

AUDITOR'S REPORT

HARRIS COUNTY DISTRICT CLERK THREE MONTHS ENDED AUGUST 31, 2014



August 21, 2015

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

August 21, 2015

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, 2014

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 August 31, 2014.

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 Integrated Financial and Administrative Solution (IFAS) system.
- Performing 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. Less significant issues and recommendations have been verbally communicated to your staff.

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
County Judge Ed Emmett
Commissioners:
R. Jack Cagle
El Franco Lee
Jack Morman
Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

TABLE OF CONTENTS

ISSUES AND RECOMMENDATIONS	4
Cash Receipt Interface Error	4
Criminal Collections Incorrect Assessments	6

ISSUES AND RECOMMENDATIONS

Cash Receipt Interface Error

Background

The Office: (1) issues receipts from their internal receipting system, (2) creates a daily cash receipt interface file which contains totals by payment type and revenue amounts and (3) distributes (posts) the file to IFAS. This immediately records the daily totals in the General Ledger. During month end balancing, the Office reconciles the IFAS amounts to each fee category amount on their monthly collection report to ensure all amounts have been properly recorded. In accordance to their internal procedure, the Office waits several days before interfacing the last business day's collection amounts so that all changes, updates and adjustments including weekends are properly reflected in IFAS.

Issue

In June 2014, the Office reconciliation procedures were not followed. As a result, the IFAS reports and the Office monthly collection report amounts did not agree. The difference is summarized in the following table.

Month	Fee Category	Amounts Recorded in IFAS	Amounts per Monthly Collection Report	Difference (Discussed Below)
June 2014	AG Refund	(\$773.42)	(\$761.86)	-\$11.56
June 2014	District Clerk	\$401,505.83	\$401,494.27	\$11.56
Net				\$0.00

The difference was the result of the following error:

The Office made an adjustment to the AG Refund and District Clerk fee categories on the June 2, 2014 collection report that was not included on an interface file during the month of June 2014. The Office correctly posted the necessary corrections in IFAS on July 23, 2014.

Recommendation

Office management should have discussions with staff to increase awareness of the importance of recording the proper amounts in IFAS. The supervisor should implement procedures to review the changes and adjustments. In addition, the supervisor should review and initial the last day of the month's interface file to ensure all amounts are accurate before posting the file in IFAS. This will ensure potential differences are recognized before month-end and resolved before they negatively impact IFAS.

Management Response

We believe our office did follow office reconciliation procedures. During our daily reconciliation process we compare the CATS totals of each register to the deposit report. Once that process is complete and all totals have been verified, we interface the file to IFAS. From that point, we look for RC (Revenue Clearing) errors - none of which were found for 6/2/2014.

As a result, the difference of \$11.56 was not clearly visible during the normal reconciliation process. It was during the monthly reconciliation that occurs shortly before the audit (but before the next month), when the \$11.56 difference was discovered. It seems in this case, once the difference was discovered, we should have reported this to the Help Desk to help identify whether or not there was an issue on the back-end since it wasn't evident by viewing our CATS totals in the beginning. We have also submitted a request to the IFAS Help Desk to receive access to run an IFAS report that will provide an additional checkpoint between CATS and IFAS.

ISSUES AND RECOMMENDATIONS

Criminal Collections Incorrect Assessments

Background

The court clerk assesses the court ordered State Water Pollution Fine and the County Fine amounts in the Cost Bill system and provides the court order to the defendant as part of the documentation. In accordance to their internal procedure, the Office compares the State Water Pollution Fine and County Fine assessed amounts in the Cost Bill system to the court ordered amounts for agreement before posting the defendant's payment.

Issue

In July and August 2014, the Office comparison procedures were not followed. As a result, the Office was required to perform additional steps and reconciliations in the Cost Bill system to correct transactions on their monthly collection report and IFAS reports. In addition, misstated amounts on the Office's August and September 2014 monthly collection and IFAS reports increased the potential to erroneously disburse funds to the incorrect State agency.

1. On July 29, 2014, the court clerk correctly assessed the State Water Pollution Fine amount and incorrectly assessed \$5,000.00 as the County Fine amount on case number 1334851. The Criminal Collections section was not in receipt of the court order and could not perform the step of verifying the court ordered amounts to the Cost Bill assessed amounts before posting the payment. The error was discovered and corrected later the same day when the Office compared the court ordered County Fine amount of \$3,750.00 to the Cost Bill assessed amount. This resulted in a refund of \$1,250.00 after the proper amount was assessed in the Cost Bill system.
2. On August 5, 2014, the court clerk correctly assessed the County Fine amount in the Cost Bill system for a Water Pollution case. However, the \$500.00 State Water Pollution Fine amount was incorrectly assessed as a Parks and Wildlife Fine amount on case number 1395369. The defendant's payment was erroneously applied to the incorrect assessment because the court ordered amounts were not compared to the Cost Bill assessed amounts. We informed the Office on September 17, 2014 and manually adjusted the August and September 2014 monthly collection and IFAS reports to include the proper amounts and the proper agencies. The Office corrected the State Water Pollution Fine amount in the Cost Bill system the same day.

Recommendation

Office management should ensure that staff receives the Water Pollution and Park and Wildlife court orders timely and should have discussions with staff to increase awareness of the importance of reviewing the State and County Fine assessed amounts in the Cost Bill system before posting the payment.

Management Response

Issue #1 - On July 29, 2014, the 337th Court Clerk did not send the Plea Papers to Criminal Collections with the Defendant. The Court Clerk had incorrectly assessed \$5,000 as the County Fine Amount on Case Number 1334851. The County Fine amount should have been \$3,750, not

\$5,000. Criminal Collections could not verify the Cost Bill amounts to the Court Order amounts before posting the payment. Once the Plea Papers were received by Criminal Collections, the Court Clerk was contacted and made aware of the Cost Bill entry error. The payment was voided and the cost bill was unacknowledged so that the Court Clerk could correct the cost bill entry assessment error. Once the correction was made the payment was reposted and a \$1,250 refund was generated. The Fine of \$5,000 was supposed to be split between County Fine and State Water Fines with the County Fine being \$3,750 and the State Water Fine being \$1,250, for a total of \$5,000.

Issue #2 - On August 5, 2014, the 228th Court Clerk incorrectly assessed \$500 in the State Parks and Wildlife Fine amount on Case Number 1395369. The \$500 amount should have been placed in the State Water Pollution Fine amount. Criminal Collections posted the payment unaware that the Cost Bill was entered incorrectly by the Court Clerk. At the time of receiving the payment, Criminal Collections undoubtedly did not have the Plea Papers to verify that the fine should have been a State Water Pollution Fine. Also, once the Plea Papers were received and compared to the JIMS 981 report, Criminal Collections was not notified that the Court Clerk had entered the Cost Bill incorrectly. Once the error was brought to Criminal Collections' attention, the payment was voided and the cost bill was unacknowledged so that the Court Clerk could correct the cost bill entry assessment error. Once the correction was made the payment was reposted.

The District Clerk's office agrees with the Auditor's recommendation and additional training will be provided to staff to increase awareness of the importance of reviewing the State and County Fine assessed amounts in the Cost Bill system before posting payment in Water Pollution and Parks and Wildlife court ordered fines.