

AUDITOR'S REPORT

HARRIS COUNTY SHERIFF'S DEPARTMENT THREE MONTHS ENDED FEBRUARY 28, 2015



January 29, 2016

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HARRIS COUNTY AUDITOR

January 29, 2016

Sheriff Ron Hickman
Harris County Sheriff's Department
1200 Baker Street
Houston, Texas 77002

RE: Procedures applicable to the monthly collection reports submitted by the Sheriff's Department for the three months ended February 28, 2015

Although you were not the office holder during the period of our procedures, we are addressing this letter to you as the current office holder.

As required by Local Government Code Chapter 115, the Compliance Audit Department examined the monthly collection reports submitted by the Sheriff's Department (the Office) for the three months ended February 28, 2015.

The procedures performed included:

- Evaluating whether amounts reported on the monthly collection reports were properly deposited in the County's depository.
- Accounting for the numerical sequencing of computer generated and manual receipts.
- Evaluating whether amounts were properly recorded in the County's Integrated Financial and Administrative Solution (IFAS) system.
- Performing an analytical review of transactions by comparing selected information between periods.

The enclosed Auditor's Report presents the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations. Less significant issues and recommendations have been verbally communicated to your staff.

Sheriff Ron Hickman

We appreciate the time and attention provided by you and your staff during our procedures.

Sincerely,



Barbara J. Schott
County Auditor

cc: District Judges
County Judge Ed Emmett
Commissioners:
 R. Jack Cagle
 Gene Locke
 Jack Morman
 Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson
Dorothy Washington
Judy Springer

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ISSUES AND RECOMMENDATIONS

Timeliness of Deposits

Background

Local Government Code §113.022 requires deposits to be made within five business days after the day on which the funds were received.

Issue

The following are instances in which the Alarm Detail Section did not comply with this requirement:

Collections Received	Deposit Validated by Bank	Number of Business Days Delinquent
12/04/14	12/30/14	11
12/05/14	12/31/14	11
12/10/14	12/30/14	7
12/12/14	01/05/15	8
12/15/14	12/26/14	2
01/05/15	01/15/15	3
01/06/15	01/20/15	4
01/08/15	01/23/15	5
01/09/15	02/11/15	17
01/13/15	01/26/15	3
01/15/15	02/12/15	14
01/16/15	03/06/15	29
01/20/15	02/17/15	15
01/22/15	02/04/15	4
01/23/15	02/03/15	2
01/26/15	02/06/15	4
01/27/15	02/17/15	10
01/28/15	02/11/15	5
01/30/15	04/14/15	46
02/13/15	05/11/15	55
02/02/15	03/03/15	16
02/03/15	04/02/15	37
02/04/15	02/26/15	11
02/06/15	02/18/15	3
02/09/15	02/24/15	6
02/10/15	02/20/15	3
02/16/15	03/05/15	8
02/17/15	05/06/15	50
02/18/15	03/09/15	8
02/19/15	03/02/15	2
02/20/15	03/13/15	10
02/23/15	03/04/15	2

Collections Received	Deposit Validated by Bank	Number of Business Days Delinquent
02/24/15	03/12/15	7
02/25/15	03/24/15	14
02/26/15	04/22/15	33
02/27/15	03/18/15	8

As a result, deposits which are not made in a timely manner may be misplaced, lost or stolen.

Recommendation

All collections should be deposited in accordance with the deadlines specified in Local Government Code §113.022. Clerks should be trained on the significance of depositing to the bank in a timely manner.

Management Response

The Alarm Detail unit began preparing for a transition from their FARS system to the CryWolf system in Sept 2014, which placed further strain on an already understaffed group, and may have contributed to continued delinquency of deposits. As of May 1, 2015 the Alarm Detail commander has agreed to place even greater emphasis on timely cash deposits. It should be further noted that the CryWolf system is anticipated to reduce cash deposit activity by as much as 90% within the next 12 to 18 months, thereby relieving the understaffed situation.

ISSUES AND RECOMMENDATIONS

Monthly Reports

Background

Pursuant to the reporting requirements established by Local Government Code §114.001 and §114.002, the Auditor's Office requires that the Office submit their monthly collection report by the fifth day of the following month.

Issue

For the following business months, the Alarm Detail Section did not comply with this requirement.

Business Month	Date Received	Number of Days Delinquent
December 2014	01/09/15	4
January 2015	02/11/15	6
February 2015	04/09/15	35

As a result, delays in submitting the monthly report can cause delays in recording financial activity in IFAS.

Recommendation

All reports should be submitted in accordance with the deadlines specified in Local Government Code §114.001 and §114.002. The Office should implement procedures so month end documentation is submitted in a timely fashion.

Management Response

The monthly collection report is compiled by the HCSO Business Office, and requires gathering of information from several areas of the HCSO, including Alarm Detail. If any one of those areas is behind on submitting their data, the Business Office will be delinquent in submitting the compiled collection report. During the dates of this audit the Alarm Detail unit was still adjusting to the newly implemented CryWolf system and as a result, experiencing delays in submission of their monthly data. As of May 1, 2015 the Alarm Detail commander has agreed to place greater emphasis on timely month-end reporting, and expects reporting in subsequent months will conform to standard.

ISSUES AND RECOMMENDATIONS

Manual Receipt Transactions

Background

As discussed in Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, manually receipted transactions should be entered in IFAS within two business days following the day the manual receipt is issued.

Issue

The following are instances in which the Office did not comply with this requirement.

Section	Manual Receipt Date	Financial System Receipt Date	Number of Business Days Delinquent	Number of Receipts
District 2	12/08/14	12/12/14	2	2
	12/09/14	12/12/14	1	1
	01/12/15	01/15/15	1	4

As a result, delays in entering receipts in IFAS can cause delays in recognizing revenue on the County's financial statements.

Recommendation

Office Management should implement controls to ensure that manual receipts are entered in IFAS within two business days of receipt.

Management Response

The District 2 commander is aware of these delays in entering receipts in IFAS, and believes that staffing shortages are the underlying cause. As of this date (Dec 2015) the HCSO has not budgeted to add personnel in District 2, and deems this limited number of delinquencies to be acceptable.

ISSUES AND RECOMMENDATIONS

IFAS Interface

Background

In accordance with Harris County Accounting Procedure F.1-1-3, *Cash Receipts – Interfacing to IFAS*, the Alarm Detail Section is required to transmit and post daily to IFAS, via an interface, the previous day's collection information.

Issue

The quarterly period depicted in the chart below demonstrates the delinquency of 30 selected days. Based upon an analysis of the data below it appears the Alarm Detail Section did not adhere to Procedure F.1-1-3 during the months of December, January and February.

Business Month	Interface Batch ID	Date of Business	Date Posted in IFAS	Number of Business Days Delinquent
December 2014	IAD14C08	12/08/14	12/12/14	3
	IAD14C09	12/09/14	12/12/14	2
	IAD14C10	12/10/14	12/16/14	3
	IAD14C11	12/11/14	12/16/14	2
	IAD14C12	12/12/14	12/31/14	10
	IAD14C13	12/13/14	12/16/14	1
	IAD14C14	12/14/14	12/16/14	1
	IAD14C15	12/15/14	12/18/14	2
	IAD14C16	12/16/14	12/18/14	1
	IAD14C17	12/17/14	12/24/14	3
January 2015	ICW12115	01/21/15	03/01/15	26
	ICW12215	01/22/15	02/09/15	11
	ICW12315	01/23/15	02/09/15	10
	ICW12415	01/24/15	02/09/15	10
	ICW12615	01/26/15	02/09/15	9
	ICW12715	01/27/15	02/09/15	8
	ICW12815	01/28/15	02/09/15	7
	ICW12915	01/29/15	02/27/15	20
	ICW13015	01/30/15	04/17/15	53
	ICW13115	01/31/15	02/09/15	5
February 2015	ICW20915	02/09/15	02/28/15	13
	ICW21015	02/10/15	02/28/15	12
	ICW21115	02/11/15	05/13/15	63
	ICW21215	02/12/15	02/28/15	10
	ICW21315	02/13/15	05/08/15	58
	ICW21415	02/14/15	02/28/15	10
	ICW21515	02/15/15	02/28/15	9
	ICW21615	02/16/15	02/28/15	8
	ICW21715	02/17/15	05/04/15	52
	ICW21815	02/18/15	02/28/15	6

A delay in transmitting this information adversely affects the Auditor's Office and the Treasurer's Office in ensuring that collections have been properly deposited, recorded and acknowledged.

Recommendation

The Office should implement procedures to ensure that each day's IFAS interface is performed in a timely manner.

Management Response

As of May 1, 2015 the Alarm Detail commander has been informed of these delinquencies, and has committed to placing greater emphasis on timely transmission and posting to IFAS.