

AUDITOR'S REPORT

CONSTABLE PRECINCT 6 VICTOR TREVINO CLOSEOUT PROCEDURES AS OF NOVEMBER 3, 2014



May 8, 2015

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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

May 8, 2015

Mr. Heliodoro Martinez
Constable, Precinct 6
333 Lockwood Dr.
Houston, TX 77011

RE: Constable Precinct 6 Victor Trevino Closeout as of November 3, 2014.

The Audit Services Department performed procedures relative to the Constable Precinct 6 (the Office) Victor Trevino Closeout. Although you were not the office holder during the period of our procedures, we are addressing the Auditor's Report to you as the current office holder. Our procedures included the following:

- Selectively tested and verified that items in the evidence room exist and are accurately recoded in the FileOnQ Property Application system.
- Selectively tested and verified that non-revenue EZ Tags assigned to the office are adequately controlled and properly affixed to the Office's vehicles.
- Selectively tested whether time and attendance records are accurately and properly approved, time is accurately recorded in the County's Daily Time Entry System, and payroll is paid to valid employees.
- Selectively tested whether controlled and capital assets exist and are accurately recorded in the County's property and equipment inventory records.
- Selectively tested whether payments relative to certain lease and concession agreements were timely remitted and accurately recorded in the County's Integrated Financial and Administrative Solution (IFAS) system.
- Verified bank account balances are accurately stated and account activity is accurately recorded in IFAS, bank reconciliations are timely and accurately prepared, and reconciling items are timely resolved.
- Selectively tested whether expenditures from bank accounts are properly approved, recorded, and appropriately expended.
- Selectively tested whether fuel, purchasing, and travel cards assigned to the Office are in the Office's possession and are utilized for authorized expenses only.
- Selectively tested whether fuel usage data is accurately recorded.
- Followed-up on the status of the previously identified recommendations presented in the Constable Precinct 6 Time Reporting and Processing Auditors Report dated August 10, 2012.

Constable Heliodoro Martinez
Constable Precinct 6

The engagement process included providing you with a combined engagement and scope letter and conducting an entrance and exit conference with your personnel. The purpose of the letter and conferences was to explain the process, identify areas of concern, describe the procedures to be performed, discuss issues identified during the engagement, and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

The enclosed Auditor's Report presents the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations. Less significant issues and recommendations have been verbally communicated to your staff.

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,



Barbara J. Schott
County Auditor

cc: District Judges
County Judge Ed Emmett
Commissioners:
R. Jack Cagle
El Franco Lee
Jack Morman
Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

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OVERVIEW

The objective of this engagement was to perform procedures in accordance with (or pursuant to) the Harris County Road Law (Section 10, Chapter 17, Special Laws, Acts of the 33rd Legislature, Regular Session, 1913, as amended by Chapter 422, Acts of the 66th Legislature, 1979), which states that upon the death, resignation or retirement of any officer or employee, the Auditor shall require an accounting of all property of every kind of the County or its political subdivisions of which he has custody, possession, control or supervision, and shall not approve the payment of any sums to such officer or employee or his estate until such accounting is made.

RESULTS

Based upon the procedures performed in accordance with the Harris County Road Law, EZ tags assigned to the Office are adequately controlled and properly affixed to the Office's vehicles, and lease and concession agreements are timely remitted and accurately recorded in IFAS. Additionally, the Office bank account balances are accurately stated and account activity is accurately recorded in IFAS, expenditures were properly approved and recorded, and time reporting and processing was materially accurate.

However, improvements to controls are needed related to:

- Conducting a complete physical inventory of the Property Room to try to locate missing property, and ensure a complete record of any/all property residing in the Property Room is recorded in the File-On-Q system.
- Conducting a semi-annual inspection of the property/evidence room to ensure compliance with all property control procedures as required by 84.1.4 "Documentation of Property/Evidence Room Contents".
- Generating a quarterly asset report and reviewing the data entry fields to monitor the quality of information and errors, such as multiple quantities and missing serial numbers.
- Monitoring all capital and controlled assets to ensure units with a value of \$500 or more and a unique identifying number are recorded in the property and equipment records as required Accounting Procedures A.1-1, Property Handling Guidelines
- Monthly monitoring and review of fuel purchases to ensure the following: 1) odometer readings are being input correctly and are accurate 2) proper vehicle information is recorded on all gasoline purchases 3) all unusual fuel purchases are investigated.

These and other matters are discussed in more detail within the attached Issues and Recommendations matrix.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
<p>Items Missing from the Property Room</p>	<p>All property collected by the Office from arrests, investigations, etc. is stored within the Constable Precinct 6 property room. All collected property room items should be recorded within the Offices' inventory system, File-On-Q. The File-On-Q system enables the Office to process, track, and manage firearms, drugs, documents, and all other types of case related items submitted by the arresting deputies.</p> <p>Pursuant to the Office's General Orders 84.1.4, "Documentation of Property/Evidence room Contents" states that "at least semi-annually, the Commander of the Administrative Division or a designee will conduct an inspection of the property/evidence room to ensure the compliance to all</p>	<p>Of the 799 total items selected for testing, the Office was unable to locate 229 (28%) of the following items:</p> <ul style="list-style-type: none"> -47 firearms; -29 drugs; -33 electronics; -19 jewelry; -20 miscellaneous low value items; -81 items relating to cash, counterfeit, credit cards, and documents (<i>Cash totaled \$54,070.85 and Counterfeit items totaled \$2,708.10; There was no evidence to support the removal or final disposition of cash</i>). <p>The missing items could be the result of unapproved or undocumented removal, theft, lack of organization in the property room, or improper administration of property room documentation.</p>	<p>The Office should conduct a complete physical inventory to try to locate the missing property, to ensure a complete record of any/all property residing in the Property Room is recorded in the File-On-Q system. If unable to locate the missing items, the Office should work together with the County Attorney's Office to determine how to properly remove the evidence from the File-On-Q system.</p>	<p>A formal item-by-item physical inventory of the Property Room was initiated on January 5, 2015. The objective of the inventory was defined as a complete accounting of each individual item of property.</p> <p>On January 5, 2015, a Harris County Deputy Sheriff was placed on a fulltime special assignment to assist with this project alongside this agency's newly appointed and fulltime Property Room Deputy.</p> <p>This inventory is anticipated to be complete no later than Friday, May 8, 2015.</p> <p>Final disposition of all items, including missing items, will be lawfully documented and removed from the File-On-Q system.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Items Missing from the Property Room (Continued)	property control procedures. The inspection shall consist of a formal review with a careful and critical examination of all components of the property and evidence function.”	As seized property collected by deputies represents evidentiary items, the inability to locate such property could potentially impact pending court proceedings. Furthermore, as the missing firearms cannot be returned to the rightful owner or destroyed upon court approval, the inability to locate such property creates potential liability for the Office.		
Firearms Not Recorded in the Property Room Inventory Listing	Pursuant to Harris County Constable Precinct 6 General Orders # 84.1.4 – “The Property and Evidence Unit of the Harris County Precinct 6 Constables Office shall maintain a records system reflecting the status of all property held by the Agency. This system shall include a list of property for each case, original chain of	In performing the Property Room testing procedures, 202 firearms were identified as not being recorded in the File-On-Q system. As the unrecorded seized property collected by deputies represents evidentiary items, the inability to locate such property could potentially impact pending court proceedings.	The Office should consult with the Sheriff’s Department and determine whether the unrecorded firearms need to be recorded, returned, destroyed, or tested, as the Sheriff’s Department performed a 100% physical inventory of the property room items after our selective testing was complete.	All firearms will be lawfully disposed. All firearm records will be updated to reflect an accurate and lawful accounting. Per a recent agreement with the Harris County Sheriff, this agency will soon no longer operate or maintain a Property Room. In the immediate near future, this agency will begin utilizing

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Firearms Not Recorded in the Property Room Inventory Listing (Continued)	custody reports and original court orders involving property/evidence which will be maintained by the Property and Evidence Custodian.”	Furthermore, unrecorded firearms in the Property Room, creates a greater risk for the firearms to be inappropriately removed.	<p>Additionally, the Office should ensure that future evidence maintained in the Property Room is properly recorded in the File-On-Q system by providing training, education, and increased oversight regarding the Property Room policies and procedures.</p> <p>Furthermore, the Office should conduct a semi-annual inspection of the property/evidence room to ensure the compliance to all property control procedures as required by 84.1.4 “Documentation of Property/Evidence Room Contents”, and the Office should ensure that the File-On-Q system is promptly updated when items are released to the appropriate party.</p>	the Harris County Sheriff’s Office Property Room. Deputies of this agency will follow all Policies and Procedures of the HCSO related to the storage of property. The official policies of the Harris County Sheriff pertaining to Property Room procedures will be incorporated into this agency’s official policies and procedures.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Secondary Employment	<p>Employees of the Office have the ability to obtain secondary employment, performing duties such as directing traffic or security, as long as approval is obtained from Office Management. Employees submit secondary employment forms detailing the hours and locations of work to be performed, and the forms are reviewed by the Office Lieutenants to ensure that the scheduled work hours are at approved locations and do not conflict with County work hours.</p>	<p>The Office does not have a formal process or control in place to reconcile hours worked at secondary employment with hours worked for the County.</p> <p>Not having a formal process or control established increases the risk that employees will be paid for secondary employment that coincides with County work hours.</p>	<p>The Office should establish and document a formalized process in which secondary employment is recorded, monitored, and reconciled to the County hours in order to reduce the risk of employees reporting time worked at both the County and the secondary employment.</p>	<p>Deputies requesting authorization to work extra-employment must complete and submit an extra-employment application to their immediate supervisor in advance of working any extra job. The application requires the employee to specify the date and time period to be worked. The application also requires the employee to specify whether or not accumulated county leave will be utilized if the hours of the extra-employment conflict with regular duty hours. On those rare occasions where such approval is granted (burning accumulated leave time to work an extra-job) the employee must attach an approved leave request form to the extra-employment application. Following approval of any application by an immediate supervisor, the application is next</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Secondary Employment (Continued)				provided to the Chief Deputy Constable for review and final approval or rejection. When an employee's approved application includes use of accumulated leave, the Assistant Chief Clerk confirms entry of the leave request. The Assistant Chief Clerk also files all approved applications.
Items Not Located	Pursuant to Harris County Accounting Procedure A.1-1, Property Handling Guidelines, department management should establish internal property access and use guidelines to ensure the safeguarding of property in the departments control, and inventoried property items should be kept current with new items added and old items deleted timely. Additionally, assets that are no longer in the Office's control and are considered missing should be removed	Of the 65 assets selected for testing, 42 assets (65%) could not be located. These items totaled \$83,752. One item is considered a capital asset with a unit value of \$5,000 or greater and the remaining forty-one are considered controlled County assets with a unit value of at least \$500 but less than the \$5000 capitalization threshold. As a result, the County's property and equipment records may be overstated.	The Office should attempt to locate these assets, and steps should be taken to identify and address the cause of the missing assets. If the Office is unable to locate the missing assets, the Office should determine whether County Auditor's Form 3351, County Property Deletion/Indemnification Request Form, should be submitted to Purchasing to obtain Commissioners Court approval to remove these assets from the County's property and	This agency will conduct quarterly asset inventories. Items not located following a thorough search will be appropriately documented in accordance to Harris County Accounting Procedure A.1-1, Property Handling Guidelines, including the submission of County Auditor's Form 3351 when required.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Items Not Located (Continued)	from the County's property and equipment records by requesting Commissioners Court approval to remove the assets.	See not "b" on the attached Appendix.	equipment records. To improve internal controls, the Office should consider generating a quarterly asset report and review the data entry fields to monitor the quality of information and errors, such as items not located, and perform periodic property inventory audits.	
Multiple Quantities	Pursuant to Harris County Accounting Procedure A.1-1, Property Handling Guidelines, (Procedure A.1-1), assets recorded in the County's property and equipment records should contain accurate information, such as unit value and serial number.	Frequently, one purchase order was used to acquire multiple quantities of a particular piece of equipment. For these items, the Office did not separate the individual assets purchased in the County's property and equipment records. There were 134 assets related to 15 purchase orders totaling \$189,607 that were not separated, therefore correct unit values and serial numbers were not recorded.	The Office should follow Procedure A.1-1, and ensure the property and equipment records contain accurate information, including unit values and serial numbers. To improve internal controls, the Office should consider generating a quarterly asset report and review the data entry fields to monitor the quality of information and errors, such as recording multiple quantities, and perform periodic property inventory audits.	This office will ensure property and equipment records are accurate by separating the purchase of multiple quantities of a same item purchased via a single purchase order which will result in accurately recording the value of each individual item as well as documenting individual identifying serial or unique identification numbers. Quarterly asset inventory procedure will dictate whether serial and or unique

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Multiple Quantities (Continued)		<p>As a result, the ability to detect missing assets in a timely manner is reduced.</p> <p>See note "a" on the attached Appendix.</p>		<p>identifying numbers are accurately affixed and documented.</p>
Serial Numbers	<p>Pursuant to Harris County Accounting Procedure A.1-1, Property Handling Guidelines, (Procedure A.1-1), the County department must ensure the inventory records reflect sufficient identifying information that includes unique identifying serial numbers.</p>	<p>Of the 50 Controlled County Assets selected for testing, 21 (42%) did not contain a unique identifying serial number in the County's property and equipment records. These items totaled \$45,005.</p> <p>As a result, items cannot be accurately reconciled with the County's property and equipment records, which results in non-compliance with Procedure A.1-1.</p> <p>See note "c" on the attached Appendix.</p>	<p>The Office should correct the property and equipment records by recording serial numbers for each item. The Office should also ensure the County's property and equipment records contain accurate information, including unique identifying numbers.</p> <p>Additionally, the Office should follow Procedure A.1-1, and ensure the property and equipment records contain accurate information, including unit values and serial numbers. To improve internal controls, the Office should consider generating a quarterly asset report and</p>	<p>Quarterly asset inventory procedure will dictate whether serial and or unique identifying numbers are accurately affixed and documented.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Serial Numbers (Continued)			review the data entry fields to monitor the quality of information and errors, such as recording multiple quantities, and perform periodic property inventory audits.	
Items Not Listed on Asset Listing	Pursuant to Harris County Accounting Procedure A.1-1, Property Handling Guidelines, (Procedure A.1-1), assets with a unit value of \$500 or more, with a unique identifying number such as a serial number applied by the manufacturer, must be recorded on the property and equipment records.	Seven assets were selected for testing from the Office and traced to the property and equipment records. Two assets (28%) (HP Laser Jet P3015 and Canon Laserclass 70 Fax) were not recorded in the property and equipment records. As a result, the property and equipment records were understated.	The Office should follow Procedure A.1-1 and ensure all assets with a unit value of \$500 or more and a unique identifying number are recorded in the property and equipment records.	Procedure A.1-1 will be steadfastly followed when conducting asset inventories and the final record shall include all assets with a unit value of \$500 or more and the item's unique identifying number.
Fuel Transactions	Per Accounting Procedure I.9 - Fuel Usage: "Each fuel purchase at a County or select County approved commercial stations requires a PIN, a fuel card number and the vehicle's odometer reading. Fuel	Of the 3,011 transactions analyzed the following exceptions were noted: - 123 (4.1 %) appeared to have mileage incorrectly entered (missing/transposed digits, etc.). - 15 (.5 %) appeared to	The Office's Fleet Service liaison should monitor and review the monthly fuel purchases to ensure the following: - odometer readings are being input correctly and are accurate	Monthly fuel usage reports will be reviewed to ensure fuel purchases are appropriate. Additionally, employees will be required to submit fuel purchase receipts to their immediate supervisor who will maintain

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Fuel Transactions (Continued)	card transactions can take place electronically or manually. These transactions are recorded into the appropriate tracking system depending on where the fuel is purchased. After processing, this information is made available to the department and the Fleet Services' fuel liaison through the Fleet Services Intranet Site. Reports that are generated from the Fleet Services Intranet Site will give departments the ability to oversee their fuel purchases older than the current month on a continual basis."	have mileage entered that belonged to another vehicle. - 6 (.2 %) appeared to be inappropriate or suspicious transactions (high frequency of purchases, volume of purchase made, etc.). - 71 (2.4 %) occasions totaling approximately 955 gallons, a grade of gasoline other than regular unleaded was used in a vehicle that accepted regular unleaded. Not entering accurate information could prevent detection of inappropriate activity as well as hinder the accurate analysis of costs. The usage of premium gasoline instead of regular unleaded resulted in approximately \$257 in excess spending on gasoline.	- proper vehicle information is recorded on all gasoline purchases - all unusual fuel purchases are investigated. Additionally, the Office should instruct employees not to use premium gasoline unless the purchase is authorized by Management.	the receipts electronically.