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December 28, 2015

Honorable Donald D. Coleman  
Presiding Judge of the Superior Court  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: AUDIT OF THE VENTURA COUNTY PROBATION AGENCY'S MANAGEMENT OF  
JUVENILE ACCOUNTS FOR THE BIENNIAL PERIOD ENDED JUNE 30, 2015**

Dear Judge Coleman:

In accordance with Welfare and Institutions ("W&I") Code Section 275(b) and as authorized by the Board of Supervisors on December 19, 2006, we have completed our biennial audit of the Ventura County Probation Agency's management of juvenile accounts. The results of our audit are summarized below.

**BACKGROUND**

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The mission of the Ventura County Probation Agency ("VCPA") is to promote community safety through a system of graduated sanctions that balance services to the victim, offender, and community. During fiscal year 2014-15, VCPA was allocated 494 authorized positions with a budget of over \$67 million.

VCPA is authorized to receive money and direct disbursements on behalf of juveniles on probation and/or housed in juvenile facilities in accordance with W&I Code Section 276. Two Juvenile Benefit Fund ("JBF") trust accounts were established for the purpose of managing such transactions: 1) the Colston Benefits account (6250-7593) is for the benefit of juveniles housed in County facilities; and 2) the Youth Services Juvenile Benefit account (6250-7604) is for the general benefit of juveniles on formal and informal probation. These two accounts reported balances of \$91,847 and \$39,042, respectively, as of June 30, 2015. During the 2-year period of July 1, 2013, through June 30, 2015, \$75,413 was deposited and \$55,008 was disbursed for these two accounts combined.

**SCOPE**

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Our overall audit objective was to determine whether VCPA properly managed the two established JBF trust accounts during the 2-year period of July 1, 2013, through June 30, 2015. Specifically, we:

- evaluated cash intake, deposit, and safeguarding procedures to establish accountability over funds collected;
- reviewed disbursements made from the JBF trust accounts to ensure that these funds were used for the benefit of the juveniles; and
- verified that the trust fund accounts, as reported in the Ventura County Financial Management System, accurately reflected trust fund activity.

Our audit tests included evaluation of procedures for the three facilities where collections occur: 1) Juvenile Facilities in Oxnard; 2) Juvenile Field Services in Oxnard; and 3) East County Juvenile Field Services in Simi Valley. We also reviewed procedures for funds collected in the field by deputy probation officers (“DPOs”).

Further, we evaluated whether corrective action had been taken to address the issues noted in our prior audit report dated January 30, 2014, regarding receipt document accountability and confirmation of benefits received by juveniles.

We performed audit tests and evaluations using documents provided by VCPA, each collection location, and the Auditor-Controller’s Office for the period September 2009 through August 2015. The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors.

## **FINDINGS**

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Overall, we found that VCPA satisfactorily managed the two established JBF trust accounts. Specifically, we verified that:

- Procedures for recording and depositing collections were generally sufficient.
- Controls for the physical safeguarding of cash appeared to be reasonable.
- Disbursements from the JBF trust accounts appeared to be for the reasonable benefit of the juveniles.
- Trust fund accounts were appropriately reconciled.

In addition, VCPA had taken proper corrective action in response to our prior audit to account for gift cards and bus tokens distributed to juveniles. However, corrective action was not fully implemented to account for all receipt slip numbers.

Following are details of the area where improvement was needed, and the attached Appendix summarizes the status of corrective actions taken since our prior audit. VCPA management initiated corrective action in response to the current audit as noted.

1. **Receipt Document Accountability.** VCPA had not fully implemented corrective action to establish document accountability for receipt slip numbers to ensure that all collections were submitted for deposit. In response to our prior audit, VCPA established a procedure to match each receipt that is issued to an

entry on VCPA's collection logs. VCPA implemented the first step of the procedure in April 2015 requesting DPOs to report the receipt slip numbers issued since July 1, 2013. However, VCPA had not implemented the rest of the procedure to confirm that the reported receipt slip numbers had been entered on the collection logs and submitted for deposit. Our testing of 34 (3%) out of 1,250 receipt slips from receipt books completed during the 2-year audit period confirmed accountability for all of the receipts we tested. However, without verifying that every receipt slip has been accounted for, VCPA would be unaware of whether any loss or misappropriation occurred.

**Recommendation.** VCPA management should complete implementation of the proposed periodic testing of receipt document accountability.

**Management Action.** VCPA management stated: "Probation Management agrees with the finding and recommendation. We will take appropriate action to complete implementation of the proposed periodic testing of receipt document accountability by June 30, 2016."

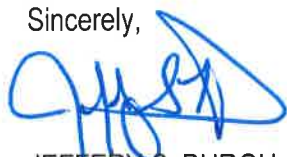
#### **AUDITOR'S EVALUATION OF MANAGEMENT ACTION**

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We believe that management's planned corrective action was responsive to the audit finding. Corrective action is planned to be completed by June 30, 2016.

We appreciate the cooperation and assistance extended by VCPA management and staff during this audit.

Sincerely,



JEFFERY S. BURGH  
Auditor-Controller

Attachment

cc: Honorable Kathy Long, Chair, Board of Supervisors  
Honorable Linda Parks, Vice Chair, Board of Supervisors  
Honorable Steve Bennett, Board of Supervisors  
Honorable Peter C. Foy, Board of Supervisors  
Honorable John C. Zaragoza, Board of Supervisors  
Michael Powers, County Executive Officer  
Mark Varela, Director, Probation Agency

**AUDIT OF THE VENTURA COUNTY PROBATION AGENCY'S  
MANAGEMENT OF JUVENILE ACCOUNTS  
FOR THE BIENNIAL PERIOD ENDED JUNE 30, 2015**

**CORRECTIVE ACTION IMPLEMENTATION SUMMARY**

<b>Prior Audit Finding</b>	<b>Status of Corrective Action</b>
1. VCPA did not establish document accountability for receipt slip numbers to ensure that all collections were submitted for deposit. (Prior Finding 1)	Partially implemented. (Current Finding 1)
2. VCPA did not always have an appropriate mechanism in place to reasonably ensure that the juveniles received the benefit of purchases. (Prior Finding 2)	Implemented.