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

October 13, 2023

Dear Constable Jerry Garcia, Harris County Constable Precinct 2:

The Harris County Auditor's Office - Compliance Audit has completed an audit of the monthly collection reports submitted by Harris County Constable Precinct 2 for the six months ended, March 31, 2023. The results of our audit are included in the attached report.

We appreciate the time and attention provided by your team. If you have any questions, please contact me or Errika Perkins, Chief Assistant County Auditor, 713-274-5673.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Michael Post
County Auditor

Report Copies:

District Judges
County Judge Lina Hidalgo

Commissioners:

Lesley Briones
Rodney Ellis
Adrian Garcia
Tom Ramsey
Christian Menefee



INTERNAL AUDIT REPORT
CONSTABLE PRECINCT 2
OCTOBER 13, 2023

Executive Summary

OVERALL CONCLUSION

The overall controls related to the Harris County (County) Constable Precinct 2 (Constable's Office) monthly collection reports were found to be effective. However, opportunities for improvement were identified to enhance controls for ensuring that all funds collected are recorded in the County's financial system (STARS) and deposited timely into the County's depository. The issue was discussed with Constable's Office Management, and a management action plan has been developed that will address the issue identified by October 31, 2023.

SCOPE AND OBJECTIVE

As required by Local Government Code (LGC) §115.002 (a) and (b), Compliance Audit examined the monthly collection reports and related records submitted by the Constable's Office for the six months ended, March 31, 2023.

The objectives of this engagement were to determine whether:

- The monthly collection reports were submitted timely and the amounts reported were properly recorded in the County's depository;
- The numerical sequencing of receipts was accounted for; and
- Receipts were properly allocated in the County's financial system/STARS.

SUMMARY OF AUDIT ISSUE

- Funds received were not recorded in STARS and deposited timely.

The audit issue, management's action plan to address the issue, and background information regarding this audit are discussed in more detail on the following pages. The audit issue is ranked based on the likelihood and impact of the risk to the County.

AUDIT ISSUE

ISSUE: Funds received were not recorded in STARS and deposited timely **[MODERATE]**

What is the Issue: A Texas Law Enforcement Officer Standards and Education (LEOSE) check for \$4,828.82, which was mailed to the Constable's Office in February 2023, was not recorded in STARS and deposited into the County's depository until April 28, 2023. The check was not located until after Internal Audit inquired about it.

Why it Happened: Constable's Office personnel did not perform procedures to ensure all funds received were recorded into STARS and deposited timely.

Why it Matters: Failure to record and deposit all funds received timely could result in the misappropriation of funds and misstatement of financial records.

What is Expected: In accordance with County Auditor's Accounting Procedure A.1, *Cash Handling Guidelines*, all funds received should be immediately recorded in the appropriate receipting system at the time of collection in order to provide timely accountability and proof of payment. If immediate receipting is not possible, then the funds should be receipted the following business day.

In accordance with LGC §113.022, all funds received should be deposited by the next business day. If this deadline cannot be met, the department must deposit the funds on or before the fifth business day after the day the funds were received.

What Action(s) are Suggested: The Constable's Office should develop and maintain a log of all funds received by mail, and all checks should be immediately stamped with "For Deposit Only." An employee other than the one responsible for recording or depositing the funds should reconcile the log to deposits to ensure that all funds received have been recorded in STARS and deposited within five business days.

MANAGEMENT'S ACTION PLAN

Responsible Party: Jehieli Garcia, Chief Clerk

The issue has been resolved, and we are now fully aware of the situation. The check was placed in the Chief Clerk's desk for deposit, but she was unaware of it. As soon as the check was discovered, it was deposited immediately. We have decided to implement new procedures to ensure that similar incidents do not occur in the future. In the future, the clerk in charge of creating the deposit slip will deposit the check on the next business day.

Due Date: October 31, 2023



BACKGROUND

Texas Occupations Code (OCC) §1701.156 establishes the LEOSE fund as an account in the state treasury. The Texas Comptroller of Public Accounts (Comptroller) collects and deposits proceeds from court costs into the account. The OCC requires the Comptroller to make an annual allocation from the LEOSE fund to qualified local law enforcement agencies for expenses related to the continuing education of law enforcement officers or full-time law enforcement support personnel. Under OCC §1701.157, twenty percent of the allocated amount is distributed to all participating agencies in equal shares and eighty percent is distributed based on the number of qualifying officers at each agency as of January 1st of the preceding calendar year. The Constable's Office is one of the organizations that benefits from this program and receives a LEOSE fund check annually.

ACCOUNTABILITY

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The engagement's scope did not include a detailed inspection of all transactions. There is a risk that fraud or errors were not detected during this engagement. Therefore, the official retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

