

# **AUDITOR'S REPORT**

## **HARRIS COUNTY SHERIFF'S OFFICE THREE MONTHS ENDED FEBRUARY 28, 2019**



**July 26, 2019**

**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**

July 26, 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 February 28, 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 February 28, 2019.

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

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## 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.

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

- 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.
- All 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 (Repeat Issue)

#### 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, 9 of 545 (2%) deposits tested, totaling \$40,840, made during the months of December 2018, January and February 2019 were held from 6 to 16 business 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*.

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

#### Recommendation

The Finance Division should enhance their monitoring efforts regarding the timeliness of deposits. In addition, the controls designed to help ensure deposits are made timely should be reinforced with the appropriate divisions, to help ensure compliance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines*.

#### Management Response

The Sheriff’s Office has made a concerted effort over the last year to educate and hold all 22 divisions that receive cash accountable for compliance with County Auditor’s Accounting Procedure A.1, *Cash Handling Guidelines*. Efforts have included a written mandate from Sheriff Gonzalez, field visits from the Business Office, email reminders about best practices and compliance with County policy. With these efforts, we’ve made tremendous improvement over the last few quarters going from deviations of 123 to 38 to 9 current nonconforming deposits. We will continue driving home the message of strict compliance with the policy to ensure the safety of County assets. It is our expectation that results will continue to improve beginning with the Cash Receipt Audit for March 2019.

## 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 are not reviewed for accuracy. Of the 94 manual receipts issued by Patrol District Two during the quarter, 92 (98%), totaling \$1,291, 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 misstatement 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*. The Business Office will communicate with all 22 divisions that manual receipts must include issuance date and be entered into IFAS within 2 business days. Cash handling reminder emails will be updated to reflect this additional requirement. All divisions have received training and we will continue to monitor for compliance.