked practices is up to the Sheriff's discretion.</p>

RECOMMENDATION	A-C COMMENTS
<p>3 Priority 2 - Sheriff management strengthen their IWF monitoring controls by periodically reviewing and evaluating the mark-up charged to inmates and their families under the commissary/vending machine and telephone contracts/amendments to ensure that profit margin for these good/services are fair and appropriate.</p> <p>Original Issue/Impact: The Sheriff does not periodically review the methodology for mark-up percentages/amounts for commissary and telephone services, the planned usage of the funds, and the potential impact of mark-up changes. While the Sheriff sets the prices for commissary and telephone services with the vendor during contract renewal, as required by CPC 4025, the mark-up has remained the same for several years and the Sheriff does not analyze the mark-ups or mark-up methodology periodically or as part of the renewal process (i.e., should inmates be charged market prices, "at cost" prices, etc.), which is a best practice to ensure the appropriateness of the prices charged to inmates.</p>	<p>Recommendation Status: Not Implemented</p> <p>This recommendation is pending Part 1 of the Board's motion on May 18, 2021. The Board requested that the CEO and other relevant departments report on the fiscal impacts of making telephone calls free and commissary items "at cost" for inmates, among other information. The Sheriff disagreed with this recommendation in their response to our original report and management indicated that they continue to do so since mark-ups are reviewed and approved as part of the contracting process and are appropriate. However, if the County proceeds to make telephone calls free and commissary items "at cost," this recommendation will no longer be applicable. We will review this recommendation again as part of our second follow-up.</p>
<p>4 Priority 2 - Sheriff management work with County Counsel to obtain a legal opinion on the appropriate allocation of the IWF for inmate program and jail maintenance expenditures, as defined by CPC Section 4025 and ensure compliance with County Counsel's interpretation.</p> <p>Original Issue/Impact: The CPC requires that the IWF be used for the primary benefit, education, and welfare of inmates, and that "any funds not needed for the welfare of inmates may be expended for the maintenance of County jail facilities." We noted that the Sheriff has continued their historical practice of allocating 51% of IWF revenues to inmate programs and the remaining 49% for jail maintenance costs, which may not be consistent and in compliance with the CPC.</p>	<p>Recommendation Status: Implemented</p> <p>We confirmed that the Sheriff obtained County Counsel's opinion on the appropriate allocation of the IWF. We reviewed the confidential correspondence from County Counsel to the Sheriff indicating their opinion. We are not able to report the opinion due to confidentiality, but the Sheriff has taken the opinion under advisement internally.</p>

RECOMMENDATION	A-C COMMENTS
<p>5 Priority 2 - Sheriff management improve their IWF expenditure controls to ensure that the IWF is not used to supplant required jail maintenance costs related to confining inmates to County jails, as defined by CPC Section 4025.</p> <p>Original Issue/Impact: The Sheriff did not periodically review IWF expenditures to ensure that the Fund uses comply with the intent of the CPC. During our review, the Department indicated that if a periodic review determined that more funds were needed for programs, the decrease in the amount or percentage of IWF revenue spent on jail maintenance activities will require an equal increase to the Sheriff's General Fund and the Department's and County's Net County Costs to achieve the same level of service.</p>	<p>Recommendation Status: Not Implemented</p> <p>The Sheriff has not improved their IWF expenditure controls to ensure that the IWF is not used to supplant required jail maintenance costs related to confining inmates to County jails. Sheriff management indicated that they believe they are not supplanting required jail maintenance costs since no prior audit has indicated that they have supplanted funds. However, since jail maintenance expenditures are not reviewed by County Counsel similar to program expenditures, and since the IWC and outside auditors only review these expenditures after-the-fact, the Sheriff should still improve their IWF expenditure controls to ensure that the IWF is not used to supplant required jail maintenance cost going forward.</p> <p>The Department indicated that they are not able to provide an estimated implementation date at this time due to staffing shortages and other high priority assignments. We will review this recommendation again as part of our second follow-up.</p>

We conducted our review in conformance with the International Standards for the Professional Practice of Internal Auditing. For more information on our auditing process, including recommendation priority rankings, the follow-up process, and management's responsibility for internal controls, visit auditor.lacounty.gov/audit-process-information.



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

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

KAREN LOQUET
CONNIE YEE

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



2355 Crenshaw Blvd. Suite 150 Torrance, CA 90501
t: (310) 792-4640 f: (310) 792-4140

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report on Compliance.....	1
Summary of Audit Findings and Questioned Costs.....	3
Schedule I - Schedule of Inmate Welfare Fund Revenues	9
Schedule II - Schedule of Inmate Welfare Fund Expenditures.....	10



2355 Crenshaw Blvd, Suite 150 Telephone: 310.792.4640
Torrance, CA 90501 Facsimile: 310.792.4331
www.bcawatsonrice.com

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



2355 Crenshaw Blvd. Suite 150 Torrance, CA 90501
t: (310) 792-4640 f: (310) 792-4140

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report on Compliance.....	1
Summary of Audit Findings and Questioned Costs.....	3
Schedule I - Schedule of Inmate Welfare Fund Revenues	9
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To the Board of Supervisors
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Report on Compliance

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Management's Responsibility

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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.

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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	<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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INMATE WELFARE FUND
COMPLIANCE AUDIT**

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

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<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>

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INMATE WELFARE FUND
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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.



OFFICE OF THE SHERIFF

COUNTY OF LOS ANGELES

HALL OF JUSTICE

ALEX VILLANUEVA, SHERIFF



January 5, 2022

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REPORT BACK ON ACCELERATING EFFORTS TO ENSURE FREE PHONE CALLS
AND AT-COST COMMISSARY ITEMS IN LOS ANGELES COUNTY JAILS AND
PROBATION FACILITIES (ITEM NO. 4, AGENDA OF OCTOBER 5, 2021)**

On October 5, 2021, the Los Angeles County Board of Supervisors (Board) adopted a motion requesting further information to ensure that the Board proceeds with the most appropriate option to assist those in custody within Los Angeles County jails and the Probation Department's camps and halls and their loved ones. The motion contained several directives, including: requesting quantitative data and a breakdown of current telephone call services provided to those in custody; providing funding estimates required to update the wired and/or wireless infrastructure in Los Angeles County jails and Probation camps and halls; and identifying funding sources, other than the Inmate Welfare Fund, to supplement the costs of programming and services in the jails for people who are incarcerated.

The October 5, 2021, motion was a follow-up to the Board's May 18, 2021, motion which directed ISD, in collaboration with the LASD, CEO, OIG, and other relevant Departments, to submit a report on the fiscal impact of making telephone calls from Los Angeles County jails and Probation camps and halls at no-cost to people in custody, other no-cost options, and other related items. That report was submitted on August 18, 2021.

211 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012

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This report addresses directive four of the October 5, 2021, motion, which states as follows:

“4. Request that the Los Angeles Sheriff’s Department, and direct the CEO, County Counsel, and Chief Probation Officer to report back in 90 days on recommendations for contractual and/or solicitation next steps for short-term and long-term options to ensure free in-custody telephone calls for those in custody in Los Angeles County jails and maintain free phone calls in the Probation Department’s camps and halls. The options should include contract provisions to be negotiated and timelines for implementation.

- a. This directive incorporates and supersedes directive #3 from the Board’s May 18, 2021 motion. The workgroup from directive #3 should continue their work and incorporate it into the report required in this directive.”

As directed, the County’s interdepartmental workgroup (consisting of representatives from ISD, LASD, CEO, County Counsel, and Probation) from the May 18, 2021, motion reconvened and met regularly to guide the response to this directive.

Directives one, two, three, and five will be reported back to the Board separately by the responsible departments.

RECOMMENDATIONS

Short-Term Option

Based on the feedback and collaboration from the County’s interdepartmental workgroup, the following short-term option is recommended:

Engage the provider of the current telephone system and services agreement to determine a method for providing telephone calls at no cost to the justice-involved population within Los Angeles County jails, Probation camps and halls, and patrol station and courthouse detention areas, including implementing a new billing method and other processes. This option would result in an amendment of the current Inmate Telephone System and Services Agreement to provide telephone calls at no cost to the justice-involved population. If this method results in new costs to the County, the CEO will be consulted prior to the execution of the amendment to address the fiscal impact.

The County has contracted with Public Communications Services, Inc. (PCS), a wholly owned subsidiary of Global Tel*Link, since November 2010 for telephone services for justice-involved population within Los Angeles County jail facilities and Probation juvenile halls and camps. On October 5, 2021, LASD received delegated authority approval from the Board to execute an amendment to extend the current term of the

agreement for six months through April 30, 2022, plus a six-month option period, exercisable in any increment, through October 31, 2022. Additionally, effective October 7, 2021, the amendment reduced the inmate telephone billing rates for all domestic calls to \$0.07 per minute and reduced or eliminated certain ancillary service charges in accordance with recent rule changes made by the California Public Utilities Commission and the Federal Communications Commission. The amendment also eliminated the Minimum Annual Guarantee (\$15,000,000 to LASD and \$59,000 to Probation), modified the County revenue sharing structure to make permanent a weekly five-minute, free telephone call initially provided to each inmate during the coronavirus pandemic. Probation moved to free telephone calls for youth as reductions in family visiting were necessarily implemented due to the emergence of the coronavirus pandemic. Probation's experience since then supports their conclusion and current practice that all youth calls will remain free.

The estimated annual cost for the County to assume financial responsibility for providing telephone services to the justice-involved population and to supplant the foregone revenue to sustain programs and services for the same population is contained in the separate response to directive five of the Board Motion dated October 5, 2021. If the County determines that it is able to assume financial responsibility for providing telephone services at no cost to the justice-involved population, LASD will convene a meeting with PCS to negotiate an amendment to the current agreement, including an amended price schedule, PCS billing the County for telephone services, and other contract provisions (see Attachment I). LASD will consult with the CEO prior to agreeing to any presently unforeseeable financial issues and other significant terms and/or conditions. A draft timeline, outlining these efforts, is attached (see Attachment II).

Long-Term Option

Consistent with the Board's October 5, 2021, motion, the recommended long-term option is as follows:

Develop and publish a Request for Proposal (RFP) that solicits: (1) technological improvements to replace the existing hard-wired, land-line, telephone system currently serving the justice-involved population and (2) provides an option to update the current system with a new communication system possessing modern features such as voice over internet protocol (VoIP) calls or Internet-based video and calling services, using wireless handheld electronic tablets and/or notebook computers. This option would result in award and execution of a successor contract for the Justice-Involved Communication System and related Services.

LASD is developing an RFP and corresponding Statement of Work (SOW) to solicit a successor contract for justice-involved telephone services. On October 5, 2021, LASD

also received delegated authority approval from the Board to execute an amendment to extend the current contract term to provide uninterrupted telephone services while continuing to incorporate into the RFP any further instruction from the Board regarding specific terms to be contained within a successor contract. LASD will identify specific contract provisions to incorporate into the revised draft SOW and RFP for the successor contract that are in alignment with the outcome of the Board's directives. A draft solicitation timeline for awarding the new contract is attached (see Attachment III). The dates shown presume all other contract requirements remain as written, including the replacement of hard-wired, land-line, telephones only on existing infrastructure. The pursuit of VoIP or any implementation of tablets and wireless infrastructure will increase these time frames and increase cost as contained in the separate response to directive two of the Board Motion dated October 5, 2021.

Also included is a second solicitation timeline for award of the new contract that includes additional requirements previously identified by the Board (see Attachment IV). The Long-Term Option 2 timeline is not all-inclusive and will be finalized once the Board clarifies all additional requirements for the replacement contract.

CONCLUSION

LASD will continue to work with the Board, CEO, and ISD to determine the feasibility of implementing the short-term and long-term options.

If you have any questions, please contact Director Rick Cavataio of Fiscal Administration Bureau at (213) 229-3281.

Sincerely,

ALEX VILLANUEVA, SHERIFF



TIMOTHY K. MURAKAMI
UNDERSHERIFF

Attachment I
Short Term Option - Agreement Provisions
Report Back on Revised October 5, 2021 Board Motion
Agenda Item #4

ITEM #	REFERENCE	TITLE	NOTES/COMMENTS
1	AGREEMENT - 9.0	Payment Amount and Telephone Billing Rates	Review and amend language on Downtime Credits & Liquidated Damages, IWF Revenue Share, Inmate Telephone Billing Rates, Third Party Financial Transaction Fee, Taxes and Regulatory Fees. - To be negotiated with contractor
2	AGREEMENT - 9.0	Invoices and Payments	Add language on Invoices and Payments and Default Method of Payment -Include any other mandated language updates
3	AGREEMENT	Other; to be determined (TBD)	Review and amend other sections of the Agreement once final requirements are negotiated.
4	EXHIBIT B - STATEMENT OF WORK	Other; TBD	Review and amend other sections of the Statement of Work once final requirements are negotiated.
5	EXHIBIT B - STATEMENT OF WORK - 2.3	Class of Service	Review and amend language on Collect or Pre-Paid Prompt, Collect Call Set-Up, Pre-Call Services, Pre-Recording Branding Announcements, Call Acceptance, Debit Phone Account (Cardless and Pre-Paid Account Status), Speed Dial, No Cost calls to Inmates and Sheriff's Department, and Booking Calls.
6	EXHIBIT B - STATEMENT OF WORK - 3.0	System Administration	Review and amend language on Downtime Credits
7	EXHIBIT C	Telephone Payment and Payment Schedule	Review and amend Exhibit C in its entirety
8	EXHIBIT O	LASD Pre-Recorded Call Branding Announcements	Review and amend Exhibit O in its entirety
9	IMPLEMENTATION/PCS		To be provided by PCS and finalized once the amendment to the Agreement is negotiated.

Attachment II
Short Term Option Timeline
Report Back on Revised October 5, 2021 Board Motion
Agenda Item #4

CURRENT AGREEMENT WITH NO TABLETS OR ADDITIONAL REQUIREMENTS

MILESTONE	DESCRIPTION	TARGET COMPLETION	NOTES/COMMENTS
1	Direction from BOS	4 Weeks	Response from BOS - review and identify language from the Agreement that will require changes/negotiations.
2	Negotiations with PCS, Inc. (GTEL) items identified in Milestone 1	4-8 Weeks	Following Milestone 1
3	Preparation and approval for Amendment: -Unit -Supervisor -Manager -Assistant Director -County Counsel -Contractor	6-8 Weeks	Can be done simultaneously with Milestone 4
4	Preparation and approval for Board letter: -Unit -Supervisor -Manager -Assistant Director -County Counsel	3-5 Weeks	Can be done simultaneously with Milestone 3
5	Submit documents to Board liaison team to be scheduled for CAR and BOS: - Provide BOS liaison team final Board letter and final signed contract documents -Pre-meet for CAR meeting	3 Days	Following Milestone 4
6	CAR Meeting	4 Weeks	Following Milestone 5
7	BOS Approval	2 Weeks	Following Milestone 6
8	Implementation	3-5 Weeks	Following Milestone 7, and dependent on PCS implementation plan.
	Timeline Projection Totals	23-31 Weeks	

Attachment III
Long Term Option 1 Timeline
Report Back on Revised October 5, 2021 Board Motion
Agenda Item #4

RFP AS WRITTEN, WITH EXISTING INFRASTRUCTURE; SAME REQUIREMENTS

MILESTONE	DESCRIPTION	TARGET COMPLETION	NOTES/COMMENTS
1	Project continuation kick-off	6-8 Weeks	After direction from BOS, discussions to review Board direction and identify all potential revisions.
2	Revise RFP package Including: -Funding Source -POC, IDN/VDN, tablet features and subscriptions	8 Weeks	Including the Minimum Mandatory Qualifications, Evaluation Criteria, SOW, and Business Functional/Technical Requirements.
3	Submit RFP changes for initial review: Business Unit (Executives, SME's) OTP/CIO Analyst Supervisor Manager	6 Weeks	Following Milestone 2
4	Revise Solicitation Package	3 Weeks	Can overlap with Milestone 2. Includes edits from initial review.
5	Revise and finalize Evaluation Documents	6-8 Weeks	Cannot start until completion of Milestone 3.
6	Solicitation Package Final Review: Supervisor Manager Business Unit Assistant Director OTP/CIO CEO Risk Management County Counsel/IT Counsel	12 Weeks	
7	Solicitation Posting	1 Week	
8	Submissions/Responses Due	8 - 12 Weeks	Includes mandatory conference, facility site visits and questions/answers.
9	Evaluation Period	14-18 Weeks	
10	Debriefings	2-3 Weeks	Following Milestone 9 Concurrent with Milestone 11 Debriefing for Non-Select
11	Negotiations of Contract -Counsel Review -CIO/OTP Review -Contractor Review	8-10 Weeks	Concurrent with Milestone 10 Negotiations and Final Contract
12	Protest Process	12 Weeks	Following Milestone 10 If intent to Request a Proposed Contractor Selection Review is submitted if a Contractor's Selection Review is submitted more time may be required.

Attachment III
Long Term Option 1 Timeline
Report Back on Revised October 5, 2021 Board Motion
Agenda Item #4

13	Submit documents to Board liaison team to be scheduled for CAR and BOS: -Provide BOS liaison team final Board letter and final signed contract documents -Pre-meet for CAR meeting	3 Days	Following Milestone 12 - OR following Milestone 11 if an Intent to Request a Proposed Contractor Selection Review is not filed. Complete final contract documents and Board letter for filing.
14	CAR Meeting	4 Weeks	
15	BOS Approval	2 Weeks	
16	Contract Implementation	10-12 Weeks 24 Weeks	Following Milestone 15 Transition Period (New Contractor) Phase 1 - Replace existing phones *The current contract will terminate upon completion of this Phase 1. Phase 2 - Add additional phones Phase 3 - Tablet Proof of Concept This milestone is dependent on the final contract requirements.
	Timeline Projection Totals	121-137 Weeks	

***Note: Dates illustrated assume all other requirements remain as written including the replacement of phones only on a similar to existing infrastructure.
The pursuit of VoIP or the inclusion of full implementation of tablets will increase these timelines.**

Attachment IV
Long Term Option 2 Timeline
Report Back on Revised October 5, 2021 Board Motion
Agenda Item #4

ADDITIONAL TIME WILL BE REQUIRED FOR ANY ADDITIONAL BOARD REQUIREMENTS AND CHANGES TO INFRASTRUCTURE

MILESTONE	DESCRIPTION	TARGET COMPLETION	NOTES/COMMENTS
1	Project continuation kick-off	10-12 Weeks	Subsequent to instruction received from BOS, discussion with workgroup to review Board direction to identify all potential revisions such as: -VoIP -Full Tablet Implementation -Application Calling Services through Tablets -Video Conference Service Platforms.
2	Revise RFP package: (Minimum Mandatory Qualifications, Evaluation Criteria and any Other Areas), SOW, and Business Functional/Technical Requirements to includes all Milestone 1 additions. Revisions to: -Funding Source -POC,IDN/VDN, tablet features and subscriptions	TBD	This milestone is dependent upon the decision concerning items #2 and #3 of the Board motion. Timeline is unknown. Includes the Minimum Mandatory Qualifications, Evaluation Criteria and any Other Areas, SOW, and Business Functional/Technical Requirements to includes for all Milestone 1 additions.
3	Submit RFP for initial review: Business Unit (Executives, SME's) OTP/CIO Analyst Supervisor Manager	6 Weeks	Following Milestone 2
4	Revise Solicitation Package	3 Weeks	Can overlap with Milestone 2. Includes edits from initial review.
5	Revise and Finalize Evaluation Documents	6-8 Weeks	Cannot start until completion of Milestone 3.
6	Solicitation Package Final Review: Supervisor Manager Business Unit Assistant Director OTP/CIO CEO Risk Management County Counsel/IT Counsel	12 Weeks	
7	Solicitation Posting	1 Week	
8	Submissions/Responses Due	8 - 12 Weeks	Includes mandatory conference, facility site visits and questions/answers.
9	Evaluation Period	18-20 Weeks	
10	Debriefings	2-3 Weeks	Following Milestone 9 Concurrent with Milestone 11 Debriefing for Non-Select

Attachment IV
Long Term Option 2 Timeline
Report Back on Revised October 5, 2021 Board Motion
Agenda Item #4

11	Negotiations of Contract -Counsel Review -CIO/OTP Review -Contractor Review	8-10 Weeks	Concurrent with Milestone 10 Negotiations and Final Contract
12	Protest Process	12 Weeks	Following Milestone 10 If intent to Request a Proposed Contractor Selection Review is submitted if a Contractor's Selection Review is submitted more time may be required.
13	Submit documents to Board liaison team to be scheduled for CAR and BOS: -Provide BOS liaison team final Board letter and final signed contract documents -Pre-meet for CAR meeting	3 Days	Following Milestone 12 OR following Milestone 11- If an intent to Request a Proposed Contractor's Selection Review is submitted more time may be required. Complete final contract documents and Board letter for filing.
14	CAR Meeting	4 Weeks	
15	BOS Approval	2 Weeks	
16	Contract Implementation	10-12 Weeks 24 Weeks	Transition Period (New Contractor) Phase 1 - Replace existing phones *The current contract will terminate upon completion of this Phase 1 Phase 2 - Add additional phones Phase 3 - Add and implement additional Board required features Phase 4 - Modify County Facilities infrastructure
	Timeline Projection Totals	124-138 Weeks	Milestone 2 - TBD, and Milestone 15 may need additional time.