

Office of Legislative
Auditor General

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July 7, 2015

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Office of Legislative Auditor General's letter on the Observation of the Auction of Abandoned and Unclaimed Inmate Property from the William Dickerson Facility, Wayne County Sheriff. The letter is dated June 12, 2015, DAP No. 2015-57-802. The letter was accepted by the Audit Committee on June 24, 2015, and formally received by the Wayne County Commission on July 1, 2015.

If you have any questions, concerns, or desire to discuss the letter in greater detail, we would be happy to do so at your convenience. The letter is intended for your information and should not be used for any other purpose. Copies of all Office of Legislative Auditor General's final reports can be found on our website at: <http://www.waynecounty.com/commission/743.htm>

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Auditor General

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Benny Napoleon, Sheriff
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Donafay Collins, Commander
David Praedel, Commander
Jacqueline Thompson, Sergeant

Wayne County Executive



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June 12, 2015

DAP No: 2015-57- 802

Honorable Benny Napoleon
Wayne County Sheriff
County of Wayne, Michigan
4747 Woodward Ave.
Detroit, MI 48226

Re: Request to observe auction of abandoned and unclaimed inmate property from the William Dickerson Facility.

Honorable Sheriff Napoleon:

Introduction

The Wayne County Sheriff's Office requested the Office of Legislative Auditor General (OAG) to observe the auction of inmate property that has been abandoned and unclaimed from the William Dickerson Detention Facility in accordance with Wayne County Enrolled Ordinance Number 1995-40, the Sheriff's Escheats Ordinance; and Sheriff's Document Number 4.1.7.

Scope of Work

The procedures we performed for this engagement were limited to observations, inquiry and review of Enrolled Ordinance 1995-40 (Wayne County Sheriff Escheats Ordinance) and Sheriff's Document Number 4.1.7.

This engagement does not constitute an audit or review in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States or the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA) and therefore we do not express any conclusion(s) or opinion(s).

Our engagement objectives were to assess the following:

- 1) Determine whether the inmate release date is outside the required six month period for the items to be eligible for auction.
- 2) Determine whether proper legal notification was provided prior to the auction.



- 3) Observe whether the items identified for auction were successfully auctioned and proceeds from the auction were deposited in a separate account within the county's general fund according to Enrolled Ordinance No. 1995-40.

Background

The Wayne County Sheriff's Office (WCSO) deputies maintain inmate property inventory for the Dickerson facility and hold items that are turned in when an inmate is housed at the jail. Upon release from the facility, the inmate property is available for pickup unless the inmate is released directly from court. If an inmate does not return within an appropriate amount of time, several attempts are made to contact the inmate (phone calls and letters) and return the abandoned items. After unsuccessful attempts, numerous items including jewelry, watches, and electronic devices are deemed abandoned. There were a total of 1,343 items scheduled to be auctioned on April 1, 2015.

Wayne County Ordinance Number 1995-40 authorizes the WCSO to dispose of abandoned and unclaimed personal property. The ordinance requires the WCSO to handle the abandoned property in the same manner as Michigan Compiled Law Section 434.21 which requires:

1. Classification and inventory of the property by both public general descriptions and a confidential detailed description;
2. Safeguard the property and make reasonable efforts to find and notify the owner to claim it;
3. If unclaimed within 6 months from the inmate's release date and reasonable efforts were made to find and notify the owner of the property of his or her right to claim it; and,
4. If the owner cannot be found or does not want the property, the WCSO can either:
 - a. Retain the property for use by the WCSO;
 - b. Sell the property at a public auction and deposit the proceeds in a separate account in the County's general fund, which shall be appropriated for capital needs in the department of origin; or,
 - c. Release the property to a charitable organization as defined by Michigan Compiled Laws, section 400.272.

In addition, WCSO policy and procedure #4.1.7 outlines procedures for handling inmate property and subsequent escheatment of unclaimed property. Prior to the auctioning of unclaimed property, the policy and procedure requires the WCSO to obtain permission from the Director of Purchasing; notify the Wayne County Commission; and, request to have a member of the OAG staff be present at the auction.

Results of the Auction

In January 2015, the WCSO requested a representative from the OAG attend the auction at Martin's Towing in Brownstown, Michigan. The auction was scheduled for April 1, 2015 at 10:30 AM. Prior to the auction, the OAG confirmed that the WCSO obtained permission from the Director of Purchasing and notified the Wayne County Commission. Advertising is used to inform the public of the items to be auctioned. The OAG requested and received a copy from Martin's Towing of the advertisement placed in the Detroit News and Detroit Free Press providing notice to the public.

The OAG also received a list of abandoned/unclaimed items scheduled for auction from the WCSO. Included on the list for auction were 1,343 items, which included 311 watches along with 496 earrings/piercings, 63 bracelets, 260 rings, 171 miscellaneous jewelry, and 42 miscellaneous electronic devices. For quicker disposition, the items were auctioned in bundles. The OAG representative attempted to verify that the property had been abandoned for at least 180 days prior to auction but was not able to perform a complete verification due to insufficient records.

On the date of the auction, the OAG representative arrived at the auction site, Martin's Towing, and performed a walkthrough of the auction facility. The representative was able to verify that the items listed to be auctioned were present at the location.

The auction started at 10:00 AM with vehicles from other law enforcement agencies being auctioned first, followed by the WCSO unclaimed inmate property items. All items, in 36 bundles, were successfully auctioned for a total of \$3,905. The OAG representative confirmed this amount.

However, during our observation of the auction process, we noted two areas where the process could be strengthened.

Observation #2015-01

When OAG staff arrived on the day of the auction at the auction site, there were no Wayne County Sheriff personnel present to observe the auction and ensure it was conducted in accordance with county ordinance and sheriff policy and that the items were indeed auctioned.

Recommendation #2015-01

The Office of Legislative Auditor General recommends that a representative from the Sheriff Office be present at each inmate property auction in order to properly verify that escheated items sent over for auction are being done so according to county ordinance and Sheriff policies and procedures.

Observation #2015-02

The OAG noted during the observation that WCSO officials could not provide a comprehensive list of properties that were properly escheated according to Wayne County Ordinance 1995-40 including when the property was abandoned.

Recommendation #2015-02

The Office of Legislative Auditor General recommends that in the future WCSO officials maintain a complete listing of all property inventory, including a general description and a confidential detailed description along with all pertinent information such as inmate name, booking number, release date and subsequent sale price on the master auction list and maintain it for seven years.

Observation #2015-03

The OAG staff attempted to confirm that revenue received from the auction was forwarded to the county, deposited and recorded in the general ledger. As of the date of this letter, the county had not received the monies from the auction that was conducted on April 1, 2015. We inquired of

Martin Towing on June 10, 2015 and they indicated that they had not sent the auction proceeds over yet but would do so immediately. We confirmed with WCSO officials that the county received the proceeds on June 15, 2015.

Recommendation #2015-03

The Office of Legislative Auditor General recommends that a representative from the Sheriff Office track and follow-up to ensure timely receipt of revenues from property auctions.

Conclusion

Based on our observations of the auction conducted at Martin's Towing in Brownstown, MI, the WCSO could strengthen their process over the auctioning of unclaimed inmate property including having sheriff personnel present at the auction; maintaining a master auction listing which identifies who the items belonged to and when the items were abandoned; and, track and follow-up to ensure timely receipt of revenues from property auctions.

A Corrective Action Plan will be requested approximately 30 days after this letter is formally received and filed by the Wayne County Commission. If sufficient corrective action is not taken, a follow-up review may be necessary at a future auction observation.

We would like to thank the officials in the Wayne County Sheriff's Office for requesting assistance with this auction.

If you have any questions, comments, or concerns regarding the above please feel free to contact me and we will be happy to address them.

Respectfully Submitted,



Marcella Cora, CPA, CIA, CGMA, CICA
Auditor General

cc. Sue Hall, Director of Administration, Wayne County Sheriff
Commander Donafay Collins, Wayne County Sheriff
Commander David Praedel, Wayne County Sheriff
Sergeant Jacqueline Thompson, Wayne County Sheriff
Terry L. Hasse, Director, Grants and Contract Administration, M&B