AUDITOR'S REPORT

HARRIS COUNTY CONSTABLE PRECINCT 5

THREE MONTHS ENDED NOVEMBER 30, 2015

June 10, 2016

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

June 10, 2016

Constable Phil Camus
Harris County Precinct 5
17423 Katy Freeway
Houston, Texas 77094

RE: Procedures applicable to the monthly collection reports submitted by the Office of Constable Precinct 5 for the three months ended November 30, 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 5 (the Office) for the three months ended November 30, 2015.

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 Phil Camus
Constable Precinct 5

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 RECOMENDATIONS

Auditor Processing of 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 September 18, 2015, the Office issued IFAS receipt C5081669 for $12,664.49 and recorded it to Judgments Payable. The Office submitted three disbursement requests totaling $12,664.49 and checks were issued on September 28, 2015.

The Treasurer's Office was informed by one of the payees that one disbursement for $12,214.38 was issued to the wrong payee, even though the payment was made to the individual named in the original Constable's Return. The Office submitted another disbursement request supported by an amended Constable's Return naming a different payee and it was processed. Therefore, after the County Auditor's Office Compliance Audit Department (Compliance Audit) informed them, Accounts Payable issued a stop payment request to void the check on November 24, 2015.

Although both payments were made to the correct payee as indicated on the Constable's Returns, the proper voiding procedures for the first check were not followed by Accounts Payable and the check remained outstanding in the amount of $12,214.38 as of March 21, 2016. After being contacted by Compliance Audit a second time, the check was cancelled by Accounts Payable on March 21, 2016.

Accounts Payable management informed us that the original check was never cashed.

Recommendation
Accounts Payable management should have discussions with staff, increase awareness and implement internal controls to ensure that stop payments are processed and the payment is voided in IFAS when a replacement check is issued.

Management Response
Discussions have been held with staff to increase awareness and the following measures have been implemented to ensure stop payments and voids are processed timely and to reduce the risk of a duplicate payment.

- Although in this case Accounts Payable was informed by the Office that the original payment was made to the wrong individual, the situation exposed the potential of a second payment being submitted to another payee without Accounts Payable being notified that the original payment should not have been made. To address this risk Fee Accounting has changed the manner in which invoice numbers are researched in IFAS to detect duplicates. Previously the report used by Accounts Payable included payee

information and did not include invoice amount. The report Accounts Payable will now use will include invoice amount and amounts that are the same will be investigated even if the payees are not the same.

- Currently Accounts Payable maintains a log in excel of stop payments/voids to be processed. This log has been modified so the log can now be used by Fee Accounting to monitor and ensure that stop payments/voids are processed by the Treasurer's Office and Accounts Payable.

- Current procedures require ensuring a stop payment is processed or the check has been received and cancelled by the Treasurer's Office before a check is voided and reissued in IFAS by Accounts Payable to the same PEID. This requirement has been extended to situations in which the payment is made to a different PEID. The procedure now requires the clerk processing the payment to ensure the stop payment is processed or the original check has been received and cancelled by the Treasurer's Office before processing the re-issued payment to the same or a different PEID. In addition, if aware of the situation, the Lead AP Analyst processing checks will ensure these requirements are met before processing the re-issued payment to the same or a different PEID.