



**THE COUNTY OF GALVESTON**  
COUNTY AUDITOR'S OFFICE  
P.O. Box 1418  
GALVESTON, TEXAS 77553

**County Auditor**  
**Randall Rice CPA**  
CITP CISA CIO CBM DABFA CGMA

**Ron Chapa CPA**  
First Assistant, Director of Auditing

**Jeff Modzelewski CPA**  
First Assistant, Director of Accounting

January 6, 2015

Honorable Judge Mark A. Henry and  
Members of the Commissioners' Court

Honorable Judge and Members of the Court:

Attached for your consideration is the internal audit report of the Sheriff's Office Commissary and Inmate Property. The audit covered the period March 1, 2013 through May 31, 2014. Also attached is the response letter from Honorable Sheriff Trochesset, dated December 12, 2014.

Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA  
County Auditor

cc: Honorable Sheriff Trochesset

Attachment: Sheriff's Office Commissary and Inmate Property Audit Report  
Response Letter, Sheriff Henry Trochesset



*Henry A. Trochesset*  
Sheriff  
Galveston County

December 12, 2014

Mr. Randall Rice, CPA  
County Auditor

Re: FY 2014 Commissary and Inmate Property Audit Reports

Mr. Rice,

I have received and reviewed the FY 2014 Internal Audit Reports for our Commissary and Inmate Property accounts. I am quite pleased that you found the accounts in order.

I am appreciative of your staff's time dedicated to auditing these accounts, assuring us our processes are sound and our responsibilities for managing these funds are appropriately met.

As always, should you need additional information or wish to discuss these audits further, you may contact me at x2301.

Respectfully,

A handwritten signature in black ink that reads "Henry Trochesset". The signature is written in a cursive style.

Henry Trochesset  
Sheriff

*To Protect and Serve*

601 54TH STREET • SUITE 2100 • GALVESTON, TEXAS 77551 • PHONE 409 766 2300

# Introduction

The Internal Audit Division conducted an internal audit of the Sheriff's Office Commissary Account as required by Local Government Code (LGC) §351.0415 and Government Code (GC) § 511.016. The internal audit covered the period from March 1, 2013 through May 31, 2014. The audit was performed from June 27, 2014 through August 13, 2014.

The primary objectives of the internal audit are to provide reasonable assurance concerning:

- Reliability and integrity of the information.
- Safeguarding of assets.
- Compliance with laws, regulations, contracts, policies, plans, and procedures.

The scope of the internal audit encompassed the financial records and administrative procedures related to the Sheriff's Office Commissary. The internal audit included, but was not limited to, the books, accounts, reports, and records of the Sheriff's Office Commissary and Trinity Services I, LLC.

The internal audit included examining transactions on a test basis, and required exercising judgment in the selection of such tests. As the internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the internal audit. The official therefore retains the responsibility for the accuracy and completeness of the financial information.

Because of certain statutory duties required of the County Auditor, we are not independent with regard to the Galveston County Sheriff's Office as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care. A copy of this report will be submitted to the Texas Commission on Jail Standards pursuant to Texas Administrative Code (TAC), Title 37, Part 9, Rule § 291.3 (4).

Yun Yap, Internal Auditor III, performed the audit.

## Reliability and Integrity of Information

Reliable information is accurate, timely, complete, and useful. In order to achieve this, controls over record keeping and reporting must be adequate and effective.

One of the most important controls is to have proper separation of duties. No one person should authorize a transaction, record the transaction, and have custody of the assets. The office has instituted procedures to separate the custody of the assets from the recording and authorization functions. The office has an effective separation of duties.

### Commissary Sales

The County signed a contract with **Trinity Services I, LLC** as the new vendor to operate the commissary. Trinity began their operations on May 7, 2014. Inmates make commissary orders by filling in and signing a bubble sheet. This authorizes the commissary vendor to fill the order and deduct the purchase from the inmate's trust account. The bubble sheet is scanned into the vendor's computer system generating an invoice. The purchase is deducted from the inmate's trust account, managed in the Sheriff's Jail Management System (JMS) through batch processing. Upon the delivery of the commissary goods, the vendor will issue credits to the inmate's trust account for the items not received by the inmates.

**Finding:** Credits for commissary goods not received in May, June, July and August 2014 by the inmates were not recorded in JMS.

**Recommendation SOC-14-01:** The Sheriff's Office is aware of the finding and is working to correct it.

**Finding:** Trinity has not provided support for postage sales or phone card sales since they took over the commissary operations in May.

**Recommendation SOC-14-02:** The Sheriff's Office should request support documents for postage and phone card sales before paying the invoices.

**Finding:** Due to interface problems between Trinity and JMS, Trinity invoices for May, June, July and August 2014 have not been paid by the Sheriff's Office.

**Recommendation SOC-14-03:** Internal audit performed a reconciliation of the invoices and is awaiting corrections and support documents so the invoices can be paid.

### Commissary Disbursements

The disbursements from the proceeds of the Commissary sales require management approval and two signatures on the checks. Invoices should be matched to receiving reports to ensure goods paid for were received.

All invoices reviewed were stamped paid and had support documentation available.

## **Safeguarding of Assets**

Assets must be safeguarded from various types of losses such as those resulting from theft, fire, improper or illegal activities, and exposure to elements.

### **Management of Collections**

Commissary operations do not involve any currency transactions. The sales are recorded and charged through a direct computer interface. Funds are transferred from the Inmate Trust Account to the Commissary Account by check at the end of each month.

Bank reconciliations, properly prepared and adequately supported, are the best methods of cash management available to an official.

The Inmate Accountant performs and documents bank reconciliations on the Commissary Account on a monthly basis.

# Compliance with Statutes, Policies, and Procedures

The primary statute governing the Commissary Operations by a Sheriff or Private Vendor, LGC §351.0415, vests exclusive control of the Commissary funds with the Sheriff. The County Auditor is to audit the Commissary Account yearly and submit a copy of the report to the Texas Commission on Jail Standards. Two basic requirements in this statute exist concerning these operations:

- Sheriff may contract with a private vendor (renewable every five years) to run the Commissary.
- Proceeds from the sales are used for the benefit of the inmates. The statute lists five general areas in which proceeds may be used that are considered for the benefit of the inmates.

The County signed a contract with **Trinity Services I, LLC** as the new vendor to operate the commissary. Trinity began their operations on May 7, 2014. All expenditures tested were in compliance with LGC §351.0415.

In addition, Texas Administrative Code §291.3 states each facility shall have and implement a written plan, approved by the commission, governing the availability and use of an inmate commissary, which allows for the purchase of hygiene items and sundries.

The Sheriff's Office gives each inmate a handbook at booking explaining jail rules. Commissary purchases are described in this handbook. Detailed directions on how and when commissary purchases can be made are posted in the inmates' pods.



# Sheriff's Office Inmate Property Account

**August 13, 2014**

Galveston County  
Internal Audit  
Division

Randall Rice CPA  
CITP CISA CIO CBM DABFA CGMA  
County Auditor

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# Executive Summary

## **Reliability and Integrity of Information (page 3)**

- Due to interface problems between Trinity and JMS, funds for purchases have not been transferred to the commissary account for May, June, July and August 2014. Internal audit performed a reconciliation of the invoices and is awaiting corrections and support documents so the transfers can be performed.
- Due to interface problems between Trinity and JMS, an incorrect amount was disbursed to some inmates upon release. The SO and Trinity are aware of this issue and are working together to find a solution.

## **Safeguarding of Assets (page 4)**

- Adequate controls in physical security of the assets are in place.
- Money orders are deposited in the bank twice a week.
- Sheriff's Office can meet its liability to the inmates.

## **Compliance with Statutes, Policies, and Procedures (page 5)**

- Nothing came to our attention concerning non-compliance of statutes, policies, or procedures.

# Introduction

The Internal Audit Division conducted an internal audit of the Sheriff's Office Inmate Property Account as required by Local Government Code (LGC) §351.0415 and Government Code (GC) §511.016. The internal audit covered the period from March 1, 2013 through May 31, 2014. The audit was performed from June 27, 2014 through August 13, 2014.

The primary objectives of the internal audit are to provide reasonable assurance concerning:

- Reliability and integrity of the information.
- Safeguarding of assets.
- Compliance with laws, regulations, contracts, policies, plans, and procedures.

The scope of the internal audit encompassed the financial records and administrative procedures related to the Sheriff's Office Inmate Property Account. The internal audit included, but was not limited to, the books, accounts, reports, and records of the Sheriff's Office Inmate Property Account.

The internal audit included examining transactions on a test basis, and required exercising judgment in the selection of such tests. As the internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the internal audit. The official therefore retains the responsibility for the accuracy and completeness of the financial information.

Because of certain statutory duties required of the County Auditor, we are not independent with regard to the Galveston County Sheriff's Office as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care. A copy of this report will be submitted to the Texas Commission on Jail Standards pursuant to Texas Administrative Code (TAC), Title 37, Part 9, Rule § 291.3 (4).

Yun Yap, Internal Auditor III, performed the audit.

## Reliability and Integrity of Information

Reliable information is accurate, timely, complete, and useful. In order to achieve this, controls over record keeping and reporting must be adequate and effective. One of the most important controls is to have proper separation of duties. No one person should authorize a transaction, record the transaction, and have custody of the assets.

A proper separation of duties is difficult to establish as the Inmate Accountant is solely responsible for overseeing the inmate property accounts. As a compensating control, the Sheriff's Office recently installed a kiosk in the jail visitation center which can be used by the inmate's family or friends to deposit money into an inmate's account with a credit card. This service is available onsite or online. The only form of payment accepted through the mail is money orders, which are electronically deposited.

Deposits made through the kiosk and online are administered by Global Tel\*Link Corporation (GTL). GTL electronically deposits the funds into the Inmate Trust Account (ACH account). In addition, the Inmate Accountant records money orders into the Jail Management System (JMS).

Commissary purchases are deducted from the inmate's account via a direct computer interface between JMS and Trinity's (the new commissary vendor) record keeping system. At the end of each month, a check is written to the Commissary Account to pay for all purchases.

**Finding:** Due to interface problems between Trinity and JMS, funds for purchases have not been transferred to the commissary account for May, June, July and August 2014.

**Recommendation SOI-14-01:** Internal audit performed a reconciliation of the invoices and is awaiting corrections and support documents so the transfers can be performed.

**Finding:** Due to interface problems between Trinity and JMS, an incorrect amount was disbursed to some inmates upon release.

**Recommendation SOI-14-02:** The SO and Trinity are aware of this issue and are working together to find a solution.

# Safeguarding of Assets

Assets must be safeguarded from various types of losses such as those resulting from theft, fire, improper or illegal activities, and exposure to elements.

## **Minimizing Exposure to Loss**

Daily depositing is one of the best methods of minimizing exposure to loss. Monies mailed to the Sheriff's Office for an inmate must be in the form of a money order and are electronically deposited to the bank twice a week. Monies received during booking are deposited at the end of each week.

## **Management of Collections**

A bank reconciliation, properly prepared and adequately supported, is one of the best methods of cash management available to an official. Currently the Sheriff's Office is performing monthly bank reconciliations but is not reconciling the Jail Management System (JMS) with the bank. The software capabilities of JMS do not allow the user to obtain an account balance for a previous date, preventing them from performing a typical 4-column proof of cash. As an alternative, the internal auditor ran a JMS inmate account balance report and determined that Sheriff Trochesset's Inmate Property account can meet its liability to the inmates.

## **Compliance with Statutes, Policies, and Procedures**

As part of the audit, the auditor evaluated the adequacy and effectiveness of the internal controls regarding the compliance with laws, regulations, contracts, policies, and procedures.

Nothing came to our attention concerning non-compliance with any statutes, policies, or procedures.