



Audit Follow-up Review:

Sheriff Turnover Audit

Durham County Internal Audit Department

March 7, 2021



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March 7, 2021

Mr. Wendell Davis,
County Manager

Dear Mr. Wendell Davis:

Internal Audit completed its audit follow-up of internal controls related to the Sheriff Turnover audit completed on November 30, 2018. In response to the review, the Office of the Sheriff submitted a detailed corrective action plan to address five (5) findings. Based on our review, we determined all five (5) recommendations were implemented.

Table 1 summarizes the implementation status of each finding and concern.

We classified the Department's implementation status as follows:

- **Implemented** – The Department has fully implemented the recommendation.
- **Partially Implemented** – The Department has partially implemented the recommendation.
- **In Progress** – The Department intends to fully implement the recommendation.
- **Not Implemented** – The Department has not implement the recommendation.

The audit team appreciates the Finance Manager and his team's cooperation and assistance during this review engagement.

Sincerely,

Darlana M. Moore

Darlana M. Moore,
Internal Audit Director

INTRODUCTION

The Audit Oversight Committee approved this review in the fiscal year 2020 Annual Audit Plan. The review was conducted to determine whether ample measures were taken to address the findings documented in the report dated November 30, 2018.

The Internal Audit Department (Policy B5.3) requires the department to perform follow-up reviews on all report recommendations. Policy B5.3 states:

“Management of the audited entity is primarily responsible for deciding the action to be taken on reported audit findings and recommendations. Auditors, however, have the responsibility of making quality recommendations and following up to see that action has been taken.¹”

“Follow-up on audit findings and recommendations is important to help ensure that management has taken appropriate action to resolve deficiencies and to ensure that intended results are achieved. IAD has implemented a follow-up process to determine the adequacy, effectiveness, and timeliness of management’s actions on reported findings and recommendations.¹”

Audit Follow-up

“6.12 Auditors should follow-up on significant findings and recommendations from previous audits that could affect the audit objectives. They should do this to determine whether timely and appropriate corrective actions have been taken by auditee officials. The audit report should disclose the status of uncorrected significant findings and recommendations from prior audits that affect the audit objectives.²”

“6.13 Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. Auditee management is responsible for resolving audit findings and recommendations and having a process to track their status can help it fulfill this responsibility. If management does not have such a process, auditors may wish to establish their own. Continued attention to significant findings and recommendations can help auditors assure that the benefits of their work are realized.²”

“Standard – 2500 Monitoring Progress – The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.³”

“**2500.A1** – The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.³”

¹Internal Audit Department Standard Operating Procedures, Section B5.3 – “Audit Follow-up,” page 100. Approved April 21, 2020.

²Government Auditing Standards, Chapter 6 – “Fieldwork Standards for Performance Audits,” page 68. Issued June 1994.

³Institute of Internal Auditors – International Standards for the Professional Practice of Internal Auditing (Standards). Section 2500 Monitoring Progress. Page 18. Issued 2013.

BACKGROUND

Sheriff Mike Andrews served as Durham County's Sheriff from 2012 to November 30, 2018. The Sheriff office is divided into several components: Animal Services, Civil, Courts, Detention, Investigations, Patrol/Traffic, School Resource Officers, Sheriff's Anti-Crime/Narcotics and Support Services. These components make up: Law Enforcement Office (LEO), Detention Office (DEO) and Animal Protective Services (APS).

"The mission of the DCSO is to enforce laws established under the Statutes of North Carolina by maintaining public safety, providing animal control services, servicing civil documents, transporting prisoners, providing court security and running a constitutionally safe and secure detention facility. Furthermore, the Sheriff's Office is a nationally accredited agency by the Commission on Accreditation for Law Enforcement Agencies (CALEA). The Sheriff's Office is also committed to fulfilling these duties by providing education, eradication, and treatment where needed to reduce crime in Durham County. The Sheriff is responsible for a \$35,000,000 budget.⁴"

AUDIT OBJECTIVE

The objectives of the review were to determine whether suitable measures were taken to resolve the findings and recommendations addressed in the November 30, 2018 report. Also, to evaluate the Office of the Sheriff corrective action plan to validate the Office's progress as it relates to proper revenue recognition, policies and procedures, performance bond requirements, and the administration of contract monitoring and compliance.

AUDIT SCOPE AND METHODOLOGY

The audit scope included activities that were completed during the fiscal year 2020 (July 1, 2019 - June 30, 2020). To conduct our audit, we:

1. reviewed updated policies and procedures,
2. reviewed monthly reconciliations,
3. reviewed APS contract and performance bond requirements,
4. and reviewed contract monitoring and close-out forms for contracts.

We judgmentally selected two contracts for review of performance bond requirement, and contract monitoring and close-out forms.

⁴ Durham County Fiscal Year 2017-2018 Approved Budget, 2017, p.145.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS (Table 1)

	Findings	Recommendations	Corrective Action Plan	Current Status
1.	Durham County Sheriff Office Policies and Procedures	We recommend policies and procedures are created for LEO, DEO and APS or an accounting manual incorporating all areas.	We concur completely with this finding and recommendation. The Finance team has already met, we are compiling the existing policies to coincide with procedures for each accounting function with the DCSO. Because there have never been procedures in place for the accounting functions within this office, it may take a little longer than simply updating existing procedures. We anticipate an April 1, 2019 completion date.	Implemented
2	Revenue Recognition	We recommend all revenue and expense accounts are reconciled monthly to the trial balance.	Although this was an isolated case, we absolutely agree with your recommendation and a procedure for reconciling all expenses and revenue accounts monthly. This process is currently being developed.	Implemented
3	Performance Bonds	Internal Audit recommends that Contract Administrators ensure that performance bonds are submitted when required.	<p>For the past 20 years, APS of Durham has had a Crime Policy in addition to the required liability in place.</p> <p>In a subsequent follow-up with APS management, they stated they were waiting on further clarification from the auditor with regards to if the bonds were necessary or if the crime policy would suffice.</p> <p>Regardless, the contract clearly stipulates that the bonds are required for personnel who handle cash; therefore, we will work with the vendor to ensure that bonds are in place within the next 60 days.</p>	Implemented

	Finding	Recommendation	Corrective Action Plan	Current Status
4	On-going Monitoring	We recommend that Contract Administrators perform on-going monitoring for all contracts and include documentation of on-going monitoring in contract files for seven years. Also, follow Durham County Contract Manual and Guide.	The Contract Administrator position has been vacant for over a year and in reviewing prior year's contract files, I cannot find where these procedures have ever been in place at the DCSO. The position is currently in the process of being posted, once a full-time permanent person is in place, their initial training will be to review the Durham County Contract Monitoring Manual and to write procedures to insure the DCSO is complying, especially regarding contract monitoring.	Implemented
5	Contract Closeout Procedures	We recommend that Contract Administrators implement contract close-out procedures for all contract files to ensure DCSO receives its contracted goods and services prior to payments.	Same response as stated above.	Implemented