

AUDITOR'S REPORT

HARRIS COUNTY CONSTABLE PRECINCT 2 THREE MONTHS ENDED MAY 31, 2019



August 9, 2019

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HARRIS COUNTY AUDITOR

August 9, 2019

Constable Christopher Diaz
Harris County Constable Precinct 2
101 S. Richey St., Suite C
Pasadena, Texas 77506

RE: Procedures applicable to the monthly collection reports submitted by the Office of Constable Precinct 2 for the three months ended May 31, 2019

As required by Local Government Code (LGC) §115.002 (a) and (b), the Compliance Audit Department examined the monthly collection reports submitted by the Office of Constable Precinct 2 (Office) for the three months ended May 31, 2019.

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 allocated in the County's Financial Records.
- Selectively tested proceeds from Orders of Sale were properly disbursed.
- Selectively tested invoices for services rendered to other entities were remitted timely.

The enclosed Auditor's Report presents issues identified during our procedures and management action plans 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

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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 Office complied with the County’s policies and procedures for the following items:

- 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 proceeds from Orders of Sale were properly disbursed.
- Selectively tested invoices for services rendered to other entities were remitted timely.

However, our procedures identified the following opportunities for improvement:

- Voided IFAS receipts should be reviewed by supervisory personnel prior to processing.
- Monthly collection reports should be signed by the Official or their designee.

These matters are discussed in more detail within the Issues and Recommendations section of this report.

ISSUES AND RECOMMENDATIONS

Processing Voided Receipts

Background

Harris County Accounting Procedure F.1-1-1, *Cash Receipts Detailed IFAS Receipting*, requires voided IFAS receipts include a supervisor's signature or initials of approval for and on the voided receipt.

Issue

Voided IFAS receipts were not consistently reviewed by supervisory personnel prior to processing. As a result, one IFAS receipt issued during May 2019 for \$100 (1 of 6 for the quarter) was voided 3 times due to inaccurate information. This was brought to the Office's attention and the necessary corrections were made.

Failure to void IFAS receipts accurately could result in the misappropriation of funds and inaccurate monthly collection reports.

Recommendation

The Office should ensure supervisory personnel review all voided IFAS receipts to help ensure accurate processing.

Management Action Plan

The Office agrees with the issue. We will implement the recommendation from the auditor to ensure accurate processing of void receipts.

ISSUES AND RECOMMENDATIONS

Authorization of the Monthly Collection Report

Background

In accordance with LGC §114.001, *General Requirements Applicable to Reports*, monthly collection reports must be made in writing and must be authorized by the Official making the report or by a person designated by the Official to receive fees, commissions, or costs under Section 114.041 (b).

Issue

The Office does not have sufficient controls in place to ensure that the monthly collection reports are adequately signed by the Official, or by a person designated by the Official, on County Auditor's Form 127C, *Compliance Audit Signature Authorization Form*. As a result, the April 2019 Collection Report was signed by unauthorized personnel.

Monthly collection reports signed by unauthorized personnel is not in compliance with LGC §114.001, *General Requirements Applicable to Reports* and could potentially result in the misappropriation of funds.

Recommendation

The Office should implement internal controls to help ensure that only authorized personnel can sign monthly collection reports.

Management Action Plan

The Office agrees with the issue. We will implement the recommendation from the auditor to ensure that only authorized personnel sign monthly collection reports.