

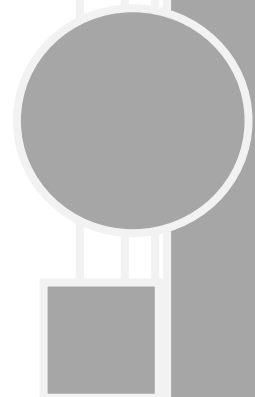


# AUDIT REPORT

DALLAS COUNTY

2018 SHERIFF'S ANNUAL AUDIT

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: July 30, 2020  
RELEASED: October 13, 2020



# 2018 SHERIFF'S ANNUAL AUDIT

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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 "**2018 Sheriff's Annual Audit**" 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,

*Darryl D. Thomas*

Darryl D. Thomas  
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 ended September 30, 2018. Priority 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.

### **Summary of Significant Observations**

1. **Petty Cash:** Management does not require staff to maintain complete accounting records, chain of custody as cash is transferred, enforce Sheriff policies and procedures, and require the segregation of accounting duties.
2. **Manual Receipts:** Management does not track manual receipt book inventory issued to the Sheriff's office, review manual receipts for errors and omissions, prevent and stop the use of unofficial manual receipt books, and does not ensure timely and accurate posting to CWR. As a result, 879 manual receipts cannot be located from prior years in Civil, Fiscal, ID & Probation, and Writ Sections, and 14 Unofficial Dallas County Manual Receipt books were used to issue manual receipts in Fiscal, Sheriff Academy, and North Texas Auto Theft Task Force. These books exist outside of official Dallas County supply records.
3. **Prisoner Trust Fund:** Periodic review is not completed for purposes of escheating funds. 1,295 inactive inmate accounts totaling \$13,371.51 remain unclaimed in the prisoner trust account as of 06/01/20. 601 inactive inmate accounts totaling \$24,066.82 (net as of 8/9/2012) are no longer on the Keefe inmate report and no documentation was presented to support how balances were adjusted to zero.
4. **Education Fund (TCLEOSE):** Education funds received from the Texas Comptroller of Public Accounts are deposited into a non-County bank account, controlled solely by the Sheriff Department. The Sheriff's department does track and verifying whether continuing education hours were earned and training paid with education funds attended. There is no segregation of duties the same person posts Education Fund expenses in QuickBooks, prepares and prints checks, maintains manual check records, and is responsible for preparing the Education Fund bank reconciliation.
5. **Special Fund:** The fund balance is \$247,993.59, of which \$163,304.24 is for cases older than three years that has not been researched for either disbursing to applicable parties or escheated to the County Treasurer or State Comptroller. **Note: Performance of the Special Fund Reconciliation is being transitioned to the Sheriff Department.**
6. **Sheriff's Fee Compliance: Scope limitation:** The Sheriff department could not produce the Bond Fee A/R Detail Report for the FY18 audit due to "problems with the Businessworks software". The department did not address whether the Information Technology Help Desk has been contacted or whether other mitigation efforts were performed to retrieve the requested reports when asked. Estray records, Clearance letters, Bond Receipt Copies, Accident Reports, Certified Accident Reports, Finger printing, and Incarceration letters are prepared, invoiced, and receipted by the same employee without segregation of duties or management review. Receipts for Gun Range, Photo Lab, Print

Shop, Estray, and Open Records Fees are not itemized, detail how the costs are calculated, and posted with a description of the product/service provided from the Sheriff and Constable Fees.

7. **Credit Cards:** The department cannot locate the "Dallas County Bank of America Corporate VISA Card Procedures" referenced in the "Agreement to Accept Bank Of America Corporate VISA Card" which is signed by employees who are issued credit cards. Six former fugitive transport deputies have active credit cards accounts, even though they no longer work with the section as of 11/7/2019. Bank of America credit card issuance requests approvals by management are not documented before the Fiscal clerk issues the card. The same fiscal clerk also reconciles the statements to expense forms.

8. **Gun Range:** Guns in inventory are not recorded to the FileOnQ Inventory Management Software. The Gun Range does not maintain a bill of lading of received items.

**Repeat observations from Previous Audits:**

1. Manual receipt books containing 508 unused receipts could not be located in the Sheriff Department; two unused customer receipts were missing from manual receipt books; four instances in which manual receipts were skipped in sequence but not voided.
2. Inquiries of Sheriff Department personnel revealed money collected for shoe shines is maintained in an unlocked box accessible by all personnel (on three shifts) assigned to the control center for that day. Shoeshine collections are deposited in a non-County depository, the Internal Services Fund, on a weekly basis. The funds may be used for reimbursement of cash shortages.
3. Sheriff's department does not reconcile the 505 Special Fund Account. Reviewing department responses from the Internal Control Questionnaire (ICQ) noticed that unclaimed funds are not researched for disbursing to the State Comptroller and/or County Treasurer in accordance with unclaimed property statutes.
4. Management did not ensure cancelations and re-issued Receipts of Record (ROR's) were timely posted, reviewed, and had an explanation. Per the CLASS Training User guide for POS functions and closeouts. Deposits were not made consistent with LGC § 113.022.
5. Commissions calculations were based on the judgement amount instead of the bid amount, contained errors, and were not reviewed by management.

## 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, 2017 through September 30, 2018.

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

### **Petty Cash**

We reviewed petty cash withdrawal, replenishment, reimbursement, available logs, and made the fieldwork observations for the Fugitive petty Cash, Jail Petty Cash, and Imprest Fund and identified:

#### **Fugitive Fund**

- The Fiscal Section does not maintain a ledger of Fugitive Fund transactions, retain deputy receipts and invoices to support distributions, and reconcile funds on hand to a transaction ledger and receipts/invoices.
- On 3/2/2020 we found \$266.58 for cash reimbursements, taken from Fugitive Fund in the safe, were stored separately in multiple envelopes in a locked fiscal desk drawer. These cash reimbursements were separated from Fugitive funds and not made available for audit cash counts.
- One clerk is responsible for distributing Fugitive Fund to deputies, maintaining cash documentation, preparing reimbursements, and storing money in her drawer until picked up by the deputies without segregation of duties.
- 18 Fugitive Fund expenditures do not have a Fugitive Officer's Travel Expense Worksheet signed by the deputy confirming the deputy picked up the funds from Fiscal.

#### **Jail Petty Cash**

- The Fiscal Section does not maintain a Jail Petty Cash ledger of cash received from the bank, cash sent to the Jail Vault, cash returned to the bank, amounts of cash in the safe, and a chain of custody cash transferred between the Fiscal section and Vault.
- The Fiscal Section does not reconcile Jail Petty Cash on hand to bank statements and reimbursement forms.
- Three Vault cash drawers were replenished, but recorded to the Vault's Petty Cash Log and the Keefe system on different dates.
- Vault Petty Cash Log entries made prior to 12/8/2017 were lost when the Vault's computer crashed as there is no backup.
- On 9/26/2018, \$11,560.26 in Jail Petty Cash was received from Fiscal, but not posted to the Keefe Commissary System.

#### **Imprest Fund**

- Cash on hand is not reconciled to the general ledger cash balance.
- Deposits on the Cash Transaction Log are recorded as withdrawals and withdrawals are recorded as deposits.
- The Sheriff's Department does not keep receipts, invoices, approvals or other documentation for the expenses paid with Imprest Funds.
- The Sheriff's Department does not have the \$5,000 request for reimbursement documentation for the Imprest Fund.
- The check to replenish the Imprest Fund was recorded to the Cash Log 64 days after the check was issued.

Per Dallas County Sheriff's Department General Orders Chapter 2.5, the Financial Services Unit is responsible for: managing the Sheriff's Department financial operations; approving all requisitions issued for expenditures authorized by the Sheriff or designee; auditing all department receipts and any fiscal, cash, or credit transactions; maintaining and controlling department accounting records; ensure the legitimacy of all

expenditures; maintaining an account system for inmate use within the detention system; assisting personnel in processing claims for reimbursement; coordinating and preparing deposits as required from the Dallas County Jails. Per the Vault Section Standard operating procedures, the Vault is responsible for the Storage and Release of inmate property, and the deposit and withdrawal of the Inmate Trust fund to minimize the loss or liability to the Sheriff's Department and Dallas County. The lead Vault Clerk completes daily cash entries; closes out/balances cash drawer; and prints; compares and reconciles summary sheets; and counts, locates and reconciles cash discrepancies of the cash drawer. Under LGC Sec. 114.043 and 115.001, the County Auditor shall have access to records and may count the cash in the custody of the officer or verify the amount on deposit in the bank.

Management does not: require staff to maintain transaction ledgers and complete accounting records; require chain of custody as cash is transferred; enforce Sheriff Policies and procedures; and require the segregation of accounting duties. An incomplete audit trail and a lack of segregation of duties increases the risk that loss, theft, or misappropriation of money may not be detected. Missing records, transactions, ledgers, authorizations, and signatures is a liability that leaves the County vulnerable to theft, loss, and misappropriation of assets. Without management review and oversight errors and omissions may not be detected and the risk that assets may be misappropriated increases. The department is not compliant with the Local Government Code when it does not disclose all money in its custody to the County's Auditor's Office.

### **Recommendation**

#### **Petty Cash**

Management should implement procedures to:

- Maintain an accurate and complete ledger or log of transactions for Petty Cash Funds by timely recording all transactions as they occur, including recording deposits as cash inflows and withdraws as cash outflows. System records (including in Keefe) should be posted the same day as cash is transferred to prevent errors and omissions
- Enforce Dallas County Sheriff's Department General Orders Chapter 2.5 by maintaining documentation (including expenditures, invoices, receipts, requests, approvals, transfers) that support petty cash distributions, reimbursements, petty cash replenishment.
- Reconcile Petty Cash Funds on hand to a transaction ledger, reimbursement forms, receipts/ invoices, bank statements, and the general ledger to ensure errors and omissions are resolved and to ensure the accuracy and completeness of accounts and transactions.
- Require staff to store all petty cash in the safe, rather than storing partial amounts in a clerk's desk, and remove cash from the safe when deputies presents themselves to Fiscal to claim reimbursements.
- Require adherence to LGC 114.043 and 115.001 by making all cash available to audit for inspection and cash counts.



- 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.
- Contact the Dallas County IT Department to ensure the Sheriff's Accounting Systems are regularly backed up to prevent the loss of data. The Keefe Commissary System Service Provider and Dallas County IT Department should attempt to recover Vault Petty Cash Logs made on or before 12/8/2017 so documentation can be provided to the Audit Department.
- Verify the accuracy and completeness of expenditures, petty cash reimbursements, and transfers through review of supporting documentation, ledgers, reconciliations, and bank statements.
- Ensure all petty cash transferred to other sections or distributed to deputies is evidenced by a chain of custody or Expense Worksheet signed by the recipient and custodian of petty cash.

### **Management Action Plan**

Findings and recommendations on Fugitive funds and Jail Petty cash are noted; discussed with staff and corrective actions are in place going forward from 10/01/2020. Please note that Fiscal Office has very limited staff members and segregation may not be possible all the time. But there's always an overview of transactions/documents by Chief Financial Officer. Besides, none of our staff members are on a higher level grades and no members in Fiscal has accounting degrees except the CFO to understand when Audit staff uses terms like General Ledger, Debit, Credit, Imprest System etc. etc. Special Fund 505 reconciliation was never been part of DSO's Fiscal Office not has access to its bank account. Reconciliation of 505 will NOT happen without proper access to bank account, availability of bank statement, and proper training to staff member. All indications from staff were that a member of Auditor's Office tried to train half way through without completing and when staff asked questions that he could not answer and left! Fiscal Office need further discussions to the reconciliation process and proper training and expect Auditor's Office to cooperate in getting those for a continued effort to reconcile 505 Special Fund. CFO is open for the right suggestions and directions from Audit Staff in regards to 505 Special Fund reconciliation. A well trained and experienced audit team member is welcome to train Fiscal Staff in this regard.

### **Auditors Response**

In accordance with Local Government Code Section 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". It is management's responsibility to provide training and ensure staff are able to perform their accounting duties and statutory functions.

### **Manual Receipts**

We reviewed all manual receipt books issued to Fiscal, ID and Probation, Civil, Writs, Bond Admin, Bond Desk, Jail Vault, Estray, Print Shop, Photo Lab, Sheriff's Academy, North Texas Auto Theft Task Force, Shoe Shine, Gun Range, and Intelligence Sections for existence and all receipts issued to customers during the period under review and identified:

- Manual Receipts, referenced in the prior year audit, cannot be located.
- Unofficial Dallas County Manual Receipt books were used by the department. These books were obtained from outside Dallas County Supply Room.
- Manual receipts were written, but a computer receipt was not issued in CWR. We were unable to determine if the fund were deposited to the County Bank Account.
- Manual receipts posted to CWR after three or more business days. Money collected from shoe shines is held for a week before it is brought to Fiscal Section for receipting.
- Case numbers from manual receipts not posted to CWR.
- Payment types, amounts paid, and the payer's name from manual receipts did not agree to receipts posted to CWR.
- Manual receipts issued out of sequence; skipped in sequence, but not voided
- Manual receipts did not contain an explanation for voiding, were not labeled "void" and were not reviewed and approved by someone other than the preparer.
- Unissued manual receipts are missing the white and pink receipt copies from the receipt book.

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 per Local Government Code (LGC) Sec. 113.022(a). As a best practice 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 and carbon copies should remain intact with the white copy issued to customers in sequential order. Manual receipts containing an error should be labeled void, with an explanation written on the receipt. When voiding the manual receipt, duplicate and triplicate carbon copies should be retained in the manual receipt book. Manual receipts, including voided receipts, should be reviewed by court management for accuracy and completeness and to ensure receipts are timely posted to CWR. Management does not track manual receipt book inventory issued to the Sheriff's office, review manual receipts for errors and omissions, prevent and stop the use of unofficial manual receipt books, and ensure timely and accurate posting to CWR. This can result in loss or misuse of manual receipts, posting errors, and the potential to misappropriate assets with unofficial receipts issued to customers.

### **Recommendation**

#### **Manual Receipts**

Management should implement procedures that include:

- Stopping the use of unofficial manual receipts, confiscating any remaining books,

and destroying any unused books to prevent further use.

- Requesting official Dallas County manual receipt books from the Supply Room based on need, 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.
- Ensuring that receipts are not skipped in sequence or issued with errors, but labeled "void" with an explanation and all receipt carbon copies intact.
- Reviewing all voided manual receipts for errors and omissions.
- Ensuring the amount, tender type, case number, transaction date, and payer and other manual receipt details are complete and accurately posted to CWR per LGC Sec. 113.022(a)

### **Management Action Plan**

Findings and recommendations are noted and corrective actions are taken going forward (10/01/2020); Use of unofficial manual receipts are stopped and all unofficial manual receipts are confiscated by Fiscal Office; Will be using county issued manual receipts only going forward (10/01/20). Clerical errors are addressed with staff.

### **Auditors Response**

None

### **Prisoner Trust Fund**

We reviewed Prisoner Inmate Trust Fund deposits, cash releases, inmate purchases, issued and voided checks, and reconciliations and identified:

- 1,295 inactive inmate accounts totaling \$13,371. remains unclaimed in the prisoner trust account as of 06/01/2020. Periodic review is not completed for purposes of escheating funds.
- 601 inactive inmate accounts totaling \$24,066 (net as of 8/9/2012) are no longer on the Keefe inmate report and no documentation was presented to support how balances were adjusted to zero.
- 40 buff cards requested for audit review were not located in the Sheriff's Archives, therefore we could not verify appropriate signatures for funds received from inmates booked in from Central Intake and released.
- 17 voided checks were not approved by management.
- Seven inmates were issued cash instead of a debit card despite having a balance over \$30 in their Prisoner Trust Fund Account.
- Three check voids were not marked "Void".
- One cash release was missing the Lobby Clerk's signature and one check disbursement did not have a second authorized signature.

- One cash release in which the Book In # (BNo.) was written with an error.
- One check was voided, but the check was subsequently cashed per the BOA bank statement.
- One check was issued in error when a "Windows Printer Test Page" was printed on the Keefe printer, but the check was not voided in the Keefe System.
- One voided check was not retained by the Fiscal Section.
- The Sheriff's Department does not log Prisoner Inmate Trust Fund checks through the banks positive pay service and the Sheriff's signature automatically prints on checks issued from the Keefe System.
- The Vault Accountant posts manual entries in the Keefe System to balance the Prisoner Trust Fund to bank statements while performing the reconciliation.
- Fiscal could not run the Keefe Inmate detail reports for audit review.

Per Local Government Code, § 351.0415b, The Sheriff or the Sheriff 's designee: (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. Financial controls require timely reconciliation of bank statements to Keefe Commissary records and include the review, research, and matching of reconciling items by account with adequate documentation. Reconciliations are reviewed by supervisors for accuracy and completeness, where preparation and review duties are segregated. Per the Vault Section Standard operating procedures the amount released to the inmate "will be in cash if less than thirty dollars" or "debit card if over thirty dollars". The Lobby Information Clerk will process Property Release forms and will sign the form. Per the Intake Division Standard Operating Procedures buff cards are given to the Release Section officers and then sent to archives. All requests for records will be sent to the Records Section within the Intake Division and will be logged. The Financial Services Unit is responsible for also maintaining an appropriation accounting system for all Department budgetary transactions. As a best practice: two check signatories should review and approve each expenditure before agreeing to authorize check disbursements; Positive Pay should be utilized to match the account number, check number and dollar amount of each check presented against a list of checks authorized and issued by the company to detect fraudulent checks; and to labeled checks that cannot be issued as "void" with a reason written on the check, approval by management, and retain on file with the department.

Errors and omissions were made on cash release forms and when inmates were issued money during release from the Prisoner Inmate Trust Fund Account. Management does not require transactions to be posted as they occur (prior to reconciling the Prisoner Inmate Trust Fund), enforce Sheriff Policies and procedures, and require positive pay to detect fraudulent checks. Additionally, management did not ensure void checks were approved and labeled "void". Missing records, checks, authorizations, and signatures are a liability that leaves the County vulnerable to theft, loss, and misappropriation of assets. Errors and omissions may not be detected without management review and oversight.

### **Recommendation**

#### **Prisoner Trust Fund**

Management should implement procedures and corrective actions that include:

- Maintaining, tracking and locating buff card and release records submitted to Archives. Files and records should be classified and inventoried before moving files for ease in latter identification.

- Requiring checks are issued with two signatures from the CFO and Sheriff.
- Ensuring checks that cannot be issued are labeled "void" with a reason written on the check for voiding and retained on file with the department.
- Reviewing and approve all void checks and evidence review with the CFO or Fiscal Manager signature.
- Enforcing Dallas County Sheriff's Department Policy that "debit cards are issued when inmates have \$30.01 or more on their account, except for conditional releases to other counties.
- Reviewing Release Forms and Buffcards to ensure each are signed by authorized staff and do not contain errors and omissions.
- Requiring that all check disbursements are printed with MICR ink and that checks are logged online through the banks positive pay service.
- Requiring staff to process transactions as they occur rather than posting manual entries to Keefe from the Bank Statement.
- Reviewing Prisoner Trust Fund reconciliations to supporting records to ensure errors and omissions are resolved (including checks skipped in sequence) and to ensure accuracy and completeness of accounts and transactions.
- Contacting the Keefe Commissary System Service Provider to troubleshoot system and reporting issues so that account balances can be timely reconciled and documentation can be provided to the Audit Department.
- Requiring that signatories of checks review them prior to processing and enable authorized approvers to submit their signatures rather than allowing staff to automatically print stored signature on checks.

### **Management Action Plan**

Findings and recommendations are noted; Fiscal Office or Vault have no control over buff cards. Auditor's office need to contact Archive for buff cards that are archived or releases section for active buff cards; auditor staff may have found copy or copies of checks prior to with CFO's signature (clerk usually make copies of checks before those come to CFO's signature); CFO can override issuance of cash in lieu of credit cards when credit card machine goes down; it is not practical for Fiscal Office to go with bank's positive pay service unless it is mandated by Dallas County as a policy for all department to do so; staff try to enter all transactions as those happen, but sometimes unexpected things happen due to shortage of money count etc; no checks are supposed to be cashed without 2 signatures; Sheriff's signature prints automatically on the checks and signature of CFO or Fiscal Manager always will be there before those go out; again, audit staff may have found

copy of a check without the 2<sup>nd</sup> signature with supporting documents!

### **Auditors Response**

The designated contact personnel for any audit related issues in the head of the Department and the CFO. It is their responsibility to communicate audit findings and recommendations to the responsible sections within the Sheriff's Office.

### **Education Fund - TCLEOSE**

We walked through Education Fund processes and reviewed issued and voided checks, expenditures, reimbursements, and reconciliations and identified:

- Education funds received from the Texas Comptroller of Public Accounts are deposited into a non-County bank account, controlled solely by the Sheriff's Department.
- Education Fund checks are not printed using MicR cartridge ink and logged through the bank's positive pay service.
- The same person posts Education Fund expenses in Quickbooks, prepares and prints checks, maintains manual check records, and is responsible for preparing the Education Fund bank reconciliation.
- The Sheriff's department does not track and verify whether continuing education hours were earned and training paid with Education Funds attended.
- All 13 voided checks were voided without documented supervisor approval.
- 10 Education Fund expenditures are missing the Chief Deputy's approval.
- 10 Education Fund expenditures are missing the Commissioners Court Order.
- Nine Education Fund Bank Reconciliations do not have documentation of supervisory review.
- The October 2017 Education Fund Reconciliation could not be located.
- Four Education Fund Reimbursement checks do not have a memo or documentation approving training.
- Four voided checks do not contain the reason for voiding.
- Two Education Fund checks, expenditure documentation, and approvals cannot be located.
- One Education Fund check was issued without two signatures.

Attorney General Opinion No. GA-0869 states Law enforcement officer standards and education "(LEOSE) funds **MUST** be maintained in an official county depository" and in accordance to Local Government Code 116. Per Dallas County Sheriff's Department General Orders Chapter 2.5 the Financial Services unit is responsible for: Administering and accounting for all Department travel requests and expenditures; maintaining all department accounts, expenditures and payments; managing the Sheriff's Department's TCLEOSE Law Enforcement Officer (LEO) Training Fund; coordinating all related transactions with counterparts in the Dallas County Purchasing, Auditor's, Treasurer's and Budget Offices; performing purchasing activities and ensure the legitimacy of all expenditures; maintaining a record of all department purchases and expenditures, and all accounts over which the Sheriff's Department has control and approving all requisitions issued for expenditures authorized by the Sheriff or his/her designee upon the determination that the funds have been appropriated and are available for the prescribed expenditure, and processing the proper forms for such. Management does not adhere to Attorney General Opinion No. GA-0869, require the use of MicR ink and positive pay to detect fraudulent checks, segregate staff duties, and enforce the Dallas County Sheriff's Department General Orders regarding maintaining expenditure and account records. Additionally, management did not review and approve

expenditure documentation, reconciliations, and checks (including voids). Incomplete and missing documentation has resulted in an incomplete audit trail for management to examine records. Without management review, check disbursements may be issued without authorization resulting in losses to the county or possible misappropriation of assets. A lack of segregation of duties and management oversight increases the risk of theft, loss and a misappropriation of assets.

**Recommendation**

**Education Fund - TCLEOSE**

Management should implement procedure to:

- Adhere to Attorney General Opinion GA-0869 by coordinating with the County Auditor's Financial Audit section and the County Treasurer to establish a new account for Education Funds within the County depository bank.
- Require that all check disbursements are printed with MicR ink and that checks are logged online through the banks positive pay service.
- Segregate the duties of posting transactions, printing checks, maintaining records, and preparing the Education Fund bank reconciliation. Duties should be appropriately segregated so that no one person has custody of assets, control over records, prepares transactions, approves transactions, authorizes transactions, and reconciles transaction statements.
- Track and verify that continuing education hours were earned and training paid with education funds was attended.
- Ensure checks that cannot be issued are labeled "void" with a reason written on the check for voiding and retained on file with the department.
- Review and approve all voided checks and evidence review with the CFO or Fiscal Manager signature.
- Verify the accuracy and completeness of Education Fund expenditures and supporting documentation. Expenditures should be briefed to Commissioner's Court and approved by the Chief Deputy.
- Review and approve Educational Fund reconciliations to ensure errors and omissions are resolved and that accounts and transactions are accurate and complete.
- Require checks are issued with two signatures from the CFO and Sheriff.
- Enforce Dallas County Sheriff's Department General Orders Chapter 2.5 by maintaining expenditure documentation, approved training and traveling requests, check disbursements, and reconciliations.

### **Management Action Plan**

Findings and recommendations are noted; will be in compliance with auditor's office recommendation going forward (10/01/2020)

### **Auditors Response**

None

### **Special Fund**

We reviewed the Special Fund activities (period ending 9/30/2018) and identified:

- The fund balance is \$247,993, of which \$163,304 is for cases older than three years that has not been researched for either disbursing to applicable parties or escheated to the County Treasurer or State Comptroller. **Note: Performance of the Special Fund Reconciliation is being transitioned to the Sheriff's Department.**
- 223 Special Fund Checks were issued without referencing each case number/receipt number.
- 44 checks were voided in Oracle, but not marked "void" on the check.
- 40 Special Fund check disbursements were not reviewed by management.
- 27 checks were issued in excess of what was received, totaling \$17,514 and were not recovered.
- 23 receipts totaling \$5,060 with the Levy Fee and Posting Fee deposited into Fund 505 in error. Funds were not transferred to the appropriate Fund.
- 18 checks totaling \$13,339 were issued from the 505 account, but funds were not deposited into Fund 505.
- Five Adult Information System receipts with account numbers 513 or 560 were not deposited in County Wide Receipt to Fund 505.
- Five voided checks were not retained by the Sheriff's Department.
- Two voided checks do not have documentation that the void was approved by management.
- Two checks were voided because they issued to the wrong person; however, the explanation written is "duplicate payment".
- One voided check was not reissued.

In accordance with Local Government Code Section 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. Special Fund reports should be periodically reviewed and disbursements should be made in the appropriate amount (not to exceed the original receipt), to the appropriate payee, reference the original case number and receipt number, and issued in a timely manner. The department should maintain documentation to support the reason for canceled checks including approval and review by the Chief Financial Officer (CFO) or Fiscal Manager. Inactive case balances should be reviewed in accordance with unclaimed property statutes, Property Code, §72 and §76, and escheated either to the County Treasurer (if \$100 or under) or the State of Texas (if over \$100). Checks that cannot be issued should be labeled "void" with a reason written on the check for voiding and retained on file with the department. The CFO or Fiscal Manager should review and approve all voids. Management does not review check disbursements or enforce Local Government Code Section 113.008, Property Code, §72 and §76, and voiding best practices. This can result in receipting and check disbursement



errors and omissions such as check disbursements issued to the incorrect payee, checks issued for the incorrect amount, and checks issued more than once.

**Recommendation**

**Special Fund**

Management should develop and implement procedures to:

- Reconcile the Special Fund (505) balances and transactions to the Official's records.
- Escheat inactive balances to the County Treasurer or the State of Texas
- Verify the accuracy and completeness of check request details (including the payee name, amount) to original receipts and supporting documentation to ensure disbursements are sent to the correct payee and for the correct amount as evidenced by a signature of the CFO or Fiscal Manager.
- Ensure checks that cannot be issued are labeled "void" with a reason written on the check for voiding and retained on file with the department.
- Review and approve all void checks and evidence review with the CFO or Fiscal Manager signature.
- Ensure receipts posted to the Special Fund are appropriately labeled with the payor, case #, reason for payment.
- Receipts should be posted with the appropriate and accurate Fund Code.

**Management Action Plan**

Findings and recommendations are noted; note that the transitioning of the function of reconciling special fund did not happen properly; no one in Fiscal Office has access to 505 bank account; no access to get bank reconciliation statement; training from auditor's office did not complete; information to print checks are send to auditor's office to print checks from 505 and corrections may happen in auditor's office too! Need proper training and guidance as to where and how to access 505 opening balance or access to bank account to access bank statement. So, requesting to send an experienced audit staff member to train Fiscal Staff to do 505 special fund reconciliation on a monthly basis going forward.

**Auditors Response**

The Financial Audit section within the Auditor's Office already completes the proof of cash reconciliation between the bank statements and fund accounts. It is management's responsibility to reconcile the Special Fund activities posted to County Wide Receipting (CWR) and the Adult Information System (AIS) in accordance with Local Government Code 113.008.

## **Sheriff Fee Compliance**

We reviewed receipts and transactions made for the Gun Range, Photo Lab, Print Shop, Bond Fax Fees, Bond Fees, Re-Arrest Fees, Estray Fees, Open Records, and other Sheriff's Department Fees during FY 2018 for compliance with Sheriff's Fees established by Commissioner's Court order 2017-1151 and identified:

- Receipts posted to CWR with the incorrect payor name, or fee type description.
- Receipts for Gun Range, Photo Lab, Print Shop, Estray, and Open Records Fees are not itemized to detail how item costs are calculated and describe the product/service provided from the Sheriff's and Constable's Fees.
- Fees were charged that are different than the fees approved by Commissioners Court Order or the Department's Pricing model.
- Fees were charged that were not briefed to Commissioner's Court for approval.
- A stamp is used to verify invoice fees have been approved; however, there is not a way to verify who stamped "Approved" on the invoice.
- A scope limitation: The Sheriff department could not produce the Bond Fee A/R Detail Report for the FY2018 audit due to "problems with the Businessworks software".
- Estray records, Clearance letters, Bond Receipt Copies, Accident Reports, Certified Accident Reports, Finger printing, and Incarceration letters are prepared and receipted by the same employee without segregation of duties or management review.
- Receipts not recorded in the Sheriff's Log Book or Journal.
- Receipts not timely deposited as delays range between 16 to 132 days.
- Submitted requests from customers are not retained by the department.

Fees charged by the Sheriff's Department should be approved by Commissioner's Court per Local Government Code (LGC) 118.131 and unauthorized fees charged are subject to penalties per LGC 118.801. LGC § 113.022 states a county officer or other person who receives money must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. Per Dallas County Sheriff's Department General Orders The Financial Services Unit is responsible for: auditing all department receipts and any fiscal, cash; maintaining a record of all accounts over which the Sheriff's Department has control; coordinating all related transactions with counterparts in the Dallas County and preparing money deposits; maintaining current administrative records of bail bond agencies; and administering the bail bond monies account. Per the CLASS Training User Guide point of sale receipts posted to CWR should include the receipt number, name, amount, accounting, quantity, distributions and the business conducted, Payer, tender type and instrument number. These issues occurred due to clerical errors and omissions were made when posting receipts to CWR; management not requiring receipts to be itemized, duties to be segregated, enforcement of LGC § 113.022, and for not submitting all fees charged by the Sheriff's Department to Commissioner's Court. As a result, charges for fees not approved by Commissioner's Court can lead to refunds and penalties per LGC 118.801; non-compliance with LGC § 113.022 results in untimely deposits; a lack of segregation of duties and management oversight increases the risk of theft, loss and a misappropriation of assets; an incomplete audit trail for transactions that prevents management from detecting errors, omissions, and possible misappropriation through examination.

### **Recommendation**

#### **Sheriff Fee Compliance**

Management should implement procedures and corrective actions to:

- Provide Commissioner's Court with a schedule of all fees charged by the Sheriff's Department for approval on an annual basis.
- Charge the fees outlined on the Sheriff and Constable Fee Court Orders approved by Commissioner's Court.
- Maintain submitted customer requests, invoices, costing calculations, and receipting documentation for transactions.
- Record accurate and complete itemized CWR receipts that include the: payor name, fee type description traceable to Commissioner's Court Orders, costing calculations, description of the product or service provided, and quantities per the CLASS Training User Guide.
- Properly segregate the duties of providing products/services, invoicing customers, collecting money for products/services, posting receipts, maintaining transaction records, and oversight.
- Deposit all receipted funds in accordance with LGC § 113.022.
- Contact the IT Department to retrieve Bond transactional data and troubleshoot Report functionality in BusinessWorks.
- Require that system transactional data is backed up by the IT Department.
- Review Sheriff Logs Books and Journals for errors and omissions.
- Evidence supervisory and managerial review with a signature and date rather than with a stamp.

**Management Action Plan**

Findings and recommendations are noted; please note that a transition of billing software in bond administration office happened (from Business Works to Quick Books) and Business Works software quit working on to pull old reports; staff produced what were available to satisfy auditor's office. Segregation of duties are in place with available staff members!

**Auditors Response**

None

## **Credit Cards**

We walked through the department's use of Citibank and Bank of America credit cards on 11/12/19 and reviewed 25 Bank of America and 25 Citibank credit card transactions and identified:

- The department cannot locate the "Dallas County Bank of America Corporate VISA Card Procedures" referenced in the "Agreement to Accept Bank of America Corporate VISA Card" which is signed by employees who are issued credit cards.
- The Fiscal clerk prints all Shorts Travel invoices received in email for the month and discards the invoice provided by employees before attaching to the credit card statement.
- The Fiscal section does not retain credit card statements, requests for payment, or receipts.
- Six former fugitive transport deputies have active credit cards accounts, even though they no longer work with the section as of 11/7/2019.
- Bank of America credit card issuance requests approvals by management are not documented before the Fiscal clerk issues the card. The same Fiscal clerk also reconciles the statements to expense forms.
- 14 credit card receipts could not be located.
- One transaction reported as a fraudulent charge was paid from the Fugitive Fund and has not been credited by the bank.
- One credit card transaction was paid from the Fugitive Transportation account instead of the Education Fund.

Per Dallas County Sheriff's Department General Orders, Financial Services unit is responsible for managing the Sheriff's Department's financial operations; administering and accounting for all department travel requests and expenditures; auditing all department receipts and credit transactions; maintaining and publishing the Sheriff's Department guidelines for travel expenditures; maintaining all department credit cards and records; ensuring the legitimacy of all expenditures; approving all requisitions issued for expenditures authorized by the Sheriff; and reviewing and ensuring all travel awards are applied to future department travel. Management does not: inactivate former employee cards and authorize new cards before issuance; enforce the Dallas County Sheriff's Department General Orders regarding maintaining credit card expenditures, invoices, statements, procedures and account records; and segregate staff duties. Incomplete and missing transaction documentation results in an incomplete audit trail and prevents management from detecting errors, omissions, and possible misappropriation through examination. A lack of segregation of duties and management oversight increases the risk of theft, loss, use of cards, and a misappropriation of assets.

### **Recommendation**

#### **Credit Cards**

Management should implement procedures and take corrective action to:

- Provide employees with the "Dallas County Bank of America Corporate VISA Card Procedures" referenced in the "Agreement to Accept Bank of America Corporate VISA Card" so written rules and expectations are acknowledged before signing the agreement.
- Retain and review employee provided invoices, receipts, request for payments, credit card statements, and travel documentation to ensure travel was actually

completed, authorized, and reconciles to the vendor and credit card statements.

- At least once a quarter, review credit card accounts to detect whether former employees have active accounts.
- Ensure management authorizes Bank of America credit card requests before the Fiscal clerk issues the card.
- Segregate the duties of posting transactions, maintaining records, issuing and canceling card accounts, and preparing the monthly reconciliation so that no one person has custody of assets, control over records, prepares transactions, approves transactions, authorizes transactions, and reconciles transaction statements.
- Review and approve credit card reconciliations to ensure errors and omissions are resolved and transactions are posted accurately and completely.
- Ensure the fraudulent charge paid from the Fugitive Fund is credited by the bank.
- Review general ledger coding for appropriateness by running monthly reports from Oracle.

### **Management Action Plan**

Findings and recommendations are noted; the 'Agreement to accept bank of America corporate visa issued by Dallas County' was produced by Fiscal Staff member to the audit team! Will keep invoices attached to statements going forward (10/01/2020). Department has updated credit card holders' list to produce upon request by auditor's office; a revised 'Agreement To Accept Bank Of America Corporate Visa Issued by Dallas County' form is in place with Chief Financial Officer's approval line added.

### **Auditors Response**

We agree that the "Agreement to Accept Bank of America Corporate VISA Card" (Agreement) was provided to Internal Audit, but the "Dallas County Bank of America Corporate VISA Card Procedures" referenced within the Agreement were not provided. We further recommend the Department update the Agreement for clarity by removing reference to "Dallas County Bank of America Corporate VISA Card Procedures", or combine both of the separate documents into one unifying document.

### **Cash Counts**

We performed cash counts at various locations in the Sheriff's Department, including the locations for shoe shines, on 9/16/2019 and identified:

- Money collected for shoe shines are not immediately documented in the Shoe Shine Ledger Book.

- The Shoe Shine Ledger Book was not made available to the Auditor at the time of the cash count.

Official receipts shall be written or generated immediately for all collections made in the official capacity of the various offices of the county establishing accountability of money tendered for payment in accordance with Dallas County Code Sec 74-691. Per Local Government Code (LGC) Sec. 115.001, the county auditor shall have continual access to and shall examine and investigate the correctness of the books, accounts, reports, vouchers, and other records of any officer. All shoe shine money collected by deputies is documented in the Shoe Shine Ledger Book at the end of the day. Assets may be misappropriated, lost, or mismanaged without management oversight and when the Dallas County Policy 74-691 is not followed.

### **Recommendation**

#### **Cash Counts**

Management should implement procedures to:

- Ensure transactions are immediately receipted to the County Wide Receipting System at the Fiscal Section and official receipts are recorded as transactions occur per Dallas County Policy 74-691.
- Require that ledgers, books, and accounting records are current, accurate, complete, and available to the auditors for review.
- Monitor and review transactions, records, and books.

### **Management Action Plan**

Findings and recommendations are noted; Shoe shine area is manned by different officers from each shift and there is no consistency in who will be recording transactions; they keep a ledger (not arithmetically) but you will be able find information. That area is not so material to assign a staff consistently due to DC's budgetary limitations.

### **Auditors Response**

All financial activities are reported to the Fiscal Section of the Sheriff's Department. Management should strive to keep accurate and complete records to account for Shoe Shine transactions and make them available for statutory cash counts conducted by the auditor per Local Government Code 115.001

### **Bail Bond Receipts**

We reviewed Bail Bonds receipted and voided to the Adult Information System (AIS) in FY2018 and identified:

- 196 AIS Receipts totaling \$11,015 were not receipted to CWR at the end of the shift, but receipted one to two days later.
- Ten bond receipts were voided by the same person who prepared the original receipt.
- Five bond receipts were voided by someone other than the shift supervisor or designated approver.

- One CWR Receipt was not canceled after being re-receipted by the Fiscal section.
- One bond receipt was voided for an "incorrect amount". It was re-receipted two days later instead of the same day.

Per Local Government Code (LGC) § 113.022, 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, or without exception, on or before the fifth business day after the day on which the money is received. Computer receipts that cannot be issued to customers, due to error, should be "Voided" with an explanation and the re-issued receipt number (when applicable) written on the receipt. Computer receipt voids should be reviewed by management to ensure the duties of preparing and approving computer receipt voids are appropriately segregated and not conducted by the same person or someone who is not authorized to void receipts. These instances occurred because AIS receipts were not reviewed to correct errors and omissions. AIS system rights do not prevent unauthorized personnel from voiding receipts. Assets may be misappropriated without segregation of duties and management quality control review over receipting.

### **Recommendation**

#### **Bail Bond Receipts**

Management should implement procedures to:

- Ensure each Bond Desk shift receipts their AIS receipt totals to CWR at the end of each shift and make deposits to the Treasurer's Office in accordance with LGC § 113.022.
- Review voided and canceled transactions for appropriateness and to timely detect errors and omissions.
- Segregate the preparation and approval for voiding transactions in AIS.
- Require canceled transactions and subsequent re-issued RORs are timely posted the same day as the original transaction for POS functions and closeouts.
- Require AIS system rights are updated to prevent personnel from preparing and approving voided transactions, and to require an authorized supervisor to approve voided transactions.

### **Management Action Plan**

Findings and recommendations are noted; Note that bond receipts may be voided for various reasons namely change of amount (by court), change of charge (by court), change of type of bonds (by court) etc. Bond Desk has limited staffing and is a 24/7 operation; if a Supervisor is not available, then there will be a senior clerk available. But if both of them are not available then there are chances of same clerk processing and voiding can happen even though instructions are there not to do so. Instructions are sent to bond desk operation again reiterating not to void a bond or receipt by the same clerk who processed those and let another senior clerk do the void processes. All clerks who work in bond desk are grade 8 and at times can act in

as a senior clerk capacity. Audit member could have pointed out those findings in the shop when audited so that a member of our staff could have explained with examples of how that might have happened.

### **Auditors Response**

Management is responsible for ensuring staff adhere to the Department's policies, procedures, and instructions.

### **Computer Receipts**

We reviewed the Sheriff's daily deposit and computer receipts issued from CWR and identified:

- Receipts were canceled without an explanation or reference to the re-issued receipt number in the explanation.
- Deposits were received by the Sheriff's Department, but not deposited with the Treasurer's Office within five business days.
- Receipts were canceled one to four days after the original receipt was created.
- Receipts were re-issued one to three days after the original receipt was canceled.
- Transactions were posted without a reset number, but not canceled.
- Receipts were canceled by the same person who issued the receipt.

Per Local Government Code (LGC) § 113.022, a person who receives money must deposit money, without exception, on or before the fifth business day after the day on which the money is received. As a best practice, computer receipts that cannot be issued to customers due to error should be canceled the same day with management's approval, an explanation recorded in CWR, and a reference to the re-issued receipt of record (ROR) as outlined in the CLASS Training User guide for POS functions and closeouts. The corrected ROR should be posted the same day the original receipt is canceled. Cancellations and re-issued RORs were not timely posted, reviewed, or had an explanation. It is possible assets can be misappropriated without segregation of duties and management quality control review regarding receipting. Non-compliance with LGC § 113.022 results in untimely deposits.

### **Recommendation**

#### **Computer Receipts**

Management should implement procedures to:

- Review and approve cancellations to ensure errors and omissions are timely detection.
- Ensure cancellation duties are appropriately segregated.
- Reference an explanation for voiding and the ROR on canceled transactions per the CLASS Training User guide for POS functions and closeouts.
- Require that RORs and cancellations are timely posted the same day as the original transaction.



- Deposit money with the Treasurer's Office in accordance with LGC § 113.022.

### **Management Action Plan**

Findings and recommendations are noted; those findings can happen due to various reasons; holidays, long weekends, system glitches, count differences (shortage/overage) etc. are few of the reasons. Finding of transactions posted without a reset number most possibly could have happened by Treasurer's Office. Fiscal Office will try their best to stay in compliance going forward (10/1/2020).

### **Auditors Response**

None

### **Commissary Expenditures**

We reviewed 20 Commissary Fund Expenditures for FY18 and identified:

- Five expenditures were paid from the Commissary Fund, but are not in compliance with Local Government Code 351.0415.
- Four expenditures are not documented with management's approval.
- The Sheriff's Department does not maintain packing slips or practice three way matching.

The Sheriff or the Sheriff's designee may use commissary proceeds only for expenditures outlined in Local Government Code (LGC) Sec. 351.0415(c), and LGC Sec. 351.0415 (g). Per Dallas County Sheriff's Department General Orders Chapter 2.5, the Financial Services Unit is responsible for approving all requisitions issued for expenditures authorized by the Sheriff or his/her designee upon the determination that the funds have been appropriated and are available for the prescribed expenditure, maintaining a record of all Department purchases and expenditures over which the Sheriff's Department has control, and ensuring the legitimacy of all expenditures. Commissary expenditures are not thoroughly reviewed by management and the department does not retain purchase orders, invoices, and receiving statements for matching. As a result, purchases may be made with Commissary Funds that are inconsistent with LGC Sec. 351.0415 and purchases may be made without oversight and management approval.

### **Recommendation**

#### **Commissary Expenditures**

Management should implement procedures and corrective actions to:

- Verify commissary expenditures comply with LGC Sec. 351.0415.
- Retain purchase orders, invoices, and receiving statements (packing slip) for all expenditures made with Commissary funds.
- Maintain documentation of management approval of all commissary expenditures.
- Review commissary expenditures for accuracy, completeness, and appropriateness to supporting documentation as evidenced by a signature of the CFO or Fiscal

Manager.

**Management Action Plan**

Findings and recommendations are noted; Will be in compliance with State code going forward (10/1/2020)

**Auditors Response**

None

**Gun Range**

We walked through the Gun Range processes on 11/20/2019, conducted a sample inventory of 20 guns, reviewed Gun Range purchases and identified:

- Guns in inventory are not recorded to the FileOnQ Inventory Management Software.
- The Gun Range does not maintain a bill of lading of received items.

On 11/1/2016 a Misc. Briefing was approved by Commissioner's Court for the purchase of Quartermaster FileonQ Software, a computer-based law enforcement tracking software that will manage inventory for Sheriff Property & Evidence, Quartermaster, Fleet, and Traffic as well as the County Clerk and the District Attorney's Office. Per Dallas County Policy Sec. 90-313(6) It is the sole responsibility of the elected official/department head to which property is assigned to maintain a proper accounting of all property through proper inventory records. Dallas County Policy Sec. 90-373 states, "All department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required." Management has not enforced Dallas County Policies, does not retain receiving statements (bills of lading), and does not use the FileOnQ law enforcement tracking software to manage weapons and ammunition inventory for Sheriff Property & Evidence and Quartermaster. As a result, Dallas County property and assets may be misplaced, lost or misappropriated when it is not tracked and inventoried.

**Recommendation**

**Gun Range**

Management should implement procedures to:

- Utilize the FileOnQ law enforcement tracking software to inventory guns and ammunition, per the 11/1/2016 Commissioner's Court briefing and Dallas County Policies.
- Retain receiving statements (bills of lading) of items purchases to match with purchase orders and invoices.

**Management Action Plan**

Findings and recommendations are noted; in discussion with Gun Range Officials on the findings, information was received that gun range may not be benefited with use of FileOnQ system (decision was made by gun range's chain of command per

email received on 9/29/20). They do keep a record of seized weapons on a spreadsheet; they do inventory every six months the seized weapons; section started keeping their bill of ladings when ammuniton deliveries are made.

**Auditors Response**

None

**Sheriff Sales and Commissions**

We reviewed 40 executions and order of sales, writ collections, and commission calculations for compliance with Commissioners Court approved rates and identified:

- Eight Sheriff Commissions were over-collected, totaling \$3,124.66.
- Three Sheriff Commissions were under-collected, totaling \$661.23.

Dallas County court order 2017-1151 states: "Commission calculations should include judgment, interest, and attorney fees collected while excluding any court costs." Per the Tax Code, Sec. 34.02. (a) The proceeds of a tax sale under Section 33.94 or 34.01 shall be applied in the order prescribed by Subsection (b). Additionally, commissions should not be assessed for service of tax warrants unless a sale occurs in accordance with Tax Code, Section 33.25(f). This occurred because the commissions calculations were based on the judgement amount instead of the bid amount, contained errors, and were not reviewed by management. As a result, the department may not be distributing sale proceeds in compliance with tax code 34.02c.

**Recommendation**

**Sheriff Sales and Commissions**

Management should implement procedures and correction actions to:

- Review commission calculations for accuracy, completeness, and in compliance with the Tax Code 34.02 and Dallas County court orders 2017-1151.
- Ensure commission calculations are based on the bid amount when it is less than the judgement.
- Include the judgment, interest, and attorney fees and the approved commission percentages and hourly rates as authorized by Commissioner's Court.
- Use the actual collection date to calculate interest on non-sale collections.

**Management Action Plan**

Findings and recommendations are noted; instructions are given to comply with review of paperwork, calculation of commission, completeness etc.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator