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DENTON COUNTY AUDITOR

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**DENTON COUNTY SHERIFF'S OFFICE
AUDIT OF THE PROCEDURES AND OPERATIONS OF THE COMMISSARY ACCOUNT
FOR THE PERIOD OCTOBER 1, 2012 - SEPTEMBER 30, 2013**

PREPARED BY THE DENTON COUNTY AUDITOR'S OFFICE

SCOPE:

The scope of this audit is to verify the correctness of the Jail Commissary and Inmate Trust accounts by examining receipts and disbursements and observing current procedures to ensure compliance with the law as stated in Chapter 351.0415 of the Local Government Code.

SCHEDULE OF WORKING PAPERS:

**Schedules Prepared For All Quarters, FY 2013
October 1, 2012 - September 30, 2013**

Schedule

Statement of Cash Flow
Disbursement by Category
Revenues by Category

**Schedules Prepared for Fiscal Year 2013
October 1, 2012 - September 30, 2013**

Attachment

Schedule

A-1	Operating Statement for Enterprise Operations
B-1	Cash Flow for the Fiscal Year 2013

**AUDIT OF THE PROCEDURES AND OPERATIONS OF THE COMMISSARY ACCOUNT
FOR THE PERIOD OCTOBER 1, 2012 - September 30, 2013**

OBJECTIVE:

The objective of the Jail Commissary is to provide the inmates confined to the Denton County Jail the opportunity and procedures to purchase commissary and health items through their trust fund accounts.

COMMISSARY OPERATION:

Chapter 351.0415 of the Local Government Code states, "The Sheriff of a county may operate, or contract with another person to operate a commissary for the use of the prisoners committed to the county jail." On April 1, 2008, Denton County contracted with Keefe Commissary Network for commissary services. The agreement was for 1 year and renews annually for four additional years. This agreement is up for renewal in 2013. Per the contract, Keefe provides the following:

- A large selection and variety of products.
- Computer equipment and software to allow Denton County Jail to access the Keefe Commissary Network to account for inmate funds.
- The staff necessary to enter and distribute all commissary orders. Trustee labor is used to help distribute commissary orders.
- Payment of all taxes associated with the operation.

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Keefe agrees to pay Denton County a guaranteed annual amount of \$275,000.00 or 32.5% of adjusted gross sales, whichever is greater.

Operating Procedures:

Each inmate is given an order form twice a week. The completed forms are collected the next day and purchases are then delivered to the inmate the following day. Each inmate's order contains a receipt identifying the inmate, his previous balance, an itemization of his purchase, sales tax, and his ending balance. Indigent commissary is also provided once a week and is explained in observation #4.

FINDINGS AND OBSERVATIONS:

1. VERIFICATION OF ACCOUNT BALANCES

The Jail Commissary and the Inmate Trust bank account balances were verified by preparing bank reconciliations and by examining the reports. In addition, Cash Flow Statements for the Jail Commissary account were prepared for each quarter and the fiscal year. The Cash Flow Statement (B-1) reconciled all funds received and disbursed to the ending bank balance for the quarter as well as the fiscal year. Cash Flow activity for the fiscal year, (B-1) is outlined below.

**AUDIT OF THE PROCEDURES AND OPERATIONS OF THE COMMISSARY ACCOUNT
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Schedule B-1 Cash Flow for the Fiscal Year 2013

	Beginning Balance	Cash Flow	Ending Balance
First Quarter	\$1,908,580.96	\$7,620.74	\$1,916,201.70
Second Quarter	\$1,916,201.70	\$79,017.00	\$1,995,218.70
Third Quarter	\$1,995,218.70	\$54,701.00	\$2,049,919.70
Fourth Quarter	\$2,049,919.70	\$87,143.43	\$2,137,063.13
Fiscal Year 2013	\$1,908,580.96	\$228,482.17	\$2,137,063.13

2. ANALYSIS OF EXPENDITURES

Invoices paid from the Jail Commissary account during the period audited were examined by the County Auditor's Office to determine if the expenditure fell within the five categories specified by Chapter 351.0415 of the Local Government Code. In the opinion of the County Auditor's Office, the Jail Commissary's expenditures for the period from October 1, 2012 to September 30, 2013 were substantially in compliance with the Local Government Code.

3. RECONCILIATION OF THE INMATE TRUST ACCOUNT

The Inmate Trust Bank Account is reconciled by the Comptrollers Office in the Sheriff's Department with the computer-generated report showing the total funds held by inmates.

**AUDIT OF THE PROCEDURES AND OPERATIONS OF THE COMMISSARY ACCOUNT
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4. INDIGENT CARE PACKETS

Indigent care packets are distributed to inmates who maintain \$2.00 or less in their account for a period of 7 days. Weekly care packs include toothpaste, 5 sheets of paper, 3 stamped envelopes, 1 razor, and 1 bar of soap. Monthly care packs include toothbrush, toothpaste, soap, 6 sheets of paper, 3 legal envelopes, pen, razor, comb, and deodorant.

5. EDUCATIONAL PROGRAMS

Literacy and Job Skills Programs are established to provide educational and vocational instruction for the inmates. The supplies, computers, and software for these programs are provided from commissary proceeds. Two copy machines, one located in the education area and one by the Chaplain's office, are provided for the inmates' use.

CONCLUSION

In the opinion of the County Auditor's Office, the operation of the Jail Commissary is substantially in compliance with Chapter 351.0415 of the Local Government Code. Beneficial programs and services are being provided to the inmate population. The County Auditor's Office appreciates the assistance and support provided by the Sheriff's Office in conducting this audit.

**DENTON COUNTY SHERIFF'S OFFICE
JAIL COMMISSARY ACCOUNT**

**OPERATING STATEMENT FOR ENTERPRISE OPERATIONS
FOR THE PERIOD OCTOBER 1, 2012 TO SEPTEMBER 30, 2013**

Revenue From Commissary Sales for Keefe	\$749,037.48	
Revenue From Phone Card Sales	\$301,405.00	
Revenue From Commission on Commissary Sales - Keefe	\$373,169.75	
Revenue Due from Commission on Commissary Sales -Keefe-Sept 2013	\$28,059.91	
Less Commission on Commissary Sales: Keefe - Sept. 2012-Received Oct. 2012	(\$25,045.67)	
Revenue Due from Commission on Securepak Sales for Sept. 2013-Received Oct. 2013	\$3,496.03	
Less Revenue from Commission on Securepak Sales Sept. 2012-Received Oct. 2012	(\$4,336.34)	
Revenue Due from Phone Card Sales Sept 2013-Received Oct. 2013	\$1,146.01	
Less Revenue from Phone Card Sales for Sept. 2012-Received Oct. 2012	(\$938.51)	
Total Revenue from Commissary Operations	\$1,425,993.66	
Commissary Paid to Keefe	\$710,645.33	
Commissary Phone Cards	\$160,826.50	
Plus Commissary Paid to Keefe in Oct. '13 for Sept. '13	\$60,229.26	
Less Commissary Paid to Keefe in Oct. '12 for Sept. '12	(\$54,039.59)	
Total Cost of Contracted Services	\$877,661.50	
Gross Earnings From Commissary Sales		\$548,332.16
Revenue From Shoe Shine Sales	\$437.00	
Less Cost of Supplies	(\$202.00)	
Gross Earnings From Shoe Shine Sales		\$235.00
TOTAL GROSS EARNINGS FROM ENTERPRISE OPERATIONS		\$548,567.16
Expenses:		
Operating Supplies	(\$5,961.97)	
Total Expenses		(\$5,961.97)
TOTAL NET EARNINGS FROM ENTERPRISE OPERATIONS FY13		\$542,605.19

CASH FLOW BY QUARTER FY 2013
OCTOBER 1, 2012 TO SEPTEMBER 30, 2013

	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAREND TOTAL
REVENUES:					
Commissary Sales for Keefe	\$156,242.06	\$228,917.57	\$170,609.02	\$193,268.83	\$749,037.48
Commissary Phone Cards	\$76,229.00	\$76,196.00	\$76,373.00	\$72,607.00	\$301,405.00
Commission on Debit Phone Cards	\$2,079.43	\$3,090.21	\$2,898.15	\$3,949.82	\$12,017.61
Commission on Commissary Sales	\$95,498.11	\$90,582.93	\$95,330.81	\$91,757.90	\$373,169.75
Inmate Copies	\$2.30	\$0.00	\$9.86	\$1.60	\$13.76
Shoe Shine Sales	\$91.00	\$64.00	\$136.00	\$146.00	\$437.00
Interest Earned	\$222.28	\$222.28	\$228.40	\$238.15	\$911.11
Miscellaneous	\$14,344.12	\$1,015.35	\$1,978.87	\$2,376.74	\$19,715.08
Total Revenues:	\$344,708.30	\$400,088.34	\$347,564.11	\$364,346.04	\$1,456,706.79
EXPENDITURES:					
COMMISSARY OPERATIONS:					
Capital Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commissary Paid to Keefe	\$177,605.20	\$174,713.44	\$182,539.14	\$175,787.55	\$710,645.33
Commissary Phone Cards	\$46,367.00	\$41,314.50	\$36,584.00	\$36,561.00	\$160,826.50
Operating Expense	\$5.20	\$1,480.52	\$3,098.26	\$1,377.99	\$5,961.97
Total Comm Expenses:	\$223,977.40	\$217,508.46	\$222,221.40	\$213,726.54	\$877,433.80
INDIGENT INMATE NEEDS:					
Capital Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Inmate Clothing	\$4,849.70	\$3,290.40	\$3,521.00	\$3,228.70	\$14,889.80
Personal Hygiene Products	\$18,245.00	\$15,511.50	\$20,283.00	\$17,396.50	\$71,436.00
Inmate's Writing Material	\$724.57	\$592.40	\$834.90	\$867.04	\$3,018.91
Total Indigent Needs:	\$23,819.27	\$19,394.30	\$24,638.90	\$21,492.24	\$89,344.71
LAW LIBRARY:					
Capital Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Operating Expense	\$0.00	\$16,226.35	\$3,755.00	\$8,629.00	\$28,610.35
Staffing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Law Library:	\$0.00	\$16,226.35	\$3,755.00	\$8,629.00	\$28,610.35

HEALTH/SECURITY NEEDS:

Technology/Equipment	\$2,960.13	\$38,284.74	\$8,024.14	\$12,056.44	\$61,325.45
Services	\$199.99	\$0.00	\$5,220.00	\$0.00	\$5,419.99
Physical Plant Improvements	\$40,676.56	\$245.48	\$0.00	\$0.00	\$40,922.04
Total Health/Security Needs:	\$43,836.68	\$38,530.22	\$13,244.14	\$12,056.44	\$107,667.48

INMATE'S SOCIAL NEEDS:

Educational:

Capital Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GED Literacy Testing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies	\$6,791.87	\$3,898.06	\$5,522.85	\$4,410.08	\$20,622.86

Recreational:

Capital Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies	\$6,402.06	\$11,149.15	\$4,570.18	\$8,717.47	\$30,838.86

Rehabilitative:

Capital Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies	\$19,640.09	\$13,777.35	\$18,529.87	\$7,521.88	\$59,469.19

Religious:

Capital Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Counselor	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Shoe Shine Supplies	\$0.00	\$0.00	\$0.00	\$202.00	\$202.00

Total Social Needs: \$32,834.02 \$28,824.56 \$28,622.90 \$20,851.43 \$111,132.91

MISCELLANEOUS EXPENSE: \$12,620.19 \$587.45 \$380.77 \$446.96 \$14,035.37

TOTAL EXPENDITURES: \$337,087.56 \$321,071.34 \$292,863.11 \$277,202.61 \$1,228,224.62

CASH FLOW FY 2013 \$7,620.74 \$79,017.00 \$54,701.00 \$87,143.43 \$228,482.17

RECONCILIATION OF CASH

Reconciled Balance, 10/01/12				\$1,908,580.96	
Cash Flow for Fiscal Year 2013				\$228,482.17	
Reconciled Balance, 9/30/13					<u>\$2,137,063.13</u>