

**2019**

**Travis County Auditor's Office Review of the  
Community Supervision and Corrections  
Department**

**Travis County Auditor's Office  
Risk Evaluation and Consulting Division**

**October 30, 2019**

TRAVIS COUNTY  
AUDITOR'S OFFICE

PATTI SMITH, CPA  
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Date: October 30, 2019

To: Rudy Perez  
Director, Community Supervision and Corrections Department

From: Patti Smith  
Travis County Auditor

Subject: Community Supervision and Corrections Examination

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division of the Travis County Auditor's Office has completed an examination of the accounting protocols for the Community Supervision and Corrections Department. We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and the community supervision and corrections function. As a result of our examination, we are providing this report on our findings and recommendations.

## **BACKGROUND**

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A court of record having original criminal jurisdiction may place a defendant on community supervision with conditions imposed by the court for a specified period. During this period, criminal proceedings are either deferred without an adjudication of guilt or a sentence of imprisonment/confinement, imprisonment/fine, or confinement/fine is probated, and the imposition of the sentence is suspended in whole or in part.

The Travis County Community Supervision and Corrections Department (CSCD), also known as Adult Probation, is responsible for supervising these parties and monitoring their compliance with the conditions of their probation as set forth by the Court. Conditions may include reporting to a probation officer; paying fines, fees, and restitution; abstaining from the use of alcohol/drugs; and participating in treatment programs. If the offender fails to comply with these conditions, the Court may revoke their probation and impose a jail or prison sentence.

## **SCOPE**

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This report details an assessment of the adequacy and effectiveness of the overall system of financial controls in place for CSCD during the period October 1, 2017 through December 31, 2018.

## **EXAMINATION METHODOLOGY**

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Our work was based on applying sampling procedures to office records and on verbal and written representations from CSCD. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all material issues and weaknesses in this functional area. In regard to the written and verbal representations made by CSCD, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

## **SUMMARY OF FINDINGS & RECOMMENDATIONS**

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We noted an accounting protocol issue related to SMART (Supervision and Monitoring for Alcohol Related Treatment) resident trust funds and monthly telephone revenues held by CSCD. These funds are not currently accounted for in Travis County's financial records, nor do they appear to be recorded in the financial records of the Community Justice Assistance Division (CJAD) of the Texas Department of Criminal Justice, the entity with oversight responsibilities for CSCDs in Texas. This item is detailed in the Areas of Concern section of this report.

## **EXAMINATION TEAM**

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Amanda Muehlberg, CPA, Lead Auditor  
John Gomez, Senior Auditor  
Ronald Cintron, Staff Auditor  
Travis Lee, Staff Auditor

## **CLOSING**

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This report is intended solely for the information and use of CSCD and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from CSCD's management and staff during our review. Please contact us if you have any questions or concerns regarding this report.



David Jungerman, CIA  
Chief Assistant County Auditor -  
Risk Evaluation & Consulting



Patti Smith, CPA  
Travis County Auditor

## REPORT DISTRIBUTION

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Jessica Rio, County Executive, Planning and Budget Office  
Aimee Sharp, CSCD Division Director  
Managers, Travis County Auditor's Office  
Examination File

## **Areas of Concern**

### **SMART Resident Trust Funds and Telephone Revenues**

During our examination, we noted that the CSCD SMART facility collects both resident trust funds and telephone contract revenue. Resident trust funds include any monies held by new residents upon entry into the SMART facility. These funds are held for the residents until they are deposited into spending accounts for resident use in the facility's commissary. In regard to telephone revenues, a third party vendor sells telecom services to SMART facility residents, allowing them to contact outside parties when appropriate. Per the contract with the third party, CSCD receives a percentage of the telecom revenues collected by the vendor.

CSCD utilizes a Frost Bank account for SMART resident trust funds and monthly telephone revenues. While CSCD tracks these funds internally, neither the trust nor telephone funds on hand are recorded on Travis County's general ledger or its financial statements. It also appears that these funds are not being recorded on the financial statements of the Community Justice Assistance Division (CJAD), the entity with primary oversight over CSCDs in Texas.

#### **Significance:**

The trust funds in question are payable from CSCD to SMART residents. Due to CSCD's fiduciary responsibility for these funds, accounting protocols should be in place to properly track and account for these trust accounts. Telephone revenues are required to be utilized for the benefit of the SMART residents; therefore, these funds should likewise be properly tracked and accounted for.

#### **Recommendation:**

We recommend that CSCD continue to work with the Auditor's Office, CJAD, and the County Attorney, as necessary, to determine how these funds should be accounted for and disclosed financially.

#### **Management Response:**

As noted during your examination of the CSCD, the CSCD utilizes a Frost Bank Account for SMART resident trust funds and monthly telephone revenues. These funds are not currently recorded on Travis County's general ledger or its financial statements. The recommendation is that CSCD continue to work with the Auditor's Office, CJAD, and the County Attorney as necessary, to determine how these funds should be accounted for and disclosed financially.

The CSCD has engaged the Independent Auditors to review this account during the annual Independent Financial Audit process, and have disclosed all records to multiple sections of the County Auditor as well as CJAD personnel. All parties who have reviewed have found sufficient internal controls are in place and agree that the account is properly constituted in accordance with all CJAD regulations. Since these funds are not part of the County's Treasury nor are they part of the operating funds for the CSCD, there have been no decisions on how to report the funds on financial statements. Once a decision is made, the CSCD will support the County's efforts to disclose the report as required.