

AUDITOR'S REPORT

HARRIS COUNTY CONSTABLE PRECINCT 2 **THREE MONTHS ENDED FEBRUARY 29, 2016**



July 15, 2016

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

July 15, 2016

Constable Christopher Diaz
Harris County Precinct 2
101 S. Richey, Suite C
Pasadena, Texas 77506

RE: Procedures applicable to the monthly collection reports submitted by the Office of Constable Precinct 2 for the three months ended February 29, 2016

As required by Local Government Code Chapter 115, the Compliance Audit Department examined the monthly collection reports submitted by the Office of Constable Precinct 2 (the Office) for the three months ended February 29, 2016.

We performed the procedures as follows:

- Evaluated whether amounts reported on the monthly collection reports were properly deposited in the County's depository.
- Accounted for all receipts issued by the Office.
- Selectively tested receipts to evaluate whether they were properly allocated in the County's Integrated Financial and Administrative Solution (IFAS) system.
- Selectively tested executions and orders of sale for proper disbursement of proceeds.
- Selectively tested 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.

Constable Christopher Diaz
Constable Precinct 2

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Barbara J. Schott", with a long horizontal flourish extending to the right.

Barbara J. Schott
County Auditor

cc: District Judges

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ISSUES AND RECOMMENDATIONS

Cash Loss

Background

Harris County Accounting Procedure F.1-2-2, *Deposits via Armored Carrier or Field Location*, states that if funds received by the bank do not agree with the amount noted on the enclosed deposit slip, the bank issues a debit/credit advice for the difference between the deposit slip amount and the actual total funds received.

Issue

On December 3, 2015, the Office submitted a deposit to the bank reflecting cash of \$404,571.00. However, on December 3, 2015, the bank issued a \$30.00 debit memo stating that the cash received was \$404,541.00.

The shortage was resolved when the Office made a deposit on January 25, 2016 for \$30.00 on deposit slip number 3020100830.

A review of the most recent procedures performed on the Office's monthly collection reports shows that during the six months preceding this incident and the four months subsequent to it, the Office had experienced no other deposit discrepancies.

Recommendation

The Office should enhance controls around the supervisory review performed on daily cash deposits prior to delivery to the bank. This will help reduce the risk of errors occurring and ensure they are addressed promptly. In addition, the supervisor should sign and date an available system generated daily deposit report or the deposit itself as evidence of this review.

Management Response

The Office has implemented supervisory controls on the daily cash deposits. The supervisor is charged with signing and dating all deposit slips and verifying the accuracy of the deposit.

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Manual Receipt Transactions

Background

As discussed in Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, manually received transactions should be entered into the IFAS within two business days following the day the manual receipt is issued.

Issue

One out of 25 (0.04%) receipts reviewed did not comply with this requirement. The following chart provides detailed information for this issue.

Manual Receipt Date	Financial System Receipt Date	Number of Business Days Delinquent	Number of Receipts	Amount of Receipt	Type of Payment
12/30/15	1/7/16	3	1	\$6.00	Cash

Delays in entering receipts can cause delays in recognizing revenue in IFAS or may be indicators for inappropriate use of funds.

Recommendation

Office management should implement controls to ensure that the clerk responsible for entering manual receipts in IFAS is notified when the receipts are issued so the transactions can be recorded in a timely manner. The Office should train additional clerk(s) on how to enter manual receipts in IFAS. This will help reduce the risk of manual receipts not being entered on a timely basis.

Management Response

Office management has implemented procedures to check the accuracy of the clerk responsible for entering manual receipts in IFAS. We are also cross training additional clerks for this job responsibility.