

# **AUDITOR'S REPORT**

## **HARRIS COUNTY CONSTABLE PRECINCT 1** **THREE MONTHS ENDED FEBRUARY 28, 2015**



**March 11, 2016**

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

March 11, 2016

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 February 28, 2015

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 February 28, 2015.

The procedures performed included:

- 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 Integrated Financial and Administrative Solution (IFAS) system.
- Selectively testing executions and orders of sale for proper disbursement of proceeds.
- Selectively testing judgments payable collections to ensure that all proceeds are disbursed.

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.

Constable Alan Rosen  
Constable Precinct 1

We appreciate the time and attention provided by you and your staff during our procedures.

Sincerely,



Barbara J. Schott  
County Auditor

cc: District Judges  
County Judge Ed Emmett  
Commissioners:  
R. Jack Cagle  
Jack Morman  
Steve Radak  
Gene Locke  
Devon Anderson  
Vince Ryan  
William J. Jackson

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## ISSUES AND RECOMMENDATIONS

### **Incorrect Disbursement Request**

#### **Background**

Upon collecting funds pursuant to an order of execution, the Office is required to submit supporting documentation to the County Auditor's Office Accounts Payable Department (Accounts Payable). The supporting documentation identifies the amounts to be disbursed to various individuals and outside entities.

#### **Issue**

On February 24, 2015, the Office issued IFAS receipt C1096394 for \$4,318.00 and recorded it as Judgments Payable in the General Ledger. The Office submitted a disbursement request for \$4,260.32 and a journal entry was recorded for constable fees in the amount of \$57.68.

The disbursement request submitted by the Office reflected an incorrect case number. The Office was notified by Accounts Payable that a corrected disbursement request was needed. While an Accounts Payable employee was on vacation, the incorrect disbursement request was processed and a check was issued. Upon returning to work, the Accounts Payable employee received the corrected disbursement request and it was also processed for payment and a check was issued. This caused an over-disbursement of \$4,260.32.

The error was identified by the County Auditor's Office Compliance Audit Department on May 6, 2015. Accounts Payable was notified and the over-disbursed amount of \$4,260.32 was recovered.

#### **Recommendations**

The Office should ensure that all disbursement requests are correctly submitted.

Accounts Payable should:

1. Use available County financial system reports to verify the accuracy of the disbursement requests prior to processing the payments.
2. Have discussions with staff and increase awareness to ensure incorrect disbursement requests are not processed in error.

#### **Management Response**

##### Constable Precinct One

Precinct One Constables Office Writs Division will be adding procedures to ensure disbursements are properly submitted and verified through a supervisor that all amounts and case numbers are correct.

Personnel within the division have been notified on the importance of entering the correct information to ensure incorrect disbursement requests are not processed in the future.

### Accounts Payable

In an effort to help avoid duplicate payments from occurring due to employee absences, meetings will be held with staff prior to all scheduled absences to discuss the status of pending items. PEIDs will not be created until the issue(s) regarding the claim has been fully resolved. Moving forward, each staff member will have a "Pending Issues" box on their desk to hold those items not able to be processed in their entirety. A standard pending issues Auditor's form printed on brightly colored paper will be created and attached to the top of all documentation having pending issues. This form will be used by general claims processors and the Fee Accounting group.

## ISSUES AND RECOMMENDATIONS

### **Skipped Manual Receipts**

#### **Background**

To properly account for all manual receipts and to ensure that all corresponding collections are deposited as required by Local Government Code §113.022, the Office should follow accounting practices by issuing manual receipts in sequential order. In addition, skipped receipts should be marked void so they cannot be used at a later date.

#### **Issue**

During December 2014, receipt numbers 851956 and 851958 were issued from a manual receipt book. Apparently due to a clerical error, receipt 851957 was skipped and used in January 2015.

As a result, receipts not issued in sequential order may go undetected for a period of time which may lead to revenue not recognized, collections not recorded, collections recorded in the incorrect accounting period, or misappropriation of funds.

#### **Recommendation**

The Office should have discussions with staff and increase awareness to ensure manual receipts are written in sequential order and any skipped receipts are marked void.

#### **Management Response**

In the future, to increase awareness personnel have been notified that any receipt that is skipped will be voided as required by Local Government Code §113.022. The Office will follow the accounting practices by issuing manual receipts in sequential order. In addition, skipped receipts will be marked void so they cannot be used at a later date.

## ISSUES AND RECOMMENDATIONS

### Civil Service Fees

#### Background

In accordance with Local Government Code §118.131, Commissioners Court is allowed to set fees yearly to be charged for services performed by the Constables. The 2015 fees were approved on September 23, 2014 and became effective January 1, 2015.

In addition, Local Government Code §113.022 requires deposits to be made on or before the fifth business day after the day on which the funds are received.

#### Issue

On three IFAS receipts, the amounts collected were based on the prior year civil service fees and not the current year. The Office stated that funds were received in December 2014, but they had no documentation supporting when the fees were received. The IFAS receipts and bank deposits were recorded in 2015. Therefore, either the Office correctly collected the 2014 amounts in December 2014, but receipted and deposited them in 2015, or they improperly collected the prior year amounts in 2015 and receipted and deposited them in January and February 2015.

As a result, the January 2015 and February 2015 monthly collection reports could be understated which causes the civil service fees to be incorrectly reflected in IFAS and revenue delayed and not recognized in the correct period. Also, deposits which are not made in a timely manner may be misplaced, lost or stolen.

The following chart provides detailed information for this issue:

Receipt Date in IFAS	Receipt Number	Receipt Amount	Civil Service Type
1/16/15	C1095972	\$400.00	Tax Warrant
1/16/15	C1096029	\$125.00	Execution
2/4/15	C1096207	\$125.00	Execution

#### Recommendations

The Office should implement controls to ensure that civil service fees are being collected for the correct amount within the correct year as approved by Commissioners Court.

In addition, the Office should ensure that all fees are deposited in accordance with the deadlines specified in Local Government Code §113.022. Management should have discussions with staff to increase awareness on the significance of issuing receipts and depositing funds to the bank in a timely manner.

**Management Response**

To correct this in the future this office has implemented procedures that ensure that all fees collected are for the correct fee schedule.

Moving forward this office will put in place a procedure to verify all fees are deposited in accordance with the Local Government Code §113.022 and will address the staff, so that they better understand the importance of issuing and depositing receipts in a timely manner.