

# **AUDITOR'S REPORT**

## **HARRIS COUNTY SHERIFF'S OFFICE THREE MONTHS ENDED AUGUST 31, 2019**



**February 28, 2020**

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

**Leslie Wilks Garcia, C.P.A., C.F.E.**  
*First Assistant County Auditor*

**Errika Perkins, C.P.A., C.I.A.**  
*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**

February 28, 2020

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

RE: Procedures applicable to the monthly collection reports submitted by the Harris County Sheriff's Office for the three months ended August 31, 2019

As required by Local Government Code (LGC) §115.002 (a) and (b), the Compliance Audit Department examined the monthly collection reports submitted by the Harris County Sheriff's Office (Sheriff's Office) for the three months ended August 31, 2019.

We performed procedures to determine whether:

- The monthly collection reports were submitted timely and the amounts reported were properly deposited in the County's depository.
- The numerical sequencing of manual receipts was accounted for.
- Selectively tested receipts were properly recorded in the County's Financial System (IFAS).
- Selectively tested voided receipts were properly approved and accounted for.

The enclosed Auditor's Report presents issues identified during our procedures and management action plans 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**

**OVERVIEW .....3**

**RESULTS .....3**

**ISSUES AND RECOMMENDATIONS .....4**

**Completing Manual Receipts (Repeat Issue) .....4**

**Approval of Voided Receipts (Repeat Issue) .....6**

## 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), the Sheriff’s Office complied with the County’s policies and procedures for the following items:

- The monthly collection reports were submitted timely and the amounts reported were properly deposited in the County’s depository.
- The numerical sequencing of manual receipts was accounted for.

Opportunities for improvement from previous audit reports were identified as still outstanding during this engagement, as reflected below:

- Manual receipts should include the dates issued.
- Supervisory approval is required for voided receipts.

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

## ISSUES AND RECOMMENDATIONS

### Completing Manual Receipts (Repeat Issue)

#### Background

Harris County Accounting Procedure F.1-1-4, *Cash Receipts Manual Receipting*, requires all manual receipts to be issued “in accordance with internal procedures and other established County Auditor-prescribed Accounting Procedures.”

#### Issue

Manual receipts were not consistently reviewed for accuracy. Of the 58 manual receipts issued by Patrol District 2 during the quarter, 48 (83%), totaling \$345, did not indicate the dates the receipts were issued. As a result, it was not possible to determine if the receipts were recorded in IFAS in a timely manner. This issue was also noted during the third and fourth quarters of Fiscal Year 2019, as well as the first quarter of Fiscal Year 2020.

Excluding dates on manual receipts could result in financial misstatement and increase the risk for misappropriation of collections.

#### Recommendation

As this has been a repeat issue, the Sheriff’s Office should provide Patrol District 2 personnel with remedial training on the preparation of manual receipts in order to help ensure manual receipts include the dates issued and other required information. The Sheriff’s Office should consider holding someone accountable for training on completing manual receipts.

#### Management Action Plan

We agree that manual receipts should contain dates in order to maintain compliance with Harris County Accounting Procedure F.1-1-4 *Cash Receipts Manual Receipting*. The Business Office communicated with all divisions in July of 2019 that manual receipts must include the same identifying information as IFAS receipts.

There is currently a 5 to 6 month delay in the issuance of Audit Reports so previous actions taken to correct process deficiencies are not reflected in current results. The current report includes testing from 6/1/2019 through 8/31/2019 which is during the time we took additional steps to enhance understanding. Though this specific item is a repeat issue we feel that we’ve taken the necessary steps to increase awareness and improve compliance as of 7/18/2019.

As previously stated in our Management Responses in 7/2019, 11/2019 and now in 2/2020, we fully expect improvement when manual receipts are tested after 7/18/2019.

## ISSUES AND RECOMMENDATIONS

### **Completing Manual Receipts (Continued)**

#### **Responsible Party**

The Business Office has designated Chief Clerks at each of the Sheriff's Office Divisions the primary responsibility of ensuring manual receipts are reviewed for completeness.

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

2/14/2020

## ISSUES AND RECOMMENDATIONS

### Approval of Voided Receipts (Repeat Issue)

#### Background

Harris County Accounting Procedure F.1-1-1, *Cash Receipts Detailed IFAS Receipting*, requires voided IFAS receipts to include a supervisor's signature or initials as evidence of approval. In addition, Harris County Accounting Procedure F.1-1-4, *Cash Receipts Manual Receipting*, requires supervisor's signature or initials for approval on the void receipt.

#### Issue

Voided manual receipts were not consistently reviewed by supervisory personnel prior to processing. As a result, 4 of 4 (100%) voided manual receipts examined had no evidence of supervisory approval. Additionally, 1 of 24 (4%) voided IFAS receipts did not have evidence of supervisory approval. This issue was also noted during the first quarter of Fiscal Year 2020.

Failure to obtain supervisory approval of voided receipts could result in the misappropriation of funds and inaccurate monthly collection reports.

#### Recommendation

The Sheriff's Office should designate and hold accountable, specific supervisory personnel to monitor the approval of voided receipts to help ensure compliance with Harris County Accounting Procedure F.1-1-1, *Cash Receipts Detailed IFAS Receipting*.

#### Management Action Plan

The Sheriff's Office agrees that compliance with Harris County Accounting Procedure F.1-1-1, *Cash Receipts Detailed IFAS Receipting*, is important to prevent the potential misappropriation of funds and inaccurate monthly collection reports.

We updated our quarterly communication files to include Policy F.1-1-1, added a provision regarding supervisory approval in our Desktop Procedures and sent a reminder to all divisions that supervisory approval is required for voided receipts on 11/8/2019.

There is currently a 5 to 6 month delay in the issuance of Audit Reports so previous actions taken to correct process deficiencies are not reflected in current results. The current report includes testing from 6/1/2019 through 8/31/2019 which is before we took additional steps to enhance understanding. Though this specific item is a repeat issue we feel that we've taken the necessary steps to increase awareness and improve compliance after 11/8/2019.

## ISSUES AND RECOMMENDATIONS

### **Approval of Voided Receipts (Continued)**

#### **Responsible Party**

The Business Office has designated specific supervisory personnel at each Division the responsibility of reviewing and approving voided manual receipts.

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

2/14/2020