



Office of the County Auditor

**Mary Modelski**

Cook County Auditor

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November 30, 2022

The Honorable Tony Preckwinkle, President  
Board of Cook County Commissioners  
118 N. Clark Street, Room 537  
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We have conducted an audit of Inmate Welfare Fund, in accordance with the [Cook County Auditor Ordinance](#).

The scope and objectives of our audit were designed to assess the internal controls to determine if they were designed effectively and operating as intended to ensure that the Inmate Welfare funds were expended in accordance with the established policies and procedures and that the funds were properly accounted for and adequately safeguarded.

Our fieldwork was conducted March 2021 to October 2022. The Executive Summary provides an overview of the audit and improvements made during the audit.

We have shared this report in its entirety and discussed our recommendations with the Inmate Welfare Fund staff to ensure accuracy and understanding. We express our appreciation for the cooperation of the Inmate Welfare Fund staff extended to Mark Wehren during our audit.

Respectfully submitted,

Mary Modelski  
County Auditor

cc: Sojourner Colbert, Chief Financial Officer

**TONI PRECKWINKLE**

PRESIDENT

**Cook County Board  
of Commissioners**

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COOK COUNTY GOVERNMENT  
OFFICE OF THE COUNTY AUDITOR

Inmate Welfare Fund

Internal Audit Report

Report Date:  
November 30, 2022

Issued By:  
Mary Modelski, County Auditor

Audit Conducted By:  
Mark Wehren, Field Auditor V  
Julie Stack, Audit Supervisor

## EXECUTIVE SUMMARY

The Inmate Welfare Fund is utilized to improve the life of the inmates while incarcerated. Funds are used in areas of training, entertainment, recreation, religious programs, and basic services for indigents. Funds are generated by numerous sources, such as commissary sales, sales of items produced in vocational and/or occupation therapy, etc.

During this audit, the Inmate Welfare Fund staff were notified of four areas of improvement, which they embraced and took action to implement on such improvement. The areas were: inventory tracking, purchasing contract information, salvage reporting and policy updates. Based upon testing of internal controls and evidence of implementation of the control improvements, we have no recommendations at this time.

## BACKGROUND

The Inmate Welfare Fund, administered by the Sheriff of Cook County, was established for the direct benefit, welfare, or education of the individual and general inmate population. The funds are to be used at the discretion of the Executive Director of the Department of Corrections (DOC). Use is subject to the approval of the Sheriff's Chief Financial Officer/Budget Director for the direct benefit of persons who are inmates in the DOC. Funds shall not be used for any purposes which are covered by county, state, or federal appropriation.

The Sheriff's Inmate Welfare Fund Committee serves as an advisory board that provides oversight of the Inmate Welfare Fund administration and disbursement of its monies. The Committee is comprised of five members, serving without compensation. The Undersheriff serves as Committee chairman. The Chief Financial Officer, Executive Director of the DOC or their designees, may also serve as committee members. The remaining two members are appointed by the Undersheriff.

The Committee meets on an as needed basis to approve any expenditures of \$10,000 or more and to review all Fund activity. The Committee also examines the policies and procedures for allocation and disbursements of fund revenues; determines the exact benefits inmates receive from fund revenues; analyzes expenditure patterns for funds; and compares fund expenditures with those of comparable correctional institutions.

The Inmate Welfare Fund is non-taxpayer funded. Revenue is generated from the inmate commissary operation, interest income from the Inmate Welfare and abandoned inmate funds, and sales of items produced in vocational and/or occupation therapy. Revenue for Fiscal Year 2020 was \$3,659,482 and Fiscal Year 2021 was \$4,987,664.

Examples of allowable fund purchases include library services, recreation, movies, life skills services, religious and inspirational program materials, re-entry programs, wages for inmate workers, and assistance for indigent inmates. Fiscal Year 2020 expenditures totaled \$1,685,615 and Fiscal Year 2021 expenditures totaled \$2,778,708.

As a result of COVID, the Inmate Welfare fund was used to pay for extra phone calls for inmates. The COVID expense began in April 2020 and ceased in September 2021. Expense for the COVID phone calls were: \$48,000 In Fiscal Year 2020 and \$129,600 In Fiscal Year 2021. Additional, snacks were also provided costing the Inmate Welfare fund in Fiscal Year 2020 \$396,774 and in Fiscal Year 2021 \$793,467.

Inmate payroll is also decremented from the Inmate Welfare Fund. Due to COVID, inmates were not allowed to work in Fiscal Year 2020. Work did resume in Fiscal Year 2021 for select duties. The Inmate Welfare did see an increase in payroll costs, due to pay rate increases. The Inmate Welfare fund spent for Fiscal Year 2020 \$278,282 and for Fiscal Year 2021 \$618,960.

Exercise Equipment was also added and/or replaced in ten locations throughout DOC during the timeframe under review. The Inmate Welfare fund had no expenditure for Fiscal Year 2020 and for Fiscal Year 2021 was \$142,300.

## AUDIT SCOPE AND OBJECTIVES

The scope and objectives of our audit were designed to assess the internal controls to determine if the controls were designed effectively and operating as intended. Ensure the Inmate Welfare funds were expended in accordance with the established policies and procedures. In addition, funds were properly accounted for and adequately safeguarded. The timeframe of review for the Inmate Welfare funds was Fiscal Year 2020 through 2021.

The audit objectives were primarily to determine the following:

- Written policies and procedures are established for managing the Inmate Welfare Fund.
- Expenditures have documentation that demonstrate proper approval.
- Evidence of a competitive bid process, utilization of a county contract or documentation justifying a sole source vendor exists.
- Contract numbers were reported on the Purchase Request forms for vendors that had contracts with Cook County.
- Receipts were properly processed and reported in cash receipts journal.
- Inventory was controlled by Inmate Welfare and inventory was reconciled on a regular basis.
- TV and Microwaves transferred to divisions had proper documentation.
- Items removed from the jail to salvage had appropriate support and approvals.

The following procedures were performed to assess the objectives:

- Obtained written policies from Inmate Welfare and determined if procedures were in place for use of Inmate Welfare Funds for all relevant functions and activities.
- Obtained expenditures and reviewed documentation to ensure expenses had proper approval and a competitive bid process was used or documentation supported use of a sole source vendor.
- Contract numbers were added to identify county contracts utilized.
- Verified receipts were present and backup for payment verifying deposit detail was present and that amounts agreed to the cash receipts journal.

- Verified Inventory on hand and secured at Inmate Welfare and inventory is reviewed and reconciled on a regular basis.
- Determined TVs and microwaves transferred from Inmate Welfare storage areas to divisions had documentation for the transfer.
- Obtained salvage reports and inventory databases for TVs and microwaves. Reviewed that salvaged items are reported on both the reports and the databases for TVs and microwaves.

## AUDIT RESULTS

Based on our analysis and evaluation of the internal controls for the Inmate Welfare Fund, we have reached the following conclusions on our audit objectives.

- During our review, the existing Inmate Welfare policies and procedures were not documented in detail regarding the areas of cash receipts, disbursements, inventory, salvage, or instructions to document sole source or county contract information. Upon notification of the lack of detailed procedures, Inmate Welfare created and implemented more detailed policies and procedures.
- Expenditures reviewed had documentation to support the expenditures and all had contained proper approval.
- Verified that a contract number was now added to Purchase Request forms when a county contract is utilized. Inmate Welfare previously did not include the contract numbers on Purchase Request forms where a county contract was utilized. In addition, contract numbers have been added to those forms that had been missing the contract number.
- Reviewed a sample of receipts and noted that receipts were present and correctly posted to the cash receipts journal.
- The inmate welfare department tracks microwaves and televisions in a database. However, a complete reconciliation of inventory items had not been completed. Upon notification, Inmate Welfare implemented inventory controls to increase and decrement items as they moved between offsite and onsite storage, then inmate distribution. Reconciliation is performed monthly. TV's and microwaves are tracked by location with asset and serial numbers.
- For the month of April 2022, verified that locations receiving TV's and microwaves signed for the transfer of assets.
- Salvage reports were produced monthly but lacked management review and approval to ensure the inventory database was updated accurately. This resulted in differences between salvage reports and the inventory database being out of alignment. Upon notification, Inmate Welfare implemented a process by which management reviewed, approved, and reconciled items to the inventory database to ensure items were marked as salvage and included a date of when salvaged.