

# GALVESTON COUNTY



## Office of County Auditor

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December 6, 2016

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

Honorable Mark A. Henry and Members of the Court:

Attached for your consideration are the internal audit reports of the Sheriff's Office Commissary and Inmate Property accounts. The audits covered the period of September 1, 2015 through August 31, 2016. Also attached is the response letter from Sheriff Trochesset dated November 10, 2016.

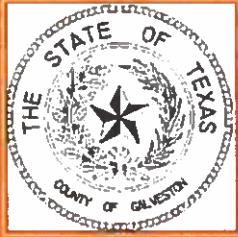
Sincerely,

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

Randall Rice CPA  
County Auditor

cc: Henry Trochesset, Galveston County Sheriff

Attachment: Sheriff's Office Commissary Audit Report  
Sheriff's Office Inmate Property Audit Report  
Response Letter to Commissary & Inmate Property Audits, Henry Trochesset, Galveston County Sheriff



# Sheriff's Office Commissary Account

October 28, 2016

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)

- Disbursements were properly authorized, supported and recorded.
- Commissary sales were properly authorized, supported, valued and recorded.

## Safeguarding of Assets (page 4)

- Bank reconciliations were accurate, complete and timely.

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

- The Sheriff's Office commissary operation is in compliance with Texas Administrative Code § 291.3 and Local Government Code § 351.0415.

# Introduction

The Internal Audit Division conducted an internal audit of the Sheriff's Office Commissary Account in accordance with Local Government Code (LGC) § 351.0415 and Government Code (GC) § 511.016. The internal audit covered the period from September 1, 2015 through August 31, 2016. The audit was performed from September 19, 2016 through October 28, 2016.

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 Account. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Sheriff's Office Commissary Account, Trinity Services Group, Inc. and Global Tel\*Link Corporation.

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).

Jordan Guss, Information Systems Audit Team Lead, 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 and Phone Time Sales

Inmates make commissary orders by selecting items (including phone time) from the kiosk located in the pod using their unique ID number. This authorizes the commissary vendor, Trinity Services Group, Inc. (Trinity), to fill the order and deduct the purchase from the inmate's trust account, managed in the Sheriff's Jail Management System (JMS) through a direct batch interface. Upon delivery of the goods, the vendor will issue credits to the inmate's trust account for items not received by the inmates.

Trinity presents invoices for the regular commissary sales (less applicable commission) to the jail's Inmate Accountant in the Sheriff's Office for payment. Global Tel\*Link Corporation (GTL) presents invoices for the phone sales purchased through commissary by the inmates for payment. Once the Inmate Accountant verifies the invoices are accurate, the appropriate amounts are transferred from the inmate trust account to the commissary account and checks are written to each vendor.

No material discrepancies were noted in the review of commissary or phone time sales.

## Phone Commission

The Sheriff's Office receives commission from GTL (the provider of the phone service) on the usage of phone time for debit calls made by the inmates based on a contractually agreed upon rate.

No material discrepancies were noted in the review of commission for debit calls.

## 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 before they are paid. Receiving reports that are accurate help ensure that goods paid for were received.

No issues were noted during the review of commissary disbursements.

## **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 one of the best methods of cash management available to an official.

No discrepancies were noted in the review of bank reconciliations.

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

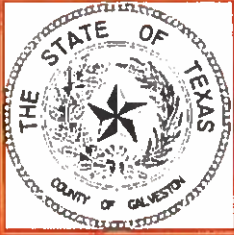
The primary statute governing the commissary operations by a sheriff or private vendor, LGC § 351.0415, vests exclusive control of the commissary funds with the sheriff. The County Auditor is to audit the commissary account yearly and submit a copy of the report to the Texas Commission on Jail Standards.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

- 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.
- Sheriff may contract with a private vendor (renewable every five years) to run the commissary.

The Sheriff's Office has a contractual agreement with Trinity through March 31, 2017. 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 inmate pods.



# Sheriff's Office Inmate Property Account

**October 31, 2016**

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)

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

## Safeguarding of Assets (page 4)

- Adequate controls in physical security of assets are in place.
- 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 in accordance with Local Government Code (LGC) § 351.0415 and Government Code (GC) § 511.016. The internal audit covered the period from September 1, 2015 through August 31, 2016. The audit was performed from September 19, 2016 through October 31, 2016.

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, 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.

Jordan Guss, Information Systems Audit Team Lead, 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 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 Accountant picks up the money each weekday and prepares the collections for deposit.

An inmate's family or friends can send money orders to the jail to add to the inmate's account by mail. Inmates can use the monies in their account to make purchases from the commissary. The Inmate Accountant receipts the mail-in payments into the Jail Management System (JMS). The money orders are deposited electronically in the bank by the Inmate Accountant.

An inmate's family or friends can also deposit money into an inmate's account with a credit card using the kiosk in the jail visitation center, online or over the phone. Deposits made through the kiosk, online or by phone are administered by Global Tel\*Link Corporation (GTL). GTL electronically deposits the funds into the inmate trust account (ACH account).

The Inmate Accountant handles all questions and complaints concerning inmates' accounts. This provides a level of assurance the deposits made into inmates' accounts 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 (Canteen Manager) 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 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.

## **Management of Collections**

Bank reconciliations, properly prepared and adequately supported, are one of the best methods of cash management available to an official. The Inmate Accountant is performing monthly bank reconciliations, but due to the software capabilities of JMS not allowing the user to obtain an account balance for a previous date, the internal auditor could not perform a typical 4-column proof of cash to verify the accuracy of the reconciliation. As an alternative, the internal auditor compared the JMS inmate account balance report to the inmate property bank account balance as of October 31, 2016. It was 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.



*Henry A. Trochesset*  
*Sheriff*  
*Galveston County*

November 10, 2016

Randall Rice CPA  
Galveston County Auditor  
P.O. Box 1418  
Galveston, TX 77553

Re: Galveston County Sheriff's Office FY 2016 Audits for Commissary and Inmate Property accounts

Dear Mr. Rice:

I have reviewed your draft report of the FY 2016 Commissary and Inmate Property accounts and concur with the observations therein.

My staff and I, as always, welcome the assistance and guidance of your staff and office. In the last year, our offices have worked closely together to reconcile the accounts in order to comply with all of the requirements of the entities involved. We will continue to maintain the accounts in a timely, thorough and efficient manner.

Should you need any further information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Henry Trochesset".

Henry Trochesset  
Sheriff, Galveston County

*To Protect and Serve*