



Sheriff's Office Inmate Property

May 2, 2013

Galveston County
Internal Audit
Division

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CITP CISA CIO CBM DABFA CGMA
County Auditor

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Executive Summary

Reliability and Integrity of Information (page 3)

- Controls over the record keeping and recording are adequate and effective. The information is reliable.

Safeguarding of Assets (page 4)

- The Sheriff's Office is using a 4-column proof of cash but is not reconciling the Jail Management System (JMS) with the bank; therefore, they could not determine if they had sufficient funds to meet their liability to the inmates. As a result, the internal auditor performed a proof of cash which determined the 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 January 1, 2012 through February 28, 2013. The audit was performed from December 6, 2012 through May 2, 2013. The delay in issuing this audit report is due to other assignments performed during this audit.

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

- The reliability and integrity of the information.
- The 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, dockets, 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).

Lori McWhirter, 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. An inmate trust account is established when an inmate is booked into the County jail and he or she has any cash or a check from another agency. The deputies in booking use a sophisticated coin and currency counter to count the inmate's money. The inmate signs a receipt acknowledging the amount is correct. At the end of the shift, all collections are placed into a safe. The Inmate Property Accountant picks up the money each weekday and prepares the collections for depositing.

An inmate's family or friends can send money orders to the jail to add to the inmate's account. Only money orders are accepted for these payments. Inmates can use the monies in their accounts to make purchases from the Commissary. The Commissary vendor receipts the mail-in payments into the Jail Management System (JMS).

The money orders are deposited electronically to the bank by the Inmate Property Accountant. The Inmate Property Accountant also handles all questions and complaints concerning inmates' accounts. This provides a level of assurance the money orders mailed in are properly recorded and processed in a timely manner. Commissary purchases are deducted from an inmate's account via a direct computer interface between the Commissary vendor's system and JMS. At the end of each month, a check is written to the Commissary Account to pay for all purchases.

Controls over the record keeping and recording are adequate and effective. The information is reliable.

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.

Physical Security

Physical security encompasses any method to physically secure the collections from loss. Monies seized from an individual during booking are secured in a safe until picked up by the Inmate Property Accountant for deposit.

Minimizing Exposure to Loss

Daily depositing is one of the best methods of minimizing exposure of monies to loss. Monies mailed to the Sheriff's Office for an inmate must be in the form of a money order and are electronically scanned to the bank on a daily basis. 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 on February 28, 2013. The report balance was compared to the Inmate Property bank account balance. It was determined that Sheriff Poor'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.



HENRY TROCHESSET
Sheriff
Galveston County

August 19, 2013

TO: Mr. Randall Rice, CPA
County Auditor

RE: FY 2013 Commissary and Inmate Property Audit Reports

Mr. Rice:

I have received and reviewed the FY 2013 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.

A handwritten signature in cursive script that reads "Henry Trochesset".

Henry Trochesset
Sheriff

XC: Susan Hernandez, Inmate Accountant (file)

To Protect and Serve