

AUDITOR'S REPORT

HARRIS COUNTY SHERIFF'S OFFICE THREE MONTHS ENDED MAY 31, 2019



November 15, 2019

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

November 15, 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 May 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 May 31, 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 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

OVERVIEW3

RESULTS3

ISSUES AND RECOMMENDATIONS4

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

Approval of Voided Receipts.....5

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

However, our procedures identified the following opportunities for improvement:

- Manual receipts should include the dates issued.
- Supervisory approval required for manual 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 are not consistently reviewed for accuracy. Of the 123 manual receipts issued by Patrol District 2 during the quarter, 116 (94%), totaling \$1,458, 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.

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

The Finance Division addressed this issue with Patrol District 2 management and personnel during the second quarter of Fiscal Year 2020. We anticipate improvements in this area during the third and fourth quarters of the fiscal year.

Recommendation

The Sheriff’s Office should continue to monitor the accuracy of manual receipts issued by Patrol District 2 in order to help ensure manual receipts include the dates issued.

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 communicated with District 2 and the other 21 divisions in July of 2019 that manual receipts must include the same identifying information as IFAS receipts.

Desktop Procedures and Cash Handling Reminders have been updated to include date of issuance and manual receipt completeness. When Q2 2019 is tested we fully expect improvement with District 2 and the rest of the divisions that issue manual receipts.

ISSUES AND RECOMMENDATIONS

Approval of Voided Receipts

Background

Harris County Accounting Procedure F.1-1-1, *Cash Receipts Detailed IFAS Receipting*, requires voided IFAS receipts include a supervisor's signature or initials for approval on the voided receipt. 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 receipts were not consistently reviewed by supervisory personnel prior to processing. As a result, eight of the nine voided manual receipts examined had no evidence of supervisory approval.

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

The Finance Division addressed this issue with all Sheriff's Office departments and personnel during the second quarter of Fiscal Year 2020. We anticipate improvements in this area during the third and fourth quarters of the fiscal year.

Recommendation

The Sheriff's Office should continue to monitor the supervisory approval of manual receipts to help ensure compliance with Harris County Accounting Procedure F.1-1-1, *Cash Receipts Detailed IFAS Receipting*.

Management Response

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.