

2018

# Travis County Auditor's Office Review of TCSO Revenue Contract for Federal Prisoner Support



Travis County Auditor's Office  
Risk Evaluation & Consulting Division

12/28/2018

TRAVIS COUNTY  
AUDITOR'S OFFICE

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To: Sally Hernandez  
Travis County Sheriff

From: Patti Smith, CPA  
Travis County Auditor

Date: December 28, 2018

Subject: Intergovernmental US Marshal Revenue Contract Review

The Risk Evaluation and Consulting (REC) Division of the Travis County Auditor's Office has completed a limited scope review of the revenue contract between the United States Marshals Service (U.S. Marshals) and the Travis County Sheriff's Office (TCSO). We conducted our review in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our review, we are providing this report on our findings and recommendations.

## **Background**

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Travis County entered into an Intergovernmental Service Agreement (IGA) with the U.S. Marshals for the detention of persons charged with or convicted of violations of federal law or held as material witnesses at a Travis County adult correctional facility. Under this agreement, TCSO provides secure custody, care, medical services, and safekeeping of federal prisoners in accordance with the applicable laws, regulations, and jail standards.

## **Objective and Scope of Review**

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The primary objective of this review was to examine revenue assessment, collection, and documentation protocols for this agreement. We examined revenue assessments and collections for the period of October 1, 2015 through March 31, 2018.

## **Review Methodology**

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Our work was based on applying sampling procedures to the entity's records and on verbal and written representations from TCSO personnel. 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 matters related to these revenue contracts that might be material weaknesses or misstatements. In regard to the written and verbal representations made by office personnel, unless otherwise noted in this report, office management maintains that the assertions we relied upon during this review were correct to the best of their knowledge.

## **Summary of Findings**

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During our review of this IGA, we noted that the hourly rate TCSO utilizes to bill the U.S. Marshals for providing guard services for federal prisoners had not been updated since January 1, 1984. Our findings, recommendations and management's responses to these findings are detailed in the Areas of Concern section of this report.

## **Examination Team**

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Angel Candelario, Senior Auditor

## **Closing**

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



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



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Patti Smith, CPA  
Travis County Auditor

## Report Distribution

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## **BACKGROUND**

### **Intergovernmental Service Agreement**

On April 1, 1983, Travis County entered into an Intergovernmental Service Agreement with the U.S. Marshals to establish a formal binding relationship. The agreement related to the detention of persons charged with or convicted of violations of federal law or held as material witnesses at the Travis County Jail.

TCSO is responsible for providing the secure custody, care, and safekeeping of federal prisoners in accordance with state and local laws, standards, policies, procedures, and court orders applicable to the operations of the facility. In addition, Travis County is to provide federal prisoners with the same level of medical care and services provided to local prisoners, including transportation and security for prisoners requiring removal from facility for emergency medical services.

### **Economic Price Adjustment**

The payment rate for providing the services listed in the above paragraph is established based on the actual costs associated with the operation of the facility during a recently completed annual accounting period or upon an approved annual operating budget. The payment rate may be renegotiated not more than once per year, after the Agreement has been effective for twelve months. The County may initiate a request for a rate increase or decrease by notifying the U.S. Marshals in writing at least 60 days prior to the desired effective date of the adjustment. Each rate adjustment submitted must include a completed Basic Data Sheet and a Certification Form available from the U.S. Marshals.

## AREAS OF CONCERN

### Contract Management

In the IGA dated April 1, 1983, between Travis County and the U.S. Marshals, the rate for federal prisoner-related guard services was \$10 per hour. A modification to this agreement dated January 1, 1984, raised this hourly rate from \$10 to \$13, and the hourly rate for this contract has remained unchanged since that date.

### Significance

In the IGA, Article V “Economic Price Adjustment” states the following:

- 1) *“Payment rates shall be established on the basis of actual costs associated with the operation of the facility during a recent annual accounting period or upon an approved operating budget;*
- 2) *The rate may be renegotiated not more than once per year, after the agreement has been effective for twelve months;*
- 3) *The County may initiate a request for a rate increase or decrease by notifying the US Marshal in writing at least 60 days prior to the desired effective date of the adjustment. Each rate adjustment submitted must include a complete Basic Data Sheet and Certification Form available from the US Marshal;*
- 4) *Criteria used to evaluate the increase or decrease in per-capita rate shall be those specified in the federal cost standards for contracts and grants with State and local governments issued the Office of Management and Budget;*
- 5) *The effective date of the rate modification will be negotiated and specified on the IGA Modification form approved and signed by a Marshals Service Contracting Officer. The effective date will be established on the first day of a month for accounting purposes. Payments at the modified rate will be paid upon the return of the signed modification by the authorized local official to the US Marshal;*
- 6) *Unless other justifiable reasons can be documented by the County, per diem rate increases shall not exceed the National Inflation rate as established by the US Department of Commerce.”*

### Recommendation

Since the guard services hourly rate charged under the IGA has not been updated since January 1, 1984, we recommend that a cost analysis be conducted on the services outlined in the agreement to determine if this rate should be adjusted. If, based on this analysis, a rate change appears appropriate, TCSO should submit a Basic Data Sheet and a Certification Form to the US Marshals requesting a rate change. Furthermore, we recommend that a cost analysis be conducted regularly to ensure the County is reasonably recouping its costs from the US Marshals.

### Management Response

In 2017 TCSO and the USMS discussed the need to update the per day cost in our agreement. The USMS informed TCSO that effective November 18, 2007, it became mandatory that applicants requesting a new rate have to submit using the e-IGA automated process. We have not done that yet.

TCSO will begin the process of submitting for a new rate and updated agreement in October 2018 and will review costs on a bi-annual basis going forward.