



Performance Audit

Office of the Sheriff Follow-up Audit of Cash Handling Practices and Procedures

Durham County Internal Audit Department

March 1, 2010

EXECUTIVE SUMMARY

February 25, 2010



**Durham County
Internal Audit
Department
(919) 560-0042**

Why We Did This Audit

This audit followed-up on a 2007 audit of cash handling practices and procedures in the Office of the Sheriff. The 2007 audit report recommended five actions to reduce risk associated with cash handling operations. The objectives of this follow-up audit was to answer the following audit questions:

1. What is the implementation status of the 2007 audit report recommendations?
2. Are current controls adequate to reasonably assure that cash is accounted for and reported accurately?
3. What needs to be done to improve financial controls?

Follow-up audits are accepted practice in the field of auditing. The Audit Oversight Committee approved this audit in the fiscal year 2010 audit plan.

What Is Recommended

The recommendations identify improvements to limit the risk of loss due to error, theft, and mismanagement. During the audit, the Office re-started implementation of recommendations from the 2007 audit as well as corrected a deficiency identified in its detention center. We recommend that the Office of the Sheriff:

1. Continue implementation of the 2007 audit report recommendations.
2. Obtain through hiring, training, or other means, qualified personnel to develop and implement financial internal controls and grant them the appropriate authority to implement and monitor them.

For more information regarding this report, please contact Richard Edwards at 919.560.0042 or rcedwards@durhamcountync.gov.

Performance Audit:

Follow-Up Audit Of Cash Handling Practices And Procedures In The Office Of The Sheriff

What we found

Internal controls improvements in several areas are needed to reasonably assure that revenues are accounted for and reported accurately and reliably. Deficiencies were discovered that could allow errors or misappropriation of funds to continue for an extended period before they are discovered. These deficiencies are long-standing and involve accounting for activity at two revenue intake stations. One of the deficiencies was discovered in the 2007 audit and one was recently discovered during this follow-up audit.

Specifically, I found:

- 2007 report recommendations were in various stages of implementation with one not implemented.
- Controls did not meet established criteria for early detection and correction.
- Developers and implementers of controls did not exhibit the necessary qualifications and skills.

Sheriff's Office managers have indicated a willingness to implement the 2007 recommendations. They made several improvements during the audit including fully correcting one of the deficiencies identified during the follow-up audit. Additionally, the Office has consulted with the County's Finance Department to assist with preparing policy and to manage cash handling practices in one of its investigative processes.

**Follow-Up Audit of Cash Handling Practices and
Procedures in the Office of the Sheriff**

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COUNTY OF DURHAM

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March 1, 2010

Michael M. Ruffin, County Manager:

This follow-up audit of cash handling practices and procedures in the Office of the Sheriff was conducted in accordance the fiscal year 2010 audit plan. It follows up on December 2007 internal audit report recommendations.

This audit, conducted between December 7, 2009 and February 17, 2010, found that recommendations had not been fully implemented and that control weaknesses in cash handling practices continue to exist. These weaknesses put the Office of the Sheriff at risk for inaccurate revenue accounting and reporting. The weaknesses also put the Office at risk of not being able to detect and correct errors and omissions timely.

The Sheriff has developed a plan to implement recommendations made in the 2007 audit report. The implementation plan, addressed to the Chairman of the County Board of County Commissioners, is included in this audit report as appendix 2. Additionally, a deficiency involving receipting processes at the Detention Center has been corrected and revised procedures are being written to strengthen procedures for accounting for cash in the narcotics investigation unit.

I appreciate the courtesy and cooperation provided by Sheriff's Office staff during the audit. Managers have reviewed the report and concur with its conclusions and recommendations.

Richard Edwards
Audit Director

