AUDITOR'S REPORT

SHERIFF'S OFFICE JAIL COMMISSARY

November 15, 2013

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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

November 15, 2013

Adrian Garcia
Harris County Sheriff
1200 Baker
Houston, Texas 77002

RE: Sheriff's Office Jail Commissary for the 12 months ended February 29, 2012

The Audit Services Department performed procedures relative to the Sheriff's Office Jail Commissary (Commissary). The objective of the engagement was to examine the Commissary accounts pursuant to Texas Local Government Code (LGC) §351.0415(d), evaluate, on a test basis, compliance with the provisions established by LGC §351.0415(b)(3) and 351.0415(c), and report the results to the Harris County Commissioners Court and the Texas Commission on Jail Standards in accordance with Texas Government Code §511.016 (a).

We performed the following procedures to determine whether:

- Revenue and expenditures recorded in the Commissary System and the County's financial records are reasonable compared to the two prior years.
- Security of assigned user access rights are adequate and appropriate.
- Selected bank reconciliations and related cash balances are accurately and timely recorded in the Commissary Systems and the County's financial records.
- Selected disbursements are in compliance with statute and are properly authorized, supported, approved, accurately recorded in the Commissary System and the County's financial records, and purchases are from approved vendors.
- Sales and sales tax payable are accurately recorded in the Commissary System and the County's financial records and the correct amount is deducted from the respective inmates' trust accounts.
- Cost of sales and the value of closing inventory are accurately recorded in the Commissary System and the County's financial records.
- Abandoned inmate trust funds are reported to the County or state, as required by statute and County policy.
- Selected adjusting entries are appropriate and properly approved.
- Previously reported recommendations are implemented.

Adrian Garcia
Harris County Sheriff

The engagement process included providing you with a combined engagement and scope letter and conducting an entrance and exit conference with your personnel. The purpose of the letter and conferences was to explain the process, identify areas of concern, describe the procedures to be performed, discuss issues identified during the engagement, and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

The enclosed Auditor's Report presents the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations. Less significant issues and recommendations have been verbally communicated to your staff.

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,

Barbara J. Schott
County Auditor

cc: District Judges
County Judge Ed Emmett
Commissioners:
El Franco Lee
Jack Morman
R. Jack Cagle
Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

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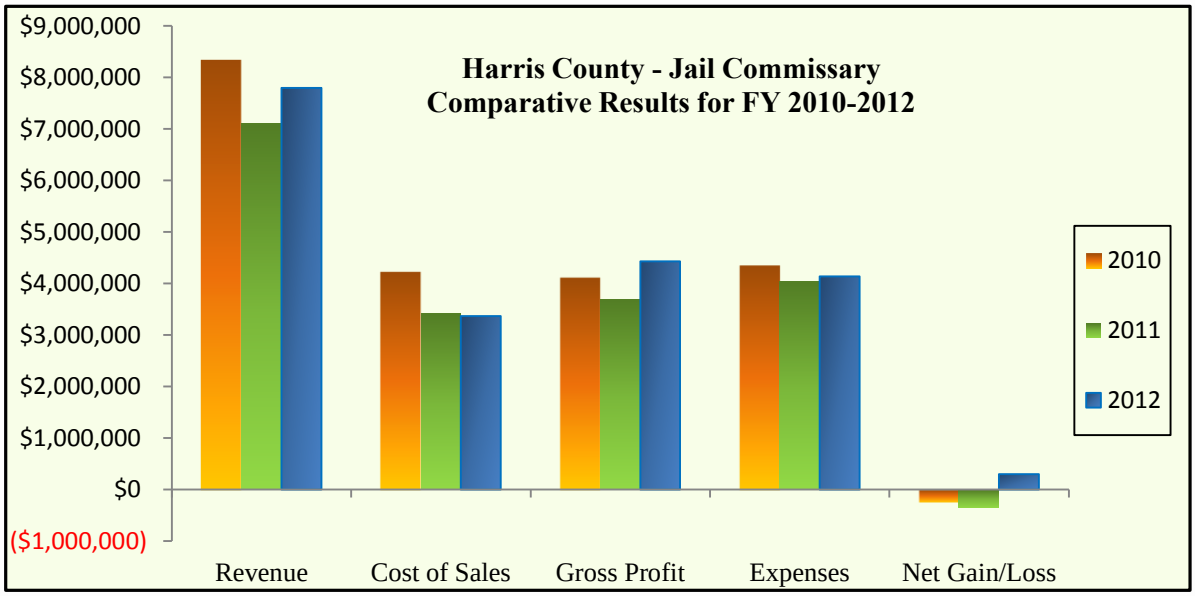
OVERVIEW

The Sheriff's Office operates a Commissary at three downtown jail locations. The Commissary sells food products, hygiene supplies, clothing, over the counter drugs, and writing materials that are not provided to inmates by the County. Individual Inmate Trust Accounts (Trust Accounts) are established with funds in the inmates' possession at the beginning of incarceration and credited with deposits made thereafter. Inmates may place orders for Commissary items, subject to available funds in their Trust Account. Commissary purchases are deducted from the Trust Accounts. Sheriff's Office personnel assigned to the Commissary supervise and process inmate orders, deliver the items to the inmates, and maintain the Commissary inventory. Commissary proceeds must be used for the benefit of the inmates or to fund, staff, and equip Commissary operations in accordance with LGC §351.0415(c).

The following chart presents comparative results of Commissary operations and the expenditures for the fiscal years ended February 2010, 2011, and 2012.



The Commissary utilizes a computer system (Cobra System), supported by Swanson, to record receipt and disbursement transactions related to Trust Accounts, including inmate orders and medical expenses. The Cobra System records Commissary sales transactions (inmate orders) through the use of Scantron sheets, maintains Commissary inventory, and generates monthly sales and sales tax reports. Although the Cobra System can maintain financial related information and has check writing capabilities, the Sheriff's Business Office (Business Office) uses QuickBooks to record purchase orders, process accounts payable, and generate financial information. The Business Office processes Commissary invoices for payment, maintains the accounting records, and remits state sales taxes due on Commissary sales. Monthly summaries of transactions are submitted to the Auditor's Office - Financial Accounting Department (Financial Accounting) and are recorded in the County's financial system. Certain financial transactions such as depreciation, investment earnings, and bank interest are only recorded in the

County's financial system. Generally, the Sheriff's Office uses a structured bid solicitation process for selecting Commissary inventory item vendors.

The Sheriff's Office determined that the Cobra System was not providing adequate financial reporting in order to monitor the finances of the Commissary; therefore, in April 2012 (and subsequent to our procedures), this system was replaced with the Canteen System. Sheriff's Office personnel proactively requested the involvement of the Auditor's Office - Audit Services, Revenue Accounting, Financial Accounting, as well as Information Technology Center in the request for proposal process for the awarded vendor (Trinity Services Group). In addition, other initiatives have been undertaken such as providing inmates with debit cards instead of checks upon release, installing Booking Kiosks for deposits of cash held by inmates prior to incarceration, and developing an interface between the Canteen System and the County's accounting system (IFAS).

RESULTS

Based upon the procedures performed and as presented in our letter, in accordance with Texas Government Code §511.016, to the Texas Commission of Jail Standards:

- No matters came to our attention that would cause us to believe that the Commissary accounts were not maintained in compliance with the statutes,
- It appears that Commissary proceeds were used for the benefit of the inmates or to fund, staff, and equip Commissary operations in accordance with LGC §351.0415(c), and
- New bids were accepted in accordance with LGC §351.0415(b)(3).

Additionally, due to certain system limitations and processes mentioned below and discussed in detail in the attached "Issues and Recommendations" matrix, we were unable to determine the correctness of the sales account balance. As identified in prior engagements, the Cobra System does not produce a unique sequence of receipt numbers for Commissary sales or track and report inventory turnover. Management informed us that the new Canteen System (implemented April 2012 and subsequent to our procedures) does have the capability to provide unique sequence receipt numbers. In addition, $54,382 in expenditures was incorrectly recorded as cost of goods sold.

Subsequent to our procedures, the Sheriff's Office internal controls should be strengthened to ensure:

- A monthly reconciliation is performed in total between the Commissary Transaction Report sales total and all sales related reports and worksheets.
- Business Office procedures for determining accrued expenses are based on dates of the delivery of goods and not the invoice date.
- Users of Commissary applications are assigned individual user accounts that have only the access that is required for the user to perform his or her job duties. Requests for access specify the specific access the user needs and have proper approval.
- Application logs are retained and specific elements of the logs are reviewed at least monthly.
- Travel expenses claim forms have proper documentation to support travel advances, appropriate review and approval, and are completed timely.
- The process for indigent mail reimbursement to the General Fund includes ensuring that supporting documents are approved by an authorized officer.
- Year-end accrual listings are submitted to Financial Accounting for recording in the County's financial records for accurate and complete recording of expenditures at the end of the fiscal year.
- A fiscal year-end reconciliation is performed in total between the Commissary purchase journal and the County's financial records.
- Accuracy of account coding is improved through additional training and increased supervision.

- A formal tracking mechanism is implemented to facilitate renewing contracts and demonstrate compliance with LGC §351.0415(b)(3).
- Personnel are trained on proper receiving procedures for non-inventory purchases.

As the Sheriff's Office is in the process of enhancing the Canteen System, these controls should be evaluated and built in the new system and/or processes where applicable. These and other matters are discussed in detail in the attached Issues and Recommendations matrix.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
Recording of Expenditures	Expenditures from the Commissary Fund are recorded in QuickBooks and submitted monthly to Financial Accounting via a QuickBooks Purchase Journal (paid and unpaid invoices). At fiscal year-end, an accrual listing of unpaid invoices is also submitted to Financial Accounting for recording. The Commissary Fund is an enterprise fund and thus requires recording of transactions on a full accrual basis to be in accordance with generally accepted accounting principles. The Harris County Auditor's Office prepares monthly financial statements on a budgetary basis and explains this in the transmittal to the monthly financial statements.	Expenditures for the fiscal year totaled $7,315,504 per the Commissary Check Register/Check Detail report, adjusted for year-end accrual, but only $7,219,914 was recorded in the County's financial records, resulting in $95,590 of unrecorded expenditures. T-shirts and boxer shorts totaling $54,382 that the Commissary does not sell to inmates were incorrectly recorded as Commissary cost of goods sold. As such, cost of goods sold was overstated, reducing the Commissary's gross profit margin. Failure to accurately record Commissary transaction activity results in misstatements in the County's financial records.	Management should perform and document a fiscal year-end reconciliation in total between the Commissary purchase journal and the County's financial records. If differences are identified, they should be resolved timely to ensure accurate and complete recording at fiscal year-end. Management should increase supervision and provide additional training for proper account coding of items charged to cost of goods sold.	The Sheriff's Office is working closely with Financial Accounting to ensure that Quickbooks and IFAS reconcile. Also, more account codes have been added to Quickbooks using the same coding as in IFAS resulting in the same entries.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
Recording of Sales	After the close of each month, checks are drawn on the Inmate Trust bank account for the month's total sales, as recorded in the Cobra System, and deposited to the Commissary bank account in settlement. Worksheets are developed for sales tax remission, as well as recording of sales in the County's financial records. In addition, checks are similarly drawn and deposited for accounts receivable collections on indigent accounts.	Total sales per the Commissary Transaction Report did not agree with sales recorded in the County's financial records for the three months reviewed, with the largest difference being approximately $1,400 (February 2012). We were not able to determine the reason for the difference. Additionally, Inmate Trust account checks deposited to the Commissary bank account in settlement of total sales did not agree with the Commissary Transaction Report for the three months. The deposits for March 2011 and February 2012 were under by approximately $260,000 and $600, respectively, while there was an overage of approximately $7,000 in September 2011. The procedure for ensuring	The Sheriff's Business Office personnel should reconcile all sales related reports and worksheets to the Commissary Transaction Report sales total to ensure accuracy and completeness in sales data recording. Any differences should be documented and researched for prompt resolution.	The Sheriff's Office is working with Financial Accounting to ensure that commissary sales noted in Canteen are accurately posted in IFAS.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
(Continued) Recording of Sales		accurate and complete sales reporting is inadequate, which could result in sales tax collection action and penalties as well as inaccurate County financial records.		
Accrued Expenses	To comply with the full accrual basis of accounting, the County reviews invoices and other data received after year-end to correctly determine the timing of each item and ensure recording in the relevant fiscal period.	Expenses of approximately $13,800 were omitted from the fiscal year-end accrual process, resulting in expenses being understated in the County's financial records. The omission relates to services provided in February 2012 for which two invoices were dated March 2012. It appears that accruals are based on invoice date instead of delivery date, which generally establishes the existence of a liability. Failure to accurately record Commissary transaction activity in the proper time period results in misstatements in the County's financial records.	Management should ensure that the Business Office procedure for determining accrued expenses is based on dates of delivery of goods or services instead of invoice dates.	The Sheriff's Office has and will provide on-going training and supervision to ensure that expenses are date stamped on the delivery date not invoice date so that expenses are accurately accrued.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
Vendor Delivery Verification	Per LGC §351.0415(c), Commissary funds can be used to acquire statutorily allowed goods and services (non-inventory purchases) for the benefit and welfare of inmates, as well as inventory for sale to inmates. All deliveries of goods should be verified and documented before payments are made.	The vendor payment process for Commissary non-inventory purchases does not require a packing list or other documented evidence of goods received. Seven purchases selected for testing included only the invoices (approved for payment by receiving department personnel) and the purchase orders as support, and one other included a receiving report that was insufficiently detailed for matching to the invoice. The total value was $144,937. Deliveries, if not verified and documented as to quantities/amounts received, could result in accepting inferior quality goods or inappropriate payments to vendors and a financial loss to the County.	Management should ensure that personnel involved in receiving vendor deliveries are trained in proper receiving procedures, including documenting the verification of the packing list or other evidence of goods received. This documentation should be submitted to the Business Office and verified before disbursements are made.	HCSO personnel are trained on proper receiving procedures for non-inventory purchases.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
Administrator Account Access	Because of the critical risks inherent in using an account with a high level of security privileges, for standard administrative or operating tasks, an Administrator level account should not be used unless there is a specific need, such as Business Continuity, or application and user configurations.	The Sheriff's Office utilized Admin, a generic administrator level account, to perform roughly 60% of all transactions in QuickBooks. In addition, six users had administrator rights in the Cobra System; however, this access is beyond what the users require to perform their job responsibilities. Granting access beyond a user's needs creates a risk that the user will use that access to bypass or override controls established by management or make unauthorized transaction changes. Generic user accounts allow users to execute transactions that cannot be traced to a specific user, thereby, reducing accountability.	Management should create unique user accounts for all users and require that personnel use only their own account. The Admin account password should be changed and made known only to those personnel who are responsible for supporting the application. Management should remove Administrator privileges from user accounts that are used for processing transactions.	The Sheriff's Office will create individual user accounts for access to Quickbooks. Generic "Administrator" user accounts will be eliminated for all employees that regularly work in Quickbooks.
Access Rights Review	Users are assigned Cobra System application access by assignment of security	Opportunities for strengthening account role security by following the	Management should perform a user account role review and restrict the	The issue of separation of duty is very important however with a small staff a

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
(Continued) Access Rights Review	roles. These roles provide system access rights that should be consistent with the user's job responsibilities. User accounts should include only the system rights required to accomplish the users' duties as described by their job descriptions, or more commonly called what users "need to know/need to do" for performance of their duties.	job description were identified. These included the Commissary Manager role, whose job description does not require knowledge of inmate account statuses, such as account balances and deposits, which are rights currently granted to the role. Additionally, Commissary Staff should not have the ability to adjust inmate Transactions Receivables as currently assigned, as this should be a managerial action so as to provide required managerial oversight and allow for the separation of duties (operators having the ability to override operational controls). System documentation for users did not include user's role assignment and user department. Without role based security, management users may be granted or retain	access rights of roles to only those required to perform their duties as mandated by the Job Description documentation. In addition, access rights should be set up to enforce separation of duties. Preferably this review should be performed by a level of management above those who are processing transactions but also close enough to understand the application and the access being granted.	limited number of employees must have the ability to be cross trained and perform multiple job duties.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
(Continued) Access Rights Review		access they do not need, and creates a risk that the user will use that access to bypass controls or make inappropriate changes.		
Audit Logs	Management informed us that upon request, the Cobra System has been capable of generating audit logs of transaction details by date range for management review. This information serves as a means for monitoring transactions, identifying training issues, and detecting unusual user activities and transactions.	During this engagement, due to the lack of vendor support for the Cobra System and the change in Commissary personnel, management did not have access to historical audit logs as requested for the fiscal year ended February 29, 2012. The specific Cobra System Audit Logs requested were for the periods March 1, 2011, through February 29, 2012, and March 1, 2012, through the last day of Cobra System use. Failure to obtain and review logs creates a risk that inappropriate changes or overrides are not identified or that changes cannot be traced back to an accountable individual.	Management should ensure that copies of all Audit Logs are retained, especially during a conversion to a new system for a minimum time of either satisfactory completion of the conversion or the completion of the annual audit. Management should formalize their approach for utilizing Audit Logs in the new Canteen System and periodically use them to monitor account activity and to identify and investigate unusual activity.	As the Sheriff's Office is in the process of enhancing the Canteen System, these controls should be evaluated and built into the new system and/or processes where applicable.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
Account Access Request Process	System access is provided through a process that requires management to create a request for access for an employee. This access request requires that the manager inform the system administrator responsible for overseeing the system (in this case QuickBooks and Cobra System) that an account for access needs to be created and what role is assigned to the account which defines the permissions or rights that the account has. This request should include formal managerial approval (usually a signature) and employee acceptance of responsibilities (also a signature), such as no sharing of login credentials. Finally, the system administrator should track dates when the account has been created and modified.	Cobra System and QuickBooks user security access is verbally authorized by the supervisors, no documentation is required, and no user or managerial acknowledgement is created to document the creation or acceptance of an account, including what access levels are granted. The absence of a formal approval process could result in inappropriate user access being granted due to miscommunication or accounts being assigned to personnel without appropriate oversight.	Management should strengthen controls for authorizing user security by utilizing an electronic or manual user security access form that is signed by the supervisor and employee. In addition, management should formalize job descriptions to assist in determining the appropriate security access that should be granted. The need for access request forms was brought to management's attention in the Sheriff's Office Jail Commissary Report issued on 8/14/09 and subsequent reports.	A formally documented process for providing access to the commissary software has been implemented and is maintained. The current access request form requires authorization from the employee's supervisor. Also, changes in access are updated in a timely manner on the user access form.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
Sales Price Authorization	Management informed us that no formal written process for establishing prices was in place other than verbal discussions and e-mails between Commissary personnel and management.	Commissary item sales price changes and the effective date of the changes are not formally approved and the Cobra System is not capable of tracking such changes. As such, we could not determine whether inmates were timely and consistently charged the approved prices. Without documentation of management's authorized price changes, accountability for pricing errors and irregularities in the system could be lost. Management informed us that documentation of price adjustments began in June 2013 and should be evident during our FY 2014 engagement.	Management reported in 2011 that Canteen would address this with an automated solution; however, Canteen does not currently have this functionality; therefore, management must establish a manual process. Based on management's comment regarding a recently revised process for documenting price adjustments, we will evaluate the new procedure during the FY 2014 engagement and develop a recommendation as needed.	A formal price change approval process has been implemented and will be used anytime changes are requested.
Competitive Bid Requirement	LGC §351.0415(b)(3) requires the Sheriff or Sheriff's Designee to accept new bids to renew contracts	While evidence of competitive bidding was confirmed, there is no formal tracking mechanism	Management should create a formal tracking mechanism to facilitate contract renewals and	A formal tracking mechanism has been implemented to facilitate renewing contracts and

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
(Continued) Competitive Bid Requirement	of Commissary suppliers every five years.	to demonstrate compliance with the requirement. Failure to accept new bids to renew contracts of Commissary suppliers every five years could result in noncompliance with LGC §351.0415(b)(3).	demonstrate compliance with LGC §351.0415(b)(3). This could include creating a spreadsheet detailing all Commissary products, a history of bids received, and the beginning and ending dates of corresponding contracts (if applicable).	demonstrate compliance with LGC §351.0415(b)(3).
Travel Advance Settlement	Accounting Procedure T.1, *Travel Policies, Guidelines and Procedures*, provides guidance for travel expenses to be followed by County departments, including timely processing of County Auditor's Form 1263, *Travel Expense Claim.*	The monitoring and review process for travel advance settlement is inadequate. A travel expense advance of $11,150 was settled by supporting expense documentation and refund deposits totaling $11,253, resulting in $103 being over refunded by the employee. In addition, the following observations were made: a) The forms were without a department head's approval signature, b) A required statement under oath on two of the travel expense claim forms was not notarized, and c)	Management should ensure that accounting for employee travel expense advances is accurate and timely. This should include having management review the travel expense claim form for a) proper completion by the employee and b) adequate supporting documents, including refunds, if any, to agree in total with the advance. Also, department heads should remind employees that claim forms and related refunds are to be processed within five business days after	Employees that handle travel expenses paid with commissary revenue have been trained on the County travel policies, guidelines and procedures.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
(Continued) Travel Advance Settlement		All three forms omitted reference to Commissioners Court's minutes authorizing the travel. Also, processing of the forms and related refunds did not occur until weeks after the required timeframe of within five business days after completion of travel. Travel advance settlements, if not monitored and reviewed to ensure a full accounting by the submission of expense documentation and refund deposits, could result in undetected errors or irregularities, as well as noncompliance with Accounting Procedure T.1 regarding timely settlement.	completion of travel.	
Postage - Indigent Mail	Postage for indigent mail is provided by the County's postage machines, with reimbursement checks issued periodically to the County, supported by postage machine generated	Checks reimbursing the County's General Fund for indigent mail postage are supported by postage machine generated activity reports. However, a procedure to establish	Management should revise the indigent mail reimbursement to the General Fund process to require that supporting documents are reviewed and approved by an	A procedure has been implemented where a report noting all indigent postage is verified and approved by the Mail Room supervisor. The supporting documents are also reviewed by a member

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
(Continued) Postage - Indigent Mail	activity reports.	authenticity and accountability appears to be missing, as there is no evidence of an authorized officer's review and approval of the postage machine activity reports. The absence of oversight could result in undetected clerical errors causing incorrect reimbursements.	independent authorized officer.	of the Business Office for accuracy. Indigent postage is also run on a separate account coding.
Indigent Sales Tax	The Sheriff's Office operates a Commissary to facilitate inmates' purchasing of food and other basic items. Sales are settled via transfers from Trust Accounts maintained in the Cobra System. Sales to inmates who are indigent (i.e., inmates having less than $1.00 in their Trust Account at the time a Commissary order is placed) are extended on credit (i.e., recorded as a receivable) and collected as soon as funds are available	Once funds are collected on indigent inmate Trust Accounts, the Commissary does not charge sales tax on disposable briefs and certain taxable items contained in indigent inmates' packets (e.g., paper, toothbrush, shampoo, pens), which may be required by Tax Code §151.051. In addition, the monthly sales tax calculation was based on cash sales which excluded any portion of subsequent indigent inmate	Management has informed us that sales tax is charged on indigent products since May 1, 2012, after the conversion from the Cobra System to the Canteen System. The revised sales tax procedure, as represented by management, will be evaluated during the FY 2013 engagement and a recommendation developed as needed.	The current commissary software, "Canteen," corrected this issue. This software charges tax on indigent sales when the sales occur.

ISSUES AND RECOMMENDATIONS				
Subject	**Background**	**Issue**	**Recommendation**	**Management Response**
(Continued) Indigent Sales Tax	in their Trust Account.	collections. As such, the current practice may result in underreported sales tax.		

RISK ASSESSMENT AND SUMMARY OF RECOMMENDATIONS

The risk matrix below presents the assessed level of risk or exposure identified during our procedures. Inherent risk relates to factors that because of their nature cannot be controlled or mitigated by management. Inherent risk includes factors such as legislative changes, number and dollar amount of transactions processed and/or complex nature of transactions. Control risks relate to factors that can be influenced or controlled by management. Controls such as policies and procedures, electronic or manual approvals, system security access, and separation of job responsibilities may be instituted by management in order to mitigate control risk. Control risk is assessed during the planning phase in order to establish the nature, timing, and extent of testing and at the conclusion of the engagement in order to incorporate actions taken to implement our recommendations. The overall risk considers a combination of inherent and control risks.

Inherent Risk:	**Control Risk:**		**Overall Risk:**
☐ High	**Prior to Procedures**	**After Procedures**	☐ High
☒ Moderate			☒ Moderate
☐ Low	**Needed Improvement**	**Needs Improvement**	☐ Low

Type of Procedures: Audit

Purpose: The objective of the engagement was to examine the Commissary accounts pursuant to LGC §351.0415(d), evaluate, on a test basis, compliance with the provisions established by LGC §351.0415(b)(3) and (c).

Priority Rating:	**Audit Recommendations:** Sheriff's Office Jail Commissary
1	Management should perform and document a fiscal year-end reconciliation in total between the Commissary purchase journal and the County's financial records. If differences are identified, they should be resolved timely to ensure accurate and complete recording at fiscal year-end.
1	Management should increase supervision and provide additional training for proper account coding of items charged to cost of goods sold.
1	The Sheriff's Business Office personnel should reconcile all sales related reports and worksheets to the Commissary Transaction Report sales total to ensure accuracy and completeness in sales data recording. Any differences should be documented and researched for prompt resolution.

1	Management should ensure that the Business Office procedure for determining accrued expenses is based on dates of delivery of goods or services instead of invoice dates.
1	Management should ensure that personnel involved in receiving vendor deliveries are trained in proper receiving procedures, including documenting the verification of the packing list or other evidence of goods received. This documentation should be submitted to the Business Office and verified before disbursements are made.
1	Management should create unique user accounts for all users and require that personnel use only their own account. The Admin account password should be changed and made known only to those personnel who are responsible for supporting the application.
1	Management should remove Administrator privileges from user accounts that are used for processing transactions.
1	Management should perform a user account role review and restrict the access rights of roles to only those required to perform their duties as mandated by the Job Description documentation. In addition, access rights should be set up to enforce separation of duties. Preferably this review should be performed by a level of management above those who are processing transactions, but also close enough to understand the application and the access being granted.
1	Management should ensure that copies of all Audit Logs are retained, especially during a conversion to a new system for a minimum time of either satisfactory completion of the conversion or the completion of the annual audit.
1	Management should formalize their approach for utilizing Audit Logs in the new Canteen System and periodically use them to monitor account activity and to identify and investigate unusual activity.
1	Management should strengthen controls for authorizing user security by utilizing an electronic or manual user security access form that is signed by the supervisor and employee. In addition, management should formalize job descriptions to assist in determining the appropriate security access that should be granted.
1	Management should establish a manual process to approve Commissary price changes and track the effective date of the approved changes.

1	Management should create a formal tracking mechanism to facilitate contract renewals and demonstrate compliance with LGC §351.0415(b)(3). This could include creating a spreadsheet detailing all Commissary products, a history of bids received, and the beginning and ending dates of corresponding contracts (if applicable).
1	Management should ensure that accounting for employee travel expense advances is accurate and timely. This should include having management review the travel expense claim form for a) proper completion by the employee and b) adequate supporting documents, including refunds, if any, to agree in total with the advance. Also, department heads should remind employees that claim forms and related refunds are to be processed within five business days after completion of travel.
1	Management should revise the indigent mail reimbursement to the General Fund process to require that supporting documents are reviewed and approved by an independent authorized officer.

Priority Rating	1. **Implement immediately (30 – 90 days) –** Serious internal control deficiencies; or recommendations to reduce costs, maximize revenues, or improve internal controls that can be easily implemented. 2. **Work towards implementing (6 – 18 months) –** Less serious internal control deficiencies, or recommendations that can not be implemented immediately because of constraints imposed on the department (i.e., budgetary, technological constraints, etc.). 3. **Implement in the future (two – three years) –** Recommendations that should be implemented, but that can not be implemented until significant and/or uncontrolled events occur (i.e., legislative changes, buy and install major systems, requires third party cooperation, etc.).