

AUDITOR'S REPORT

HARRIS COUNTY CLERK'S OFFICE THREE MONTHS ENDED NOVEMBER 30, 2018



March 15, 2019

**Michael Post, C.P.A., M.B.A.
Harris County Auditor**

Leslie Wilks Garcia, C.P.A., C.F.E.
First Assistant County Auditor



1001 Preston, Suite 800
Houston, Texas 77002-1817
(832) 927-4600

Fax (713) 755-8932
Help Line (832) 927-4558

MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR

March 15, 2019

Dr. Diane Trautman
Harris County Clerk
201 Caroline, Suite 460
Houston, Texas 77002

RE: Procedures applicable to the monthly collection reports submitted by the Harris County Clerk's Office for the three months ended November 30, 2018

Although you were not the office holder during the period of our procedures, we are addressing the Auditor's Report to you as the current office holder.

As required by Local Government Code (LGC) §115.002 (a) and (b), the Compliance Audit Department examined the monthly collection reports submitted by the Harris County Clerk's Office (County Clerk) for the three months ended November 30, 2018.

We performed procedures to determine whether:

- The monthly collection reports were submitted timely and the amounts reported were properly deposited in the County's depository.
- The numerical sequencing of computer generated and manual receipts was accounted for.
- Selectively tested receipts were properly recorded in the County's Financial Records (IFAS).

The enclosed Auditor's Report presents an issue identified during our procedures and a recommendation developed in conjunction with your staff.

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

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Michael Post
County Auditor

cc: District Judges

TABLE OF CONTENTS

OVERVIEW3

RESULTS3

ISSUE AND RECOMMENDATION.....4

Timeliness of Deposits4

OVERVIEW

The objective of this engagement was to perform procedures in accordance with LGC §115.002 (a) and (b) which state, “(a) The county auditor shall carefully examine and report on all reports that are about the collection of money for the county and that are required to be made to the commissioners court. (b) At least once each quarter, the county auditor shall check the books and shall examine in detail the reports of the county tax assessor-collector, the county treasurer, and all other officers. The auditor shall verify the footings and the correctness of those books and reports.”

RESULTS

Based upon the procedures performed in accordance with LGC §115.002 (a) and (b), the County Clerk complied with the County’s policies and procedures for the following items:

- The monthly collection reports were submitted timely.
- The numerical sequencing of computer generated and manual receipts was accounted for.
- Selectively tested receipts were properly recorded in IFAS.

However, our procedures identified the following opportunity for improvement:

- In accordance with the County’s Accounting Procedure A.1, *Cash Handling Guidelines*, deposits should be made on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

This matter is discussed in more detail within the Issue and Recommendation section of this report.

ISSUE AND RECOMMENDATION

Timeliness of Deposits

Background

Pursuant to the County's Accounting Procedure A.1, *Cash Handling Guidelines*, "A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

Issue

County Clerk personnel failed to reconcile the October 26, 2018 and November 1, 2018 daily closeout reports from their receipting system, County Fusion, to Cadence Bank on the next business day. As a result, two checks, totaling \$155, were not deposited on or before the fifth business day after the day on which the money was received.

The aforementioned checks were not accepted by the deposit scanner during the deposit process. The October check for \$138 was not deposited until November 13, 2018, 12 business days after the check was received and the November check for \$17 was not deposited until December 11, 2018, 26 business days after the check was received. These checks were not deposited in compliance with the County's Accounting Procedure A.1, *Cash Handling Guidelines*.

Collections that are not deposited with the County's depository timely, on or before the fifth business day after the day on which the money is received, could result in the misappropriation of collections.

Recommendation

The County Clerk's Office should reconcile daily closeout reports to the Cadence Bank online portal on a daily basis to help ensure that they are in compliance with County Accounting Procedure A.1, *Cash Handling Guidelines*.

Management Response

The Office of County Clerk agrees with the issue. The Finance Department contacted the annexes where the errors occurred and emphasized the importance of verifying that the scanned check deposit is reconciled with the Cadence Bank check deposit report. The Administrator over the nine annex offices sent out a memo instructing all annexes to verify the check deposit amount with the Cadence Bank check deposit report and to print and attach the report to the corresponding deposit slip.