AUDITOR'S REPORT

HARRIS COUNTY TREASURER

FIRST QUARTER 2016
FEBRUARY 19, 2016

June 17, 2016

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

June 17, 2016

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

RE: First Quarter 2016 Cash Count and Other Procedures Performed on February 19, 2016

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 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.

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 RECOMMENDATIONS

Unsecured Check

Background
Certain County departments deposit their collections with the Treasurer's Office. In addition, the Treasurer's Office receives payments from outside entities via the mail or in person. Upon receiving funds from a County department or an outside entity, the Treasurer's Office generates a Treasurer's receipt. 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 addition, in accordance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines* (Procedure A.1), the Treasurer's Office must ensure collections left in the office overnight are secured in a safe or other locked storage place.

Issue
While performing the cash count on February 19, 2016, we observed a check in the amount of $960.00 had been left unsecured on the clerk's desk overnight.

Recommendation
To comply with Procedure A.1, the Treasurer's Office should implement controls to ensure collections not picked up by the armored car are secured.

Management Response
The Treasurer's Office is a secure location, our doors are locked and access is controlled via key code entry. Yes, the item was left on the desk overnight. The check was received via the mail. The mail was opened after all staff had left for the day. The office was empty and the cleaning staff had already come through our office. If the mail was opened prior to the staff leaving the check would have been put in our safe and then processed the next day.

ISSUES AND RECOMMENDATIONS

Monthly Report to Commissioners Court

Background
In accordance with Local Government Code §114.026, the Commissioners Court report prepared by the Treasurer's Office reflects money received and disbursed for the month.

Issue
For one bank account, the reconciled balance on the bank reconciliation did not agree to the balance reported on the Commissioners Court report. Also, the balance on the Commissioners Court report did not agree with the ending balance reflected on the December 2015 County depository bank statement. The following chart provides details for this bank account.

Bank Account Number	Commissioners Court Report Amount	County Depository Amount	Difference	Explanation
xxxx443	$10.77	$10.73	$.04	Note A

Note A – This error occurred due to human error. The wrong amount was entered on the Commissioners Court report.

The Treasurer's Office sent a revised December 2015 monthly report reflecting the correct bank balance to Commissioners Court on April 26, 2016.

Recommendation
The Treasurer's Office should continue to emphasize the importance of ensuring accurate reconciling balances are recorded on the Commissioners Court report.

Management Response
The Treasurer's Office now has two people involved in the report preparation process to ensure accuracy and completeness.