

**Leslie Wilks Garcia, C.P.A., M.Jur.**  
*First Assistant County Auditor*



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

**Errika Perkins, C.P.A., C.I.A.**  
*Chief Assistant County Auditor*  
*Audit Division*

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

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

August 6, 2021

Sheriff Ed Gonzalez  
Harris County Sheriff's Office

Dear Sheriff Gonzalez:

The Harris County Auditor's Office - Compliance Audit Department (Compliance Audit Department) has completed an audit of the monthly collection reports submitted by the Harris County Sheriff's Office (Sheriff's Office) for the three months ended February 28, 2021. The results of our audit are included in the attached report.

We appreciate the time and attention provided by you and your staff during this engagement. If you have any questions, please contact me or Errika Perkins, Chief Assistant, at 713-274-5673.

Sincerely,

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

Michael Post  
County Auditor

cc: District Judges  
County Judge Lina Hidalgo  
Commissioners:  
R. Jack Cagle  
Rodney Ellis  
Adrian Garcia  
Tom Ramsey  
Christian Menefee

AUDIT REPORT  
QUARTERLY REVIEW OF MONTHLY COLLECTION REPORTS  
**SHERIFF'S OFFICE**  
AUGUST 6, 2021

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## Executive Summary

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### OVERALL CONCLUSION

Based on the procedures performed, monthly collections were submitted and deposited timely and accurately, receipts were sequenced properly, and voided receipts were properly approved. However, the controls for entering internal receipts into the County's Financial System timely were not operating as intended. The issue was discussed with the Sheriff's Office's Director of Finance, and a management action plan has been developed, which will address the issue identified by September 30, 2021.

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### SCOPE AND OBJECTIVE

As required by Local Government Code (LGC) §115.002 (a) and (b), the Compliance Audit Department examined the monthly collection reports and related records submitted by the Sheriff's Office for the three months ended February 28, 2021. The objectives of this engagement were to determine whether:

- The monthly collection reports were submitted timely and accurately.
- The amounts reported on the monthly collection reports were deposited in the County's depository.
- The numerical sequencing of receipts was accounted for.
- Receipts were properly recorded into the County's Financial System.
- Voided receipts were properly approved and accounted for.

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### SUMMARY OF AUDIT ISSUES

- Receipts from an internal receipting system were not recorded into the County's Financial System in a timely manner.

The issue, management's action plan to address the issue, and background information regarding this audit are discussed in more detail on the following pages. The audit issue is ranked based on the likelihood and impact of the risk to Harris County.

## AUDIT ISSUE

### **ISSUE #1: RECEIPTS WERE NOT ENTERED IN A TIMELY MANNER [MEDIUM] – REPEAT ISSUE**

**What is the Issue:** Ten out of 10 (100%) receipts, totaling \$4,535, issued from the Justice Information Management System (JWEB), internal receipting system, for the three months ended February 28, 2021, were not recorded into the County's Financial System timely. The time to record these receipts into the County's Financial System ranged from 15 to 40 days from the dates they were issued.

**Why it Matters:** Failure to record receipts into the County's Financial System timely could result in financial misstatements, the misappropriation of funds, and/or financial loss to the County.

**What is Expected:** Departments issuing receipts from internal receipting systems create cash receipts on Auditor's Office approved receipt forms and input these internally generated receipts into the County's Financial System. To ensure all collections are recorded in the County's Financial System timely, the County's accounting procedures recommend that internally generated receipts should be entered into the County's Financial System on the same business day.

**Why it Happened:** The Sheriff's Office does not have an internal process in place to ensure that divisions issuing receipts from an internal receipting system record those receipts into the County's Financial System in a timely manner.

**What Action(s) are Suggested:** The Sheriff's Office should implement an internal review process to help ensure receipts issued from JWEB are recorded in the County's Financial System on the same business day. In addition, Management should enhance the supervision of personnel responsible for recording receipts in the County's Financial System by generating weekly reports to verify these receipts were recorded into the County's Financial System on the dates issued.

### **MANAGEMENT'S ACTION PLAN**

**Responsible Party:** Michael Lanham, Director of Finance

We have been working with Universal Services since mid-2020 on creating an interface between JWEB and STARS to eliminate the potential for late postings to STARS. The new interface is scheduled to begin production on 8/18/21 with a test file expected around 9/18/21. In the interim we will work with the Bonding Department on implementing a short-term fix to ensure compliance with the County's Cash Handling Policy.

**Due Date:** September 30, 2021

## BACKGROUND

Harris County Accounting Procedure F.1-2-3, *Reporting Collections*, states, “Each County official/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 - Compliance Audit Department for review.” Collections for the Sheriff’s Office include bail bonds and surety bonds, criminal fines and fees, charges for copies of public records and patrol contracts, impound fees (animals), and permits (alarm, sexually oriented businesses, game rooms, and towing and storage).

Multiple receipting systems are used for these collections. Receipts for bail and surety bonds as well as receipts for copies of public records and patrol contracts are issued directly from the County’s Financial System. Criminal fines and fees are receipted using the County’s JWEB system, which is a countywide Justice Information Management System. Receipts issued from JWEB are recapped and manually entered in the County’s Financial System. Impound fees and permits are receipted using manual receipts and are submitted to the Treasurer’s Office for deposit and for posting in the County’s Financial System. Alarm permits are receipted using the Cry Wolf system. This system automatically interfaces the receipt data with the County’s Financial System.

## ACCOUNTABILITY

The work performed required our staff to exercise professional judgment in completing the engagement’s objectives. As the engagement’s scope did not include a detailed inspection of all expenses or collections, there is a risk that fraud, errors, or omissions were not detected during this engagement. The official therefore, retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.