

Audit Report

Office of the Sheriff

Cash Receipts



Office of the County Auditor
Baltimore County, Maryland
November 2015



BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

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November 19, 2015

Honorable Members of the County Council
Honorable Kevin Kamenetz, County Executive
Baltimore County, Maryland

We have audited the procedures and controls over cash receipts collected by the Office of the Sheriff for the period July 1, 2013 through October 8, 2014. During this period, the Office collected approximately \$116,000 (net of \$300 in refunds) in fees for serving process documents and approximately \$190,000 in funds related to the sale of property.

Our audit disclosed that the Office did not establish adequate segregation of duties over the collection of fees related to serving process documents; did not adequately safeguard fee receipts against loss, theft, or misuse; and did not document or have adequate policies and procedures over the fees to ensure that all fees were properly collected, recorded, and deposited. Our audit also disclosed that the Office's refund policy for unserved process documents did not comply with State law. Further, our audit disclosed that the Office did not establish adequate segregation of duties over the funds received for the sale of property and did not perform the required monthly reviews of the checking account it maintains for these funds. Our audit also disclosed that the Office did not collect service fees for the sale of property as required by State law.

A response to our findings is included as Appendix A to this report.

We wish to express our appreciation to the Office for the cooperation and assistance extended to us during our audit.

Our reports and responses thereto are available to the public and may be obtained online at "www.baltimorecountymd.gov/agencies/auditor" or by contacting the Office of the County Auditor, 400 Washington Avenue, Towson, Maryland, 21204.

Respectfully submitted,

A handwritten signature in cursive script that reads "Lauren M. Smelkinson".

Lauren M. Smelkinson, CPA
County Auditor

The Office of the County Auditor operates a Fraud Hotline to report fraud, waste, or abuse involving Baltimore County, Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously through the Fraud Hotline on the Office's website at:
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Background

State law requires that each county establish and financially support a sheriff's office.¹ Baltimore County funds its Office of the Sheriff through its General Fund Operating Budget; FY 2015 funding totaled approximately \$5.5 million, which was primarily allocated to personnel expenses. The Office is responsible for serving various process documents (e.g., citations, summonses, warrants, writs of execution) within Baltimore County that are issued by the Baltimore County Circuit and District Courts or by any official local or state agency in the United States. The Office is also responsible for carrying out court judgments (based on a writ of execution) against debtors to satisfy creditors' claims for debts owed, including seizing and selling at auction real and/or personal property. The Office collects fees for serving process documents and funds for the sale of property.

Fees Collected for Serving Process Documents

State law sets the Office's fees to serve certain process documents (e.g., summonses, writs of execution) at \$40 when filed in-state and \$60 when filed out-of-state.² State law provides that the courts may waive prepayment of the service fee based on poverty.³ State law also requires the Office to refund 50% of the fee collected for a process document it is unable to serve.⁴

The Office receives the process documents to be served and supporting documentation (e.g., waiver forms), as well as the applicable fees (check or money order), in person, by mail, or through inter-office delivery (from the Baltimore County Circuit Court). The Office receives fees for some but not all process documents it serves, since the courts may waive the fee or the fee may be paid to the applicable court upon disposition of the court case (then electronically transferred to the Office of Budget and Finance (OBF)). The Office's Criminal Records employees (i.e., supervisor and four processors) are primarily responsible for collecting, recording, maintaining custody of/access to, and delivering the process document fee receipts to the Cashier's Office in OBF for deposit. (Deputy Sheriffs assigned to light duty (e.g., due to injury) may also perform these duties.) During the period July 1, 2013 through October 8, 2014, the Office collected process document fees totaling approximately \$116,000 (net of \$300 in refunds).

Funds Collected for the Sale of Property

The Office may sell at auction real and/or personal property identified in a writ of execution it served if, after 30 days and at the creditor's request, the debtor has not satisfied the debt

¹ Maryland Annotated Code, Courts and Judicial Proceedings Article, Section 2-309

² Maryland Annotated Code, Courts and Judicial Proceedings Article, Section 7-402(a)

³ Maryland Annotated Code, Courts and Judicial Proceedings Article, Section 7-201(b) and Maryland Rules, Section 1-325(a)

⁴ Maryland Annotated Code, Courts and Judicial Proceedings Article, Section 7-402(d)

or filed for bankruptcy. The Office's Field Operations' Lieutenant is responsible for collecting, recording, maintaining custody of/access to, depositing, and disbursing the funds related to the sale of the property (e.g., funds received in advance for sale expenses, sale proceeds).

The Office maintains a non-interest-bearing checking account for the funds it holds in escrow on behalf of the creditors and debtors. During the period July 1, 2013 through October 8, 2014, the Office deposited into and then disbursed from the checking account funds totaling approximately \$190,000.

Fees Collected for Serving Process Documents

Findings and Recommendations

1. Adequate segregation of duties was not established over the collection of fees related to serving process documents.

Effective internal control requires the segregation of incompatible duties to ensure that assets are protected against the risk of loss, misuse, or theft. An “incompatible” duty is one that would put a single individual in the position of being able to both commit a fraudulent act and then conceal it. Our audit disclosed that the Office’s five Criminal Records employees (supervisor and four processors) and Deputy Sheriffs assigned to light duty (e.g., due to injury) were performing incompatible duties. Specifically, we noted that these employees can perform the following duties over process document fees: collect, record, maintain custody of/access to, and deliver to the Cashier’s Office in OBF for deposit. Additionally, our audit disclosed that two of the five Criminal Records employees (supervisor and one processor) can also prepare the cash receipt slip of the fees to be delivered to the Cashier’s Office in OBF for deposit (create a spreadsheet listing each fee receipt and record the fee receipt total from the spreadsheet onto the cash receipt slip) and verify the amount deposited with the Cashier’s Office in OBF (from the validated cash receipt slip to the spreadsheet).

These conditions preclude effective internal control because process document fees could be lost, misused, or stolen without detection.

In order to segregate employee duties so that incompatible processes cannot be performed by one employee acting alone, we recommend that the Office evaluate the responsibilities currently assigned to its employees to restrict an individual from having all or a combination of the following duties over process document fees: collecting, recording, maintaining custody of/access to, and preparing and delivering to the Cashier’s Office in OBF for deposit. We discussed with the Office how to accomplish the necessary separation of duties using existing personnel.

2. Process document fee receipts were not adequately safeguarded against loss, misuse, or theft.

Effective internal control requires assets to be protected against the risk of loss, misuse, or theft. Further, Baltimore County Charter, Section 515, provides that the Director of OBF is responsible for “the administration of the financial affairs of the county, including the

collection of...fees...due to the county...the custody and safekeeping of all funds...deposited with, distributed to or handled by the county....” In this regard, OBF’s procedures require that agencies deposit cash receipts daily, or weekly as long as the funds are adequately secured.

The Office’s five Criminal Records employees (and Deputy Sheriffs on light duty) are responsible for collecting, recording, maintaining access to/custody of, and preparing (Criminal Records employees only) and delivering the process document fees received to the Cashier’s Office in OBF for deposit. Fees (checks and money orders) are received in person, by mail, or through inter-office delivery (from the Baltimore County Circuit Court) and are to be recorded in the Check Record Log within (at most) one business day. Once recorded, the fee receipts are stored in a money box in a file cabinet in the Criminal Records processing area until a cash receipt slip is prepared and the fees (with the cash receipt slip) are delivered to the Cashier’s Office in OBF for deposit (at which point OBF restrictively endorses the checks and money orders in accordance with its policies and procedures).

During the audit period, the Office collected approximately \$116,000 in net fee receipts. However, our audit disclosed that the Office did not adequately safeguard fee receipts against loss, misuse, or theft. Specifically, our review of 32 fee receipts totaling \$1,600 disclosed the following:

- 18 fee receipts (56%) totaling \$1,040 were recorded in the Check Record Log 2 to 29 business days after receipt;
- No fee receipts were restrictively endorsed immediately upon receipt;
- All fee receipts were stored in a money box (without a lock) in a file cabinet that was either unlocked (from 7:00 a.m. to 10:00 p.m.) and accessible to the Office’s employees (approximately 85 throughout the audit period), or locked (from 10:00 p.m. to 7:00 a.m.) and with the key maintained in an unrestricted area; and
- 30 fee receipts (94%) totaling \$1,520 were delivered to the Cashier’s Office in OBF for deposit 2 to 42 business days after receipt.

Consequently, the fee receipts were susceptible to loss, misuse, or theft.

We recommend that the Office record and restrictively endorse fee receipts immediately upon receipt and restrict access to the fee receipts until delivery to the Cashier’s Office in OBF for deposit. We also recommend that the Office comply with OBF’s deposit procedures.

3. The Office's policies and procedures over process document fees were undocumented and inadequate to ensure that all fees were properly collected, recorded, and delivered to the Cashier's Office in OBF for deposit.

Effective internal control includes written policies and procedures to ensure that management's directives are communicated properly and implemented consistently. The Office has established policies and procedures over process document fees. However, our review disclosed that the Office's policies and procedures were not documented and certain policies and procedures were not adequate to ensure that all fees were properly collected, recorded, and delivered to the Cashier's Office in OBF for deposit. Specifically, our review disclosed the following:

- The Office's undocumented policies and procedures require the Criminal Records employees (and Deputy Sheriffs assigned to light duty) to verify that the applicable fee was either: received (i.e., \$40 for in-state or \$60 for out-of-state filings); waived (waiver form provided by the originating court); or not required to be paid to the Office (e.g., the plaintiff is a governmental agency). Employees evidence the fees received by recording each fee amount in the Check Record Log (along with the date, name and number on the check/money order, case number, and employee's initials); however, the employees are not required to evidence their verification that a fee was waived or was not required to be paid to the Office.
- The Office lacks a monitoring procedure to ensure that all fee receipts were properly collected and recorded, waived, or not required to be paid to the Office. Although the employees are required to verify that the applicable fee was received (evidenced in the Check Record Log), waived (not evidenced), or not required to be paid to the Office (not evidenced), the Office did not require an employee independent of the fee receipt process to review the process documentation (i.e., process document, waiver form) to verify that the applicable fee was received and recorded, waived, or not required to be paid to the Office.
- The Office lacks a procedure to ensure that all fee receipts collected (and recorded in the Check Record Log) are subsequently delivered to the Cashier's Office in OBF for deposit. On a monthly basis, the Criminal Records Supervisor or one Criminal Records Processor is required to create a spreadsheet listing each fee receipt stored in the money box and to record the fee receipt total from the spreadsheet onto a cash receipt slip. Then, any Office employee can take the fee receipts and cash receipt slip to the Cashier's Office in OBF for deposit. However, our audit disclosed that the Office does not require that a reconciliation be performed (by an employee independent of the fee receipt process) between the Check Record Log and the spreadsheet/validated cash receipt slip to ensure that

all fees collected (and recorded in the Check Record Log) were subsequently delivered to the Cashier's Office in OBF for deposit.

Consequently, the Office lacked assurance that all fees were properly collected, recorded, and delivered to the Cashier's Office in OBF for deposit.

We recommend that the Office document its policies and procedures over the collection, recordation, and delivery to the Cashier's Office in OBF for deposit of process document fee receipts. We also recommend that such policies and procedures ensure that all fee receipts are properly collected, recorded, and delivered to the Cashier's Office in OBF for deposit. In this regard, we recommend that the Criminal Records employees (and Deputy Sheriffs on light duty) also evidence their verification of fees waived or fees not required to be paid to the Office. We also recommend that an employee independent of the fee receipt process periodically verify (and document the verification) the payment or non-payment of fees to the process documentation (i.e., process document, waiver form). Further, we recommend that the Office establish a procedure requiring an employee independent of the fee receipt process to reconcile the Check Record Log to the spreadsheet/validated cash receipt slip to ensure that all fee receipts collected are subsequently delivered to the Cashier's Office in OBF for deposit.

4. The Office's refund policy for fees collected related to unserved process documents does not comply with State law.

State law requires the Office to refund 50% of the fee collected for a process document (e.g., summonses, warrants) that it is unable to serve (e.g., unknown current address). However, our audit disclosed that the Office's policy (undocumented) is to provide a refund for unserved process documents only upon written request. We reviewed 23 process documents that the Office was unable to serve, and noted that 8 required fees, for which the Office collected \$320. However, our audit disclosed that the Office did not refund 50% of the collected fees, or \$160, as required. Our audit also disclosed that the Office does not obtain sufficient information (e.g., address) in order to issue a refund for any process document that it is unable to serve.

We recommend that the Office modify (and document) its policy to comply with State law. In this regard, we recommend that the Office obtain sufficient information in order to provide a refund for fees collected in the event that it cannot serve a process document.

Funds Collected for the Sale of Property

Findings and Recommendations

1. Adequate segregation of duties was not established over the funds received for the sale of property.

Effective internal control requires the segregation of incompatible duties to ensure that assets are protected against the risk of loss, misuse, or theft. An “incompatible” duty is one that would put a single individual in the position of being able to both commit a fraudulent act and then conceal it. Our audit disclosed that the Office’s Field Operations’ Lieutenant is responsible for collecting, recording, maintaining custody of/access to, depositing, and disbursing the funds received for the sale of property.

These conditions preclude effective internal control because funds could be lost, misused, or stolen without detection.

In order to segregate employee duties so that incompatible processes cannot be performed by one employee acting alone, we recommend that the Office evaluate the responsibilities currently assigned to this employee to restrict this individual from having all or a combination of the following duties over the funds received for the sale of property: collecting, recording, maintaining custody of/access to, depositing, and disbursing. To further ensure the proper segregation of duties, we also recommend that an employee independent of the cash receipt process complete the required monthly reviews of the Office’s checking account for maintaining the funds related to property sales (see Finding #2). We discussed with the Office how to accomplish the necessary separation of duties using existing personnel.

2. The Office had not performed the required monthly reviews of the checking account it maintains for funds related to property sales.

The Office maintains a non-interest-bearing checking account for the funds related to the property sales that it holds in escrow on behalf of creditors (e.g., funds received in advance for sale expenses, sale proceeds) and debtors (i.e., funds remaining after the debt has been paid to the creditor and any advanced enforcement costs have been paid). The Office’s written policies and procedures require an employee who is not involved in the property sales process to perform a monthly review of the checking account. The employee is to compare the deposits and withdrawals recorded in the checkbook ledger

to the bank statement and to submit a written report of his/her review to the Sheriff. During the audit period, funds deposited into and then disbursed from the checking account totaled approximately \$190,000. However, our audit disclosed that the Office had not performed any monthly reviews during the audit period.

Our review of the bank statement and checkbook ledger balances (\$3,997 and \$3,066, respectively) as of September 30, 2014 disclosed a \$931 difference. The Office could not account for the excess funds and advised that the \$931 difference pre-dated the audit period.

We recommend that the Office comply with its policies and procedures and perform independent monthly reviews of the checking account it maintains for funds related to property sales and submit the written results to the Sheriff.

3. The Office did not collect service fees totaling \$750 for the sale of real and/or personal property as required by State law.

State law requires the Office to collect service fees following the sale of real and personal property related to a writ of execution⁵, as follows:

| | Property Value | | | Amount Collected | |
|-------------------|------------------|-------------------|--------------------------|------------------|----------|
| | First \$5,000 | Second \$5,000 | In Excess of \$10,000 | Minimum | Maximum |
| Real Property | 1.5% | 1.0% | 0.5% | \$1.50 | \$250.00 |
| Personal Property | 3.0% | 2.0% | 1.0% | \$15.00 | \$500.00 |

However, our audit disclosed that the Office does not collect these service fees. During the audit period, the Office sold property related to 2 writs of execution, including real property valued at \$170,000 and personal property valued at \$54,000, and did not collect the required service fees totaling \$250 and \$500, respectively.

We recommend that that the Office comply with State law and collect service fees for the sale of real and/or personal property.

⁵ The Maryland Annotated Code, Courts and Judicial Proceedings Article, Section 7-402(a)(5) and (6)

Audit Scope, Objectives, and Methodology

We have audited the procedures and controls over the Office of the Sheriff's cash receipts for the period July 1, 2013 through October 8, 2014. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We also believe that the external quality control review exception did not have a material effect on the audit.

In accordance with the Baltimore County Charter, Section 311, the objectives of our audit were to evaluate the adequacy of internal control practices and procedures over the Office's cash receipts and to determine compliance with applicable laws, policies, and procedures. In planning and conducting our audit, we focused on the cash receipts collected by the Office related to serving certain process documents and selling at auction real and/or personal property, based on assessments of significance and risk.

To accomplish our objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and tests of transactions. We also performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable but were not independently verified.

The Office's management is responsible for establishing and maintaining effective internal control over cash receipts and for compliance with applicable laws, policies, and procedures. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, policies, and procedures are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports on fiscal compliance are designed to assist the Baltimore County Council in exercising its legislative oversight function and to provide constructive recommendations for improving County operations. As a result, our reports generally do not address activities we reviewed that may be functioning properly.

This report includes findings and recommendations relating to conditions that we consider to be significant deficiencies in the design or operation of internal control and administrative and operating practices and procedures that could adversely affect the County's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, policies, and procedures. We communicated verbally to the Office other less significant findings that did not warrant inclusion in this report.

APPENDIX A

Office of the Sheriff

Response



SHERIFF

R. Jay Fisher

401 Bosley Avenue
Towson, Maryland 21204

410-887-3151

Direct Line 410-887-4070

November 6, 2015

Ms. Lauren M. Smelkinson, County Auditor
Office of the County Auditor
Historic Courthouse, Room 221
400 Washington Avenue
Towson, Maryland 21204

Dear Ms. Smelkinson:

I have received and reviewed your Audit Report dated October 2015 covering Cash Receipts. Each of the Recommendations are addressed separately below.

Fees Collected for Serving Process Documents

1. Adequate segregation of duties was not established over the collection of fees related to serving process documents.

In order to segregate employee duties so that incompatible processes cannot be performed by one employee acting alone, we recommend that the Office evaluate the responsibilities currently assigned to its employees to restrict an individual from having all or a combination of the following duties over process document fees: collecting, recording, maintaining custody of/access to, and preparing and delivering to the Cashier's Office in OBF for deposit. We discussed with the Office how to accomplish the necessary separation of duties using existing personnel.

Agreed. It is to be noted that the Sheriff's Office, at the time of this audit, had a staffing issue that resulted in two (2) vacancies for Criminal Records Processor. As of this writing, these vacancies have been adequately filled and we are fully staffed.

On a daily basis, the morning Criminal Records Processor will remove the process documents with fee receipts from the locked drop box located in the Clerk's Area of the Sheriff's Office. The Criminal Records Processor will compare the process to the Check Record Log where all documents and checks are recorded. Once the Criminal Records Processor has verified all documents have been entered correctly, initials will be highlighted in the Check Record Log that the validation is complete.

The morning Criminal Records Processor will then enter the process documents into the Process Inventory System (PIS) and Check Processing System (CPS) and complete the Office of Budget and Finance miscellaneous cash receipt slip for deposit. The cash receipt slip will be given to the Criminal Records Supervisor or Field Operations Lieutenant to compare the Check Record Log Book against the Check Processing System (CPS) to ensure its accuracy. Once the review is completed, the checks/money orders with the cash receipt slip for deposit can be delivered by any

Office employee to the Cashier's Office in OBF for deposit. The employee will return the validated cash receipt slip to the Criminal Records Supervisor to compare to the Check Processing System (CPS). The validated cash receipt slip will be retained by the Criminal Records Supervisor.

The Sheriff's Office is establishing written policies and procedures for the cash receipt process for serving process documents. The only personnel to have a key to the locked drop box are: Field Operations Lieutenant, Criminal Records Supervisor, and morning Criminal Records Processor.

2. Process document fee receipts were not adequately safeguarded against loss, misuse, or theft.

We recommend that the Office record and restrictively endorse fee receipts immediately upon receipt and restrict access to the fee receipts until delivery to the Cashier's Office in OBF for deposit. We also recommend that the Office comply with OBF's deposit procedures.

Agreed. Collected process with checks/money orders are now immediately restrictively endorsed and time-stamped by a Criminal Records Processor. The process document and the fee (check/money order) are both restrictively endorsed and time-stamped. The Criminal Records Processor will record the date received, name, case number, check/money order number and their initials into the Check Record Log. The process and fee will be stapled securely prior to the Criminal Records Processor placing the process into the locked drop box.

One deposit will be prepared on a daily basis by the morning Criminal Records Processor to the Cashier's Office in OBF.

As a safeguarding control, keys to the locked drop box are limited to the Field Operations Lieutenant, Criminal Records Supervisor, and morning Criminal Records Processor.

3. The Office's policies and procedures over process document fees were undocumented and inadequate to ensure that all fees were properly collected, recorded, and delivered to the Cashier's Office in OBF for deposit.

We recommend that the Office document its policies and procedures over the collection, recordation, and delivery to the Cashier's Office in OBF for deposit of process document fee receipts. We also recommend that such policies and procedures ensure that all fee receipts are properly collected, recorded, and delivered to the Cashier's Office in OBF for deposit. In this regard, we recommend that the Criminal Records employees (and Deputy Sheriffs on light duty) also evidence their verification of fees waived or fees not required to be paid to the Office. We also recommend that an employee independent of the fee receipt process periodically verify (and document the verification) the payment or non-payment of fees to the process documentation (i.e., process document, waiver form). Further, we recommend that the Office establish a procedure requiring an employee independent of the fee receipt process to reconcile the Check Record Log to the spreadsheet/validated cash receipt slip to ensure that all fee receipts collected are subsequently delivered to the Cashier's Office in OBF for deposit.

Agreed. The Sheriff's Office is working in concert with the Office of Information Technology (OIT) to modify our Process Inventory System (PIS). A new field has been added to the Sheriff's Office Process Inventory System that will require us to record and track the collection of fees for service of process. The field will require an entry of "CK" for check, "MO" for money order, "WA" for fee waived or "NF" for funds not required to be paid. This field will be completed by the Criminal

Records Processor as part of the process of entering the process document in the Process Inventory System (PIS).

The Criminal Records Supervisor will review, on a test basis, documents that are absent of fee receipts to prevent an employee from improperly recording a process as not having a fee, thus stealing the cash receipt. Additionally, the Criminal Records Supervisor will verify the cash receipt slip amount to the Check Processing System (CPS) spreadsheet before the fee receipts are taken to the Cashier's Office in the OBF for deposit.

The Sheriff's Office is establishing written policies and procedures for the cash receipt process for serving process documents. The only personnel to have a key to the locked drop box are: Field Operations Lieutenant, Criminal Records Supervisor, and morning Criminal Records Processor.

4. The Office's refund policy for fees collected related to unserved process documents does not comply with State law.

We recommend that the Office modify (and document) its policy to comply with State law. In this regard, we recommend that the Office obtain sufficient information in order to provide a refund for fees collected in the event that it cannot serve a process document.

Agreed. The Sheriff's Office has been working with the Office of Information Technology (OIT) and has made the following changes to comply with State Law regarding refund policy for unserved documents:

A new screen has been added to the Sheriff's Process Inventory System prompting a Criminal Records Processor, when fees are collected, to enter the paying party's information (name and address) into the system if a refund is due for unserved process.

Additionally, a new data base has been created that will automatically generate a report of all collected fees for service that were "not served". This report will automatically be sent monthly to the Baltimore County Office of Budget and Finance (OBF) to process the 50% refund for unserved process. The refund check will be mailed directly from the OBF.

The Maryland Attorney General's Office was telephonically contacted and agreed that the Auditor Office's recommendations and findings were valid.

Funds Collected for the Sale of Property

1. Adequate segregation of duties was not established over the funds received for the sale of property.

In order to segregate employee duties so that incompatible processes cannot be performed by one employee acting alone, we recommend that the Office evaluate the responsibilities currently assigned to this employee to restrict this individual from having all or a combination of the following duties over the funds received for the sale of property: collecting, recording, maintaining custody of/access to, depositing, and disbursing. To further ensure the proper segregation of duties, we also recommend that an employee independent of the cash receipt process complete the required monthly reviews of the Office's checking account for maintaining the funds related to property sales (see Finding #2). We discussed with the Office how to accomplish the necessary separation of duties using existing personnel.

Agreed. The Baltimore County Sheriff's Office has lost two (2) Command Staff positions (Captain and Chief Deputy). To that end, the duties and coordinating and scheduling Sheriff Sales are best performed by the Field Operations Lieutenant. Staffing issues do not allow for the segregation of these duties.

- 2. The Office had not performed the required monthly reviews of the checking account it maintains for funds related to property sales.**

We recommend that the Office comply with its policies and procedures and perform independent monthly reviews of the checking account it maintains for funds related to property sales and submit the written results to the Sheriff.

Agreed. The Undersheriff is now responsible for the monthly review of the checking account and has acknowledged this duty to the Auditors. In addition, he will submit a written report to the Sheriff. The Sheriff's Office will continue to maintain the checking account with PNC Bank.

- 3. The Office did not collect service fees totaling \$750 for the sale of real and/or personal property as required by State law.**

We recommend that that the Office comply with State law and collect service fees for the sale of real and/or personal property.

Agreed. We acknowledge the error in not collecting these funds and will immediately collect the appropriate fees as allowed by the statute.

If you have any questions or need additional information, please contact me. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Jay Hisher', written in a cursive style.

R. Jay Hisher
Sheriff

RJF:pjf

AUDIT TEAM

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