



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#117467

PAGE 1 OF 8

DATE: 4/15/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE TARRANT COUNTY SHERIFF'S COMMISSARY OPERATIONS FOR FISCAL YEAR 2013**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report for the Tarrant County Sheriff's Commissary Operations for FY 2013.

BACKGROUND:

In accordance with Texas Local Government Code Sec. 351.0415, Commissary Operation by Sheriff or Private Vendor, the Auditor's Office examined the commissary accounts detailed on the Summary of Cash Receipts and Disbursements for fiscal year ended September 30, 2013.

The audit report and a Summary of Revenues and Expenditures of the Jail Operations were forwarded to the Texas Commission on Jail Standards as required by Texas Government Code 511.016.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY:	Auditors	PREPARED BY:	S. Renee Tidwell
		APPROVED BY:	



TARRANT COUNTY
TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
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S. RENEE TIDWELL, CPA
COUNTY AUDITOR
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CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
cmaxwell@tarrantcounty.com

March 18, 2014

The Honorable Sheriff Dee Anderson
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

RE: Auditor's Report – Commissary Operations, Fiscal Year 2013

SUMMARY

In accordance with Texas Local Government Code Sec. 351.0415, "*Commissary Operation by Sheriff or Private Vendor*", we examined the Tarrant County Sheriff's Office commissary operations for the fiscal year 2013. Specifically, we reviewed general ledger receipt and disbursement accounts as shown on the attached statement and found that the commissary accounts fairly represents the Sheriff's Office commissary operations as of September 30, 2013. Additionally, internal controls over commissary operations appear adequate as of the date of this report. However, we found the following observation that requires management's attention:

The Commissary Contractor did not remit three payments totaling \$103,386 by the 10th day of the month.

We discussed this observation with the Sheriff on April 1, 2014.

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. The auditor is also required to provide a copy of the audit no later than the 10th day after completing the audit to the Commission on Jail Standards per Texas Government Code, Section 511.

Local Government Code also states that the Sheriff or his designee shall accept new bids for commissary suppliers every five years. Tarrant County Commissioners Court approved Keefe Commissary Network as the primary vendor. The term of the original contract was May 1, 2010 through June 30, 2011 and allows for three additional 12-month terms, including continuation of services on a month-to-month basis. Per Court Order #116965 dated January 21, 2014, the contract was extended through June 30, 2014. The contract guarantees the Sheriff's Office a monthly amount equal to the greater of 36% of sales (less sales tax and postal sales) or \$80,000.

OBSERVATION AND RECOMMENDATION

The Commissary Contractor did not remit three payments totaling \$103,386 by the 10th day of the month.

Background

The commissary contract signed between the Sheriff's Office and the Contractor states:

Contractor further agrees that starting in the second month of operation under this agreement, it will submit by the 10th day of each month any and all funds in addition to the required guaranteed monthly payment that were realized by Contractor during the preceding month if the sales based percentage listed above exceeds the guaranteed monthly minimum payment made for the preceding month.

Observation

We observed that the Contractor did not remit three payments totaling \$103,386 by the 10th day of the next month for the percentage of sales in excess of the guaranteed monthly payment. Specifically, the Sheriff's Office received payment for these three months up to 16 days after the contracted due date. The contract does not include terms specifying the assessment of fees, interest, and/or penalties as a result late payments.

Recommendation

In accordance with the terms of the contract, the Sheriff's Office should ensure that the Contractor makes payment for percentage of sales in excess of the guaranteed monthly payment no later than the 10th day of the following month. Since the current contract expires June 30, 2014 and the Sheriff's Office must accept new bids, we recommend that the new contract includes terms imposing penalties and/or fees for payments not made to the Sheriff's Office by the contracted due dates.

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 – Statement of Cash Receipts and Disbursements, FY2013
Management Response from Sheriff Anderson
Letter to Texas Commission on Jail Standards

Distribution:

Bob Knowles, Executive Chief Deputy
Mike Gravitt, Captain

Audit Team:

Imad Mouchayleh, Audit Manager
Matt Jones, Auditor

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

**Summary of Cash Receipts and Disbursements
Fiscal Year Ending September 30, 2013**

Beginning Fund Balance, October 1, 2012 \$ 1,291,312

Receipts:

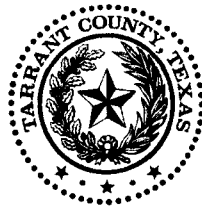
Commissary Income	\$ 1,376,622	
Auction Proceeds	277	
Interest Income	2,275	
Total Receipts		\$ 1,379,174

Disbursements:

Salaries & Benefits	\$ 638,979	
Bedding & Clothing	116,019	
Jail Indigent Supplies	56,912	
Capital	7,314	
Recreation	9,031	
Personal Hygiene	10,758	
Law Books	14,496	
Supplies	19,639	
Equipment	708	
Equipment Maintenance	4,501	
Subscriptions	2,036	
Telephone - Basic	960	
Professional Services	3,160	
Total Disbursements		\$ 884,513

Receipts Over Disbursements \$ 494,661

Ending Fund Balance, September 30, 2013 \$ 1,785,973



TARRANT COUNTY

OFFICE OF THE
SHERIFF

DEE ANDERSON
SHERIFF
817/884-3098
FAX: 817/212-6987

PLAZA BUILDING
200 TAYLOR STREET
SEVENTH FLOOR
FORT WORTH, TEXAS 76102-2084

April 7, 2014

TO: Renee Tidwell, Auditor
FROM: Sheriff Dee Anderson
REFERENCE: Reply to Commissary Audit

The Tarrant County Sheriff's Office is in receipt of the recent audit findings for our Commissary, and we are in agreement with all findings.

It is important to note during the time of the three late payments, the Contractor was undergoing a software update, which caused processing problems. All other payments have been timely throughout the life of the contract. We also agree that when a new contract is considered, the new contract may include terms imposing penalties and/or fees for payments not made to the Sheriff's Office by the contracted due dates.

We appreciate the cooperation and diligence shown by the Audit Staff. As always, we stand ready to assist your efforts in every way.

Sheriff Dee Anderson

DA/sp-c



TARRANT COUNTY

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CRAIG MAXWELL
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cmaxwell@tarrantcounty.com

April 3, 2014

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

Re: Commissary and Jail Operations, FY2013

Dear Mr. Wood:

In accordance with 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, 2013. As required by Texas Government Code, Chapter 511.016, *Commission on Jail Standards*, attached is a copy of the audit report dated March 18, 2014.

Since we have completed the FY2013 Comprehensive Annual Financial Report (CAFR), also attached is the Jail Operations Summary of Revenues and Expenditures report. The amounts reported in the CAFR have been audited by Tarrant County's independent auditors.

Sincerely,

[REDACTED]
S. Renee Tidwell, CPA
County Auditor

Attachments: Auditor's Report - Commissary Operations, FY2013
Commissary Operations, Summary of Cash Receipts and Disbursements
Jail Operations, Summary of Revenues and Expenditures

Distribution: Sheriff Dee Anderson
Bob Knowles, Executive Chief Deputy
Mike Gravitt, Captain

Audit Team: Imad Mouchayleh, Audit Manager
Matt Jones, Internal Auditor

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

**Summary of Revenues and Expenditures
For the Fiscal Year Ended September 30, 2013**

Revenues:

Prisoner Care	\$ 5,640.00	
Payphone Commission	<u>1,100,000.00</u>	
Total Revenues		<u>\$ 1,105,640</u>

Expenditures:

Salaries & Benefits	\$ 59,126,391	
Contracts	6,492,460	
Buildings	6,909,284	
Materials & Supplies	1,173,924	
Capital Outlay	85,189	
Court Costs	460	
Travel-Education	18,672	
Other	<u>78,822</u>	
Total Expenditures		<u>\$ 73,885,202</u>