

# **AUDITOR'S REPORT**

## **HARRIS COUNTY SHERIFF'S OFFICE**



**January 18, 2019**

**Michael Post, C.P.A., M.B.A.  
Harris County Auditor**

**Gary Gray, C.P.A.**  
*First Assistant County Auditor*

**Leslie Wilks Garcia, C.P.A., C.F.E.**  
*Chief Assistant County Auditor*  
*Audit Division*



1001 Preston, Suite 800  
Houston, Texas 77002-1817  
(832) 927-4600

Fax (713) 755-8932  
Help Line (832) 927-4558

**MICHAEL POST, C.P.A., M.B.A.**  
**HARRIS COUNTY AUDITOR**

January 18, 2019

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

RE: Procedures applicable to the monthly collections reports submitted by the Harris County Sheriff's Office for the three months ended August 31, 2018

As required by Local Government Code (LGC) §115.002 (a) and (b), the Compliance Audit Department examined the monthly collections reports submitted by the Harris County Sheriff's Office (Sheriff's Office) for the three months ended August 31, 2018.

We performed procedures to determine whether:

- The amounts reported on the monthly collections reports were properly deposited in the County's depository.
- The numerical sequencing of computer generated and manual receipts was accounted for.
- Selectively tested receipts were properly recorded in the County's Financial System.
- Selectively tested voided receipts were properly approved and accounted for.

The enclosed Auditor's Report presents issues identified during our procedures and recommendations developed in conjunction with your staff.

We appreciate the time and attention provided by you and your staff during our procedures.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Michael Post  
County Auditor

cc: District Judges

# TABLE OF CONTENTS

<b>OVERVIEW .....</b>	<b>3</b>
<b>RESULTS .....</b>	<b>3</b>
<b>ISSUES AND RECOMMENDATIONS .....</b>	<b>4</b>
<b>Timeliness of Deposits .....</b>	<b>4</b>
<b>Monthly Collections Reporting .....</b>	<b>5</b>

## OVERVIEW

The objective of this engagement was to perform procedures in accordance with LGC §115.002 (a) and (b) which state, “(a) The county auditor shall carefully examine and report on all reports that are about the collection of money for the county and that are required to be made to the commissioners court. (b) At least once each quarter, the county auditor shall check the books and shall examine in detail the reports of the county tax assessor-collector, the county treasurer, and all other officers. The auditor shall verify the footings and the correctness of those books and reports.”

## RESULTS

Based upon the procedures performed in accordance with LGC §115.002 (a) and (b), for the following items, the Sheriff’s Office complied with the County’s policies and procedures for the items tested:

- The numerical sequencing of computer generated and manual receipts was accounted for.
- Selectively tested receipts were properly recorded in the County’s Financial System.
- Selectively tested voided receipts were properly approved and accounted for.

However, our procedures identified the following opportunities for improvement:

- Deposits should be made on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.
- The amounts reported on the monthly collections reports should agree with the monthly deposits in the County’s depository and in IFAS.

These matters are discussed in more detail within the attached Issues and Recommendations section.

## ISSUES AND RECOMMENDATIONS

### Timeliness of Deposits

#### Background

Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, states, “A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.”

The Sheriff’s Office has 22 divisions that receipt cash throughout Harris County. The Sheriff’s Office Executive Bureau Finance Division (Finance Division) helps ensure these divisions comply with the County’s accounting procedures.

#### Issue

Controls designed to ensure collections are deposited timely were not consistently followed. As a result, 67 of 411 (16%) deposits tested, totaling \$52,622, made during the months of June, July and August were held from 6 to 100 days before being deposited in the County depository. This is not in compliance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines*.

Collections that are not deposited with the County’s depository timely increase the risk for misappropriation of collections.

#### Recommendation

The Finance Division should continue to closely monitor the timeliness of deposits and reinforce the controls designed to help ensure deposits are made timely. In addition, the Sheriff’s Office should consider the possibility of utilizing the County’s armored carrier service for certain divisions, to help ensure compliance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines*.

#### Management Response

HCSO agrees with this issue. During November 2018, the HCSO Finance Team visited all 22 locations where cash is collected and advised them of the Sheriff’s mandate that stricter disciplinary action will be taken for future occurrences of non-compliance with County Procedure A.1 "Cash Handling Guidelines". The possibility of armored carrier services was also explored but rejected as being cost prohibitive. It is anticipated that audits beginning in December 2018 will show great improvement in the area of timeliness of deposits.

## ISSUES AND RECOMMENDATIONS

### Monthly Collections Reporting

#### Background

Harris County Accounting Procedure F.1-2-3, *Reporting Collections*, states, “Each County officer/department that has collections is required to furnish a monthly report of those collections and other requested supporting documentation to the County Auditor’s Office (Auditor’s Office) – Compliance Audit Department (Compliance Audit) for review.”

#### Issue

The Sheriff’s Office did not perform a thorough review of the monthly collections report for June 2018 and August 2018. As a result, the corresponding reports did not agree with the deposits reflected in the County’s depository or the amount of collections in IFAS for these months. This issue has been noted in previous audits.

The June 2018 and August 2018 monthly collections reports were understated by \$1,402.00 and \$4.20, respectively, as the result of undetected clerical errors. Compliance Audit discussed the error with the Sheriff’s Office, who made the necessary corrections.

Inaccurate monthly collection reports could result in financial misstatements.

#### Recommendation

During August 2018, the Finance Division assigned a Certified Public Accountant to review and reconcile all monthly collections reports. The Finance Division should continue to enhance the review procedures for monthly collections reports to help ensure compliance with Harris County Accounting Procedure F.1-2-3, *Reporting Collections*.

#### Management Response

HCSO agrees with this issue and recognizes that inaccurate monthly collection reports could result in financial misstatements. As noted above, the Finance Division assigned a C.P.A. to review and reconcile all monthly collection reports, beginning in Aug 2018. It is anticipated that collection reports after that date will show vast improvement in accuracy.