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January 31, 2018

Honorable Patricia M. Murphy
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, 2017**

Dear Judge Murphy:

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

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 2016-17, VCPA was allocated 465 authorized positions with a budget of over \$72 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 in the Ventura County Financial Management System ("VCFMS") for the purpose of managing such transactions:

- 1) The Colston Benefits account (N990-821A) ("Colston") is for the benefit of juveniles housed in County facilities.
- 2) The Youth Services Juvenile Benefit account (N990-821G) ("Youth Services") is for the general benefit of juveniles on formal and informal probation.

The activity and balance for each account for the 2-year period of July 1, 2015, through June 30, 2017, is summarized below.

	<u>Colston</u>	<u>Youth Services</u>	<u>Total</u>
Beginning Balance, July 1, 2015	\$ 91,847	\$ 39,042	\$ 130,889
Deposits	68,106	25,032	93,138
Disbursements	<u>(26,822)</u>	<u>(3,336)</u>	<u>(30,158)</u>
Ending Balance, June 30, 2017	\$ <u>133,131</u>	\$ <u>60,738</u>	\$ <u>193,869</u>

SCOPE

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, 2015, through June 30, 2017. 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 VCFMS, accurately reflected trust fund activity.

Further, we evaluated whether corrective action had been taken to address the issue noted in our prior audit report dated December 28, 2015, regarding receipt document accountability.

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

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

- Procedures for recording, depositing, and safeguarding collections were generally sufficient.
- 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 fully implemented the planned corrective action in response to our prior audit 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 action taken since our prior audit. VCPA management initiated corrective action in response to the current audit as noted.

1. **Delayed Trust Deposits.** VCPA did not always deposit Youth Services money received at the Oxnard Field Office into the County Treasury on a timely basis. Regarding money received by field offices, VCPA Cash Handling Procedures stated: "Fiscal picks-up money from field locations every two weeks." Of the sample of 59 Youth Services receipts we tested, 17 (29%) took between 30 and 120 days (on average 86 days) from when the money was placed in the field office Master safe to when the deposit posted in VCFMS. The remaining 42 receipts (71%) took an average of 20 days to post. VCPA stated that the delays occurred due to staffing shortages. As a result, Youth Services cash receipts were not always properly accounted for in the correct monthly accounting period.

Recommendation. During our audit, VCPA began planning corrective action to improve the timeliness of deposits by arranging for an armored vehicle service to pick up and transport deposits to the County Treasury on a bi-weekly basis. We recommend that VCPA management implement the corrective action as described.

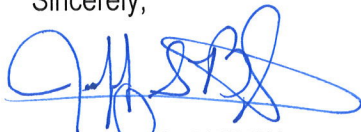
Management Action. VCPA management stated: "VCPA Management began planning corrective action to improve the timeliness of deposits based on its own internal review, which took place on 07/13/17. Subsequent to said review, VCPA arranged for Brinks Armored Transportation to pick up and transport deposits to the County Treasury on a bi-weekly basis, with the first pickup/deposit taking place on 12/19/17."

AUDITOR'S EVALUATION OF MANAGEMENT ACTION

We believe that management's planned corrective action was responsive to the audit finding. VCPA management stated that corrective action was completed on December 19, 2017.

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

Sincerely,



JEFFERY S. BURGH
Auditor-Controller

Attachment

cc: Honorable Peter C. Foy, Chair, Board of Supervisors
Honorable Steve Bennett, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Kelly Long, 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, 2017**

CORRECTIVE ACTION IMPLEMENTATION SUMMARY

Prior Audit Finding	Status of Corrective Action
1. VCPA had not fully implemented corrective action to establish document accountability for receipt slip numbers to ensure that all collections were submitted for deposit.	Implemented.