

Upshur County Auditor
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January 9, 2017

Audit Report on Sheriff's Inmate Cash Bond and Fine Account

SUMMARY

Cash bonds and fines accepted on behalf of individuals incarcerated in the Upshur County Jail are deposited in to a separate checking account called the Upshur County Sheriff's Office Inmate Cash Bond and Fine Account. Checks are issued from this account to the various courts where defendants' cases are filed. As part of a routine exit audit of outgoing Sheriff Anthony Betterton, I reviewed the activity on this account for the period beginning October 1, 2010 and ending December 30, 2016. Specifically, I reviewed the overall process, traced account transactions, and tested internal controls.


OBJECTIVES

To describe the general process of acceptance of cash bonds and fines

To review transactional detail and verify accountability of current processes

To determine whether internal controls are sufficient to guard against loss, damage, or misappropriation

SO Inmate Cash Bond and Fine Acct Audit
January 2017

FILED
TERRI ROSS
COUNTY CLERK
2017 JAN 13 AM 11:06
UPSHUR COUNTY, TX.
BY 
DEPUTY

SCOPE

October 1, 2010 – December 30, 2016

BACKGROUND

Prior to July 2011, the county used First National Bank as the county depository. The account at First National was used for collecting civil service fees as well as cash bonds and fines. The Sheriff's Office would prepare a monthly report to show all fees collected and all checks issued to courts and other agencies, and write a check to the Treasurer's office for the remaining amount, plus any interest earned during the month.

When the First National Bank account was closed in August 2011, there was a bank balance of \$2,161.15. The bank reconciliation showed outstanding checks in the following amounts:

Check #	Payee	Amount
5430	Thomas Fogle	\$ 1
5437	JP3	\$ 423
5477	JP1	\$ 500
Total		\$ 924

These checks were voided and a closing withdrawal was made in the amount of \$2,161.15. Two cashier's checks were issued to disburse these funds. An amount of \$237.15 was paid to the Upshur County Treasurer for July 2011 fee collections and interest. The remaining \$1,924 was paid to the new Inmate Cash Bond and Fine account at Austin Bank, the current county depository. Replacement checks were issued from the new account to JP1 and JP3 for two of the three outstanding checks shown above, leaving a balance of \$1,001 "old funds" in the new account. I was unable to determine what the \$1,000 was for.

The new account at Austin Bank is used exclusively for cash bonds and fines. Interest was paid to the County at the end of each fiscal year, and all interest earned through August 2014 has been remitted to the Treasurer. Due to employee turnover in late 2014, the employee currently in charge of administering the account was unaware of this practice, and interest has been accumulating in the account since then. As of December 30, 2016, there is accumulated interest in the amount of \$58.60, less \$1 for overpayment of interest to the Treasurer in August 2014.

OBSERVATIONS

Review of General Process

When individuals are released from the Upshur County Jail with a cash bond disposition, or upon payment of fine, a receipt is issued from a paper receipt book. The books have sequentially numbered receipt forms. However, the jail is currently using multiple receipt books, so it is slightly difficult to ensure that all receipts issued are properly accounted for and deposited.

The jail forwards the money and a copy of the receipts to Deputy Lana Stracener, who prepares the deposit, and issues payments to the appropriate courts. Typically, checks are issued immediately after receipt and deposit of funds. The only exception is when a case has not been filed yet with a court. In this case, the Sheriff's office holds the bond money until a case is filed. Deputy Stracener regularly contacts the courts to determine whether a case has been filed.

When a check is issued, it is notated on a copy of the book-in report, with a copy of the original receipt included. Copies of these are sent to the County Auditor monthly with reconciled bank statements. The Sheriff's office does not maintain an electronic check register. The running balance is maintained only on the check stubs in the checkbook.

Bank reconciliations are performed monthly. Until recently, they have been performed incorrectly. Outstanding items were listed through the date reconciliation was prepared instead of using the statement date as the cutoff. Issue has already been resolved.

Reconciliation of Current Balance

As of December 30, 2016, the balance in the account as reflected on the bank statement was \$10,893.50. There were \$5,709.90 in outstanding checks, leaving a ledger balance of \$5,183.60.

The ledger balance consists of the following:

\$ 4,125.00	Cash bonds being held
\$ 57.60	Interest earned 9/2014 through 12/2016, less \$1 error
\$ 1.00	belonging to JT. Fogle for overpayment
\$ 1,000.00	unknown balance from old First National account
<u>\$ 5,183.60</u>	Total

Review of Internal Controls

Signature cards were reviewed to ensure only authorized individuals have signature authority on the account. It appears that the Sheriff's Office is diligent in keeping the bank signature cards up to date.

The employee that signs checks on the account also performs bank reconciliations. However, a supervisor is signing off on the reconciliation.

FINDINGS AND RECOMMENDATIONS

The jail is using at least 3 different receipt books to issue receipts. At a minimum, the jail should use one receipt book at a time for all cash bond and fine transactions, with sequentially pre-numbered receipts. The best solution would be for the jail to use the jail management software for recording receipts.

There is no checks and balances procedure in place to ensure all monies collected by the jail are forwarded to Deputy Stracener for proper distribution. Currently, this is contingent upon jail employees forwarding all of the information to Deputy Stracener. Jail releases for the month of July 2016 as indicated on the Net Data jail activity report were compared against deposits to the account. There were no discrepancies, and all cash bond and fine releases reflected a corresponding deposit. However, given the volume of bookings and releases, coupled with the around-the-clock nature of jail operations, it would be possible that money could be filed away in an inmate file and never forwarded to its proper destination. Jail administrators should implement a procedure for regular review and oversight of release reports to confirm that all releases with cash bond and or fine dispositions are in fact received by Deputy Stracener and deposited into the account.

The Sheriff's Office is still holding \$1,001 in funds from 2011. The \$1 should be paid to its rightful owner, or escheated in accordance with the Texas Property Code if he cannot be found. The \$1,000 unknown amount should be paid to the Upshur County Treasurer.

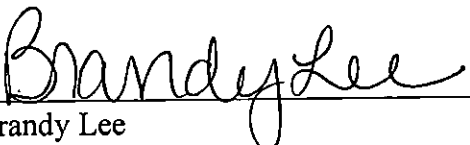
Interest has not been paid to the Treasurer since 2014. The amount of \$57.60 for interest earned from September 2014 through December 2016 should be paid to the Treasurer. Going forward, interest should be remitted to the Treasurer annually, at fiscal year end.

There was one check being held in the notebook that had not been deposited in to the account. This was a check issued from the Inmate Trust account for an inmate's cash bond. The check was made out to "Upshur County" and had not been sent to the Clerk yet because a case had not been filed. Checks issued from the Inmate Trust account for cash bonds should be made out to the Cash Bond & Fine account and deposited and held in that account, rather than a paper check being held for the Clerk awaiting case filing. This check should be deposited immediately.

Deputy Stracener is a signor on the account, and is solely responsible for administering the account, as well as reconciling the bank statement. This is a clear violation of the concept of segregation of duties. To eliminate even the slightest risk of the appearance of impropriety, the Sheriff's office should have another employee perform the monthly bank reconciliation.

CONCLUSION

Employees administering this account have made diligent efforts to ensure proper distribution of funds. Procedural changes recommended in this report will expand on their efforts and make future administration of this account easier and more accountable.

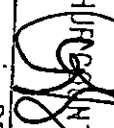


Brandy Lee
Upshur County Auditor

Results of this audit are being sent to:

Upshur County Sheriff's Office
Sheriff Larry Webb
Captain James Grunden
Deputy Lana Stracener

Upshur County Commissioner's Court
County Judge Dean Fowler
Commissioner Pct 1, Paula Gentry
Commissioner Pct 2, Don Gross
Commissioner Pct 3, Frank Berka
Commissioner Pct 4, Mike Spencer

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Audit Report on Sheriff's bail bond fee collections

SUMMARY

In accordance with Texas Government Code 103.027(2), each surety posting a bail bond for an offense other than a misdemeanor punishable by fine only under Chapter 17, Code of Criminal Procedure shall pay \$15, provided the cost does not exceed \$30 for all bail bonds posted at that time for an individual. The fee does not apply to personal or cash bonds.

OBJECTIVES

To describe the general process of acceptance of bail bond fees


To review transactional detail and verify accountability of current processes

To determine whether internal controls are sufficient to guard against loss, damage, or misappropriation

SCOPE

October 1, 2016 – December 31, 2016

SO Audit on Bail Bond Fee collections
January 2017

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OBSERVATIONS

Review of General Process

Jailers accept the \$15 bail bond fee and issue paper receipts. During this quarter, two receipt books were primarily used. There were a handful of receipts issued out of another book, or issued on copies of receipt book pages.

Reconciliation of Receipts to Deposits with Treasurer

The Sheriff's Office prepares a coversheet with each deposit to the Treasurer that shows the deposit date, the receipt numbers included in the report, total receipts, voided receipts, and total collected.

Copies of receipts are turned in to the Treasurer with the money and the report. Inspection of receipt books indicated that receipts issued totaled \$15 more than what was deposited with the County Treasurer. The \$15 collected on 12/28/16 on receipt # 159455 was never deposited. The receipt book shows that this was a money order accepted from Hightower Bail Bonds. According to Captain Grunden, the money order was accepted from the bail bond company without being filled out, and is most likely still at the jail, waiting on a signature and completion from the bondsman.

Review of Internal Controls

Cash is secured in a drop box and only authorized personnel has access.

Releases for the month of November 2016 were compared against receipts issued. There were 3 bond releases with no corresponding fee receipt. These were SO#s 31973, 46760, and 32451.

FINDINGS AND RECOMMENDATIONS

The jail is using multiple receipt books to issue receipts. At a minimum, the jail should use one receipt book at a time for all cash bond and fine transactions, with sequentially pre-numbered receipts. The best solution would be for the jail to use the jail management software for recording receipts.


Jail administrators should periodically compare release reports with receipts issued to ensure fees are being properly collected.

SO Audit on Bail Bond Fee collections
January 2017

Deposit reports should be reviewed and checked against the previous deposit report to ensure no receipts were skipped in between the two deposits.

CONCLUSION

The jailers have made diligent efforts to properly collect and record the bail bond fee. No major inconsistencies were discovered in this audit.

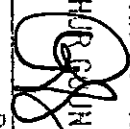


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