

AUDITOR'S REPORT

HARRIS COUNTY TREASURER
MARCH 20, 2014 AND JUNE 19, 2014



May 8, 2015

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

May 8, 2015

Mr. Orlando Sanchez
County Treasurer
1001 Preston, Room 652
Houston, Texas 77002

RE: Cash Count and Other Procedures on March 20, 2014 and June 19, 2014

Certain County departments deposit their collections with the Treasurer's Office. In addition, the Treasurer's Office receives payments from outside entities via the US Postal Service or in person. Upon receiving funds from a County department or an outside entity, the Treasurer's Office generates a Treasurer's receipt. The Treasurer's Office then prepares a deposit for armored car pick up. The armored car service picks up the collections from the Treasurer's Office and delivers the funds to the County depository for deposit to the appropriate County bank account.

In accordance with Local Government Code §115.002 and §115.003, the Compliance Audit Department performed the following procedures:

- Counted all cash and cash items in the Treasurer's Deposit Section.
- Traced all cash and cash items counted to Treasurer's receipts, appropriate financial reports generated by the Treasurer's Office, and validated bank deposit slips.
- Counted the Treasurer's change fund.
- Reviewed applicable bank reconciliations to evaluate whether the Treasurer reconciling items are resolved timely.
- Reviewed the Treasurer's monthly report submitted to Commissioners Court.

The following item on page 4 came to our attention as a result of our procedures.

Mr. Orlando Sanchez
County Treasurer

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
 El Franco Lee
 Jack Morman
 Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

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RESULTS

Bank Reconciliations

Examination of Books and Reports and Funds

Our procedures identified that the December 2013 bank reconciliations noted the following reconciling items assigned to the Treasurer's Office.

1. In December 2013, a \$134,189.63 wire transfer from the Juvenile Probation Board bank account (JV bank account) to the General Concentration bank account (GC bank account) was posted twice in the County's Integrated Financial and Administrative Solution (IFAS) system – once with an error and again correctly. On March 17, 2014, the Treasurer issued a correcting Treasurer Receipt.
2. A wire transfer disbursement for \$1,333,611.18 from the HC Payroll Account (PY/EF bank account) to the Harris County Federal Credit Union occurred on December 20, 2013; however, it was not recorded in IFAS until January 8, 2014. It should be noted that the Treasurer identified this error and corrected it, independent of our review.
3. On December 26, 2013, funds totaling \$1,748,420.89 were electronically transferred from the Tax Office's General Automobile bank account (RTS bank account). However, they were deposited to the PY/EF bank account in error. County Auditor's Office Form 752H, *Funds Transfer Request – Tax Office*, reflected the correct accounts. As such, this appears to be a human error. To correct this error, on January 22, 2014, the Treasurer initiated the request to transfer the funds to the GC bank account.

Recommendation

The Treasurer should increase training to ensure that transactions are correctly posted in IFAS. If a transaction must be posted a second time due to an error, the Treasurer should ensure that the original transaction is properly and timely reversed.

The Treasurer should also ensure that electronic disbursements and deposits are monitored daily so they can be posted in IFAS in a timely manner.

Management Response

1. The transaction was incorrectly entered into the AP subsystem rather than CR. This transaction posting occurred during a time of transition of duties and responsibilities over a year ago.
2. The transaction should have been recorded into IFAS as December business however; when Treasurer's office recorded the transaction it went in with a January date rather than a December one. Going forward to ensure recording in the correct month we are reviewing the draft post prior to posting to ensure accuracy.
3. Treasurer's office initiated a correction when we received notice of a bank reconciliation item from Revenue Accounting's Bank Reconciliation function within the Auditor's Office.