

AUDITOR'S REPORT

HARRIS COUNTY SHERIFF'S DEPARTMENT THREE MONTHS ENDED AUGUST 31, 2015



July 1, 2016

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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

July 1, 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 August 31, 2015

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 August 31, 2015.

We performed the procedures as follows:

- Evaluated whether amounts reported on the monthly collection reports were properly deposited in the County's depository.
- Accounted for the numerical sequencing of computer generated and manual receipts.
- Evaluated whether amounts were properly recorded in the County's Integrated Financial and Administrative Solution (IFAS) system.
- Performed 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.

Sheriff Ron Hickman
Harris County Sheriff

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Barbara J. Schott", with a long horizontal flourish extending to the right.

Barbara J. Schott
County Auditor

cc: District Judges

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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 Office did not comply with this requirement.

Business Month	Date Received	Number of Days Delinquent
June 2015	7/10/15	5
July 2015	8/11/15	6
August 2015	9/11//15	6

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

This report is submitted timely every month. However, due to budget constraints HCSO has insufficient personnel to provide all cash receipts reporting that support this summary collection report by the 5th business day each month. Based on the large volume of cash receipts this may result in receipts issued at the end of the prior month not being included in the appropriate month's collection report.

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 Division did not comply with this requirement:

Collections Received	Span of Business Days Delinquent
June 2015	1-2
July 2015	1-2
August 2015	1-4

The following is an instance on deposit slip 5403250211 in which the Criminal Warrants Division did not comply with this requirement:

Collections Received	Deposit Validated by Bank	Number of Business Days Delinquent
08/31/15	09/10/15	2

The following are instances on deposit slip 5400800272 in which the Sheriff's Academy Division did not comply with this requirement:

Collections Received	Deposit Validated by Bank	Number of Business Days Delinquent
08/04/15	09/09/15	21
08/10/15	09/09/15	17
08/11/15	09/09/15	16
08/12/15	09/09/15	15
08/18/15	09/09/15	11
08/20/15	09/09/15	9
08/25/15	09/09/15	6

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

Understaffing at the Alarm Detail unit continues to affect their ability to meet the timeliness requirement for cash deposits. As of June 21, 2016 the Alarm Detail commander has committed to a renewed effort to meet these requirements. Also, as of June 21, 2016 the Criminal Warrants Division and Sheriff's Academy Division commanders have committed to increasing their efforts to meet the timeliness requirement for cash receipts deposits.

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 Division should generally transmit and post daily to IFAS, via an interface, the previous day's collection information.

Issue

The period depicted in the chart below demonstrates the delinquency of seven selected days. Based upon an analysis of the data below it appears the Alarm Detail Division did not adhere to Procedure F.1-1-3 during the months of July and August.

Business Month	Interface Batch ID	Date of Business	Date Posted in IFAS	Number of Business Days Delinquent
July 2015	ICW72215	07/22/15	07/28/15	3
	ICW72415	07/24/15	07/30/15	3
	ICW72715	07/27/15	07/31/15	3
August 2015	ICW82215	08/22/15	08/31/15	5
	ICW82315	08/23/15	08/31/15	5
	ICW82415	08/24/15	08/31/15	4
	ICW82515	08/25/15	08/31/15	3

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 made a commitment to placing greater emphasis on timely recording of collections in IFAS. These efforts appear to have been effective in the months of May and June 2015, but less so in July and August. As of June 21, 2016 the new Alarm Detail commander has committed to once again placing emphasis on timely recording of deposits in IFAS.

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.

Division	Manual Receipt Date	Financial System Receipt Date	Number of Business Days Delinquent	Number of Receipts
District 1	08/03/15	08/07/15	2	1
Bonding	08/19/15	08/24/15	1	5

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

As of June 21, 2016 the District 1 and Bonding commanders have committed to a greater emphasis on timely entry of receipted transactions into IFAS.

ISSUES AND RECOMMENDATIONS

Deposit Slip Preparation

Background

Harris County Accounting Procedure F.1-2-2, *Deposits via Armored Carrier or Field Location*, states if funds received by the bank do not agree with the amount noted on the enclosed deposit slip, the bank issues a debit/credit advice for the difference between the deposit slip amount and the actual total funds received.

Issue

The Office deposited the correct amount of collections for District 4 Division, but made an error when completing the daily bank deposit slip. When totaling cash and checks, the amount reflected on the deposit slip was incorrectly added. As a result, the bank issued a deposit slip correction to reflect the proper amount of the deposit.

The following chart provides detailed information for this issue.

Business Month	Deposit Slip Number	Amount Recorded on Deposit Slip	Actual Amount of Funds Deposited	Difference	Type of Error	Date Bank Correction Issued
June 2015	5401400377	\$828.20	\$828.80	\$0.60	Calculation Error	08/05/15

Recommendation

Office management should emphasize the importance of ensuring the amount recorded on the deposit slip is the correct amount and matches the amount being deposited. Office management should also review the daily closeout documents for accuracy and evidence this review with their signature approval on the daily cashier balancing report.

Management Response

As of June 21, 2016 the District commanders have committed to a greater emphasis on correctly recording deposit slip information, and will begin providing management review and signature approval of the daily cashier balancing report.