



AUDIT REPORT

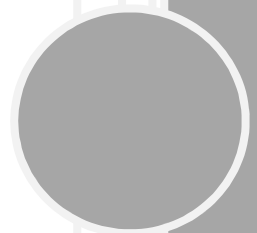
DALLAS COUNTY

FY2020 & 2019 Sheriff Department Audit

Darryl D. Thomas
Dallas County Auditor

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FY2020 & 2019 Sheriff Department 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 "FY2020 & 2019 Sheriff Department Audit" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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 2019 and 2020. **A separate review was performed for Inmate Trust Fund activities.** Priority areas of risk which need to be addressed include establishing proper receipt control procedure over retention of all voided receipts, eliminating usage of Non County Official Receipts Books, performing Special Fund reconciliation, and recording and tracking of quartermaster inventory.

Summary of Significant Observations

- **Quartermaster:** Material internal control weaknesses are observed over Purchasing and Inventory process as follows: (1) There is no segregation of duties for purchasing, approving payment and recording of uniforms. (2) Inventory valuation cannot be determined because purchases are recorded to QuickBooks but not FileonQ Inventory System. QuickBooks is not reconciled to FileonQ or Oracle. (3) Destroyed uniforms are not tracked or removed from FileonQ "in stock". This resulted in an inflated 108,003 items on hand. (4) Items purchased by personal fund are recorded within Dallas County Inventory System. (5) 20 out of 30 (73%) invoices do not have managerial or supervisory approval. (6) There is no video surveillance to monitor the quarter storeroom.
- **Special Fund Reconciliation:** The department does not reconcile the Sheriff Special Fund 505. **Status: On 12/15/2020, the Auditor's office offered Special Fund guidance, but it was not accommodated.**
- **Sheriff Sales and Commissions:** Due to use of the wrong commission calculation amount, 21 out of 60 (35%) Sheriff commissions were over collected totaling \$6,984.67 and 16 out of 60 (27%) Sheriff commissions were under collected totaling \$1,211.26.
- **Manual Receipts:** Following material internal control weaknesses are noted over issuing and voiding process of manual receipts: 1) A total of six Unofficial Dallas County Manual Receipt books were used by Fiscal and the Sheriff Academy. 2) Manual receipts were posted to CWR after three or more business days and QuickBooks between 19 to 269 business days. Cash stored inside the manual receipt book, but not deposited. 3) A total of 602 unused manual receipts appears missing from Civil, Writ and ID& Probation sections. In addition, nine receipts books cannot be located from Bond Desk. 4) Manual receipts issued out of sequence, skipped in sequence, or altered instead of voided.
- **Petty Cash/Change Fund:** Management do not require staff to reconcile petty cash balance to the general ledger balance in Oracle, to maintain supporting document for reimbursing expense related to Fugitive and Imprest fund activities and to store money in safe area until picked up.
- **Food for Prisoner/Cook Chili:** Contract for the combined bid for frozen green beans, carrots, whole kernel corn, roasted tri-cut potatoes, onion, bell pepper, and tri-blend cauliflower, broccoli, and carrots was incorrectly awarded to second lowest bidder.

Repeat observations from Previous Audits:

- **Quartermaster - Tracing items to FileOnQ:** Quantities unaccounted for in FileonQ records or noted in a different location.
- **Special Fund:** Sheriff's department does not reconcile the 505 Special Fund Account.
- **Sheriff Sale and Commissions:** Calculations were based on the judgement amount instead of the bid amount, contained errors, and were not reviewed by management.
- **Manual Receipts:** Unofficial Dallas County Manual receipts in use. Manual receipt books could not be located in the Sheriff Department; customer receipts were missing from manual receipt books; and manual receipts were skipped in sequence but not voided.
- **Petty Cash/Change:** Management does not require staff to maintain complete accounting records enforce Sheriff policies and procedures, and require the segregation of accounting duties
- **Computer Receipts:** Deposits were not made consistent with LGC § 113.022. Cancelations and re-issued of receipts were not timely posted or reviewed and lack explanation. .

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 10/1/2018 through 9/30/2020.

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

Bondsman Power of Attorney

We reviewed all new insurance companies to verify a valid authority to issue insurance and general power of attorney are on file for the fiscal year under review and identified one company's single bond limit is overstated by \$250,000 in AIS.

Per the Code of Criminal Procedure Art. 17.07(a-b), any corporation authorized by the law of this State to act as a surety, shall before executing any bail bond as authorized in the preceding Article, first file in the office of the county clerk of the county where such bail bond is given, a power of attorney designating and authorizing the named agent, agents or attorney of such corporation to execute such bail bonds and thereafter the execution of such bail bonds by such agent, agents or attorney, shall be a valid and binding obligation of such corporation. A corporation may limit the authority of an agent designated under Subsection (a) by specifying the limitation in the power of attorney that is filed with the county clerk.

This clerical error occurred because bond limits are posted to AIS without management review and segregation of duties. As a result, Dallas County may not be able to recover costs for forfeited bonds in which a bondsman is over their limit.

Recommendation

Bondsman Power of Attorney

Management should make the following corrective actions:

- Review bondsman and surety account limits are accurate in AIS and agree to the authority to issue insurance and general power of attorney in compliance with (CCP) Article 17.07(a-b) when bond limits change.
- Ensure the duties of posting bond limits to AIS and reviewing bond limits are appropriately segregated and not performed by the same person. Require supervisory review to be documented with a signature and date.

Management Action Plan

- Finding is noted; it was a clerical error and was not reviewed by Section's Supervisor. Procedure is in place for supervisory review of power of attorney entries in bondsmen accounts.

Auditors Response

- None

Cash Count

We performed cash counts at various locations in the Sheriff's Department on 1/19/2021 thru 1/21/2021 and identified a \$10.00 cash shortage in the Fugitive Petty Cash Fund. **Status: On 1/22/2021 the**



department located and provided missing officer replenish requests to resolve the \$10 shortage.

Per Local Government Code (LGC) Sec. 114.043, the county auditor may require a county officer, or precinct officer to furnish monthly reports, annual reports, or other reports regarding any money, tax, or fee received, disbursed, or remaining on hand. In connection with those reports, the auditor may count the cash in the custody of the officer or verify the amount on deposit in the bank in which the officer has deposited the cash for safekeeping. Per 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. The replenish request was not documented on the Daily Petty Cash Form and it is not reviewed by management. Assets may be misappropriated, lost, or mismanaged without management oversight and review and when department procedures are not followed.

Recommendation

Cash Counts

Management should make the following corrective actions:

- Ensure replenish requests are collected and documented on the Fiscal clerk's Daily Petty Cash Form as cash transactions from Petty Cash occur.
- Review Daily Petty Cash Forms to ensure completed and signed by the clerk and for accuracy and completeness.

Management Action Plan

- Findings are noted and is now in compliance.

Auditors Response

None

Manual Receipts

We reviewed all manual receipt books issued to the various locations in the Sheriff's department for existence and all receipts issued to customers during the period of FY19-FY20 and identified:

- Six Unofficial Dallas County Manual Receipt books were used by Fiscal and the Sheriff Academy.
- Manual receipts were posted to CWR after three or more business days and QuickBooks between 19 to 269 business days.
- A total of 602 unused manual receipts appears missing from Civil, Writ and ID& Probation sections and Nine Receipts Books cannot be located from Bond Desk.
- Receipts that could not be compared to BusinessWorks records because the department did not maintain backups.



- Cash stored inside the manual receipt book, but not deposited.
- Manual receipts were written, but a computer receipt was not issued in CWR.
- Case numbers from manual receipts not posted to CWR.
- Payment types, amounts paid, and the payor's name from manual receipts did not agree to receipts posted to CWR.
- Manual receipts issued out of sequence; skipped in sequence, or altered instead of 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.
- Manual receipts amounts that were altered and re-written for less, rather than voiding the receipt.
- Manual receipt numbers were not referenced in QuickBooks.

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). 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. Receipts skipped in sequence should be marked "Void" with an explanation written on the receipt. Manual receipts should be reviewed by a supervisor for accuracy and completeness and to ensure receipts are timely posted. Manual receipts that cannot be issued to customers, due to error, should be marked "Void" with an explanation written on the receipt. Receipts amounts should not be altered, but properly voided and all voided copies retained. 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.

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 use of unofficial receipts issued to customers increases the risk that assets may be misappropriated.

Recommendation

Manual Receipts

Management should make the following corrective actions:

- Stop the use of unofficial manual receipts, confiscate any remaining books, and destroy any unused books to prevent further use.
- Ensure receipts are not skipped in sequence or issued with errors, but labeled "void" with an explanation and all receipt carbon copies intact. Void receipts rather than altering the amount on a receipt.
- Review all voided manual receipts for errors and omissions.



- Ensure the amount, tender type, case number, transaction date, and payer and other manual receipt details are complete and accurately posted to CWR or Quickbooks in compliance with LGC Sec. 113.022(a).
- 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.

Management Action Plan

- Findings are noted and are now in compliance.

Auditors Response

- None

Sheriff Sales and Commissions

We reviewed a total of 60 executions and order of sales, writ collections, and commission calculations between fiscal year 2019 and 2020 for compliance with Commissioner's Court approved rates and identified:

- 21 Sheriff commissions were over collected, totaling \$6,984.67 due to using a wrong commission calculation amount.
- 16 Sheriff commissions were under collected, totaling \$1,211.26 due to using a wrong commission calculation amount.

According to Dallas County court orders 2017-1151 "Commission calculations should include judgment, interest, and attorney fees collected while excluding any court costs." Tax Code, Sec.

34.02.ADISTRIBUTION OF PROCEEDS. (a) The proceeds of a tax sale under Section 33.94 or 34.01 shall be applied in the order prescribed by Subsection (b). The amount included under each subdivision of Subsection (b) must be fully paid before any of the proceeds may be applied to the amount included under a subsequent subdivision. (b) The proceeds shall be applied to: (1) the costs of advertising the tax sale; (2) any fees ordered by the judgment to be paid to an appointed attorney ad litem; (3) the original court costs payable to the clerk of the court; (4) the fees and commissions payable to the officer conducting the sale; (5) the expenses incurred by a taxing unit in determining necessary parties and in procuring necessary legal descriptions of the property if those expenses were awarded to the taxing unit by the judgment under Section 33.48(a)(4); (6) the taxes, penalties, interest, and attorney's fees that are due under the judgment; and (7) any other amount awarded to a taxing unit under the judgment. (c) If the proceeds are not sufficient to pay the total amount included under any subdivision of Subsection (b), each participant in the amount included under that subdivision is entitled to a share of the proceeds in an amount equal to the proportion its entitlement bears to the total amount included under that subdivision. (d) The officer conducting a sale under Section 33.94 or 34.01 shall pay any excess proceeds after payment of all amounts due all participants in the sale as specified by Subsection (b) to the clerk of the court issuing the warrant or order of sale. (e) In this section, "taxes"



includes a charge, fee, or expense that is expressly authorized by Section 32.06 or 32.065. According to Dallas County Assistant District Attorney opinion, commissions should not be assessed for service of tax warrants unless a sale occurs in accordance with Tax Code, Section 33.25(f). These errors occurred because commission calculations were based on the judgement amount when the bid amount was lower, contained errors, and were not reviewed by management before the fiscal clerk distributes checks. Additionally, the Fiscal Section is not sufficiently staffed with personnel who possess an accounting degree or accounting experience, which increases the potential for future risk exposures. The Sheriff's department may not be distributing and or collecting proceeds in compliance with tax code 34.02c.

Recommendation

Sheriff Sales and Commissions

Management should make the following corrective actions:

- Review commission calculations for accuracy, completeness, and in compliance with the Tax Code 34.02 before distributing checks.
- 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.
- Include post-judgement credits on the Notice of Sheriff Sale and ensure credits are supported by payment records.
- Sufficiently staff the Fiscal section with personnel who possess an accounting degree and have accounting experience to ensure thorough review of Sheriff sales and commission calculations.

Management Action Plan

- Recommendations are noted and are now in compliance

Auditors Response

- None

Computer Receipts

We reviewed computer receipts issued, voided and batches deposited during audit period at various locations in the Sheriff's Department and revealed:

- Computer receipts were cancelled one to four days after the original receipt was created.
- Receipts were re-issued one to three days after the original receipt was canceled.
- Deposits were received by the Sheriff's Department, but not deposited with the Treasurer's Office within five business days.
- Transactions were posted without a reset number, but not canceled.



- Receipts were voided outside of business hours of 8:00AM to 4:30PM.
- Receipts were canceled without referencing the re-issued receipt number in the explanation.
- Receipts were canceled by the same person who issued the receipt.
- Department's responses to the Internal Control Questionnaire and observations show management does not review all voided computer and manual receipts; and that Bond Admin clerks are allowed to collect funds, receipt, prepare deposit and approve CWR receipts without segregation of duties or management's review.

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 during normal business hours 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 the re-issued receipt number in the explanation. A lack of segregation of duties and management review increase the risk that assets can be misappropriated. Non-compliance with LGC § 113.022 results in untimely deposits.

Recommendation

Computer Receipt Voids

Management should make the following corrective actions:

- Review and approve cancellations to ensure errors and omissions are timely detected.
- Ensure receipting duties are appropriately segregated and that cancellations are not completed by the same person posting receipts.
- 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 and during the department's business hours.

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

Management Action Plan

- Recommendations are noted and are now in compliance.

Auditors Response

- None

Petty Cash Funds

We reviewed petty cash withdrawals, replenishments, reimbursements, available logs, and made fieldwork observations for the Fugitive Petty Cash, Vault Petty Cash, and Imprest Fund and identified:



- Fugitive and Imprest Petty Cash not reconciled to Oracle or reviewed by management.
- One clerk distributes fugitive funds to deputies, maintains documentation, prepares reimbursements, and stores money until picked up without segregation of duties.
- Fugitive reimbursement requests were without a receipt copy; and fugitive and Imprest requests were without expense description, and date.
- Vault change order forms, fugitive officer's travel expense worksheets, and Imprest Cash Expense Reports were without signatures and dates.
- Vault cash drawer reimbursements totaling \$2,361.59 were not recorded on the Transaction Log and receipt tapes that accompany the Vault's Change Order Form were missing.
- The Imprest Petty Cash SOP is not consistent with the department's current procedure for documenting purchase of information or evidence. **Status: The SOP is being revised.**
- One Request for Payment was not provided for a \$5,000 replenishment check.

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. Per Chapter 17 Control and Use of Confidential (Imprest Fund) Section, the Intelligence Section will maintain the documentation of these funds for review by the Auditor's Office with an expenditure description and signature of the officer.

Management did 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 establish segregation of accounting duties. Without management review and oversight errors and omissions may not be detected and the risk that assets may be misappropriated increases. A lack of segregation of duties increases the risk that loss, theft, or misappropriation of money may not be detected. Missing records, transactions, reconciliations, authorizations, and signatures is a liability that leaves the County vulnerable to theft, loss, and misappropriation of assets.

Recommendation

Management Recommendation

Management should implement procedures to:



- 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.
- 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.
- 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

- Recommendations are noted and are now in compliance.

Auditors Response

- None

Personal Recognizance Bonds

We reviewed 40 Personal Recognizance (PR) Bonds and identified:

- The department does not maintain copies of Personal Recognizance Bonds when they are transferred to the court with the defendant; instead they depend on the courts scanning and uploading them to Onbase.
- Eleven Personal Recognizance Bonds are either missing the Defendant's information and/or not signed by a deputy.
- Seven Personal Recognizance Bonds do not have any documentation of the bond being signed by the Judge or the Defendant.

In accordance with the Code of Criminal procedure (CCP) Article 17.04 a PR Bond shall contain the defendant's identifying information, sworn oath, and signature. Per the Sheriff's Department Bond SOP, clerks are instructed to keep copies of PR Bond and waiver of book-in arraignments signed by judges brought to the bond desk. PR Bonds are processed:

- When the Bond Desk receives a Pre-Trial Release Bond Fee Waiver Request signed by a manager. The defendant will sign both the Surety and Principal so mark it accordingly before sending it to the DMU Release area.



- While in custody, the defendant post the PR bond in court on a filed case, the Court sends a Disposition to the Jail to release the defendant. The PR bond is entered on AIA and a release is printed which is brought to the DMU Release department.
- If a defendant is in DSO jail on a non-filed case and a PR bond is signed and granted by a judge, the PR bond is brought to the Bond Desk by an Attorney for processing. The PR bond is entered on AIS and a release is printed which is brought to the DMU Release department.
- If the PR bond requires the defendant's signature, the PR bonds along with the release are both brought to the release department.
- On out of County charges, if the agency require only a PR bond on their charge and is specified on their teletype, take a bond on their charge as PR bond and release the defendant. Keep a copy of the teletype from the DMU release with our records.

Due to COVID-19 restrictions, management agreed to receive PR Bonds and Docket sheets, Pass slips, etc. which needed the defendant's signatures be transmitted to electronic media to the Bond Desk and then from Bond Desk to the jail location folders created for this purpose. Once the Jail receives a PR Bond, they print that out and get the signature of the defendant and send it to DMU Release section for scanning into the G drive.

The Sheriff Department did not adhere to the Bond Section SOP and CCP 17.04 by obtaining requisite signatures. The department does not maintain copies of PR Bonds transferred to the court. This creates documentation gaps and may result in the release of defendant's without a complete PR record.

Recommendation

Personal Recognizance Bonds

Management should make the following corrective actions:

- Retain Personal Recognizance Bonds and waiver of book-in arraignments paperwork, including scanning to the G Drive consistent with the Bond Section's SOP.
- Comply with PR Bond requirements specified in CCP Article 17.
- Review documents and ensure the required signatures are obtained.

Management Action Plan

- Recommendations are noted; bond desk employees do get required signatures before they send bonds to DMU to release; due to covid and courts were all closed, a temporary set up was agreed upon by DSO with courts to process PR bonds through bond desk; otherwise these process were done by Court and paper work go to DMU.

Auditors Response

- None



Food for Prisoners

We reviewed vendor bids and bid valuations for a sample of 30 grocery contracts awarded by Sheriff Cook Chill buyers and identified the contract for the combined bid for frozen green beans, carrots, whole kernel corn, roasted tri-cut potatoes, onion, bell pepper, and tri-blend cauliflower, broccoli, and carrots was incorrectly awarded to second lowest bidder. On 5/5/2021 we counted the inventory on hand for a sample of 21 bulk products, compared them against Cook Chill's inventory records and identified a difference of 427 total items.

Per Dallas County Sheriff's Department General Orders, the Food Services Section will be responsible for the ordering, storing, and inventory of all food and preparing all food in the Dallas County Detention System. 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. As a best practice management should maintain accurate and complete inventory records by reducing counts as quantities are consumed, adding quantities purchased, and performing periodic inventory counts. Inventory adjustments should be evidenced, approved, and actively supervised by management. Per Local Government Code (LGC), § 262.024(d), counties shall award food purchase contracts to the responsible bidder who submits the lowest and best bid or shall reject all bids and repeat the bidding process, as provided by this subsection.

Cook Chill did not update its inventory records as items were removed and added to inventory, including bulk food items. The department did not update their spreadsheet to properly calculate combined bids. The department awarded a contract to a bid that was not the lowest resulting in higher expenses. The department cannot accurately reflect the amount of goods it has on hand which increases the risk of excess spending, loss, or misappropriation of inventory.

Recommendation

Food for Prisoners

Management should make the following corrective actions:

- Maintain accurate and complete inventory records by reducing counts as quantities are consumed and adding quantities purchased to comply with the 2019 Dallas County Sheriff's Department General Orders.
- Discourage the undocumented removal of items from inventory.
- Conduct routine inventory counts, reviewed by management, to ensure existence of items against inventory reports in compliance with Dallas County policy 90-373.
- Ensure inventory adjustments are documented and approved by management.
- Award food purchase contracts to the responsible bidder who submits the lowest and best bid per LGC, § 262.024(d).



Management Action Plan

- Individual was counseled on the importance and possible consequences of errors and was advised to pay particular attention that all prices are rounded to the same number of decimal places on bid evaluations and that they are double checked by another staff member for accuracy.
- The warehouse and kitchen staff will receive additional training on the importance of inventories and inventory procedures.
- Individual was counseled on the importance of being meticulous and thorough and not making typographical errors. The Auditor's Office should formally advise if changes should be made to the NSLP report.
- Individual was counseled on the importance of checking the gsa.gov website to obtain the current mileage cost."

Auditors Response

- None

Bail Bond - Cash Receipt Voids

We reviewed 30 voided cash bond receipts and 15 \$0 voided bonds posted to the Adult Information System (AIS) during FY2019 and FY2020 and identified:

- 13 bonds were voided by the same person who issued the original receipt (V191093001; K190289101; TS190008501; V204094190; V205627390; V205900200; K190062401; V181066900; Z194188990; V167054201; V191227900; V201861002; V204114990).
- Eight physical copies of voided bonds were not retained (Z197622700; A190305000; K190289101; TS190008501; V203741500; V173452801; Z187208800; V195235601).
- Eight voided bonds were not reviewed and authorized by a supervisor (Z195352791; V184015202; V191718490; V205070000; V205449800; V207509000; V173452801; Z194542901).
- One bond was entered twice; however, it was not voided for 51 days (Z194094700).
- One cash bond for \$500 was voided, but the inmate was released without posting the replacement recognizance bond to AIS (V205449800).

The department's voiding procedure is to label receipts "Void", document a reason for voiding, ensure all receipt copies are retained, and obtain management review and approval when voiding receipts. 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. As a best practice management should periodically review AIS reports to detect inconsistencies with the department's procedures. Receipts should not be voided by the same person who posted the original receipt. The department did not follow its voiding procedures and voided bonds without segregation of duties



and management oversight. This increases the risk of potential losses, present opportunities for misappropriation of assets, inaccuracies, and risk of a delay in the detection of errors.

Recommendation

Bail Bond - Cash Receipt Voids

Management should make the following corrective actions:

- Require an authorized supervisor to approve voided transactions.
- Follow the department's receipting procedures for voiding transactions.
- Label computer receipts "Void" with a written explanation, and retain records of voided 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.
- Segregate the preparation and approval for voiding transactions in AIS to ensure the same person does not perform both functions.

Management Action Plan

- Findings and recommendations are noted; bond desk is a 24/7 operation; 3 shifts and each shift has a supervisor and a lead clerk; one of them are supposed to be in each shift but due to special circumstances, they both may be off from shift; all clerks work there are clerk IVs, grade 8s; they are assigned to void a receipt if supervisor and lead clerk are not available; most likely that employee requests for another grade 8 clerk to void receipt(s).

Auditors Response

- None

Internal Control Questionnaire

We reviewed the responses to the Internal Control Questionnaire (ICQ) and noted:

- The department has not indicated whether QuickBooks is backed up on its server.
- Bond and Fax fee payments posted in QuickBooks are not reconciled to the general ledger and accounts receivable aging reports are not reviewed to ensure invoices are paid timely.
- Building access is not changed (rekeyed) when a person is no longer employed in the Estray department. Per inquiry, the Estray Section is unsure which former or current employees may have key access.

As a best practice, locks and key code security access should be changed when an employee is terminated or transfers out of the department. Keys and access cards should be collected from



terminated employees. Per Dallas County Sheriff's Department General Orders Chapter 2.5, The Financial Services Unit is responsible for:

- Performing billing functions for the Sheriff's Department.
- Managing the Sheriff's Department's financial operations.

Auditing all Department receipts and any fiscal, cash, or credit transactions

Maintaining an appropriation accounting system for all department budgetary transactions.

Administering the bail bond monies account and processing all requests for legal disbursement of same.

Maintaining a record of all accounts over which the Sheriff's Department has control.

Management does not review bond and fax fee accounts receivable and ensure Quickbook entries agree to the general ledger, which increases the likelihood of errors, omissions, and uncollected invoices to go undetected. The department has not contacted the Facilities Department to change Estray's locks. As a result, individuals who should not be in possession of a key would have physical access to assets at the Estray.

Recommendation

Internal Control Questionnaire

Management should make the following corrective actions:

- Contact the Facilities Department to rekey access doors to Estray and to change the locks when employees are terminated.
- Discuss and determine with the IT Department whether QuickBooks is backed up. Provide Audit with a response.
- Ensure that all payments posted in QuickBooks are reconciled to the County's General Ledger.
- Review all accounts receivable aging reports to contact parties with outstanding balances and ensure that all invoices are timely paid.



Management Action Plan

Recommendations are noted. Facilities usually is contacted to rekey for an area from where an employee leaves especially from area where one or two only staff members work. IT has confirmed that back up of Quick Book is done every day. Month end bond fee AR reports are regularly sent to Auditor's Office. Bond Admin staff usually contacts customers for collection if those are delayed to collect. On the other hand, bond admin office holds all vendors' reasonable security amount to cover their monthly bond fee, so technically, customers are in compliance of bond fee payment in time even if they delay to pay their monthly bond fee.

Auditors Response

- None

Property and Evidence

We reviewed property and evidence room items by observing processes and controls, vouching for existence, and tracing for accuracy. We identified the following:

- Firearms owned by Dallas County are unlabeled and stored in the same room with firearms held in evidence.

Drugs pending destruction are not stored away from the active evidence.

- The Property and Evidence Room does not have an alarm system in place.
- 1193 District Clerk evidence items still remain in the custody of the Sheriff Property and Evidence Room.
 - Three District Clerk items were not updated in FileOnQ upon destruction.
 - One District Clerk item was label differently than recorded in FileOnQ, however, it was located on a shelf labeled "To Be Destroyed".

Per the Dallas County Sheriff's Department General Orders, the Property Control Unit will be responsible to receive, store, account and issue property/evidence for the Dallas County Sheriff's Department and other agencies as authorized. The Property and Evidence Section SOP states "Facility security will be reviewed. Alarms will be checked to ensure they are in working condition." According to the International Association of Property and Evidence, Inc. IAPE Standards, computer software should provide the ability to track and manage evidence and property inventories, and maintain the chain of custody to ensure system integrity (IAPE Standard 4.2). As a best practice, inventory software should be consistently updated to document the current location of each item. Storage areas should be secured, alarmed and monitored on a 24-hour basis. Separate rooms that contain high-profile items, such as firearms, drugs and money should be provided with enhanced security, including alarms (IAPE Standard 8.7). Items such as firearms and drugs should be stored separately from general evidence items and those pending destruction, in a location with enhanced security. Firearm evidence should not



be commingled with any other property types (IAPE Standard 11.4). The department did not store and organize some evidence items consistent with the IAPE Standards, and the party responsible for the disposition or relocation of the District Clerk items has not yet been determined. As a result, evidence may be misplaced, overlooked, lost, misappropriated, mistakenly destroyed. It is possible these risks can affect the outcome of pending court cases.

Recommendation

Property and Evidence

Management should make the following corrective actions:

- Timely update FileOnQ as evidence is placed within the Property and Evidence Room, moved to other locations, or destroyed consistent with the Dallas County Sheriff's Department's General Orders.
- Ensure FileOnQ evidence records are accurate and complete to effectively track and manage inventories.
- Conduct routine site inspections of the Property and Evidence Room, led by management or unit commander, to timely manage: storage space capacity, usage, and efficiency; missing evidence; and training of Property Officers.
- Store active evidence separately from items pending destruction.
- Store firearms, money, drugs, and high risk items in distinct storage locations with enhanced security.
- Properly separate and label Dallas County owned property from evidence items.
- Consider installing alarms on rooms that store firearms, drugs, money, and high risk items.
- Work with the District Clerk to obtain a District Attorney opinion to determine the party responsible for the disposition of evidence from the District Clerk, currently in the custody of the Sheriff.

Management Action Plan

- Timely updates will be made on FileOnQ.
- Routine site inspections will be made by management.
- Evidence will be stored separately from items pending destruction.
- Dallas County Property will be stored separately from evidence.
- The property manager will look into the appropriation of an updated functioning alarm system.
- A meeting will be held with District Clerk's property manager to update, itemize, and document the property maintained for them.

Auditors Response

- None



Quartermaster Inventory

We compared a list of terminated employees to FileOnQ and identified 66 terminated employees are shown to be in possession of 1,667 total items issued by the Quartermaster in FileonQ. We also compared the counts of 56 item types in the Quartermaster Storeroom to FileOnQ and determined the following quantities were unaccounted for in FileonQ records:

- A difference of 159 total items counted compared to FileOnQ records.
- Two items were located in a different location than recorded in FileonQ.
- Two items were located in the inventory but were not recorded in FileonQ.

Per the Quartermaster's Standard Operating Procedure (SOP) Manual - 2018, "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 must account for every uniform and equipment issued to an employee, by maintaining proper records of all issue, 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 Quarter Master Store. Upon an employee separation, the Quartermaster is responsible for conducting a uniform audit of the employee Quarter Master Store file. The Quartermaster utilizes Cycle Inventory Management, an inventory management approach in which part of the inventory is checked every day."

Management did not enforce the department to follow the Quartermaster's Standard Operating Procedures. As a result, FileonQ records are inaccurate and incomplete and individuals may be in possession of Dallas County property that was not returned upon termination.

Recommendation

Quartermaster Inventory

Management should make the following corrective actions:

- Remove the 1,667 total items issued to terminated employees in FileOnQ
- Update the counts for the 24 items with known differences in FileOnQ.
- Add the two items in inventory to FileOnQ.
- Update the location for two items in FileonQ.

Perform routine inventory counts, per the Quartermaster's Standard Operating Procedure (SOP) Manual - 2018, to ensure items counts agree to FileOnQ inventory records. Inventory results should be reviewed by management.



Document all property in FileOnQ inventory system and include the type, model, serial number of each item, and the identity of each assignee.

Maintain accurate and complete records of all issues, trade-outs and returned uniforms and equipment.

Ensure all county issued uniforms and equipment are returned to the Quarter Master Store when an employee ends their employment with the Sheriff's Department, and that the Quartermaster conducts a uniform audit of the employee Quarter Master Store file.

Management Action Plan

- In January 2022, we will begin implementing the recommendations made in the audit report. We will start with a full inventory and move towards eliminating the unofficial county accounting programs. Improper inventory item will be corrected. A separation of duties plan and new accounting plan on purchases will be instituted along with periodic management reviews.

Auditors Response

- None

Special Fund Reconciliation

The department does not reconcile the Sheriff Special Fund 505. **Status: On 12/15/2020, the Auditor's office offered Special Fund guidance, but it was not accommodated.**

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 (JPAS, case jackets, and bank statement) 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).

The Fiscal Section is not sufficiently staffed with personnel who possess an accounting degree or accounting experience, which increases the potential for future risk exposures. As a result, the department may not be compliant with (LGC) 113.008, and Property Codes §72 and §76.

Recommendation

Special Fund Reconciliation

Management should make the following corrective actions:



- Reconcile the Special Fund (505) balances and transactions to the Sheriff's records monthly in compliance with LGC 113.008.
- Escheat inactive balances to the County Treasurer or the State of Texas in compliance with Code, §72 and §76.
- Ensure that the completed reconciliation is reviewed by the CFO or Fiscal Manager.
- Sufficiently staff the Fiscal section with personnel who possess an accounting degree and have accounting experience.

Management Action Plan

- Recommendations are noted. Fiscal Section has not been staffed enough for years to reconcile special fund. An Accountant's position is approved and is now in the process of interview and placement and will take over the special fund (505) to perform monthly reconciliation that will then be reviewed by Chief Financial officer.

Auditors Response

- None

Quartermaster Observations

We made the following observations during a walkthrough on June 2, 2021:

- There is no segregation of duties for purchasing, approving and recording uniforms.
- Inventory valuation cannot be determined because purchases are recorded to QuickBooks but not FileonQ Inventory System. QuickBooks is not reconciled to FileonQ or Oracle.
- The length of time items stay on the shelves and inventory turnover is not tracked. Items in stock had tags dated July 2018 and February 2019.
- Two different methods are used to issue items into FileonQ: Items issued to deputies without item sizes; Items issued to the Storeroom with the Brand, size, and color.
- There is no video surveillance to monitor the quartermaster storeroom.
- Destroyed uniforms are not tracked or removed from FileonQ "in stock". This resulted in an inflated 108,003 items on hand.
- FileonQ records include personal purchases, recorded the same as Dallas County property.

Per the Quartermaster's Standard Operating Procedure (SOP) Manual - 2018, "The components of the FileOnQ inventory management procedure were developed to facilitate good business practices, improve internal controls, and establish accountability. The Quartermaster analyzes past expenditures, expected needs, and future cost projections in order to develop detailed input into equipment budget development; and monitors performance against plan during the entire budget cycle, recommending adjustments as necessary to achieve a desired balance at the end of the cycle." 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 Dallas County Sheriff's Department General Orders Chapter 2.5, the Financial Services Unit is



responsible for managing the Sheriff's Department's financial operations; 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; perform purchasing activities and ensure the legitimacy of all expenditures; and maintaining an appropriation accounting system for all department budgetary transactions. As a best practice the authorization or approval of assets, custody of assets, recording of transactions, and reconciliation of accounts should be appropriately segregated so no one person performs all functions.

The department is not sufficiently staffed with personnel to manage the inventory, order items, approve requisitions, perform accounting functions, manage records, perform inventories, manage item disposition, and service uniforms to deputies with segregation of duties and management review. FileOnQ inventory configuration, processes, and records were set up without technical assistance and management oversight. There is a duplication of efforts as invoices are posted to both Quickbooks and Oracle and items for inventory are posted to both QuickBooks and FileOnQ. Errors, inaccuracies, and omissions that may result increases the risk of losses, inability to track inventory, inability to determine inventory valuation, inability to determine make management decisions based on key performance measures, or determine the age of inventory in the Storeroom and how often it is cycled. Individuals may also be in possession of Dallas County property that was not returned upon termination.

Recommendation

Quartermaster Observations

Management should make the following corrective actions:

- Perform an inventory count of all items in the Quartermaster Storeroom and update the 108,003 items with location "Instock QM" with the actual quantities in FileOnQ.
- Utilize Oracle, Dallas County's official accounting system, to record quantities and a detail of items ordered rather than QuickBooks. Unique items should be itemized in Oracle for an appropriate audit trail.
- Record the price, date placed in service, purchase date, invoice number, and item size for all items in FileonQ.
- Create locations in FileOnQ that appropriately describe the location of inventory, to differentiate returned items sent to the cleaners, put back into inventory, or destroyed. Document in FileOnQ the reason and date items are removed from inventory or destroyed.
- Separate the duties of preparing purchases, approving purchases, maintaining custody of uniforms in the Storeroom, recording transactions, and reconciling accounts so no one person performs all functions.
- Ensure management reviews periodic inventories, adjustments made to FileOnQ, and purchase orders with appropriately signed uniform requests.



- Post inventory to FileonQ when received by the Quartermaster. The item location should be the Quartermaster storeroom until the item is retrieved by the deputy.
- Track how long items stay on the shelves and inventory turnover as a performance measure to manage inventory levels.
- Document personal purchases to ensure payment is timely received, but do not add to the inventory in FileonQ.
- Consider installing a surveillance system to monitor the Quartermaster Storeroom inventory and any high-valued items.

Management Action Plan

- None provided

Auditors Response

- N/A

Quartermaster Purchases

We reviewed 30 items from different invoices and identified:

- 22 invoices do not have documentation that they were approved by a manager or the CFO.
- 10 items were not entered into FileonQ Inventory system.
- Three purchases in which the Quartermaster could not locate the packing slip.
- Two purchases for hand sanitizer and computer ink were incorrectly coded as uniform expenses.
- One purchase in which the Quartermaster did not have the uniform authorization form.

Per the Quartermaster's Standard Operating Procedure (SOP) Manual - 2018, 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. 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 Dallas County Sheriff's Department General Orders Chapter 2.5, the Financial Services Unit is responsible for managing the Sheriff's Department's financial operations; approving all requisitions issued for expenditures authorized by the Sheriff or her designee upon the determination that the funds have been appropriated and are available for the prescribed expenditure; perform purchasing activities and ensure the legitimacy of all expenditures; and maintaining an appropriation accounting system for all department budgetary transactions. As a best practice the authorization or approval of assets, custody of assets, recording of transactions, and reconciliation of accounts should be appropriately segregated so no one person performs all functions.



Purchasing, invoice verification, item entry to FileOnQ, storing invoices and packing slips, and account coding are performed by the Quartermaster without supervisory review and segregation of duties. The process for invoice approval was changed by the previous CFO. A lack of segregation of duties and oversight resulted in errors and omissions and increases the risk of loss and opportunity that assets may be misappropriated.

Recommendation

Quartermaster Purchases

Management should make the following corrective actions:

- Post the 10 items to FileOnQ.
- Create a journal entry to recode the hand sanitizer and computer ink.
- Separate the duties of preparing purchases, approving purchases, maintaining custody of uniforms in the Storeroom, recording transactions, and reconciling accounts so no one person performs all functions.
- Ensure management reviews periodic inventories, adjustments made to FileOnQ, and purchase orders with appropriately signed uniform authorization request forms.
- Send invoices and packing slips to Accounts Payable for three-way matching on all uniform orders.

Management Action Plan

- None provided

Auditors Response

- N/A

cc: Darryl Martin, Commissioners Court Administrator