

A Report to the
Chambers
County
Commissioners
Court

County Judge:

Jimmy Sylvia

Commissioners:

Jimmy Gore

Larry George

Gary Nelson

Rusty Senac



Sheriff's Office

Cash Bond Account

Lyndsey Davis, CFE
Haley Moreno, SHRM-CP

August 8, 2018

Chambers County
Auditor
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TABLE OF CONTENTS

Executive Summary	1
Recommendations	1
Summary	4



CHAMBERS COUNTY AUDITOR

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Executive Summary

The Auditor's Office attempted to conduct a financial audit of the Sheriff's Office Cash Bond Account at the request of Chambers County Sheriff, Brian Hawthorne. The timeframe of the audit was from 2017 to March 2018. However, due to multiple factors including lack of proper documentation, inaccurate record keeping, and underutilization of NetData, the account was not readily auditable.

The overall objective of the internal audit was:

To verify the accuracy of the Sheriff's Office Cash Bond Account financial statements.

The internal audit encompassed the financial records and administrative procedures related to the Sheriff's Office Cash Bond Account. The audit included, but was not limited to the books, bank account, reports and records of the Sheriff's Office.

The Chambers County Sheriff's Office is responsible for collecting, depositing, and distributing all monies related to cash bonds.

Recommendations

During our audit and initial interview with the Sheriff's Office we observed numerous internal control weaknesses and therefore, we recommend the following:

1. Separation of Duties

One of the most important controls is to have proper separation of duties. No single person should be able to authorize transactions, record a transaction and have custody of the assets.

When the Jailer collects the cash bond it should be recorded into Odyssey then immediately sealed with two receipts and placed in the "bond box" and one receipt given to the payee. One receipt should stay in the Sheriff's Office to reconcile with bank statements monthly and the second copy should be included with the corresponding disbursement check.

During our interview we were made aware that one employee was collecting, recording, depositing and disbursing all cash bonds. We recommend that these tasks be separated between two employees. One employee should collect the money with the corresponding receipts out of the "bond box", count the money, and then record all bonds in the bond book in accordance with Article 17.39. Records of Bail of the Code of Criminal Procedure. The second employee should count the cash with both employees present, deposit the funds, and distribute funds to the

corresponding entity. Monthly reconciliations of the bank statements to the bond book and corresponding receipts should be completed by a supervisor.

2. Physical Security

As soon as cash is collected it should be properly sealed and stored away in the “bond box” until the designated employee collects the funds. Currently funds are kept out until the end of the shift when the jailer closes their till. This practice should be corrected immediately.

3. Timely Deposits

Deposits shall be made in accordance to Section 113.022 (a) of the Local Government Code, “on or before the fifth business day after the day on which the money is received.” There were numerous deposits that were deposited outside of this deadline. Two checks were distributed and cleared the bank before their corresponding deposits were made. These bonds were collected and distributed in February but were not deposited until March, which should never occur if timely deposits are made.

In the Record of Bail book, there were multiple entries indicating the bonds were cash bonds but the corresponding deposits were never made. Also, there were multiple deposits made that were never recorded in the Record of Bail book. However, we are unable to verify if these records are completely accurate due to lack of documentation input into NetData and Odyssey. All bank deposits should include the defendants’ name, making it easier to reference that particular defendant’s cash bond deposit during the bank reconciliation.

4. Financial Responsibility

A bank reconciliation that is properly performed and adequately supported is one of the best methods of cash management. The monthly reconciliation of the bank statements, bond book and receipts can identify any discrepancies and assist in preventing the misuse of funds. It will also help keep record of any outstanding checks. There are still outstanding checks that date back to March 2017. As stated above, a bank reconciliation should be completed monthly and performed by a supervisor. Currently bank statements are not reconciled.

When a till is closed and balanced, a transaction report should be printed to verify that all transactions were properly input. This should be done at the end of each shift. The transaction report should show each transaction and the related cash bond amount with a total that was collected during the shift. At the end of the shift, the jailer who receives the funds should initial by each transaction. As a dual control, the employee who collects the cash bond money out of the “bond box” should also initial on the transaction report next to the related transaction, verifying they collected what was stated on the report. These reports should be put into a binder for future reference.

The best process of minimizing risk is daily collections of bond money.

The Chambers County Sheriff's Office Policies and Procedures Manual lacks any guidelines on timeliness disbursements and therefore, there is no policy to enforce. We recommend the policy be updated to include a reasonable timeframe for bond disbursements.

5. Record Keeping

According to Article 17.39. Records of Bail of the Code of Criminal Procedure, "A magistrate or other officer who sets the amount of bail or who takes bail shall record in a well-bound book the name of the person whose appearance the bail secures, the amount of bail, the date bail is set, the magistrate or officer who sets bail, the offense or other cause for which the appearance is secured, the magistrate or other officer who takes bail, the date the person is released, and the name of the bondsman, if any."

While reviewing the Record of Bail book there were multiple errors indicating the wrong type of bond, not documenting a bond at all, or duplicating a bond.

As mentioned before, three receipts should be printed when a cash bond is processed: one for the payee, one for the Sheriff's Office, and one to include with the corresponding disbursement check. Also, retain the transaction binder that includes bond information for future reference.

Odyssey reports should be available and accurate to verify each cash bond.

Summary

As a result of having insufficient documentation and lack of internal controls, we were limited to the information we could gather to conduct a full financial audit of the Sheriff's Office Cash Bond Account. Implementing the above recommendations and completing proper documentation will minimize risk to the Sheriff's Office. As the audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the audit. Thus the official, retains the responsibility for the accuracy and completeness of the financial information.



CHAMBERS COUNTY SHERIFF'S OFFICE

Brian C. Hawthorne, Sheriff

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Email: ccso@chamberstx.gov

August 21, 2018

Tony,

I appreciate your team for auditing the bond account at my request. I felt like the system we adopted from the previous administration did not meet the accounting requirements.

Attached is the policy we have put in place, which is a combination of the Sheriff's Office policy and auditor recommendations. Thank you again and we look forward to working together in the future.

Sincerely,

A handwritten signature in black ink that reads "Brian C. Hawthorne". The signature is fluid and cursive.

Brian C. Hawthorne

Chambers County Sheriff's Office

Jail Policies and Procedures

Subject: Bail Bonds	Policy Number: 003.002
Issue Date: 02/01/2015	Revision Date: 08/21/18
Approval Authority Title and Signature: Sheriff Brian C. Hawthorne	

PERSONAL RECOGNIZANCE BONDS

All Chambers County Personal Recognizance Bonds (PR Bonds) submitted for the purpose of bonding an individual out of jail will require the following:

- A) **The JUDGE'S ORIGINAL SIGNATURE**, on Page 1 and 2 of the bond (see example attached). The bond **WILL NOT** be accepted with anything but an original signature on the bond.
- B) The bond must be notarized, with the Notary signature affixed.
- C) The person delivering the bond may be an employee of the bonding entity. Their name and driver's license number/state must be printed in **BLUE** ink on page 2. There is also a block for their thumb print. Only a Jailer or a Peace Officer are allowed to approve a bond. The officer taking/approving the bond shall have the person affix their thumb print at the window when the bond is presented. If the thumb print is already done, the officer shall have the person presenting the bond to affix another print directly to the right of the thumb print block.

A final review and acceptance will be completed by the on-duty shift supervisor, checking for accuracy and completeness. Any bond, singular amount or combined total amount of **\$0-\$30,000** shall be approved by the Shift Supervisor before processing. Any bond, singular or combined total amount of **\$30,000-\$50,000** shall be approved by the Jail Administrator before processing. Any bond, singular amount or combined total amount of **\$50,000 - \$100,000** shall be approved by the Chief Deputy before processing. Any bond, singular or combined total amount of **\$100,000 or more** shall be approved by the Sheriff before processing. **DO NOT** accept bonds that do not meet all the guidelines stated above!

The shift supervisor will verify the identity of the person to be released, making sure the information

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on the bond is an accurate reflection of the personal information of the person to be released. After a careful review, and if the bond meets all guidelines, the shift supervisor will sign off, in **BLUE INK**, on the **bottom left** of the front page of the bond.

ENTERING SURETY BONDS

In Odyssey, you will select the charge that you are going to apply the bond to, click the “Disposition” tab, then select the “add” button to add your bond. Select the type of bond that’s being posted. For Surety Bonds, you will select “Surety or Other Bond”. Then you will select the bond type, for surety’s you will select “Surety Bond”, then enter the date that the bond is being posted. Select the “Surety” tab and click the “add” button on that screen. Select the magnifying glass to search for the bonding company that’s posting the bond. Make sure to select the bonding company with the asterisk (*) in front of the name. Choose your bonding company and then fill in the information for the bond fee. You will need to enter the type of bond fee, the Payor (who paid for the bond fee), method and amount of the bond fee. We should only have a \$15 or \$30 bond fee. **A BOND FEE IS NOT COLLECTED FOR: Out of County Bonds, Cash Bonds, PR Bonds or Class C Misdemeanors.** Select the button to add the fee, and then select the “Bail Bond Fee”. When you’re finished adding the fee, select “Save/Print”. Once you do that it will automatically print 3 copies of the bond fee receipt. Each receipt will be initialed on the bottom right in blue ink by the officer accepting the fee along with another officer to verify correct amount was received. One goes to the inmate, one is sealed in a heat sealed bag with the actual fee and gets dropped in the Bonds Box, and one you keep to balance your till at the end of shift.

Once you have finished processing your fee and saving it, you will click back into the bond to scan it in. Make sure all signatures that are required, and thumb prints are on the bond before scanning it in. Go to the documents tab and select the “add” button, The Type and Security Group should be “Bond Document”, and then you will name the document “Bond”.

ENTERING PERSONAL RECOGNIZANCE BONDS

In Odyssey, you will select the charge that you are going to apply the bond to, click the “Disposition” tab, then select the “add” button to add your bond. Select the type of bond that’s being posted. For Personal Recognizance Bonds (PR Bonds), you will select “Surety or Other Bond”. Then you will select the Bond Type, for PR Bonds you will select “Personal Recognizance Bond”. The “Collect Bond Fee” box will stay **unchecked**, as we do not collect a bond fee for PR Bonds, then enter in the date that the bond is being processed.

Make sure all signatures that are required, and thumb prints are on the bond before scanning it in. Go to the documents tab and select the “add” button, The Type and Security Group should be “Bond Document”, and then you will name the document “PR Bond”.

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RECORDING BONDS IN THE BOND BOOK

All bonds will then be added into the Record of Bail Book. You will write the inmates name under the tab that is the first letter of their last name. Then go to the next blank section and fill out the information needed for the bond. **If an offender has more than one bond, each bond goes in a separate box!** Once it's filled out, you will go back to their name under the tab that is the first letter of their last name, and write down the page number that the bond was recorded on.

Art. 17.39. RECORDS OF BAIL. A magistrate or other officer who sets the amount of bail or who takes bail shall record in a well-bound book the name of the person whose appearance the bail secures, the amount of bail, the date bail is set, the magistrate or officer who sets bail, the offense or other cause for which the appearance is secured, the magistrate or other officer who takes bail, the date the person is released, and the name of the bondsman, if any.

PROCESSING BONDS & FEES

To process the bonds and the fees, an officer that is designated to process them will have a key to the money drop safe to access the bonds and fees. The safe will be opened daily to process the bonds and fees. The till binder located in control will have a print out of each shifts ending till and the officer who collected the funds initials beside each transaction. The person collecting bonds and fees will initial beside each amount verifying the accuracy of each transaction collected on till sheet. All bonds will be checked to ensure that they have been filled out properly with signatures, notary stamps and fingerprints. A "Remittance Summary" located in the bonding folder through shared files will be filled out. All bond fess collected from the bond box will be entered by name and amount in the 2nd tab of remittance summary labeled "break down". The bond fee total will be logged in the account "Sheriff's Longevity Bonds" on the first tab labeled "remittance summary". Each summary is renamed by using the next numerical number from which the previous one was saved as. A deposit slip for the General Funds account will then be made out with all fees on one deposit slip. The deposit slip will include the name of each person in which a fee was collected for along with amounts. Once completed the person who collected fees will initial off on the deposit slip and contact the Jail Administrator or Assistant Jail Administrator. The Remittance Summary, deposit slip and money will all be verified for accuracy by the Jail Administrator or Assistant Jail Administrator. Once verified for accuracy, that person will place their initials on the bottom of deposit slip. Deposit slip, Remittance Summary, and funds will be sealed in an envelope and taken to the County Treasures Office immediately. The bonds will be organized into alphabetical order and separated by felony and misdemeanor charges. Then a "Received Bonds Form" will be made for all the felony bonds and a "Received Bonds Form" will be made for all the misdemeanor bonds. All Original

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Bonds will be given to the District Clerks Office if it's a felony and County Clerk's Office if it's a misdemeanor with the "Received Bonds Form" attached to each separate stack of bonds. The Clerks of each office will go through the bonds and sign the "Received Bonds Form" stating they have received all the bonds and email it back to us. This form will be saved in the Shared Files under "Received Bonds".

Personal Recognizance Bonds will be copied and listed on the "Received Bonds Form". The Original Bond will be given to the District Clerks Office if it's a felony and County Clerk's Office if it's a misdemeanor with the "Received Bonds Form" attached to each separate stack of bonds. The copy of the bond will be given to the judge that ordered the PR Bond. The Clerks of each office will go through the bonds and sign the "Received Bonds Form" stating they have received all the bonds and email it back to us. This form will be saved in the Shared Files under "Received Bonds".

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