

Inmate Welfare Fund

SUMMARY

The Inmate Welfare Fund (IWF) at the City of Santa Ana Jail was established to fund programs for the benefit of inmates at this facility. The IWF is governed by Penal Code § 4025 and is part of the Santa Ana Police Department's Special Revenue Funds. The 2001-2002 Orange County Grand Jury's interest in the IWF was the result of a recommendation from the previous Grand Jury. Review of the IWF by members of the Grand Jury indicated that proper accounting procedures are being followed in the operation of the fund.

PURPOSE

The purpose of the study was to review the operation and management of the IWF to include both the budget and audit procedures and the role of the IWF Committee. The study also reviewed the approval process for expenditures from the fund.

BACKGROUND

The IWF was established in 1994 under the Governing General Accepted Principles' rules and regulations of the City of Santa Ana. In 1996, when the present jail was constructed, the city entered into an agreement with Pacific Telesis for an inmate phone system. A major component of this agreement was an advance payment of \$400,000 and

a signing bonus of \$40,000 to the IWF by Pacific Telesis. The balance of the IWF has grown to \$691,000 as of March 31, 2002. Monies deposited into the fund are in an interest bearing account with the Bank of America. Additions to the IWF come from two sources: commissions from inmate outgoing collect telephone calls from Pacific Telesis and inmate purchases from the commissary.

In June of 2001, a six person IWF Committee was established to oversee and approve all expenditures charged to the fund. Four of the six are voting members; the remaining two are advisory. Three of the voting members of the IWF Committee are members of the Santa Ana Police Department; the Police Chaplain is not. The two non-voting members are the Legal Advisor and the Fiscal Officer. An Account Clerk for the IWF was hired on a part-time basis to perform accounting of revenue and expenditures; this person is not a member of the IWF Committee. The committee meets on a quarterly basis. An internal audit is annually conducted by the Fiscal Division of the City of Santa Ana. A formal audit of the IWF is conducted by an outside auditing firm as part of the City of Santa Ana's annual audit. All expenditures under \$10,000 are approved by the IWF Committee and the City Manager. Expenditures in excess of \$10,000 must also be approved by the City Council.

METHOD OF STUDY

Members of the Grand Jury interviewed individually five of the six members of the IWF Committee and the part-time Account Clerk to determine concerns addressed in the PURPOSE section of this study. Follow-up visits and telephone calls were made to members of the IWF Committee to verify information obtained from interviews.

FINDINGS

Under California Penal Code § 933 and § 933.05, responses are required to all findings. The 2001-2002 Orange County Grand Jury arrived at two findings:

1. The IWF Committee is composed of four voting members and two non-voting members who act in an advisory role.
2. Proper accounting practices are being followed by members of the IWF Committee in the operation of the fund.

A response to Findings 1 & 2 is requested from the Chief of Police of the City of Santa Ana.

RECOMMENDATIONS

In accordance with California Penal Code § 933 and § 933.05, each recommendation must be responded to by the government entity to which it is addressed. These responses are submitted to the Presiding Judge of the Superior Court. Based on the findings, the 2001-2002 Orange County Grand Jury recommends that:

- 1 The voting members of the IWF Committee be increased from four voting members to five in order to prevent any future tie votes. (Finding 1)
- 2 The Grand Jury recommends that the additional voting member be a public member and not an employee of the Santa Ana Police Department. (Finding 1)

A response to recommendations 1 and 2 is requested from the Chief of Police of the City of Santa Ana.

COMMENDATIONS

1. The IWF Committee is commended and should continue to follow proper accounting practices in the operation of the IWF.