



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued December 9, 2021

Nantucket County Sheriff's Department

For the period July 1, 2018 through June 30, 2020





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Making government work better

December 9, 2021

Sheriff James A. Perelman
Nantucket County Sheriff's Department
20 South Water Street
PO Box 419
Nantucket, MA 02554

Dear Sheriff Perelman:

I am pleased to provide this performance audit of the Nantucket County Sheriff's Department. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2018 through June 30, 2020. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Nantucket County Sheriff's Department for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump
Auditor of the Commonwealth

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EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Nantucket County Sheriff's Department (NCSD) for the period July 1, 2018 through June 30, 2020. In this performance audit, we examined certain NCSD activities related to the civil process.

Below is a summary of our findings and recommendations, with links to each page listed.

| | |
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| Finding 1 Page 5 | NCSD did not properly administer the civil process. |
| Finding 1a Page 5 | NCSD lacked segregation of duties, defined roles, and management oversight. |
| Finding 1b Page 6 | NCSD's civil process spreadsheet was not completely filled out. |
| Finding 1c Page 7 | NCSD did not always record and collect fees for services provided. |
| Recommendations Page 8 | <ol style="list-style-type: none">1. NCSD should define and segregate duties in its written policies for authorizing transactions, recording transactions on the civil process spreadsheet, and reconciling transactions for its funds.2. NCSD should implement closer supervision or more frequent reviews of civil process transactions.3. NCSD should update the "Office of the Sheriff, Nantucket County, Civil Process and Procedures" regarding what information from the civil process jacket should be recorded on the civil process spreadsheet.4. NCSD should restrict access to the civil process spreadsheet to specific users.5. NCSD should designate an employee who cannot make changes to the civil process spreadsheet to periodically review it for missing and inaccurate information.6. NCSD should update the "Office of the Sheriff, Nantucket County, Civil Process and Procedures" to detail exactly what fields need to be filled out on the civil process jacket, as well as how and where to document the fees collected, including the payment method, payment amount, and collection date.7. NCSD should obtain an accounting system and a case management system to help record services provided and document fees collected. |

OVERVIEW OF AUDITED ENTITY

The Nantucket County Sheriff's Department (NCSD) became a state agency on January 1, 2010 pursuant to Chapter 61 of the Acts of 2009, enacted on August 6, 2009. The legislation transferred to the Commonwealth all NCSD's functions, duties, and responsibilities, including assets, liabilities, and debt, as of January 1, 2010. In addition, the sheriff became an employee of the Commonwealth, but is still an elected official with administrative and operational control of the office.

According to NCSD's website,

The primary MISSION of the Sheriff's Office shall be the protection of the public. The Sheriff and its Employees treat every individual with dignity and respect.

The Philosophy of the Sheriff's Office shall be to protect the public by providing public safety services to the citizens of Nantucket County.

Although NCSD does not have a house of correction, it provides transportation for incarcerated people to and from the Barnstable House of Correction and divisions of the Massachusetts Trial Court for their mandated appearances. According to its website, NCSD also provides public safety on the island of Nantucket by enforcing laws "enacted for the protection of the health, safety and welfare of the people" and "assisting the public with landlord/tenant issues." In addition, NCSD performs civil process services.

The NCSD Civil Process Division is responsible for serving documents (summonses, complaints, subpoenas, and notices) for attorneys; individuals representing themselves; the state Department of Revenue; and district, state, and federal courts. Individuals who need legal documents served provide copies to NCSD; staff members then document the recipient, the location where any documents are to be served, and the fee information on an envelope called a civil process jacket. The information on the jacket is also recorded by an NCSD office staff member on the civil process spreadsheet, where NCSD keeps track of legal papers served. Next, a civil servant serves the documents and records the date of delivery, along with his/her own name. The civil servant then returns the jacket to the office, where a member of the office staff records this information on the spreadsheet. NCSD does not have an automated case management program to keep track of legal papers served; it relies on its staff members to record information from the jacket on the spreadsheet.

NCSD received \$773,001 in funding for fiscal year 2019 and \$780,731 in funding for fiscal year 2020 for its operation.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Nantucket County Sheriff's Department (NCSD) for the period July 1, 2018 through June 30, 2020.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

Below is our audit objective, indicating the question we intended our audit to answer, the conclusion we reached regarding the objective, and where the objective is discussed in this report.

| Objective | Conclusion |
|--|--|
| 1. Does NCSD prepare civil process jackets, serve civil process papers, and collect fees in accordance with Sections 4, 5, and 6 of the "Office of the Sheriff, Nantucket County, Civil Process and Procedures"? | No; see Findings <u>1a</u> , <u>1b</u> , and <u>1c</u> |

To achieve our objective, we gained an understanding of NCSD's internal control environment related to the objective by reviewing applicable agency policies and procedures, reperformed NCSD's procedures for the civil process to see how they compared to its written policies and procedures, and conducted inquiries with NCSD management.

In addition, we performed the following audit procedures to obtain sufficient audit evidence to address our objective.

Civil Processes

To conduct our testing of civil processes, we obtained a list of all civil processes in our audit period from NCSD. Using Audit Command Language (ACL) software, we selected a nonstatistical, random sample of 60 of 924 civil processes. For each civil process selected, we reviewed the hardcopy civil process jackets to determine whether civil process jackets were filled out and papers were served. We also reviewed these jackets as well as NCSD's bank statements to determine whether fees were collected by staff

members and deposited in NCSD's bank account. We used a nonstatistical sampling method when conducting our testing of civil processes, and we could not project the results of our testing to the rest of the population.

Data Reliability

We obtained from NCSD the civil process spreadsheet, which lists all civil processes NCSD performed for the audit period. To determine the integrity of the data on the spreadsheet, we interviewed management personnel who were responsible for the data and inspected the spreadsheet to identify any missing data. To confirm the completeness and accuracy of the spreadsheet, we used ACL to select a random sample of 20 civil processes from the spreadsheet and traced them to the hardcopy civil process jackets. In addition, we selected 20 random hardcopy civil process jackets to trace back to the spreadsheet. We identified issues during these procedures, which are detailed in [Finding 1b](#). Although we identified these issues with the spreadsheet, it was the only list we had to conduct our sampling for testing and conclude on our objective. Therefore, we have determined that the information NCSD provided to us was sufficiently reliable for our audit purposes.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Nantucket County Sheriff's Department did not properly administer the civil process.

The Nantucket County Sheriff's Department (NCSD) did not properly administer the civil process. Specifically, NCSD did not develop appropriate internal controls over civil processes, fill out its civil process spreadsheet completely, or record and collect all fees for civil process services provided.

a. NCSD lacked segregation of duties, defined roles, and management oversight.

NCSD did not have defined segregation of duties for the civil process. Its procedures allowed one employee to perform the civil process from beginning to end, specifically recording information on the civil process jacket; filling in the civil process spreadsheet; and recording, collecting, and depositing the funds. In addition, there was no management oversight of the Civil Process Division, since there was no review of the civil process spreadsheet. Without segregation of duties and management oversight, NCSD cannot ensure that civil process transactions are accurately processed, recorded, and reviewed.

Authoritative Guidance

Section 10.04 of the Office of the Comptroller of the Commonwealth's June 2015 *Internal Control Guide* states,

Management should divide or segregate key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for:

- *authorizing transactions,*
- *processing and recording them,*
- *reviewing the transactions, and*
- *handling any related assets or process so that no one individual controls all key aspects of a transaction or event.*

The Office of the State Auditor believes management oversight is necessary to ensure that NCSD's Civil Process Division operates effectively.

Reason for Issue

NCSD lacked written policies and procedures for segregation of duties and management oversight of civil processes.

b. NCSD's civil process spreadsheet was not completely filled out.

NCSD did not ensure that all data fields were filled in on the civil process spreadsheet. Our data analysis showed that from the population of 924 civil processes, 68 were missing the fee amount, 3 were missing the type of service provided, 9 were missing the plaintiff's name, and 2 were missing the defendant's name and address.

In addition, during our tracing of the civil process spreadsheet to the hardcopy civil process jackets, we found that five of the civil processes we selected had fees that did not match their jackets and one had a sheriff identification number that did not match its jacket. During our tracing of civil process jackets to the civil process spreadsheet, we found that four jackets had fees that did not match the spreadsheet and two jackets were not on the spreadsheet.

As a result, NCSD may not be able to identify what fees have been collected for the services provided.

Authoritative Guidance

Section 04 of the "Office of the Sheriff, Nantucket County, Civil Process and Procedures" states,

Preparation of Services

- 1. Upon receipt, a civil process jacket with an assigned sheriff number is started for filing and proof purposes. . . .*
- 2. The information is then transferred to the front of the jacket from the paperwork. ie: Defendant, Plaintiff, Attorney, Type of Service*
- 3. The jacket information is then logged into a registry book. Also, an excel program.*

In addition, the Office of the State Auditor believes that it is important to record fees collected for accounting purposes.

Reason for Issue

The "Office of the Sheriff, Nantucket County, Civil Process and Procedures" does not define the specific information that needs to be transferred to the civil process spreadsheet from the civil process jacket. In addition, multiple staff members have access to the spreadsheet and can make modifications with no managerial review of the information on the spreadsheet.

c. NCSD did not always record and collect fees for services provided.

For papers served by the NCSD Civil Process Division, staff members did not fill out the civil process jackets consistently and did not collect all fees. In addition, we could not confirm that the fees collected were deposited in NCSD's bank account. Specifically, of the 60 civil processes we tested, 6 did not have the jackets filled out completely and did not have fees collected. In addition, 48 civil processes (totaling \$2,277) had papers served and had fee collections documented on the jackets, but NCSD did not record which fees corresponded with which services. Without filling out the jackets consistently and documenting the payments, NCSD cannot identify all outstanding fees or reconcile its bank statements.

Authoritative Guidance

Section 06(2) of the "Office of the Sheriff, Nantucket County, Civil Process and Procedures" states,

Payment is required upon receipt of service. . . . However, if it is an attorney we deal with often, a bill is sent along with a copy of the completed service.

Also, Section 05 of the procedures states,

1. When service has been completed . . . it is acknowledged by written confirmation of how the papers were served. . . .

B. Included, also, the fee amount, a signature line, and the typed name of the server, title, department address.

In addition, during our site visit NCSD staff members described the department's procedures to us. They stated that when someone requests a civil process service, the staff members prepare the civil process jacket and the civil process forms that are needed for serving the civil action and place the forms in the jacket. They stated that they enter the attorney's and defendant's name, address, and phone number on the jacket as well as details about the plaintiff. They also enter a description of the process that was served, the fee amount, and when it was paid, if applicable. They enter all of

this information on the civil process spreadsheet and in the registry book. They log cash payments in a receipt book, along with check payments mailed by attorneys after a process is served. They enter all payments on the civil process spreadsheet and on the jacket as well as in the receipt book.

Reason for Issue

NCSD's written civil process policies do not define in detail what information NCSD staff members are required to record on the civil process jacket and how they should document the fee collected, including the date of collection and payment method. In addition, NCSD does not have an accounting system or case management system that would accurately document the services provided and fees collected; all procedures are currently done manually. For the instances where fees were not collected, the sheriff told us he decided to waive the fee but did not document the rationale for the waiver.

Recommendations

1. NCSD should define and segregate duties in its written policies for authorizing transactions, recording transactions on the civil process spreadsheet, and reconciling transactions for its funds.
2. NCSD should implement closer supervision or more frequent reviews of civil process transactions.
3. NCSD should update the "Office of the Sheriff, Nantucket County, Civil Process and Procedures" regarding what information from the civil process jacket should be recorded on the civil process spreadsheet.
4. NCSD should restrict access to the civil process spreadsheet to specific users.
5. NCSD should designate an employee who cannot make changes to the civil process spreadsheet to periodically review it for missing and inaccurate information.
6. NCSD should update the "Office of the Sheriff, Nantucket County, Civil Process and Procedures" to detail exactly what fields need to be filled out on the civil process jacket, as well as how and where to document the fees collected, including the payment method, payment amount, and collection date.
7. NCSD should obtain an accounting system and a case management system to help record services provided and document fees collected.

Auditee's Response

Per your recommendations regarding NCSD's audit, we have installed Quicken for an improved accounting system to document fees collected, payment method, payment amount and collection date.

We will update our "Civil Process and Procedures" to detail exactly the fields that need to be filled out on the civil process jacket, as well as ALL of the documentation of fees collected.

Our office will continue to record the services in the registry book, to match up with the jackets.

The excel program was not set up or used by this office for accounting purposes. We have that in place to look up a service, for example if an attorney calls and requests information from one that took place 6 months ago. The spreadsheet is only used by 2 employees.

The Sheriff will be given bi-monthly reports of all Civil Process transactions that are taking place and have been completed. . . .

We have two employees that write up the services, collect the fees and do the returns of service. We will have a third employee be more involved in this part of the office, so we can improve on "segregation of duties."

Auditor's Reply

Based on the response above, it appears NCSD is making changes to address our concerns.