

*Internal Audit Report*

**HOWARD COUNTY SHERIFF'S OFFICE  
FOLLOW-UP  
CASH RECEIPTS AUDIT  
JULY 2017**

*Office of the County Auditor*





## OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA  
County Auditor

July 2017

Sheriff William McMahon  
The Honorable Members of the County Council  
The Honorable Allan Kittleman, County Executive

Pursuant to Section 212 of the Howard County Charter and Council Resolution 22-1985, we have conducted a follow-up review of the actions taken by the Howard County Sheriff's Office to address the findings in our January 2014 audit report on the handling of cash receipts at the Sheriff's Office. The follow-up review was requested by the Sheriff. This report contains the current status of the actions taken to implement our recommendations.

This report has been reviewed with the Sheriff and we have included his responses. We wish to express our gratitude to the Sheriff's Office for the cooperation and assistance extended to us during the course of this engagement.

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

Craig Glendenning, CPA  
County Auditor

### **Prior Finding**

**Our audit disclosed that the written policies and procedures governing the process for cash receipts included procedures and processes that are no longer in effect. Additionally, they did not include some procedures and processes that are currently in effect.**

### **Prior Report Recommendation**

We recommend that the policies and procedures manuals be updated to reflect corrected policies and procedures.

### **Auditor's Assessment of Status – Not Corrected**

The Howard County Sheriff's Office (Sheriff's Office) issued an updated cash receipts policy in August 2013. However, our follow-up found that the policy still did not reflect current practices. For example, the policy states that the Summons Clerk will process most District Court fees. These receipts are generally processed by another employee. In addition, the policy states that the Expungement Clerk will reconcile deposits and records monthly. This job duty was assigned to an administrative clerk in another location.

### *Sheriff's Response:*

Policy review is complete and is in the process of being updated to reflect current practice. The target date for issuance is July 31, 2017.

### **Prior Finding**

**For the activities we audited, at least two Sheriff's Office employees have custody of cash ("cash" includes checks, money orders, and cash), record related transactions in the Summons System, and reconcile deposits and Summons System transactions monthly.**

### **Prior Report Recommendation**

We recommend that the Sheriff's Office adequately segregate duties so that no one person has the ability to receive cash, record the related transactions, and reconcile records to cash received. The person receiving the cash and sending it to the Department of Finance for deposit should have no record-keeping or reconciliation duties. The person responsible for maintaining records should not receive cash or reconcile cash deposited to recorded transactions. Finally, the person responsible for reconciliations should have no cash receipt or record-keeping duties.

### **Auditor's Assessment of Status – Not Corrected**

Our follow-up disclosed that the Sheriff's Office had not properly separated duties over receipts

and records processing. Three Sheriff's Office employees have the ability to receive payments and record the related transactions. In addition, due to the resignation of another employee, one of these individuals also reconciles the records to the payments received. The Sheriff advised us that they are in the process of hiring an administrative person who will be responsible for performing the reconciliation and will not have cash receipt duties.

*Sheriff's Response:*

With the newly hired Administrative Analyst 1, the duties have been properly segregated; however, due to the limited size of the Office, it is not a viable option for the employee sending the cash to the Department of Finance for deposit to not have record-keeping duties. The Office's resolution is that the person(s) sending cash to the Department of Finance for deposit is the same person(s) responsible for maintaining records in the Summons System. The Administrative Analyst, who is responsible for reconciliations, has no cash receipt or record-keeping duties.

**Prior Finding**

**At least two Sheriff's Office employees enter transaction data into the Summons System. These employees can also delete entire records without an audit trail to identify the user or reason for the deletion.**

**Prior Report Recommendation**

We recommend that the Sheriff's Office remove a user's ability to delete Summons System records. We also recommend that the Summons System require supervisory approval for any expungement that occurs within twelve months of the original transaction date.

**Auditor's Assessment of Status – Substantially Corrected**

Our follow-up found that three employees enter transaction data into the Summons System. In addition, one employee can delete records through expungements. All expungements are approved by supervisory personnel. The Sheriff advised us that employees can void records in the Summons System; however this does not delete the record from the System. The Sheriff's Office worked with the Department of Technology and Communication Services (DTCS) to modify the Summons System to retain information on all cases except expungements. Our review of the Summons System for calendar year 2016 found 62 transaction ID numbers missing from the sequence. Since the System automatically assigns an ID to each record that cannot be subsequently altered, these gaps represent deleted transactions. This represents a significant improvement over the 4,504 missing ID numbers noted in our original audit. DTCS advised us that the System could be modified to retain all deleted transaction IDs, including expungements. DTCS would require the Sheriff to request the modification.

*Sheriff's Response:*

Previously, this item was substantially corrected. Since then, the Office has further improved upon the status of this item by discussing our needs with the Department of Technology and Communication Services (DTCS) to retain all transaction ID numbers, including expungements. For expungements, the Summons System will list the transaction ID with the indication that it was an expungement, without any other information in the record. This will satisfy both the requirements of an expungement and the requirements of the auditor (example transaction ID for expungement: 1000-EXP). The target date for the Summons program changes is August 31, 2017.

**Prior Finding**

**Certain balances were not refunded after paying expenses. The Sheriff's Office policy is to hold the deposit until the plaintiff or their lawyer requests a refund.**

**Prior Report Recommendation**

We recommend that the Sheriff's Office revise their policy to release the remaining balance of the deposit after paying property sale expenses.

**Auditor's Assessment of Status – Corrected**

Our follow-up found that the Sheriff implemented procedures that call for timely review and refund of any balances remaining from service fees collected related to property sales. In addition, our test of five cases found that excess amounts after expenses had been refunded.

## **SCOPE, OBJECTIVES, AND METHODOLOGY**

We conducted a follow-up review of the actions taken by the Howard County Sheriff's Office (Sheriff's Office) to address the findings in our November 20, 2014 audit report. This follow-up was performed at the request of the Sheriff.

The purpose of our review was to determine the status of the Sheriff's corrective actions to address our audit findings. Our review consisted of obtaining information from the Sheriff on the status of the recommendations as of March 2017 and the actions taken to resolve the findings. Our review also consisted of performing tests and analyses of selected information and holding discussions with Sheriff's Office personnel as we deemed necessary to determine the status of the corrective actions to address the findings from our audit report.

This review did not constitute an audit conducted in accordance with generally accepted government auditing standards. Had we conducted an audit in accordance with generally accepted government auditing standards, other matters may have come to our attention that would have been reported.

Our review was conducted primarily during March 2017 and our assessment of the status of the Sheriff's corrective actions was performed at the time of our review. The Sheriff's response to our follow-up review is included in this report.

**AUDIT TEAM**

**Edward L. Shulder, CPA**  
Deputy County Auditor

**Stephen E. Peters, Jr., CPA**  
Legislative Audit Manager