



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Lupe Valdez
Dallas County Sheriff

From: Wessen Stefanos
First Assistant County Auditor

A handwritten signature in blue ink that reads "Wessen Stefanos".

Subject: Review of Statutory Reporting and Compliance – FY 2012 – FY2014

Date: Issued October 29, 2015
Released December 2, 2015

SCOPE

A review was performed in accordance with statutory guidelines on the financial records and reports of the Sheriff's Department for Fiscal Year 2012 - 2014.

REVIEW PROCEDURES

Standard review procedures were followed to test the internal controls for cash, disbursements, revenue and other county assets. A random sampling of the total activity was selected for certain review steps based on risk, the dollar value of transactions, the volume of transactions, and noted internal control weaknesses.

A partial list of the review tests includes:

- Accounted for numerical sequence of manual and computer generated receipts
- Performed unannounced and scheduled cash counts
- Reviewed Prisoner Trust Fund activities
- Reviewed intake and release procedure and traced inmate's record to the Adult Information System (AIS)
- Reviewed billings and collections for contract services
- Reviewed Commissary Fund activities
- Reviewed bail bond collateral, bond fee, fax fee, re-Arrest fee and bond activities
- Reviewed monthly Cost Data Reports and National School Lunch Program (NSLP) billings and bids on grocery contract for compliance with statutes
- Reviewed control over vehicle parts inventory received from Automotive Service Center (ASC)
- Reviewed assessed fees and commissions for compliance with applicable Commissioners Court orders
- Reviewed Law Enforcement Officer Standards and Education Fund (LEOSE) account disbursements
- Reviewed time and attendance records for proper posting and compliance with County policies and procedures

FINDINGS

Cash Management/Fiscal Management

Cash Counts – Cash counts were performed periodically and reflected generally adequate cash controls with the exception of seven cash shortages totaling \$189.99.

Status: \$159.99 of \$189.99 cash shortages resolved through funding approved from the Internal Service Fund (\$50) and the County Wide Self Insurance Fund (\$109.99).

Receipts – A sample review of 348 manual receipts including six voided manual receipts and 44,724 Countywide Receipts (CWR) including 791 cancelled/voided CWR receipts revealed: three of six voided manual receipts without retention of all receipt copies; three Estray section manual receipts missing the original and pink copy with the yellow copy blank; one complete missing manual receipt book issued to the Sheriff's ID section; and, numerous CWR receipts voided and not re-issued or re-issued for a lower amount including 20 CWR receipts for \$8,538.97 (includes one receipt for \$5,512.10 issued on the prior receipt) cash without retention of the original receipt. A review of receipt control procedures revealed: 61 CWR receipts voided by the same employees who issued the original receipts; and, eleven CWR receipts voided and reissued as complimentary receipts.

Commission Calculations – A sample review of commission calculations and collections on 45 writs of execution or orders of sale for compliance with Commissioners Court approved rates revealed: instances of calculation errors including interest calculated on non-sale collections using the Sheriff's auction date (first Tuesday of every month) rather than the actual collection date.

Commissary Account – A review of Commissary account expenditures in accordance with Government Code, § 511.016 revealed: inadequate supervisory review of expenditure codes on requisition prior to submission to Purchasing resulted in multiple coding errors requiring correcting journal entries totaling \$52,493.55 for FY12, \$53,174.18 for FY 13, and \$74,891.92 for FY14; and, overtime charges totaling \$395,032.71 improperly charged (**Status:** corrected FY2015) to the Commissary account during FY 2013 through FY 2014 for the inmate hand palm print database project.

Prisoner Trust Fund (PTF) – A sample review of PTF activity revealed: instances of original copy of voided checks not retained; and 1159 inactive inmate accounts totaling \$26,551.92 as of March 8, 2013 (periodic review is not completed for purposes of escheating funds).

Bond/Surety Collateral – A sample review of bondsman and attorney CD collateral revealed: one \$25,000 CD for attorney bond account with funds escheated by the bank to the State of Texas (Texas Comptroller) without prior notification to the attorney or Dallas County Sheriff's Department; and, CD renewals without notification to the Dallas County Sheriff's Department of new CD numbers.

A sample review of various bondsman and attorney accounts in AIS revealed: one writ of execution over 90 days old not returned to the court of issuance.

Billings/Collection - A sample review of monthly inmate agency billings and receivables revealed: instances of inmate days in the county jail not billed to the U.S. Marshal for prisoners on U.S. Marshal's holds when another agency also had a hold on the inmate or in conjunction with an Immigration hold; and, instances where amounts paid by the U.S. Marshal did not match amounts billed by the Sheriff after adjustments were made by the U.S. Marshal based on the U.S. Marshal records.

Attorney General (AG) IV-D Billings – A sample review of two monthly AG IV-D billings revealed: four instances where the amount collected or payment information was not entered on the Sheriff's Civil System (SCS).

Fax and Bond Fee Programs – A sample review of billing summaries, invoices, and receipts revealed: instances of payments after the contractual due date of the 10th day after receipt of the statement while the statements reflect payable by the 15th of the month.

Re-Arrest Fee – Re-Arrest fees are not billed on misdemeanor cases and there is limited billing and recovery for felony cases. \$80,807.43 in re-arrest receivables were outstanding as of 9/30/2014 with the oldest receivable dating to September 2003. All re-arrest receivables were aged greater than 90 days. Payments received for re-arrest receivables are deposited as a credit to expense to the Sheriff's Fugitive section business travel rather than as revenue.

Law Enforcement Officer Standards and Education Fund (LEOSE) – A sample review of LEOSE deposits and disbursement revealed: funds are deposited into multiple non-County bank accounts; LEOSE funds not received in FY2012 or FY2013; seventeen (56.7%) of 30 disbursements totaling \$9,371.20 not related to the continuing education of licensed law enforcement Sheriff officers or training for full-time law enforcement support personnel.

Sheriff's Special Fund Account No. 505 – A sample review of Special Fund Account No. 505 activity revealed: three of 120 disbursements exceeding the amount receipt/deposited to the Special Fund Account by \$460 (**Status:** Corrections processed for two items totaling \$320); one refund of an over-collection payable to a case party rather than the party paying on behalf to the defendants; and, over \$700,000 in pre-2003 justice of the peace (JP) fine and court costs collections at the jail remain undisbursed and not recognized as revenue for the County and State.

PROCESSING

Civil papers – A review of civil paper returns and associated Odyssey financial records for proper credit revealed: one civil paper with monetary credit recorded to DSO should be Constable Precinct 1; and, data for paper service attempts is entered in the Odyssey Courts system comment/event fields which does not allow for the production of statistical reports (papers on hand, transferred or served) for papers assigned to the Sheriff, resulting in incomplete tracking of papers from District and County Courts.

OTHER

Prisoner Food Cost/NSLP Report – A review of the Sheriff's Monthly Cost Data Reports and NSLP billings revealed: instances where the reports and NSLP billings contained incorrect utility and transportation costs and salaries, wages, and benefits were annualized and averaged rather than actual monthly costs; inmate food costs calculations exclude indirect and direct costs such as kitchen utensils and preparation supplies; and, 'Groceries Per Meal Cost' overstated due to inventory balance errors.

Grocery Bid / Contract – A sample review of bids on grocery contracts awarded by Sheriff Cook- Chill buyers revealed: no process is in place to ensure "disclosure of outside income" forms have submitted to the County Administrator by the bid evaluation / procurement officers prior to participating in the procurement process; Sheriff's department only solicits bids from current vendors; and, instances of items not awarded to the lowest bidder.

Time and Attendance – A sample review of employee's time and attendance records revealed: Bi-weekly pay period 'approval by manager' of time worked not reflected on Kronos time cards; and 88 instances where exempt employees received approved time off (ATO) while not averaging a 40 hour work over a 52 week period.

Inventory Controls – A review of controls over tire inventory received from the Automotive Service Center (ASC) revealed: 1,306 tires totaling \$128,830.90 charged to Sheriff Patrol code FD000 instead of a specific vehicle; and, inadequate inventory controls (details not recorded to inventory control documents) exist when tires are replaced by deputies.

RECOMMENDATIONS

Cash Management

Cash Counts/Receipts – Re-emphasize verification of receipt amount before issuing to a customer and retention of all copies of a void receipt, clearly marking “void” and affixing a reason for the void (entry of reason code for voided receipts in the CWR system). Establish separation of duties limiting cancellation/void of CWR to supervisory staff and no user should void their own issued receipt. A funding source should be identified for the non-recovered net cash shortages/counterfeit bills totaling \$40.

Commission Calculations - The commission calculation should include the judgment, interest, and attorney fees and the approved commission percentages and hourly rates as authorized by Commissioners Court. Interest on writ collections without a sale should be calculated using the actual date of collection.

Commissary Account – Supervisory personnel should review all requisitions for appropriateness and accuracy including usage of correct General Ledger expenditure codes. Commissary funds should only be used as authorized by Local Government Code, § 351.0415(c).

Prisoner Trust Fund (PTF) – Abandoned property (inactive inmate commissary accounts and outstanding checks dated three years or more as of June 30th cut-off) should follow the guidelines of Property Code, Chapter 76.

Bond/Surety Collateral – Continue current process of CD collateral verification with banking institutions in conjunction with proof of CD existence provided by bondsman/attorney.

Billings/Collection – Billing procedures should include reconciliation between AIS book-in reports and system generated contract billings with periodic review by supervisory personnel to determine accuracy and timeliness of billings. Maintain a control log to verify payments received with amounts billed. Valid current contracts should be on file with payments due in accordance with contract terms.

Attorney General (AG) IV-D Billings – Continue to assess, bill, and collect service fees on all IV-D papers based on State laws, Commissioners Court orders, etc.

Fax and Bond Fee Programs – Billing statements should reflect the date due in accordance with contractual terms.

Re-Arrest Fee – Assess re-arrest expenses as authorized by statute and DCBBB procedures and rules. Provide re-arrest fee information to the District Attorney’s office for inclusion in a motion to the court prior to final bond forfeiture judgments. Deposit fees collected as revenue.

Law Enforcement Officer Standards and Education Fund (LEOSE) – Expenditures should comply with Occupations Code, § 1701.157 and be limited to continuing education purposes. LEOSE funds should be requested annually and deposited in the County depository bank in accordance with Attorney General Opinion No. GA-0869.

Sheriff’s Special Fund Account No. 505 – Disbursements should be issued for the correct amount to the proper payee in a timely manner. The special fund control ledger should be periodically reviewed and reconciled to the Oracle general ledger by supervisory personnel. A coordinated effort with the Auditor’s office should be made to disburse pre-2003 JP fine and court costs jail collections.

PROCESSING

Civil Papers – Examine computerized court records associated with papers served or attempted service to verify that fees are properly credited to the Sheriff's Department. Request enhancements to the Odyssey Courts system for statistical reporting of civil process or alternatively enter information into other applications for statistical reporting purposes.

OTHER

Prisoner Food Cost/NSLP Report – Develop a corrective action plan delineating procedures for Meal/Production/Grocery Cost reports and NSLP billings including inventory values, meal counts, grocery cost, utility costs, labor, transportations costs, food preparation supplies, allocation of asset depreciation, and indirect costs. Allocate Juvenile transportation costs including gas, oil, and maintenance and vehicle depreciation at the IRS standard mileage rates. Coordinate the receipt of all utility bills from Facilities Management in a timely manner in order to include actual costs on the NSLP billings.

Grocery Bid / Contract – Pursue an automated process/system for bid selection. Open the bid process to all vendors to increase costs savings. Update bid/quote procedures including supervisory review prior to award. Confirm with the County Administrator that bid/quote evaluators / procurement officers have submitted 'disclosure of outside income' forms.

Time and Attendance – Exempt employees should average at a minimum a 40 hour work week with use of ATO in compliance with County policy/code. Emphasize supervisory review of time and attendance and Kronos postings with Kronos time card updated to: change departmental labor costs for temporary assignments; record FMLA status and other relevant codes; and reflect 'approval' by supervisor or management.

Inventory Controls – The Sheriff's Department should establish an inventory control system to track tires received from ASC and installed on Sheriff's vehicles needing tire replacements at non-ASC locations or after hours, which includes assigning replacement tires to a specific vehicle.

Current Findings/Observations/Recommendations

Detailed templates numbered 14-SH-01-01 through 14-SH-01-16 are attached with management responses incorporated.

SUMMARY

The report is intended for the information and use of the department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department.

Highest areas of risk which need to be addressed include: establishing proper receipt controls including retention of all voided receipts; clearing of old Prisoner Trust Fund and Special Fund balances; and, using LEOSE funds in accordance with statutes.

Emphasis on outlined procedures should provide for improved departmental processes. Adherence to and follow-through with the recommendations should strengthen internal control and compliance with Dallas County policies and procedure and state statutes.



Finding Number: 14.SH.01.01-Cash Management
Date: 01/28/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: BM, SM

<p>Finding:</p>	<p>Cash Management – Cash Handling Procedures A total of 156 unscheduled and scheduled cash count performed and a review of cash handling procedures for various section of the Sheriff's office during fiscal years 2012 through 2014 revealed:</p> <ul style="list-style-type: none"> • Seven cash shortages totaling \$189.99, one cash shortage for \$172.67 due to department posting error to the wrong inmates account, and one \$30 variance due to error in receipting the check for the numeric amount instead of written legal amount. Status: Seven of nine cash shortages or department posting errors totaling \$362.66 resolved through: Internal Services Fund reimbursements; funding (\$100.99) approved from the Countywide self-insurance account, departmental corrections; or replacement check received from customer. Two cash shortages totaling \$30 remain unresolved. • 136 counterfeit bills totaling \$4,456 Status: \$4,446 of \$4,456 in counterfeit bills resolved through: replacement by payer; <u>not</u> recording credit against the inmate's account; or funding (\$25) approved from the Countywide self-insurance account.
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Phone calls or emails from the Sheriff's Fiscal Office and a memo copy to Auditor's office. Cash Counts</p>
<p>Condition: (Describe the current condition)</p>	<p>Various (Bond desk, Vault, Estray, Intake, Release, etc.) sections within the Sheriff's Department collect and receipt funds. Sheriff personnel with <u>limited exception</u> are generally accurate in counting funds presented, receipting the correct amount, and providing the correct change. Funds are receipted at a window where cashiers use separate drawers. Use of counterfeit pens is limited. Supervisors complete shift close out noting any shortage.</p> <p>The Bond and Vault sections of the Sheriff's department will count, bag and seal their own money separating the cash from the checks. The Bond and Vault sections create receipts for their check and cash deposits using the County Wide Receipting (CWR) system. The Fiscal Management section reconciles the Bond and Vault totals using their recaps and prepares their deposits.</p> <p>For all other sections, the Fiscal Management section recounts and balances funds from each section prior to combining the funds and preparing a deposit for each payment type (cash/check). Automated cash counting machines used to balance shift receipts have the ability to detect counterfeit bills, but are not used at the point of receipt.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to receipt and cash management control procedures require that:</p> <ul style="list-style-type: none"> • Accounting and system control procedures require daily reconciliation and balancing of collected funds. Separate cash drawers should be maintained by all employees receipting payments and funds should be balanced prior to combining with other receipted funds. • Receipts should be promptly issued for the amount of funds tendered, correct change given to customers, and all funds received properly secured, and deposited consistent with state law, Local Government Code (L.G.C.), § 113.022 and Code of Criminal Procedure (C.C.P.), § 103.004 and procedures recommended by the County Auditor. • Staff should be properly trained in the detection of counterfeit bills at the point of acceptance. <p>Dallas County Code Section 74-692 should be followed at all times which indicates the County Auditor's Office will be notified immediately (within one day) of any out of balance conditions for purposes of identifying and substantiating any shortages which may subsequently require indemnification.</p>



Cause: (Describe the cause of the condition if possible)	Clerical error Incomplete training and lack of written procedures regarding the detection of counterfeit bills at the point of acceptance. Occasional procedural exception		
Effect: (Describe or quantify any adverse effects)	Counterfeit bills cannot be traced to a specific inmate and result in fund shortages requiring reimbursement from county self-insurance or the internal services fund.		
Recommendation: (Describe corrective action)	Cash handling procedures should include: <ul style="list-style-type: none"> • Cash tendered should be counted in the presence of the person prior to the generation of the receipt. The amount on the receipt should be confirmed prior to issuing the receipt to the customer, prisoner or prisoner's family member/friend. • Develop written procedures and initiate staff training on the detection of counterfeit bills through observation, counterfeit bill detection pens, and the automated cash counting machine. • Record initial shortages related to counterfeit bills to Fund 120.0.48010 (cash over/short). • Immediately notify the Auditor's Office (within one day) of any shortages. • At the end of each shift, monies should be totaled and balanced to the funds on hand and system control totals. • Training of current cash handling procedures should be reinforced. Policy and procedures manual should be developed for cash handling responsibilities. A funding source should be identified for all non-recovered shortages and counterfeit bills.		
Responsible Department or Organization:	Sheriff Department		
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent: Michael Delmore, CFO Date: 10/13/2015
Comments:	The recommendations are currently being followed. The funding source for non-recovered shortage and counterfeit bills is the Internal Service Fund. Also, countywide self-insurance is available for non-recovered shortages and counterfeit bills.		
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration



Finding Number: 14.SH-01-02 – Manual & Computer Receipts
Date: 02/16/15
Audit: Sheriff's Department Audit – FY12 –FY14
Auditor(s) Assigned: BM, SM

Finding:	<p>Cash Management – Manual & Computer Receipts Review of 348 manual receipts issued through 09/30/2014 including a complete review of six (1.72%) voided manual receipts, a complete review of receipt continuity, a sample review of 44,724 County-Wide Receipts (CWR) including a sample review of 791 (1.77%) cancelled/void receipts, testing of voiding procedures for proper accounting and internal controls, sample review of fee assessments to statutorily approved amounts and a sample review of Daily Receipts Log did not reveal material noncompliance with proper receipting procedures except:</p> <p>Manual Receipts</p> <ul style="list-style-type: none"> • Six (100%) of voided manual receipts without a reason /explanation for void • Two (33%) of 6 voided manual receipts missing the pink and white copies • One (17%) of 6 voided manual receipts missing the white copy • Three Estray section receipts missing the pink and white copies with the yellow copy blank • Receipts book containing #212201-212350 could not be located. Supply room logs indicate receipts were issued to the Sheriff ID Department. <p>Inquiries of Sheriff personnel revealed money collected for shoe shines is maintained in an unlocked box accessible by all personnel on three (3) shifts assigned to the control center for that day. Shoe shine collections are deposited in a non-County depository in the Internal Services Fund on a monthly basis.</p> <p>Computer Receipts</p> <p><u>FY2012</u></p> <ul style="list-style-type: none"> • Thirteen (13) receipts voided more than one (1) day after original issuance date, including seven (7) transactions voided three (3) or more days after original issuance date. • Thirty (30) receipts re-issued for \$32,016.87 less than the original amount including twenty (20) cash transactions totaling \$9,910.87 (seven of 20 receipts totaling \$2,452.87 without retention of the original receipt) and five (5) receipts re-issued a day or more after the void date. • Twenty-seven (27) voided receipts totaling \$17,561.23 including eleven (11) cash receipts totaling \$40.23 (three of 11 receipts totaling \$16 without retention of the original receipt) not re-issued. • Six (6) voided receipts totaling \$40 re-issued as complimentary receipts. Reportedly, complimentary receipts are issued if a customer pays for a Dallas County charge/hold at another agency or for fingerprints for identify theft victims. <i>Response: Clerical error due to training.</i> • Twenty-three (23) receipts voided by the same employees who issued the original receipts. <p><u>FY2013</u></p> <ul style="list-style-type: none"> • One (1) receipt voided three (3) days after the original issuance date.
-----------------	--



	<ul style="list-style-type: none"> • Twenty-five (25) receipts re-issued for \$4,902.76 less than original amount including eighteen (18) cash transactions totaling \$4,799.61 (one of 18 receipts totaling \$5 without retention of the original receipt) and eight (8) receipts re-issued a day or more after the void date. • Twenty-five (25) voided receipts totaling \$75,841.11 including sixteen (16) cash receipts totaling \$2,223.77 (four of 16 receipts totaling \$35 without retention of the original receipt) not re-issued. • Five (5) voided receipts totaling \$25.61 re-issued as complimentary receipts. Reportedly, complimentary receipts are issued if a customer pays for a Dallas County charge/hold at another agency or for fingerprints for identify theft victims. Response: Clerical error due to training. • Twenty (20) receipts voided by the same employees who issued the original receipts. <p><u>FY2014</u></p> <ul style="list-style-type: none"> • Fifteen (15) receipts re-issued for \$3,465.76 less than the original amount including nine (9) cash transactions totaling \$3,370.76 (two of 9 receipts totaling \$502 without retention of the original receipt) and seven (7) receipts re-issued a day or more after the void date. • Twenty-one (21) voided receipts totaling \$8,022.60 including eighteen (18) cash receipts totaling \$5,732.60 (three of 18 receipts totaling \$5,528.10 without retention of the original receipt including one for \$5,512.10 issued on the prior receipt) not re-issued. • Eighteen (18) receipts voided by the same employees who issued the original receipts. <p>Detailed bond transaction and payment information is captured by the Bond Section when receipts are issued from the Adult Information System (AIS). AIS Bond Recap Report can be produced from AIS which contains the detailed information. However, a non-descript internal code is used to identify the payer/check number instead of entering the payer name and actual check number when recording the payments in CWR. The internal code represents a bond deposit slip at a shift level.</p> <p>The Sheriff's Department routinely charges \$2 for a Bond Receipt Copy and \$5 for an Incarceration Letter without statutory authority or Commissioners Court approval.</p>
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>E.1, E.2-4, E.6, E.9 and E.10 Observation</p>
<p>Condition: (Describe the current condition)</p>	<p>On September 15, 2010, the Sheriff's office started issuing computer receipts on the County Wide Receipting (CWR) system for various sections (Fiscal, Bonds, Bonds Administration, and Sterrett) interfacing with the business management system. Authorized Sheriff employees select a predefined fee description code, the payment of check or cash is chosen, the amount is entered, and the payment is received. Receipts are printed only when necessary as transaction history is retained within the receipt system. The receipts are single copies. When the authorized Sheriff employee needs to void a receipt, a prompt appears and a reason must be entered. If the authorized Sheriff employee exits out of the receipt before entering any type of information, the prompt to give a reason for cancellation may not appear. Each Sheriff section except the Civil, Estray and Shoe Shine sections receipt directly to CWR. At the end of the day, funds are balanced and sent to the Fiscal section. The Fiscal section verifies the funds received from all sections except the Bond and Vault sections, a deposit form is generated, signed and submitted to the County Treasurer's Office for deposit.</p> <p>Bond and Vault departments will bag and seal their own money separating the cash from the</p>



	<p>checks. The Bond section creates receipts for their check and cash deposits using the County Wide Receipting. Fiscal prepares the Bond and Vault totals using their recaps reports <u>without</u> recounting the funds received.</p> <p>The Sheriff Civil section issues a manual receipts for funds collected in the field. The Estray and Shoe Shine sections also issue manual receipts. The manual receipts and funds collected are given to the Fiscal section. The Fiscal section receipts the funds to CWR. A deposit form is then generated, signed and submitted to the County Treasurer’s Office for deposit.</p> <p>Manual receipts are used only when the CWR system is down. Manual void procedures include ‘void’ written on the receipt with reference to the replacement receipt number, if applicable. The Fiscal section should review the voided receipt for appropriateness. Once CWR is functioning, the manual receipts are entered into the CWR system. Numeric CWR receipt sequence is county wide not department specific.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to receipt control procedures require that:</p> <ul style="list-style-type: none"> • All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. • All receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. • Receipts should not be altered, but properly voided and affixed (including explanation recorded to computer system) with a reason for the void with retention of all voided copies. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. • Supervisory personnel and/or designated Fiscal section staff should periodically review exception reports and transaction logs (especially with respect to receipt deletions, lowered amounts, and payment type changes) to ensure that the explanation for the change is documented and reasonable. • Employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer. <p>COSO standards for internal control include adequate segregation of duties so no one user has two or more business processes that could result in compromise of the integrity of the process or allow that person to commit fraud.</p> <p>Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review.</p> <p>Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate.</p> <p>Court costs and fees should be assessed in compliance with statute and Commissioners Court orders.</p>



	Written procedures should be established for all the responsibilities of financial personnel in order to strengthen the office's internal control and improve efficiency. These procedures and practice should be periodically reviewed by the appropriate supervisory staff for good internal control purposes.		
Cause: (Describe the cause of the condition if possible)	Incomplete training, lack of written procedures, and clerical error. No evidence of supervisory review.		
Effect: (Describe or quantify any adverse effects)	Prevents potential assertion that monies were paid and refunds due and/or misappropriation of funds. Potential revenue loss to Dallas County.		
Recommendation: (Describe corrective action)	<p>Cash handling procedures should include:</p> <ul style="list-style-type: none"> • Cash tendered counted in the presence of the person prior to the generation of the receipt. The amount on the receipt should be confirmed prior to issuing the receipt to the customer, prisoner or prisoner's family member/friend. • At the end of each shift, monies totaled and balanced to the funds on hand and system control totals. Corrections should be made such that both good internal control and audit trails are maintained. • Training of current cash handling procedures reinforced. Policy and procedures manual should be developed for cash handling responsibilities. • All copies of a void receipt retained, clearly marked "void" and affixed with a reason for the void. System entry of reason code for voided CWR receipts. Prevents potential assertion that monies were received and deposited. • Receipts not altered, but properly voided and affixed with a reason for the void. Voids should require supervisory approval. No user should void their own issued receipt with voided receipts reviewed and initialed by a supervisor at the next level up. All copies of voided receipts should be retained (the latter of Records Retention requirements or audit completion date). • All monies received promptly receipted and deposited properly, and timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. • The supervisor reviews the manual receipt books for proper usage including the accuracy of amount receipted. • Separation of duties limiting cancellation/voiding to supervisory staff. <p>Statutory authority or Commissioners Court approval for Bond Receipt Copy and Incarceration Letter fees should be obtained.</p>		
Responsible Department or Organization:	Sheriff's Department		
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent: Michael Delmore, CFO 10/13/15
Comments:	We agree with the recommendations however the following should be noted: 1. Cash flow procedures and have been flowcharted and policy and procedures have been written matching the flow chart. We do however need to circulate the flowchart and narrative to all impacted employees. Additionally training and testing for new employees before releasing to their work area. Annual training for existing employees should be offered as well. 2. Please note manual receipts are infrequently used. 3. All monies are deposited within 24 hours with the exception of weekends and holidays.		
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration



Finding Number: 14-SH-01-03 – AIS Management & Billings
Date: 04/13/15
Audit: Sheriff’s Department Audit – FY12 thru FY14
Auditor(s) Assigned: BM, SM

<p>Finding:</p>	<p>AIS Management & Billings / Receivables A review of monthly billings and receivables, a sample test of inmates from the agency billing to the AIS system and billing, book-in and release procedures for FY 2012 through FY 2014 revealed:</p> <ul style="list-style-type: none"> • Instances of inmate days in the county jail <u>not</u> billed (including when another agency had a hold on the inmate or in conjunction with an Immigration hold) to U.S. Marshal for prisoners on U.S. Marshal’s holds in FY 2013 and FY 2014. • Instances where amounts paid by U.S. Marshal did match amounts billed. <p>Status: Notifications were sent to the Sheriff by U.S. Marshal of billing adjustments per U.S. Marshal records.</p> <p>Status Prior Year Finding: \$50,979 September 2002 billing for Sunnyvale patrol costs remains unpaid.</p>
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>G.3-11, G.14, G15 AIS</p>
<p>Condition: (Describe the current condition)</p>	<p>The Sheriff’s Department has contracted with Sunnyvale to provide patrol services. Sunnyvale is billed monthly by Fiscal for these services.</p> <p>Dallas County bills other law enforcement entities for housing their prisoners. Detainees are brought from outside agencies and booked in to the Dallas County jail via the AIS system. AIS is programmed to electronically place the end date for the agencies that have one day billing (DART, DISD, Cedar Hill and Baylor) once the clerk selects the agency name and billing start date. Billings are exported from AIS and sent to entities on a monthly basis.</p> <p>Individuals that are incarcerated may have agency holds placed on them at the point of arrest or subsequently. Once the individual’s other cases are resolved, the agency that placed the hold on the inmate is responsible for reimbursement of subsequent housing charges.</p> <p>For agencies with continuous billing (US Marshal and Immigration), the end date field is electronically updated at the time the inmate shows to be released. AIS system limitations result in US Marshal inmates with holds from multiple agencies to <u>not</u> appearing on the U.S. Marshal billings. While Sheriff staff indicated that U.S. Marshal holds take precedence over Immigration holds, billable inmate days to the U.S. Marshal did not consistently occur. Additionally, the AIS billings may include alias names that are not contained in the U.S. Marshal records of inmates. The U.S. Marshal does not pay for the alias names not included in their record of inmates. Billings are exported from AIS and sent to entities on a monthly basis.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Per Texas Constitution, Article 3, Section 52, 52. COUNTIES, CITIES OR OTHER POLITICAL CORPORATIONS OR SUBDIVISIONS; LENDING CREDIT; GRANTS; BONDS. (a) Except as otherwise provided by this section, the Legislature shall have no power to authorize any county, city, town or other political corporation or subdivision of the State <u>to lend its credit or to grant public money or thing of value</u> in aid of, or to any individual, association or corporation whatsoever, or to become a stockholder in such corporation, association or company.</p>



	<p>Accounting and system control procedures require monthly reconciliation of system reports, invoices, and collected funds to test for billing and receivable accuracy. Efficient billing processes include:</p> <ul style="list-style-type: none"> • Invoices include inmate name, DOB, book-in number, dates billed, and amount billed • Invoices are mailed timely (emailed if email address is available) • Contact information for billing personnel • Accounts receivable sub-ledger is reconciled monthly. Reconciliation is reviewed by management and evidence of review is maintained. • Dallas County collects receivables due from all entities, timely. Monitoring the age of receivables and follow-up on any accounts that are past due more than a predetermined number of days. • Integrated financial systems with daily back-up of data to a redundant server
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Billing agency not flagged in AIS Other agency hold overriding U.S. Marshal hold in the billing process</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Potential for loss of revenue</p>
<p>Recommendation: (Describe corrective action)</p>	<p>Billing procedures should include:</p> <ul style="list-style-type: none"> • Maintain a corresponding control log of payments received reconciling/verifying amounts received to the amount billed. • Periodic review by supervisory personnel to determine accuracy and timeliness of billing amounts, payments received and/or if follow-up is necessary. • Collection efforts initiate on all valid past due receivables. • Continue recently implemented process of contacting U.S. Marshal to verify AIS inmate records agree with U.S. Marshal inmate records.
<p>Responsible Department or Organization:</p>	<p>Sheriff's Department</p>
<p>Management's Response:</p>	<p><input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Michael Delmore Date: 10/13/2015</p>
<p>Comments:</p>	<p>The Bond Department is currently performing all of the recommended actions including:</p> <ul style="list-style-type: none"> - A control log is maintained comparing payments received to amounts invoiced. - Supervisory review of timeliness of invoicing and related collections is done on a regular and reoccurring basis. - All accounts including DART, DISD Police, Sunnyvale, US Marshall are reconciled to verify AIS inmate records agree with the party being invoiced records.
<p>Disposition:</p>	<p><input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration</p>



Finding Number: 14.SH.01.04 – Commissary Fund Activities
Date: 01/30/2015
Audit: Sheriff’s Department Audit FY12 – FY14
Auditor(s) Assigned: BM,SM

<p>Finding:</p>	<p>Accounting - Commissary Account Review of the quarterly revenue and expenditures of the commissary account, general ledger reports, and review of the billing processes and procedures of the operations account revealed:</p> <ul style="list-style-type: none"> • Requisitions submitted with incorrect expenditure account codes: <ul style="list-style-type: none"> ○ FY12 expenditures totaling \$52,493.55 requiring journal entries to correct coding errors ○ FY13 expenditures totaling \$53,174.18 requiring journal entries to correct coding errors ○ FY14 expenditures totaling \$74,891.92 requiring journal entries to correct coding errors <p style="padding-left: 40px;">Status: Journal entries have been submitted and corrections have been processed by Financial Audit.</p> <ul style="list-style-type: none"> • Overtime charges totaling \$395,032.71 improperly charged to the Commissary account during FY2013 thru FY2014 for the inmate hand palm print database project. Status: Correcting journal entries submitted 12/31/14. <p>A sample review of inmate purchases from the Commissary revealed:</p> <p><u>FY2012 - 34 Invoices Sampled</u></p> <ul style="list-style-type: none"> • One instance where inmate was undercharged \$1 for Ramen Noodles. Item # on price sheet is 6038 • Inmates overcharged \$.77 for five (5) items that should not have been charged sales tax. • Inmates undercharged \$10.02 for 57 items which should have been charged sales tax. <p><u>FY2013 – 103 Invoices Sampled</u></p> <ul style="list-style-type: none"> • Three instances where inmates were overcharged \$0.47 for commissary items. • Inmates undercharged \$2.53 for 12 items which should have been charged sales tax. <p><u>FY2014 – 92 Invoices Sampled</u></p> <ul style="list-style-type: none"> • Two instances where inmates were overcharged \$0.45 for commissary items. • Inmates undercharged \$3.55 for 16 items which should have been charged sales tax. <p><i>Response: Keefe system error. As of May 2014, sales tax is being charged on those commissary items.</i></p>
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Review of commissary expenditures and invoices. Preparation of commissary quarterly report and journal entries. Commissary revenue reports for FY12 thru FY14. Step J-C</p>
<p>Condition: (Describe the current condition)</p>	<p>Commissary funds are used to fund, staff, and equip inmate programs, supply inmates with clothing, writing materials, and hygiene supplies, etc. Sheriff CFO identifies eligible items for possible purchase/funding from the Commissary account with final pre-approval by the Sheriff who has exclusive control of the commissary funds. A formal budget is not required</p>



	<p>to be presented to or approved by Commissioners Court. Ongoing adjustments are made to budgetary line items as needed.</p> <p>Sheriff Department Fiscal section clerical employees prepare requisitions for eligible purchases from commissary funds. Expenditure account codes are frequently entered incorrectly on requisitions in Oracle and submitted systemically to the Purchasing Department without sufficient supervisory review of account codes.</p> <p>Purchase orders are issued for requisitions that pass available funds check for Commissary project number 91046. An encumbrance is established holding funds against the recorded expenditure account. After receipt of the items ordered, the Sheriff Department will prepare a record of materials received (RMR) and submit to Accounts Payable for payment of the invoice. When the invoice is paid, the encumbrance will be released and expenditure will be recorded against the expenditure line item to the General Ledger (GL).</p> <p>As part of the quarterly commissary report preparation, audit staff will review invoices processed. Identified expenditure code errors are reported to the Sheriff Fiscal section and corrected by processing a journal entry through the GL.</p> <p>The contracted Commissary vendor is responsible for entering the commodity unit prices into the Commissary point-of-sale (POS) system and coding the software to add sales tax to applicable items. The vendor provides the Sheriff Department with a list of commissary prices annually and when prices change or products are substituted. Inaccuracies in prices coded in the vendor system result in inmates charged amounts differing from those listed on the vendor's price lists.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Requisitions should denote accurate account code in accordance with Dallas County Code Section. 94-71 and 94-151 identifying the supplies, materials, equipment or services needed. Supervisory personnel should review electronic requisitions for appropriateness including the correctness of the expenditure account codes entered by clerks prior to transmission of the requisition to the Purchasing Department.</p> <p>Local Government Code, Sec. 351.0415. COMMISSARY OPERATION BY SHERIFF OR PRIVATE VENDOR.</p> <p>(a) The sheriff of a county or the sheriff's designee, including a private vendor operating a detention facility under contract with the county, may operate, or contract with another person to operate, a commissary for the use of the inmates committed to the county jail or to a detention facility operated by the private vendor, as appropriate. The commissary must be operated in accordance with rules adopted by the Commission on Jail Standards.</p> <p>(b) The sheriff or the sheriff's designee:</p> <ol style="list-style-type: none"> (1) has exclusive control of the commissary funds; (2) shall maintain commissary accounts showing the amount of proceeds from the commissary operation and the amount and purpose of disbursements made from the proceeds; and (3) shall accept new bids to renew contracts of commissary suppliers every five years. <p>(c) The sheriff or the sheriff's designee may use commissary proceeds only to:</p> <ol style="list-style-type: none"> (1) fund, staff, and equip a program addressing the social needs of the inmates, including an educational or recreational program and religious or rehabilitative counseling; (2) supply inmates with clothing, writing materials, and hygiene supplies;



	<p>(3) establish, staff, and equip the commissary operation and fund the salaries of staff responsible for managing the inmates' commissary accounts;</p> <p>(4) fund, staff, and equip both an educational and a law library for the educational use of inmates; or</p> <p>(5) fund physical plant improvements, technology, equipment, programs, services, and activities that provide for the well-being, health, safety, and security of the inmates and the facility.</p> <p>(d) For a jail under the supervision of the sheriff, at least once each county fiscal year, or more often if the commissioners court desires, the auditor shall, without advance notice, fully examine the jail commissary accounts. The auditor shall verify the correctness of the accounts and report the findings of the examination to the commissioners court of the county at its next term beginning after the date the audit is completed.</p> <p>(e) A private vendor operating a detention facility under contract with the county shall ensure that the facility commissary accounts are annually examined by an independent auditor.</p> <p>(f) When entering into a contract under Subsection (a), the sheriff or the sheriff's designee shall consider the following:</p> <ol style="list-style-type: none"> (1) whether the contract should provide for a fixed rate of return combined with a sales growth incentive; (2) the menu items offered by the provider and the price of those items; (3) the value, as measured by a best value standard, and benefits to inmates and the commissary, as offered by the provider; (4) safety and security procedures to be performed by the provider; and (5) the performance record of the provider, including service availability, reliability, and efficiency. <p>(g) Commissary proceeds may be used only for the purposes described in Subsection (c). A commissioners court may not use commissary proceeds to fund the budgetary operating expenses of a county jail.</p> <p>Accounting and system control procedures require ongoing review and testing of commissary commodity prices, sales tax calculations, and charges against inmate accounts in the external vendor's Commissary POS system for accuracy, authorization, and completeness.</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Clerical error Lack of supervisory review Unauthorized price updates and sales tax assessments in conjunction with incomplete Sheriff personnel verification of prices and sales tax assessments within the external vendor's Commissary POS system.</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Expenditure categories incorrectly reported Potential for incorrect analysis of expenditures for forecasting Inmate's account over (under) charged for commissary purchases</p>
<p>Recommendation: (Describe corrective action)</p>	<p>Proper accounting controls include:</p> <ul style="list-style-type: none"> • Procedures are established to identify and record correct GL account codes on requisitions. Annual training is provided to staff in order to reinforce proper procedures. • Requisitions, purchase orders, invoices, and deposits are monitored to ensure that expenditures and revenues are recorded on the GL to the correct account, departments,



	<p>projects, and funds.</p> <ul style="list-style-type: none"> • Supervisory personnel review all requisitions for appropriateness and accuracy. • Commissary accounts must reflect amount of proceeds from commissary operations and the amount and purpose of disbursements made from the proceeds. • Department periodically samples prices inmates charged for Commissary items against price list in effect including verification of applicability of sales tax assessments. Items offered and prices charged should be in compliance with statutory requirements and/or contractual agreements. • Department periodically verifies increases and decreases to inmate Commissary accounts.
Responsible Department or Organization:	Sheriff Department
Management's Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Michael Delmore Date: 10/13/15
Comments:	Noted. The proper coding of Commissary expenditures needs to be a significant focus going forward.
Disposition:	<input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration



Finding Number: 14.SH.01.05 Prisoner Trust Fund Account
Date: 02/02/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: BM,SM

<p>Finding:</p>	<p>Review of Prisoner Inmate Trust Fund and verification/authorization of Bank of America Account 515 revealed: <u>FY 2012</u></p> <ul style="list-style-type: none"> • Three out of 75 checks were voided and the original copy was not kept on file (5615, 5616, and 5759) • Eight (8) checks issued without second authorization signature <p><u>FY 2013</u></p> <ul style="list-style-type: none"> • One instance in which cash was given to the inmate instead of a debit card. • Four out of eight checks were voided and the original copy was not kept on file (5815, 5828, 5880, and 5924). • Four instances in which 'VOID' is not written on the check nor contains an explanation for voiding. • Two (2) checks issued without second authorization signature <p><u>FY 2014</u></p> <ul style="list-style-type: none"> • Three out of eight checks were voided and the original copy was not kept on file (6198, 6249, 6316) • Limitations to verifying checks issued with proper authorization: copies of two hundred twenty-four (224) checks made prior to second authorization signature reflected. <p>Status: Inquiry of Sheriff personnel revealed that in FY14 the clerk began making copies of the issued checks before the second signature was obtained. A sample of the images of the cleared checks was requested. However, Sheriff personnel indicate no one in department has online access to the account and the bank charges a fee to provide images.</p> <p>Unclaimed individual balances are in the prisoner trust accounts (1159 inactive inmate accounts totaling \$26,551.92 as of 3/8/2013). Periodic review is not completed for purposes of escheating funds.</p>
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>J.5 FY13, J.8 FY12_FY14, J.8.A FY12_FY14, J.8.B Keefe Commissary Network Bank of America Statements</p>
<p>Condition: (Describe the current condition)</p>	<p>Policy provides disbursement by cash on discharge or check to TDCJ for transfer. Disbursement amount determined by available balance in the prisoner's account within the commissary system. Cash is released by Sheriff personnel with the Jail-Vault section.</p> <p>Prisoner Trust Fund (PTF) checks are printed from the Keefe Commissary Network on security paper that does not produce a carbon copy. The check should contain an encrypted electronic digitized Sheriff's signature when printed. Fiscal clerk obtains an authorized designee's signature from the Sheriff's Chief Financial Officer or Bond Section manager. Clerk makes copies of PTF checks and distributes to the appropriate person. Fiscal maintains a binder with all copies of checks issued and voided.</p> <p>PTF bank reconciliations are prepared monthly by a Sheriff accounting clerk and timely reviewed by a supervisor. An outstanding check register is produced from the commissary vendor's system as part of the monthly bank reconciliations. An electronic copy of the reconciliation is now</p>



	provided to Financial Audit and Internal Audit.
Criteria: (Describe the optimal condition)	<p>Escheat statutes should be followed including remittance of unclaimed funds to the State Comptroller or County Treasurer as applicable. Escheat analysis and stale dating should be managed in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76. (see website: http://www.window.state.tx.us/up/forms.html)</p> <p>Per Local Government Code, § 351.0415, COMMISSARY OPERATION BY SHERIFF OR PRIVATE VENDOR, (a) The sheriff of a county or the sheriff’s designee, including a private vendor operating a detention facility under contract with the county, may operate, or contract with another person to operate, a commissary for the use of the inmates committed to the county jail or to a detention facility operated by the private vendor, as appropriate. The commissary must be operated in accordance with rules adopted by the Commission on Jail Standards.</p> <p>(b) The sheriff or the sheriff ’s designee:</p> <p>(1) has exclusive control of the commissary funds;</p> <p>(2) shall maintain commissary accounts showing the amount of proceeds from the commissary operation and the amount and purpose of disbursements made from the proceeds;</p> <p>Best practices for internal control require separation of assigned duties regarding cash controls with two authorized signature on every check and written evidence of delegated authority to sign checks consistent with bank signature cards.</p> <p>Financial controls require timely reconciliation of bank statements to include review, research, and matching of reconciling items by account. Bank reconciliations are reviewed by supervisors for accuracy and completion with reconciling items clearing, periodically.</p>
Cause: (Describe the cause of the condition if possible)	<p>Control procedures are not documented and training may be incomplete.</p> <p>New personnel</p> <p>Carbonless checks</p>
Effect: (Describe or quantify any adverse effects)	Non-compliance with Property Code Chapters 72 through 76.
Recommendation: (Describe corrective action)	<p>Prisoner Trust Fund Account procedures should include:</p> <ul style="list-style-type: none"> • Bank reconciliations are prepared accurately and timely (45 days after month end). • All bank reconciliations should include evidence of supervisory review and should clear all reconciling items over ninety (90) days. <p>Escheat analysis and stale dating should be managed in accordance with unclaimed property statutes, Property Code, § 72 and § 76. (see website: http://www.window.state.tx.us/up/forms.html). A management plan should be developed and implemented to periodically review the Prisoner Trust Fund Account and outstanding check list in order to clear old items.</p>
Responsible Department or Organization:	Sheriff’s Department
Management’s Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Michael Delmore, CFO Date: 10/13/15
Comments:	Recommendations noted with exception. Regarding reconciling bank items we should wait 180 days before clearing. The 90 days recommended is not long enough. Additionally, the Fiscal Department will begin preparing reconciliations for the Inmate Accounts on an ongoing basis and following escheat requirements.
Disposition:	<input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration



Finding Number: 14.SH.01.06 Bail Bond Collateral & Execution
Date: 02/10/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM

<p>Finding:</p>	<p>Bail Bond Collateral and Execution</p> <p>FY2013 review of bondsman and attorney CD collateral revealed:</p> <ul style="list-style-type: none"> • One \$25,000 CD for attorney bond account with funds escheated to the Texas Comptroller <u>by the bank</u> without prior notification to the attorney or Dallas County. Response: Attorney was notified and funds were immediately replaced. • Twenty-five bank confirmation requests for attorney and bondsman CD collateral balances sent to banks with responses received for only twenty of twenty-five (80%) requests: <ul style="list-style-type: none"> ○ 17 confirmed CD balances agree to Dallas County records plus accrued interest. ○ One response reflects a new CD number. ○ Two responses without verification of the CD bank balances. <p>A sample review of various bondsman and attorney accounts in AIS revealed:</p> <ul style="list-style-type: none"> • One bond execution over 90 days old has not been returned to the court of issuance. • One instance in which the 'Request for Withdrawal of Bail Bond Security' form was not signed by the attorney on the designated line 'Received By'.
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>2013 Fiscal Year End Bail Bond Collateral Review, N.2, N.6, N11, and N.12 AIS Onbase</p>
<p>Condition: (Describe the current condition)</p>	<p>Attorneys and/or bonding companies obtain the release of clients from jail via executing a bail bond in an amount set by the court of jurisdiction or magistrate. Documents are sent to the Release desk for signatures and then sent back to the bond area. At the end of each shift, the bonds are sorted by type (magistrate, misdemeanor, and felony) and given to the respective clerks for signature verification. Bail bonds are consistently sent to the appropriate courts/clerks by the Sheriff Department. District Clerk staff file bail bonds in the corresponding case jackets. Requests are sometimes made by non-court personnel to review case jackets.</p> <p>When defendants do not appear for required court appearances, the bail bond that secured their release from jail is subject to forfeiture. If final judgment occurs and motions for new trial or bills of review are not filed, the surety has 30 days to pay before being placed on the cut-off list by the District Clerk or County Clerk with issuance of execution against the bondsman's collateral. On notice from the clerk, the Sheriff Bail Bond section deactivates the surety's account on AIS which prevents issuance/recording of new bonds on AIS for the deactivated account. Once the judgment is paid or otherwise resolved through a granted Motion for New Trial or Bill of Review, the surety's account can be reactivated allowing the issuance of new bonds on AIS. Executions against surety collateral may result in account balances going below the minimum required ratio of collateral to writing limit. As this occurs, the Sheriff bond administrative personnel review the surety balances within the AIS Bond Company Maintenance or Attorney Maintenance screens for appropriate action including notification to sureties of additional collateral requirements. Sureties desiring to issue additional bonds will be required to provide additional collateral or pay the judgment before their account is reactivated.</p>



	<p>Sureties are required to place one of three (property, CD, and/or cash) forms of collateral in order to write bonds. Attorneys are not allowed to use property as collateral. Collateral category conversion errors from the Mainframe to AIS between property, cash, and CD have not been resolved. While combined collateral balances are correct by surety, some collateral category balances are overstated or understated.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>All bail bonds and case jackets should be properly filed and secured. Document control procedures require custodian oversight of records, tracking of case files and documents through acknowledgment of receipt and sign-out log sheets, and release to authorized persons.</p> <p>Bail bonds should only be issued within the authorized limit in accordance with Occupations Code Title 10 § 1704.203(a) "Except as provided by Subsection (d) (which provides license holder opportunity for additional security), a license holder who holds a license originally issued before September 1, 1999, may not execute, and a person may not accept from the license holder, a bail bond that, in the aggregate with other bail bonds executed by the license holder in that county, results in a total that exceeds 10 times the value of the security deposited or executed by the license holder under Section 1704.160."</p> <p>Bail bonds should be issued within limits on the properly completed General Power of Attorney form as stated:</p> <ul style="list-style-type: none"> • Per AG Opinion letter 96-019, "Any corporation which acts as a surety shall, before executing any bail bond, first file in the office of the county clerk of the county where such bail bond is given a power of attorney designating and authorizing the named agent of such corporation to execute such bail bonds by such agent. This power of attorney shall be a valid and binding obligation of the corporation. A separate license is required for each agent operating under a corporate power of attorney." • In accordance with Occupations Code Title 10 § 1704.160(h), "The certificate of authority to do business in this state issued under Article 8.20, Insurance Code, to an applicant that is a corporation is conclusive evidence of : (1) the sufficiency of the applicant's security and (2) the applicant's solvency and credits." • Dallas County Bail Bond Board (DCBBB) must adhere to section 1704.162 (c) of the Bail Bond Act. A renewal application shall comply with the requirement for an original license application under section 1704.154. <p>In accordance with Code of Criminal Procedure, Art. 17.09. DURATION; ORIGINAL AND SUBSEQUENT PROCEEDINGS; NEW BAIL, Sec. 1. Where a defendant, in the course of a criminal action, gives bail before any court or person authorized by law to take same, for his personal appearance before a court or magistrate, to answer a charge against him, the said bond shall be valid and binding upon the defendant and his sureties, if any, thereon, for the defendant's personal appearance before the court or magistrate designated therein, as well as before any other court to which same may be transferred, and for any and all subsequent proceedings had relative to the charge, and each such bond shall be so conditioned except as hereinafter provided.</p> <p>In accordance with Rules of Civil Procedure, SECTION 3. EXECUTIONS, RULE 621. ENFORCEMENT OF JUDGMENT, "The judgments of the district, county, and justice courts shall be enforced by execution or other appropriate process. Such execution or other process shall be returnable in thirty, sixty, or ninety days as requested by the plaintiff, his agent or attorney."</p>



	<p>In accordance with Rules of Civil Procedure, RULE 627. TIME FOR ISSUANCE, "If no supersedeas bond or notice of appeal, as required of agencies exempt from filing bonds, has been filed and approved, the clerk of the court or justice of the peace shall issue the execution upon such judgment upon application of the successful party or his attorney after the expiration of thirty days from the time a final judgment is signed. If a timely motion for new trial or in arrest of judgment is filed, the clerk shall issue the execution upon the judgment on application of the party or his attorney after the expiration of thirty days from the time the order overruling the motion is signed or from the time the motion is overruled by operation of law."</p> <p>Accounting best practice requires a quality control process for preventative and detective reporting anomalies. Information processing controls should be developed and monitored to help ensure that transactions completed through computerized applications are valid, properly authorized, and completely and accurately processed and reported.</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Unknown</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Potential revenue loss for Dallas County if bonds are subsequently forfeited when bondsman's' available authorized limits are less than the account balances.</p>
<p>Recommendation: (Describe corrective action)</p>	<p>Continue existing bond procedures including:</p> <ul style="list-style-type: none"> • Review and follow-up by supervisory personnel. • Verification of CD collateral and notification to bondsman or attorneys when banks do not confirm existence of CD's on deposit
<p>Responsible Department or Organization:</p>	<p>Sheriff's Department</p>
<p>Management's Response:</p>	<p><input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Daniel Simon Date: 10/8/15</p>
<p>Comments:</p>	<p>Combined effort of DSO, Auditor's Office, and Treasurer's Office is needed for CD confirmations from Banks. DSO has an effective tool in place for non-confirmation of CDs by Banks. Other tools are in place for clerical errors.</p>
<p>Disposition:</p>	<p><input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration</p>



Finding Number: 14.SH.01.07a - Fax Fee Program
Date: 02/05/2015 & 04/21/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM, AT

<p>Finding:</p>	<p>Bail Bond - Fax Fee Bond Program Review of the billing summaries, invoices and receipts for 30 fax bond program statements revealed the following:</p> <ul style="list-style-type: none"> 13 (43.33%) out of 30 fax fee statements paid after the due date (payments are due by the 10th day after receipt of the statement per contract.) Statements have "payable by 15th month" printed on the front. <p>Status: One receivable aged greater than 90 days as of 9/30/2014. Response: Statements no longer have "payable by 15th of month" printed on the front.</p>
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>N.14c-d Receipts and statements Dallas County Sheriff's Department Accounts Receivable Aging Report – Detail Report as of 09/30/14</p>
<p>Condition: (Describe the current condition)</p>	<p>In order to expedite the release of clients from jail, attorneys and/or bonding companies request to participate in the fax fee bond program. Program participants are obligated through a limited term contract signed/completed by both the Sheriff's Bond section and the participant themselves. Program participants are required to file a security deposit. The security deposit remains on deposit in Fund 532 Account 21441.</p> <p>When a contract is cancelled for non-payment of the outstanding fax fees, the Sheriff's office will submit a request for payment to Accounts Payable in order to withdraw funds on deposit from the liability account and apply to the delinquent outstanding charges in accordance with contract provisions. In the event the participant submits written notice to the Sheriff's Bail Bond section requesting closure of their account and cancellation of the contract, the Sheriff's office will submit a request for payment to Accounts Payable to refund the security deposit to the participant if no fax fees are outstanding (a separate request for payment may be required if fax fees are outstanding reducing the amount of security deposit to be refunded).</p> <p>A \$10 fee (\$25 if person in custody outside of Dallas County) is charged to the program participant for each bond faxed to the Sheriff's Bond section file desk. Data for faxed bonds is exported by a Bond Admin accounting clerk II from AIS into Business Works based on a field checked by the Sheriff's Bond section in AIS. Billing statements are sent out monthly by the Bond Admin accounting clerk II to program participants with activity, but are not paid timely. Payments received are recorded against the receivable in Business Works and receipted in CWR by the Bond Admin accounting clerk II. Revenue is recorded to Fund 120 Account 46260.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Monthly statements should be paid within ten days in accordance with contract provisions.</p> <p>Per Court Order 2000-2103, October 17, 2000, the Service Agreement for Electronic Transmission of Bail Bonds requires a security deposit in the amount of \$500 for surety's with a three month average of 25 bail bonds or less per month and a security deposit of \$1,000 for surety's with a three month average exceeding 25 bail bonds per month; and whereas The Service Agreement for Electronic Transmission of Bail Bonds also requires a</p>



	<p>surety to pay a fee of \$10 for each bail bond sent to the Sheriff for persons in custody in Dallas County and \$25 for each bail bond sent to the Sheriff for persons in custody outside of Dallas County.</p> <p>According to the Constitution, counties may not provide service without payment. Contractual clauses regarding dates, responsibilities, and limits are evidenced in properly executed contracts and supported by sufficient security deposits.</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Clerical error</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Potential revenue or interest earnings loss to Dallas County.</p>
<p>Recommendation: (Describe corrective action)</p>	<p>Fax fee bond agreement procedures should include:</p> <ul style="list-style-type: none"> • Supervisory review of file documents and processes including contractual requirements <i>Comment: Supervisory reviews of documents are in place.</i> • Record and update information on AIS accurately and timely <i>Comment: This has been one of Bond Administration Staff's routine duties.</i> • Retain original properly executed contracts (renew as needed) <i>Comment: In place.</i> • Obtain necessary security deposits <i>Comment: Staff follows procedures and obtains necessary security deposits.</i>
<p>Responsible Department or Organization:</p>	<p>Sheriff's Department</p>
<p>Management's Response:</p>	<p><input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Daniel Simon Date: 10/8/15</p>
<p>Comments:</p>	<p>Clerical error has been addressed and fixed. Corrective measures are implemented to prevent reoccurrence.</p>
<p>Disposition:</p>	<p><input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration</p>



Finding Number: 14.SH.01.07b – Bond Fee Program
Date: 02/09/2015 & 4/21/2015
Audit: Sheriff’s Department Audit FY12 – FY14
Auditor(s) Assigned: SM & AT

<p>Finding:</p>	<p>Bail Bond – Bond Fee Program Review of the billing summaries, invoices and receipts for 30 bond fee statements revealed the following:</p> <ul style="list-style-type: none"> 14 (46.67%) out 30 bond fee statements paid after the due date (payments are due by the 10th day after receipt of the statement per contract). Statements have “payable by 15th of month printed on the front”. <p>Status: One receivable aged greater than 90 days as of 9/30/2014. Response: Statements no longer have “payable by 15th of month” printed on the front.</p>
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>N.14c Invoices, receipts, and statements Dallas County Sheriff’s Department Accounts Receivable Aging Report – Detail Report as of 09/30/14</p>
<p>Condition: (Describe the current condition)</p>	<p>A bond fee is assessed on bonds (excluding personal or cash bonds) filed by sureties. A monthly billing program was implemented by the Sheriff’s Bond section which allows the surety to be billed versus paying each time a bond is filed. Attorneys and/or bonding companies request to participate in the bond fee program. Program participants are obligated through a limited term contract signed/completed by both the Sheriff’s Bond section and the participant themselves. Program participants are required to file a security deposit. The security deposit remains on deposit in Fund 532 Account 21441.</p> <p>Data for surety bonds (of program participants) is exported by the Bond Admin accounting clerk II from AIS into Business Works to produce statements based on a field checked by the Sheriff’s Bond section in AIS. A \$15 fee is charged for each surety bond filed by the program participant with a not to exceed of \$30 for all bail bonds posted at one time for an individual. Billing statements are sent out monthly to program participants with activity, but may not be paid in a timely manner. Payments received are recorded against the receivable in Business Works and receipted in CWR by the Bond Admin accounting clerk II. Payments are deposited to Fund 166 Account 23247 and disbursed to the State Comptroller on a quarterly basis by the County Treasurer.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Monthly statements should be paid within ten days in accordance with contract provisions.</p> <p>Government Code 41.458 requires the collection of a bond fee in order to supplement the felony prosecutor fund. Per Government Code 41.258 (b) “A court, judge, magistrate, peace office, or other officer taking a bail bond for an offense other than a misdemeanor punishable by a fine only under Chapter 17, Code of Criminal Procedure, shall require the payment of a \$15 cost by each surety posting the bail bond provided the cost does not exceed \$30 for all bail bonds posted at that time for an individual and the cost is not required on the posting of a personal or cash bond.”</p> <p>Per Dallas County Authorization Form For Bail Bond Cost Deposit, surety is a licensed bail bond company authorized to post bail bonds by the Dallas County Bail Bond Board and/or an attorney authorized to post bail bonds with the Dallas County Sheriff’s Department, having placed on deposit with the Sheriff sufficient collateral which provides security for the posting of bail bonds. Sureties are allowed to make advance deposits with the Sheriff to pay for the</p>



	<p>“bail bond cost” when the bail bonds are posted by the surety. Placing funds on deposit in advance will allow the Surety to post bail bonds in a more timely manner.</p> <p>Best practices require that all bondsmen should have the proper paperwork in place before using the bond fee account otherwise payment of the fee at time of bond issuance is required.</p>		
Cause: (Describe the cause of the condition if possible)	Clerical error		
Effect: (Describe or quantify any adverse effects)	Potential interest earnings loss to Dallas County		
Recommendation: (Describe corrective action)	<p>Bond fee agreement procedures should established in compliance with Government Code 41.258 and include:</p> <ul style="list-style-type: none"> Supervisory review of file documents and processes including contractual requirements <i>Comment: Supervisory reviews of documents are in place.</i> Record and update information on AIS accurately and timely <i>Comment: This has been one of Bond Administration Staff's routine duties.</i> Retain original properly executed contracts (renew as needed) <i>Comment: In place.</i> Obtain necessary security deposits <i>Comment: Staff follows procedures and obtains necessary security deposits.</i> Payment of required fees prior to service <i>Comment: Staff follows procedures and obtains necessary security deposits.</i> 		
Responsible Department or Organization:	Sheriff's Department		
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent: Daniel Simon Date: 10/9/15
Comments:	Clerical error has been addressed and fixed. Corrective measures are implemented to prevent reoccurrence.		
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration



Finding Number: 14.SH.01.08 – Re-Arrest Fee
Date: 02/09/2015 & 4/21/2015
Audit: Sheriff’s Department Audit FY12 – FY14
Auditor(s) Assigned: SM, AT

<p>Finding:</p>	<p>Bail Bond – Re-Arrest Fee A review performed to verify that sureties are properly billed and pay the correct amount of re-arrest fees revealed:</p> <ul style="list-style-type: none"> • Re-arrest fees totaling \$80,807.43 as of 9/30/2014 (\$54,572.44 outstanding as of 9/30/2011) with the oldest receivable dating to September 2003. All receivables were aged greater than 90 days. • Re-arrest fees are not billed on misdemeanor cases. • Limited billing and recovery of re-arrest fees on felony cases. • Payments received for re-arrest fees are incorrectly deposited as a credit to expense against Sheriff Fugitive section business travel.
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>N.15 Dallas County Sheriff – Accounts Receivable Open Invoice Report As of 09/30/14 General Ledger</p>
<p>Condition: (Describe the current condition)</p>	<p>Defendants that do not appear in court, as required by the conditions of the bail bond, are subject to forfeiture of bond and re-arrest. Forfeiture proceedings are initiated and a fugitive apprehension warrant is issued by the County court clerk or District court clerk. The warrant is then input into the system by the clerks. When the defendant is re-arrested after entry of final bond forfeiture judgment, costs related to the re-arrest are inconsistently (no data is provided for misdemeanor re-arrests) provided to the Sheriff Fiscal section. Invoices are prepared by the Fiscal section and submitted to the surety for payment when data is provided. Payments are incorrectly receipted to CWR by the Sheriff Fiscal section as a credit to expense.</p> <p>Billing procedures are not documented.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Code of Criminal Procedure, Art. 17.08 (6) states “The bond shall also be conditioned that the principal and sureties, if any, <u>will pay all necessary and reasonable expenses incurred by any and all sheriffs or other peace officers in re-arresting the principal</u> in the event he fails to appear before the court or magistrate named in the bond at the time stated therein. The amount of such expense shall be in addition to the principal amount specified in the bond.”</p> <p>Code of Criminal Procedure, Art. 22.13. CAUSES WHICH WILL EXONERATE. (a) The following causes, and no other, will exonerate the defendant and his sureties, if any, from liability upon the forfeiture taken:</p> <ol style="list-style-type: none"> 1. That the bond is, for any cause, not a valid and binding undertaking in law. If it be valid and binding as to the principal, and one or more of his sureties, if any, they shall not be exonerated from liability because of its being invalid and not binding as to another surety or sureties, if any. If it be invalid and not binding as to the principal, each of the sureties, if any, shall be exonerated from liability. If it be valid and binding as to the principal, but not so as to the sureties, if any, the principal shall not be exonerated, but the sureties, if any, shall be. 2. The death of the principal before the forfeiture was taken. 3. The sickness of the principal or some uncontrollable circumstance which prevented his appearance at court, and it must, in every such case, be shown that his failure to appear arose from no fault on his part. The causes mentioned in this subdivision shall not be deemed



	<p>sufficient to exonerate the principal and his sureties, if any, unless such principal appear before final judgment on the bond to answer the accusation against him, or show sufficient cause for not so appearing. 4. Failure to present an indictment or information at the first term of the court which may be held after the principal has been admitted to bail, in case where the party was bound over before indictment or information, and the prosecution has not been continued by order of the court.</p> <p>5. The incarceration of the principal in any jurisdiction in the United States:</p> <p>(A) in the case of a misdemeanor, at the time of or not later than the 180th day after the date of the principal's failure to appear in court; or</p> <p>(B) in the case of a felony, at the time of or not later than the 270th day after the date of the principal's failure to appear in court.</p> <p>(b) A <u>surety</u> exonerated under Subdivision 5, Subsection (a), <u>remains obligated to pay costs of court, any reasonable and necessary costs incurred by a county to secure the return of the principal,</u> and interest accrued on the bond amount from the date of the judgment nisi to the date of the principal's incarceration.</p> <p>Code of Criminal Procedure, Art. 22.16. REMITTITUR AFTER FORFEITURE. (a) After forfeiture of a bond and before entry of a final judgment, the court shall, on written motion, remit to the surety the amount of the bond, <u>after deducting</u> the costs of court and <u>any reasonable and necessary costs to the county for the return of the principal,</u> and the interest accrued on the bond amount as provided by Subsection (c) if the principal is released on new bail in the case or the case for which bond was given is dismissed.</p> <p>(b) For other good cause shown and before the entry of a final judgment against the bond, the court in its discretion may remit to the surety all or part of the amount of the bond <u>after deducting</u> the costs of court and <u>any reasonable and necessary costs to the county for the return of the principal,</u> and the interest accrued on the bond amount as provided by Subsection (c).</p> <p>(c) For the purposes of this article, interest accrues on the bond amount from the date of forfeiture in the same manner and at the same rate as provided for the accrual of prejudgment interest in civil cases.</p> <p>Code of Criminal Procedure, Art. 22.17. SPECIAL BILL OF REVIEW. (a) Not later than two years after the date a final judgment is entered in a bond forfeiture proceeding, the surety on the bond may file with the court a special bill of review. A special bill of review may include a request, on equitable grounds, that the final judgment be reformed and that all or part of the bond amount be remitted to the surety, <u>after deducting</u> the costs of court, <u>any reasonable costs to the county for the return of the principal,</u> and the interest accrued on the bond amount from the date of forfeiture. The court in its discretion may grant or deny the bill in whole or in part.</p> <p>Dallas County Bail Bond Board Procedures & Rules Manual rule number 11 specifies "All sureties on bail bonds are responsible for and shall pay all necessary and reasonable expenses incurred by the Sheriff's Department relating to the re-arrest of any principal whose bail bond has been forfeited or whose surety has filed an affidavit to surrender the principal."</p> <p>Texas Attorney General Opinion H-208 states in part "A county is entitled to reimbursement from sureties for the reasonable and necessary costs of re-arrest after a bond forfeiture or an affidavit of surrender under Article 17.19, Vernon's Texas Code of Criminal Procedure. The expenses may be recovered in a scire facias proceeding or in a separate civil action."</p> <p>Local Government Code § 113.902 states: "The county treasurer shall direct prosecution for</p>
--	---



	the recovery of any debt owed to the county, as provided by law, and shall supervise the collection of the debt."				
Cause: (Describe the cause of the condition if possible)	Re-arrest fees are not consistently tracked and available for invoicing. Control procedures are not documented. Supervisor review is not evidenced. Training may be incomplete.				
Effect: (Describe or quantify any adverse effects)	Potential revenue loss (cost recovery) to Dallas County.				
Recommendation: (Describe corrective action)	<p>The Financial section, together with the Bond and Fugitive sections, should develop procedures for handling re-arrest fees and past due accounts that include:</p> <ul style="list-style-type: none"> • Train staff regarding eligible re-arrest expenses. • Assess re-arrest expenses as authorized by statute and DCBBB Procedures and Rules and update systems. • Review and comparison of Sheriff Fugitive section transportation expenditures to re-arrest billings by supervisory staff, periodically. • Develop and update standard re-arrest hourly fee recovery schedules for staff time. • Consider standardization of flat fees for in county and adjoining county re-arrests. • Send past due notices to customers 30 days past due while continuing review of postings for accuracy. • Provide re-arrest fee information to the District Attorney's office for inclusion in a motion to the court prior to final bond forfeiture judgments. • Deposit collected funds as revenue not credit to expenditure. 				
Responsible Department or Organization:	Sheriff's Department				
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent:	Michael Delmore, CFO	Date: 10/9/15
Comments:	<ul style="list-style-type: none"> - We will implement an ongoing training program and review of procedures. - A review and comparison of Sheriff Fugitive section transportation expenditures to re-arrest billings will be conducted on an ongoing basis. - We will need the assistance of the Auditor's office and the DA's office in order to develop and update standard re-arrest hourly fee recovery schedules. (current schedules are outdated) - We will consult with the Sheriff's legal council regarding an inclusion in a motion to the court regarding final bond forfeiture judgments. - We will implement the suggestion to book collected funds as revenue not a credit to expense. 				
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration		



Finding Number: 14.SH.01.09(a) – NSLP Report
Date: 04/29/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM

<p>Finding:</p>	<p>Food Costs – NSLP Reports Review of Monthly Cost Data Reports for the period of FY12 – FY14 revealed:</p> <ul style="list-style-type: none"> • Salaries, wages, and benefits are annualized and averaged rather than actual monthly costs • Monthly insurance costs used were a flat rate of \$500 for FY 2012 and \$683.33 for FY 2013 and FY 2014 per employee • Transportation costs for mileage allocated to Juvenile was calculated using three (3) different rates during FY 2012 through FY 2014 (\$2.31, 55.5 cents and 56.5 cents per mile); the Internal Revenue Service (IRS) used three (3) different standard mileage rates during this period (55.5 cents, 56.5 cents and 56 cents per mile). <ul style="list-style-type: none"> ○ the \$2.31 (October 2011 thru October 2012) and 56.5 cents (January 2014 thru September 2014) rates used to calculate Juvenile Transportation costs over-allocated costs including insurance, gas, oil, maintenance, and vehicle depreciation. • Four instances where water and natural gas costs reflected for the same amount as the prior month • Two instances where electricity costs reflected for the same amount as the prior month • One instance (September 2014) where natural gas costs grossly lower (only \$61.24 reflected) than for other months <p>Review of Cook Chill Average Meal Cost reports revealed:</p> <ul style="list-style-type: none"> • The reported <u>beginning</u> inventory value for December 2012 was \$20,000 more than the reported November 2012 <u>ending</u> inventory value. • The reported <u>beginning</u> inventory value for October 2013 was \$44,835.64 more than the September 2013 <u>ending</u> inventory value due to the reported <u>beginning</u> inventory value on September 1, 2013 used as the <u>beginning</u> inventory value on October 1, 2013. <ul style="list-style-type: none"> ○ 'Groceries Per Meal Cost' overstated due to inventory balance error. • Inmate food costs calculations exclude indirect costs and direct costs such as kitchen utensils and preparation supplies.
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>NSLP Monthly Cost Data Reports Q.3, Q.5 Average Meal Cost Q.8 Discoverer and General Ledger</p>
<p>Condition: (Describe the current condition)</p>	<p>For NSLP billings, utilities, including electric, natural gas, and water are added together to in an effort to calculate overhead. Currently, if a utility bill is not received from Facilities, Cook Chill uses the previous month's utility bill to calculate overhead. A portion of the overhead is charged to the Juvenile Department by calculating a percentage of meals delivered to the Juvenile Department and multiplying this percentage by several variables, including utility costs. The Juvenile Department uses the NSLP reports in submitting claims for breakfast and school lunch reimbursements.</p> <p>For inmates, monthly grocery cost is calculated by subtracting the beginning value of grocery inventory from the ending value of grocery inventory and adding purchases for a particular month. An average meal cost is then calculated by dividing the monthly grocery cost by the total meals served. In addition, a percentage of meals served to the juvenile department is</p>



	calculated by dividing the number of meals served to the Juvenile Department by the total meals served. This percentage is used to develop a billing for the Juvenile Department by multiplying several variables, including grocery cost, by the percentage.
Criteria: (Describe the optimal condition)	NSLP is a federal program with inflexible guidelines/requirements for reporting with exceptions subject to questioned costs. Accounting control procedures require reconciliation and comparison of financial and statistical calculations to supporting documentation. NSLP reports and Meal Production/Grocery Cost Reports are accurately and timely completed.
Cause: (Describe the cause of the condition if possible)	Delay in receiving utility bills Compilation errors and lack of supervisory review
Effect: (Describe or quantify any adverse effects)	Unreliable data reported for average meal costs.
Recommendation: (Describe corrective action)	<ul style="list-style-type: none"> • Develop a corrective action plan delineating procedures for Meal/Production/Grocery Cost Reports and NSLP billings including meal counts, grocery costs, utility costs, labor, and transportation costs. • Establish review by supervisory personnel of the monthly Meal Production/Grocery Cost Reports and NSLP billings prior to distribution to other departments. • Coordinate the receipt of all utility bills from Facilities Management in a timely manner in order to include actual costs on the NSLP billings. • Update estimated transportation costs for NSLP billings at least annually. • Reduce juvenile meal delivery overages through planning and coordination with the various juvenile facilities. • Allocate Juvenile Transportation costs including gas, oil, maintenance, and vehicle depreciation at the IRS standard mileage rates.
Responsible Department or Organization:	Sheriff's Department
Management's Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Michael Delmore, CFO Date: 10/13/15
Comments:	Recommendations noted and will be followed going forward.
Disposition:	<input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration



Finding Number: 14.SH.01.09(b) - Bids On Grocery Contracts
Date: 4/29/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM, SB

<p>Finding:</p>	<p>Food Costs - Purchases Review of bids on grocery contracts for 352 items awarded by Sheriff Cook-Chill buyers for the FY 2012 through FY 2014 revealed:</p> <ul style="list-style-type: none"> • 17 of 352 items not awarded to the lowest bidder. Reasons noted include: <ul style="list-style-type: none"> ○ comparable size/quantity not considered ○ bids not rounded to the same number of decimal places ○ bidder not included on summary of submitted bids • Two (2) instances where the bid was awarded to the vendor with the highest bid price when compared to other bidders (Beef base, Chicken base) • Three instances where the bid was awarded to the vendor with different product specifications (Diced/sliced pears, catsup, soy sauce) • Sheriff's department only solicits bids from current vendors • No process is in place to ensure "disclosure of outside income" forms have submitted to the County Administrator by the bid evaluation / procurement officers prior to participating in the procurement process
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Grocery bids for contracts awarded January 2012 – July 2012, August 2013 – December 2013, and January 2014 – July 2014 Workpaper Q - Grocery/Frozen/Lunchmeat/Juvenile</p>
<p>Condition: (Describe the current condition)</p>	<p>Every six months (weekly quotes if perishable items) the Sheriff's department solicits bids from current vendors via an email containing a bid sheet of requested items. If any non-current vendor calls requesting bid information, a bid sheet is emailed to that vendor. Except for produce, vendors are given two weeks to send their bids back to Cook-Chill. On Monday mornings, Cook-Chill solicit bids for produce with a response due by noon same day. Vendors fill out a paper copy of the bid sheet and return it to the Sheriff's Cook-Chill office. Some vendors return non-conforming bids that offer products in quantities/sizes other than requested. When non-conforming bids are offered, the Sheriff's office does <u>not</u> convert to comparable prices based on the quantity/size offered, but compiles for comparison with inaccurate data. All bids received during the bid period are organized on an Excel spreadsheet by vendor and the price offered for each item. Vendor's bid sheets present prices per unit in varying degrees of decimal places, which are <u>not</u> rounded for comparison. Occasionally, the manual process of transferring prices from the bid sheets to the Excel sheets for comparison results in the incidental exclusion of bids or transcription of incorrect prices.</p> <p>Using lowest cost (as determined by the Cook-Chill buyer) as the deciding factor, bids are awarded on a per item basis. Once the bids are awarded, the Sheriff's Office places orders on an as needed basis by the two Cook-Chill buyers. Requisitions are submitted to Purchasing for approval and issuance of Purchase Orders. The low cost per item approach results in the use of multiple vendors.</p> <p>Upon delivery of goods, Sheriff personnel compare inventory received to inventory amounts on the bill of lading, notating any differences in quantity. Sheriff personnel and the vendor's delivery person sign the bill of lading and each keep a copy. Sheriff personnel add the new inventory to a master inventory spreadsheet, which is updated daily. Sheriff Cook Chill staff</p>



	<p>complete an inventory of food items on hand at the end of each month.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Best practice for competitive and comparison bids require: All bid items will be converted into comparable size/quantity and unit price to determine the lowest bid price. All conforming bids submitted included in the bid decision. The bid process invites and includes non-current vendors.</p> <p>Local Government Code (L.G.C.), § 262.024. DISCRETIONARY EXEMPTION. (a) A contract for the purchase of any of the following items is exempt from the requirement established by Section 262.023 if the commissioners court by order grants the exemption: (8) an item of food; (d) The exemption granted under Subsection (a)(8) of this section shall apply only to the sealed competitive bidding requirements on food purchases. Counties shall solicit at least three bids for purchases of food items by telephone or written quotation at intervals specified by the commissioners' court. Counties shall award food purchase contracts to the responsible bidder who submits the lowest and best bid or shall reject all bids and repeat the bidding process, as provided by this subsection. The purchasing officer taking telephone or written bids under this subsection shall maintain, on a form approved by the commissioners' court, a record of all bids solicited and the vendors contacted. This record shall be kept in the purchasing office for a period</p> <p>Per Attorney General Opinion JM-783, Article 2368a.5, V.T.C.S (re-codified under Local Government Code, § 262.024), is applicable to the sheriff in making purchases for the operation of the county jail. Commissioners Court Order No. 2007-2249 exempts food purchases from the sealed competitive bid process.</p> <p>L.G.C., Sec. 351.010. SANITATION AND HEALTH REQUIREMENTS. A county jail must be: (3) provided with food prepared and served in a palatable and sanitary manner according to good dietary practices and of sufficient quality to maintain good health; and</p> <p>L.G.C., Sec. 351.034. ADMINISTRATOR. (a) The sheriff of the county in which the jail is located shall serve as administrator of the jail.</p> <p>Best practices regarding purchase policies of large government operations include:</p> <ul style="list-style-type: none"> • Tracking the quality, service and price performance of vendors. • Receiving ongoing training and supervision, the necessary analytical, business knowledge, and negotiation skills for the procurement officers. • Developing an annual cost reduction plan for significant contracts. • Utilizing computer system to handle tasks and automate the price analysis process. • Conducting negotiation with vendors considering market opportunity, volume, payment terms, and reliability. <p>Comprehensive grocery purchasing policies and procedures exist to promote internal controls and transparency in every aspect of the procurement process.</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Bidders proposed items in a size/quantity other than the size/quantity requested in the bid. Unit price decimal points rounded/truncated on some bid items. Use of manual process. Lack of updated written departmental procurement policies/procedures.</p>



Effect: (Describe or quantify any adverse effects)	Lowest bid not selected. Higher grocery costs paid – unable to determine if other cost offsets. Inventory control total errors. Potential conflicts of interest may be undetected.			
Recommendation: (Describe corrective action)	<ul style="list-style-type: none"> • Convert all bids into comparable size/quantity and round to the same number of decimal places to determine the lowest bid price. • Count inventory upon receipt and compare to purchase order and the bill of lading. Only items received are included in inventory control totals and submitted for payment on Records of Material Received forms. • Pursue an automated process/system for bid selection. Vendors submit bid prices/quantities to a system that converts all bids into comparable prices/quantities and decimal places. The system would then indicate the lowest bid price. <i>Response: The Cook/Chill takes the Lowest Cost Best Bid Approach which factors quality, reliability as well price into consideration.</i> • Open the bid process to all vendors to increase costs savings. <i>Response: The bid process is open to all approved vendors as well as vendors the staff is aware of.</i> • Confirm with County Administrator that bid/quote evaluators / procurement officers have submitted 'disclosure of outside income' forms. 			
Responsible Department or Organization:	Sheriff's Department			
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent: Michael Delmore, CFO	Date: 10/13/15
Comments:	Noted with exceptions.			
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	



Finding Number: 14-SH-01-10 Time & Attendance
Date: 04/15/2015
Audit: Sheriff's Department Audit – FY12 - FY14
Auditor(s) Assigned: SB,AT

Finding:	<p>Time & Attendance A sample review of employee's time and attendance records, requests for leave, overtime/compensatory time and field observation for FY 2012 through 2014 for each section of the Sheriff revealed:</p> <p>ATO <u>FY 2014</u> Forty-six (46) instances where exempt employees received approved time off (ATO) while not averaging a 40 hour work week over a 52 week period for employees assigned to work in George Allen, Intake, Release and Warrant sections of the Sheriff's office.</p> <p><u>FY 2013</u> Twenty (20) instances where exempt employees received approved time off (ATO) while not averaging a 40 hour work week over a 52 week period for employees assigned to work in George Allen, Intake and Release sections of the Sheriff's office.</p> <p><u>FY 2012</u> Twenty-two (22) instances where exempt employees received approved time off (ATO) while not averaging a 40 hour work week over a 52 week period.</p> <p><u>Kronos</u> 210 instances for 42 employees without postings (either work or leave) recorded in Kronos for regular work days. There were no comments or historical edits made in Kronos.</p> <p>Overtime The Sheriff's department used a high number of overtime hours in order to comply with the Texas Commission on Jail Standards requirement. An analysis by pay period of overtime for the three years under review was completed by the Payroll section and can be found on the County website under http://www.dallascounty.org/department/auditor/TimeAnalysis.php. A summary of select departments is listed in the table below.</p> <p>Overtime hours paid in FY 2012 –FY 2014</p> <table border="1"> <thead> <tr> <th>HOME DEPT</th> <th>Total Overtime Hours Paid FY14</th> <th>Total Overtime Hours Paid FY13</th> <th>Total Overtime Hours Paid FY12</th> <th>Change from FY13 to FY14</th> <th>Change from FY12 to FY13</th> </tr> </thead> <tbody> <tr> <td>Intake (3147)</td> <td>29,990.20</td> <td>14,500.90</td> <td>7,188.30</td> <td>106.82%</td> <td>101.73%</td> </tr> <tr> <td>George Allen / Transport (3145)</td> <td>5,588.60</td> <td>8,323.62</td> <td>9,598.70</td> <td>(32.86%)</td> <td>(13.28%)</td> </tr> <tr> <td>Release (3150)</td> <td>17,202.80</td> <td>11,120.60</td> <td>11,977.90</td> <td>54.69%</td> <td>(7.16%)</td> </tr> <tr> <td>South Tower (3148)</td> <td>38,093.90</td> <td>17,903.10</td> <td>17,800.50</td> <td>112.78%</td> <td>.58%</td> </tr> <tr> <td>Warrant (3130)</td> <td>2,735.25</td> <td>2,650.30</td> <td>1,232.70</td> <td>3.21%</td> <td>115%</td> </tr> <tr> <td>North Tower (3141)</td> <td>25,996.30</td> <td>19,320.70</td> <td>27,399.20</td> <td>34.55%</td> <td>(29.48%)</td> </tr> <tr> <td>West Tower (3142)</td> <td>13,311.50</td> <td>13,740.20</td> <td>20,390.30</td> <td>(3.12%)</td> <td>(32.61%)</td> </tr> <tr> <td>Totals</td> <td>132,918.55</td> <td>87,559.42</td> <td>95,587.60</td> <td>51.80%</td> <td>(8.40%)</td> </tr> </tbody> </table>	HOME DEPT	Total Overtime Hours Paid FY14	Total Overtime Hours Paid FY13	Total Overtime Hours Paid FY12	Change from FY13 to FY14	Change from FY12 to FY13	Intake (3147)	29,990.20	14,500.90	7,188.30	106.82%	101.73%	George Allen / Transport (3145)	5,588.60	8,323.62	9,598.70	(32.86%)	(13.28%)	Release (3150)	17,202.80	11,120.60	11,977.90	54.69%	(7.16%)	South Tower (3148)	38,093.90	17,903.10	17,800.50	112.78%	.58%	Warrant (3130)	2,735.25	2,650.30	1,232.70	3.21%	115%	North Tower (3141)	25,996.30	19,320.70	27,399.20	34.55%	(29.48%)	West Tower (3142)	13,311.50	13,740.20	20,390.30	(3.12%)	(32.61%)	Totals	132,918.55	87,559.42	95,587.60	51.80%	(8.40%)
HOME DEPT	Total Overtime Hours Paid FY14	Total Overtime Hours Paid FY13	Total Overtime Hours Paid FY12	Change from FY13 to FY14	Change from FY12 to FY13																																																		
Intake (3147)	29,990.20	14,500.90	7,188.30	106.82%	101.73%																																																		
George Allen / Transport (3145)	5,588.60	8,323.62	9,598.70	(32.86%)	(13.28%)																																																		
Release (3150)	17,202.80	11,120.60	11,977.90	54.69%	(7.16%)																																																		
South Tower (3148)	38,093.90	17,903.10	17,800.50	112.78%	.58%																																																		
Warrant (3130)	2,735.25	2,650.30	1,232.70	3.21%	115%																																																		
North Tower (3141)	25,996.30	19,320.70	27,399.20	34.55%	(29.48%)																																																		
West Tower (3142)	13,311.50	13,740.20	20,390.30	(3.12%)	(32.61%)																																																		
Totals	132,918.55	87,559.42	95,587.60	51.80%	(8.40%)																																																		



	<p>Compensatory time earned in FY12 – FY14</p> <table border="1" data-bbox="272 415 841 892"> <thead> <tr> <th rowspan="2">DEPARTMENT</th> <th colspan="3">Total Comp Time Earned</th> </tr> <tr> <th>FY14</th> <th>FY13</th> <th>FY12</th> </tr> </thead> <tbody> <tr> <td>Intake (3147)</td> <td>5,922.70</td> <td>5,178.20</td> <td>6,145.60</td> </tr> <tr> <td>George Allen / Transportation (3145)</td> <td>277.00</td> <td>4.60</td> <td>118.50</td> </tr> <tr> <td>Release (3150)</td> <td>5,165.30</td> <td>4,845.37</td> <td>4,162.50</td> </tr> <tr> <td>South Tower (3148)</td> <td>3,547.40</td> <td>2,984.40</td> <td>3,384.90</td> </tr> <tr> <td>Warrant (3130)</td> <td>2,226.20</td> <td>1,955.75</td> <td>2,828.60</td> </tr> <tr> <td>North Tower (3141)</td> <td>4,363.88</td> <td>5,538.80</td> <td>7,254.00</td> </tr> <tr> <td>West Tower(3142)</td> <td>3,558.70</td> <td>3,892.25</td> <td>5,609.50</td> </tr> <tr> <td>Totals</td> <td>25,061.18</td> <td>24,399.37</td> <td>29,503.60</td> </tr> </tbody> </table> <p>Requests for leave:</p> <p>A review of requests for leave forms revealed:</p> <ul style="list-style-type: none"> Two FY14 instances in which leave type requested differs from what is recorded in Kronos for Intake and North Tower employees. 	DEPARTMENT	Total Comp Time Earned			FY14	FY13	FY12	Intake (3147)	5,922.70	5,178.20	6,145.60	George Allen / Transportation (3145)	277.00	4.60	118.50	Release (3150)	5,165.30	4,845.37	4,162.50	South Tower (3148)	3,547.40	2,984.40	3,384.90	Warrant (3130)	2,226.20	1,955.75	2,828.60	North Tower (3141)	4,363.88	5,538.80	7,254.00	West Tower(3142)	3,558.70	3,892.25	5,609.50	Totals	25,061.18	24,399.37	29,503.60
DEPARTMENT	Total Comp Time Earned																																							
	FY14	FY13	FY12																																					
Intake (3147)	5,922.70	5,178.20	6,145.60																																					
George Allen / Transportation (3145)	277.00	4.60	118.50																																					
Release (3150)	5,165.30	4,845.37	4,162.50																																					
South Tower (3148)	3,547.40	2,984.40	3,384.90																																					
Warrant (3130)	2,226.20	1,955.75	2,828.60																																					
North Tower (3141)	4,363.88	5,538.80	7,254.00																																					
West Tower(3142)	3,558.70	3,892.25	5,609.50																																					
Totals	25,061.18	24,399.37	29,503.60																																					
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Work Papers No.R.1 -8, Overtime Analysis, observation Kronos reports Reports under http://www.dallascounty.org/department/auditor/TimeAnalysis.php Discussion with Payroll about overtime 1.0 and overtime 1.5 rules</p>																																							
<p>Condition: (Describe the current condition)</p>	<p>Per Sheriff’s Office, General Orders: Request and Authorization for Leave of Absence form (Sher/Per/100)</p> <ul style="list-style-type: none"> The Sher/Per/100 form will be filled out by employees who are requesting personal time off. The employee will indicate which type of leave is being requested by checking the appropriate box in the center of the request form. With the exception of sick leave, the Sher/Per/100 form will be completed by the employee prior to the time requested off and submitted to his/her immediate available supervisor, who will indicate whether or not the requested time off is approved or disapproved by checking the appropriate box at the bottom of the request form and then signing and dating the form in the appropriate spaces. If the employee’s request for leave is denied and the employee takes the time off anyway, the action is considered insubordination and is subject to appropriate disciplinary action. When an employee misses work due to illness, the employee will submit a completed Sher/Per/100 form to his/her immediate supervisor promptly upon returning to work. <p>Sick Leave</p> <ul style="list-style-type: none"> Employees shall be authorized sick leave for personal illness or illness in his/her immediate family, An employee that has expended all sick leave, may be authorized LWOP by the Bureau Commander. If LWOP is not authorized, the employee will be given a letter stating that he or she is out of time and he/she will be terminated if he/she fails to show for work, unless the employee is on authorized Family and Medical Leave. If the employee has expended all leave and is unable to come to work, he or she may put in a request for a leave of absence according to Dallas County Code Section 82-471. 																																							



	<ul style="list-style-type: none"> • Employees who are absent from work for more than three days are required to present a written doctors excuse to his/her supervisor immediately upon returning to work. • Supervisors that neglect to remind the employee about obtaining a written doctor’s excuse are subject to disciplinary action for failing to follow this policy. <p>Sheriff employees using Kronos time clock punches includes: jailers, regular patrol, and most nonexempt employees. Manual entry by the secretary of time includes: employees who call/write-in work schedules, outlying patrols, and exempt management.</p> <p>HR clerks review exceptions and enter historical edits totaling about 30 per pay period.</p> <p>Supervisors of each section have access to review and approve time for their employees. Bi-weekly pay period is signed off, but Kronos time cards are not marked with ‘approval’ by the immediate supervisor or other management personnel.</p> <p>Over Time The KRONOS system tracks hours worked by employees. If a non-exempt employee’s 40-hour work week is composed of other leave time accruals (ie. sick time, vacation, comp time) the system will automatically calculate any overtime worked beyond this time as Overtime 1.0 until the employee has physically worked 40 hours. Once the non-exempt employee has worked 40 regular hours, any overtime hours beyond this time will be calculated as Overtime 1.5. Non-exempt employees are paid their regular rate for Overtime 1.0 and time and a half their hourly rate for Overtime 1.5.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>In order to provide management oversight and ensure staffing levels are consistently met, requests for leave/overtime forms should be utilized.</p> <p>Texas Commission on Jail Standards requires:</p> <ul style="list-style-type: none"> • 1:48 (guard to inmate) ratio per floor • Food Service/Sanitation/Transportation staffing outside of 1:48 requirements <p>Internal Sheriff policy:</p> <ul style="list-style-type: none"> • Leave must be formally requested two weeks in advance • Forecast scheduling incorporates planned leave • Call lists developed for contacting DSO’s as unscheduled leave occurs. • Adequate rest periods provided between each eight hour shift <p>According to Dallas County Code Sec. 82-175, Supervisory responsibilities: (b) Supervisors shall educate their employees about how to use the time entry method they are assigned and about the time and attendance policies for their department. (c) Supervisors are responsible for ensuring employee time records are accurate and that no abuses occur. (e) Supervisors are responsible for checking daily start times, meal periods, end times, vacation time, sick time, compensatory time and overtime to ensure employees are in compliance with their shift work schedule and the county’s overtime policies.</p> <p>According to Dallas County Code, Section 82-132, Work schedules: Exempt employees shall report all hours worked and adhere to an established work schedule approved by the elected official/department head. Exempt employees’ work schedules shall average a minimum of 40 hours per week, including use of accrued leave time. All time worked shall be recorded in the official time and attendance system.</p> <p>According to Dallas County Code, Section 82-134, Scheduled time off: Periodically, elected officials/department heads may grant administrative time off for exempt employees. Such time off must be approved by the elected official/department head. In order to approve such leave, the elected</p>



	<p>official/department head must ensure the <u>exempt employee's most current 12-month average weekly work schedule exceeds 40 hours</u>. For exempt employees whose tenure is less than 12 months, their average weekly hours worked shall be determined by the average hours worked over the number of weeks worked for the county. If this criterion is met, the elected official/department head may, at his/her discretion, approve the time off. <u>Under no circumstances will this time be granted on an hour-for-hour basis</u> and the <u>total amount of time granted shall not exceed 15 work days in a 12-month period except by formal approval by the commissioners court</u>.</p> <p>According to Dallas County Code, Section 82-84, Maintenance of time and attendance records, "Each department shall keep a record of each employee's hours worked in a manner approved by the commissioner's court and administered by the county auditor's office."</p> <p>Local Government Retention Schedule section 1050-54b, "Requests and authorizations for vacation, compensatory, sick, FMLA, and other types of authorized leave. FE + 3 years".</p> <p>Local Government Retention Schedule section 1050-57, "Requests and authorizations for overtime. Time trading, and other actions that affect normal work time except leave requests. 2 years".</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Timekeeper data entry error or oversight. Departmental and County time and attendance policies are not enforced. Incomplete training and lack of supervisory review. Complexity of developing jail staff ratios due to absenteeism, unfilled positions, and requirements to meet jail staffing standards.</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Potential accrual balances not accurate on the Kronos system. Employees overcompensated. Inefficient overtime scheduling. Excessive overtime costs.</p>
<p>Recommendation: (Describe corrective action)</p>	<p>All start times, meal periods, end times, vacation time, sick time, holiday time, jury duty, compensatory time, overtime, ATO, etc. should be properly and timely posted to the Kronos time and attendance system in accordance with the Dallas County Code and Commissioners Court orders. Each employee should affirm bi-weekly time paid / leave balances expended through review of pay slip on Employee Self-Service (ESS) application.</p> <p>Emphasize supervisory review of time and attendance and Kronos postings with Kronos time card updated to reflect 'approval' by supervisor or management. Any supervisory changes to employee time records and overtime/compensatory authorization records should be accurate and properly documented.</p> <p>Train and update staff on county leave policies.</p> <p>All employee personnel files must be complete and retained in a secure area in accordance with Records Retention Schedules.</p> <p>Historical edits should be completed for use of ATO inconsistent with County policy.</p> <p>Multiple shift scenarios should be developed using Kronos functionality to build master schedules with forecasting and pre-planning for absenteeism to incorporate: 2 hour versus full shift holdover; and call lists of less tenured employees.</p> <p>Absences should be updated in Kronos (FMLA and vacation) as approved.</p>
<p>Responsible Department or Organization:</p>	<p>Sheriff's Department</p>

County Auditor



Dallas County, Texas

Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent:	Michael Delmore, CFO	Date:	10/13/2015
Comments:	The recommendations made are noted and need to be followed going forward.					
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration			



Finding Number: 14.SH.01.11 Commission Calculations
Date: 05/20/15
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM, MM

<p>Finding:</p>	<p>Orders of Sale and Writs of Execution - Commission Calculations Review of commission calculations on 45 writ collections for compliance with Commissioners Court approved rates revealed:</p> <p><u>FY2012</u></p> <ul style="list-style-type: none"> • Three (3) commission amounts over-collected totaling \$1,092.69 due to calculation errors: <ul style="list-style-type: none"> ○ Two commission amounts calculated on the bid amount instead of the judgment amount. ○ One commission amount calculated using the 10% sale (auction) rate instead of the 5% non-sale rate. • Six (6) non-sale collections interest calculated using the auction date (first Tuesday of the month) for sales instead of the actual collection date including one commission under-collected by \$100.35. <p><u>FY2013</u></p> <ul style="list-style-type: none"> • Eight (8) non-sale collections interest calculated using the auction date (first Tuesday of the month) for sales instead of the actual collection date including one commission over-collected by \$33.13. <p><u>FY2014</u></p> <ul style="list-style-type: none"> • Three (3) commission amounts over-collected totaling \$696.32 due to calculation errors: <ul style="list-style-type: none"> ○ One commission amount calculated using 10% on entire sale amount (including amount greater than \$10,000). ○ One commission amount calculated on the bid amount instead of the judgment amount. ○ One commission calculation with the judgment credit amount not deducted prior to calculating interest and commission. • Two commissions under-collected due to use of interest rate different from rate indicated in judgment. • Eight (8) non-sale collections interest calculated using the auction date (first Tuesday of the month) for sales instead of the actual collection date including one under-collection due to commission calculation not including "City of Garland Liens".
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Work Paper No. T. FY12-FY14 Commissions</p>
<p>Condition: (Describe the current condition)</p>	<p>Writs of execution and orders of sale are routed by sheriff clerical staff to the writ officers for service. An execution/commission calculation worksheet is prepared by the writ officer based on collection with or without a sale including the calculation of any post judgment interest.</p> <p>The defendant is served and advised of the amount required to be paid to satisfy the judgment and commission. If payment is received satisfying the judgment, a sale will not occur. If payment is not received, the officer identifies statutorily eligible real property and/or personal property that can be seized and sold. Notice of a sale for real property is published in the Daily Commercial Record newspaper and notices are posted in different locations, thereafter; a sale is conducted. The Daily Commercial Record is paid by either the plaintiff or its representative before the auction date. A \$20 total fee is assessed for <u>each</u> location where a</p>



	<p>notice is posted including those sent through certified mail. The deputy will sell property at the designated location and time listed on the notices of sale. Real property is sold at the George Allen Courts Building. Commissions on sales are calculated at twice the rate as without a sale.</p> <p>Writ deputies obtain services of insured (per writ officer, company determined by County) wreckers and/or storage facilities/warehouseman (per writ officer, company previously authorized by the County) to remove and store seized personal property until the sale takes place. Seized personal property is stored by a warehouseman who is eligible to receive compensation from the sale for hauling seized items and the corresponding storage fees. The deputy will sell property at the location listed in the notice. Storage facility fees are deducted from the successful bid and required to be paid directly to the storage facility by the successful bidder to obtain the property.</p> <p>The writ officer accepts valid bids from anyone present. The successful bidder is required to pay by cash, cashier's check, and/or money order. The writ officer issues a receipt of payment to the successful bidder for the full (except when posting fees are not collected prior to sale) bid amount. The writ officer issues the required bill of sale (\$20 collected for filing deed of sale with County Clerk) to the successful bidder and completes other legally required documentation. The bid sheet, execution/commission calculation sheet, copy of the writ, and copies of other documentation are maintained by the writ officer at the sheriff's office in individual folders.</p> <p>Disclosures regarding current practice:</p> <ul style="list-style-type: none"> • Interest on non-sale collections calculated using the sheriff's monthly auction date (first Tuesday of every month) instead of actual date of collection.
<p>Criteria: (Describe the optimal condition)</p>	<p>Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to execution and sale procedures, collection efforts, and accounting controls include:</p> <ul style="list-style-type: none"> • Defendants served in accordance with Rules of Civil Procedure and statutes. • Notices posted and sales conducted in compliance with statute on eligible property. • Automated sheriff commission calculation worksheets with separate files for collections made with or without a sale. Worksheets should contain all variables including the judgment date, judgment amount, judgment credit, attorney fees, interest rate, pre-judgment and post judgment interest, court costs, service fees (not combined with court costs), applicable commission percentages, and deputy hours spent. <p>According to Dallas County court orders 2010-1626, 2011-1662, 2012-1587, and 2013-1572 "Commission calculations should include judgment, interest, and attorney fees collected while excluding any court costs."</p> <p>According to Rule of Civil Procedure, Rule 647, NOTICE OF SALE OF REAL ESTATE, the officer shall post such notice in writing in three public places in the county if no newspaper will publish the notice of sale for the compensation herein fixed.</p> <p>According to Rule of Civil Procedure, Rule 650, NOTICE OF SALE OF PERSONAL PROPERTY, the sale of any personal property levied on under execution shall be given by posting notice thereof for ten days successively immediately prior to the date of sale at the courthouse door of any county and at the place where the sale is to be made.</p>



	<p>Tax Code, Sec. 34.02. DISTRIBUTION OF PROCEEDS. (a) The proceeds of a tax sale under Section 33.94 or 34.01 shall be applied in the order prescribed by Subsection (b). The amount included under each subdivision of Subsection (b) must be fully paid before any of the proceeds may be applied to the amount included under a subsequent subdivision.</p> <p>(b) The proceeds shall be applied to:</p> <ol style="list-style-type: none"> (1) the costs of advertising the tax sale; (2) any fees ordered by the judgment to be paid to an appointed attorney ad litem; (3) the original court costs payable to the clerk of the court; (4) the fees and commissions payable to the officer conducting the sale; (5) the expenses incurred by a taxing unit in determining necessary parties and in procuring necessary legal descriptions of the property if those expenses were awarded to the taxing unit by the judgment under Section 33.48(a)(4); (6) the taxes, penalties, interest, and attorney's fees that are due under the judgment; and (7) any other amount awarded to a taxing unit under the judgment. <p>(c) If the proceeds are not sufficient to pay the total amount included under any subdivision of Subsection (b), each participant in the amount included under that subdivision is entitled to a share of the proceeds in an amount equal to the proportion its entitlement bears to the total amount included under that subdivision.</p> <p>(d) The officer conducting a sale under Section 33.94 or 34.01 shall pay any excess proceeds after payment of all amounts due all participants in the sale as specified by Subsection (b) to the clerk of the court issuing the warrant or order of sale.</p> <p>(e) In this section, "taxes" includes a charge, fee, or expense that is expressly authorized by Section 32.06 or 32.065.</p> <p>According to Dallas County Assistant District Attorney opinion, commissions should not be assessed for service of tax warrants unless a sale occurs in accordance with Tax Code, Section 33.25(f).</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Writ deputy calculation errors</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Potential liability to County if bidders are required to pay more than required by law. Commission revenue over (under) collected.</p>
<p>Recommendation: (Describe corrective action)</p>	<ul style="list-style-type: none"> • The commission calculation should include the judgment, interest, and attorney fees and the approved commission percentages and hourly rates as authorized by Commissioners Court. • Calculations should be verified / reviewed by another person. • Interest calculations on non-sale collections should use the actual collection date. • Review of all execution worksheets should be performed prior to beginning of calendar year to verify correct formula is in use. • Review of all payments disbursed should be performed testing accuracy of payee and amount.
<p>Responsible Department or Organization:</p>	<p>Sheriff's Department</p>
<p>Management's Response:</p>	<p><input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree Respondent: Michael Delmore, CFO Date: 10/13/15</p>
<p>Comments:</p>	<p>We agree with the recommendations.</p>
<p>Disposition:</p>	<p><input checked="" type="checkbox"/> Audit Report <input type="checkbox"/> Oral Comment <input type="checkbox"/> Deleted From Consideration</p>



Finding Number: 14.SH.01.12 Tire Inventory & Texas 1033 Surplus Property
Date: 05/20/15
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: MM, VO

<p>Finding:</p>	<p>Tire Inventory Controls Review of controls related to tire inventory received from the Automotive Service Center (ASC) revealed:</p> <ul style="list-style-type: none"> • 666 tires totaling \$61,815.34 charged to Sheriff Patrol code (FD000) labeled as work order (WR) in the ASC parts system HRON column without allocation to a specific vehicle in FY12. • 321 tires totaling \$33,590.46 charged to Sheriff Patrol code (FD000) labeled as work order (WR) in the ASC parts system HRON column without allocation to a specific vehicle in FY13. • 319 tires totaling \$33,425.10 charged to Sheriff Patrol code (FD000) labeled as work order (WR) in the ASC parts system HRON column without allocation to a specific vehicle in FY14. • Inadequate inventory controls exist at two Sheriff's offsite storage locations (Polk Street and Sunnyvale substations) and when tires are replaced by Sheriff's deputies after hours at the Joe Field Road location. <ul style="list-style-type: none"> ○ Deputies do not record information to inventory control documents when replacing tires. ○ Tires mounted on rims placed under large covered shed at Joe Field Road. ○ Tires mounted on rims inside storage unit/container at Polk Street. ○ Tires mounted on rims secured inside building at Sunnyvale. <p>Texas 1033 Surplus Property Controls Review of weapons inventory received through the Texas 1033 Surplus Property Program revealed:</p> <ul style="list-style-type: none"> • Surplus property cannot be traced to a unique identifier (eg. serial number) on the Texas 1033 Surplus Property system generated report provided by the department. • Department maintains an Excel spreadsheet with serial numbers and weapon locations. The spreadsheet does not include the Property Code Number or Property Description from the Texas 1033 Surplus Property system generated report.
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Work Paper No. 2012-2014 ASC Inventory Report, 1033 Surplus Property Inventory</p>
<p>Condition: (Describe the current condition)</p>	<p>ASC is a division of Communications and Central Services. Principal areas of responsibility include preventative maintenance and repair of approximately 1,062 vehicles. Inventory records include auto parts, fuel sales from (Fuelman) credit card purchases and fuel drops at the ASC locations. Jet Fleet is the parts inventory system used by ASC. Sheriff Patrol code FD000 is used to charge out bulk and/or non-specific items to the Sheriff's department. Tires are stored at three substations (Joe Field Road, Polk Street and Sunnyvale). Deputies do not record information to inventory control documents when replacing tires.</p> <p>The Secretary of Defense is authorized by Title 10 USC §2576a to transfer to Federal and State Agencies, personal property that is excess to the needs of the Department of Defense (DOD) and that the Secretary determines is suitable to be used by such agencies in law enforcement activities, with emphasis on counter-drug/counter-terrorism activities. Law Enforcement Agencies (LEAs) submit applications for participation to the state coordinator for their approval. Once approved for participation in the program, the LEA shall submit an updated application packet to the State Coordinator no later than January 31st each year. LEAs are required to submit an annual inventory.</p>



<p>Criteria: (Describe the optimal condition)</p>	<p>Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Sufficient controls must be documented, present, and functioning in order to fix accountability and mitigate risks related to assets and inventory. Specific controls related to inventory recordkeeping and controls include:</p> <ul style="list-style-type: none"> • Designated employees (inventory control officer) responsible for inventory control and recordkeeping • Restricted access to inventory items • Completion of part requisition documentation including but not limited to: <ul style="list-style-type: none"> ○ Date ○ Driver name ○ Vehicle number ○ Part number and description ○ Quantity ○ Driver signature as acknowledgement of receipt of inventory issuance, and ○ Designated inventory control officer signature ○ Reason for tire replacement documented on the Work Order <p>Key principles for control/reconciliation of Texas 1033 Surplus Property assets must include:</p> <ul style="list-style-type: none"> • Approval and acceptance by Commissioners Court • Items assigned Property ID number and tagged as soon as practicable with updates to the County and departmental property inventory records • Departmental inventory listing maintained with: complete serial numbers; accurate property description; physical location; date received; Property ID number; serial number, estimated cost/value; and as applicable date transferred or removed from service including description of disposition • Annual departmental self-inventory • Adherence to Dallas County Code, Section 90. <p>Asset and inventory management procedures should be periodically reviewed by supervisory personnel to affirm controls working as intended and staff adherence in performance of assigned duties.</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Lack of proper inventory controls and accountability</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Potential for loss or theft of inventory Assets not adequately controlled or accounted for Incomplete vehicle maintenance records</p>
<p>Recommendation: (Describe corrective action)</p>	<p>Update inventory and property asset procedures to include:</p> <ul style="list-style-type: none"> • A corrective action plan to incorporate all key principles of controls including staff training • Written procedures for Texas 1033 Surplus Property received, assigned, and disposed including updates to the self-inventory tracking system • Texas 1033 Surplus Property tagged with an asset property number and recorded to the County and departmental property inventory records • Written procedures for an inventory control system to track tires received from ASC and installed on vehicles at non-ASC locations or after ASC business hours at ASC locations • Inventory control officer(s) designated for issuance of replacement tires. If this is not feasible, a dual control system should be established requiring a secondary signature on an issuance/requisition form for tires replacements not completed by ASC.



	<ul style="list-style-type: none"> Property self-inventories conducted annually by supervisory personnel 		
Responsible Department or Organization:	Sheriff's Department		
Management's Response:	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree	Respondent:	Michael Delmore, CFO
Comments:	None		
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration



Finding Number: 14.SH.01.13 Civil Papers
Date: 06/04/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM

<p>Finding:</p>	<p>Civil Papers Comparison of 46 civil paper returns and the associated County Clerk and District Clerk Odyssey financial records for proper credit and review revealed:</p> <ul style="list-style-type: none"> • One civil paper with monetary credit recorded to the Sheriff; however, paper was served by Constable Precinct 1 • One civil paper served without collection of service fees by Clerk after order of asset forfeiture • Incomplete tracking of papers received from District and County Courts. Data for attempts and/or service is recorded to the Odyssey Courts system in comment/event fields which does not allow for the production of statistical system reports for papers assigned to the Sheriff, on hand, transferred, served, or returned without service.
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Work Paper No. 5A Odyssey Courts system</p>
<p>Condition: (Describe the current condition)</p>	<p>The Sheriff's office receives papers via court clerks where parties to a case request service through the court clerk. The court clerks require payment in advance or denote payment exception for civil papers to be served by the Dallas County Sheriff or constable agencies with the papers routed to the appropriate agency for service. A stamp is affixed to the paper by the District and County Clerk staff showing whether officer fees were collected. Exceptions to pre-payment for service include:</p> <ul style="list-style-type: none"> • Parties that have been approved by the court as indigent. The clerk issuing the process would endorse thereon the words "pauper oath filed". • Papers (citations, notices, capiases, etc.) for IV-D cases requested by the Attorney General. • Cases involving tax suits filed by governmental entities. • Cases filed by governmental entities which are exempted from security of filing and service fees. • Protective Orders and garnishments. Returns on garnishments are not sent to the court of original issuance by the precinct until payment is received. <p>Attorneys may request that civil papers be issued directly to the attorney for handling and service. The court clerk issuing the process would endorse thereon the words "costs not complied with". When an attorney selects a law enforcement agency for service, payment will accompany the civil process or the paper will be held without service pending payment. The attorney will be notified of the amount due in order for service to be completed and paper returned to court. Payments made direct to the Sheriff's office also include service requests from outside Dallas County.</p> <p>Sheriff Civil deputies record due diligence attempts and service data to the Odyssey Courts system in comment/event fields. Statistical reports are not available from Odyssey for paper activity.</p> <p>After paper service, Sheriff-Civil staff returns papers to the issuing court (justice of the peace, county clerk or district clerk) thus enabling clerk to properly recognize revenue.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>County and District courts should properly assess and record credit for civil paper service including the collection of Sheriff fees due.</p> <p>Per Local Government Code, Sec. 85.021. Execution of Process; Penalty. (a) The sheriff shall execute all process and precepts directed to the sheriff by legal authority and shall return the process or precept to the proper court on or before the date the process or precept is returnable. (b) The sheriff commits an offense if the sheriff: (1) fails to return a process or precept as required by Subsection (a); or (2) makes a false return.</p>



	<p>(c) An offense under this section is punishable by the court to which the process is returnable, as for contempt, by a fine of not more than \$100. A fine collected under this section shall be deposited in the county treasury.</p> <p>(d) The sheriff is liable for all damages sustained by a person by reason of an offense committed by the sheriff under this section.</p> <p>Per Local Government Code, Sec. 113.903. COLLECTION MADE BY ONE OFFICER ON BEHALF OF ANOTHER. (a) With the prior consent of the commissioners court and the officer to whom funds are owed, a district, county, or precinct officer authorized by law to receive or collect money or other property that belongs to the county may receive or collect, on behalf of another district, county, or precinct officer, money or property owed to the county.</p> <p>(b) If the officer collects money under this section, the officer shall deposit the money in accordance with Section 113.022.</p> <p>(c) When the officer reports or deposits the collection, the officer shall file with the report or deposit a statement of:</p> <ol style="list-style-type: none"> (1) the name of the party paying the money; (2) the amount received; (3) the purpose for which the amount was received; and (4) the officer on whose behalf the money was collected. <p>(d) the county auditor, or county clerk if there is no county auditor, and the county treasurer shall attribute money or property received or collected under this section to the account of the officer on whose behalf it is received or collected.</p> <p>(e) A person who accepts a payment under the terms of this section shall issue a receipt for any money received to the payer of the debt.</p> <p>Rules of Civil Procedure, RULE 17. OFFICER TO EXECUTE PROCESS - Except where otherwise expressly provided by law or these rules, the officer receiving any process to be executed shall not be entitled in any case to demand his fee for executing the same in advance of such execution, but his fee shall be taxed and collected as other costs in the case.</p> <p>Rules of Civil Procedure, RULE 126. FEE FOR EXECUTION OF PROCESS, DEMAND - No sheriff or constable shall be compelled to execute any process in civil cases coming from any county other than the one in which he is an officer, unless the fees allowed him by law for the service of such process shall be paid in advance; except when affidavit is filed, as provided by law or these rules. The clerk issuing the process shall indorse thereon the words "pauper oath filed," and sign his name officially below them; and the officer in whose hands such process is placed for service shall serve the same.</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Clerical error or oversight court staff Lack of statistical reporting for paper activity within the Odyssey Courts system</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Fees credited to the wrong department or paper service not recognized as income offsetting Sheriff expenditures. Incomplete civil fee analysis for paper service</p>
<p>Recommendation: (Describe corrective action)</p>	<ul style="list-style-type: none"> • Examine computerized court records associated with papers served or attempted service to verify that fees are properly credited to Sheriff's office • Notify appropriate departments to make any necessary corrections • Request enhancements to the Odyssey Courts system for statistical reporting of civil process activity or alternatively enter information for County and District papers into the Mainframe, CRM, or other available applications for statistical reporting purposes
<p>Responsible Department or Organization:</p>	<p>Sheriff's Department</p>

County Auditor



Dallas County, Texas

Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent:	Michael Delmore, CFO	Date:	10/13/2015
Comments:	None					
Disposition:	<input checked="" type="checkbox"/> Audit Report		<input type="checkbox"/> Oral Comment		<input type="checkbox"/> Deleted From Consideration	



Finding Number: 12.SH.01.14 IV-D Billings
Date: 06/04/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM

<p>Finding:</p>	<p>Attorney General IV-D Billings Review of Attorney General (AG) IV-D monthly billings for the months of December 2013 and July 2014 revealed material compliance except:</p> <ul style="list-style-type: none"> • Four instances where the amount collected or payment information was not entered on the Sheriff's Civil System (SCS).
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Work Paper No. 5B Attorney General IV-D billings</p>
<p>Condition: (Describe the current condition)</p>	<p>Attorney General's office submits citations, notices, capiases and other IV-D papers directly to the Sheriff's office for processing without payment of the required service fee. AG IV-D papers are tracked manually by the lead clerk by making copies of the papers as they are received during the course of the month. At the end of the month, the lead clerk prepares detailed billings based on the IV-D papers received. A summary invoice is signed by the Chief Financial Officer requesting reimbursement at 66% of the approved service fee amount. The invoice is submitted to the attorney general for review and processing. When payment is received, the payment information is entered in the system case file.</p> <p>Notification of service fee amounts (effective January 1st of each year) is posted by the Commissioners Court Clerk available for inquiry by all constable precincts, sheriff, justice of the peace courts, and County and District Clerk offices.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to billing procedures, collection efforts, and accounting controls include:</p> <ul style="list-style-type: none"> • Monitoring the age of receivables (run an aged receivable report on a weekly or monthly basis), and systemically follow-up on any accounts that are past due more than a predetermined number of days <ul style="list-style-type: none"> ○ Accounts receivable sub-ledger is reconciled monthly. Reconciliation is reviewed by management and evidence of review is maintained. ○ Referral of uncollected receivables for delinquent collection assistance in a timely manner • Invoices include an accurate breakdown of fees assessed (e.g. party, type of service fee, and amount of services fee) <ul style="list-style-type: none"> ○ Invoices are mailed timely (emailed if email address is available) • Collection efforts initiated on all delinquent balances <ul style="list-style-type: none"> ○ Automated phone calls (or live call scripts) and delinquent notice mailings (standard collection letters) ○ Use skip tracing or available address search engines <p>Service fees should be assessed/collected in compliance with applicable state laws including Local Government Code, §118.131 and Commissioners Court orders.</p>



	All eligible Title IV-D service fees should be billed to the Attorney General at the maximum rate as allowed by Family Code, § 231.202.			
Cause: (Describe the cause of the condition if possible)	Clerical error Lack of receivable functionality within the Mainframe Sheriff Civil System			
Effect: (Describe or quantify any adverse effects)	Potential for duplicate billing to AG			
Recommendation: (Describe corrective action)	Attorney General billing procedures should include: <ul style="list-style-type: none"> Assess, bill, and collect service fees on all cases based on State laws, Commissioners Court orders, etc. and guidelines provide by the AG. Review of assessments and monthly IV-D billings by supervisory staff to monitor adherence to established procedures. 			
Responsible Department or Organization:	Dallas County Sheriff's Department - Civil			
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent:	Michael Delmore, CFO
			Date:	10/13/2015
Comments:	None			
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	



Finding Number: 15-SH-01-15
Date: July 31, 2015
Audit: FY2012- FY2014 Sheriff
Auditor(s) Assigned: WH/VO

<p>Finding:</p>	<p>Non-County Bank Account – Deputy Training (law enforcement officer standards and education fund account {LEOSE funds}) Funds A review of 10 disbursements issued per fiscal year in FY12 – FY14 and a sample review of bank statements during FY12 – FY14 revealed:</p> <p>Bank Statements</p> <ul style="list-style-type: none"> • Annual LEOSE Funds received from Texas Comptroller of Public Accounts in 2014 deposited into non-County bank accounts. No LEOSE funds received in fiscal years 2012 and 2013. <p>Disbursements</p> <ul style="list-style-type: none"> • Seventeen (56.7%) out of 30 reimbursements totaling \$9,371.20 for purchases (including investigative meal reimbursements, memberships, supplies, awards, executive retreats, consultants, etc.) not related to the continuing education of licensed peace officers or training for full-time paid law enforcement support staff. • Two tips for gratuity exceeding County maximum reimbursement rate of 20% by \$2.70. • One disbursement for \$5 more than amount reflected on the meal receipt
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Bank statements Sheriff supporting documentation</p>
<p>Condition: (Describe the current condition)</p>	<p>Non-County bank accounts for deputy training (law enforcement officer standards and education fund account {LEOSE funds}) funds used for training expenses of Sheriff deputies and for other non-training purposes.</p> <p>LEOSE funds received from the State Comptroller are deposited in to an interest-bearing money market savings account or CD and transferred to a business checking account to cover expenses as needed.</p> <p>Receipts and invoices are provided to the Sheriff Department’s Chief Financial Officer for review. Use of LEOSE funds for out-of-county travel/training is submitted to Commissioners Court for notification purposes. Eligible uses of LEOSE funds do not require Commissioners Court approval.</p> <p>Data source for disbursement activity invoices, receipts or other documentation submitted to the Sheriff Chief Financial Officer for approval. Disbursements are manually processed.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Pursuant to Occupations Code, Sec. 1701.157. MONEY ALLOCATED AND USED FOR CONTINUING EDUCATION. (a) Not later than March 1 of each calendar year, the comptroller shall allocate money deposited during the preceding calendar year in the general revenue fund to the credit of the law enforcement officer standards and education fund account for expenses related to the continuing education of persons licensed under this chapter as follows:</p>



- (1) 20 percent of the money is allocated to all local law enforcement agencies in this state in equal shares; and
- (2) 80 percent of the money is allocated to all local law enforcement agencies in this state in a share representing a fixed amount for each position in the agency, as of January 1 of the preceding calendar year, that is reserved to a person who:
 - (A) is licensed under this chapter;
 - (B) works as a peace officer on the average of at least 32 hours a week; and
 - (C) is compensated by a political subdivision of this state at least at the minimum wage and is entitled to all employee benefits offered to a peace officer by the political subdivision.
- (b) To provide the necessary information for an allocation of money under Subsection (a), a local law enforcement agency must report to the comptroller not later than November 1 of the preceding calendar year:
 - (1) the number of agency positions described by Subsection (a)(2) authorized as of January 1 of the year the report is due;
 - (2) the number of agency positions described by Subsection (a)(2) filled as of January 1 of the year the report is due;
 - (3) the percentage of the money received by the agency under Subsection (a) pursuant to the allocation made by the comptroller on or before March 1 of the year preceding the year in which the report is due that was used by the agency before the date of the allocation made by the comptroller under Subsection (a) on or before March 1 of the year the report is due;
 - (4) the number of training hours received during the 12-month or approximately 12-month period described by Subdivision (3) that were funded by money received by the agency pursuant to the allocation made by the comptroller on or before March 1 of the year preceding the year in which the report is due; and
 - (5) that the agency has complied with the requirements of this section regarding the use of any money received by the agency pursuant to the allocation made by the comptroller on or before March 1 of the year preceding the year in which the report is due.
- (c) The head of a law enforcement agency shall maintain a complete and detailed record of money received and spent by the agency under this section. Money received under this section is subject to audit by the comptroller. Money spent under this section is subject to audit by the state auditor.
- (d) **A local law enforcement agency shall use money received under Subsection (a) only as necessary to ensure the continuing education of persons licensed under this chapter or to provide necessary training, as determined by the agency head, to full-time fully paid law enforcement support personnel** in the agency.
- (e) A local law enforcement agency may not use money received under Subsection (a) to replace funds that are provided to the agency by the county or municipality having jurisdiction over the agency on a recurring basis for training law enforcement officers and support personnel.

Pursuant to Attorney Opinion No. GA-0869, the county auditor has general oversight of the books and records of a county. Such authority includes oversight of funds allocated from the state law enforcement officer standards and education fund account (LEOSE funds). Accordingly, LEOSE funds must be maintained in an official county depository pursuant to chapter 116 of the Local Government Code.

Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring



	<p>Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to disbursement and reconciliation procedures require that:</p> <ul style="list-style-type: none"> • All special fund checks should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference relevant information with supporting documentation attached. • Fund balances and subsidiary ledgers must be reconciled monthly against control records (bank statements) to safeguard funds and improve reporting accuracy. • Supervisory verification of all cash transactions (receipts or disbursements) evidenced on subsidiary reconciliations (sign-off by both preparer and supervisor). <p>COSO standards for internal control include adequate segregation of duties (separation of duties for personnel authorized to receipt payments, prepare disbursement files, and/or approve disbursement batches for printing) so no one user has two or more business processes that could result in compromise of the integrity of the process or allow that person to commit fraud.</p>			
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Unknown</p>			
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Non-compliance with state statute Annual allocation not received to provide training for deputies</p>			
<p>Recommendation: (Describe corrective action)</p>	<p>Expenditures from LEOSE funds should:</p> <ul style="list-style-type: none"> • Comply with Occupations Code, Sec. 1701.157 • Relate to the training of Sheriff deputies • Include supporting documentation <p>LEOSE funds should be requested annually and deposited in the county treasury, expended, and accounted for separately with annual reporting to the State Comptroller of Public Accounts.</p>			
<p>Responsible Department or Organization:</p>	<p>Sheriff's Department</p>			
<p>Management's Response:</p>	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	<p>Respondent: Michael Delmore, CFO</p>	<p>Date: 10/16/15</p>
<p>Comments:</p>	<p>None</p>			
<p>Disposition:</p>	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	



Finding Number: 14.SH.01.16
Date: 08/17/2015
Audit: Sheriff's Department Audit FY12 – FY14
Auditor(s) Assigned: SM

<p>Finding:</p>	<p>Special Fund Disbursement A review of 120 disbursements from the Sheriff's special fund activity revealed: <u>FY 2012</u></p> <ul style="list-style-type: none"> One instance in which the check amount exceeded the amount received to Sheriff Fund 505 by \$140. <p><u>FY 2013</u></p> <ul style="list-style-type: none"> One instance in which the payee information was not entered on the County Wide Receipt (CWR). Two instances in which the check amount exceeded the amount received to Sheriff Fund 505 by \$100 and \$220, respectively. <p>Status: Resolved. Funds disbursed from Sheriff fees to Sheriff Fund 505.</p> <p><u>FY 2014</u></p> <ul style="list-style-type: none"> One instance in which the refund for over-collection of a sale was made payable to a case party listed in the Odyssey court's system rather than the party paying on behalf the defendants. <p>A review of the Sheriff's Special Fund Account No. 505 revealed over \$700,000 in pre-2003 fine and court costs collections relating to the justice of the peace (JP) courts remain undisbursed and not recognized as revenue for the County and State.</p>
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Work Paper No. L13</p>
<p>Condition: (Describe the current condition)</p>	<p>The accounting clerk maintains an Excel spreadsheet of the special fund activity due to lack of accounting and reporting functionality within the Sheriff Civil System. The clerk records dates, receipt numbers, case numbers, and amount deposited into the special fund bank account. After review of the special fund ledger, the accounting clerk will determine which amounts can be disbursed depending on when the funds were deposited. The accounting clerk prepares and saves a special fund disbursement file to a designated computer drive. The file is reviewed for General Ledger funds availability and approved for processing by the Auditor's office. The County Treasurer's office sends a confirmation file to the accounting clerk for approval or rejection prior to printing the special fund checks. If approved, the checks are printed in the County Treasurer's office via Oracle Accounts Payable. The checks are delivered by a runner to the Sheriff's accounting clerk. The accounting clerk will verify and mail as addressed. The accounting clerk updates the disbursement information to the ledger sheets. The civil clerk records a memo entry on the Sheriff Civil System.</p> <p>The Sheriff's office relies on the County Treasurer for bank reconciliations to Oracle and does not affirm transactions on the Oracle special fund general ledger to the ledger sheets maintained by the accounting clerk.</p> <p>Limited research of old pre-2003 JP fine and court costs collections exceeding \$700,000 (paid to the Sheriff's Office in order to obtain release from the jail) remaining in the special fund</p>



	account.
Criteria: (Describe the optimal condition)	<p>Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to disbursement and reconciliation procedures require that:</p> <ul style="list-style-type: none"> • To safeguard funds and improve reporting accuracy, departmental subsidiary ledgers should be periodically reconciled and compared to Oracle GL. Assigned cash handling duties are separated. • To provide oversight, supervisory verification of all cash transactions (receipts or disbursements) should be consistent and evidenced on subsidiary reconciliation. • To comply with statutes, stale dated checks and undisbursed funds should be reviewed in accordance with unclaimed property statutes, Property Code, § 72 and 76. • To provide constituent service, funds should be disbursed in a timely manner to the appropriate parties.
Cause: (Describe the cause of the condition if possible)	<p>Clerical error Limited staff time to research old items. Lack of integrated financial systems. Unknown</p>
Effect: (Describe or quantify any adverse effects)	<p>Deferred research:</p> <ul style="list-style-type: none"> • Delayed disbursements to governmental entities/individuals entitled to funds. <ul style="list-style-type: none"> ◦ County and/or State revenue not recognized. Defendant case balances not accurately reflected. • Potential for penalties from the State for not following escheat statutes. <p>Limited reconciliation:</p> <ul style="list-style-type: none"> • Undetected posting errors resulting in potential for over (under) payment and unrecoverable losses. • Additional staff time to research and correct posting errors.
Recommendation: (Describe corrective action)	<p>Proper special fund procedures should include:</p> <ul style="list-style-type: none"> • Continue to maintain a special fund control ledger accounting for all special fund receipts, disbursements and case balances. The control sheet (or an associated subsidiary ledger) should clearly identify all individuals to whom money is due and include the related receipt and case numbers. The final disbursement confirmation file from the Treasurer's office should be compared to the related special fund deposits then used to update the special fund control ledger. • The special fund control ledger periodically reviewed and reconciled to the Oracle general ledger by supervisory personnel to ensure that all special fund deposits and disbursements are properly posted. • Unclaimed property statutes in Property Code Chapter 72 and 76 followed when special fund checks are stale dated by the County Treasurer or funds remain undisbursed in the special fund and cannot be disbursed to the court of jurisdiction. <p>A coordinated effort with the Auditor's office should be made to disburse pre-2003 JP fine and court costs jail collection.</p>
Responsible Department or Organization:	Sheriff's Department

County Auditor



Dallas County, Texas

Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent:	Michael Delmore, CFO	Date:	10/15/2015
Comments:	We recommend regarding the Sheriff's Special Fund Account 505 that a Journal Entry be completed which transfers the pre-2003 fine and court cost collections to the Justice of the Peace books. This will transfer the monies to the correct operating group and then they can determine to which Justice of the Peace accounts the monies should be distributed to.					
Disposition:	<input checked="" type="checkbox"/> Audit Report		<input type="checkbox"/> Oral Comment		<input type="checkbox"/> Deleted From Consideration	