COLLIN COUNTY

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Date: June 14, 2010

To: Mr. John Roach, District Attorney

From: Jeff May, County Auditor

Subject: Fourth Quarter FY09 and First and Second Quarter FY10 Audit Results - Final

An entrance conference was conducted with you on April 12, 2010 to start an examination of the books and records for the County Auditor quarterly audit requirements. The audit objectives were to confirm county property and cash receipts were promptly accounted for, accurately recorded, safeguarded, and disbursed properly.

The time period reviewed was July 1, 2009 through March 31, 2010. The audit procedures included a review of deposits, disbursements, bank statements, and bank reconciliations; fee schedules; and prior audit issues.

During the review, we identified certain practices and procedures 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 personnel were extremely helpful and courteous in assisting with the quarterly review. An exit conference was held with you on May 12, 2010.

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

Report Verification

Findings:

1) Receipt #DA-2010-00518, in the amount of $668.27 (per Odyssey records), was recorded in Lynk and on Papcon's Bank Statement as $668.25. This leaves a $0.02 difference for that transaction.
2) Receipts #DA-2010-00275, DA-2010-00291, and DA-2010-00294 show a Lynk transaction incorrectly entered into Lynk as $409.40, but correctly entered into Odyssey as $409.90 (a $0.50 difference.) Odyssey was adjusted by entering a credit for ($409.90) and a $0.50 cash payment from cash out of the clerk's pocket, with the $409.40 credit card payment.

Recommendations:

1) Odyssey records should correspond to what Lynk and the bank statement report.
2) Payments should be handled correctly. However, when errors occur, they should be properly documented with an adjustment entry or request that the customer remits additional money to make up the difference. The clerks should not make adjustments to the till from their own funds.

Response:
We will comply with all recommendations while bearing in mind the deficiencies of the Odyssey system until corrected or we can work around them.

Bank Reconciliation

Findings:
The following bank reconciliation adjustments are only for system required purposes to balance; there are no money adjustments that need to be made:

1) On the January 31, 2010 bank reconciliation for Odyssey, there was an outstanding deposit for $225.28 and a bank adjustment for $80 recorded incorrectly.
2) Check #400801 was voided on the Odyssey transaction detail on July 29, 2009, but did not show up on the check register until March 31, 2010.
3) On the February 28, 2010 bank reconciliation for Odyssey, there was a bank adjustment for $11,424.51. The $11,424.51 was entered twice into the check register (1/13-$145.28 & 1/14-$11,279.23 and 2/3-$11,424.51).
4) Also in February 2010, check #401096 for $91.13 was voided on the transaction detail in Odyssey, but not voided on the check register.
5) On the January 31, 2010 bank reconciliation for Papcon, two deposits on January 15, 2010 for $11,279.23 and $225.28, were incorrectly posted under the bank adjustments section of the reconciliation. A deposit reversal on January 13, 2010 for $80 was also incorrectly posted under the section of bank adjustments. The total difference is $11,424.51.
6) The following checks from the Papcon bank account, which have been outstanding for over 3 years as of March 31, 2010, were not escheated to the State

Comptroller or the County: check #30073 written on November 28, 2006 for $167.40; check #30615 written on March 13, 2007 for $52; and check #30654 written on March 16, 2007 for $88.

Recommendations:

1) There should have been an outstanding deposit for $145.28 and no bank adjustment for $80. (The bank showed a deposit for $80 on 1/15/10.)
2) As soon as a voided check is entered into the transaction detail, the check register should reflect the same transaction.
3) If errors are found during the bank reconciliation, check registers should be checked to see if duplication has occurred. The $11,424.51 should be reported as an adjustment to the books for ($11,424.51), since it was entered twice in the check register.
4) As soon as there is a voided check entered into the transaction detail, the check register should reflect the same transaction. Check #401096 should be voided in the check register.
5) Two deposits, for $11,279.23 and $225.28, should be recorded under the book adjustments section instead of the bank adjustments section on January's bank reconciliation (these amounts were already posted in the bank statement). The deposit reversal of $80 should also be recorded under book adjustments instead of bank adjustments. The total Adjusted Book Balance for the Papcon bank account should be $31,656.16 instead of $20,231.65.
6) Outstanding disbursements should be forwarded to the Auditor's Office with payee information and with contact and delivery attempt documentation when the payment is outstanding for one year from the first delivery attempt.

Response:

We will comply with all recommendations while bearing in mind the deficiencies of the Odyssey system until corrected or we can work around them.