



COLLIN COUNTY

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Date: May 25, 2010
To: Johnny Lewis, Justice of the Peace 3-1
From: Jeff May, County Auditor 
Subject: Reconciliation of Bank Account - FY09 Audit Results - Final

Internal Audit began an examination of books and records on July 20, 2009 for the County Auditor quarterly audit requirements. The audit objectives were to ensure that county property and cash receipts were promptly accounted for, accurately recorded, safeguarded, and disbursed properly.

The time period reviewed was October 1, 2007 through December 31, 2009. The scope of the audit entailed performing a cash count and bank reconciliations. The audit encompassed 27 months of financial transactions to accurately reflect the balance of the Odyssey account balances.

During the examination, we identified certain practices and procedures that we believe could be enhanced to strengthen internal controls and increase efficiencies. The examination 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. An exit interview was held with you on November 11, 2009. We received your complete response on May 25, 2010.

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

Cash Drawer

Findings:

A cash count was performed with a \$20 discrepancy identified.

Recommendations:

The \$20 discrepancy should be made up.

Response:

This has been made up.

Bank Reconciliation's

Findings:

The following list of exceptions were identified for the General Bank Account. They include exceptions from prior audit reports that remain outstanding in the current audit time period. The beginning balance entered into Odyssey was off by the amounts shown below, because the AS400 ending balance was off by the same amounts.

1. The bank reconciliations were not completed for the General Bank Account during the audit time period.
2. Three (3) checks were issued twice, resulting in duplicate payments, but not posted to the AS400 check register during the period under review. The check numbers are:
 - 1657 & 1706 for \$19
 - 2157 & 2206 for \$60
 - 2041 & 2049 for \$155
3. Thirteen (13) checks were issued, but they were not recorded on the AS400 check register during the period under review. The approximate amount of the 13 checks was \$29,700. The check numbers are:
 - 1709, 1941, 1963, 1967, 1973, 2049, 2086, 2146, 2177, 2209, 2320, 2328 and 2430.
4. Interest earned on the General Bank Account from October 2008 through December 2009 was not recorded on the AS400 check register.
 - The \$123.51 interest for October 2008 through July 2009 was not paid to the county until August 2009.
 - The \$33.74 interest for October 2009 through December 2009 has not been paid to the county.
5. Deposit variances were identified.
 - Eleven deposits were short from October 2007 through October 2009 by \$767.22
 - Thirteen deposits were over from December 2007 through October 2009 by \$988.10 for a net overage of \$220.88
6. On April 23, 2009, a check cleared the bank for \$7.92 less than the check was receipted and deposited for.

7. On October 19, 2007, \$104 was transferred from the General Account into the Escrow Account. The \$104 should have remained in the General Bank Account.
8. Six charge backs from the bank were not documented on the books:
 - February 08: \$180
 - May 09: \$125
 - July 09: \$137 & \$140
 - December 09: \$82 & \$27
9. The December 2009 bank reconciliation had a net outstanding deposit amount of \$1,904. The \$1,904 balance contains unresolved deposits and adjustments (net amounts) for the following 8 months:
 - August 07: \$72
 - February 09: (\$288)
 - March 09: \$340
 - June 09: \$108
 - August 09: (\$209)
 - October 09: \$5,925
 - November 09: (\$1,603)
 - December 09, (\$2,441)

Recommendations:

The research, corrections, adjustments and reconciliations for previous months and years should be made in Odyssey immediately to bring the account into balance.

1. The bank reconciliations should be completed each month.
2. The money for the duplicate payments should be recovered and deposited.
3. All checks should be recorded in the accounting system at the time of issuance.
4. Interest received from the bank should be recorded on the accounting records and disbursed to the county in a timely manner.
5. The \$220.88 overage should be remitted to the Treasury with detailed documentation backing up the remittance.
6. The bank should be contacted to find out why the check cleared the bank for \$7.92 less than the amount it was written for.
7. \$104 should be transferred back to the General Account from the Escrow Account.
8. All chargeback's reflected on the bank statements should be investigated and documented appropriately.
9. The outstanding deposits need to be investigated.

Response:

1. This is being caught up to be completed in a timely manner.
2. Letter mailed to recipient of duplicate payments for reimbursement to the county.

3. These have been identified and reviewed for correction on Odyssey.
4. Interest has been posted and paid to the county.
5. This being researched further.
6. Emailed bank for assistance to correct.
7. Corrected April 17, 2008.
8. Now documented on Odyssey and letter mailed.
9. Deposits are being managed by two people to avoid outstanding deposits in the future.

Bank Reconciliation – Escrow Account

Findings:

The following list of exceptions is identified for the Escrow Bank Account. They include exceptions from prior audit reports that remain outstanding in the current audit time period. The beginning balance entered into Odyssey may be off by the amounts shown below, because the AS400 ending balance was off by the same amounts. The Escrow account was examined and the cash balance was verified with the following exceptions:

1. The bank reconciliations were not completed for the Escrow Bank Account during the audit time period.
2. The detailed asset to liability statement was out of balance with the reconciled balance for the Escrow Account by \$500.
3. The June 6, 2008 deposit was recorded as \$0.09 greater than the bank deposit.
4. Check # 1479 for \$142.50 was not posted to the AS400 check register

Recommendations:

1. The bank reconciliation should be completed each month.
2. A detailed asset to liability statement should be maintained. The total amount of the asset to liability statement should be reconciled to Odyssey check register and a copy of the asset to liability statement should be attached to the bank reconciliation each month.
3. The June 6, 2008 deposit should be corrected.
4. Checks issued should be posted to the check register upon receipt.

Response:

1. This is being caught up to be completed in a timely manner.
2. Researching 2005 statements to determine this difference.
3. This is being researched further.
4. This check should not have been issued and has been recovered.