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

January 31, 2014

Mr. Chris Daniel  
Harris County District Clerk  
201 Caroline, Suite 420  
Houston, Texas 77002

**RE:** Procedures applicable to the monthly collection reports submitted by the District Clerk's Office for the three months ended August 31, 2013.

**SCOPE**

As required by Local Government Code Chapter 115, the Compliance Audit Department examined the monthly collection reports submitted by the District Clerk's Office (the Department) for the three months ended August 31, 2013.

The procedures performed included:

- Evaluating whether amounts reported on the monthly collection reports were properly deposited in the County's depository and/or settled via credit card.
- Accounting for the numerical sequencing of computer generated and manual receipts.
- Evaluating whether amounts were properly recorded in the County's financial system.
- Performing an analytical review of transactions by comparing selected information between periods.

**RESULTS**

The following results present the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations. Less significant issues and recommendations have been verbally communicated to your staff.

**CASH RECEIPT INTERFACE ERRORS**

The Department’s cash receipt interface batches posted to the County’s financial system are reviewed to determine that amounts are recorded accurately. The following table reflects differences between the County’s financial system and the July 2013 grand recap.

<u>Month</u>	<u>Fee Category</u>	<u>County’s Financial System</u>	<u>Grand Recap</u>	<u>Difference</u>
July 2013	Constable	\$224,103.15	\$224,178.15	-\$75.00
July 2013	Digitized&Pres Rec	\$49,287.70	\$49,297.70	-\$10.00
July 2013	DC Rec Preservation	\$29,273.97	\$29,278.97	-\$5.00
July 2013	District Clerk	\$439,444.18	\$439,474.18	-\$30.00
July 2013	Judicial Fund-Civil	\$151,560.86	\$151,610.86	-\$50.00
July 2013	Legal Services	\$46,682.50	\$46,692.50	-\$10.00
July 2013	Rec Preservation	\$29,301.96	\$29,311.96	-\$10.00
July 2013	Refund	\$135,053.21	\$134,816.21	\$237.00
July 2013	Security Service	\$26,206.25	\$26,211.25	-\$5.00
July 2013	Support of Judiciary	\$206,759.71	\$206,801.71	-\$42.00
Net				\$0.00

This discrepancy is the result of the following issue:

On August 16, 2013, the Department discovered errors on several Refund transactions after the monthly Refund Report had been electronically transmitted on August 15, 2013. This resulted in erroneous amounts reported on the July 2013 Refund Report and Grand Recap. The Department corrected the errors in their system, regenerated the monthly Refund Report and resubmitted the electronic file on August 22, 2013. The Department correctly recapped the necessary corrections in the County’s financial system on August 28, 2013.

In the future, the Department should continue to enforce established procedures for Department personnel to ensure that the necessary corrections are accurately reflected in the County’s financial system in a timely manner and that such corrections will not adversely affect any month-end reports.

**CREDIT CARD TRANSACTIONS**

The Department uses credit card terminals to process some credit card transactions. The following transaction was generated on the credit card terminal for an amount greater than what was owed, resulting in a refund to be recorded in the Cost Bill system:

Case Number	System Transaction Date	Section	Clerk ID	System Receipt Number	System Balance Owed	Credit Card Receipt Amount	Credit Card Overcharge
1818732	7/22/13	Criminal	JUFHQ	4501334	\$224.00	\$226.00	\$2.00

Although the Department discovered and corrected this error prior to our monthly procedures, they were required to perform additional procedures so that the County Auditor's Office Revenue Accounting Department could refund the overcharge.

In the future, the Department should ensure that the credit card is not charged for more than the amount owed in the system, thereby eliminating unnecessary refunds at month end.

### **CONVICTION VS OFFENSE DATE**

Prior to June 14, 2013, upon conviction, a criminal defendant could only be charged those court costs that were attached to the offense at the time it was committed. However, Senate Bill 389, 83<sup>rd</sup> Leg., R.S. (2013) changed the way court costs are assessed. Per Texas Government Code §51.608, district, county and statutory courts are required to collect court costs based on the date the defendant is convicted of the offense.

On July 9, 2013, the State Comptroller's Office requested an Attorney General Opinion to clarify possible violations of federal and state constitutional prohibitions on ex post facto laws because, upon conviction, a criminal defendant could be charged court costs that were not attached to the offense at the time it was committed. As a result, the Department informed us on July 23, 2013, that programming modifications are on hold until an opinion is rendered.

The Department should continue to monitor this issue for the requested Attorney General Opinion. After issuance of the Opinion, the Department should update the Cost Bill system to properly reflect the defendant's court costs based on the established law in effect.

### **DEPARTMENT DEPOSIT SLIP PREPARATION**

On July 12, 2013, the Department deposited the correct amount of collections but did not include the proper amount on deposit slip 5505903115. However, the bank properly recorded the correct total of \$26,239.42.

In the future, the Department should ensure that the deposit slip is prepared for the proper amount.

Mr. Chris Daniel  
January 31, 2014  
Page 4

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



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