Commissary and Inmate Trust Audit

Introduction and Objectives

The Burnet County Auditor's Office conducted an internal audit of the Sheriff's Office Commissary accounts pursuant to Local Government Code section 351.0415 and Texas Government Code section 511.016 for fiscal year 2024. The objectives were to: (1) verify expenditures from commissary proceeds complied with Local Government Code section 351.0415(c); (2) confirm presence of a commissary plan; and, (3) ensure accurate accounting of inmate trust accounts to reflect deposits, commissary purchases, commissions, payments to vendors, and payments for prescriptions and medical services. We wish to thank the Sherriff's Office jail staff for their receptiveness, helpfulness, and kind courtesy.

Background

The Burnet County Jail is a 587-inmate capacity jail, certified by the Texas Commission on Jail Standards, and is U.S. Marshals holding facility. The Sheriff provides commissary services for food products, hygiene supplies, and assorted materials through vendor Aramark until April 1, 2025. Nicotine pouches are available through commissary service apart from Aramark. After April 1, 2025, vendor Keefe will assume these commissary operations. Inmates may also purchase tablet and phone time through Viapath.

Individual inmate trust accounts are established when an inmate is booked into jail. Account deposits consist of funds in the inmates' possession at book-in and subsequent deposits by others.[1] In the main, inmates place orders for Commissary items weekly, subject to availability of funds, on an electronic tablet by entering their individual Sheriff's Office number and pin linked to their trust account. The total for each purchase is charged to the inmate's trust account. Aramark processes and distributes the orders.

Additionally, Aramark operates a cart system in which inmates can obtain commissary items without pre-order. The system is analogous to an ice-cream truck with transactions taking place at a mobile cart inside the inmate housing sections.

Medical and dental services, prescriptions, and writing materials are charged against an inmate's trust account. The cost of these services for indigent inmates are covered by the County's General Fund and remain as debts owed in individual inmate's commissary balance report should deposits ever be made. And so, when an inmate's commissary balance goes into the negative the balance due remains and is deducted from subsequent deposits until said debt is paid.

Aramark invoices the jail weekly for commissary; the invoice includes

[1] Burnet County offers three methods for people to provide funds for commissary: (1) a kiosk available in the Jail lobby 24 hours a day; (2) money order or cashier's check via mail which includes the inmate's name and Sheriff's Office number; and (3) online. The online option for commissary deposits (as well as to set up inmate phone accounts) is to go to www.connectnetwork.com. Similarly, to deposit money for an inmate's tablet account, a person can go to www.gettingout.com.

calculation of the commission and supporting order history reports. These are reviewed and countersigned by the jail administrator and sent to the Treasurer's Office to be paid. The administrator sends two checks to the Treasurer's Office, one for the invoice and one for the commission.

Objective One
Compliance with Section 351.0415(c)

Expenditures from the jail commissary fund account "Claim on Pooled Cash" for FY24 were examined for compliance with section 351.0415(c),[2] and to ensure adequate internal controls were present. The largest expenditure and four others close in time were selected as a test sample. Supporting documentation including invoices and correspondence were reviewed.

Expenditure one was for a 2023 Ford Transit 350 van. Support documentation reflects this purchase was for inmate transportation pursuant to section (c) (5).[3] Expenditure two was a routine purchase of nicotine pouches to equip commissary operations. Expenditure three purchased inmate food trays designed to keep hot and cold foodstuffs separate to meet the aims of section

[2] Local Government Code § 351.0415(c) provides that commissary proceeds may be used for:

> (1) fund, staff, and equip a program addressing the social needs of the inmates, including an educational or recreational program and religious or rehabilitative counseling;
> (2) supply inmates with clothing, writing materials, and hygiene supplies;
> (3) establish, staff, and equip the commissary operation and fund the salaries of staff responsible for managing the inmates' commissary accounts;
> (4) fund, staff, and equip both an educational and a law library for the educational use of inmates; or
> (5) fund physical plant improvements, technology, equipment, programs, services, and activities that provide for the well-being, health, safety, and security of the inmates and the facility.

[3] Attorney General guidance indicates vehicles purchased from commissary funds should be dedicated exclusively to section 351.0415 purposes. Tex. Att'y Gen Op. JS-0005 at 3 (June 29, 2023).

(c)(5). Expenditure four purchased pipe crimping to repair water leaks to inmate housing areas without shutting off the water for the entire facility also to meet requirements of section (c)(5).

The fifth expenditure was for a software package to support a previous purchase that satisfied section 351.0415(c) purposes. Documentation reflected the Commission on Jail Standards, the Burnet County Attorney, and Auditor were all consulted on this expenditure.

1. Expenditures complied with section 351.0415(c).
2. Internal controls were strong with the following present:
    a. Thorough documentation and record retention.
    b. Express deliberation of authorized purposes being clearly present and documented for purchases.
    c. Documented communication showed willingness to reach out to others in the Sheriff's Office chain of command to ensure compliance.
    d. Command response was documented to be quick and with the same desire to ensure compliance.

Objective Two
Commissary Plan

Jail facilities must have a written commissary plan, approved by the Texas Commission on Jail Standards, that outlines services (in-house or vendor), frequency, inmate item acquisition procedures, and annual audits by the county auditor, as required by 37 Tex. Admin. Code section 291.3 and Local Government Code section 351.0415. A contract with Aramark was in place during fiscal year 2024 for Aramark to provide commissary services in the Burnet County Jail. Inmates have access to commissary information on their tablets. The Commission on Jail Standards visits the Burnet County Jail annually, conducting a day-long site visit to ensure compliance with jail standards.

Objective Three
Inmate Trust Accounts & Vendors

When starting this audit, we requested a copy of their operating policies and procedures for cash handling, reconciliations and issuing checks. We were informed that when staff began their positions over 10 years ago, they were trained and verbal procedures were established. And there wasn't any documented policies and procedures.

Condition: The Jail does not have documented Policies and Procedure for cash handling, recording and reconciling Inmate Trust funds

Criteria: According to GAO standards for Internal Controls, Principle 12 states that "Management" should implement controls activities through policies, “written policies and procedures help ensure Management’s directives are followed and compliance with applicable laws and regulations.

Cause: The Jail has used historical knowledge and verbal direction rather than formal documentation.

Effect: The absence of documented policies and procedures increases the risk of inconsistent practices, operational inefficiencies and noncompliance with applicable laws and regulations. If there is employee turnover, the historical knowledge is lost if not documented.

Recommendation: We recommend that documented policies and procedures be developed to ensure Management’s directives and current policies and procedures are followed.

Burnet County Jail’s standard operating procedure for managing inmate funds involves depositing money into an inmate’s commissary account, which can be used for purchases like commissary items, phone calls, and other approved expenses. These accounts are maintained by the jail. Funds can be deposited by family and friends through various methods like money orders, cashier’s checks or online transfers

Money deposited into the Booking or Front Lobby Kiosks are handled completely by GTL Viapath employees and an ACH Report is sent to the Business Administrator via email and an ACH is sent to the jail's current bank. Governmental checks sent from other counties or governmental agencies or money orders are picked up from the Booking safe box weekly along with the reports generated by the staff that entered the funds into the inmate trust fund banking system. The Business Administrator combines all reports, completes a deposit slip and takes the funds to the current jail's bank. The receipt is attached to the reports and copies of checks.

Funds entered into the inmate's account can be used to purchase commissary or moved to the tablet/phone system where they can purchase music, movies, games and/or books or make phone calls and do video visits. Also, any charges accrued by the inmate such as medical, dental, prescription meds, and postage are billed to the inmate's account and deducted when he/she gets funds added to their account. If the inmate does not received any funds then the charges are left on his/her account and will be there if they are ever brought back to this facility.
When an inmate is released from the facility to the streets, he/she will receive a debit card with all remaining funds placed on it. If an inmate is transferred to another governmental entity, a check will be cut within a week after the inmate's departure to their destination. The checks are processed by the Business Administrator and signed by two predetermined staff members which are Captain, Business Administrator, 2 Lieutenants and 2 Booking Sergeants.
If an inmate's check is returned to the facility, every avenue to locate another address is attempted and if not available then it will be handled as unclaimed personal property. After three years the unclaimed property will be sent to the Treasurer's Office to be handled as Unclaimed Property.

At the beginning of each month, once the jail receives the bank statement, all funds are reconciled, report is save and sent to Auditor's Office at the end of the fiscal year.

To review the balance in the Inmate Trust Accounts we reviewed May and June 2024 bank statements. We were unable to obtain or reconcile for either month.

Condition: We reviewed May and June 2024 Bank statements:

	May 2024	June 2024
Ending balance	126,375.44	150,537.95
Outstanding checks	34,514.11	34,842.64
Inmate's balance	22,616.88	31,811.17
Unidentified Amount	69,244.45	83,884.14

Criteria: GAO Standards for Internal Control require management to perform periodic reconciliations to ensure the completeness and accuracy of financial Records.

Cause: Reconciliations of the Inmate bank Account were not performed.

Effect: The balance in the Inmate Trust account was unreconcilable. A portion of the account was identified as inmate's balances, outstanding checks. The remainder was unidentified.

Recommendation: We recommend that Management implement a monthly reconciliation of the Inmate Trust Account. If an unidentified amount is listed that it remains the only portion of the account that is unidentified.

Management's Response:

The Business Administrator will reconcile the accounting software to the bank statement on a monthly basis after received the statement. All payable accounts will be paid out on a monthly basis to zero those accounts out.

While attempting to reconcile the Inmate Trust account, we noticed outstanding checks that were listed on the outstanding check register that had been listed since 2020.

Condition: The Jail has not remitted uncashed checks under 100.00 to the County. And uncashed checks Over 100.00 to the Comptroller's office.

Criteria: Texas Property Code Chapter 74 are required to report and deliver unclaimed property, uncashed checks, to the Texas Comptroller of Public Accounts (Section 74.101) 3 years of dormancy.

Cause: The Jail has not remitted these checks. There were checks noted on the outstanding check register from FY 2020.

Effect: Checks issued by March 1, 2023 and uncashed by March 24 must be reported by July 2024 to the Comptroller's office.

Recommendation: Establish a policy that remits these checks to the county and the Comptroller's office as directed by the Texas Property Code.

Management's Response:

A report was generated showing all outstanding inmate checks from August 4, 2020 through August 25, 2023. Check Number 14150 in the amount of $12,299.07 from Cadence Bank Account 77325090 was issued to Burnet County for unclaimed funds/property to cover the outstanding checks that were expired in the account. Another report will be generated and check issued to Burnet County in July 2025 for any unclaimed funds from the previous account at Hill Country National Bank to close out that account. After speaking with the Treasurer we will generate a report yearly between March-May for any unclaimed funds.

During the attempt to reconcile the Inmate Trust Account, we also noted that checks were issued from to the Inmate Trust account to the Commissary account periodically for large amounts. These amounts were from the sale of Nicotine patches which ARAMARK didn't handle in their system.

Condition: During our review, we found that nicotine patches sold to inmates are not being tracked or inventoried. There are no records of how many are being purchased, or how many are given out and how many remain. This creates a risk that patches could be lost, misused, or misappropriated without anyone noticing. Additionally, the revenues from these sales are transferred from the Inmate trust account to the Commissary account without supporting documentation. There were three transfers in FY24 for Nicotine sales:

2/2/24	96,565.
4/30/24	55,363.
7/18/24	37,720.

These amounts were not supported by sales documentation.

Criteria: According to GAO Standards for Internal Controls in the Federal (green book) Principle 10 states that "Management" should design control activities to achieve objectives and respond to risks, which include: physical control over assets and maintain adequate records. Additionally, Principle 13 – Use quality information to achieve the Jail's objectives, which include supporting transactions with appropriate documentation.

Cause: The Jail lacks formal policies and procedures for inventorying commissary items or reconciling sales revenue to product. The lack of documentation and tracking makes it difficult to know if funds are accurate, and this reduces accountability and transparency.

Effect: Without proper tracking or supporting documentation there is a high risk for: Misappropriation or loss of inventory, inaccurate financial reporting, unauthorized or inappropriate use of commissary funds and a reduced accountability in jail operations.

Recommendation: We recommend establishing inventory tracking process for the nicotine patches, like any other commissary item, implement a monthly reconciliation of nicotine patches, and transfer funds that are supported by the sales monthly with supporting documentation.

Management's Response:

A spreadsheet was generated for internal tracking of inventory and pouches sold broken down by month. The spreadsheet will show beginning and ending count of pouches on hand each month, along with pouches sold by day. Returns, damages, etc. will also be noted on the monthly sheet. This amount will be verified with sales each month. The business manager will verify the spreadsheet to the sales report from Keefe.

To review processing of orders and charges against Inmate Trust Accounts we drew a sample of ten persons. One was drawn from the list of outstanding checks; three were for inmates released to other agencies; three were drawn from one medical bill paid by the County for inmate healthcare; and, four were drawn from the Aramark Commissary invoice supporting documentation. The inmate balance history report was requested for these ten; one people had no activity and so the remaining sample was nine.

In each instance where an inmate's commissary balance had become negative because of medical expenses or the provision of indigent supplies, whenever money was deposited to the inmate's trust account the debt was paid before charges for commissary were allowed.

For the person listed as having an outstanding check, the inmate balance history report supported the accuracy of the issued check amount.

Concerning the three inmates released to other agencies, the balance history report for each reconciled with the amount on the checks they were issued upon release.

Regarding the three inmates that had medical services outside the jail, their balance histories support that Burnet County inmates are being charged for these services while inmates housed here for other entities were not charged. This is in accord with contract provisions.

The four documented commissary customer inmates were spot checked for appropriate nicotine pouch charges ($15.00 a unit) as well as proper phone charges ($1.00 minimum regardless of call duration).

Vendor Aramark

The processing of commissions from commissary vendor Aramark was examined. To test whether commissions are paid timely, samples were drawn from Aramark invoices. The supporting invoice and documentation were reviewed for each and Encode was checked to ensure Burnet County received the commission.

Regarding Aramark, commission in operation is gross sales less sales tax and postage times a percent based upon population levels; however, certain items such as “fresh favorites” and iCare are calculated at a ten percent rate. Ten invoices were pulled as a sample. Calculated commissions were paid promptly in each instance with two anomalies present. One bearing on time and the other on switched numbers.

The first anomaly was an invoice that was held because of a computation issue regarding the gross. This computation error was caught and addressed by the jail administrator processing the invoice. While there was delay, it was called for in this instance. The second anomaly was an instance where the invoice called for a commission of $1,279.35 but the commission paid from the inmate trust account was $1,297.35. This anomaly is minor considering the large volume of transactions handled by County departments.

Vendor Viapath

To check that Viapath is being paid promptly from inmate commissary, two samples were drawn. One for phone payment and one for tablet payment. Each sample documented that upon invoice receipt jail administration promptly sent the invoice and payment to the Treasurer’s Office drawn upon inmate commissary accounts. In turn, the Treasurer’s Office swiftly issued the proper check to Viapath.

1. Inmates are being properly refunded monies upon release.
2. Inmate commissary accounts are properly being charged for medical services, commissary purchases, and tablet and phone usage.
3. Commissions are being paid in timely fashion.
4. Internal controls are present to catch computational errors regarding the gross calculations.