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

June 5, 2020

Honorable Jo Ann Delgado
Justice of the Peace, Precinct 2, Place 1
10851 Scarsdale, Suite 500
Houston, Texas 77089

Dear Judge Delgado:

The Harris County Auditor's Office - Compliance Audit Department has completed an audit of the monthly collection reports submitted by Justice of the Peace, Precinct 2, Place 1 for the three months ended February 29, 2020. The results of our audit are included in the attached report.

We appreciate the time and attention provided by you and your staff during this engagement. If you have any questions, please contact me or Errika Perkins, Chief Assistant, at 713-274-5673.

Sincerely,

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

Michael Post
County Auditor

Attachment

cc: District Judges
County Judge Lina Hidalgo
Commissioners:
R. Jack Cagle
Rodney Ellis
Adrian Garcia
Steve Radack
Vince Ryan

AUDIT REPORT
QUARTERLY REVIEW OF MONTHLY COLLECTION REPORTS
JUSTICE OF THE PEACE, PRECINCT 2, PLACE 1
JUNE 5, 2020

Executive Summary

OVERALL CONCLUSION

Based on the procedures performed, the monthly collections for the Justice of the Peace, Precinct 2, Place 1 (Court) were submitted timely, receipts were accounted for, and fines and fees were accurate. However, the monitoring controls for the monthly collections were not operating as Management intended. This issue was discussed with the Court management and a management action plan has been developed which will address the issue identified by June 12, 2020.

SCOPE AND OBJECTIVE

As required by Local Government Code §115.002 (a) and (b), the Compliance Audit Department of the Harris County Auditor's Office audited the books and examined the monthly collection reports submitted by Court for the three months ended February 29, 2020. The objectives of this engagement were to determine whether:

- The monthly collection reports were submitted timely and the amounts reported were properly deposited into the County's depository.
- The numerical sequencing of receipts was accounted for.
- Receipts were properly allocated in the Odyssey Case Management System (Odyssey).
- Fines and fees were accurately assessed and recorded.

SUMMARY OF AUDIT ISSUES

- Collections were not receipted into Odyssey.

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.

AUDIT ISSUE

ISSUE #1: COLLECTIONS RECEIPT WAS INCOMPLETE

What is the Issue: Receipts were not created for all funds received by the Court. As a result, the February 2020 Monthly Collections Report did not agree with the deposits reflected in the County's depository. The monthly collections report submitted was understated by \$490.

What is Expected: In accordance with Harris County Accounting Procedure A.1, *Cash Handling Guidelines*, funds received should be immediately receipted in the appropriate receipting system at the time of collection in order to provide timely accountability and proof of payment. If funds are received at a time when immediate receipting is not possible (e.g., electronically, by mail at the end of the day, or after regular hours), the funds should be receipted immediately the following business day.

Why it Matters: Inaccurate monthly collection reports could result in financial misstatements.

Why it Happened: A thorough review process was not in place to ensure receipts were created for all funds received and subsequently reflected on the monthly collection reports.

What Action(s) are Suggested: The Court should enhance its review procedures to ensure all funds are immediately receipted and accurately reflected on the monthly collection reports.

MANAGEMENT'S ACTION PLAN

Responsible Party: Luis Garza, Chief Clerk

We have reviewed our internal controls, and we have implemented additional internal controls to ensure all funds are immediately receipted and accurately reflected on the monthly collection reports.

Due Date: June 12, 2020

BACKGROUND

Harris County Accounting Procedure F.1-2-3, *Reporting Collections*, states, “Each County official/department that has collections is required to furnish a monthly report of those collections and other requested supporting documentation to the County Auditor’s Office - Compliance Audit Department for review.”

ACCOUNTABILITY

The work performed required our staff to exercise professional judgment in completing the engagement’s objectives. As the engagement’s scope did not include a detailed inspection of all expenses or collections, there is a risk that fraud, errors, or omissions were not detected during this engagement. The official therefore, 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.