

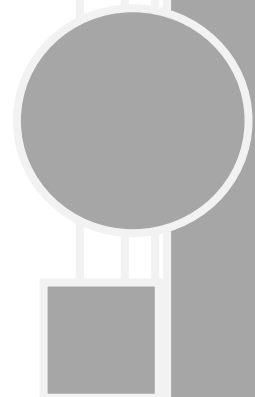


# AUDIT REPORT

DALLAS COUNTY

SHERIFF'S BOND AUDIT FOR FY2016 AND FY2017

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: August 09, 2018  
RELEASED: September 17, 2018



# SHERIFF'S BOND AUDIT FOR FY2016 AND FY2017

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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 "**Sheriff's Bond Audit for FY2016 and FY2017**" 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,

A handwritten signature in blue ink that reads "Darryl D. Thomas". The signature is written in a cursive, flowing style.

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 Bond section Audit for Fiscal Year 2016 and 2017. We have identified priority areas of risk which need consideration by management.

### **Summary of Significant Observations**

- 10 voided bonds were not reviewed by a Supervisor.
- 21 physical copies of voided bonds were not retained.
- Two receipts were not voided when the bond was voided
- Three cash bonds were voided after the new receipt was created (1 after 27 days, 1 after 5 days, 1 after 25 days.
- Payments received for re-arrest fees are incorrectly deposited as a credit to expense against Sheriff Fugitive Section business travel.
- As of September 30, 2017, we identified \$138,099.89 re-arrest fees billed to sureties that remain as outstanding receivables, with the oldest invoice dated 09/30/03 for \$1,271.33.

### **Repeat observations from Previous Audits:**

N/A

## 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, 2015 through September 30, 2017

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

### **Bail Bond - Cash Receipts**

We compared the total bond amount between the AIS Report and County-wide Receipting (CWR) Report and determined the timeliness of deposits by calculating the days difference in AIS receipt date and CWR receipt date and identified one AIS receipt was created to replace a \$15 AIS receipt but the original AIS receipt was not voided (**Status: Bond Desk voided the receipt on 5/14/18**).

We reviewed a random sample of 50 void bonds for differences in AIS between the original posting, void, and re-issued bond (if applicable) and identified: ten voided bonds were not reviewed by a Supervisor, one bond was voided because it was posted to the incorrect inmate, but the account number referenced in the void comments does not exist in AIS, 21 physical copies of voided bonds were not retained, one bond was voided to correct the bond amount, but the correction was not posted, 11 bonds were voided by the person who issued the original receipt, two receipts were not voided when the bond was voided (**Status: Receipts were voided on 6/1/18**), and three cash bonds were voided after the new receipt was created (1 after 27 days, 1 after 5 days, 1 after 25 days).

Receipts should be reviewed by assigned personnel to verify cash collected and accuracy of reports. Receipts should be properly voided by someone in a position of Supervisor or above, and by someone other than the person who generated the receipt and affixed with a reason for the void establishing a separation of duties over receipts. Receipts should be deposited properly and timely in accordance with Local Government Code § 113.022. A lack of written procedures and internal controls over receipts and deposits can lead to a loss or misappropriated assets.

### **Recommendation**

#### **Bail Bond - Cash Receipts**

Management should establish receipt and voiding procedures that ensure all void bonds are retained, clearly marked "void", and affixed with a reason for voiding. All void bonds should be approved by a supervisor prior to voiding and not voided by the same person who posted the original receipt and bond. Corrections to receipts and bonds should be posted the same day as the void and include accurate details of the bond and receipt in AIS. Additionally, the Supervisor should review transaction reports to ensure that voids are documented and not processed without prior supervisory approval. These procedures should be formally written in a manual and disseminated to staff.

### **Management Action Plan**

We agree with your recommendation and will establish and/or enforce the internal control practices for bond receipts and how to properly void with reason. The Standard Operating Procedures will be updated to reflect any procedural changes.

### **Auditors Response**

None

## **Bonds**

We reviewed all bonds in AIS posted between 10/01/2010 and 09/30/17 and identified: 598 discharged bonds have balances totaling \$27,538.40 that have not been disbursed to the applicable parties from Fund 502, bond disbursement over-payments totaling \$4,959.26 from Fund 502 and \$875 from Fund 504 were issued, \$1,000 disbursement posted to the incorrect case in AIS, one \$2,430 bond disbursement was paid to the incorrect payee (CK#502027195), one canceled check not canceled in AIS (CK#502029738), 411 bonds where a check was disbursed, but the bond was not discharged in AIS, one bond disbursed without a discharge date in AIS. Lack of oversight resulted in inaccurate data such as the available balance of the discharged bonds used to determine the amount returned to the payee and applied to court costs. **(Note: These issues are incorporated with District and County Clerk Audit)**

### **Recommendation**

#### **Bonds**

Management should review bond disbursements to ensure bonds are appropriately discharged and disbursed in AIS, and amounts disbursed correspond to the available balance and court orders.

### **Management Action Plan**

We agree with your recommendation. However, as stated in the finding, the District and County clerks drive the court order process of when a bond is to be discharged. While the Sheriff's Department Bond Section may establish a review procedure to assist in getting headway on the process, it will be highly dependent on the assistance from other departments. Management will approach and review any clerical data errors accordingly.

### **Auditors Response**

None

## **Bond Forfeiture and Executions**

We reviewed 262 bondsman accounts and identified: 17 bondsman accounts have executed bail bonds above their account limit and 31 bondsman accounts that are corporate sureties, are not marked with "No Limit" in AIS. Per the Occupations Code Title 10 § 1704.203(a) a license holder who holds a license originally issued before September 1, 1999, may not execute, and a person may not accept from the license holder, a bail bond that, in the aggregate with other bail bonds executed by the license holder in that county, results in a total that exceeds 10 times the value of the security deposited or executed by the license holder under Section 1704.160. In addition, Section 1704.203 (e) this section does not apply to a license holder that is a corporation. Per the Code of Criminal procedure Art. 17.07. (a) 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. (b) 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. These issues occurred due to clerical error and oversight and lack of supervisory review. As a result corporate sureties may be inappropriately limited from writing bonds, and Dallas County may not be able to recover costs for forfeited bonds when a bondsman is over their limit.

**Recommendation**

**Bond Forfeiture and Executions**

Management should implement controls to review bondsman and surety accounts and ensure accounts do not exceed their account limit. Management should review bond reports to ensure accounts are appropriately "cut-off." Changes to Bondsman and surety accounts should also be reviewed by management.

**Management Action Plan**

We agree with your recommendation. Controls will be implemented for reviewing the bondsman accounts and categorizing their writing power appropriately and/or revising as necessary based on judgments.

**Auditors Response**

None

**Re-Arrest fees**

We reviewed the re-arrest fees billed to sureties as of September 30, 2017 and identified \$138,099.89 in outstanding receivables, with the oldest invoice dated 09/30/03 for \$1,271.33. Payments received for re-arrest fees are incorrectly deposited as a credit to expense against Sheriff Fugitive Section business travel. Re-arrest fees should be assessed as authorized by Code of Criminal Procedures 17.08(6) which states, "The bond shall also be conditioned that the principal and sureties, if any, will pay all necessary and reasonable expenses incurred by any and all sheriffs or other peace officers in re-arresting the principal in the event he fails to appear before the court or magistrate named in the bond at the time stated therein," and Art. 22.13 (b) "A surety exonerated under Subdivision 5, Subsection (a), remains obligated to pay costs of court, any reasonable and necessary costs incurred by a county to secure the return of the principal." Re-arrest fees should be deposited as revenue consistent with General Accepted Accounting Procedures (GAAP). These issues occurred because re-arrest fees are not consistently tracked and a lack of management oversight over billing, collections, and receipting process. This could result in potential revenue loss (cost recovery) to Dallas County.

**Recommendation**

**Re-Arrest fees**

Management should actively provide oversight over the billing of re-arrest fees and collection of outstanding receivables. Management should ensure that re-arrest fee information is provided to the District Attorney's office for inclusion in a motion to the court prior to final bond forfeiture judgements. Management should ensure re-arrest fees are deposited as revenue.

**Management Action Plan**

We agree with your recommendation. An active plan to engage billing and collecting on receivables is needed and will be incorporated, as well as depositing as revenue accordingly.

**Auditors Response**

None



cc: Darryl Martin, Commissioners Court Administrator