



Internal Audit Report

Adult Probation Department and Accounting Standards Review

December 2003



Garfield Community Probation Center
Grill constructed by probationers as a
Community Service Project

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December 31, 2003

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We have completed our FY 2003-04 review of the Adult Probation Department. Our work included a review of the department's compliance with Minimum Accounting Standards (MAS) as set forth by the Arizona Supreme Court. The audit was performed in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a formal risk-assessment process.

Highlights of this report include the following:

- Controls over the collection of restitution, fines, fees, and reimbursements appear to be adequate and comply with court-ordered terms of probation and modifications.
- The transfer of some posted fees to the Clerk of the Court's system is not completed on a timely basis.
- The Adult Probation Department compliance with Minimum Accounting Standards requirements has improved since the last audit, however, some additional controls and improvement are needed.

This report contains an executive summary, specific information on the areas reviewed, and the Adult Probation Department's response to our recommendations. We have reviewed this information with the Director and appreciate the excellent cooperation provided by management and staff. If you have any questions, or wish to discuss the information presented in this report, please contact Eve Murillo at 602-506-7245.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate
County Auditor

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Executive Summary

Trust Accounting Processing (Page 7)

The Adult Probation Department accurately enters court-ordered terms of probation and modifications into the Trust Accounting system. Our audit test results show that the Adult Probation Department deducts the proper amounts for restitution, fines, fees, and reimbursements from Work Furlough and Intensive Probation Service probationers' wages. We reviewed a sample of deposits and found no exceptions for actual fee deductions per court-ordered amounts.

Transfer of Court Fees (Page 9)

The Adult Probation Department deducts applicable fees daily from Work Furlough and Intensive Probation Service probationers' wages and returns the remaining funds to probationers in an accurate and timely manner. Due to lack of automation, these fees, averaging \$92,000 monthly, are reported and processed only once a month through the Clerk of the Superior Court's Restitution, Fines, and Reimbursement System, which delays the funds' availability to victims and the Court. The Adult Probation Department should investigate system improvements to make funds available in a more timely manner.

Minimum Accounting Standards (MAS) (Page 11)

The Minimum Accounting Standards review at Adult Probation Department office locations found significantly improved controls and processes since the last review. However, some exceptions were noted among the eight field locations and with bank reconciliations. Adult Probation should continue to review and strengthen its Minimum Accounting Standards operational procedures.

Performance Measure Certification (Page 14)

Our review of five Adult Probation Key Results Measures, developed for the Managing for Results program, found all to be sufficiently and accurately reported. The department's data collection procedures are reliable and Adult Probation accurately reports its Key Results Measures.

Introduction

Background

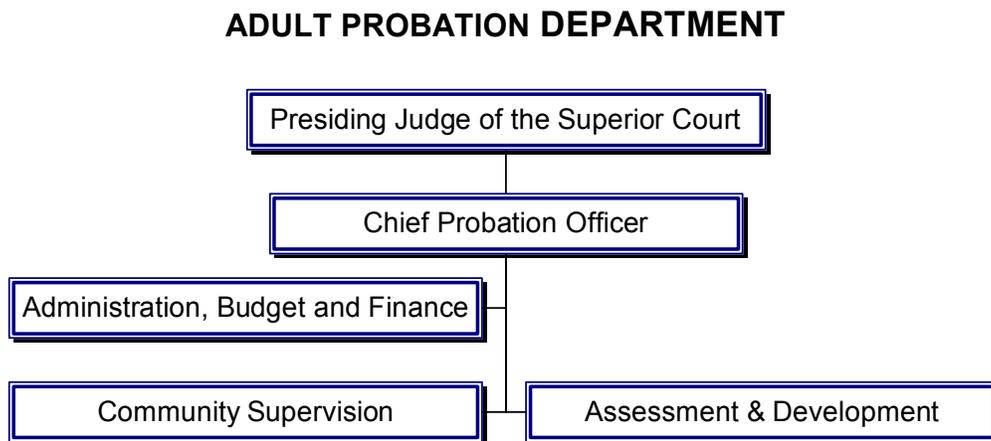
The Maricopa County Adult Probation Department (APD) is mandated by Arizona Revised Statutes (ARS) Section 12-251 and reports directly to the Presiding Judge of the Superior Court. The Presiding Judge is given authority to appoint a Chief Probation Officer, who, in turn, can hire adult probation officers and support staff. APD's operation is heavily regulated by ARS requirements, which detail the department's basic operations and caseload limitations. Other regulations applicable to APD operations are defined by Arizona Supreme Court Administrative Orders.

Mission, Goals, and Performance Measures

APD's mission is to provide assistance and adult probation services to neighborhoods, courts, adult probationers, and victims so they experience safety and well-being. APD is committed to continuous improvement in the quality of community life for the people they serve. The department has developed several major goals to support its mission. As part of the County's Managing for Results program, APD has developed a strategic plan consisting of four programs: Administration, Behavioral Change, Community Justice, and Information Technology.

Organizational Structure

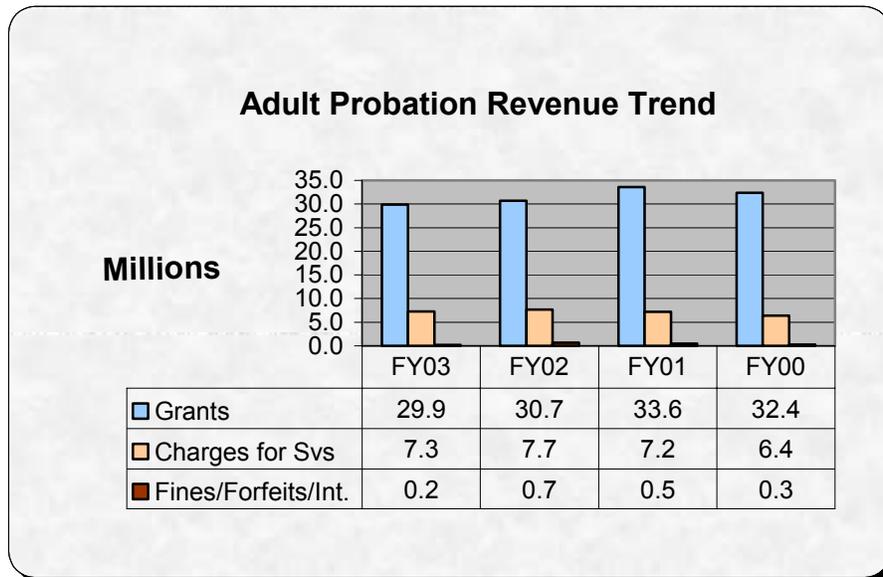
APD has three operating divisions, illustrated in the chart below.



Financial Data and Budget

APD posts its revenue and expenses to three operating funds: Grants, General, and Special. The Fiscal Year (FY) 2003 revenues are shown on the chart on the following page. Grants are the department's primary revenue source, averaging 80 percent of total revenue for the past four years. Charges for Services account for 19 percent, with fines/forfeits and earned interest providing the remainder. APD's total grant revenue has averaged \$31.7 million annually over the prior four fiscal

years, Charges for Services has averaged \$7.2 million, and Fines/Forfeits/Interest has averaged \$411,000. The chart also shows trends for the past four years.



APD’s FY 2004 estimated budget is \$53 million and approximately \$46 million (87%) is dedicated to employees’ salaries and benefits. The remainder of 13 percent is targeted for other operating costs. Special Revenue will provide \$39 million (73%); \$30 million of this total is generated by grants.

Program Operations

Administration: APD Administration and central operation is located in the County’s West Court Building. The department also utilizes several supporting field locations. The Administration Division is responsible for many functions, including budget and finance, human resources, planning and research, policy manual update, office automation, and the Judicial Information System (JIS).

APD must comply with numerous ARS mandates and Administrative Orders. However, after the State reduced APD’s FY 2003 operating budget by \$3 million, the department was forced to reduce staffing levels. This cutback has affected APD’s overall workflow. APD states that due to the many mandates and requirements, APD must frequently reset and shift priorities in order to attain maximum functionality.

Community Supervision: This division is APD’s largest with approximately 700 employees. The majority are Probation and Surveillance officers. The Community Supervision Division enforces the conditions of probation placed on probationers. It also provides education and treatment programs to help probationers address and change behaviors, and supervises probationers to enhance public safety and improve community relations. Probation Officer activities are also regulated by ARS guidelines.

Community Supervision currently handles approximately 25,000 probationers on one of three levels: Intensive, Standard, or Expedited/Unsupervised probation. The division has eight field offices located

throughout the County. Due to nature of probation requirements, Probation offices and clients may meet at many different County locations.

Juggling probationer caseloads is a significant challenge for APD. They report that the department is currently unable to maintain mandated caseload ratios. The Chief Probation Officer believes reorganization and new methodologies for probationer handling can provide better service and management while reducing public risk. APD efforts to restructure and create improvements to handle the mandated caseload volumes have become increasingly challenging.

Assessment and Development: This division includes Presentence Investigations and administers treatment programs, which are services funded by contracts/grants. The programs include education, drug/urine testing, sex offender counseling, and polygraph testing. The Presentence section investigates probationers’ backgrounds and offenses, assesses probationers’ risks and needs, and prepares reports for the court that include a sentencing recommendation. The Operations section provides treatment, education, and special tracking (domestic violence and sex offenders) to address and potentially change probationer behavior. The Victim Services section provides crime victims with community and treatment support. Beginning July 1, 2003, the Court transferred its PreTrial Services operation to APD. PreTrial Services interviews newly arrested individuals, providing information for clients’ initial court appearances. The office also makes release/no release recommendations for jailed defendants pending trial, and also supervises and reports to the court on those released until court proceedings are held.

American Probation and Parole Association Probation Belief Premises	
	Society has a right to be protected from persons who cause its members harm, regardless of the reasons for such harm
	Offenders have rights deserving of protection
	Victims of crime have rights deserving of protection
	Human beings are capable of change
	Not all offenders have the same capacity or willingness to benefit from measures designed to produce law abiding citizens
	Intervention in an offender's life should be the minimal amount needed to protect society and promote law abiding behavior
	Incarceration may be destructive and should be imposed only when necessary
	Where public safety is not compromised, society and most offenders are best served through community correctional programs

Scope and Methodology

The objectives of this audit were to determine if Adult Probation:

- Appropriately processes Work Furlough and Intensive Probation Service probationers' earnings, deducts fees in accordance with court-ordered Terms and Conditions of Probation, and returns remaining funds to probationers.
- Enters information in the Trust Accounting System accurately and completely, and if the month-end process and fund transfers to the Clerk of the Court's Restitution, Fine and Reimbursement system are adequately controlled and documented.
- Complies with Minimum Accounting Standards (MAS) set by the Administrative Office of the Arizona Supreme Court (AOC).
- Effectively gathers and reports accurate and reliable information for Managing for Results Key Measures.
- Data obtained, maintained, and disclosed are valid and reliable.

This audit was performed in accordance with generally accepted government auditing standards.

Areas for Future Consideration

The following APD operations are potential areas for future audits:

- Procedures/processes for Presentence Investigations, Expedited/Unsupervised, and Custody Management units to ensure APD tracks, and immediately receives, court notification of sentencing and terms of probation.
- Records and Information sections processing and workflow; probationer file organization and maintenance.
- Presentence Investigation lead time and reporting; receipt and tracking of County Attorney packages due to Adult Probation
- PreTrial Services operation.
- Probationer Officer caseload mandates and management.
- Contractor billing verification for services provided.

Department Reported Accomplishments

The Adult Probation Department has provided the Internal Audit Department with the following information for inclusion in this report.

Operational Performance

- Achieved 99.9% on-time rate for presentence reports (18,905 out of 18,911) in FY 2003.
- Standard Probation increased restitution compliance rate by 17 percentage points in FY 2003.
- Intensive Probation Supervision collected 82% restitution and 91% probation service fees, and had 93% of community service hours completed in FY 2003.
- The Department has been reviewing and revising all policies and procedures since FY 2001.
- Officer Safety Program: 14 new safety policies and procedures were implemented including Defensive Tactics Training and arming of officers.
- Managing for Results: County auditors certified key performance measures.

Awards

- Frank X. Gordon Learning Center: Presented *Learn Lab of the Year* by the Arizona Supreme Court, and recognized by the AZ Dept. of Education for *Exceeding State Performance Goals* in FY 2003.
- American Probation and Parole Association Victim Service Award: Maria Amaya, FY 2001.
- Attorney General Office's Victim Service Award: Erin Cacciatore, Sex Offender Program, FY 2002.
- Arizona Criminal Justice Commission Innovation in Technology Award: DNA databank web-based interface.
- NACo Awards: Custody Management Unit, Reach Out Program, Victim and Community Helpline
- Arizona Mental Health Association Community Leader of the Year Award: Jeff Trollinger, FY 2003.
- Metlife Foundation Community-Police Partnership Award: Garfield Weed and Seed, FY 2002.
- *Friend of Phoenix* certificates presented by Councilman Phil Gordon to: Ryan Czekalski, Elajah Wong, Robert Villasenor and Sally Maurizi for a special neighborhood safety project, FY 2002.
- Certificates of Appreciation from the Phoenix Police Department were presented to: Dominic Bueti, Jackie Byrd, Pedro Corrales, Lolita Rathburn, Brandi Strieter, Fred Wilhalme and Donna Vittori for their service to the community and their partnership with police, FY 2001.

Innovative Work

- Problem-solving Courts: APD was a key player in Seriously Mentally Ill (SMI) and Domestic Violence Problem-Solving Courts implemented in FY 2003.
- Center for Substance Abuse Treatment grant award: Juvenile Transferred Offender Program, FY 2001 through FY 2004.
- Center for Substance Abuse Treatment grant award: residential drug treatment beds, beginning FY 2002.
- Center for Substance Abuse Treatment grant award: enhanced services for Spanish speakers and Native Americans in the DUI Court, beginning FY 2003.
- Assessment and Referral Center developed in FY 2003 to more efficiently utilize screening and referral resources.
- Electronic employment resource listing developed for probationers.
- Financial Compliance Unit: Enhanced collection capabilities through a number of methods including tax intercept and quick pay credit/debit card services, FY 2003.

Issue 1 Trust Accounting Processing

Summary

The Adult Probation Department accurately enters court-ordered terms of probation and modifications into the Trust Accounting system. Our audit test results show that the Adult Probation Department deducts the proper amounts for restitution, fines, fees, and reimbursements from Work Furlough and Intensive Probation Service probationers' wages. We reviewed a sample of deposits and found no exceptions for actual fee deductions per court-ordered amounts.

Compliance Requirements

ARS 13-918 requires the intensive probation team to assist each probationer under its supervision to obtain employment. The person's wages must be paid directly to an account established by the Chief Adult Probation Officer (CPO) to receive monies for restitution, probation fees, fines and other payments. The balance of the monies in the account, after fee deductions, are to be used for, or paid to, the person or his immediate family in a manner and amount as determined by the Chief Adult Probation Officer or the court. Any monies remaining in the account at the time the person successfully completes probation shall be paid to the person. The Adult Probation Policy and Procedures Manual, Section 50.015 Wages – Collection and Distribution, discusses processes for collection and posting of wages and payments due.

Trust Accounting Process Review

The Court adjudicates probation terms and condition, including amounts, types, and timing of restitution, reimbursement, fines, probation fees, and victim compensation to be paid. APD collects Work Furlough (WF) and Intensive Probationers' (IPS) wages, which are posted to the Trust Accounting (TA) system, and to Clerk of the Court (COC) Restitution, Fines, and Reimbursement (RFR) System. From probationers' wages collected and deposits made, APD deducts fees in accordance with the court orders.

We reviewed three days' total deposits made in June 2003 and verified totals were balanced and submitted by local offices for processing. For testing purposes, we judgmentally selected the following:

- 30 of 91 (33%) WF probationers' deposits totaling \$16,293 with fee deductions of \$4,593.
- 20 of 313 (6%) IPS probationers' deposits of \$10,516 with deductions of \$656.

The total amount of each probationer's individual deposit was traced to the Trust Account and we listed the probationer's total deductions. We then calculated and verified if a check, for the deposit amount less fees taken, was prepared and returned to the probationer unless other instructions applied. Fees deducted were compared to copies of court-ordered terms of probation and modifications, ensuring that fees were authorized, were in the appropriate amounts, and were paid as scheduled by the Court. No exceptions were found.

NOTE: APD personnel administering the TA system must capture, record and update a significant amount of data, and manually input the information into the system to ensure that TA and RFR system contain the same information. APD maintains hardcopy files to support the system input. Given the high level of manual input and system upkeep required, APD's performance is to be commended.

Recommendation

None, for information only.

Issue 2 Transfer of Court Fees

Summary

The Adult Probation Department deducts applicable fees daily from Work Furlough and Intensive Probation Service probationers' wages and returns the remaining funds to probationers in an accurate and timely manner. Due to lack of automation, these fees, averaging \$92,000 monthly, are reported and processed only once a month through the Clerk of the Superior Court's Restitution, Fines and Reimbursement System, which delays the funds' availability to victims and the Court. The Adult Probation Department should investigate system improvements to make funds available in a more timely manner.

Compliance Requirements

Compliance requirements cited for Issue 1 also apply to APD's system for transferring probationers' fees to the Clerk of the Superior Court (COC). Also, the American Institute of Certified Public Accounts (AICPA) and the Government Accounting and Financial Reporting Manual recommend that controls be established surrounding the collection, timely deposit, and recording of monies.

Payment Processing

The Court adjudicates terms and condition of probation, including amounts and types of restitution, reimbursement, fines, probation service fees, and victim compensation to be paid. Probation Officers and local APD offices collect probationers' payments. Work Furlough (WF) and Intensive Probation Services (IPS) payments are posted to the Trust Accounting (TA) system, and standard payments are posted to the COC RFR system. Payments posted to the TA system must be subsequently paid to the COC, along with payment detail posted to the RFR system.

We reviewed the month-end March and June 2003 TA reports and verified individual payment category totals to month-end system reported totals for both WF and IPS accounts. We then traced two months' totals for WF payments (\$15,164) and IPS payments (\$167,543) to specific checks, by category, prepared and sent to the COC at month-end. We verified the checks had paid and reflected the COC endorsement. No exceptions were noted in the report totals, check totals, or paid endorsements.

We traced 24 of 1,864 (1.3%) probationers' payments posted in March and June 2003 month-end reports to the RFR system. Again, no exceptions were noted. A sample of one batch posting from the TA to the COC RFR system was also verified.

Work Furlough and IPS wage checks and fee deductions must be processed and the remaining funds returned to probationers daily. However, the fees collected are not posted to the COC RFR system daily. The Trust Accounting fee collection totals are run monthly. Checks are not sent to the COC, and fee detail is not input to COC RFR system until after month-end close.

The TA system fee detail input is a manual process that requires three APD employees from three to eight days to complete, as input is done in between other daily assignments. The concerns are that the Trust Account payment detail is not reflected in RFR and the Arizona State Probation Enterprise Tracking System (APETS) daily. This control weakness increases the risk for potential inaccuracies in information pulled or reported from RFR and APETS prior to APD totals being loaded. More importantly, restitution is not posted and available for disbursement to victims for 30 to 40 days after receipt. The lack of an automated daily transfer, or system posting, of TA fees and payment to the RFR system is the primary cause for delays. While we detected no errors in the sample selection, the manual input of 25 to 35 pages of data increases the risk of significant reporting errors.

Impact

Reporting control weaknesses have the following impact:

- Restitution payments are not available for immediate disbursement to victims.
- Month-end RFR and APETS system-reported totals may not reflect accurate totals if loaded prior to input of TA fee detail.

Recommendation

APD should:

- A.** Contact Clerk of the Court's IT department and determine if monthly Trust Accounting batch processing to the RFR system can be automated and if the process can be performed on a more timely basis.
- B.** Determine whether manual batch processing to RFR can be performed more frequently, if process automation is not possible, and include a month-end reconciliation for fee totals and issuance of check to COC.

Issue 3 Minimum Accounting Standards

Summary

The Minimum Accounting Standards (MAS) review at Adult Probation Department office locations found significantly improved controls and processes since the last review. However, some exceptions were noted among the eight field locations and with bank reconciliations. Adult Probation should continue to review and strengthen its Minimum Accounting Standards operational procedures.

Minimum Accounting Standards

The MAS are agreed-upon procedures set forth by the Administrative Office of the Arizona Supreme Court. The purpose of the MAS review, which is performed on a three year cycle, is to ensure that offices under Arizona Supreme Court reporting lines, including Adult Probation, have established effective controls over their financial accounting and reporting systems. In 1998, when the Arizona Auditor General Office informed the courts that it would no longer perform MAS reviews at the County, this function was transferred to the Maricopa County Internal Audit Department beginning in FY 1998-99.

MAS Review Processes and Outcome

The MAS reviews at APD Administration Division and the eight APD field office locations were conducted in September and October 2003. Our review identified many improvements since the 2001 MAS review. Exceptions in the application of standards are noted in the table below. (**Note:** For reporting purposes, APD will be used in lieu of “courts” in the activity and exception statements.)

REF	MINIMUM ACCOUNTING STANDARD	EXCEPTION/COMMENTARY
5.02	Restrictive endorsement of checks immediately	Not all checks reflected endorsement. Three checks were received three to seven days prior to our review. (Durango)
5.06	Record all payments received immediately on case financial records.	Standard probation payments for posting to Clerk of the Court (COC) Restitution, Fines and Reimbursement (RFR) system are not immediately processed and recorded on case financial records. (Durango) See NOTE 1 (5.06) below
5.09	Retain all voided receipts	Hundreds of APD receipts and receipt books reflect accurate and complete receipts, but unused receipts are not always voided with all copies retained. (Shea, WRC, Southport and Garfield)
5.10	Do not alter receipts	Receipt books disclosed alterations to receipts beyond spelling corrections. (Multiple offices).

5.11	Account for all manual receipts issued	Receipt books are not effectively controlled and issued in numerical order. Receipts are not always issued in numerical order, and Probation Officers (POs) are not the sole users of their assigned receipt books. (Multiple) See NOTE 2 (5.11)
8.05	Deposit receipts at least weekly or daily if receipts exceed \$300	See exception and commentary at 5.06 above.
10.01	Investigate all APD checks outstanding more than six months	APD Administration (Finance) completes monthly bank reconciliation on its five accounts. Significant improvement has been made since the prior 2001 MAS. APD has researched and cleared many aged items, with only four outstanding checks currently aged over 180 days. Additional bank reconciliation follow-up and documentation is required in two areas. See NOTE 3 (10.01) below

Non-MAS Local Office Control Issue

Key control and access to APD field offices and lock boxes is not effectively documented and reviewed on a periodic basis. Our review of eight locations disclosed that 21 of 221 (9.5%) employees listed on current logs had terminated employment.

Impact of Non-compliance

Untimely payment posting has a material impact on the reporting accuracy of fees collected and on the availability of funds for restitution payments to victims. Non-compliance with MAS standards allows for untimely collection and reporting of funds, opportunity for misuse and misdirection of funds, and poor audit documentation trails. Manual receipting, performed by several hundred employees, is the primary cause of most MAS exceptions.

Recommendation

APD should:

- A.** Review the MAS standards and determine corrective action to address exceptions. Standards to be addressed include MAS 5.02, 5.06, 5.09, 5.10, 5.11, 8.05, and 10.01.
- B.** Continue its annual MAS reviews, providing additional training and development as necessary in areas where exceptions to standards were noted.
- C.** Review, update, and document APD building key control/access logs regularly, but at least annually. Access logs to cash equivalent lock boxes and files for checks should also be reviewed and documented annually. A standard form for key control/access should be developed and utilized at all APD locations.
- D.** Investigate and consider card reader access to field locations to reduce the number of keys across locations and to specifically track and identify the large volume of personnel who may require access to multiple locations.

NOTES TO ISSUE 3

NOTE 1 (5.06): Deposits at one office were processed on only four days in August 2003 and four in September; deposits ranged from \$2,100 to \$11,900 per day, averaging \$6,500 and 60 items per day. We also tested January and July 2003, noting only eight deposits each month, averaging \$6,100 and 33 items per day. Specific payments tested revealed deposits posted nine to 15 days after receipt.

NOTE 2 (5.11): APD does not have a standard log to document receiving receipt books, issuing them in sequential order, or receiving completed receipt books. Receipt books were issued out of sequence and receipts in the same book were issued out of order, with later dated receipts back-filled into unused, non-voided receipts. (Locations: Multiple)

APD clerks in eight offices and 700 Probation and Surveillance Officers issue manual payment receipts. Officers deliver payments and receipts to local offices for processing. Audit tests showed that manual payments delivered to offices had receipts attached and were processed by local office staff to either the Trust Accounting (TA) or RFR systems. We did not locate payments without receipts. APD appears to have adequate procedures and controls in place for balancing and recording the daily receipts.

Without extensive, unannounced observational tests of multiple probation officers, at multiple locations, over an extended period of time, validation of receipts and sequencing for all payments cannot be certified. Due to the excessive manual receipt volume, for APD to validate and account for sequencing of every APD officer and local office-issued receipt on a daily basis would be counter-productive and virtually impossible.

NOTE 3 (10.01): APD has carried a \$400 plus unidentified amount in each of the two trust account (WF and IPS) reconciliations for the past year; the amounts have remained the same from month-to-month. APD has no cash account, but each trust account reflects an individual account described as “Cash Over/Short” for aged conversion discrepancies and bank account adjustments pending resolution (e.g., returned checks from probationer employers). Some documentation is on hand, however, the “Cash Over/Short” account within each trust account is not reconciled and documented monthly.

Management reported that the reconciliations and Cash Over/Short amounts include items from the 1997 Law Enforcement Judicial Information System (LEJIS) conversion. Prior personnel and documentation are no longer available. APD researched these items to the extent possible, and appears to have no further recourse to resolution. Reconciliation items need to be written off or reported to the State when research efforts are exhausted and final disposition is settled. APD should ensure that the cash balances in the trust accounts reconcile to TA system cash shown monthly. Out of balance conditions should be researched and handled appropriately.

Issue 4 Performance Measure Certification

Summary

Our review of five Adult Probation Key Results Measures, developed for the Managing for Results program, found all to be sufficiently and accurately reported. The department's data collection procedures are reliable and Adult Probation accurately reports its Key Results Measures.

County Policy Requirements

Maricopa County Board of Supervisors Policy B6001 (4.D Evaluating Results) requires the Internal Audit Department to review County departments' strategic plans and performance measures. The policy also requires that a report of the results be issued. The following information defines the results categories that are used in the certification process.

Definitions

Certified: The reported performance measurement is accurate (+/-5%) and adequate procedures are in place for collecting/reporting performance data.

Certified with Qualifications: The reported performance measurement is accurate (+/-5%) but adequate procedures are not in place for collecting and reporting performance data.

Factors Prevented Certification: Actual performance measurement data could not be verified due to inadequate procedures or insufficient documentation. This rating is used when there is a deviation from the department's definition, preventing the auditor from accurately determining the performance measure result.

Inaccurate: Actual performance is not within five percent of reported performance and/or the error rate of tested documents is greater than five percent.

Not Applicable: Performance measurement data is not yet available.

Key Measure Testing

Key Measure #1: Percent of probationers who successfully completed education/treatment classes operated by the Adult Probation Department.

Results: **Certified**

We validated the data measurement figures by verifying the APD sampling methodology, verifying data used to report the annual figure, and sampling APD source data to determine the accuracy of data inclusions or exclusion from the reported figures. The following table shows the figures reported by the department and the accurate figures, as determined by our review of support documentation.

Measure #1	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	54%	60%	54%	65%	59%
Actual	54%	60%	54%	65%	59%

Our review found the APD sampling methodology adequate and verified reported figures as accurate. No exceptions were found in our sampled source data.

Key Measure #2: Percent of probationers terminated from probation who successfully complete APD operated education/treatment classes and are not committed to the Department of Corrections.

Results: **Certified**

This measure reports data annually. We validated the data measurement figures by verifying APD sampling methodology, verifying data used to reporting the annual figure, and sampling APD source data to determine the accuracy of data inclusions or exclusion from the reported figures. The following table shows the figures reported by the department and the accurate figures, as determined by our review of support documentation.

Measure #2	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	N/A	N/A	N/A	N/A	91.3%
Actual	N/A	N/A	N/A	N/A	91.3%

Our review found the APD sampling methodology adequate and verified reported figures as accurate. No exceptions were found in our sampled source data.

Key Measure #3: Percent of probationers performing required monthly service hours who are meeting or exceeding monthly obligations.

Results: **Certified**

This measure reports data annually. We validated the data measurement figures by verifying APD sampling methodology, verifying data used to reporting the annual figure, and sampling APD source data to determine the accuracy of data inclusions or exclusion from the reported figures. The

following table shows the figures reported by the department and the accurate figures, as determined by our review of support documentation.

Measure #3	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	N/A	N/A	N/A	N/A	30.0%
Actual	N/A	N/A	N/A	N/A	30.0%

Our review found the APD sampling methodology adequate and verified reported figures as accurate. No exceptions were noted in our sampled source data.

Key Measure #4: Percent of probationers who successfully complete probation.

Results: **Certified**

Each quarter APD surveys Probation Officer records and compiles data on the number of probationers who have successfully completed all probation requirements. These may include some or all of the following: meetings with Probation Officers, education and treatment program attendance, drug and alcohol testing, obligatory school or work programs, and payment of court-ordered fine, fees, and restitution. We validated the methodology for collection and compilation of data from Probation Officers and other sources.

Measure #4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	59%	59%	59%	56%	58%
Actual	59%	59%	58%	57%	58%

Our review found the APD sampling methodology adequate and verified reported figures as accurate. No exceptions were found in our sampled source data.

Key Measure #5: Percent of probationers who are compliant paying restitution.

Results: **Certified**

This measure reports data annually and is used to determine whether probationers are meeting court-order mandates for payments in connection with their sentences. We validated the data measurement figures by verifying APD sampling methodology, verifying the data used to report the annual figure, and sampling APD source data to determine the accuracy of data inclusions or exclusion from the reported figures. The following table shows the figures reported by the department and the accurate figures, as determined by our review of support documentation.

Measure #5	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	N/A	N/A	N/A	N/A	65.0%
Actual	N/A	N/A	N/A	N/A	65.0%

Our review found the APD sampling methodology adequate and found accurate figures reported with no exceptions in our sampled source data.

Recommendation

None, for information only.

Department Response

ADULT PROBATION DEPARTMENT

ADMINISTRATION
(602) 506-3261
TDD (602) 506-2324

SUPERIOR COURT OF ARIZONA
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BARBARA A. BRODERICK, Chief Probation Officer

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County Auditor
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Phoenix, AZ. 85003

Dear Mr. Tate:

Please find attached the Maricopa County Adult Probation Department's response to the Internal Audit's Report dated December 19, 2003. As you can see from the response, I concur with the report's recommendations and my staff have already begun addressing issues delineated by your auditors. In one case, the timeline for resolution of an issue is impacted by automation programming resources of another department. Regarding another recommendation, I am asking for a letter of support from your office to be included in our major maintenance request to the Office of Management and Budget.

I would like to thank your staff involved in the audit for their professionalism and communication efforts during the course of their work. Particularly, Cat Galassi did an excellent job communicating with me and my management staff regarding issues as she progressed through the audit. Your staff's professionalism is greatly appreciated.

Respectfully,

Barbara Broderick,
Chief Probation Officer

AUDIT RESPONSE
ADULT PROBATION DEPARTMENT
DECEMBER 16, 2003

Issue #2

The Adult Probation Department deducts applicable fees daily from Work Furlough and Intensive Probation Service probationers' wages. Due to lack of automation, these fees, averaging \$92,000 monthly, are reported and processed only monthly through the Clerk of the Superior Court's Restitution, Fines and Reimbursement System, which delays the funds' availability to victims and the Court.

Response: Concur

Recommendation A: APD should contact Clerk of the Court's IT department and determine if monthly Trust Accounting batch processing to the RFR system can be automated and if the process can be performed on a more timely basis.

Response: Concur. Weekly meetings involving the Clerk of the Court and APD staff are currently taking place. The goal of these meetings is to implement a weekly-automated method of transferring RFR to the Clerk's office.

Target Completion Date: March 1, 2004. This date was determined by the Clerk of the Court's office and is dependent on the Clerk's timing for needed programming changes.

Benefits/Costs:

- Victims will receive restitution payments more quickly.
- The RFR system will be updated more quickly. Probationers' financial compliance with Court orders can be accurately determined by using only this RFR system.
- Approximately twenty work hours each month will be saved by APD trust accounting employees since they no longer have to manually post to the RFR system. This is timely since we expect client levels in the two probation programs under this system to double within the next few months. The automation of payments through RFR will allow time for APD trust accounting staff to handle all other aspects of accounting for this increased workload.
- APD is exposed to a greater risk of absorbing losses due to non-sufficient funds checks.
- The Clerk of the Court's office estimates that this programming change will cost \$24,000. However, Adult Probation is not expected to absorb this cost.

Recommendation B: APD should determine whether manual batch processing to RFR can be performed more frequently, if process automation is not possible, and include a month-end reconciliation for fee totals and issuance of check to COC.

Response: Concur--but not applicable. See Recommendation A.

Issue #3:

Some exceptions to the Minimum Accounting Standards were noted while reviewing various Adult Probation Department office locations.

Concur.

Recommendation A. APD should review the MAS standards and determine corrective action to address exceptions. Standards to be addressed include MAS 5.02, 5.06, 5.09, 5.10, 5.11, 8.05, and 10.01.

Response: Concur. We are in the process of sending the annual listing of MAS requirements and instructions covering all of these requirements to all department supervisors. Department supervisors will review this set of instructions with the members of their unit at their next meeting. We will also continue to audit offices for compliance. Regarding 10.01, the "Cash Over/Short" account has been re-named to "Research Items". We are in the process of forwarding to the State Department of Revenue the aged conversion discrepancies. Cash balances are reconciled on a daily basis and any out of balances are researched so this situation should not re-occur. In addition, the Research Items account will be reconciled monthly.

Target Completion Date: January 31, 2004

Benefits/Costs: There are no costs associated with this corrective action plan. By implementing these changes, the risk of potential liability is reduced

Recommendation B: APD should continue its annual MAS reviews, providing additional training and development as necessary in areas where exceptions to standards were noted.

Response: Concur. As mentioned in our response to Recommendation A, in addition to an annual MAS review, we intend to perform periodic audits of sites. If these audits show a need for specific training, this training will be provided.

Target Completion Date: Implementation completed.

Benefits/Costs: There is an increase in cost due to additional personnel time needed to perform audits, however implementing this action plan reduces the potential risk of liability.

Recommendation C: APD should review, update, and document APD building key control/access logs regularly, but at least annually. Access logs to cash equivalent lock

boxes and files for checks should also be reviewed and documented annually. A standard form for key control/access should be developed and utilized at all APD locations.

Response: Concur—in process. We are looking to purchase small safes that operate via a card reader system. These safes would be used to store cash equivalents received from clients and APD checks processed for clients. Regarding building keys, please see Recommendation D.

Target Completion Date: March 1, 2004

Benefits/Costs: This type of system will limit risk exposure. This type of safe would enable locations to control and monitor the accessibility to these items.

Recommendation D: APD should investigate and consider card reader access to field locations to reduce the number of keys across locations and to specifically track and identify the large volume of personnel who may require access to multiple locations.

Response: Concur—in process. We intend to include this item in a major maintenance request for each of our sites. This request will be submitted to the Office of Management and Budget via Facilities Management. Since this is a high security issue, we would appreciate a letter of support from County Internal Audit that we can include with our budget request.

Target Completion Date: July 1, 2004

Benefits/Costs: We have found that trying to keep a manual log of building keys is a system prone to errors and omissions. A card reader access system at each of our buildings will enable offices to control and monitor accessibility not only to the building itself but also to each area within the site.

Approved By:



Chief Probation Officer

12-18-03
Date



Presiding Judge

12/18/03
Date



County Administrative Officer

12/18/03
Date