

**Sandy Hill
County Auditor**

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Van Zandt County Auditor

121 E Dallas Street, Room 102
Canton, TX 75103

October 12, 2022

Van Zandt County Sheriff's Department
Attn: Joe Carter, Sheriff
1220 W. Dallas
Canton, TX 75103

Re: Internal Control Audit

The Van Zandt County Auditor's Office performed an internal control audit at the Van Zandt County Sheriff's Department on October 6, 2022. I have attached our report for review.

The objective of this audit is to determine the adequacy of internal controls over receipting, depositing of funds, operational office controls and completeness of the audit trail.

We would like to thank Sheriff Joe Carter and his staff who cooperated and assisted with this audit. They were very open in discussing the current office operations and willing to help resolve any issues that we discussed.

We have a few recommendations in our attached report that we feel would help with dual control over balancing and deposit preparation and incoming mail track ability. We would like to see the bank signature cards updated as soon as possible. Overall, the office has many security policies and procedures in place and is effectively completing them as an administration team.

Please let me know if you have any questions or concerns.

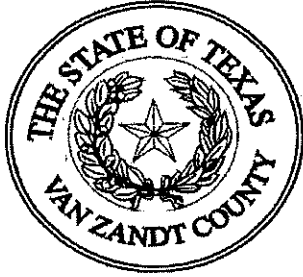
Respectfully submitted,

A handwritten signature in cursive script, reading "Lisa Hutcherson".

Lisa Hutcherson
Assistant Auditor

Attachments

cc: District Judge – Chris Martin
Judge- Don Kirkpatrick
County Commissioners
Auditor- Sandy Hill



AUDITOR *Sandy Hill*

**Sheriff's Office/Jail/Commissary
Internal Control Audit**

Van Zandt County Auditor's Office

October 6, 2022

121 East Dallas, Room 102, Canton, TX 75103

903-567-2171 phone 903-567-4700 fax

EXECUTIVE SUMMARY

We have completed an audit of receipting controls in the Van Zandt County Sheriff's Office/Jail/Commissary. Our audit was performed in accordance with generally accepted government audit standards and intended to state objectives based on this audit.

Objectives, Scope and

Methodology

The objective of this audit was to determine the adequacy of internal controls over receipting, compliance with procedures and completeness of audit trail. This includes all functions from the time of receipting to its recording and reconciling of transactions and depositing of funds.

Summary of Findings and

Recommendations

We found that management and staff were very receptive to making improvements in their control environment. We have also found that based on recent turnover in the last two years some procedures may have been lost due to turnover and knowledge.

Commendation

We would like to thank all the staff members from the Sheriff's Office who cooperated and assisted with this audit. Specifically, Sheriff Joe Carter, Lt. Williams, Sgt. DeSilva and Stacy Middleton, who were all very open in discussing their operations. They were all very willing to help resolve any issues that were raised.

We were very encouraged that even with the recent staff changes their office administration team seems very organized and aware of the importance of the audit trail and control measures that are already in place.

BACKGROUND

Initial Contact

The Van Zandt County Auditor's Office contacted Sheriff Joe Carter and requested a formal audit of internal controls on October 6, 2022, at 2:30 p.m.

Organization

The Sheriff's Office handles many aspects including but not limited to: Jail, Commissary, Open Records, Property Evidence, bonds and fees.

Collection Points

The Sheriff's Office collects money for various purposes including:

-Civil- service fees

-Records- copies

-Bails, Bonds and Fines

-Intake- inmate trust fund and commissary funds.

EMPLOYEES

Key employees that are part of the receipting and depositing process:

- Kristi Broyles, civil process, receipting money, prepares deposits for the civil fees and keeps the civil process checkbook.
- Sherri Murphy and Sheila Bellamy, open records, opening mail and receipting the money and responsible for turning these items over to Stacey Middleton.
- Cynthia Wood, bonds fees, jail intake money, receipting money, turning these items over to Stacey Middleton.
- Cynthia Wood takes deposits to the bank.

CHECKING ACCOUNTS

- General Account

-Third Inmate Trust

-Commissary

-Cash Bond

-Civil Process

Two signatures are required on each checking account and no stamps are utilized for signatures.

**all of the above accounts need their signature cards updated due to employee changes.

ANALYSIS OF CONTROLS

In the following sections, we detail our analysis of control strengths as well as recommended improvements.

Strengths

-Good security with funds depository/safety.

-Strong interest to have adequate controls.

-Reconciliation of transactions and bank accounts.

-There are no petty cash or change funds.

-The key employees mentioned above are trained and confident in their job duties.

-Bank reconciliations are prepared in a timely manner.

-Procedure manuals for the departments are being prepared.

REVIEW

During our review, we tried to identify three basic items:

-All possible risks

-Existing preventive controls for each risk, and

-Identifying defective controls for each risk.

WEAKNESSES

The following were identified as areas of concern:

- Generic receipt books are used, not identifying the County or what department issued them.
- There is no mail log in place for mail that is received at the Sheriff/Jail Office. The two ladies at the front office sort the mail by departments and then deliver

them to that department. They open civil mail and it is date stamped.

- The depositing trail is as follows: the collection points identified above write a receipt and attach applicable money to them. These items are then taken to Stacey Middleton where she (using the same receipt number) receipts them into the computer system for a computer-generated receipt. Stacy prepares the deposits and turns them in to Sherri Murphy. Sherri makes daily deposits at 11:00 am (Sherri does not count deposit or confirm it in anyway) and waits at the bank for the deposit completion. There is no one verifying the amount of the deposit.
- Signature cards for all checking accounts need to be updated.

RECOMMENDATIONS FOR IMPLEMENTING IMPROVED CONTROLS

1. Implementing a mail log system. When mail is opened by the front office – list those items; if there is an item that needs to be receipted have an employee prepare the receipt that did not open the mail. Also, use the mail log to document how many unopened documents they deliver to the other departments by having an employee in that department sign off as having received the items.
2. We highly recommend that someone other than the person preparing deposits, recount and initial that the deposit balances.
3. Update bank signature cards for all checking accounts.
4. Office procedure manuals need to be completed as time allows.
5. The Auditor's office is in the process of reviewing the use of generic receipts and implementing receipts that have the county seal and department title.

Guidelines for Implementing

Changes

We are encouraged by the controls that the Sheriff's Office currently have in place and as our review unfolds that management maintains those as well as considers our guidelines for controlling money, establishing accountability, prioritizing changes and monitoring processes.

1. Monitor and adjust processes- As changes are made, management should monitor to make sure they are effective. Through this monitoring, they may discover a need to change other procedures or provide further training. If any areas remain problematic, they may consult with our office to help analyze and propose solutions.

RECAP OF

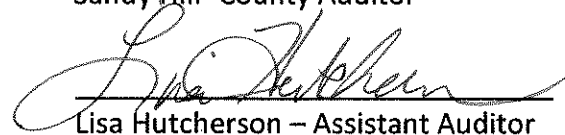
RECOMMENDATIONS

Our recommendations cover a range of control improvements including separation of duties and control of assets. This report is to provide examples of best practice guidelines to be used by the Sheriff's Office.

We appreciate the Sheriff's Office efforts and believe they will be successful in implementing a model control system.

Reviewed and Approved By


Sandy Hill- County Auditor


Lisa Hutcherson – Assistant Auditor


Nicole Nix – Assistant Auditor

cc: District Judge, Chris Martin
County Judge, Don Kirkpatrick
VZ County Commissioners