



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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04-15

April 19, 2022

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, Texas 79938

Dear Sheriff Wiles:

The County Auditor's Internal Audit division performed an audit of the El Paso County Sheriff's Jail Commissary to determine if internal controls are adequate to ensure proper statement of inmate accounts and proper preparation of Commissary Inmate Profit Fund financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested six financial controls with a total of 233 samples. There was one finding noted as a result of the audit procedures. We wish to thank the management and staff of the Sheriff's Office and Aramark for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

Edward A. Dion
County Auditor

EAD:PT:PH:ya

cc: Ms. Betsy Keller, Chief Administrator



**El Paso County Sheriff's Office
April 2020 to September 2021
Jail Commissary Audit
EXECUTIVE SUMMARY**

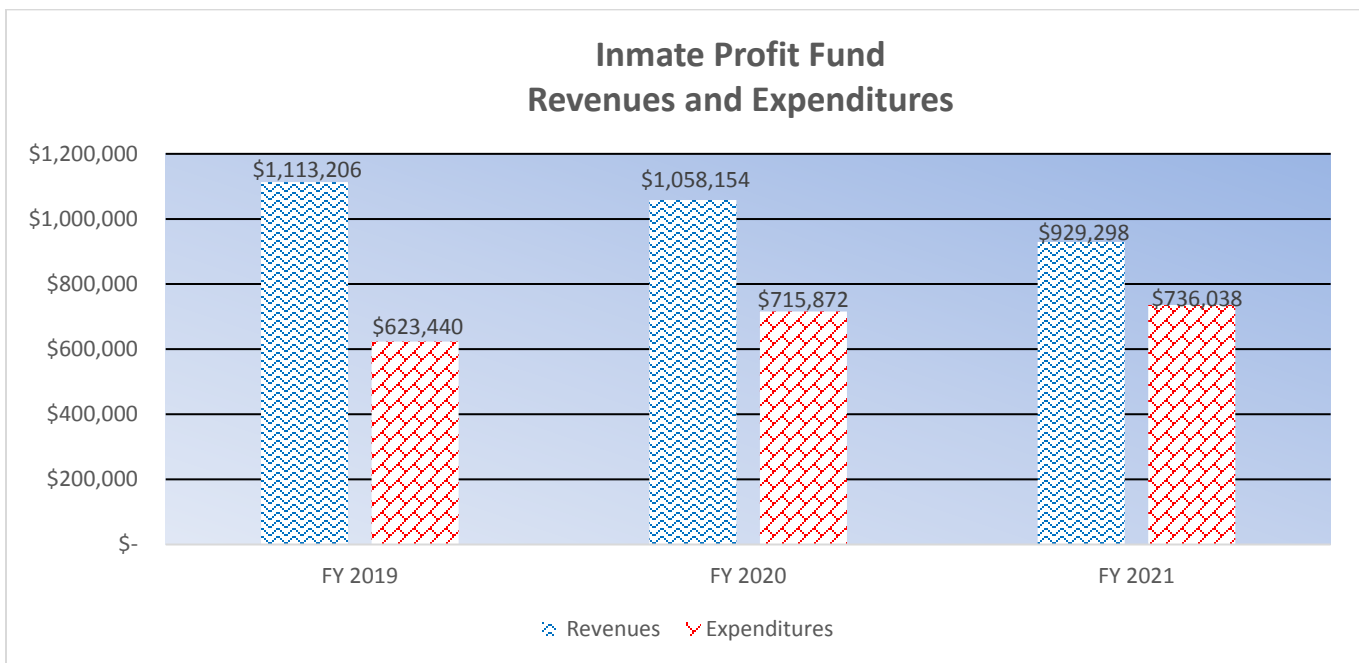


BACKGROUND

The Jail Commissary, operated by Aramark Corporation, is for the use of County jail inmates to purchase personal hygiene items, snacks, stationery, and phone time. Jail commissary sales commissions fund the Inmate Profit Fund, which may be used for expenditures outlined in *Local Government Code (LGC) § 351.0415 (c)*. Financial reporting was reviewed using information from the Inmate Trust Bank Statement, Munis (the County financial system) and the Aramark Core System. Internal Sheriff's Office reporting was also used during the audit. During the audit period Aramark Corporation implemented BirchStreet, a new invoice processing system. The audit was performed by Phillip Trevizo and Patrice Hills, internal auditors. The most recent prior audit report was issued in November 2020.

FINANCIAL REPORTING

The Commissary Inmate Profit Fund fiscal year 2021 balance sheet; combined statement of revenues, expenditures, and changes in fund balance; and schedule of revenues, expenditures, and changes in fund balances – budget and actual as reported in the 2021 El Paso County Annual Comprehensive Financial Report (ACFR) are attached. The ACFR can be accessed at <http://www.epcounty.com/auditor/publications/acfr.htm>. The following chart is a report of Commissary Inmate Profit Fund revenues and expenditures for the past three fiscal years.



Source: El Paso County ACFR

OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the Jail Commissary. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Complete and accurate bank reconciliations.	Satisfactory
2. Accurate inmate commissary account order and return credit transactions.	Satisfactory
3. Timely deposits in accordance with <i>Local Government Code (LGC) § 113.022</i> .	Satisfactory
4. Appropriate and timely posting of manual receipts to Aramark Core.	Satisfactory
5. Accurate and complete commissary sales commissions.	Needs Improvement
6. Review and approval of allowable expenditures.	Satisfactory

SCOPE

The scope of the audit is from April 2020 through September 2021.



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METHODOLOGY

To achieve the audit objectives we:

- Tested a sample of bank reconciliations for completeness and timeliness.
- Tested a sample of Inmate Commissary orders and return credits.
- Tested a sample of daily collections for completeness, accuracy, and timeliness to ensure compliance with *LGC 113.022*.
- Tested a sample of manual receipts for appropriate and timely posting to the Aramark Core System.
- Tested a sample of Jail Commissary Profit Fund commissions and verified transfer to the Inmate Profit Fund.
- Tested a sample of personnel, operating, equipment and contracted services expenditures to verify compliance with *LGC § 351.0415 (C)*.
- Reviewed prior audit action plans for implementation status.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for the status of the prior audit report action plans as well as details and management action plan(s) for current findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Reconciliation of bank account (Obj. 1) • Posting of orders and return credits to inmate accounts (Obj. 2) • Posting of manual receipts (Obj. 3) • Timely deposits of collections (Obj. 4) • Review of Inmate Profit Fund expenditures (Obj. 6) 	<ul style="list-style-type: none"> • Weekly report of Commissary Sales Commissions (Obj. 5)
Findings Summary	
<ol style="list-style-type: none"> 1. I-Care commissions were being paid out inaccurately, due to BirchStreet implementation and lack of system commissions update. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The El Paso County Sheriff's Office met five of the six objectives for this audit. Implementation of the recommendations provided in this report should assist in producing complete and accurate financial reports by strengthening their internal control structure.



El Paso County Sheriff's Office
April 2020 to September 2021
Jail Commissary Audit
Findings and Action Plans



Prior Audit Findings Summarized with Current Status

Status

Closed **M**

1. **Finding:** While reviewing a sample of return order credits it was noted in 14 instances, 19% of return credits sampled, the return credit was not applied to the inmate's account. **Recommendation:** We recommend the Sheriff's Office contact Aramark to advise them of the importance of ensuring operating procedures are followed by personnel when submitting inmate order credits to the individual responsible for processing return credits. **Action Plan:** Aramark has been advised the importance of following operating procedures for inmate order return credits. Furthermore, Aramark management provided updated written procedures for inmate order credits. **Resolved**

Status

Closed **M**

2. **Finding:** The inmate trust bank account was debited with fraudulent ACH transactions in April 2018, May 2018 and June 2018 for a total of \$2,117.35. BITS disputed the charges and the funds were replenished by the bank except for one ACH transaction (Verizon Wireless \$122.72). The dispute was denied by the bank because the claim had been submitted after the allowable time for disputed transactions (60 days). **Recommendation:** BITS management should establish documented policies and procedures for bank reconciliations and ensure that bank reconciliations are completed within 45 days of month closing; reconciling items should be cleared within 90 days unless extenuating circumstances exist. Furthermore, we recommended BITS staff perform on-going cursory reviews of the inmate trust bank account to check for any unusual bank activity. **Action Plan:** BITS management will establish a written policy requiring bank reconciliations be completed within 45 days of month closing. We will continue working with the newly implemented solution of placing all ACH transactions on hold until BITS approves/disapproves every transaction. **Resolved**



**El Paso County Sheriff's Office
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Findings and Action Plans**



Current Findings

Finding #1		Risk Level
		M
<p>Incorrect Commissary Commissions – We tested a sample of 6 out of 72 weekly Aramark Commissary Commission reports and the following was noted:</p> <p>One-third of the reports sampled displayed that Aramark was not paying the 44% Frozen Foods commissions on Go-Kart sales. Upon further inquiry it was explained that Frozen Food items were added after Go-Kart sales went into effect and the commission for this line item was not updated in the system. Aramark produced a sales report for Frozen Foods and the missing commissions (\$616.26) have since been paid.</p> <p>In addition, the Sheriffs Bond and Inmate Trust Section (BITS) identified that I-Care commission payments became inconsistent beginning on billing week 7/28/21-8/4/21 with full payment of \$4,560.47 missing and billing week 9/1/21-9/8/21 with partial payment of \$4,630.70 missing. BITS staff has been addressing this ongoing discrepancy with Aramark staff. The discrepancy has been ongoing past the audit scope and the total amount pending at one point reached \$50,929.31. As of 3/16/2022 the total amount of I-Care commissions pending is \$11,433.42. Upon further inquiry, Aramark staff explained their new invoicing system was implemented and some of the invoices for County commissions did not post. This error was causing both partial and full payments to not be paid out. Aramark staff stated that the error has been resolved and payment for the missing commissions will be made.</p>		
Recommendation		
<p>We recommend BITS staff review all invoices for accuracy, to ensure commissions continue to be paid in accordance with the commissary operating agreement. While BITS staff has done a good job ensuring commissary commission payments are being processed timely, we recommended they implement submission of a quarterly 30 days past due commissions report to the Executive Administrative Officer for further escalation. Furthermore, Sheriff staff should continue to address the billing discrepancies with Aramark to ensure invoices are processed in accordance with billing procedures to avoid further delays in receipt of commissary commissions.</p>		
Action Plan		
Person Responsible	BITS	Estimated Completion Date
		04/30/2022
<p>Bond and Inmate Trust Section (BITS) staff will continue to review invoices for accuracy to ensure commissions are paid out in accordance with the commissary operating agreement. Furthermore, BITS will submit a quarterly 30-day past due commissions report to the Executive Administrative Officer for further escalation. The Sheriff's Office will also explore the possibility of amending the commissary operating agreement to include a due date for weekly I-Care sales commission payments.</p>		