



Objectives

To determine whether the Office of the High Sheriff had the financial control processes and related staff competencies and complement in its Judgement Enforcement and Accounts Branch to fulfill its operational responsibilities, as well as efficient processes for swipe card and camera system operations in its Court Security Branch. To also determine whether the Department of Justice and Public Safety provided effective oversight to support the responsibilities and legislative requirements of the Office.



Audit Period April 2020 through December 2022



Why this Audit is Important

The Office of the High Sheriff is a division of the Department of Justice and Public Safety and is primarily responsible for providing administrative services to the Supreme Court of Newfoundland and Labrador and the Provincial Courts. The Office administers the jury system, provides court security, and executes court orders and decisions. The Office of the High Sheriff was audited because it receives funds from third parties; holds funds in trust; and distributes funds to other third parties in accordance with court orders.

In our January 2022 Annual Report, we noted that the Office's audited financial statements had not been completed since March 2017, potentially increasing the risk of undetected errors or fraud occurring. It is essential for the department to effectively oversee the Office to ensure it has appropriate financial control processes and staff to meet its operational requirements and fulfill its mandate in an efficient and effective manner.



Conclusions

The Department of Justice and Public Safety did not provide effective oversight in support of the responsibilities and legislative requirements of the Office of the High Sheriff. The Office did not have the financial control processes or the related staff competencies and complement to fulfill its operational responsibilities for receiving and distributing court-ordered payments. While no error or fraud was detected in our sample testing, the risk of undetected error or fraud could have increased. We were unable to determine whether the Office's processes for building swipe card access and camera system operations were administratively efficient. Communication between the department and the Office was informal and undocumented. The department was also slow to respond to critical financial reporting and vacancy issues within the Office. As of April 2020, annual audits had not been completed since 2017; and prior to January 2022, there was limited evidence to indicate that Justice and Public Safety took steps to seriously address this issue. In 2017, the Manager of Financial Operations position was eliminated, likely impacting the Office's ability to process and prepare legislatively required financial information for audit.



Summary of Recommendations

- The Department of Justice and Public Safety should create a formalized oversight process, including a review of the relevant legislation, to support the High Sheriff in their responsibilities and legislative requirements.
- The Office of the High Sheriff should ensure financial control processes are complete, formally documented, and implemented appropriately.
- The Office of the High Sheriff should perform a formal evaluation of its Judgement Enforcement and Accounts Branch to ensure they have the appropriate staff competencies and complement to fulfill appropriate administrative and financial control processes.



What We Found

Financial Control Processes

- Controls that existed were appropriately designed, however, at times they were not implemented appropriately. Some gaps in the financial control processes also existed.
- While policy and procedure manuals did exist, they were either in draft form or outdated. In multiple instances, staff used handwritten notes created by previous employees to guide daily financial tasks.
- For our 47 samples, there were 23 instances (49%) where the report indicating payments was recorded correctly had been completed, but there was no evidence of review.
- A gap existed in the financial controls for receipting court-ordered payments in that staff were not required to retain documentation that supported these payments.
- At the end of our audit period, there was approximately \$59,700 in stale-dated cheques outstanding: \$1,500 over five years old; \$6,600 over four years old; \$8,600 over three years old; \$24,500 over two years old; and \$18,500 over one year old.
- The amount of non-distributed court-ordered payments grew over our audit period. As of December 31, 2022, this amount totalled \$71,300, an approximate eight per cent increase from April 2020.

Staff Competencies and Complement

- The Branch did not have a Manager of Financial Operations or an equivalent from early 2017 to March 2022.
- The financial statements, required by legislation to be prepared and audited annually, were not prepared for the years March 31, 2018, to 2021 inclusive. The first missed deadline coincided with the elimination of the Manager of Financial Operations position in 2017.
- For the 13 positions examined, six (46%) were vacant for more than half the audit period, and for the positions audited within the Judgement Enforcement and Accounts Branch, the staff turnover rate was 200% during our audit period, with a retention rate of 62%.
- The Office of the High Sheriff did not have formal processes or retention strategies to address staffing challenges.

Camera Systems and Swipe Cards

- Although the Office of the High Sheriff's swipe card building access and camera systems were comparable to similar jurisdictions, the systems were not networked but rather operated on a closed-circuit system.
- There was a policy for swipe cards, but it had not been distributed or followed provincially.
- We were unable to determine whether swipe card operation processes affected administrative efficiency.
- Instances when swipe card systems failed to work were not formally tracked or documented, and as a result, we were unable to determine exactly how often this occurred.
- Security footage was only able to be retrieved manually from camera systems, requiring additional staffing action outside normal working hours.
- The existing maintenance policy was not being followed.

Oversight

- The Sheriff's Act, 1991 is outdated with the last amendment made in 2011.
- The legislative requirement for financial information to be audited annually was vague and did not state a legislated deadline. The Act also did not explicitly state that the transfer of undistributed payments to the Consolidated Revenue Fund was required, nor did it give a timeframe for when the payments should be transferred.
- Communication between the Assistant Deputy Minister of the Department of Justice and Public Safety and the Office of the High Sheriff was informal and not documented.
- Monthly bank reconciliation reports were not routinely submitted until this requirement was instituted by the department in April 2022, subsequent to our January 2022 Annual Report which discussed issues at the Office.
- Prior to January 2022, the department had only made one attempt to address the issue of outstanding financial statements.
- The Department of Justice and Public Safety was slow to respond to critical financial reporting issues within the Office of the High Sheriff. The department was also slow to respond to known vacancy issues at the Office.



After reading this report, you may want to ask the following questions of government:

1. What has the department done to improve oversight of the Office of the High Sheriff?
2. When will the financial statements for 2020, 2021, 2022 and 2023 be ready for audit?
3. When will the Sheriff's Act, 1991 be modernized?
4. What actions are being taken to deal with the findings from this audit regarding policies and control processes?