

RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR



DONNA M. DUNK
ASSISTANT
AUDITOR-CONTROLLER

ROBERT BOITANO
ASSISTANT
TREASURER

PAM JOHNSTON
ASSISTANT
TAX COLLECTOR / AUDITOR

June 19, 2009

Mr. Bill Cogbill, Sheriff-Coroner
Sonoma County Sheriff's Trust
2796 Ventura Avenue
Santa Rosa, California 95403

Dear Sheriff Cogbill:

In planning and performing our audit of the financial statements of Sonoma County Inmate Welfare and Jail Stores Trusts (Trusts), as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Trust's internal controls over financial reporting (internal controls) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal controls that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the following deficiencies to be significant deficiencies in internal controls:

Prior year findings

1. Internal controls over financial transactions and period end reporting

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over the preparation, review and approval of financial statements. It is our understanding at this time that the Trust's management believes that the cost of implementing the recommendations would outweigh the benefits.

While we understand that the Sheriff's Department is aware of this significant deficiency and has requested that we continue to prepare the financial statements, our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

2. Internal controls over the Sonoma County Adult Detention System (UNIX)

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over UNIX. During the current year, we identified a variance of \$34,874 between the UNIX Sales and Stock Report and FAMIS. Upon further investigation by the Department, we were informed that approximately \$37,116 in commissary sales revenue was not deposited in FAMIS in the proper period. These variances indicate a weakness in internal controls.

Recommendation

While we understand the Department is reconciling FAMIS to Commissary and Vending accounts quarterly, we feel that additional procedures are necessary to improve internal controls over this area. We strongly suggest that procedures be implemented to ensure that Commissary and Vending sales revenue is deposited in FAMIS in the proper period. Implementing effective procedures in this area will improve the Trust's internal controls over Commissary and Vending sales revenue.

3. Internal controls over Physical Inventory procedures

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over inventory procedures. It is our understanding at this time that the Trust is in the process of implementing procedure that include taking a physical inventory as close to year end as possible, and generating a year end Sales and Stock Report after all inventory adjustments have been made.

While we understand that the Sheriff's Department is aware of this significant deficiency and is taking steps to resolve this issue, we identified significant variances during the current

year. Our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

4. Internal controls over recording the cost of ending inventory

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over recording the cost of inventory in FAMIS. It is our understanding at this time that the Trust's management believes that the cost of implementing the recommendations would outweigh the benefits.

While we understand that the Sheriff's Department is aware of this significant deficiency and has requested that we continue to prepare the inventory adjustment for the financial statements, our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

5. Internal controls over Accounts Payable

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over accounts payable. It is our understanding that the Department is in the process of implementing procedures to accurately record accounts payable at year end.

While we understand that the Sheriff's Department is aware of this significant deficiency and and taking steps to address the issue, we identified material adjustments to accounts payable during the current year. Our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

This letter does not affect our report dated June 8, 2009 on the financial statements of the Trusts. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Committee, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Upon receipt of this letter, please respond to the applicable comments above, directly to the Auditor-Controller's Office within 10 days.

Bill Cogbill
Inmate Welfare and Jail Stores Trusts
June 19, 2009
Page 4 of 4

In closing, we would like to thank Dennis Jaques, and Jim Piercy for the courtesy and helpfulness they extended to us during the audit. If you have any questions about the audit, please feel free to call Damian Gonshorowski at (707) 565-8309.

June 19, 2009



Sonoma County Sheriff's Department

BILL COGBILL
Sheriff-Coroner

RICH SWEETING
Assistant Sheriff
Law Enforcement Division

LINDA SUVOY
Assistant Sheriff
Detention Division

August 5, 2009

Damian Gonshorowski, Auditor
Audit section
Sonoma County Auditor-Controllers office

RE: Management Letter responses for the Fiscal Year 07-08 Annual Report of the Inmate Welfare and Jail Stores Trusts.

Dear Damian:

We have received and reviewed your audit of the financial statements of the Sonoma County Inmate Welfare and Jail Stores Trusts for the year ended June 30, 2008. We appreciate your work on this and are submitting the following responses to your findings.

Your Management letter outlined a number of findings along with a recommendation aimed at improving internal controls and operating efficiencies. The Department has discussed these findings and the recommendation. Below are discussions to address point by point the issues raised for each of the findings and the recommendation that is presented in your report.

1. Internal controls over financial transactions and period end reporting

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over the preparation, review and approval of financial statements. It is our understanding at this time that the Trust's management believes that the cost of implementing the recommendations would outweigh the benefits.

While we understand that the Sheriff's Department is aware of this significant deficiency and has requested that we continue to prepare the financial statements, our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

Response:

The Department recognizes that no response is necessary, however since this issue continues to be addressed in the management letter we feel we should respond. The Department recognizes that the Statements on Auditing Standards (SAS 112) states that the Trust should have necessary resources to effectively apply Generally Accepted Accounting Principals (GAAP), to the recording of financial

transactions and preparation of financial statements. To meet this Standard, the Trust relies on the external auditors to prepare, review, and approve the financial statements. The Department feels that they provide a reasonable assurance that information contained in the financial statements can be relied upon.

If the Trust's were able to obtain the services of another division, such as Sheriff's Accounting or Fiscal Services, to prepare the financial statements for even a nominal cost, that cost would likely exceed any realized benefit. Trust management continues to seek new revenue sources and ways to reduce expenditures. These are being done in an effort to insure that the programs funded by the Trust can continue to be offered to the inmates. Any expense required to obtain outside services would substantially reduce the Trusts ability to provide these programs. Therefore, the Department requests that the financial statements continue to be prepared by the Auditor's Office.

2. Internal controls over the Sonoma County Adult Detention System (UNIX)

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over UNIX. During the current year, we identified a variance of \$34,874 between the UNIX Sales and Stock Report and FAMIS. Upon further investigation by the Department, we were informed that approximately \$37,116 in commissary sales revenue was not deposited in FAMIS in the proper period. These variances indicate a weakness in internal controls.

Recommendation

While we understand the Department is reconciling FAMIS to Commissary and Vending accounts quarterly, we feel that additional procedures are necessary to improve internal controls over this area. We strongly suggest that procedures be implemented to ensure that Commissary and Vending sales revenue is deposited in FAMIS in the proper period. Implementing effective procedures in this area will improve the Trust's internal controls over Commissary and Vending sales revenue.

Response:

Deposits to FAMIS Commissary and Vending accounts are reconciled quarterly to insure that the Deposit Authorizations are prepared and input correctly. Accounting receives monthly Sales and Stock Reports which are used instead of the end-of-year report that we historically relied upon. This issue was addressed in the September 18, 2008 letter which was prepared after the close of this review period. Therefore, we were unable to take action that could have brought the sales revenues and FAMIS closer to assuring they are being recorded in the same period.

Commissary and Vending sales revenues will never be completely deposited in the same period as the sales transaction. These revenues are recorded in FAMIS when a cash deposit is made in the treasury not when the sale is completed. Cash deposits are made in accordance to cash management needs at the jail. Deposit transactions are not made to ensure that deposits "tie" out to the Sales and Stock Reports. Large amounts of cash are processed through the jail each day. In order to minimize the amount of daily cash in the jail that the Department must count and manage, we have deposited \$45,000 in the treasury. Cash management dictates when deposits are made, sales transactions do not dictate when deposits are made. We feel that strong internal controls over the cash management should take precedence over trying to time sales revenues to deposits.

3. Internal controls over Physical Inventory procedures

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over inventory procedures. It is our understanding at this time that the Trust is in the process of implementing procedure that includes taking a physical inventory as close to year end as possible, and generating a year end Sales and Stock Report after all inventory adjustments have been made.

While we understand that the Sheriff's Department is aware of this significant deficiency and is taking steps to resolve this issue, we identified significant variances during the current year. Our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

Response:

The Department recognizes that no response is necessary, however since this issue has been addressed in the management letter we feel we should respond. Physical Inventories are scheduled to be taken on July 1st of each year because of inventory issues discovered during this review period. The significant variance referred to was the result of a reporting error on phone cards. The Sales & Stock report was run on July 10th not June 30th and it was discovered that the Department was billed and paid for more cards than it actually received. The Department has contacted AT&T and they have assured us that a refund will be mailed to us. The Department has implemented changes to insure that the year-end Sales and Stock Reports are generated after all adjustments have been made due to the physical inventory counts.

4. Internal controls over recording the cost of ending inventory

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over recording the cost of inventory in FAMIS. It is our understanding at this time that the Trust's management believes that the cost of implementing the recommendations would outweigh the benefits.

While we understand that the Sheriffs Department is aware of this significant deficiency and has requested that we continue to prepare the inventory adjustment for the financial statements, our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

Response:

The Department recognizes that no response is necessary, however since this issue has been addressed in the management letter we feel we should respond. The Department realizes the ending inventory for the Commissary is not being recorded in FAMIS, and that the ending inventory listed in the Sales and Stock report is valued at retail instead of cost. As part of the year end audit, the cost of ending inventory is calculated by the external auditors during the financial statement preparation and an adjustment is made to the Jail Stores Trust's financial statements. The Department feels that they provide a reasonable assurance that the cost of the ending inventory which is contained in the financial statements can be relied upon.

5. Internal controls over Accounts Payable

In our management letter dated September 18, 2008, we noted significant deficiencies regarding controls over accounts payable. It is our understanding that the Department is in the process of implementing procedures to accurately record accounts payable at year end.

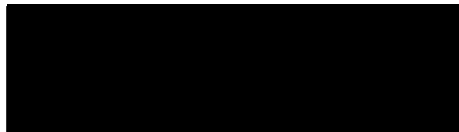
While we understand that the Sheriff's Department is aware of this significant deficiency and taking steps to address the issue, we identified material adjustments to accounts payable during the current year. Our standards require that we continue to report this matter to the Department until it is resolved. No additional response from the Department is considered necessary.

Response:

The Department recognizes that no response is necessary, however since this issue has been addressed in the management letter we feel we should respond. The Department continues to request a more accurate estimate as to the actual remaining (SCOE) contract costs for year end accruals. We have been unsuccessful in getting a response from them and can not be assured that they will comply with our future requests. The Department has analyzed the last few years' invoices in order to get a more accurate history on which we can base our year end estimates. Once we have determined a closer estimate we will change the payable accordingly.

In addition, the Jail stores Trust has historically recorded the Sales Tax expense in each subsequent year. Starting with Fiscal Year 08-09 the Trust will accrue the current years Sales Tax liability and recognize the Sales tax expense. The Department will record an accounts payable entry during the month of July for the prior fiscal year entry while the prior year's General Ledger is still open. It should be noted that there will be two Sales Tax expenditures reflected in 08-09 since the 07-08 expense has already been recorded in 08-09.

The Department would like to thank you for performing the FY 07-08 audit of the financial statements of the Sonoma County Inmate Welfare and Jail Stores Trusts. We would also like to thank you for extending the response time past the original deadline. We are aware that you need a response to the Management Letter before you can schedule the Report for the Sonoma County Board of Supervisor's for their approval. The additional time allowed the Department to fully review the report and provide detailed responses. We appreciate the information given to us through your findings and we can assure you that the Department is aware of the issues that were pointed out in the Management letter. The Trusts' financial position focuses on existing resources to efficiently and effectively run the administrative functions.



Ed Laufer /
Accounting Manager
Sheriff's Department