

# **AUDITOR'S REPORT**

## **SHERIFF'S OFFICE INMATE TRUST FUND CONTROLS SECOND AND THIRD QUARTERS FISCAL YEAR 2019**



**August 30, 2019**

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**HARRIS COUNTY AUDITOR**

August 30, 2019

Sheriff Ed Gonzalez  
Harris County Sheriff's Office  
1200 Baker Street  
Houston, TX 77002

RE: Sheriff's Office Inmate Trust Fund Controls for the Second and Third Quarters of Fiscal Year 2019 (June 1, 2018 to November 30, 2018)

The Audit Services Department performed procedures relative to the Sheriff's Office Inmate Trust Fund Controls for the second and third quarters of fiscal year 2019. The purpose of the engagement was to evaluate key controls related to inmate trust fund disbursements, including related system and security controls over the inmate banking application (CORE Banking), bank reconciliations and inmate grievances.

Our procedures included the following:

- Selectively tested released or transferred inmates' account balances to determine if inmate funds were accurately and timely loaded to debit cards or printed on checks upon their release from jail or transfer to other penitentiaries, respectively.
- Selectively tested withdrawals of funds and determined if transactions were properly authorized, monitored and accurately recorded in CORE Banking.
- Selectively examined bank reconciliations for the inmate trust bank accounts for compliance with Accounting Procedure C.8, *Custodial (Agency) Bank Accounts*.
- Selectively tested inmate grievances for compliance with internal Sheriff's Office *Inmate Grievance Policy*.

The work performed required our staff to exercise professional judgment in completing the scope procedures. As the procedures were not a detailed examination of all transactions, there is a risk that fraud, errors, or omissions were not detected during this engagement. The official, therefore, retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

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

Sheriff Ed Gonzalez  
Harris County Sheriff's Office

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

Sincerely,



Michael Post  
County Auditor

cc: District Judges  
County Judge Lina Hidalgo  
Commissioners:  
    R. Jack Cagle  
    Rodney Ellis  
    Adrian Garcia  
    Steve Radack  
Kim Ogg  
Vince Ryan  
William J. Jackson

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## OVERVIEW

The Harris County Sheriff's Office is the largest sheriff's office in Texas and the third largest in the United States with more than 4,600 employees who provide safety to nearly 4.4 million residents in Harris County. The Sheriff's Office is the primary law enforcement agency in Harris County for residents not living in incorporated areas.

The Inmate Trust Fund, commonly referred to as the Inmate Bank, is used for the creation and maintenance of an account for each inmate booked into a Harris County Jail.

Starting in March of 2016, the Sheriff's Office has used CORE Banking as their inmate banking information system to manage inmate funds collected, deposited, transacted on and disbursed during the inmate's arrest, entry into the jail system and/or release. CORE Banking is a proprietary application created and maintained by a third party software provider, Aramark, who is responsible for applying patches, providing technical and functional support to Sheriff's Office, as well as upgrading the application. Aramark outsources the programming of CORE Banking to a third party vendor; however, the Sheriff's Office is ultimately responsible for all transactions processed through the application.

## SUMMARY OF AUDIT RESULTS

Based on the procedures performed, the Sheriff's Office materially complied with controls related to the release of funds to inmates upon their release or transfer from the jail, as well as bank reconciliations. However, we identified opportunities for improvement in the areas below.

### **1. Controls Over the Security of the Inmate Grievances Database**

Periodic access review of the grievance database was not performed by the Grievance Board. Furthermore, the Grievance Board is using an unsupported database version, which could expose the Sheriff's Office network and applications if a vulnerability in the software is discovered and exploited. Periodic access reviews of the grievance database should be performed by the Sheriff's Office process and data owners to ensure that only authorized members maintain access to and permissions for the systems, applications and/or resources under their stewardship in accordance with the Harris County *Access Control Policy*. Immediate steps should be taken to upgrade the grievance database to a supported and stable application version in accordance with the Harris County *Desktop, Laptop and Tablet Policy*.

### **2. Controls Over the Withdrawal of Funds from Inmates' Accounts**

Sheriff's Office does not have adequate controls in place to ensure compliance with their internal policies for *Money Release Cards*. Sheriff's Office Management should provide training to all relevant personnel to ensure the *Money Release Cards* are fully completed, the Detention Officer witnesses the signing and fingerprinting of the *Money Release Cards* by the inmate and checks are released to payees within one day of the authorization. Per Management, the processes for *Money Release Cards* were modified to include additional security features, and the first enhanced *Money Release Card* was processed on April 8, 2019.

These matters are discussed in more detail in the following Issues and Recommendations section of this report.

# ISSUES AND RECOMMENDATIONS

## 1. Controls Over the Security of the Inmate Grievances Database

### Background

Pursuant to section A.3, *Operating System and Application Software Maintenance* of the Harris County *Desktop, Laptop and Tablet Policy*, paragraph A.3.1, “Desktop, laptop and tablet OS's (operating systems) and application software must be maintained at the most current, stable and vendor-supported version.”

Pursuant to Harris County *Access Control Policy*, section C, *Authorization*, paragraph C.1.11, *Access Certification*, “Business Owners must verify the membership, access and contents of the systems, applications and/or resources for which they have primary responsibility on a regular basis (at least once per year), to ensure that only authorized members maintain access to and permissions for the systems, applications and/or resources involved.”

The grievance database is a tool developed in-house to record, maintain and keep track of all grievances filed by inmates.

### Issue

Sheriff's Office does not have adequate security controls in place relative to the grievance database. The following issues were observed:

- The Grievance Board is using an unsupported version of an application software that could expose the Sheriff's Office network and applications if a vulnerability in the software is discovered and exploited.
- Periodic access review of the grievance database was not performed by the Grievance Board. As a result, 94 Sheriff's Office users no longer requiring access to the database were found to have access. This could result in unauthorized personnel gaining access to the system in an unauthorized manner. Due to system limitations, we were unable to determine if these employees gained unauthorized access to the grievance database.

### Recommendation

Immediate steps should be taken to upgrade the grievance database to a supported and stable application version in accordance with the Harris County *Desktop, Laptop and Tablet Policy*.

Periodic access reviews of the grievance database should be performed by the Sheriff's Office business, process and data owners to ensure that only authorized members maintain access to and permissions for the systems, applications and/or resources under their stewardship in accordance with the Harris County *Access Control Policy*.

## ISSUES AND RECOMMENDATIONS

### 1. Controls Over the Security of the Inmate Grievances Database (cont.)

#### **Management Action Plan**

The current unsupported Grievance Database will be replaced by a module and/or functions in the new Offender Management System (OMS). HCSO has been using a phased approach in implementing various functions to the OMS. The new Grievance Database is scheduled to go live in mid to late 2020 based on current prioritization. Management is meeting in August 2019 to discuss the possibility of reprioritizing modules to implement the Grievance Module sooner.

Access has been removed for all users no longer working on the Grievance Board. Going forward all individuals with access to the folder housing the database will be reviewed on a monthly basis by managers on the Board.

#### **Responsible Party**

Sergeant, Disciplinary & Grievance

#### **Agreed Upon Completion Date**

Implemented August 8, 2019

## ISSUES AND RECOMMENDATIONS

### 2. Controls Over the Withdrawal of Funds from Inmates' Accounts

#### Background

Deposits on inmates' accounts can be made by family members, friends and other sources, and funds can be withdrawn from the accounts by the inmates to provide to their immediate family, bondsman, or attorneys. Per Sheriff's Office policy, inmates must sign and thumbprint a *Money Release Card* before any money can be withdrawn. The amount of the withdrawal, the payee's name, thumbprints and payee's relationship to the inmate are also documented on the *Money Release Card*. Also, per policy, the *Money Release Card* must be presented by the payee within one day of the inmates' authorization for a check to be released to the payee.

#### Issue

Sheriff's Office does not have adequate controls in place to ensure compliance with their internal policies for *Money Release Cards*. As a result, the following was observed:

- Two of 22 (9%) *Money Release Cards* sampled were not fully completed and did not capture the transaction date of the inmates' money release authorization. As a result, we were unable to determine the appropriateness of the authorization and funds released.
- One of 22 (5%) samples tested identified the inmate's fund was released to a recipient 2 days after the *Money Release Card* was completed.
- One of 22 (5%) samples tested identified the signing and fingerprinting of the *Money Release Card* by the inmate was not witnessed by a Detention Officer.

This could result in a financial loss to the inmate, Sheriff's Office and/or to the County if policies are not consistently followed.

#### Recommendation

Sheriff's Office Management should provide training to all relevant personnel to reinforce the importance of following their internal *Money Release Cards* policies. In every case, the *Money Release Cards* should be fully completed, the Detention Officer must witness the signing and fingerprinting of the *Money Release Cards* by the inmate and checks should be released to payees within one day of the authorization of the release.

NOTE: Based on results of the first quarter fiscal year 2019 Inmate Trust Fund Controls Audit, Sheriff's Office Management informed us that the processes for *Money Release Cards* were going to be modified to include additional security features, and that the overall process would be enhanced to mitigate errors in the withdrawal of funds from inmates' accounts. Management informed us that the first enhanced *Money Release Card* was processed on April 8, 2019 and the results of the process changes will be tested in our next quarterly audit.

## ISSUES AND RECOMMENDATIONS

### 2. Controls Over the Withdrawal of Funds from Inmates' Accounts (cont.)

#### Management Action Plan

As noted above, a new version of the Money Release Card, now called Money Release Form was implemented on April 8<sup>th</sup>, 2019 (to include training of personnel).

There were a number of enhancements built into the form to mitigate previously identified deficiencies such as:

- additional finger prints by inmate and receiving party
- photo copy of receiving party ID
- numerical and written dollar amounts
- signature and EIN of Detention Officer/Deputy witnessing the signing and fingerprinting of the *Money Release Form* by the inmate
- confirmation of available balance by Detention Officer/Deputy with ITF
- email verification of completed documents by the Trust Fund Clerk

After completion of the Money Release Form, settlement must occur within 2 hours.

#### Responsible Party

Inmate Trust Fund Manager

#### Agreed Upon Completion Date

Implemented April 8, 2019