

AUDITOR'S REPORT

HARRIS COUNTY SHERIFF'S OFFICE THREE MONTHS ENDED NOVEMBER 30, 2018



May 17, 2019

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

May 17, 2019

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 November 30, 2018

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 November 30, 2018.

We performed procedures to determine whether:

- The amounts reported on the monthly collection 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 (IFAS).
- 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

OVERVIEW3

RESULTS3

ISSUES AND RECOMMENDATIONS4

Timeliness of Deposits4

Completing Manual Receipts5

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 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.
- Manual receipts should include the dates issued.

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

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, 38 of 476 (8%) deposits tested, totaling \$8,226, made during the months of September, October and November 2018 were held from 6 to 24 days before being deposited in the County’s depository. These deposit delays are not in compliance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines*. This issue has been noted in previous audits.

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, to help ensure compliance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines*.

Management Response

While HCSO Finance Division’s efforts to educate and hold the 22 divisions that receive cash accountable for following proper cash handling procedures has clearly resulted in overall improvement, we agree that “Timeliness of Deposits” remains a problem area. In the month of November 2018 we distributed a mandate from the Sheriff to all 22 of those divisions that stated stricter disciplinary action will be taken for future occurrences of non-compliance with County Procedure A.1 “Cash Handling Guidelines”. We explored the possibility of adding additional armed carrier services but instead decided on additional check scanning machines to assist the divisions in meeting “Timeliness of Deposits” standards. It is anticipated that Cash Receipts Audits beginning in Dec 2018 will show great improvement in this area.

ISSUES AND RECOMMENDATIONS

Completing Manual Receipts

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.” Receipts issued with the date field left blank do not meet this requirement.

Issue

Manual receipts are not reviewed for accuracy. Ninety-nine manual receipts issued (100%) by Patrol District Two during the three months ending November 30, 2018 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.

Failure to include dates on manual receipts could result in financial misstatements and increase the risk for misappropriation of collections.

Recommendation

The Finance Division should enhance the manual receipting controls and review procedures in place for Patrol District Two in order to help ensure manual receipts include the dates issued. In addition, the Finance Division should consider remedial training for Patrol District Two personnel.

Management Response

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*. We will enhance controls by visiting with District Two specifically but will also disseminate this requirement as well as others to all locations to ensure compliance.