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

January 31, 2014

Constable Alan Rosen  
Harris County Precinct 1  
1302 Preston, 3<sup>rd</sup> Floor  
Houston, Texas 77002

**RE:** Procedures applicable to the monthly collection reports submitted by the Office of Constable Precinct 1 for the three months ended August 31, 2013.

**SCOPE**

As required by Local Government Code Chapter 115, the Compliance Audit Department examined the monthly collection reports submitted by the Office of Constable Precinct 1 (the Office) for the three months ended August 31, 2013.

Our procedures consisted of:

- Evaluating whether amounts reported on the monthly collection reports were properly deposited in the County's depository.
- Accounting for all receipts issued by the Office.
- Selectively testing receipts to evaluate whether they were properly allocated in the County's financial records.
- Selectively testing executions and orders of sale for proper disbursement of proceeds.
- Selectively testing judgments payable collections to ensure that all proceeds are disbursed.

## RESULTS

The following results present 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.

### MANUAL RECEIPT TIMELY PROCESSING

As discussed in Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, manually receipted transactions should be entered into the County's financial system within two business days following the day the manual receipt is issued. The following are instances in which the Office did not comply with this requirement.

<u>Manual Receipt Date</u>	<u>Financial System Receipt Date</u>	<u>Number of Receipts</u>
6/24/13	6/27/13	3
8/21/13	8/26/13	1

All manual receipts should be entered in the County's financial system in accordance with Procedure A.1.

### MANUAL RECEIPT 833573

On July 2, the Office issued manual receipt 833573 for \$2,635.40 and issued IFAS receipt C1089601 to record the manual receipt in the County's financial system. However, IFAS receipt C1089601 was issued for \$2,635.30 and the Office deposited \$2,635.30 to the County depository. These funds were collected pursuant to an order of execution. The Office submits supporting documentation to the County Auditor's Office Revenue Accounting Department (Revenue Accounting). The supporting documentation identifies the amounts collected and to be disbursed to various individuals and outside entities. Office staff informed us that the manual receipt reflected the correct amount. The \$2,635.40 was reflected in the documentation submitted to Revenue Accounting.

On September 9, 2013, the Office found the remaining funds in their bank bag. On September 18, 2013, they deposited the funds on deposit slip 3010101088. Also, on September 18, 2013, the Office corrected the IFAS receipt by issuing a negative \$2,635.30 receipt and a positive \$2,635.40 receipt.

Although the amount of the discrepancy was immaterial, it adversely affected reconciliations at the Treasurer's Office, the Auditor's Office and the bank.

The Office should ensure that the correct amounts are properly deposited and recorded in the County's financial system.

#### **TIMELINESS OF DEPOSIT AND RECEIPT**

Local Government Code §113.022 requires deposits to be made within five business days after the day on which the funds are received. In addition, in accordance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, funds should be received at the time of collection.

On June 24, 2013, the Office was issued a check by the Texas Workforce Commission. However, the Office did not issue an IFAS receipt and deposit the check until August 9, 2013.

The Office should ensure that receipts are issued at the time of collection and funds are deposited in accordance with Local Government Code §113.022.

#### **IMPROPER RECEIPT AND DEPOSIT AMOUNT**

On August 30, 2013, the Office issued IFAS receipt C1090236 for \$9,610.45. These funds were collected pursuant to an order of execution. The Office submits supporting documentation to Revenue Accounting. The supporting documentation identifies the amounts collected and to be disbursed to various individuals and outside entities. Office staff informed us that during the disbursement process they noticed that the check should have been issued for \$9,610.46. The customer was contacted to remit the difference.

On September 18, 2013, the Office received the difference in the mail and deposited the funds on deposit slip 3010101088. On September 18, 2013, the Office corrected the IFAS receipt by issuing a negative \$9,610.45 receipt and a positive \$9,610.46 receipt.

Although the amount of the discrepancy was immaterial, it adversely affected reconciliations at the Treasurer's Office, the Auditor's Office and the bank.

In the future, the Office should ensure that the correct amounts are received, deposited and recorded in the County's financial system.

Constable Alan Rosen  
January 31, 2014  
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We appreciate the time and attention provided by you and your staff during our procedures.



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  
Orlando Sanchez