

# **AUDITOR'S REPORT**

## **HARRIS COUNTY CONSTABLE PRECINCT 2 THREE MONTHS ENDED AUGUST 31, 2019**



**November 22, 2019**

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

November 22, 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 August 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 August 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 an issue identified during our procedures and a management action plan 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.
- 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.

However, our procedures identified the following opportunity for improvement:

- 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 Issues and Recommendations section of this report.

## ISSUES AND RECOMMENDATIONS

### Timeliness of Deposits

#### Background

Pursuant to the County's Accounting Procedure A.1, *Cash Handling Guidelines* (Accounting Procedure A.1), "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

Due to inconsistent supervision and a lack of new employee training, the Office did not consistently follow procedures to ensure collections were deposited timely. As a result, seven checks, totaling \$825, receipted during August 2019, were deposited 21 to 22 business days after the date they were received. The Compliance Audit Department had to alert the Office that the checks had not been deposited, and as a result, they were subsequently deposited on September 24, 2019.

Cash collections that are not deposited with the County depository timely could increase the risk of misappropriation of collections and possible misstatements of financial reports.

#### Recommendation

Office management should ensure new supervisory and staff personnel are adequately trained. Remedial training sessions should be conducted with key administrative personnel to help ensure deposits are made timely.

#### Management Action Plan

We agree with the Issue. We immediately addressed the timeliness of check deposits with our staff. We have implemented a procedure whereby a backup employee now double checks all deposits. We will follow up with additional training to ensure deposits are made timely.