



COLLIN COUNTY

OFFICE OF COUNTY AUDITOR
200 S. McDonald Street • Suite 300
McKinney, Texas 75069
(972) 548-4731 • Metro (972) 424-1460
Fax (972) 548-4696

Date: May 22, 2009
To: Stacey Kemp, County Clerk
From: Donald W. Cozad, County Auditor 
Subject: Third and Fourth Quarters FY08 Audit Results - Final

Internal Audit personnel began an audit on November 11, 2008 to examine the cash balances shown in the General Ledger accounts for the County Clerk in the third and fourth quarters of FY08. The audit objectives were to verify reconciled cash balances match the ledger cash balances.

The time period reviewed was April 1, 2008 through September 30, 2008. The audit procedures included reconciling cash balance differences in the bank reconciliations to the Odyssey, AMCAD and/or AS 400 Reports

During the review, we identified certain practices and procedures that we believe could be enhanced to strengthen internal controls and increase efficiencies. The review was not intended to be a comprehensive examination of every procedure or activity. Accordingly, the findings and recommendations presented in this report should not be considered as all-inclusive of areas where improvements may be needed.

Your office personnel were extremely helpful and courteous in assisting with the quarterly review. We met with you and your bookkeeping personnel to discuss these findings on February 18, 2009.

Please feel free to contact us with any questions or desired assistance.

Land & Vitals

Findings:

1. All cash transactions for deposits and disbursements were not posted in the original journal entry records with the appropriate descriptions, such as 'Repay', 'NSF checks' and 'Check Refunds'. Receipts and liabilities for the State (Birth Certificates) were not recorded, as these transactions were not documented on the AMCAD Daily Fees Summary Reports used by the Auditor for posting journal entries.
2. The reconciled Land and Vitals September bank balance did not match the liability balance; the difference was \$260.14.

Recommendation:

1. The County Clerk personnel and Auditor personnel need to work together to ensure that all documentation necessary for posting the journal entries, including check registers to show all 'Repay', 'NSF checks' and 'Check Refunds', are provided. A listing of all the receipts and disbursements for the State (Birth Certificates) should be sent to the Auditor's Office.
2. The County Clerk Office should reconcile the "Assets to Liabilities" on a monthly basis. Any discrepancies should be researched and resolved immediately after the bank account is reconciled.

Response:

During the quarters of this audit, we were still locating discrepancies in balancing end of month liabilities for each bank account, auditor was aware that this work was in progress, which involved locating and correcting system reporting errors that were being carried forward each month. This work has been completed and is now processed monthly.

NSF checks, NSF check repays and checks issued are designated columns within the Land & Vitals Cash Journal spreadsheet and are posted daily.

Birth Certificate receipts on the daily AMCAD report is provided in a total amount. The monthly invoice received from the State is balanced to the AMCAD report. Corrected deductions and errors are corrected on this report and those funds are not sent to the State, when check is issued. This report is included in monthly Land & Vital report that is sent to Auditor.

Court Registry / Odyssey Reports

Findings:

1. The July Investment Summary Report, which was printed on August 5, 2008, did not include some of the interest earned entries posted to the report prior to July 31, 2008. Some interest earned entries were reversed and posted to the reports after July 31, 2008, but the pre-reversal entries were included in the July Investment Summary Reports. This problem might be caused by posting the reversing entry and reposting the same entry on the same date creating a timing issue in the reporting system.
2. Both August and September Investment Reports of 2008 submitted to the Auditor's Office did not include the balances for the following three accounts:
 - A) Trust for Estate - (Probate)
 - B) Trust for Estate - (Adult-Probate)
 - C) Trust for Estate - (Minor-Probate)

A switch in job responsibilities without changing the new individuals' rights and roles resulted in reports that did not pull this information.

3. September Investment Summary reports were not in balance with the General Ledger Investment Account for September 2008.

The Balance of Investment Summary Reports	\$10,270,690.17
The Balance of Investment Account in G/L	<u>9,928,045.51</u>
Variance	\$ 342,644.66

Recommendations:

1. Review reversing entries and re-posted entries at the time the reports are requested so that the timing issue in the reporting system can be identified and resolved.
2. County Clerk personnel responsible for running the Investment Summary Reports should have access to all the accounts in the Investment Summary Reporting System.
3. Manual reports submitted to Auditor's Office for investment journal entries should be reviewed to ensure they agree with the Odyssey Investment Summary Reports.

Response:

These findings have been resolved, but we need a meeting to discuss the processes of the auditor, bookkeeper and court registry.