AUDITOR'S REPORT

HARRIS COUNTY DISTRICT CLERK

THREE MONTHS ENDED MAY 31, 2015

June 17, 2016

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

June 17, 2016

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 May 31, 2015

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 Office) for the three months ended May 31, 2015.

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 computer generated and manual 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 between 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. Chris Daniel
Harris County District 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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ISSUES AND RECOMMENDATIONS

Daily Balancing

Background

Harris County Accounting Procedure F.1-1-3, *Cash Receipts Interfacing to IFAS*, states that the Office should deposit all overages, including unidentified collections, with other collections in the depository and issue an additional receipt for each overage/unidentified collection using an appropriate account coding.

Issue

On March 9, 2015, the register 7 cashier presented receipts to the Senior Accounting Clerk for daily balancing where an overage of $4.00 existed. The overage was stored in the safe and not deposited until March 19, 2015. On March 11, 2015, the Office discovered the daily balancing completed on March 9, 2015 was missing receipts which resulted in the register not properly balancing as originally noted. Overages not deposited for daily balancing could result in misappropriation, financial loss and under-reporting of revenues collected.

Recommendation

The Office should implement controls for daily balancing of collections to match to Case Accounting Tracking System (CATS) and Daily Reconciliation reports. The Office should verify on a test basis transactions and ensure overages are deposited and receipted when the funds cannot be attributed to a specific case. Further, the District Clerk Accounting Bureau's Team Leader should review, sign and date the daily register reconciliations as evidence of this review.

Management Response

Our office currently is implementing and has always implemented steps and practiced receipting overages. Nonetheless, we will put into practice and procedure further steps to ensure that all overages are receipted on the very next business day and deposited forthwith. Also, as part of our current process, the person interfacing with IFAS verifies the daily reconciliation report and is also the person verifying the daily reconciliation and acknowledging this step by applying one's signature (which may not necessarily be the Team Leader). We will also strive to interface reconciliation files in a timelier manner ensuring that any discrepancies may be found even sooner and be brought to resolution in a timelier manner.