



AUDIT REPORT

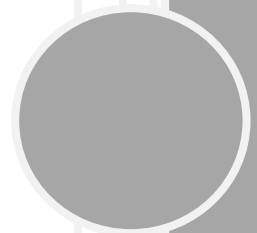
DALLAS COUNTY

SHERIFF DEPARTMENT AUDIT - FY2021 AND FY2022

Timothy Hicks, CPA
County Auditor

ISSUED: 5/16/2024

RELEASED: AUGUST 12, 2024



Sheriff Department Audit - FY2021 and FY2022

TABLE OF CONTENTS

Sheriff Department Audit - FY2021 and FY2022.....	2
MANAGEMENT LETTER.....	3
EXECUTIVE SUMMARY.....	4
INTRODUCTION.....	6
DETAILS	7
Quartermaster Review.....	7
Cash Counts.....	10
Manual Receipts.....	11
Computer Receipts.....	15
Commissions.....	18
Special Fund.....	19
Bail Bonds Review.....	21
Petty Cash Funds.....	23
Property and Evidence	26

This report is intended for the information and use of the agency/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.



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Honorable Marian Brown
Dallas County Sheriff
Dallas, Texas

Attached is the County Auditor's final report entitled "**Sheriff Department Audit - FY2021 and FY2022**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

Timothy J. Hicks

Timothy Hicks, CPA
County Auditor

EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the financial records and reports of the Sheriff's Department for fiscal year 2021 and 2022. **A separate follow-up review was performed for Inmate Trust Fund activities.**

Summary of Significant Observations:

- **Cash Counts:** Un-receipted cash totaling \$1,990 was found in the Fiscal section safe. This resulted in delayed revenue recognition.

Status: All un-receipted cash was deposited between March 16, 2023 and June 09, 2023 to Amegy bank which is a non-County depository.
- **Computer Receipts:** 34 receipt batches totaling \$983,948.37 were not deposited with the Treasurer's Office within five business days per Local Government Code (LGC) § 113.022. This resulted in delayed revenue recognition and non-compliance with LGC § 113.022.
- **Quartermaster:** Material internal control weaknesses related to purchasing and inventory processes were observed as follows and resulted in inaccurate FileOnQ records:
 - A lack of segregation of duties for initiating purchases, approving payments, and recording uniform inventory
 - Inventory valuation cannot be determined because purchases are recorded to QuickBooks rather than the FileOnQ inventory system and not reconciled to the Oracle general ledger.
 - The Quartermaster storeroom is not monitored by video surveillance.
- **Special Fund Reconciliation:** As of the audit period ending September 30, 2022, the department had not reconciled the Sheriff Special Fund account for five years. This has resulted in weak cash controls, delayed disbursements to entities/individuals entitled to funds, and possibly unknown variances and errors.

Status: On May 10, 2023, the Auditor's office provided Special Fund guidance to assist the department with reconciling fiscal year 2019.
- **Manual Receipts:** Material internal control weaknesses associated with the issuing and voiding of manual receipts were noted as follows:
 - 10 unofficial manual receipt books used by the North Texas Auto Theft Task Force (NTATTF) and the Sheriff Academy have not been destroyed. The NTATTF's nine manual receipt books and Sheriff's Academy one manual receipt book were last used in fiscal years 2018 and 2019, respectively. In addition, Internal Audit's recommendation from the previous audit was to confiscate and destroy the Sheriff Academy manual receipt book to prevent further use. This results in the potential to misappropriate funds using unofficial manual receipts.
 - 20 manual receipts were posted to CWR after five or more business days. This resulted in untimely posting and depositing of funds.
 - 816 unused manual receipts are missing from the Civil, Writs, ID & Probation, Shoeshine, and Bond Admin sections. This may result in the misuse of manual receipts.

- **Petty Cash/Change Fund:** Management does not require staff to maintain supporting documentation for the reimbursement of expenses related to Fugitive and imprest fund activities. This leaves the County vulnerable to loss, theft, and misappropriation of assets.

Repeat observations from Previous Audits:

- **Computer Receipts:** Deposits were not made consistent with Local Government Code § 113.022. Voided and re-issued receipts were not timely posted and lacked explanations. Voids performed by the same employee that created the transactions.
- **Quartermaster - Tracing items to FileOnQ:** Item quantities unaccounted for in the FileOnQ inventory system or noted in a different location.
- **Special Fund:** The department did not reconcile the special fund account.
- **Commissions:** Calculations contained clerical errors and were not reviewed by management.
- **Manual Receipts:** Unofficial Dallas County manual receipts were not destroyed. Manual receipt books could not be located and manual receipts were skipped in sequence or altered rather than voided. In addition, nine receipts books remain missing from the Bond Desk.
- **Petty Cash/Change:** Management does not require staff to maintain complete accounting records, enforce Sheriff policies and procedures, or require the segregation of accounting duties.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2020 through September 30, 2022.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

**DETAILS****Quartermaster Review****Criteria**

Per Dallas County policy 90-373, all department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required.

Per the Quartermaster's Standard Operating Procedure (SOP) Manual, "The Sheriff's Department has sole ownership of all equipment acquired. All property will be documented in the FileOnQ inventory system by the Quartermaster or designee and labeled with the type, model, and serial number of each item as well as the identity of each assignee. The Quartermaster receives incoming consignments, invoices, and packing slips. The Quartermaster must account for every uniform and all equipment issued to an employee, by maintaining proper records of all issues, trade-outs, and returned uniforms and equipment. When an employee of the Sheriff's Department ends their employment with the Dallas County Sheriff's Department, all County issued uniforms and equipment must be returned to the Quartermaster. Upon an employee's separation, the Quartermaster is responsible for conducting a uniform audit of the employee Quartermaster store file. The Quartermaster utilizes cycle inventory management, an inventory management approach in which part of the inventory is checked every day."

Standard internal control procedures require that the authorization or approval of assets, custody of assets, recording of transactions, and reconciliation of accounts be appropriately segregated so no one person performs all functions.

Review

The Quartermaster internal control walkthrough performed on January 18, 2023 revealed the following risks:

- A lack of segregation of duties and management oversight exists for purchasing, approving, and posting inventoried uniforms in the FileOnQ inventory system and QuickBooks. There is only one employee assigned to the Quartermaster who is responsible for maintaining all uniforms in the FileOnQ inventory system.
- No supervisory review to validate the disposal of uniforms no longer serviceable.
- The Quartermaster storeroom is not monitored by video surveillance.



A review of the Quartermaster FileOnQ inventory system to determine the value of inventory and to calculate inventory ratios revealed:

- Inventory cannot be valued or financial ratios calculated because purchases are recorded to QuickBooks rather than the FileOnQ inventory system.

A review of a random sample of 29 out of 4,863 uniform items from the FileOnQ inventory system compared to the physical inventory on hand revealed:

- The quantity for 19 uniform items from the FileOnQ inventory system differed from the quantities located in the Quartermaster storeroom by a total of 272 items.
- 13 items were in a different location from what is recorded in the FileOnQ inventory system.

A random sample count of uniform items on shelves, racks, and cabinets compared to the inventory counts in the FileOnQ inventory system revealed:

- The department does not complete inventory annually.
- The quantity on hand for 26 uniform items from the Quartermaster storeroom differed from the quantities posted in the FileOnQ inventory system by a total of 951 items.

A review of a random sample of 30 of 412 uniform purchases revealed:

- 10 items purchased totaling \$36,082.45 were not entered in QuickBooks.
- Five items purchased totaling \$10,007.98 were not entered in the FileOnQ inventory system.

A review of the HR Terminated Employees report during the audit period compared to the FileOnQ inventory system revealed:

- 161 terminated employees listed in the FileOnQ inventory system are shown to be in possession of 1,868 total items issued by the Quartermaster.

Cause/Effect

Inconsistent management review and oversight, non-adherence to the Quartermaster's SOP, and clerical errors have resulted in inaccurate FileOnQ records. Additionally, individuals may be in possession of Dallas County property that was not returned upon termination.

A lack of segregation of duties related to inventory management has resulted in errors and omissions. This increases the risk of loss and opportunities for uniforms to be misappropriated.



Recommendation

Quartermaster Review

Management should:

- Separate the duties of preparing purchase orders, approving purchases, maintaining custody of uniforms in the storeroom, recording transactions, and reconciling accounts.
- Document all property in the FileOnQ inventory system to include the type, model, serial number of each item, and the identity of each assignee.
- Maintain accurate and complete records of all purchases, issues, trade-outs, locations, and returned uniforms and equipment in the FileOnQ inventory system.
- Remove all items issued to terminated employees in the FileOnQ inventory system.
- Ensure all County issued uniforms and equipment are returned to the Quartermaster when an employee ends their employment. Review inventory results and follow-up on variances.
- Perform routine inventory counts per the current Quartermaster's SOP and reconcile item counts to the FileOnQ inventory system.
- Ensure that all inventory purchases and issuances are recorded in QuickBooks.
- Track how long items stay on the shelves and inventory turnover as a performance measure to manage inventory levels.

Management Action Plan

- Findings are noted.
- Yes, the Quartermaster operation is officially operated by one employee (QM) and is supervised by an Accountant from the Fiscal Office. We have requested for an additional position in the past but have been denied by the Budget Office. An assistant from Fiscal Operations is now working with QM.
- This operation is not meant to maintain inventory. It is supposed to place orders with vendors as we receive requests from employees, but the operation often keeps few additional 'regularly moving' items in stock.
- FileOnQ is an inventory system and has not been maintained properly for years especially during the Covid period. During this time, the then QM abruptly quit without training anyone in the shop. The new QM picked up operation on their own so missing entries could have happened and exist.
- We have a procedure in place (current and going forward) for return of uniforms by employees terminated or retired.
- Also, we have a plan to move the Quartermaster operation to another location with more space. In the new location, we plan to have a new start with physical inventory and add more items to the inventory due to the scarcity of uniform deliveries by the current vendor.



Auditor's Response

- None

Cash Counts

Criteria

Per Local Government Code § 113.022 (a), a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Review

Cash counts performed at various Sheriff Department locations on March 13, 2023 and March 14, 2023 and verification of the out-of-balance deposits received at the Treasurer's Office revealed:

- Un-receipted cash totaling \$1,990 was found in the Fiscal Section safe.

Status: All un-receipted cash was deposited in the Amegy Bank account between March 16, 2023 and June 9, 2023.

- A cash deposit from the Bond section was received in the Treasurer's Office reflecting \$500 less than the form 98 deposit amount. This was due to a check that was receipted in CWR as cash.

Status: The Treasurer's Office processed an adjustment on June 21, 2023 to resolve the \$500 tender type variance.

Cause/Effect

The following have resulted in delayed revenue recognition and overstated financial records: inconsistent supervisory review, untimely deposits, untimely funds reconciliation, retention of funds due to customers, and clerical errors. These also increased the potential that assets may be misappropriated, lost, or stolen.

Recommendation

Cash Counts

Management should:



- Ensure all money is receipted and deposited according to Local Government Code § 113.022.
- Ensure all receipts are totaled and balanced to the system control totals by tender type at the end of each business day.
- Develop review controls such as dual sign-off on receipt corrections and deposit forms.

Management Action Plan

- Findings are noted.
- Cash found during traffic stops will be brought to the Fiscal Office for safekeeping. If the money is not related to any drug case or evidence to any case, we will keep the money in Fiscal Office for one or two days for the party to come pick up. If no one claims the money, then Fiscal Office deposits funds to the appropriate bank account. This process will continue in the Fiscal Office.

Auditor's Response

- None

Manual Receipts

Criteria

Per Local Government Code (LGC) § 113.022(a), an officer shall deposit money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Per standard internal control procedures, unused official Dallas County manual receipts books should be secured by management in a locked area and issued as needed to personnel who sign off upon taking custody of a book. Manual receipts should be issued in sequential order with the case number referenced, payment amount, tender type, payee name, payment date, and receiver's name.

Per standard internal control procedures, manual receipts that are skipped in sequence or cannot be issued to customers due to error, should be marked "Void" with an explanation written on the receipt. Supervisory approval of the void should be reflected on the receipt by management's signature. Receipt amounts should not be altered, but properly voided with all voided copies retained. Manual receipts should be reviewed by a supervisor to ensure accuracy, completeness, and timely posting of receipts to County Wide Receipting (CWR).

**Review**

All manual receipt books used during the audit period were reviewed to account for the continuity of used receipts, the storage and safekeeping of unused receipts, and the completeness and retention of all receipts. The following were identified:

- 17 receipts were issued out of sequence (includes two Civil, one Estray, and 14 NTATTF).
- One Fiscal section manual receipt was skipped in sequence.
- One manual receipt book issued to the Shoeshine section could not be located. At the conclusion of the prior audit, 70 of the 150 manual receipts in the receipt book were unused.

A follow-up review related to the 15 manual receipt books identified as missing during the fiscal years 2019 and 2020 audit revealed all 15 manual receipt books still could not be located. The books were previously distributed as follows:

- One book to ID & Probation.
- Three books to Civil.
- One book to Writs.
- One book to Bond Administration.
- Nine books to Bond Desk.

Review of department's use of unofficial Dallas County manual receipts revealed:

- One unofficial manual receipt book previously used by the Sheriff's Academy has not been destroyed.
 - 20 out of 200 unofficial manual receipts were issued between September 20, 2018 and December 6, 2019.
- Nine unofficial manual receipt books previously used by NTATTF have not been destroyed.
 - 398 out of 450 unofficial manual receipts were issued between October 19, 2017 and January 18, 2018.
- Four unofficial manual receipt books previously used by Fiscal were destroyed without proper documentation or notification to the Auditor's Office.

A review of a random sample of 154 of 7,150 manual receipts issued during the audit period to determine if amounts collected were properly posted to CWR or QuickBooks revealed:



Fiscal

- Eight manual receipts were posted to the wrong account in QuickBooks. This can result in the loss of an audit trail when receipts are not posted to CWR, including the potential to misappropriate assets.
- Seven manual receipts were posted to QuickBooks between seven and 137 business days from the original receipt date.
- Seven manual receipts were not itemized by receipt number in QuickBooks, but rather batched in a total without an audit trail.
- Two manual receipts for lost IDs were incorrectly deposited to the Amegy Internal Services account rather than Education account.

Civil

- Five manual receipts were posted to CWR between eight and 11 business days after the original receipt date.
- One manual receipt payment type differs from the CWR receipt.
- One manual receipt in which the payer's name did not agree to the CWR receipt.
- One manual receipt in which the second associated CWR receipt did not list the case number.

Writs

- Seven manual receipts in which either the case number and/or payment date was not written on the receipt.
- One manual receipt payment type differs from the CWR receipt.

Estray

- 15 manual receipts in which payment was posted to CWR between six and 27 business days after the original receipt date.
- 14 manual receipts in which the payer's name did not agree to the CWR receipt. Of these, 12 CWR receipts listed the case number as the payer's name.
- Six manual receipts in which the payment date was not written on the receipt.
- Four manual receipts in which the case number was not posted in CWR.
- Two manual receipts in which the payment type differed from the CWR receipt.
- One manual receipt in which the case number differed from the CWR receipt.



Shoeshine

- 16 manual receipts were posted to QuickBooks between eight and 87 business days from the original receipt date.
- 15 manual receipts were not itemized by receipt number in QuickBooks, but rather batched in a total without an audit trail.
- Six manual receipts in which the payment type was not documented.
- Five manual receipts were posted to the wrong account in QuickBooks. This can result in the loss of an audit trail when receipts are not posted to CWR, including the potential to misappropriate assets.

A review of all available manual receipt books for compliance with standard manual receipt void procedures revealed:

- Eight manual receipts were altered instead of voided and reissued (includes five NTATTF manual receipts, two Writ manual receipts, and one Civil manual receipt).
- Five NTATTF manual receipts were not marked "Void".
- Two NTATTF manual receipts were not reviewed by a supervisor.
- One voided manual receipt in the Fiscal section was not reviewed and approved by a supervisor.
- One voided manual receipt in the Civil section was not marked "Void" or reviewed and approved by a supervisor.

Cause/Effect

Management does not track manual receipt book inventory issued to the Sheriff's Department, review manual receipts for errors and omissions, destroy unofficial manual receipt books, or ensure timely and accurate posting to CWR. This can result in the loss or misuse of manual receipts, posting errors, and the potential to misappropriate assets through the use of unofficial receipts.

Recommendation

Manual Receipts

Management should:

- Ensure receipts are not skipped in sequence.
- Request official Dallas County manual receipt books from the Supply Room based on need.



- Ensure that manual receipt books are stored in a secured location when not in use, that books are inventoried, and that recipients of books sign off when custody of books is transferred.
- Confiscate and destroy any remaining unofficial manual receipt books.
- Ensure a clear audit trail between manual receipts and CWR or QuickBooks receipts.
- Ensure the amount, tender type, case number, transaction date, payer name, and other manual receipt details are complete and accurately posted to CWR or QuickBooks in compliance with Local Government Code § 113.022(a) and internal policies, respectively.
- Ensure receipts are not issued with errors or altered, but instead marked "Void" with an explanation, supervisor's approval, and all receipt carbon copies retained.
- Review all voided manual receipts for errors and omissions.

Management Action Plan

- Findings are noted.
- Not sure why the missing manual books are reported again in 2021 & 2022 audit findings. A response was sent to FY2019 & 2020 audit report that department could not locate those missing books. Those are still missing.
- All other findings are clerical errors and are addressed already or will be addressed.
- The department will notify internal audit when we are ready to destroy undestroyed manual receipt books. The four unofficial manual receipt books were destroyed by one of our employees because she was told to do so by an audit staff member.

Auditor's Response

- The current audit included a follow-up review of missing manual receipts books that were noted in the previous audit. Sometimes the missing books are located.
- The four unofficial manual receipt books were from FY2019 to FY2020 audit; audit recommended that the unofficial manual receipt books be removed and destroyed.

Computer Receipts

Criteria

Per Local Government Code (LGC) § 113.022, a person who receives money must deposit the funds, without exception, on or before the fifth business day after the day on which the funds are received.

Per the CLASS (CWR) User Guide for POS Functions and Closeouts, the voided receipts for CWR transactions that are reissued should reference the new receipt of record (ROR). The void receipt should also contain an explanation for the void.



Per standard internal control procedures, computer receipts that cannot be issued to customers due to errors should be voided the same day with management's approval.

Review

A review of all 93 voided County Wide Receipts (CWR) processed during fiscal years 2021 and 2022 revealed:

Fiscal

- Six computer receipts were voided without referencing the re-issued receipt number. This includes one cash computer receipt that was reissued for \$500 less than the original receipt amount.
- Three computer receipts were voided by the same person who issued the receipt.
- One computer receipt was voided three days after the original receipt was issued.
- One computer receipt was re-issued three days after the original receipt was voided.

Writs

- Seven computer receipts were voided without referencing the re-issued receipt number.
- Four computer receipts were re-issued between five and 41 days after the original receipt was voided.

Bond Desk

- 21 computer receipts were voided two to five days after the original receipt was issued. This includes three cash receipts that were re-issued for a total of \$7,200 less than the original amount.
- 21 computer receipts were voided without referencing the re-issued receipt number.
- 11 computer receipts were voided by the same person who issued the receipts.

Bond Admin

- One computer receipt was voided by the same person who issued the receipt.
- One computer receipt was voided without referencing the re-issued receipt number.

A review of all 4,578 CWR deposits totaling \$69,179,790.88 that were processed during fiscal years 2021 and 2022 to identify transactions exceeding five business days between the original transaction dates and Treasurer's Office deposit dates revealed the following delays:



- Six Fiscal section deposits totaling \$861,178 were deposited with the Treasurer's Office between six and seven business days after the original transactions.
- 15 Bond Desk section deposits totaling \$122,200 were deposited with the Treasurer's Office between six and eight business days after the original transactions.
- 13 ID & Probation section deposits totaling \$570 were deposited with the Treasurer's Office between six and 11 business days after the original transactions.

Cause/Effect

Inconsistent supervisory reviews, untimely deposits, incomplete references to the original receipt, and clerical oversight have resulted in inaccurate deposit balances, loss of audit trails, delayed revenue recognition, and non-compliance with LGC § 113.022. Additionally, there is an increased potential that funds could be misappropriated.

Recommendation**Computer Receipts**

Management should:

- Reference the ROR in the explanation for voided transactions.
- Require deposits be made with the Treasurer's Office in accordance with Local Government Code § 113.022.
- Review and approve voids to ensure errors and omissions are timely detected.
- Enhance internal controls over receipting to ensure proper segregation of duties.
- Require that voids are timely posted the same day as the original transaction.

Management Action Plan

- Findings are noted.
- Most of the findings are related to clerical errors that are already addressed or will be addressed.
- There are instances of batching several manual receipts (with references) to post in Quick Books. For example, the Shoeshine section possibly collects \$8.00 a week with different receipts that are to be batched. We consider the materiality when posting these types of items.
- The voiding of manual receipts by NTATTF is possible while they are working on the road. They cannot obtain supervisory approval at the time.
- Supervisory review always may not be possible due to staffing issues in all divisions that are listed in the auditor's findings. Supervisory review without proper signature can happen often. This doesn't mean that a supervisor did not review a document.



Auditor's Response

- None

Commissions

Criteria

Per Tax Code Section 34.01 (b), on receipt of an order of sale of real property, the officer charged with selling the property shall endorse on the order the date and exact time when the officer received the order. The endorsement is a levy on the property without necessity for going upon the ground. The officer shall calculate the total amount due under the judgment, including all taxes, penalties, and interest, plus any other amount awarded by the judgment, court costs, and the costs of the sale. The costs of a sale include the costs of advertising, an auctioneer's commission and fees, and deed recording fees anticipated to be paid in connection with the sale of the property. To assist the officer in making the calculation, the collector of any taxing unit that is party to the judgment may provide the officer with a certified tax statement showing the amount of the taxes included in the judgment that remain due that taxing unit and all penalties, interest, and attorney's fees provided by the judgment as of the date of the proposed sale. If a certified tax statement is provided to the officer, the officer shall rely on the amount included in the statement and is not responsible or liable for the accuracy of the applicable portion of the calculation. A certified tax statement is not required to be sworn to and is sufficient if the tax collector or the collector's deputy signs the statement.

Dallas County Commissioners Court Orders 2021-0934 and 2020-0974 state "Commission calculations should include judgment, interest, and attorney fees collected while excluding any court costs."

Review

A sample review of 60 out of 2,992 commission calculations associated with 30 Sheriff's sales and 30 writs of executions during fiscal years 2021 and 2022 for compliance with Commissioners Court approved rates revealed:

- Nine commissions calculations were over-collected for a total of \$2,908.20. Of these, seven (23.33%) were for Sheriff's sales totaling \$2,694.25 and two (6%) were for writs of executions totaling \$213.95.
- One commission calculation for a writ of execution was under-collected for a total of \$43.69.



Cause/Effect

Inconsistent management review, noncompliance with County policies and court orders, and calculation errors have resulted in inaccurate commission collections and potential liability to Dallas County for overpayments.

Recommendation

Commissions

Management should:

- Issue refunds for excess commission collections.
- Review commission calculations for accuracy, completeness, and in compliance with Tax Code Section 34.02 before distributing funds.
- Include the judgment amount, interest, attorney fees, the approved commission percentages, and hourly rates as authorized by Commissioners Court in commission calculations.

Management Action Plan

- Findings are noted.
- A meeting with audit staff and the Writ section was held. The department should have an understanding of the proper calculation of commission going forward.

Auditor's Response

- None

Special Fund

Criteria

Per the Local Government Code § 113.008, an official with special funds shall reconcile all balances and transactions in the statement of activity against the balances of the official's records each month.

Per Property Code § 72 and § 76, inactive case balances should be reviewed and escheated either to the county treasurer for amounts valued at \$100 or less or to the State of Texas for amounts valued above \$100.

Per standard internal control procedures, special fund reports should be periodically reviewed. Disbursements should be made in the appropriate amount (not to exceed the original receipt) and to the appropriate payee. The original case number and receipt number should be referenced and issued in a timely manner. The department should maintain documentation to



support the reason for cancelled checks including approval and review by the chief financial officer or fiscal manager. Checks that cannot be issued should be labeled "Void" with a reason for voiding written on the check and the check retained on file with the department.

Review

A review of all special fund activities during fiscal years 2021 and 2022 revealed:

- The department did not reconcile the special fund account by the start of the audit (January 17, 2023). It was last reconciled in fiscal year 2019.
- 294 transactions totaling \$69,610.27 with account balances over three years old as of March 1, 2019 have not been researched to either disburse funds to the applicable parties or escheat eligible funds to the County Treasurer or the Texas State Comptroller.
- Two voided special fund checks totaling \$3,231.87 were not re-issued to the correct payee as of March 9, 2023.
- One voided special fund check cancellation memo totaling \$1,000 was not signed by management.

Cause/Effect

Inconsistent management review of all voids, a lack of compliance to statutes, and clerical errors associated with matching re-issued checks to the correct payees have resulted in delayed disbursements to entities/individuals entitled to funds, special fund ledger variances, and possible penalties from the State for not following escheatment statutes.

Recommendation**Special Fund**

Management should:

- Reconcile the special fund balances and transactions to the official's records in compliance with Local Government Code § 113.008.
- Ensure that the completed reconciliation is reviewed by the CFO or fiscal manager.
- Routinely escheat inactive balances to the County Treasurer or the State of Texas in accordance with Property Code § 72 and § 76.
- Review and approve all void checks and evidence review with the CFO or fiscal manager's signature.
- Properly match special fund receipt and amount to recipients prior to disbursement.



Management Action Plan

- Findings are noted.
- Auditor's Office did the reconciliation of special fund for decades. The department's Accountant has asked for further assistance from the Auditor's Office as to how to finalize the reconciliation. Department will contact Auditor's Office for further assistance.
- Original checks may have been issued to the wrong party and possibly not issued again. Not sure the audit staff asked the clerk or a supervisor about why those were not re-issued.

Auditor's Response

- Internal Audit provided training related to the special fund reconciliation (Fund 505) on May 10, 2023 and on August 25, 2023. Additional training was offered at the beginning of FY2024.

Bail Bonds Review

Criteria

Per Local Government Code (LGC) § 113.022, all monies received should be promptly receipted and deposited.

Per Code of Criminal Procedure (CCP) Article 17.04, a personal recognizance (PR) bond shall contain the defendant's identifying information, sworn oath, and signature.

Standard internal control procedures require documented procedures, immediate reconciliation, and updates for transactions involving cash. All receipts should be accounted for and properly used to affix responsibility and enhance cash control. Receipts should be voided for the complete original amount of the transaction, on the same date the transaction was made, and should be voided before issuing a correcting receipt. Receipts should not be voided by the same person who posted the original receipt.

Per the Sheriff's Department Bond section's Standard Operating Procedures (SOP), receipts should be marked "Void", document a reason for the void, and all receipts copies are retained. The department also requires management review and approval prior to voiding receipts. In addition, clerks are instructed to keep copies of PR bonds and book-in arraignment waivers signed by judges.

Review

A review of bond activity for fiscal years 2021 and 2022, including 30 voided cash bond receipts, 30 Personal Recognizance (PR) bonds, 15 \$0 voided bonds, and all eight new



surety/bondsman accounts; and a comparison of all cash bond amounts posted to the Adult Information System (AIS) to amounts posted in CWR revealed:

- 14 bond receipts were voided by the same person who issued the original receipt.
- Eight PR bonds were not signed by the judge, deputy, and/or defendant.
- Six physical copies of voided PR bonds were not retained.
- Three voided bond receipts were not reviewed and approved by a supervisor.
- Two AIS bond receipts were posted to CWR after more than five business days.
- One cash bond receipt totaling \$2,000 was voided without an explanation for the void.
- One bondsman's account had an incorrect Licensed Issued Date in AIS.

Status: License Issue Date was updated in AIS as of May 3, 2023.

- The department does not maintain copies of PR Bonds when the documents are transferred to the court with the defendant; instead, they depend on the courts to scan and upload the bonds to OnBase.

Cause/Effect

Inconsistent management oversight, non-adherence to department procedures, delays in processing computer receipts, a lack of segregation of duties, and clerical errors have resulted in incomplete documentation for bond voids and delays in revenue recognition. Additionally, this increases the risk of potential losses, delayed detection of errors, and the release of defendants without a complete PR bond.

Recommendation

Bail Bond Review

Management should:

- Maintain appropriate records for bonds that were voided.
- Segregate the preparation and approval for voiding transactions in AIS to ensure the same person does not perform both functions.
- Require an authorized supervisor to approve voided transactions.
- Follow the department's receipting procedures for voiding transactions.
- Ensure receipts are completely voided for the entire amount and voided on the same day the money is collected. The same transaction should not be posted twice.
- Review voided transactions on AIS reports for appropriateness and to timely detect errors and omissions.
- Ensure all monies received are promptly receipted and deposited consistent with Local Government Code § 113.022 and Code of Criminal Procedure Article 103.004.



- Retain PR bonds and waivers of book-in arraignment paperwork, including scanning to the network drive consistent with the Bond Section's SOP.
- Comply with PR Bond requirements specified in CCP Article 17.
- Review documents and ensure required signatures are obtained.
- Ensure details entered into AIS are reviewed by management for accuracy against bondsman licenses and applications.
- Maintain current attorney and bondsman records consistent with the Texas Occupational Code Chapter 1704 Subsection D.

Management Action Plan

- Findings are noted.
- Bond Desk Operation is a 24/7/365 area. Considering employees' weekly off days, call ins, and vacations; the section does not always run with a supervisor available. All clerks in the Bond Desk section are grade 8 or above. It is possible that the same employee may void and re-issue a receipt. This can happen due to computer glitches, sometimes the original receipt may not get printed due to system problem, and customer may be waiting for a receipt. So, clerk may not have a choice other than re-enter and get another receipt and void the previous one in the system.
- All these procedures were explained to audit staff. Courts issue PR bonds; sometimes they issue them without a judge's signature. The Bond desk staff try to contact court; but during night hours and weekends, it is hard to find the judge who issued the PR bond.
- All voided (if voided in paper) bonds are supposed to be retained (not sure what the finding on this or if the audit staff asked the supervisor about the missing voided bond). Will instruct bond desk staff to retain voided PR bonds.
- Also, any issue with money counts during weekend or holidays may take couple more days to correct and properly post in CWR. Again, the audit staff is aware of all these technical issues that our 24/7 operation faces on a day-to-day basis.

Auditor's Response

- None

Petty Cash Funds

Criteria

Per the Imprest Fund Standard Operating Procedures (SOP), Chapter 7 Control and Use of Confidential (Imprest) Funds, the Special Investigation Division is authorized by the Auditor's Office to maintain a confidential fund not to exceed \$5,000 cash. The Intelligence section will maintain the documentation of these funds for review by the Auditor's Office with an Advances Outstanding and Investigative Funds Cashier Audit Log.

**Review**

A review of the Fugitive and Special Investigation Divisions (SID) imprest petty cash withdrawals, replenishments, reimbursements, and available logs during fiscal years 2021 and 2022 revealed:

Fugitive Petty Cash

- 26 monthly reconciliations either were not reviewed and approved by management or not signed by the preparer.
- Five fugitive travel expenses totaling \$50.87 were reimbursed to deputies; however, a "Fugitive Officer's Travel Expense Worksheet (Cash Expenses Only)" was not completed and signed to confirm cash was reimbursed to the deputies.
- Two Fugitive reconciliations performed in June 2022 were missing the denomination count for either bills or coins to support the total collected.
- Two Fugitive reconciliations in which the coins counted do not equal the total listed.
- One Fugitive Officer's Travel Expense Worksheet was not dated to confirm when cash was reimbursed to the deputy.
- One clerk is responsible for distributing funds to officers/deputies, maintaining documentation, preparing reimbursements, and storing money until picked up by deputies.
- Fiscal section did not complete a monthly reconciliation for three months.

Imprest Petty Cash

- Eight SID Cash Expenditure Reports totaling \$6,080 were not signed by the supervisor.
- Seven Cash on Hand count sheets were not provided for review.
- Three Cash on Hand count sheets were not reviewed and signed by management.
- The imprest petty cash exceeded the \$5,000 threshold by \$320 from June 26, 2022 to August 5, 2022.
- SID did not perform a monthly cash count for two months.
- The amount and date returned was not documented on one SID Cash Expenditure Report.
- SID no longer maintains an Advances Outstanding Log or Investigative Funds Cashier Audit Log as stipulated in the Imprest Fund SOP.

Cause/Effect

A lack of management review, segregation of duties, and clerical oversight have resulted in errors and omissions not being detected and increased potential for misappropriation of Dallas



County funds. Additionally, missing records, transactions, reconciliations, authorizations, and signatures may leave the County vulnerable to loss, theft, and misappropriation of assets.

Recommendation**Petty Cash Funds**

Management should:

- Reconcile petty cash funds on hand to a transaction ledger, reimbursement forms, receipts/invoices, and bank statements to ensure errors and omissions are resolved and to ensure the accuracy and completeness of accounts and transactions.
- Segregate the duties of distributing petty cash to deputies and staff, maintaining petty cash records, preparing reimbursements to petty cash, controlling access and storage of money, posting transactions, and preparing the petty cash reconciliation so that no one person has custody of assets, control over records, prepares transactions, approves transactions, authorizes transactions, and reconciles transaction statements.
- Ensure all petty cash transferred to other sections or distributed to deputies is evidenced by a chain of custody or Fugitive Officer's Travel Expenses Worksheet (Cash Expenses Only) form signed by the recipient and custodian of petty cash.
- Verify the accuracy and completeness of expenditures, petty cash reimbursements, and transfers through review of supporting documentation, ledgers, reconciliations, and bank statements.
- Ensure Sheriff policies and procedures are followed and enforced throughout every section.
- Immediately return the \$320 to the Sheriff's State Forfeiture account.

Management Action Plan

- Findings are noted.
- Yes, there was no evidence of review (no signature of supervisor) on reconciliation of Fugitive funds for several months which does not mean that those were not reviewed. All documents were reviewed but not signed. Now, we put a procedure in place to get monthly reconciliations reviewed and signed by supervisor.
- Regarding SID Imprest Petty Cash, the operational procedure was well explained to the audit staff member by the sergeant over the SID area. Some of the details could not be revealed due to the sensitivity of the information. SID keeps a good record of what they have and who they issue the money to. Audit staff member's finding is irrelevant. SID petty cash is verified by the Fiscal Accountant once every month and reconciled.

Auditor's Response

- None



Property and Evidence

Criteria

Per the Dallas County Sheriff's Department General Orders, the Property Control Unit will be responsible to receive, store, account for and issue property and evidence on behalf of the Dallas County Sheriff's Department and other agencies as authorized.

The Dallas County Information Technology Acceptable Use Policy states, "To support the protection of Dallas County confidential information and compliance with various regulatory requirements, all users will be assigned a unique user ID and password for accessing computer systems and networks. Users will select passwords that are not easily guessed nor words found in a dictionary, taking care to choose passwords that contains each of the following: small letters, capital letters, numbers, and a special character."

Per the Criminal Justice Information Services (CJIS) Security Policy, passwords shall be a minimum of 20 characters in length with no additional complexity requirements imposed, expire within a maximum of 90 calendar days, and not be identical to the previous 10 passwords.

Per standard internal control procedures, the FileOnQ inventory system should have strong password guidelines to restrict unauthorized users.

Review

The Property and Evidence Room internal control walkthrough performed on January 18, 2023 revealed the following risks:

- The FileOnQ inventory system does not require password changes.

Status: FileOnQ has been set to require a password change every 90 days to meet CJIS standards. The minimum password (strong password setting) has been changed from a minimum of six characters to 12 characters.

Cause/Effect

Infrequent password changes in the FileOnQ inventory system and low minimum password complexity requirements may result in the potential for system access to be compromised by unauthorized users.



Recommendation

Property and Evidence

Management should:

- Require password changes after 90 days.
- Increase the minimum required password complexity (number of characters, use of numbers, capital letters, and special characters).
- Require that the same password not be reused within the last 10 cycles.

Management Action Plan

- Please note status for action plan.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator