

# **AUDITOR'S REPORT**

## **DISTRICT ATTORNEY MIKE ANDERSON CLOSEOUT PROCEDURES**



**July 11, 2014**

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Harris County Auditor**

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

July 11, 2014

The Honorable Devon Anderson  
Harris County District Attorney  
1201 Franklin, 6<sup>th</sup> Floor  
Houston, Texas 77002

RE: District Attorney Mike Anderson Closeout Procedures

With the change in officials of the Harris County District Attorney's Office (the Office), the Audit Services and Compliance Audit Departments performed closeout procedures. 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:

- Verified that the cash in the Office reconciled to the imprest balance and the balance was accurately recorded in the County's financial records.
- On a test basis, determined whether the controlled and capital assets recorded in the County's financial records (IFAS) existed and were accurately stated.
- Verified that the custodial bank account balances and account activity were accurately recorded in IFAS, bank reconciliations were timely and accurately prepared, and reconciling items were timely resolved.
- Determined whether disbursements from the five custodial bank accounts, claimant restitution, and hot check account were properly approved, recorded, and appropriately expended.

Management informed us they did not receive a copy of the Patricia Lykos closeout procedures report issued October 2013. As such, we did not report on the status of reported recommendations.

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, 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

The Honorable Devon Anderson  
Harris County District Attorney

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  
Vince Ryan  
William J. Jackson

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## ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Petty Cash Expenditures	At the time of our procedures, Harris County Accounting Procedure D.3, <i>Petty Cash Accounts</i> , required the Office to submit reimbursement requests on a regular basis. On May 23, 2014, subsequent to our procedures, the Systems and Procedures Department updated Procedure D.3 to specify a time frame for submitting reimbursement requests. The Office maintains a \$500 petty cash account.	One petty cash reimbursement request submitted in July 2013 totaling \$169.35 contained January 2013 expenditures. Failure to timely submit reimbursements causes the reimbursement to be recorded in the wrong financial period.	The Office should submit reimbursement requests at least quarterly in accordance with the recently revised Harris County Accounting Procedure D.3.	The Office will submit quarterly reimbursement requests in accordance with the newly revised Harris County Accounting Procedure D.3.
Items Not Located	Pursuant to Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i> , assets that are no longer in the Office's control and considered missing should be removed from the County's property and equipment records for the Office by requesting Commissioners Court	Of the 59 assets selected for testing, ten assets (17%) could not be located. These items totaled \$15,690 and are considered County controlled assets with a unit value of at least \$500 but less than the \$5,000 capitalization threshold. As a result, the County's	The Office should attempt to locate these assets, and steps should be taken to identify and address the cause of the missing assets. If they are unable to do so, they should determine whether County Auditor's Form 3351, <i>County Property Deletion/Indemnification</i>	Auditor Form 3351 was submitted to Harris County Purchasing to obtain approval to remove the assets from the county's property and equipment records. In order to improve internal controls, our Office will generate a quarterly asset report to facilitate periodic

## ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Items Not Located (continued)	approval to remove the assets.	property and equipment records may be overstated.  See note “b” on the attached Appendix.	<i>Request Form</i> , should be submitted to Purchasing to obtain Commissioners Court approval to remove these assets from the County’s property and 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.	property inventory audits.
Multiple Quantities	Pursuant to Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i> , assets recorded in the County’s property and equipment records should contain accurate information, such as unit value and serial number.	Occasionally, 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. Correct unit values and serial	The Office should follow Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i> , and ensure the property and equipment records contain accurate information, including unit values and serial numbers.  To improve internal	Upon receiving this recommendation, the Office immediately split multi-quantity orders into separate county property and equipment records. Specific unit values and serial numbers were recorded.  In order to improve internal controls, our Office will

## ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Multiple Quantities (continued)		<p>numbers were not recorded.</p> <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>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.</p>	<p>generate a quarterly asset report to facilitate periodic property inventory audits.</p>

**Harris County District Attorney  
Appendix  
Inventory Records Exceptions**

OrgKey	Asset ID	Notes	Description	Serial Number	Status	Cost	Qty
YTN54530	P219962-001-001	a	MORPHO I DENT SOLUTION		UA	\$3,400.00	2
YTN54530	P220068-009-001	a	PANASONIC SUPER DYNAMIC HD DOME		UA	\$2,360.00	2
YTN54530	P220068-013-001	a	NIGHT VISION GOGGLES, ATN PVS7-CGT		UA	\$4,998.00	2
YTN54530	P220342-001-001	a	ATN MARS 4X3 GEN 3 SCOPE		UA	\$5,958.62	2
YTN54530	P220570-001-001	a	GUARDIAN REAL TIME ALL IN ONE TRACKING		UA	\$5,990.00	2
YTN54530	P220570-002-001	a	820 BATTERY PACK		UA	\$1,400.00	2
26354501	P218344-001-001	a	HP LASERJET M525DN MFP PRINTER		UA	\$4,559.85	3
YTN54530	P220639-001-001	a	APPLE IPAD WITH RETINA DISPLAY 16G WIFI		UA	\$4,900.88	8
YTN54530	P219905-001-001	a	PANASONIC SEC WV-SC385 CAMERA		UA	\$11,271.60	10
YTN54530	P220343-001-001	a	CRADLE POINT M@M INTEGRATED		UA	\$5,140.00	10
26354501	P220699-001-001	a	COMPUTERS, OPTIPLEX 9010 SMALL FORM FACT		UA	\$18,355.80	15
YTN54530	P219591-001-001	a	GX440 LTE/EVDO VZW		UA	\$9,456.00	16
26354501	P031891-001-071	b	COMPUTER LAPTOP DELL LATITUDE C800	D683P01	TG	\$2,243.00	1
60354501	P009133-001-215	b	COMPUTER TOWER DELL OPTIPLEX GX1	JU6Q3	TG	\$1,782.12	1
100545ZZ	8000129-A01	b	TV 25 MITSUBISHI TABLE MODEL	115481	TG	\$559.00	1
100545ZZ	A069210-A01	b	MICRO CASSETTE PLAYER LANIER #P-128	1670626	RC	\$526.33	1
100545ZZ	A072745-A01	b	RADIO 2-WAY MOTOROLA #T73XTAA	776HPQ1021	TG	\$3,201.00	1
26354501	P031891-001-074	b	COMPUTER LAPTOP DELL LATITUDE C800	23K1P01	TG	\$2,243.00	1
100545ZZ	A057210-A01	b	HAND RADIO MOTOROLA MX350 H43SSU3140	520AKC0283	TG	\$1,763.00	1
100545ZZ	A072744-A01	b	RADIO 2-WAY MOTOROLA #DA3KXA-3	624HP00414	TG	\$1,416.00	1
100545ZZ	A067756-A01	b	VIDEO CAMERA-RECORDER QUASAR VM21 W/	WK70610325	TG	\$1,299.00	1
FCB54530	P035387-001-003	b	COMPUTER LAPTOP DELL LATITUDE C810	4CSNW01	RC	\$657.25	1

Notes	
a	Multiple Quantities
b	Not Located

Status Codes	
UA	User Asset, County Controlled
TG	Tagged by Purchasing
RC	Received from Purchase Order