

**Prince George's County, Maryland
Office of Audits and Investigations**

Office of the Sheriff

**Court Filing Fees Collection Process
Performance Audit**

January 2015



**David H. Van Dyke
County Auditor**

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January 2015

The County Council and County Executive
of Prince George's County, Maryland

We have conducted a performance audit of the

**OFFICE OF THE SHERIFF'S
COURT FILING FEES COLLECTION PROCESS**

in accordance with the requirements of Article III, Section 313, of the Charter for Prince George's County, Maryland. Our report is submitted herewith.

We have discussed the contents of this report with appropriate personnel of the Office of the Sheriff and wish to express our sincere gratitude to them for the cooperation and assistance extended to us during the course of this engagement.



David H. Van Dyke, CPA
County Auditor



Turkessa M. Green, CPA
Audit Manager



Jude Moise
Auditor

Results In Brief

The Office of the Sheriff (Office), which functions in accordance with the Courts and Judicial Proceeding section of the Annotated Code of Maryland, accomplishes various public safety roles and is considered the enforcement arm of the Courts. The Office of the Sheriff facilitates safe court operations and provides criminal justice services that ensure the impartial and professional processing of court orders. The core services provided by the Office of the Sheriff include:

- Criminal justice services, including retrieval of fugitives;
- Service of warrants, indictments, and civil processes;
- Enforcement of court imposed judgments;
- Facilitate safe court operations;
- Domestic violence intervention and advocacy; and
- Custody and transport of prisoners.

An average of \$3.3 million per year in total revenue was collected by the Office's Budget and Finance Section (Section) over the last six fiscal years. As indicated below, Sheriff Charges (comprised largely of eviction fees) peaked to almost \$4 million during FY 2010 due to changes in the economy, which corresponds to the trend in papers processed and served over the same time period. However, it has since returned to an average of approximately \$3 million. The table below provides a breakdown of revenue collected in FY 2008 through FY 2013:

Fiscal Year	Total Revenue
FY 2008	\$3,221,206
FY 2009	\$3,306,090
FY 2010	\$3,984,117
FY 2011	\$3,455,827
FY 2012	\$3,161,027
FY 2013	\$2,807,818

The following major findings are addressed in our report:

- We noted 21 out of a sample size of 24 daily collections of Court filing fees were not deposited in a timely matter. We also noted that the entire sample of 24 daily collections was not posted in the County's financial system in a timely matter, as required by "Administrative Procedure 346".
- The Budget and Finance Section does not maintain adequate documentation for the Sheriff's Court filing fee collections.

- We noted a lack of segregation of duties within the Budget and Finance Section's revenue collections process.
- Reconciliations of revenue recorded in the in-house developed tracking log, deposited into the bank, and relevant supporting documentation are not performed.
- The Budget and Finance Section does not endorse checks immediately when received and receipts collected are not adequately safeguarded during the day.
- We noted several Information Technology (IT) control weaknesses, including issues with user IDs/passwords and the Section's database capabilities and usage.
- "Administrative Procedure 346" has not been updated since July 1988.

Status of Prior Audit Findings Related to the Collection and Processing of Revenue - December 2003 (Note: The following recommendations were made to previous management of the Office of the Sheriff):

- Recommendations made from the prior audit:
 - We recommended *that the Sheriff develop and implement a cohesive, current set of written procedures for the entire department's fee/revenue collection activity and implement periodic quality control reviews to ensure staff compliance with those procedures.*
 - We recommended *that the Sheriff emphasize the importance of the use of receipt logbooks to all staff responsible for the collection of funds, providing them with instructions for their proper completion and ensuring that periodic reconciliations are performed.*
 - We recommended *that the Sheriff instruct all personnel that handle receipts to comply with Administrative Procedure 346 as it pertains to restrictively endorsing checks received.*
- Recommendations implemented from the prior audit:
 - Written procedures have been developed for the collection and processing of revenue, including the collection of fines, Court costs, and judgments made by the Circuit and District Courts.

- Pre-numbered receipts are issued for all funds collected in person from customers or when collected from employees within the Office of the Sheriff.
- Recommendations not implemented from the prior audit:
 - Evidence of periodic quality control reviews to ensure staff compliance with written policies and procedures was not available.
 - Reconciliations of revenue recorded in the tracking system, deposited into the bank, and posted in the County's financial system are not performed.
 - Although checks are restrictively endorsed "For Deposit Only", they are not endorsed immediately as required by the Office's standard operating procedures and "Administrative Procedure 346". Checks that are not processed at the end of the day are placed in a locked cabinet without endorsement.

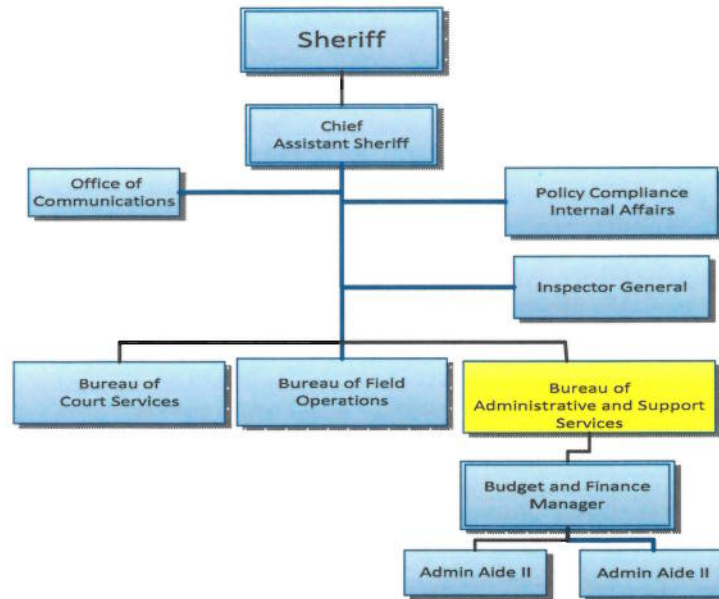
Internal control activities are an important part of the Office of the Sheriff's revenue collection and processing. They are essential for effective and efficient operations, and proper accountability of county, state, and federal resources. Hence, recommendations for improving internal controls are included in this report.

Background

The Office of the Sheriff is responsible for providing overall direction, coordination, and supervision of its operations and functions. The Sheriff is assisted by several Assistant Sheriffs, and oversees the Office of Communications unit, the Policy Compliance Internal Affairs unit, the Inspector General unit, and three (3) divisions:

- Bureau of Court Services;
- Bureau of Field Operations; and
- Bureau of Administrative and Support Services.

On the following page is the Office of the Sheriff's Organizational Chart as of June 2013.



The Office's Bureau of Administrative and Support Services includes the Budget and Finance Section, which is responsible for the preparation and administration of its finances, including the overall operation of the revenue collection function.

The Budget and Finance Section collects several fees that are mandated by the State of Maryland and the County's Treasury Division, including fees for District and Circuit Court papers, Landlord and Tenant court papers, and Domestic Violence related fees. In addition, miscellaneous fees for items such as lost keycards and badges, lost cell phones, bad checks, and uniform accessories are also collected by the Section.

Payments for evictions and civil paper services are received by mail, from the courts, and at the cashier's window in the Sheriff's Budget and Finance Section. Cash, check, and money order payments are accepted and processed at the cashier's window. Electronic payments for landlord and tenant services can also be made using the LexisNexis funds transfer system for electronic payments at the Courthouse in Hyattsville. Revenue derived from Sheriff's sales and miscellaneous fees are also handled at the cash window.

The Budget and Finance Manager signs the daily report of revenue collected. At the end of the day, all funds collected are kept in a locked safe and held until deposited in the bank.

Standard policies and operating procedures for the collection and processing of funds in-person, by mail, or from the Court system are documented in the Office's Revenue Collection practices "Procedure Number: BAF-22".

Objective, Scope, & Methodology

The purpose of this audit was to (1) assess the adequacy and performance of designed control activities in place for the processing of revenue collection by the Office of the Sheriff's Budget and Finance Section; (2) determine adherence to applicable laws, regulations, and internal policies and procedures; and (3) identify factors inhibiting satisfactory performance and recommend corrective action.

To conduct this audit we obtained and reviewed revenue transactions recorded in the County's financial system for the audit period of July 1, 2012 through June 30, 2013. We also reviewed the database file of revenue maintained by the Budget and Finance Section. We selected a judgmental sample of 30 Daily Receipts in the audit period. We obtained and reviewed copies of the legal documents, checks, money orders, cash receipts, deposit slips, bank receipts, database file, Daily Revenue Transaction Sheets (revenue sheet), transmittal reports, and Court papers (when available).

In addition, we interviewed staff from the Office's Bureau of Administrative and Support Services, including the Budget and Finance personnel. All significant fieldwork was completed by February 2014.

Management's Responsibility for Internal Control

Internal control is a process, effected by people at every level of the organization, designed to provide reasonable assurance that the following objectives are being achieved¹:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

Management is responsible for establishing and maintaining an environment that sets a positive and supportive attitude towards internal control. When the importance of internal control is communicated to employees, particularly through management's own actions and beliefs, the process is more likely to function effectively.

A strong internal control environment is essential in minimizing operational risks and improving accountability, which further helps an agency to achieve its mission.

¹ Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, Copyright 1994

We noted the following strengths in relation to the controls we reviewed in the Office of the Sheriff's revenue collection process:

- Written operating procedures have been established to administer the Office's Court filing fee collections process.
- Pre-numbered receipts are provided to customers when payments are received.
- Checks, money orders, and cash are kept in a locked safe until deposited in the bank.

We also observed several control weaknesses in the process that require management's attention. The following sections detail the items noted during our review.

Untimely Deposits, Daily Receipt Transmittals, and Journal Entry Postings

During sample testing of 24 daily collections of Court filing fees, the Office of Audits and Investigations (A&I) noted a delay in the time revenues are collected from the Budget and Finance Section and the time they are deposited into the bank. We noted 21 out of the 24 (or 88%) of the daily collections were not deposited in a timely manner.

Sample testing yielded seven (7), or 29%, out of our sample of 24 daily collections from the Section took 3 to 6 days to be deposited into the bank, and 14 (58%) out of our sample took 7 to 20 days. The amount of the deposits ranged from \$1,540 to \$4,090.

We also reviewed each Daily Receipt (DR) entry transmitted to the Treasury Division and subsequently posted to the County's financial system for fiscal year 2013. We were unable to determine when the DR entries were transmitted to the Treasury Division by the Budget and Finance Section, as the transmittal date is not documented by the Section or the Treasury Division. However, we found that all of the 24 daily collections reviewed were not posted in a timely manner – 13 deposits took 15-30 days, and 11 deposits took 31-50 days to be posted after the funds were collected by the Section.

The Treasury Division reported that DR transmittals are uploaded into the County's financial system within two days of receipt from County agencies. Additionally, A&I noted that the County's Office of Finance takes an average of 7 days to upload and post the 24 daily receipt entries in the County's financial system, which is included in the total time discussed above.

According to “Administrative Procedure 346” collections over \$100 should be deposited daily and the bank validated deposit ticket and Agency/Activity Collection/Transmittal Report should be transmitted to the Treasury Division as soon as possible after the deposits are made. Also, last-day-of-the-month transactions should be transmitted immediately in order for all transactions to be received by the Treasury Division no later than the close of business on the 4th working day after the end of the month for accurate month end reporting and reconciliation.

Furthermore, in the publication on standards for internal controls (GAO/AIMD-00-21.3.1) (11/99) the Government Accountability Office (GAO) states that:

Transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from the initiation and authorization through its final classification in summary records. In addition, control activities help to ensure that all transactions are completely and accurately recorded.

Section staff reported that personnel shortages are contributing to the additional time it takes to make the routine deposits. The delay in transmitting deposits to the Treasury Division is also attributed to the lack of adequate staffing in the Section.

Inadequate directives in the Section’s procedures for the collection and processing of revenues, “Procedure Number: BAF-22”, may have also contributed to the delay in the time revenue is collected and deposited.

Untimely deposits of fees collected increase the opportunity for loss of County funds, occurrence of errors, or fraudulent activity. Untimely posting of daily fee collections to the financial system may result in the understatement of County revenue.

(1A) We recommend that the Sheriff ensure that the revenue collected by the Section each business day be deposited daily in accordance with “Administrative Procedure 346”.

(1B) We recommend that the Sheriff ensure that bank validated deposit tickets and Agency/Activity Collection/Transmittal Reports are transmitted to the Treasury Division as soon as possible after the deposits are made (at least weekly, but no later than the 4th working day of the following month), in accordance with “Administrative Procedure 346”.

(1C) We recommend that the Sheriff update the Section’s Procedure Number: BAF-22 manual to include specific directives that ensure the timeliness of bank deposits and timely transmittal of daily fee collections to the Treasury Division.

(1D) Lastly, **we recommend** that the Director of Finance ensure that deposit transactions are processed by the Treasury Division and subsequently posted to the County's financial system in a timely manner, as soon as possible after the deposits are transmitted by the Office of the Sheriff.

Inadequate Documentation

The Budget and Finance Section does not maintain sufficient supporting records for its Court filing fee collections. **This finding was also discussed in a previous audit report issued by the Office of Audits & Investigations (A&I) in December 2003.**

- Adequate documentation for supervisory reviews was not provided for our sample of 24 daily collections. We obtained and reviewed documents with the supervisor's signature on revenues collected for half of fiscal year 2013 (July 2012 through December 2012); however there was no evidence of a thorough review of the accuracy of the amounts collected and deposited by staff, such as a reconciliation of supporting documentation to the deposit tickets and revenue collection logs prepared by the Budget and Finance Section.
- Supporting documents (Court legal papers) for 20 out of the 24 daily collections (84%), did not agree with the revenue amounts indicated on the deposit slips and the Section's Daily Revenue Transaction Sheet.

In its publication on standards for internal controls (GAO/AIMD-00-21.3.1) the Government Accountability Office (GAO) states that:

Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained.

In addition, *internal control should generally be designed to assure that ongoing monitoring occurs in the course of normal operations. It is performed continually and ... includes regular management and supervisory activities, comparisons, reconciliations, etc.*

Also, according to the Budget and Finance Section's "Procedure Number: BAF-22", *the Manager of Budget and Finance will be responsible for the day-to-day collection of funds, accounting, monitoring, depositing, control and internal auditing of the agency Revenue Collection System.*

Insufficient documentation for the Office's Court filing fee collections may have resulted from the lack of supervisory review of the Section's revenue collection process, as required in its "Procedure Number: BAF-22", last revised on 10/26/07. Furthermore, a lack of procedures and an ineffective filing process may have resulted in the misplacement of the court paper files selected for review.

Inadequate documentation decreases the level of accountability and increases the likelihood of errors, thus resulting in inaccurate records, information, and reports. Lack of documentation can also decrease the amount of evidence available if a question or dispute arises about specific receipt transactions.

Lack of supervisory review can minimize the amount of documentation available to Management to effectively train and evaluate the performance of its staff. Adequate supervision also facilitates the employees' understanding of the revenue collection process and their specific roles in the process.

Sufficient documented policies and procedures for reviewing the revenue collection process can minimize the likelihood of employee uncertainty in process requirements, thus increasing efficiency in the overall process.

To address the insufficient documentation of the Section's Court filing fees collection process:

(2A) **We recommend** that the Sheriff establish written operating procedures (or update, if applicable) to ensure that comprehensive documentation of the Section's revenue collections process is developed and maintained. Procedures should also include guidelines to ensure hardcopy and/or electronic data is properly secured, accounted for, and retained for an appropriate amount of time.

(2B) **We recommend** that the Sheriff require the Section Supervisor to periodically review revenue collection files to ensure that documents maintained are accurate, complete, consistent, and prepared according to standards.

Lack of Segregation of Duties

As a result of our walk-throughs and inquiry of the Budget and Finance Section, we discovered several instances of a lack of segregation of duties within the Section's revenue collections process.

Upon our examination, we found that the employee receiving payment (via mail and/or directly from the customer at the cashier's window) is also preparing the bank deposit slips, and often makes the bank deposits.

Our review also revealed that the same employee is responsible for the automated entry of financial information in both the Section's data base and the County's financial system. The employee also prepares all daily reports and spreadsheets of receipts, and then presents the data to the Section's manager.

We found no evidence of documentation and/or review prepared by a different staff member to validate the accuracy and completeness of records of the daily receipts.

According to the County's "Administrative Procedure 346", *the employee opening the mail (cashier) should not have access to documents and records under the bookkeeper's control; and the bookkeeper should not handle any money.*

Furthermore, in the publication on standards for internal controls (GAO/AIMD-00-21.3.1) (11/99) the Government Accountability Office (GAO) states that:

Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.

GAO also states that:

Access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained. Periodic comparison of resources with the recorded accountability should be made to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.

Section staff reported that only one employee is performing the various duties of the revenue collections process due to a shortage of staffing within the Section.

Inadequate directives in the Section's procedures for the collection and processing of revenues "Procedure Number: BAF-22" may have also contributed to the lack of segregation of duties.

Segregation of duties is critical for effective internal controls. Inadequate segregation of duties increases the risk of both erroneous and inappropriate actions in the revenue collection process, as well as the possibility that errors or fraud may go undetected. Even with limited personnel, Management is encouraged to implement internal controls to lessen this risk.

(3A) **We recommend** that the Sheriff ensure that duties in the revenue collections process are individually assigned so that the cashier and bookkeeping duties within the Section are properly segregated.

(3B) **We recommend** that the Sheriff update the Section's manual to include specific directives to guide individuals in performing the cashier and bookkeeping duties assigned above, including the verification of accounting/reconciling functions.

(3C) **We also recommend** that the Sheriff ensure that a detailed supervisory review of related activities is performed, particularly in areas where it may not be feasible to fully segregate all cash-related duties.

Lack of Reconciliation for the Revenue Collections

During our review of the Budget and Finance Section's revenue collections process, we noted differences between the amounts deposited, the revenue tracking log, and the amounts collected per supporting documentation. In our sample of 24 daily receipts for fiscal year 2013, we verified a total of \$51,527 in deposits and traced the deposits to the County's financial system. However, we were only able to verify \$39,622 of revenue collected to the supporting documentation. Supporting documentation for the remaining \$11,905, or 30%, of the revenue collected in our sample, was not provided for our review. **This finding was also discussed in a previous audit report issued by the Office of Audits & Investigations (A&I) in December 2003.**

"Administrative Procedure 346" requires a staff member other than the cashier to reconcile the total collections indicated on the Treasury validated Agency/Activity Collection/Transmittal Report to either a copy of a pre-numbered receipt book maintained by the cashier or by cash register totals obtained by the staff.

In addition, the Government Accountability Office (GAO) in its publication on standards for internal controls (GAO/AIMD-00-21.3.1) states that:

Internal control should generally be designed to assure that ongoing monitoring occurs in the course of normal operations. It is performed continually and ... includes regular management and supervisory activities, comparisons, reconciliations, etc.

The Section does not perform regular reconciliations of revenue collected, including reconciliation of revenue collected to revenue recorded in the electronic tracking log, or a reconciliation to the County's financial system.

The difference noted in the supporting documentation may also be attributed to an ineffective filing process. However, since regular reconciliations are not performed, the cause of the differences noted in the revenue tracking log could not be readily determined.

Lack of periodic reconciliations of revenue collected by the Office's Budget and Finance Section to the amount of the revenue recorded in the Section's electronic revenue tracking log and the County's financial system, may cause errors or irregularities within the revenue collections process to go undetected, thus resulting in inaccurate records, information, and reports.

Additionally, if inaccurate reports are generated by the Office's Budget and Finance Section and/or the County's financial system, revenues may be misstated, affecting decisions made by Management using these reports.

To ensure that revenue activity reported by the Office's Budget and Finance Section is accurate:

(4A) **We recommend** that the Sheriff ensure monthly reconciliations of revenue collected by the Office's Budget and Finance Section to its supporting documentation is performed.

(4B) **We recommend** that the Sheriff establish procedures for reconciliations of revenue collected by the Budget and Finance Section to the amount recorded in the electronic tracking log, and the amount recorded in the County's financial system.

(4C) **We recommend** that the Sheriff ensure that documentation of reconciliations be maintained by the Office's Budget and Finance Section.

(4D) Lastly, **we recommend** that the Sheriff update the Section's "Procedure Number: BAF-22" to include specific directives that ensure the verification of reconciling functions by assigned staff.

Checks Are Not Immediately Endorsed/Inadequate Safeguarding of Receipts

Upon our review of the Budget and Finance Section's revenue collections process, we observed the following:

- The Budget and Finance Section does not endorse checks immediately when received; and
- Receipts collected are not adequately safeguarded.

In conducting our audit procedures, we observed the processing of checks received by the Section, noting that checks were not being endorsed immediately upon receipt. Instead, the checks were being held by staff (on the desk or in an unlocked desk drawer) until the end of the day when the checks are endorsed and the deposit ticket is prepared.

“Administrative Procedure 346” states that checks received by County agencies should be immediately endorsed, with a stamp that indicates *For Deposit Only to the Account of Prince George’s County, Maryland*.

Also, “Administrative Procedure 346” states that each department should insure that its standard operating procedures contain adequate written controls that are designed to provide reasonable assurance regarding the safeguarding of revenue collections against loss from unauthorized use or disposition.

Furthermore, in the publication on standards for internal controls (GAO/AIMD-00-21.3.1) (11/99) the Government Accountability Office (GAO) states that *access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained*.

The procedures for the handling of receipts collected by the Budget and Finance Section are not detailed in the Section’s written operating procedures. Also, staff’s unfamiliarity with the County’s “Administrative Procedure 346” may have resulted in the delay in endorsing checks, as well as the inadequate safeguarding of fees collected throughout the day.

Immediate and restrictive endorsement of checks and the safeguarding of revenue are critical for effective internal controls. Lack of effective internal controls increase the risk of both erroneous and inappropriate actions in the revenue collection process, as well as the possibility of errors or fraud that may go undetected.

Inadequate safeguarding of receipts increases the likelihood that checks and/or cash may be misplaced, lost, or stolen. The lack of an immediate, restrictive endorsement on checks increases the opportunity for checks to be negotiated by an unauthorized party.

(5A) **We recommend** that the Sheriff instruct all personnel that handle collection of revenue to immediately and restrictively endorse checks at the time of receipt.

(5B) **We also recommend** that the Sheriff ensure that all collections (cash, checks, and money orders) are held in a secure manner at all times. This can be accomplished by such means as a fireproof safe, a locked desk drawer, or other locked device. Furthermore, access to secure locations via keys or combinations should be limited to authorized individuals.

(5C) **We recommend** that the Sheriff require periodic review of the revenue collection process by Management to ensure that the Office is complying with County procedures in implementing immediate and restrictive endorsement of checks, and that receipts collected are adequately safeguarded by the Section.

Information Technology (IT) Control Weaknesses

During our audit we observed the following regarding the Office's in-house developed revenue tracking database:

- Unique user IDs and passwords are utilized but are shared with the three staff members in the Budget and Finance Section;
- The revenue tracking database does not require passwords to be changed periodically;
- Adequate controls do not exist to prevent the input of inaccurate data into the database;
- Adequate controls do not exist to prevent transactions from being entered more than once into the database;
- The revenue tracking database permits users to delete data and an adequate audit trail does not exist to track deleted information;
- Two separate databases with similar information are maintained by the Office (one to log the collection and another to create a receipt for payments made); and
- The revenue tracking database does not capture ALL revenue collected by the Office.

GAO's Federal Information System Controls Audit Manual (FISCAM) (GAO-09-232G, February 2009) provides guidance on protecting the confidentiality of passwords, including:

- Individual users are uniquely identified rather than having users within a group share the same ID or password;
- Password selection is controlled by the assigned user and not subject to disclosure; and

- Passwords are changed periodically, about every 30-90 days. The more sensitive the data or the function, the more frequently the passwords should be changed.

GAO's FISCAM also states that procedures should be implemented to *reasonably assure that*:

- (1) *All data input is done in a controlled manner,*
- (2) *Data input into the application is complete, accurate, and valid,*
- (3) *Any incorrect information is identified, rejected, and corrected for subsequent processing, and*
- (4) *The confidentiality of data is adequately protected.*

GAO's FISCAM further states that *access control software should be used to maintain an audit trail of security access containing appropriate information for effective review to determine how, when, and by whom specific actions were taken.* Access controls should also provide reasonable assurance that *application resources and data are protected against unauthorized modification, disclosure, loss, or impairment.*

Additionally, the Government Accountability Office's Standards for Internal Control in the Federal Government states that the standards provide a general framework. However, *in implementing these standards, management is responsible for developing the detailed policies, procedures, and practices to fit their agency's operations and to ensure that they are built into and an integral part of operations.*

The information technology (IT) weaknesses identified may have resulted from the lack of written guidelines related to IT internal controls (i.e. the specific data to be captured in the database, requirement that modifications/deletions are restricted to a supervisor or personnel of higher authority, passwords should not be shared and should be changed periodically, etc.).

Also, Microsoft Access has inherent limitations, such as the inability to create an audit trail or log that minimizes the Office's ability to maintain a secure system to track revenue collection transactions.

Weak information technology (IT) internal controls could result in an increased likelihood that County resources may be lost, stolen, or used for unauthorized purposes. Additionally, tracing transactions through the process, which is essential in the detection and prevention of fraud, may be more difficult.

Furthermore, without a log or audit trail, modifications to the system are not documented and the Office may be unable to provide assurance to management and other decision makers that the information produced by its database can be relied upon to make business decisions.

Information related to the revenue collected by the Office may not be readily available when required by Management and other decision makers.

(6A) **We recommend** that the Sheriff consider procuring specialized software or a web-based application to simplify the process of tracking, monitoring and collecting Court filing fees and other revenue. In selecting the software or application, the Office should consider whether appropriate information technology controls exist to ensure the Office's data is properly safeguarded, and that processing of this data is complete, accurate, properly authorized, and valid.

(6B) If the Office continues to utilize its in-house developed Microsoft Access database to track revenue collections, **we recommend** that the Sheriff explore the current capabilities in Microsoft Access and strengthen the information system controls to include:

- User access controls to prevent unauthorized access to data tables and queries, such as user-level specific logins and passwords. Users can be set up with assigned database roles and individualized permissions based on their role in the revenue collection process. Also, the ability to change or modify information should be segregated (See related finding on page 10) and limited to the supervisor level or above.
- Data validation controls to ensure the accuracy, completeness, and consistency of data that are input and maintained in the database. For example, Access wizards can be used to attach drop lists of allowed data on data input forms. Input validation controls can also be implemented by creating validation rules and validation error text to data fields on the input forms.

(6C) Regardless of the system utilized, **we recommend** that the Sheriff develop and implement a logging system for all changes made to the revenue data maintained in the system. While the log can be handwritten, a system generated log provides stronger internal controls.

(6D) **We also recommend** that the Sheriff require that a supervisory review of related information technology activities be performed periodically, to ensure policies and procedures are adhered to and accurate, complete, and consistent data is being maintained by the Office.

(6E) Lastly, **we recommend** that the Sheriff revise written policies and procedures to incorporate any changes made with regards to information technology controls as discussed above including, but not limited to:

- Segregation of duties;
- Input of data; and
- Password protection.

Update Administrative Procedure 346

“Administrative Procedure 346” is a critical procedural document that establishes a standard for the collection, transmittal and depositing of revenues by County Departments and Agencies and is authorized by Article VIII, Section 801 of the Prince George’s County Charter.

Currently “Administrative Procedure 346” does not address credit card processing, daily receipts processing via the Intranet, the increase in the amount of revenue now being collected, the increase in the number of revenue transactions, and the increased involvement of other agencies/departments in the revenue collection process. Agencies, such as the Office of the Sheriff, now collect revenue directly from residents and others doing business in the County and make their fee collection deposits directly to the bank. Generally, the Treasury Division does not get involved in the process until after the fees have been deposited into the bank.

This document has not been updated since July of 1988. Process changes, technological advancements, and increases in fee collection activity create the need for procedures to be updated to remain relevant to the current process. **This finding was also discussed in a previous audit report of the Health Department issued by the Office of Audits & Investigations (A&I) in August 2013.**

In addition, up-to-date procedures are essential for effective management of County processes. Current approved procedures allow staff to effectively and consistently perform their duties and responsibilities.

Periodic review and updates to County Administrative Procedures currently are not required. Without periodic review and updates to “Administrative Procedure 346”, County Departments and Agencies may engage in revenue collection procedures that are outdated and no longer applicable. There is also a risk that revenues may not be properly recognized and recorded.

(7A) **We recommend** that the Chief Administrative Officer (with input from the Office of Finance and other user agencies) review, update, and re-issue “Administrative Procedure 346” to all County Departments and Agencies involved in the revenue collection process and ensure that personnel are properly trained on any changes made to the procedures.

(7B) **We also recommend** that the Chief Administrative Officer implement a process to review (and revise, if necessary) its policies and procedures every 5-10 years.



Melvin C. High
Sheriff

OFFICE OF THE SHERIFF

Prince George's County, Maryland

December 18, 2014

David H. Van Dyke
County Auditor
Office of Audits and Investigations
14741 Governor Oden Bowie Drive
Upper Marlboro, Maryland 20772

Re: Audit of Court Filing Fees Collection Process

Dear Mr. Van Dyke,

This is in response to your "Notification of Findings and Recommendations – Audit of Court Filing Fees Collection Process," dated July 30, 2014. Although the audit in question was initiated many months ago, it accurately reflects the issues that arose during the prior Sheriff's tenure and continued over the years due to the understaffing of the Sheriff's Office.

There are a variety of court-related matters that result in the collection of revenues from fees and service charges, all of which are surrendered to the County's general fund. But the amount of court cases associated with the collection of any fees by the Sheriff's Office are not influenced by activities of the Sheriff's Office; rather, the rate of cases are influenced by societal and economic factors that cause parties to resort to the courts to address their concerns. This is evidenced by the varying rise in the varying revenue totals from fiscal years 2008 to 2013.

One of the issues raised in the audit is the need for additional personnel in the Budget & Finance Division. Prior to my arrival, the Office of the Sheriff's Budget and Finance Division had up to seven (7) non-sworn employees to handle a myriad of duties, to include the collection of court filing fees. But when I assumed responsibility as the Sheriff for Prince George's County in December 2010, the Budget & Finance Division had a total of three (3) funded positions. This has resulted in inadequate direct supervision and an overtaxing of the budget manager without adequate support.

P.O. Box 548, Upper Marlboro, Maryland 20773
(301) 780-8600

I have repeatedly requested the addition of non-sworn personnel (Administrative Aide I/II's) to assist with handling the many responsibilities of the Budget & Finance Division, and to appropriately segregate duties and responsibilities within the division. In the five-year resource acquisition plan I submitted to the County in 2012, I identified the need for a non-sworn position to assist with grant and budget management, procurement, general fiscal analyses and to directly oversee the daily revenue collection process.

Early in the audit process, our Budget Manager requested that an employee be identified to make our daily deposits. Because of limited staffing, and the danger associated with the daily transport of large sums of cash, Deputy Sheriffs have been tasked with making the required daily deposits. Coincidental to the audit's findings, and my own plans for the Budget & Finance Division, I have reassigned a sworn supervisory position from our Asset Management Division to the Budget & Finance Division. This sworn employee has been tasked with ensuring that collected revenue is deposited daily with the County's Treasurer. I have submitted a request to the Deputy Chief Administrative Officer for Public Safety to create another civilian position to backfill the vacated sworn position within the Asset Management Division. I have also formally requested the creation of a Budget Aide I/II position for the Budget & Finance Division. The duties within the Budget & Finance Division have been adjusted as recommended in the audit to ensure proper responsibility and accountability.

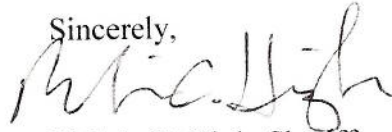
The standard operating procedures associated with the collection of court fees have been updated as recommended in the audit report. The Budget & Finance Division's standard operating procedures have been amended to mirror the activities necessary to accurately document and review records associated with collected revenues. Subsequent to the start of the audit, the Sheriff's Office acquired the *SoftCode* software to fully record, track and review collected court fees. In addition to monitoring activity through the *SoftCode* system, the Budget & Finance Division manager conducts periodic reviews of the revenue collection files and processes to ensure they are accurate, complete and reflect County requirements. On a daily basis, the newly assigned first-line supervisor conducts daily reviews of the revenue collection process.

Because this office has no role in ensuring that the County's Director of Finance processes deposit transactions, or that the County's Chief Administrative Officer review and/or periodically update County Administrative Procedures, I cannot support or refute the associated recommendations made by the Audits & Investigations Unit with that regard. I will forward a copy of your recommendations and my response to the Chief Administrative Officer so the issues are brought to his attention.

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Audit of Court Filing Fees
December 18, 2014

If you have any questions or concerns, please contact my office at 301-780-8600.

Sincerely,

A handwritten signature in black ink, appearing to read "Melvin C. High". The signature is fluid and cursive, with the first name "Melvin" being more prominent than the last name "High".

Melvin C. High, Sheriff

Cc: Barry L. Stanton, DCAO for Public Safety
Nike Campbell-Fatoki, Office of the Sheriff