


# COLLIN COUNTY

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Date: April 23, 2012  
To: Terry Box, Sheriff  
From: Jeff May, County Auditor   
Subject: Fourth Quarter FY11 Audit Result – Final

Internal Audit began an examination of the Sheriff financial books and records on January 18, 2012 in accordance with Texas Local Government Code §115.002. The audit objectives were to provide reasonable assurance receipts and disbursements were promptly accounted for, accurately recorded and properly disbursed, and the internal controls were sufficient to protect County assets.

This review covered the period between July 1, 2011 and September 30, 2011. The audit procedures included a cash count, a test of deposits and receipts, a verification of disbursements, a review of the fee schedule and an examination of other financial aspects of your office.

During the review, we identified certain practices and procedures we believe could be enhanced to strengthen internal controls and increase efficiencies. This review was not intended to be a comprehensive examination of every procedure, activity, or control. Accordingly, the findings and recommendations presented in this report should not be considered all-inclusive of the areas where improvements may be needed.

Your office personnel were extremely helpful and courteous in assisting with this review. An exit conference was held with you on March 27, 2012.

Please feel free to contact us with any questions you may have.

## **Bank Reconciliation**

### **Findings:**

1. A cashier's check made out to the City of Allen was deposited in the Detention Bonds Bank Account. The payee information was crossed out and "Collin County Sheriff's Office" was handwritten in its place. The bank subsequently returned the check and charged a return item fee to Collin County.
2. As of September 30, 2011, 486 checks issued from the Inmate Trust Fund were outstanding for more than one year.

### **Recommendations:**

1. The Sheriff's Office should not accept altered cashier's checks as payment. A cashier's check is a payment from a bank to the party listed as the payee. The purchaser of the cashier's check has no authority to alter the check after it has been issued.
2. The following recommendations should be implemented for checks outstanding for more than a year:
  - a. The office should void the check.
  - b. The office should issue a check to the Auditor's office for the total amount of the checks voided. Detailed payee information should be included to identify the rightful owner of the funds when a claim is made. This should be done quarterly. The funds will be deposited into Officers Trust.
  - c. A stop payment should not be initiated. (The bank charges \$10 to enforce the stop payment and it is only good for 6 months.)
  - d. If a valid claim is made or the check is later cashed, the funds should be requested from the Auditor's office.
  - e. When the time expires (usually three years), the Auditor's office will write a check from Officer's Trust to the General Fund, or to the State if applicable.

### **Response:**

1. The cashier's check was accepted by the City of Allen for a defendant they had in their custody on Collin County warrants. The City of Allen sent us the check with the correction already on it. We will no longer accept any altered cashier's checks as payment. We contacted the issuing bank, and they were able to contact the defendant to get her authorization to reissue a new check made payable to Collin County. According to the bank, we should be able to pick up the new check within a few business days.
2. We will follow the recommendation above on all further outstanding checks.

## Receipts

### Finding:

We verified the documentation on 5 deposit slips prepared for the Detention Bonds Account and found the total amount of cash and the total amount of checks documented on all 5 deposit slips were different from the amounts documented on the OFM reports. Although the total deposits were accurate, some of the checks received were recorded in the system as cash and some of the cash received were recorded in the system as checks. A few examples are cited below:

<b>Date</b>	<b>Cash per Deposit Slip</b>	<b>Cash per OFM Report</b>	<b>Variance</b>	<b>Checks per Deposit Slip</b>	<b>Checks per OFM Report</b>	<b>Variance</b>
7/5/11	49,394.38	51,744.48	(2,350.10)	10,032.20	7,682.10	2,350.10
7/8/11	2,431.00	16,907.00	(14,476.00)	15,505.00	1,029.00	14,476.00
8/5/11	24,059.00	34,702.60	(10,643.60)	10,976.00	333.00	10,643.60

### Recommendation:

Cash and check totals on the deposit slips and totals recorded in the system should accurately reflect the amounts and tender types received. These totals should be verified by the supervisor preparing the daily deposits. This dual verification should strengthen internal controls over deposits and reduce the amount of discrepancies reported.

### Response:

We reviewed the proper way to enter the correct tender method with staff to avoid any further discrepancies in the deposit receipts. Starting immediately an Admission/Release Supervisor will verify the daily deposits.