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Honorable Marian Brown
Dallas County Sheriff
Dallas, Texas

RE: FINAL AUDIT REPORT Sheriff Department - FY2024

The Dallas County Auditor's Office Internal Audit Division performed procedures for the period October 1, 2023, through September 30, 2024.

The objectives of the engagement were to:

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

Overall Results

Inconsistent adherence to reporting requirements, department procedures, and internal controls related to cash and inventory management were identified. The department underreported recorded costs to the U.S. Department of Agriculture National Food Program by \$135,278. Two petty cash replenishments totaling \$1,060 were made payable to an employee using a non-County bank account, bypassing standard procedures. Inventory discrepancies included mismatched quantities, mislabeled items, and items assigned to terminated employees. The special fund account was not reconciled, and an attorney was able to continue issuing bonds despite being placed on a cut-off list of attorneys/bondsmen not authorized to issue bonds.

We appreciate the cooperation of the department and the staff during our review. 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,

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ISSUED: 10/15/2025
RELEASED: NOVEMBER 6, 2025

REPORTABLE FINDINGS

ISS.25-SHF-32.01-01 National School Lunch Program:

A review of Cook Chill's Monthly Cost Data reports for the National School Lunch Program (NSLP) was performed. The cost reported by the department was \$135,278 less than the amounts recorded to the general ledger. The Juvenile meal count recorded for April 2024 was 394 less than the actual count.

On March 25, 2025, a physical count of the inventory on hand was performed for a random sample of 23 bulk items selected from Cook Chill's inventory records. Six bulk food items were not updated in Cook Chill's records as items were removed and added.

Suggested Actions

- Comply with Professional Standards 3310 set by the US Department of Agriculture.
- Review costs on the National School Lunch Program to minimize clerical errors prior to reporting to the state and federal agencies.
- Conduct routine inventory counts and reviews by management to ensure accurate and complete inventory reports.
- Ensure inventory adjustments are documented and approved by management.

Management Action Plan

- Report (Salaries and Groceries cost): Regarding the discrepancy noted between salaries and groceries cost, the difference arose due to the use of two different reports. These reports differ because they reflect data from different sources and timelines; they may not always align due to the timing when the report is generated. To mitigate this, we implemented a new process where reports will be requested at least one month after the period to ensure that data is final and consistent.
- Report (Utility Bills): Recently, we implemented the auditor recommendation of adopting a clearer and more consistent approach to ensure better consistency in reporting utility costs.
- Meal Counts: We have implemented additional checks and procedures to ensure that the meal count is updated accurately each month.
- Inventory Accuracy: We rely on a monthly manual count periodic inventory system for reporting and accounting purposes. This system is accurate and serves as the primary tool for financial reporting. However, for operational purposes, we also use a "running" inventory, which is updated on a daily basis to track stock levels. Given the resource limitations, maintaining a fully accurate perpetual inventory in real-time is not feasible.

Auditor's Response

None

REPORTABLE FINDINGS

ISS.25-SHF-32.01-02 Quartermaster:

A review of a random sample of uniform inventory from the Sheriff's Quartermaster FileOnQ inventory system compared to the physical inventory on hand was performed. For 47 uniform items, there were variances between the quantities recorded in the FileOnQ inventory system and the quantity of items physically on hand in the Quartermaster storeroom. Additionally, 17 items had barcode or label mismatches, and six items were located in a different area than was recorded in the FileOnQ inventory system. Sixty-two terminated employees were still listed in the FileOnQ inventory system as having custody of 570 issued items.

Suggested Actions

- Maintain accurate and complete records of all purchases, issued inventory, trade-out, and returned uniforms and equipment in the FileOnQ inventory system. This includes the location, quantity, type, model, serial number of each item, and the identity of each assignee.
- Recover all items issued to terminated employees in the FileOnQ inventory system.
- Ensure all County issued uniforms and equipment are returned to the Quartermaster when an employee ends their employment.
- Perform routine inventory counts and reconcile item counts to the FileOnQ inventory system.

Management Action Plan

The quartermaster just moved to a new location and the actual physical inventory of items is being recorded. The quartermaster staff is still working on establishing a new count for each item. The department has collected uniforms from several ex-terminated employees and is currently keeping up with numbers and proper procedures are in place to make them to return uniforms.

Auditor's Response

None

ISS.25-SHF-32.01-03 Commissions:

A sample review of commission calculations for 20 sales and 20 non-sale collections revealed two commissions were over-calculated for an amount totaling \$753.

Suggested Actions

- Issue refunds for excess commission collections.
- Review commission calculations for accuracy, completeness, and compliance with Tax Code Section 34.02 prior to distributing funds.

REPORTABLE FINDINGS

- Include the judgment amount, interest, attorney fees, the approved commission percentages, and hourly rates as authorized by Commissioners Court in commission calculations.

Management Action Plan

Commissions were calculated correctly per civil/writ section. Audit staff did not spend time discussing the calculation method with the right personnel in the section.

Auditor's Response

For the two non-sale transactions, a partial collection was received. In these cases, the commission amount needs to be recalculated based on the amount collected rather than the total judgment amount.

ISS.25-SHF-32.01-04 Special Fund:

A review of all special fund activities identified that the department has not reconciled the special fund account since fiscal year 2023; the last fiscal year reconciled was 2019. Additionally, funds eligible to be escheated to the County Treasurer or the Texas State Comptroller has not been identified and distributed.

Suggested Actions

- Reconcile the special fund balances and transactions to the official's records in compliance with Local Government Code § 113.008.
- Ensure that the completed reconciliation is reviewed by the CFO or fiscal manager.
- Routinely escheat inactive balances to the County Treasurer or the State of Texas in accordance with Property Code § 72 and § 76.

Management Action Plan

Additional assistance is required for our senior accountant to reconcile the special fund.

Auditor's Response

None

ISS.25-SHF-32.01-05 Bail Bonds Review:

A sample review of bond activity during fiscal year 2024 was performed which identified seven (28%) cash bonds that were voided by the same person who issued the original receipt. Additionally, one attorney was placed on the October 11, 2021 cut-off list of attorneys/bondsmen not authorized to issue bonds, but continued to issue until being formally reinstated on May 15, 2024.

Suggested Actions

REPORTABLE FINDINGS

- Segregate the preparation and approval for voiding transactions in AIS to ensure the same person does not perform both functions.
- Review documents and ensure the required signatures are obtained.
- Conduct regular reviews to ensure timely restriction of ineligible bondsman/attorneys on the cutoff list.

Management Action Plan

- No Management Action Plan was provided.
- The Bond Desk section is 24/7/365 days with tight staffing. Supervision is not always available there. All staff members at the bond desk are at grade 8 level. Processes have been reviewed, and instructions were sent to not void a bond by the same person who processes it. There are several variables that affect the voiding of a bond. System glitches are one of the main issues that freezes the PC, and the employees cannot move forward without voiding the transaction. Customers may be waiting at the window to get a bond processed. Getting another senior clerk to void the bond is impractical because that employee needs to log in to the system to do so. Again, bond clerks were advised to get assistance from another clerk to void a bond if that happens.
- The attorney posting bonds after his name was on the cut off list was due to a clerical mistake. This attorney was on cut off due to unpaid judgment from another county. They notified bond admin staff that he paid the judgement cost there and they took him off from cut off status but left the name on the cut list on paper. The mistake was clerical and proper instructions were given to staff.

Auditor's Response

None

ISS.25-SHF-32.01-06 Education Fund (LEOSE) Review:

A review of the Sheriff's Education Fund expenditures, reimbursements, issued and voided checks, and reconciliations for compliance identified that education funds received from the Texas Comptroller of Public Accounts were deposited into a non-County bank account, controlled solely by the department. Additionally, the review/approval of the account reconciliation for September 2024 and renewal letters for two certificates of deposit totaling \$171,015 was not evidenced by management signature; and one travel-related expenditure was not briefed to the Commissioners Court.

Suggested Actions

- Adhere to Attorney General Opinion GA-0869 by coordinating with the County Treasurer to establish a new account for Education Funds within the County depository bank.

REPORTABLE FINDINGS

- Ensure travel-related expenditures are briefed to the Commissioners' Court prior to date of travel.
- Review Educational Fund bank statements and reconciliations to ensure accounts and transactions are accurate and complete.

Management Action Plan

- No management action plan was provided.
- All bank accounts managed by DSO are reviewed by Chief Financial Officer (CFO) each month. Finding no CFO's signature on a CD statement doesn't mean that the account was not reviewed by the CFO. The CFO constantly reviews all bank accounts regardless of the period to review.
- Missing item to brief was a clerical mistake and that happened at the end of a fiscal year where courts were not available. The clerk overlooked the item to send to brief after the court was opened for briefing. Proper documents were attached to the request and payment.

Auditor's Response

None

ISS.25-SHF-32.01-07 Petty Cash Funds:

A review of all Fugitive petty cash withdrawals, replenishments, reimbursements, and available logs for fiscal year 2024 revealed two replenishment checks totaling \$1,060 were made payable to an employee, the custodian of the Petty Cash fund. The department is using a non-County bank account that allows them to make the replenishment check payable to an individual and not the department.

Suggested Actions

- Ensure replenishment checks are made payable to the Sheriff's Department or Petty Cash fund.

Management Action Plan

- Petty cash checks were issued to employee names because Bank of America declined to cash check that was issued to Dallas Sheriff department and Petty Cash. The department has no other choices to cash the petty cash checks.

Auditor's Response

None

cc: Darryl Martin, County Administrator

REPORTABLE FINDINGS