AUDITOR'S REPORT

HARRIS COUNTY CONSTABLE PRECINCT 4

THREE MONTHS ENDED FEBRUARY 29, 2016

June 24, 2016

Barbara J. Schott, C.P.A.
Harris County Auditor

Mike Post, C.P.A.
Chief Assistant County Auditor
Accounting Division

Mark Ledman, C.P.A., M.P.A.
Chief Assistant County Auditor
Audit Division

1001 Preston, Suite 800
Houston, Texas 77002-1817
(713) 755-6505

FAX (713) 755-8932
Help Line (713) 755-HELP

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

June 24, 2016

Constable Mark Herman
Harris County Precinct 4
6831 Cypresswood Dr.
Spring, Texas 77379

RE: Procedures applicable to the monthly collection reports submitted by the Office of Constable Precinct 4 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 4 (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 Mark Herman
Constable Precinct 4

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

Sincerely,

Barbara J. Schott
County Auditor

cc: District Judges

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ISSUES AND RECOMMEDNATIONS

Batch Posting

Background
Departments issuing receipts directly from IFAS create cash receipts in batches (a group of receipts issued by one clerk) and then distribute (post) those batches. This immediately records the receipts in the general ledger. The department then produces an IFAS monthly report of those receipts. In order to achieve proper cut-off, for the monthly report to balance with the monthly deposits, it is imperative that receipts from different periods be kept in separate batches.

Issue
The amount presented on the February 2016 monthly report exceeded total deposits by $150.00. The discrepancy occurred because a February receipt (IFAS receipt No. 4124515, dated February 29, 2016 for $150.00) was combined with March receipts in Batch No. L304AAB3. This batch was improperly left open at the end of February.

The discrepancy was resolved when the batch was closed in March 2016, which caused the amount of the deposits associated with March to exceed the March monthly collection report by $150.00.

Recommendation
The Office should improve internal controls to prevent commingling of receipts from different months in a single batch. One way to achieve this is to utilize available IFAS monthly reports as a tool to verify that the total deposits agree with the report.

Management Response
The employee involved is no longer employed with this Office. On February 29, 2016, an employee issued receipt C4124515 for the amount of $150.00. The employee failed to close out the month of February 2016 and continued onto the first day of March 2016. There is no shortage of monies involved. However, the report for February 2016 and March 2016 is out of balance as a result of this error. This is reflected in the audit finding in this Auditor's Quarterly Report.

ISSUES AND RECOMMENDATIONS

Timeliness of AG and TWC Payment Receipting

Background

As discussed in Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, all payments received by mail should be logged and immediately stamped "For Deposit Only" with the appropriate organization name, organization number, and location number before being distributed for processing to other clerks.

Issue

On December 12, 2015 and December 22, 2015, the Office of Attorney General (OAG) issued check No. 134105617 for $11,632.50 and Texas Workforce Commission (TWC) check No. 134185147 for $75.00, respectively. The Office did not receipt the payments into IFAS until February 4, 2016.

The Office informed us that the delay in recording the payments into IFAS was due to change in personnel.

Recommendation

The Office should continue to emphasize importance of recording payments by mail on a timely basis. Supervisors should reconcile all checks deposited against the log listing of payments and evidence this review with their signature on the available system deposit report or the deposit log.

Management Response

During the time periods referenced above, an employee tasked with entering the receipts into IFAS was out with an illness. The check(s) reference above were placed into her office. This employee did not return to work before resigning her employment with the Office. Her replacement did not address the matter promptly causing a delay in entering the information into IFAS. The matter was addressed administratively.