

The Harris County

# Auditor's Office



Newsletter



August 2011



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## Understanding Available Resources and Forecasting Revenues

Since the last Auditor's Office newsletter, I have transferred positions within the Harris County Auditor's Office from the Director of Continuous Monitoring to the Director of Revenue Accounting. Currently, I am immersed in understanding the various roles and responsibilities of the Revenue Accounting section. One of these responsibilities includes the preparation of the Final Estimate of Available Resources which is available online at: [http://www.hctx.net/Auditor/statements\\_reports.aspx](http://www.hctx.net/Auditor/statements_reports.aspx).



Jeff Jackson,  
Director of Revenue Accounting

This 207 page document is required by statute and is utilized in developing the fiscal year appropriations budget for Harris County and the Harris County Flood Control District by the Office of Budget Management. The formula for estimating available resources includes estimating cash and cash equivalents for the beginning of the fiscal year, plus estimating revenues and transfers-in for the upcoming fiscal year. To help ensure the estimated available resources figures are reasonably accurate, involvement and input from various sources is necessary.

Projecting revenue beyond the next fiscal year becomes more challenging, but is a necessary endeavor. As the new Director of Revenue Accounting, I will be charged with implementing best practice forecasting standards, benchmarking with and against other government entities and developing tools and techniques to be able to reasonably forecast revenues over

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these future periods. Current tools are being developed and utilized to assist in projecting revenues. These include Prophix 10 OLAP technology and the Municast Forecasting and Trend Analysis model. With the Municast model, a baseline can be created and alternative revenue forecasts can be projected out 20 years into the future whereby the fiscal impact of alternative financial and programmatic assumptions and scenarios can be tested. SharePoint is also being developed to allow for the sharing of information and collaboration within the Harris County domain.

In closing, I am grateful to continue serving Harris County in this new role and look forward to discharging the revenue accounting related duties in an effective, efficient and collaborative manner. My contact information stays the same. I can be reached at 713-755-4134 or [jeff.jackson@aud.hctx](mailto:jeff.jackson@aud.hctx).

## *Comprehensive Annual Financial Report "CAFR"*

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended February 28, 2011 has been completed. An electronic version can be found on the auditor's office website at [www.hctx.net/Auditor/default.aspx](http://www.hctx.net/Auditor/default.aspx). This financial report is designed to provide a detailed overview of the County's finances for individuals who are interested in this information. Also available on the website are the Harris County Flood Control District's CAFR and the Basic Financial Statements for the Harris County Toll Road Authority Enterprise Fund.

## *Accounts Payable Invoice Requirements*

Accounts Payable is responsible for auditing all claims submitted for payment, to ensure that claims comply with County policies and laws governing the expenditure of County funds or other funds that the County is acting in a fiduciary capacity.



Debi Ferraro,  
Supervisor—Accounts  
Payable

Those familiar with Accounts Payable and contracts and agreements are aware of the term "in a form acceptable to the County Auditor". This term applies to the many, many invoices we receive daily (over 1000) for goods and services provided to Harris County departments for many complex and varied operations.

This term can also be confusing to the department users and vendors, allowing for creative and sometimes misguided interpretation, and errors, in the processing and approval of Accounts Payable invoices. The following information will help clarify and address the requirements for an Accounts Payable invoice:

### **WHO WHAT WHEN WHERE WHY**

Those familiar with journalism and reporting may recognize the above words as the items necessary to write a complete article. Although not as entertaining as a good story, the invoice must be descriptive enough to tell the tale and ensure accurate payment.

**WHO** – Who are we paying? The invoice must include the vendor name, vendor address and/or remittance address. All vendors must provide a valid tax identification number. The vendor name on the invoice must match with the vendor name on the Purchase Order and contract/agreement. Accounts Payable also confirms the vendor's W9 tax id number to the Internal Revenue Service TIN database.

**WHAT** – Basically, what are we paying for? What is it? The goods and/or services provided must be descriptive and presented on the invoice. There must be an itemization of the product and description for every charge on the invoice. A product number may also be required for verification. Invoices for professional or

personal services must include a clear description and break-down of the service(s) provided with hours, rates, job title, and the type of service. Itemized receipts must be provided if there are reimbursable charges, such as for travel or other fees and expenses.

The invoice product or services is matched to the line item detail or product/service on the Purchase Order and to the contract/agreement scope of services, when applicable.

The invoice must also provide unit prices, price extensions, and total invoice amount due. A sequential invoice number is required.

**WHEN** – An invoice date is required. The delivery date is required if goods were delivered. A date of service(s) is required for professional or personal services. Time sheets for services provided (such as temporary services) may also be required for invoice support. The payment due date is calculated for 30 days from the Accounts Payable invoice received date; however, a due date may be changed if a vendor discount applies.

**WHERE** – Where were the goods delivered? Where was the service provided? The address or location of the delivery or service must be included on the invoice.

**WHY** – This is a pretty broad, but important word. When training a new Accounts Payable employee, part of the instruction was for the trainee to ask themselves that question for every invoice they receive. Why are we paying for this? Is there a purchase order and supporting contract or agreement? Are all of the requirements included on the invoice?

The contract and agreement must also be reviewed carefully when processing an invoice for payment. The agreement may include a detailed scope of services, subcontractor fees, and require certified statements. The agreement may only cover a specific time period for services.

The verification and audit of the Accounts Payable invoice can be challenging, especially while confronting a heavy workload that must be paid within a short window of time. A detailed purchase order with line items, product descriptions, and unit prices makes the invoice matching process easier. A thorough review of the contract or agreement is key – especially with clear requirements and scope of services. Sometimes a meeting with Accounts Payable, the vendor, and departments may be necessary to ensure everyone understands the invoice requirements, as well as ordering or special circumstances.

Above all, a descriptive, itemized invoice benefits everyone. The Accounts Payable claims processor can audit and process the invoice accurately, and the department may verify and approve the payment with confidence.

## *Like a Good Neighbor...*

We are all familiar with the slogan used by a major insurance carrier that “like a good neighbor” they are [always] there. While growing up in small-town America as a Baby Boomer, companies were our neighbors. Business was frequently done on a handshake, which was as good as any written contract. If you had a complaint or problem with your bill, you’d go visit Sally Jo or Fred at their office, and they took care of it in a jiff! In this day and age, Generation X and Y and whatever came next have grown up with clicking and linking and now scanning with smartphones. You can be anywhere and never have to touch paper or talk to anyone to conduct business. Who needs a live person, right?



Linda Harvey,  
Director of Grants and  
Accounts Receivable  
Accounting

Has technology really improved or replaced the need for good customer service? I’m sure all of us have personally experienced at one time or another the frustration of trying to resolve an issue with a company in which you are put on hold indefinitely, transferred from one unhelpful person to another multiple times, cut off, or worse - - lost in a quagmire of unending prompts and loops that take you right back to where you started without ever getting to a live person. It’s maddening! Companies with an online chat option seem to be a little better; at least you’re dealing with a human who resides . . . well . . . somewhere on the globe.

Despite this, I am happy to say that the Grants Accounting and Accounts Receivable Department (GA/AR) in the Auditor’s Office believe in teaming with their customers (you) and providing prompt, courteous service so that the end result is accurate, timely resolution of your questions and issues. Accountants in the Accounts Receivable and Grant Accounting areas are assigned as liaisons to your specific type of receivable, department, or grant fund; thus, they

become experts in dealing with your specific needs. In addition, we strive to ensure that at least one or more staff members are cross-trained to meet your needs, if your regularly assigned liaison is not available.

We're not perfect and never will be, but we strive to provide personalized customer service that will make a difference for you and Harris County. So, let's discuss how GA/AR can help you with your organization's needs. First, keep in mind that we frequently provide a *supporting* role by lending our accounting expertise, as the county departments are primarily responsible for accomplishing their tasks per Harris County Accounting Procedures Manual in order to maintain appropriate controls and ownership. It's no different than when we seek legal advice from the County Attorney's Office, yet we still "own" the process and what we do with the information they provided to us. In other cases we may be able to absorb or centralize some services for County-wide efficiency gains, freeing up some of your badly needed resources to focus on your core business, i.e. rather than being in the billing and collection business. So let's start with AR.

#### Accounts Receivable Department:

AR handles invoicing for a large number of County entities. And, although each department is ultimately responsible for their collections, AR facilitates that process by sending out collection letters, tracking receivables and credits in the IFAS system, and coordinating the turning of delinquent accounts over to the County Attorney's Office to handle. However, there are some County departments still invoice, track and collect their own receivables, even having payments sent directly to them in lieu of the Treasurer's Office, which can delay funds available for use/investment. I would encourage you to discuss with AR how we might gain efficiencies for the County through economies of scale, where policy allows, by centralizing the processes of invoicing, tracking and collecting, thereby allowing you to get out of the receivable business. We are presently working on automating more of our invoicing process, and in the future we hope to set-up convenient and more expedient ways for our customers to pay via e-invoicing, credit card payments online and by-phone, and customer access via web portals.

Other advantages of AR handling your receivable process, besides lightening your load, include:

- Compliance with the County Auditor's Accounting Procedures (No. 1)
- revenue sources and receivable opportunities are monitored and billed timely and at regular intervals

(i.e. monthly) for you;

- revenue is readily identified and gets properly accrued or deferred and captured accurately for fiscal year end;
- AR maintains contracts and becomes subject matter experts in contract requirements, necessary calculations and discernment as to when claims will be denied;
- fosters transparency and proper segregation of duties; thereby strengthening internal controls.
- internal / external audit requests for supporting documentation can be provided by AR without requesting it of you; and
- helps ensure that the CAFR (Comprehensive Annual Financial Report) will be properly stated and more readily completed with centralized processing.

You can always reach AR at 713-755-1160 between 7:30 a.m. and 4:30 p.m. Monday through Friday. If you need to escalate a problem or concern, Ron Foster, AR Manager, will be happy to assist you. He can be reached at 713-755-3539.

#### Grants Accounting Department:

Grants Accounting Department (GA) provides daily service to assist our customers in ensuring appropriate management and booking of grant funds as well as with external audits. GA has also been known to lend departments a hand in large, time-critical projects, such as assisting the Sports Corporation at Reliant Park with pulling support and matching expenditures to appropriate projects within the Hurricane Ike fund. This was a huge undertaking which involved teaming with HRRM, Sports Corporation, and the main contractor who subcontracted out repair work to many vendors for repairs after the hurricane.

Below is a list of just some of the routine services GA provides during the entire cycle of the grant in order to help the recipient departments fulfill their obligations to the granting agency and to the County for managing and properly recording the dollars awarded.

- Policies and Procedures – There are so many internal and external rules. GA assists departments in understanding policies relating to accounting, procurement, travel, inventory control, and sub-recipient monitoring and award process, as well as compliance with OMB Circular A-133 Single Audit

Report, OMB Circular A-87 Cost Principals and contracts specific to the grant.

- County and Granting Agency Audits – GA attends all monitoring site visits as well as supplies requested financial documentation for audits, such as: proof / support for all direct expenditures, including payroll records and related 941 tax filings, travel vouchers, requisitions, proof of payments, etc.; indirect costs allocated per our Cost Allocation Plan; bank statements and reconciliations; source and timing of cash or in-kind match amounts; General Ledger and Federal Financial Reports; and County and Federal policies, contracts, correspondence, etc.
- Reporting – GA assists recipient departments with understanding how to run, prepare and interpret reports such as: Financial Status Reports (FSRs), Fund Reimbursement Requests (FRRs) and narrative reports, General Ledger and IFAS financial reports, and other progress and forecasting tools as needed.
- Recording and Monitoring Grants – From set-up to closeout of grants, GA assists departments on how to do journal entries, billings, budget adjustments and cash transfers, as needed. They also will act as a liaison between the departments and Office of Budget Management, if that will help in clarification and expedition of needs. Regarding payroll and benefits, GA assists in reviewing expenditure level versus remaining funds available and notifies departments if it appears that funds will run out sooner than the grant period. In addition GA notifies departments of expiring grants three months out to allow departments to ensure all funds are spent and grant renewals are sought, if applicable.

By attending several grant-related teleconferences and agency trainings each year, GA continues to stay abreast of Federal grant reporting and audit guidelines.

You can reach your assigned GA accountant by dialing their direct phone line. If you need to escalate a problem or concern, Paul Wilden, GA Manager, at 713-755-3584, or Marie Cary, GA Supervisor, at 713-755-4931, will be happy to assist you.

Finally, back to my insurance example . . . My husband recently tried diligently to check out an insurance company who tantalizingly dangled the golden carrot of better service at lower premiums. After multiple attempts to have a few questions answered online and by phone, we finally decided to stay with the same carrier that we've had for numerous years, as we could never get a live person to call us back to answer a few

questions, albeit their policy is to respond within 24 hours. Call us old fashioned, but we decided that good customer service, especially in times of disaster, far outweighs saving a few dollars in premiums. There is an intrinsic value for companies who are customer-centric.

It's kind of like the new movie "Cowboys and Aliens", where technology meets good ole' common horse sense. Nevertheless, there *is* a middle ground for a WIN/WIN outcome if we use technology to our advantage but keep the human element of service.

Thus, I leave you with this thought . . . How often do you help your neighbor? I challenge you to look at your department's customer service. If you were their customer, would you walk away saying, "Wow, they handled my concern efficiently, effectively and courteously. Now that's customer service!"

## *Q & A – Everything You Always Wanted to Know About Enhanced Budget Checking and Payroll Encumbrances but Were Afraid to Ask*

To assist departments with monitoring and administering the department's FY 2012 budget, the Auditor's Office has enhanced budgetary controls. Beginning with the first pay period of FY 2012, the accounting system (IFAS) has calculated a salary and benefits encumbrance thereby providing departments another tool to manage their budgets, which may also benefit internal forecasting processes and financial decisions. The new "payroll encumbrance" effects all non-grant funds. An enhanced budget checking process was implemented April 29, 2011. This change facilitates budget checking at the total department level inclusive of any salaries and benefits over-budget conditions.



Hank Griffith,  
Manager -  
Governmental and  
Fiduciary Funds

### **Why encumber salaries and benefits?**

The Payroll Encumbrance is a projection of funds required to pay salaries and benefits for the fiscal year based on each respective department's actual expenditures from the most recent bi-weekly and/or

monthly pay period. While no positions are guaranteed for the entire fiscal year, the budget is encumbered (set aside) based on the expenditures for the most recent payroll.

#### How is the payroll encumbrance calculated?

The payroll encumbrance program is run immediately after each payroll is posted. It is a self-calculating recurring journal entry that posts to the encumbrance system rather than actual expenditures. After the most recent payroll posts, the encumbrance program calculates the estimated expense for the remainder of the year based upon established formulas. For example, if after posting a bi-weekly payroll there are 14 remaining bi-weekly payrolls in the fiscal year, the program takes each line of the bi-weekly actual that just posted, and multiplies it by the remaining bi-weekly payrolls (14). This calculated amount is then posted as an encumbrance in the encumbrance system and can be viewed thru most encumbrance reports and CDD "ABAL" Reports.

#### What if a department has a known reduction that will occur in a future payroll or an "unusual" and/or non-recurring item in the current payroll that has been calculated into the salary encumbrance?

Known adjustments that will occur in the future such as layoffs, pay reductions, benefit reductions, etc. can be excluded from the salary encumbrance by notifying HRRM and the Auditor's Office. If the department has any of these situations the department should complete County Auditor's form 3443, which is available on the County's web site. The form should be sent to HRRM for approval. HRRM will then forward the form to the Auditor's Office so that the IFAS encumbrance can be reduced.

If there is an "unusual" item in the current payroll that will not occur in future payrolls and should not be encumbered, please contact Hank Griffith and/or Carol Market in the Auditor's Office and an adjustment will be made to the encumbrance as appropriate. An example of this would be back pay for an employee that will not recur and would inflate the encumbrance.

#### How does the new payroll encumbrance relate to the enhanced budget checking?

The enhanced budget checking process ensures that the department has budget available both in non-salaries (other expenditures) and the total department level in order to process requisitions, pay invoices, certify funds, etc. Exceptions are court costs ordered by a judge and utilities, which will not be budget blocked.

#### What are some examples of the enhanced budget checking?

1. A department has \$750 of "other" budget available and wants to process a \$500 Purchase Requisition for supplies. The requisition would be allowed because the request is for less than the budget available.
2. Same situation as above except the department is over-budget in salaries and benefits by \$500. The \$500 purchase for supplies would **not** be allowed because "net" the department only has \$250 in available budget before the purchase request (\$750 in "other" less the \$500 over-budget in salaries and benefits).
3. A department has \$250 available in "other" budget and \$500 available in "salaries and benefits" budget and wants to open a purchase order for \$500 in supplies. The purchase would **not** be allowed because only \$250 is available in "other" budget. The enhanced budget checking system "looks" first at "other" to ensure that budget is available, then once it "passes that check", it looks at the combined budget available of "other" and "salaries and benefits". The department could transfer available budget from "salaries and benefits" to "other" in order to have sufficient available balance in "other".

#### What about the Fleet Encumbrance?

The Fleet Encumbrance for fuel and the VMC Lease program is based upon the most recent monthly charges processed by Fleet Services and posted by the Auditor's Office. The fleet encumbrance for vehicle repair is based upon the average of the previous three month's activity.

#### Who do I contact if I have questions regarding the payroll encumbrance, budget blocking, or the fleet encumbrance?

Please contact the following people in the Financial Accounting Department of the Auditor's Office:

##### Enhanced Budget Checking/Payroll Encumbrance:

Hank Griffith 713-755-4957  
Carol Market 713-755-6516

##### Fleet Encumbrance:

Calvin Clark 713-755-4929  
Carol Market 713-755-6516

## *Changes to the County's Record Retention Guidelines*

On October 13, 2009, Commissioners Court approved a new records management policy. The Harris County Records Management Policy (Policy) establishes the framework of rules and guidelines for handling all of the County's records throughout their lifecycle, including creation, access, use, storage, retention, and disposition. The Policy ensures the satisfaction of legal obligations, regulatory requirements, and operational needs for records and their retention by establishing consistent and accountable recordkeeping practices throughout the County.



Janet Norstrom,  
Director of Systems  
& Procedures

The Policy applies to:

- All records created or received in the transaction of the County's business or in the fulfillment of legal obligations, regardless of media or format (i.e., electronic, e-mail, imaged, paper, etc.);
- All appointed officials and elected officials who choose to participate in the County Records Management Program, and all employees, contractors, and agents who create, receive, manage, or use County records in the course and scope of their duties; and
- All physical locations where records are maintained, including firms and individuals acting as agents of the County.

The Policy is established and maintained by the ITC Records Management Division, and it supersedes all previous records management policies, procedures, or standards intended to apply to the subject matter of the Policy.

As a result of the new Policy, we are making the necessary changes to the County Auditor's accounting procedures in order to be consistent with the revisions to the retention guidelines. Two of the biggest changes to the County's record retention guidelines relate to grants and capital projects. Grant records are now required to be retained for five years after a grant is closed, and records relating to capital projects funded

by debt financing are required to be retained for the life of the bond plus any financing. See the Harris County Records Control Schedule for more information.

The Auditor's Office - Systems & Procedures Department is currently developing new procedures to specifically address the new record retention guidelines. In addition, Systems & Procedures is ensuring that all new procedures and revisions to existing procedures indicate that documentation will be retained in accordance with the Harris County Records Control Schedule.

Please visit the Auditor's Intranet site at <http://www.aud.hcintranet.net/> for all County Auditor prescribed procedures and forms. Quarterly updates of revised, new, and/or rescinded County Auditor prescribed procedures and forms are also posted on the Auditor's Intranet site and e-mailed to Department Liaisons. These quarterly updates include bulleted lists of the significant changes to revised procedures and forms.

## *Employee Online*

### **What is Employee Online and how does it work?**

Employee Online is a website that was developed specifically for employees to review your earnings, hour balances and accounts payable reimbursements, as well as change certain personal information and elections affecting your net pay. Best of all it is available 24/7 from any computer with Internet access. We encourage every employee to join the more than 14,000 active employees who already manage their information using Employee Online.

Employee Online can be accessed from the County's home page or by going directly to the Employee Online site ([www.hctx.net/employee\\_info](http://www.hctx.net/employee_info)) and enrolling is easy. Enter your County ID as the User ID and follow the directions to set up your individual password. Remember this is your confidential information, so **DO NOT** share your User ID and password with anyone. Upon separation of employment remember former employees can still access Employee Online using their User ID and password.

Once they have successfully logged in the following



Linda Dougherty,  
Assistant Director of  
Payroll Audit

information is available:

#### 1. Statement of Earnings

- Payroll encourages employees to check their statement of earnings each pay period rather than only relying on your financial institution for direct deposit information.
- Current and year-to-date earnings and deductions, beginning and ending hour balances, net pay and direct deposit information are available.
- For privacy employees can elect to *go green* or paperless which will automatically opt out of printing each pay period.

#### 2. Hours Summary

- Payroll encourages employees to check their hours summary each pay period to ensure hours posted are correct. Notify your payroll clerk if there are problems with the hours posted.
- All changes and/or corrections are limited to the two preceding pay periods, except as required by law or court order.

#### 3. W-2's

- Available online before paper copies are printed and mailed.
- Currently 7,000 employees have elected to *go green* saving Harris County taxpayers the cost of forms, printing and postage and allowing you to file your Federal Tax Return faster.

#### 4. AP Reimbursement

- Monies reimbursed for expenses paid up front by employee. Example: mileage reimbursements for use of personal vehicle for county business.

#### 5. Employee Insurance Coverage

- Employee Insurance coverage also provides dependents, if any, and beneficiaries.

#### 6. Statement of Harris County Paid Benefits

- Salary plus benefits paid per employee to

reflect total pay by Harris County taxpayers.

Each of the above reports is available for multiple pay periods and years depending on frequency. Printing the statement of earnings and W2 information can facilitate completing loan applications.

By selecting the update my account information option, employees can choose to change:

#### 1. W4 Federal Tax Withholding Information

- Edits ensure you change is within the confines of federal law

#### 2. Address/Phone Information

- Updates only the County's IFAS system, but TCDRS and other organizations must be contacted separately.

#### 3. Emergency Contact Information

#### 4. Direct Deposit Information

- Provides employees privacy, since their personal information is not passed via email, fax or interoffice mail to the payroll clerk or other personnel and contact with the sales representative is not required.
- The most popular update screen with almost 400 changes processed each pay period or every two weeks.

#### 5. Voluntary Deduction Information

- Provides employees privacy, since their personal information is not passed via email, fax or interoffice mail to the payroll clerk or other personnel and contact with the sales representative is not required.

The Employee Online site can be updated until midnight on maintenance cutoff date rather than noon for a paper form. Employees must remember to review all changes, note the paycheck date the change will be effective on and enter their User ID and password a second time to ensure the changes are accepted.

## *Electronic Reports—Satisfying Needs while Reducing Cost*

Fans of the Emmy Award winning comedy *The Office* will remember the scene when, as a guest lecturer, Michael Scott, regional Manager of Dunder-Mifflin Paper Company, tells business students "We can't overestimate the value of computers. But real business is done on paper. Write that down." And everyone in class proceeds to type those words of wisdom on their laptop.



Wayne Comeaux,  
Manager of  
Compliance Audit

As we look to ways to economize and improve efficiency, the need to conduct County business electronically and not on paper is becoming more apparent. Chances are you are reading this off a monitor. Why? Dissemination of information, such as this newsletter, via electronic means is not only less expensive but it also allows for quick access and faster searching. It also takes up less space on your desk.

Accounting Procedure F.1-2-3 ([http://www.info.aud.hcintranet.net/robo/projects/procedures/F1-2-3\\_reportingcollections.pdf](http://www.info.aud.hcintranet.net/robo/projects/procedures/F1-2-3_reportingcollections.pdf)) discusses the requirements of a Department to submit to the Auditor's Office a monthly report of collections and related supporting documentation. Departments provide the Auditor's Office with those collection reports by various means. Some departments manually complete County Auditor Form 106. Others that use IFAS for cash receipting use the reporting function in the system. Still others have their own computer system which creates a collection report.

What the procedure does not address is the method used to provide the Auditor's Office the report.

By 2002, some Justices of the Peace had monthly collection reports that topped 1,000 pages. With 16 JP's and 12 monthly reports a year, the cost to the courts in time, paper, and toner was beginning to really add up. The Auditor's Office also paid a price. With the thousands of pages submitted to us per month, we needed to buy a bounty of boxes for storage. And since we could not destroy those reports until the records retention schedule allowed, our warehouse space was filling up. We also had to haul those reports from the courts back to our offices and then ship them out for storage.

Around that time, the JP's began to convert their collection reports into a Portable Document Format

(PDF). These PDF files were then posted to a secure intranet website. We began reviewing statutes and our own procedures to see if we could use these PDF's as our collection reports.

Our major concern was that we had control over the documents so there would be no question as to whether the document was altered. In order to maintain that control, once the reports were posted to the website, we downloaded them and burned them to a disk. That disk replaced thousands of pages a month. We still required a Grand Recap to be printed so it could be signed by the judge.

In addition to the space and paper savings by obtaining the reports electronically, it became an efficient audit tool. If we needed to find a specific name or case number, the search function on Adobe Reader could be used to locate that information on the report. Finally, queries were developed which allow us to focus on transactions that have non-conforming amounts or coding.

By accepting electronic reports, we satisfied our audit needs, improved our efficiency, while reducing cost. It became obvious that expanding it to other departments was the natural progression. We now accept electronic reports from other departments including the following:

- The District Clerk produces a daily receipt journal which is approximately 250 pages per business day. This report lists all the collections and adjustments in chronological order. It is provided to us in both PDF and Excel formats. This allows us the assurance the report has not been compromised, and the ability to search, sort, and identify transactions that appear beyond expected characteristics. This report is provided to us on the department's internal website, to which we have secured access. We then, not unlike the JP reports, download those files for our safekeeping.
- The County Clerk creates a civil court daily report which is approximately 50 pages per business day. This report reflects collections made by the four County Civil Courts at Law. That report is converted by the department into a PDF and is e-mailed daily to our office.
- The County Clerk also provides a probate court daily report which is approximately 20 pages per business day. This report reflects the four probate court collections and is provided to us in the same method as the civil court daily report.

- The Tax Office provides to us on a shared drive access to numerous reports from daily and monthly rendition collections to deposit distribution. Placing the reports on a shared drive allows us not only the savings of printing just what we need, but faster access to the documentation.

The key with all of these reports is that they are printable, controlled, and contain the same information that was provided in the paper reports they replaced.

We have been approached by several different offices about accepting electronic receipts. Not unlike the monthly collection reports, our office is required to keep all receipts in accordance with the official records retention schedule. In addition, there are legal requirements that must be met on a receipt. Therefore, we only accept electronic receipts if they are an exact replica of the document given to a customer. A PDF file fits that need, so it is the best format for a department to provide to us in lieu of a paper receipt. We are currently working with several departments to implement this cost saving measure.

While we have made great strides in utilizing computers to provide us with electronic documents, don't get rid of your printers just yet. While we have eliminated the need to print thousands of pages, and have potential to eliminate hundreds more, electronic reports will not eliminate need for paper. And *The Office* will return for another season.

## *Internal Controls During Difficult Economic Times*

A strong control environment assists an organization in reducing risks of errors in financial reporting. An organization's formal written policies and procedures, information systems general and application controls, information security policies, and the tone set by management are a few aspects of the control environment.



Mark Ledman,  
Director of Audit  
Services

In all organizations, and especially in an organization that is complex, such as a large organization with many departments and information systems and personnel, maintaining a strong internal control environment requires effective control monitoring and reporting practices.

During difficult economic times various events such as reductions in budgets, personnel, delays in performing certain business activities can increase control risks. Although many different risks may occur, some examples of risks brought on by difficult economic times

could be:

- A reduced span of control as more employees may require supervision by fewer management personnel.
- An inadequate separation of duties as the number of personnel or layers of checks and balances are reduced.
- An increase of human errors as fewer personnel are processing the same volume of transactions and attempting to train or cross train new personnel.

In summary, there is increased risk that the quality of transactions cannot meet expectations of historical periods.

Management is responsible for maintaining systems of internal control. What can a manager do to help mitigate these risks in their areas?

A good first step is to perform a self assessment to identify areas of higher risks in your department to identify opportunities for strengthening controls. To get started, think about your answers to the questions below:

1. How is your department interacting with other departments and how is your information interfaced with other systems?
2. Are there control areas in your department that have historically broken down?
3. Are there areas in your department that are highly dependent on personnel decisions and how has the volume of transactions impacted the personnel making the decisions?
4. What management tools/reports are available to analyze important information and monitor key controls?
5. Are new control/reconciliations, etc. needed to address changes in the current control environment?

While the economic climate changes and stabilizes, management needs to be periodically evaluating the control environment to make sure monitoring mechanisms are in place to identify internal control breakdowns.

This short article is intended to increase management awareness and presents some ideas to begin thinking about controls. For additional assistance with assessing risks in your department, please feel free to call Mark Ledman at 713-755-3441.

## County Auditor's Office Employees Service Anniversaries

Congratulations to the following employees who have reached their anniversary milestone with Harris County this year. Each employee's length of County Service and the month that the milestone was reached is shown below.

<b>January</b>	<b><u>Length of Service</u></b>	<b>March</b>	<b><u>Length of Service</u></b>	<b>June</b>	<b><u>Length of Service</u></b>
Carolyn Helm	35	Debi Ferraro	28	Mary Jo Zalesky	32
Curt Weller	29	Patricia Mata	11	Wayne Comeaux	27
Wendee McCain	20	Cynthia Smith	7	Harland Maisel	25
Janet Norstrom	17	Calvin Clark	6	Donna Godair	21
Maggie Cauley	14	Isimenmen Aburime	3	Cassandra Smith	7
Martha Rowell	14	Charles McDonald	3	Walter Hammann	6
Sheli Ruis	12			Eloy Gutierrez	2
Timothy Leonard	11	<b>April</b>		Sirina Macias	1
Vicki Cash	11				
JoEllen Lamb	10	Mary Nguyen	9	<b>July</b>	
Carol Market	8	Brenda Tucker	8		
Jose Mendoza	8	Mark Ledman	5	Leslie Pope	27
Tijuana Smith	6	Darlene Taylor	5	Tammie Sonnier	21
Jessica Vallieres	3	Aleta Chambers	5	Michael O'Barr	11
Marie Cary	3	Leticia Quiroz	5	Maria Awayan	10
Wendi Welsh	2	Pat Moreno	4	Tom Ngo	10
Lori Hannes	2	Lisa Godfrey	3	Ollie Willis	8
		Greg Lueb	3	Cynthia Acosta	5
<b>February</b>		Velia Frias	2	Wai Leung	4
		Shennen Williams	1	Erik Gonzalez	4
Yolanda Anderson	25			Eric Pertl	4
Liz Calhoun	23	<b>May</b>		Lin Zhong	3
Pamela Mayon	21				
Anna Spalding	11	Tommy Jenkins	31	<b>August</b>	
Filomeno Vilorio	10	William Erb	23		
Judi Carter	9	Cassandra Davis	14	Trina Cheney	27
Veronica Sanchez	9	Gwendolyn Foy	12	Stephen Hoza	22
Linda Harvey	7	Leovigilda Genova	11	Ronnie James	16
Clarice Brown	7	Rosa Trevino	11	Christopher Casas	15
Courtney Leigh	7	Nicholas McGee	8	Michael Post	15
Ronald Foster	6	Sophana Ven	6	Barbara Schott	11
Sylvia Mercy	4	Tanya Williams	4	Mohammad Haroon	11
Robin Barker	3	Peter Cripps	3	Demetrice Collier	9
Mellanie Tostado	2	Ronda Qualls	2	Betty Lew	5
Brook Syers	2			David Tish	5
Joseph Griffith	2			Maria Alfaro	2
Robert Jones	2			Tiffany Franklin	2
Ada Rodriguez	1			Linda Dougherty	1

*Congratulations to each of YOU!!!*



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