



TARRANT COUNTY

TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
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kmbuchanan@tarrantcounty.com

February 7, 2023

The Honorable Sheriff Bill Waybourn
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Commissary Operations, FY2021

SUMMARY

In accordance with the Texas Local Government Code Section 351.0415, "*Commissary Operation by Sheriff or Private Vendor*", the Auditor's Office examined the Tarrant County Sheriff's Office commissary operations for FY2021. Specifically, we reviewed general ledger receipt and disbursement accounts as shown on the attached financial statements and found the commissary accounts fairly represent the Sheriff's Office commissary operations as of September 30, 2021. However, our review was limited in scope since we could not determine whether commissions related to tablet services were remitted to the County in accordance with the agreement.

The Sheriff's commissary vendor, Keefe Commissary Network (Keefe), exclusively supports KeepTrak, including system updates, security access, data storage, back up, and disaster recovery. As part of the audit, we tested financial controls over the inmate banking system, including segregation of duties. We continue to observe that financial and system controls are not always adequate. Our observations and recommendations are described below. We also discussed less significant matters with staff during our review.

OBSERVATIONS AND RECOMMENDATIONS

1. *Procedures related to the oversight of system roles and permissions do not exist.* Since our audit of FY2018, we have reported that standardized procedures to periodically review access permissions were not in place. Additionally, an audit trail report is not readily available to review for adjustments or inappropriate activity. Furthermore, documentation that adequately defines all actions allowed for each role and permission does not exist. As a result, a risk exists that errors or fraud could go undetected.

Recommendations: As previously recommended, the Sheriff's Office should implement standardized procedures whereby a system administrator performs a periodic review of access

permissions and verify that the permissions align with the user's current job duties. We also recommend management request the vendor to provide documentation that describes all actions allowed for each role and permission. Furthermore, management should request the vendor to provide a report that lists all adjustments made by staff. This report should be reviewed at least monthly, and the review documented.

2. *The commissary vendor did not remit payments to the County in accordance with the contract.* Since our audit of FY2018, we have reported that procedures related to the timely remittance of payments by the vendor were not always adequate. Furthermore, there was not a process in place to invoice the vendor for late fees associated with payments received after the contractual due date. During FY2021, we observed the following:

- Six of the 12 guaranteed commission payments of \$135,000 were remitted to the County late. The payments were between 4 and 9 days late.
- Ten of 12 supplemental commissions averaging approximately \$92,000 per month were remitted to the County late. The payments were between 1 and 25 days late.
- Seven of 12 tablet commissions averaging approximately \$34,000 were late. The payments were between 2 and 44 days late.
- Four of 12 revenue sharing payments averaging approximately \$5,900 were late. The payments were between 1 and 7 days late.

In accordance with the contract terms in place at the time of our audit, the vendor should be subject to late fees totaling \$7,802.05.

Recommendations: As previously recommended, the Sheriff's staff should ensure that:

- a) Keefe remits sufficient detail related to tablet sales to determine that the commission remitted is in accordance with terms of the agreement and inmates were correctly charged for services.
 - b) Keefe remits all commissions by the 15th of the subsequent month and invoiced for late fees for FY18 through FY21.
 - c) Comprehensive operating procedures for monitoring the timeliness of commissions owed to the County, including any invoicing of late payment penalties are developed and documented.
3. *Controls over commissary inventory are not adequate.* Since FY2014, we have reported that controls over inventory are lacking. As of September 30, 2021, commissary inventory totaled approximately \$114,200. During our review, we selected 15 items recorded in the Sheriff's commissary inventory and observed that 5 out of the 15 items did not match the quantities recorded in SAP. Documentation supporting the chain of custody for inventory transferred to and received by the jail locations does not exist. Since there is no documented standardized procedures or independent management oversight of inventory, a risk for theft and loss exists. Specifically, inventory items can be easily stolen and recorded in SAP as an expense.

Recommendations: As previously recommended, inventory transferred to jails should be clearly documented by a material order. At least weekly, material orders should be entered into SAP. The warehouse manager should also implement procedures to document the transfer and receipt of inventory. We also recommend that management document procedures related to inventory

purchased with commissary funds. Furthermore, these procedures should also include periodically testing the inventory balances recorded in SAP by management other than the warehouse manager.

BACKGROUND

Texas Local Government Code Section 351.0415 requires that the auditor verify the accuracy of the jail commissary accounts and report the findings to the Commissioners Court. Texas Government Code Chapter 511 requires that the auditor provide a copy of the audit to the Commission on Jail Standards no later than the 10th day upon completion of the audit.

The Local Government Code also states that the Sheriff or his designee shall accept new bids for commissary suppliers every five years. The Commissioners Court approved Keefe Commissary Network (Keefe) as the primary vendor. The term of the contract was October 1, 2017, through September 30, 2018, and allows for four additional 12-month terms. After our audit but before issuance of this report, the new contract was awarded on September 20, 2022. Keefe maintains commissary item stock, operates the point of sale of commissary goods and hosts the trust accounting software, KeepTrak. Additionally, Keefe subcontracts inmate tablet services to Telmate and receives online inmate account deposits through its subsidiary company Access Corrections.

CLOSING REMARKS

We appreciate the assistance and cooperation of the Sheriff's Office staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachments: Commissary Operations – Summary of Cash Receipts and Disbursements, FY2021
Management Response from Sheriff Waybourn
Letter to Texas Commission on Jail Standards

Distribution: Jennifer D. Gabbert, Chief of Staff
Charles A. Eckert, Executive Chief Deputy, Confinement
Donnie Denton, Captain

**TARRANT COUNTY SHERIFF'S OFFICE
COMMISSARY OPERATIONS
SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDING SEPTEMBER 30, 2021**

Beginning Fund Balance, October 1, 2020	4,395,841
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Receipts:

Interest Income	6,269	
Commissary Income	3,480,025	
Auction Income	8	
		\$3,486,302
Total Receipts		

Disbursements:

Salaries & Benefits	\$1,455,516	
Supplies	49,295	
Jail Indigent Supplies	40,409	
Commissary Inventory Variance	3,134	
Postage	56	
Medical Supplies	1,794	
Bedding and Clothing	415,902	
Personal Hygiene	87,678	
Custodian Supplies	537,567	
Subscriptions	6,620	
On-Line Service	11,119	
Equipment Maintenance	9,742	
Laundry Services	185,495	
Data Transmission Line	2,999	
Non-Tracked Equipment	71,428	
Software Maintenance and Licenses	43,860	
Canine Expense	6,811	
Recreation	6,517	
Capital Outlay	99,000	
		\$3,034,942
Total Disbursements		

Receipts Over Disbursements	\$451,360
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Ending Fund Balance, September 30, 2021	4,847,201
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TARRANT COUNTY

OFFICE OF THE SHERIFF

BILL E. WAYBOURN

Bill Waybourn
Sheriff
O| 817.884.3099
F| 817.212.6987

Plaza Building
200 Taylor Street
Seventh Floor
Fort Worth, Texas 76196

February 3, 2023

To: Renee Tidwell, County Auditor
From: Sheriff Bill E. Waybourn

Subject: Commissary Operations FY 2021

The Tarrant County Sheriff's Office received the Auditor's 2021 Commissary Operations Audit Report on 2/25/2023. The report has been reviewed by myself and members of the Sheriff's Senior Staff.

I appreciate the time your team has put into this.

At Your Service,



Sheriff Bill E. Waybourn
Tarrant County Sheriff's Office



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February 7, 2023

Mr. Brandon Wood, Executive Director
Texas Commission on Jail Standards
P.O. Box 12985
Austin, Texas 78711-2985

Re: Commissary and Jail Operations, FY2021

Dear Mr. Wood:

In accordance with the Texas Local Government Code Section 351.0415, *Commissary Operation by Sheriff or Private Vendor*, we examined the Tarrant County Sheriff's Commissary Operations for the fiscal year ended September 30, 2021. As required by Texas Government Code, Chapter 511.016, *Commission on Jail Standards*, attached is a copy of the audit report dated January 20, 2023.

Since we have completed the FY2021 Annual Financial Report (AFR), also attached is the Jail Operations Summary of Revenues and Expenditures report. The amounts reported in the AFR have been audited by Tarrant County's independent auditors.

Sincerely,

S. Renee Tidwell, CPA
County Auditor

Attachments: Auditor's Report – Commissary Operations, FY2021
Commissary Operations, Summary of Receipts and Disbursements
Jail Operations, Summary of Revenues and Expenditures

Distribution: Bill Waybourn, Sheriff
Jennifer Gabbert, Chief of Staff
Charles Eckert, Executive Chief, Confinement
Donnie Denton, Captain

Audit Team: Matt Jones, Audit Manager
Kimberly Chiasson, Senior Internal Auditor

**TARRANT COUNTY SHERIFF'S OFFICE
JAIL OPERATIONS**

**Summary of Revenues and Expenditures
For the Fiscal Year Ended September 30, 2021**

Revenues:

Prisoner Care	\$ 35,720.00
Payphone Commission	1,030,000.00
Social Security Incentive	53,200.00
MHMR	4,931,342.37
LEOSE Education Funds	<u>-</u>

Total Revenues	\$ 6,050,262
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Expenditures:

Salaries & Benefits	56,636,199.52
Contracts	10,575,382.24
Buildings	8,692,307.79
Materials & Supplies	730,381.15
Capital	
Outlay	76,353.82
Court Costs	1,000.00
Travel-Education	13,253.75
Other-Vehicle Maint. and Fuel	<u>69,382.90</u>

Total Expenditures	\$ 76,794,261
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