



**CUYAHOGA COUNTY SHERIFF
CUYAHOGA COUNTY**

AGREED UPON PROCEDURE

FOR THE YEAR ENDED MARCH 31, 2009



Mary Taylor, CPA
Auditor of State

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Mary Taylor, CPA

Auditor of State

AGREED UPON PROCEDURES

May 19, 2010

Bob Reid, Sheriff
Cuyahoga County
1215 West 3rd Street
Cleveland, Ohio 44113

We have performed the procedures enumerated below which were agreed to by the addressees, solely to assist in determining if the activity of the Sheriff's Office Bank Accounts are accounted for and the bank accounts have been reconciled. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements. The sufficiency of the procedures is solely the responsibility of the addressees. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Except where expressly described otherwise, we applied the following procedures to these accounts under the Sheriff's custody, which we refer to collectively as the Accounts:

- Furtherance of Justice Account
- Law Enforcement Trust Account
- Law Enforcement Account
- Federal Equitable Sharing Account
- Transportation Account
- Commissary Inmate Account
- Commissary Account
- Civil Division Foreclosed Property Account
- Civil Division Tax Delinquency Account
- Pay to Stay Account
- Gift Account

The Sheriff's Office response to the results of our procedures appears on the last page of this report.

1. We compared the sum of the cash balances recorded on the Accounts' Reconciliation and the Deposit Report and the Check Issued Report with the amounts recorded in the month end bank reconciliations for each month end from January, 2008 through March, 2009 (Except Sheriff Bova requested we perform this procedure through February, 2009 for the Civil Division Foreclosed Property Account and the Civil Division Tax Delinquency Account.)

Results:

Furtherance of Justice

No bank reconciliations were provided for this account.

Law Enforcement Trust Fund

No bank reconciliations were provided for this account.

Law Enforcement Account

No bank reconciliations were provided for this account.

Federal Equitable Sharing Account

No bank reconciliations were provided for this account.

Transportation Account

Two of the 15 monthly bank reconciliations were not performed. These months were February, 2008 and May, 2008. No exceptions noted with the remaining bank reconciliations.

Commissary Inmate Account

No exceptions noted.

Commissary Account

For the months January, 2008 through June, 2008, the Accounts Reconciliation Summary report included an adjusting journal entry dated December 31, 2006 in the amount of \$13,342.97 which was unsupported. For the months of July, 2008 through November, 2008 the Accounts Reconciliation Summary report reflected the above noted adjusting journal entry and in addition an adjusting journal entry dated December 31, 2007, in the amount of \$14,156.26, which was unsupported. Also, an adjusting journal entry dated December 31, 2007 in the amount of \$6,691.99 which was supported by the Commissary supervisor. For the months of December, 2008 through March, 2009 the reconciliations reflected the adjustments had been corrected and no adjusting entries were necessary.

Civil Division Foreclosed Property Account

Due to a computer programming error and two incompatible recordkeeping systems in use in the Civil Division Foreclosed Property account, complete and accurate bank reconciliations for the period were not available. For the month of December, 2008, after a computer program correction, the bank reconciliation revealed an unreconciled difference of \$9,127 which represented a difference of book over bank. In January, 2009, the bank reconciliation showed an unreconciled difference of \$28,000, bank over book. In February, 2009, the bank reconciliation showed an unreconciled difference of \$49,673 bank over book.

Civil Division Tax Delinquency Account

No exceptions noted – bank reconciliations were provided for the period January, 2008 through February, 2009.

Pay to Stay Account

No bank reconciliations were prepared due to a lack of official activity.

Gift Account

No bank reconciliations were provided for this account.

2. For each month end from January, 2008 through March, 2009, we examined the supervisory approval on the bank reconciliations. (Except Sheriff Bova requested we perform this procedure through February, 2009 for the Civil Division Foreclosed Property Account and the Civil Division Tax Delinquency Account.)

Results:

Furtherance of Justice

No bank reconciliations were provided for this account.

Law Enforcement Trust Fund

No bank reconciliations were provided for this account.

Law Enforcement Account

No bank reconciliations were provided for this account.

Federal Equitable Sharing Account

No bank reconciliations were provided for this account.

Transportation Account

Only one bank reconciliation, for the month of March, 2009, had a supervisory approval.

Commissary Inmate Account

No supervisory approval on the bank reconciliations.

Commissary Account

No supervisory approval on the bank reconciliations.

Civil Division Foreclosed Property Account

No supervisory approval on the bank reconciliations.

Civil Division Tax Delinquency Account

All bank reconciliations were approved by a departmental supervisor with the exception of January and February 2009 which had no approvals.

Pay to Stay Account

No bank reconciliations were provided for this account due to a lack of official activity.

Gift Account

No bank reconciliations were provided for this account.

3. We recomputed the mathematical accuracy of the bank reconciliations for January, 2008 through March, 2009. (Except Sheriff Bova requested we perform this procedure through February, 2009 for the Civil Division Foreclosed Property Account and the Civil Division Tax Delinquency Account.)

Results:

Furtherance of Justice

No bank reconciliations were provided for this account.

Law Enforcement Trust Fund

No bank reconciliations were provided for this account.

Law Enforcement Account

No bank reconciliations were provided for this account.

Federal Equitable Sharing Account

No bank reconciliations were provided for this account.

Transportation Account

We recomputed the bank reconciliations provided and noted no exceptions. The months of February, 2008 and May, 2008 were not made available.

Commissary Inmate Account

We recomputed the bank reconciliations and noted no exceptions.

Commissary Account

We recomputed the bank reconciliations and noted no exceptions.

Civil Division Foreclosed Property Account

While we found no mathematical errors, we noted each monthly bank reconciliation included an unreconciled difference between the bank balance and book balance, described in Step 1 above.

Civil Division Tax Delinquency Account

We recomputed the bank reconciliations and noted no exceptions.

Pay to Stay Account

No bank reconciliations were provided for this account due to a lack of official activity.

Gift Account

No bank reconciliations were provided for this account.

4. We agreed bank balances on the monthly bank reconciliations with the month end bank statements obtained from the financial institutions for the months ending December 31, 2008 and March 31, 2009. (Except Sheriff Bova requested we perform this procedure as of December 31, 2008 and February 28, 2009 for the Civil Division Foreclosed Property Account and the Civil Division Tax Delinquency Account.)

Results:

Furtherance of Justice

No bank reconciliations were provided.

Law Enforcement Trust Fund

No bank reconciliations were provided.

Law Enforcement Account

No bank reconciliations were provided.

Federal Equitable Sharing Account

No bank reconciliations were provided.

Transportation Account

No exceptions noted.

Commissary Inmate Account

No exceptions noted.

Commissary Account

No exceptions noted.

Civil Division Foreclosed Property Account

No exceptions noted.

Civil Division Tax Delinquency Account

With the exception of the month of February, 2009 which had an unreconciled difference of \$1,750 no exceptions were noted.

Pay to Stay Account

No bank reconciliations were provided for this account due to a lack of official activity.

Gift Account

No bank reconciliations were provided.

5. We agreed reconciling items in excess of the amounts listed immediately below appearing on the bank reconciliations to supporting documentation. We vouched the reconciling items to determine the dates on those documents support that those items were proper reconciling items as of December 31, 2008 and March 31, 2009. (Except Sheriff Bova requested we perform this procedure as of December 31, 2008 and February, 2009 for the Civil Division Foreclosed Property Account and the Civil Division Tax Delinquency Account.)

Account	Reconciling Item Testing Threshold
Furtherance of Justice	\$1,000
Law Enforcement Trust Account	\$1,000
Law Enforcement Account	\$1,000
Federal Equitable Sharing	\$1,000
Transportation Account	\$350
Commissary Inmate Account	\$100
Commissary Account	\$5,000
Civil Division Foreclosed Property Account	\$50,000
Civil Division Tax Delinquency Account	\$1,500
Pay to Stay Account	\$0
Gift Account	\$100

Results:

Furtherance of Justice

No bank reconciliations were provided, consequently, we had no supporting documentation to review.

Law Enforcement Trust Fund

No bank reconciliations were provided, consequently, we had no supporting documentation to review.

Law Enforcement Account

No bank reconciliations were provided, consequently, we had no supporting documentation to review.

Federal Equitable Sharing Account

No bank reconciliations were provided, consequently, we had no supporting documentation to review.

Transportation Account

No exceptions noted. All reconciling items equal to or greater than \$350 were available and appeared to be proper.

Commissary Inmate Account

No exceptions noted. All reconciling items equal to or greater than \$100 were available and appeared to be proper.

Commissary Account

No exceptions noted. All reconciling items equal to or greater than \$5,000 were available and appeared to be proper.

Civil Division Foreclosed Property Account

December, 2008, 8 checks returned from the bank, which were reconciling items as defined above, were unreadable. Also, as noted in December, 2008, the bank reconciliation showed an unreconciled difference of \$9,127 book over bank.

February, 2009, fourteen checks returned from the bank, which were reconciling items as defined above, were unreadable. Also, as noted in Step 1 in February, 2009, the bank reconciliation showed an unreconciled difference of \$49,673 bank over book.

Civil Division Tax Delinquency Account

December, 2008 no exceptions noted. For February, 2009, for three checks, the signatory on the front of the check was not readable.

Pay to Stay Account

No bank reconciliations were provided for this account due to a lack of official activity.

Gift Account

No bank reconciliations were provided, consequently, we had no supporting documentation to review.

6. We compared the total amounts reported for the Bank Account (collections and expenditures) per the Bank Statements to the Director of Accounting End-of-Year Form submitted to the County Auditor's Office for the year ended December 31, 2008.

Results:

Furtherance of Justice

Report was filed. Additions and reductions recorded on the bank statements agreed to the amounts recorded in the report.

Law Enforcement Trust Fund

Report was filed. Based on a review of the report the recorded expenditure amount revealed a difference of \$226.

Law Enforcement Account

Report was filed. Additions and reductions recorded on the bank statements agreed to the amounts recorded in the report.

Federal Equitable Sharing Account

Report was filed. Both the amounts reported as receipts and expenditures were understated by \$93,295.03.

Transportation Account

Report was filed. Additions and reductions recorded on the bank statements agreed to the amounts recorded in the report.

Commissary Inmate Account

Report was filed. Additions and reductions recorded on the bank statements agreed to the amounts recorded in the report.

Commissary Account

Report was filed. Additions and reductions recorded on the bank statements agreed to the amounts recorded in the report.

Civil Division Foreclosed Property Account

Report was filed. Additions and reductions recorded on the bank statements agreed to the amounts recorded in the report.

Civil Division Tax Delinquency Account

Report was filed. Additions and reductions recorded on the bank statements agreed to the amounts recorded in the report.

Pay to Stay Account

Report was filed. The report reflected a reduction of \$3,247.55 due to a theft which occurred during the month of April, 2008. This was the only financial activity recorded in this account.

Gift Account

The gift account was not reported to the Cuyahoga County Auditor's office as an outside account.

7. We compared the authorized signatories on the Sheriff's Bank Accounts to the records of the cancelled checks for the Months of December, 2008 and March, 2009. (Except Sheriff Bova requested we perform this procedure for the months of December, 2008 and February, 2009 for the Civil Division Foreclosed Property Account and the Civil Division Tax Delinquency Account.)

Results:

Furtherance of Justice

December, 2008, no canceled checks were provided.

For March, 2009, one canceled check was provided on which Gerald T. McFaul was the signatory. This was a mechanical signature.

Law Enforcement Trust Fund

December, 2008, no canceled checks were provided.

March, 2009, three canceled checks were provided on which Sheriff Gerald T. McFaul was the signatory. This was a mechanical signature.

Law Enforcement Account

No canceled checks were provided for the identified periods.

Federal Equitable Sharing Account

No canceled checks were provided for the identified periods.

Transportation Account

No exceptions were noted

Commissary Inmate Account

No exceptions were noted

Commissary Account

No exceptions were noted

Civil Division Foreclosed Property Account

No exceptions noted. Each check had dual signatures, a hand written signature and the mechanical signature of the Sheriff.

Civil Division Tax Delinquency Account

No exceptions noted.

Pay to Stay Account

No bank activity for the identified periods.

Gift Account

No bank activity for the identified periods.

8. We compared the amounts on the cancelled checks exceeding the amounts reported in the chart in step five and charged to the Accounts for December, 2008 and March, 2009 to amounts recorded on the related invoices. (Except Sheriff Bova requested we perform this procedure for December, 2008 and February, 2009 for the Civil Division Foreclosed Property Account and the Civil Division Tax Delinquency Account.)

Results:

Furtherance of Justice

December, 2008 – no canceled checks were provided

March, 2009 – one canceled check was provided which was traced to a listing of expenditures. No invoice provided.

Law Enforcement Trust Fund

March, 2009 - Three canceled checks were provided which were traced to a listing of expenditures. No invoices provided.

Law Enforcement Account

No canceled checks or invoices were provided for the identified periods consequently, this step could not be performed.

Federal Equitable Sharing Account

No canceled checks or invoices were provided for the identified periods consequently, this step could not be performed.

Transportation Account

No exceptions were noted in performing this step.

Commissary Inmate Account

No exceptions were noted in performing this step.

Commissary Account

No exceptions were noted in performing this step.

Civil Division Foreclosed Property Account

No exceptions were noted in performing this step.

Civil Division Tax Delinquency Account

No exceptions were noted in performing this step.

Pay to Stay Account

No activity reported for this account in the identified periods.

Gift Account

No activity reported for this account in the identified periods.

9. We compared the sum of the open items report generated by the Civil Division Foreclosed Property Account and Civil Division Tax Delinquency Account to the respective reconciled monthly bank balance as of December 31, 2008 and February 28, 2009.

Results:

As of December 31, 2008 and February 28, 2009 – The accounting system cannot produce an open items listing which in the aggregate totals to the sum of the reconciling items. The system only reports open items in an aggregate amount. The system can produce an open items listing with the case number and date of the case, but does not include any dollar amounts with the individual cases.

10. We scanned the cancelled checks returned to the Commissary Inmate Account for December, 2008 and February, 2009 to ensure the payee name was the same as that recorded in the Commissary Inmate Account check ledger.

Results:

No exceptions noted

11. We examined counter check #9999 dated April 18, 2008 in the amount of \$110,450 from the Law Enforcement Trust Fund.

Results:

This was used to purchase two bank checks to remit seized funds to the U.S. Marshals. Per the County Sheriff's Office, the U.S. Marshals would only accept a bank check. AOS verified the total amount was used for this purpose.

12. For the period January 1, 2008 through December 31, 2008 for the following accounts, the Furtherance of Justice Account, Law Enforcement Account, Federal Equitable Sharing Account and the Law Enforcement Trust Account, we scanned the monthly bank account activity statements for continual check sequence. We examined deposit detail items to identify the source of the deposited funds, to determine if the deposits were consistent with purpose of the fund. We scanned the fronts and backs of deposit items and checks deposited for unusual notation indicating money paid to or received by Gerald McFaul personally. We examined the fronts and backs of deposited checks for the following attributes:

- Check amounts agreed to respective accounts report submitted by the county auditor's office.
- Named payee agreed to respective account report submitted to county auditor's office.
- Endorsement agreed to named payee.

Results:

No exceptions noted.

13. For the Property Foreclosure Account, we examined the account activity statement for December for unusual transactions or notations indicating payments to Gerald McFaul or variation or CCSO. We examined deposit items for indications of checks received by CCSO for deposit not deposited and deposit slips for instances of cash received. We scanned the fronts and backs of checks which cleared the account for the following attributes:

- Checks written payable to Gerald McFaul or variation or CCSO.
- Checks endorsement agrees to the named employee.
- Other unusual characteristics or notations.

Results:

Readable endorsements on deposit items were stamps with CCSO account number. No personal endorsements of Gerald McFaul or others were noted. Deposit slips contained no notations of cash received upon deposit and no teller cash-out tickets were included in the documentation provided by Key Bank via subpoena. Due to volume, entries of checks clearing the account on the activity statement were presented in summary form by day and images were not in sequential order making completeness reasonably unattainable. No checks payable to Gerald McFaul or variations or the CCSO were noted. No unusual characteristics or notations on checks which cleared the account were noted.

We are not engaged to and did not audit the financial statements of the Accounts, the objective of which would be the expression of an opinion on these statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

CITATION

Lack Of Records

Ohio Admin. Code Section 117-2-01 (A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

Ohio Admin. Code Section 117-2-02 (A) states that all local public offices shall maintain an accounting system of records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Failure to maintain documentation increases the chance of financial misstatements and fraudulent activity within the Sheriff's office. The following denotes a summarization of the reconciliations of the accounts.

Bank reconciliations were not provided for the following accounts:

Furtherance of Justice Account;
Law Enforcement Trust Account;
Law Enforcement Account;
Federal Equitable Sharing Account;
Pay to Stay Account; and
Gift Account.

The accounts which had bank reconciliations but did not have evidence of a supervisor's approval were:

Transportation Account had a supervisor's approval for the month of March, 2009. All other monthly reconciliations did not have evidence of review or approval;
Commissary Inmate Account;
Commissary Account; and
Civil Division Foreclosed Property Account.

The account which had bank reconciliations and had evidence of a supervisor's approval for all months except January, 2009 and February, 2009 was the Civil Division Tax Delinquency Account.

Management is accountable for implementing and maintaining a system of controls designed to enable management to determine the accuracy of financial transactions. Also, management is responsible for developing and maintaining complete and accurate financial records, as described in Ohio Admin. Code Section 117-2-02 (A), as noted above.

All bank accounts should be reconciled to the book balance on a monthly basis. All differences between the total of the booked receipts and expenditures and the amounts of the deposits and withdrawals, as recorded on the bank statements, should be investigated and identified. In addition, when completed, bank reconciliations should be reviewed and approved by the specific supervisor as appointed by the Sheriff.

RECOMMENDATIONS

Sufficient Supporting Documentation

The expenditures from each account should be supported by copies of the invoices received from the various vendors. As described in Step 8, during our review of the bank reconciliations for the accounts in direct control of the Sheriff, we were not provided with support for certain expenditures made from these accounts.

Without supporting documentation, the possibility exists that funds could be used for purposes which are not allowed or were not authorized for the specific purposes as expended.

We recommend vendor invoices be filed with the number of the check issued for payment. If invoices are not practical, a written explanation of the purpose of the check should be filed with the check.

Dual Accounting Systems

The Civil Division Foreclosed Property Account was comprised of the records from two different accounting systems. These systems do not have identical programming and consequently, a reconciliation between the two systems was difficult. Also, both accounting systems produce an open items listing which included all open cases, but not the individual amounts held for each case. The total dollar amount was reported in the aggregate.

We recommend the Sheriff's office review the accounting systems in place and consolidate all information into one accounting system. Also, the open items listing produced should include all funds remaining on deposit for each account.

Sheriff's Office Response:

In response to the findings outlined in your office's report, the Cuyahoga County Sheriff's Office would like to note the following changes that have occurred since the review began.

1. All outside checking accounts are now reconciled by Fiscal Department personnel.
2. Checks for Furtherance of Justice, Law Enforcement Trust Fund, Law Enforcement Account and Federal Equitable Sharing Accounts are now written by Fiscal Department personnel after written approval by the Sheriff or his designee
3. Fiscal Department maintains files with all supporting documents with check numbers noted on the documentation.
4. Mechanical signatures are no longer used on checks written on Furtherance of Justice, Law Enforcement Trust Fund, Law Enforcement Account and Federal Equitable Sharing Accounts.

This report is intended solely for the information and use of the addressee listed above and is not intended and should not be used by anyone else.



Mary Taylor, CPA
Auditor of State

May 19, 2010



Mary Taylor, CPA
Auditor of State

CUYAHOGA COUNTY SHERIFF

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 8, 2010**