

AUDITOR'S REPORT

HARRIS COUNTY CLERK 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

Mr. Stan Stanart
Harris County Clerk
201 Caroline, Suite 460
Houston, Texas 77002

RE: Procedures applicable to the monthly collection reports submitted by the County Clerk's Office 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 County Clerk's Office (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 and/or settled via credit card.
- Accounted for the numerical sequencing of receipts.
- Evaluated whether amounts were properly recorded in the County's Integrated Financial and Administrative Solution (IFAS) system.
- Performed an analytical review of transactions by comparing selected information to previous audit periods.

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.

Mr. Stan Stanart
Harris County Clerk

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

Sincerely,



Barbara J. Schott
County Auditor

cc: District Judges

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Credit Cards Overcharged

Background

Harris County Accounting Procedure F.1-3-1, *Acceptance of Credit Card Payments*, states the end of day reconciliation and balancing must be completed before the batch is settled and transmitted to the credit card company. When a batch is settled and transmitted prior to being reconciled and balanced, errors may be transmitted affecting customers' credit card accounts.

The Office accepts credit card payments and records the transaction in both their internal County Fusion cashiering system (County Fusion) and in their credit card system (Transaction Express). In accordance with their internal procedures, the Office compares amounts from both systems for agreement and investigates and voids any erroneous amounts before end of day balancing.

Issue

In February 2016, Office clerks processed transactions using Transaction Express without corresponding entries in County Fusion. The County Fusion and Transaction Express reports did not agree and the Office's reconciliation procedures were not followed. The errors were identified by the Office's Financial Accounting section the next day and were not identified by the cashiers during the closeout procedures.

As a result, the Office's Financial Accounting section was required to perform additional reconciliation procedures to include the overcharges as refunds on their monthly collection report.

The following chart provides detailed information for this issue:

Date Processed by Transaction Express	Location	Transaction Express Amount	County Fusion Amount	Difference
2/10/2016	Real Property	\$32.00	\$0	\$32.00
2/22/2016	Cypresswood	\$31.50	\$0	\$31.50
2/22/2016	Pasadena	\$72.00	\$0	\$72.00
2/29/2016	North Shepherd	\$72.00	\$0	\$72.00

Recommendation

Office management should implement controls to ensure customers' credit cards are not overcharged. Using available system reports from County Fusion and Transaction Express, each location must reconcile and balance credit card transactions before the batch is settled and transmitted to the credit card company. The supervisor of the location should review and sign as evidence of this review each day's reconciliation to ensure potential differences are identified and resolved before the batch is settled at the end of the day.

Management Response

The Finance Department notified the Departments of the errors and again emphasized the importance of verifying and comparing the Transaction Express report to the County Fusion Closeout report at the end of each business day.