



# COLLIN COUNTY

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Date: September 8, 2010  
To: Judge John Payton, Justice of the Peace, Precinct 3, Place 2  
From: Jeff May, County Auditor   
Subject: Fourth Quarter FY09 & First and Second Quarter FY10 Audit Results -  
Final

Internal audit began an examination of books and records on March 23, 2010 for the County Auditor quarterly audit requirements and the retirement of your chief clerk. The audit objectives were to ensure county property and cash receipts were promptly accounted for, accurately recorded, safeguarded and disbursed properly.

The time period examined was July 1, 2009 through March 31, 2010. The audit procedures included performing a cash count; a test of deposits, disbursements and bank reconciliations; and a fixed asset inventory.

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 review 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 examination. An exit interview was held with you and staff on April 22, 2010.

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

**Note:** Effective April 1, 2010, Brenda Terrell became the Court Administrator for Justice Court 3-2. Velda Williams was Court Administrator for JP 3-2 thru March 31, 2010.

## **Cash Drawer**

### **Finding:**

A cash count was performed with no discrepancy identified.

**Recommendation:** None at this time.

**Response:** None required.

## **Bank Reconciliation's**

### **Findings:**

We reviewed the bank statements and corresponding bank reconciliations of the General and Escrow Accounts from July 1, 2009 through March 31, 2010, and identified the following exceptions:

Bank reconciliations for the General Account were not completed for the period under review. The items listed below are results of the unreconciled account:

1. Disbursements to the Treasury for interest payments received on the General Account were not made for the period under review.
2. The December 21<sup>st</sup> deposit for the day total \$1631, the deposit slip reflected \$1632 and the bank deposit was for \$1632.
3. On January 10<sup>th</sup>, \$10 was deposited into the Escrow Account that should have been deposited into the General Account.
4. Posting Errors identified on the Odyssey Financial Chart of Accounts Transaction Ledger:
  - a) Check number 1681 was issued in the amount of \$27, but it was recorded and posted as \$53 on the AS400 system.
  - b) Check number 1682 was issued for \$35, but it was recorded as \$25.
  - c) Check number 1619 was posted to the transaction ledger as an outstanding check; however, the check previously cleared the bank.
  - d) A \$144 deposit adjustment in August was posted in error.
  - e) Check number 1626 for \$446.85 was voided, but the void was not posted to the transaction ledger. Check number 1698 was issued as a replacement check, but it was not posted to the transaction ledger and it was written for \$446.55 (\$0.30 less than the original check amount.)
  - f) A \$150 adjustment on January 14<sup>th</sup> was not posted to the transaction ledger.

5. Credit Card Payment Exceptions

- a) A \$58 credit card payment posted to the bank account on September 8<sup>th</sup> was not posted to the transaction ledger.
- b) A \$286 bank chargeback from a credit card payment was debited from the bank account on September 8<sup>th</sup>; it was not deducted from the corresponding case on the Odyssey case manager system.
- c) An \$82 credit was issued through the Lynk credit card system on September 14<sup>th</sup>; it was not deducted from the corresponding case on the Odyssey case manager system.
- d) A \$140 credit card payment made on December 2<sup>nd</sup> was not posted to the bank account.
- e) A \$15 credit card payment made on December 21<sup>st</sup> was not posted to the bank account.

**Recommendations:**

1. Interest payments received from the bank should be recorded each month and disbursed to the Treasury office.
2. A verification process should be implemented to ensure that deposit slips are filled out correctly and the correct amount is reflected on the bank statement.
3. A review of the deposit slips should be performed prior to sending the deposit to the bank to ensure that funds are deposited into the correct account.
4. The accounting records and system should be verified with the bank statement as part of the monthly reconciliation process to ensure that the accounting records and bank records are complete and accurate.
5. The Lynk credit card system and/or report should be verified daily to receipts issued the previous day. Discrepancies should be immediately identified, researched and resolved. In addition, the accounting records and system should be verified with the bank statement and credit card statement as part of the monthly reconciliation process of identifying and resolving variances.

**Response:**

1. The Court was told that latitude would be given to JP 3-2 while Velda was working on Odyssey. Velda was out at times for up to twelve weeks. Our process is to post and record interest payments from the bank each month and disburse to the Treasury. Again, the Court was given to understand latitude would be given since the Court was providing a full-time staff person to assist in bringing Collin County on-line.

Disbursements to the Treasury for interest payments received on the General Account were not made for the period under review. Velda was unable to post the interest due, because of her commitments to Odyssey before the “go-live” date of August 1, 2009. Velda was out on medical leave from August 5, 2009 until November 2, 2009. No interest was posted during her absence.

2. The Court does go through each deposit slip to ensure complete accuracy. Velda was involved daily with the original setup of Odyssey with the County.

Check number #1626 for \$446.85 was voided, but the void was not posted to the transaction ledger. Check number #1698 was issued as a replacement check, but it was not posted to the transaction ledger and it was written for \$446.55 (\$0.30 less than the original check amount.) Check number #1626 was reissued on check number #1698 for the correct amount of \$446.55. Corrections were made by Velda, but because the AS400 was shut down at the time, her corrections could not be made in the AS400.

3. With previous audit reviews this has rarely occurred. Again, Velda spent nine to twelve weeks being involved with bringing the county on-line with Odyssey, which hindered her greatly. Velda attempted to catch up and normally reconciled bank statements and would double-check deposits.
4. They are reconciled completely and there have been no problems.
5. The RBS Lynk credit card system is verified daily, weekly and monthly. There were many problems with RBS Lynk as a result of the Odyssey conversion.

A \$58 credit card payment posted to the bank account on September 8, 2009 was not posted to the transaction ledger. On September 8<sup>th</sup> RBS Lynk showed a transaction for \$140 taken in for a Donald Pearl TR-09-2416, but the \$140 was not posted to Odyssey until December 2, 2009 and disbursed on check #1964 on December 7, 2009. Also, the RBS Lynk system had problems with transactions that day and did not complete a transaction for EV-09-686 did not record on our side. The customer paid \$82 cash for filing an eviction. His bank statement reflected a charge of \$82 from our court and upon validation he was issued a credit on RBS Lynk on September 11, 2009. So, Odyssey showed a \$320 deposit; take the \$140 minus \$82 equals the \$58 difference. Correction has been made per Velda.

A \$286 bank chargeback from a credit card payment was debited from the bank account on September 8<sup>th</sup>; it was not deducted from the corresponding case on the Odyssey case manager system. I have sent RBS Lynk an email to recover the statement from that date.

An \$82 credit was issued through the RBS Lynk credit card system on September 14<sup>th</sup>; it was not deducted from the corresponding case on the Odyssey case manager system. Reference EV-09-686 above.

A \$140 credit card payment made on December 2<sup>nd</sup> was not posted to the bank account. Reference TR-09-2416 above.

A \$15 credit card payment made on December 21<sup>st</sup> was not posted to the bank account. Corrected per Velda, but could not correct in AS400 system due to Odyssey go-live August 1, 2009.

## **Report Verification**

### **Findings:**

One case had a fine charged differently from the Fine Schedule posted in the office. This case had no written or scanned documentation in the Odyssey system or hard copy to explain why a different fine was charged. However, the county fees portion of the charges related to the case was charged correctly. In addition, the Fee/Fine Schedule posted in the office for customers to view was not a current schedule. A current one was printed from the County website and posted during the audit.

<b>Date</b>	<b>Receipt Number</b>	<b>Violation Description</b>	<b>Odyssey Fine/Fee Amount</b>	<b>Posted Fine Schedule</b>	<b>Variances</b>
11/23/2009	2009-3281965-JP2	No Emergency Break Device	\$175	\$220	(\$45)

### **Recommendation:**

Fines posted in the Odyssey system should be consistent with the fine schedule provided for customers. Each line item for the county fines in Odyssey should be reviewed and verified by whoever enters information to the system. Total charges including county fees and fines should be compared to the approved fee/fine schedule for accuracy. Documentation for fine variances should be available in written or scanned format for verification.

### **Response:**

Regarding the ticket mentioned above, there was nothing provided for any of the clerks in regards to process and procedures in dealing with an approach to Odyssey Court Software as with any new system.

## **Asset Verification**

### **Finding:**

An asset inventory test was performed with no discrepancy identified.

**Recommendation:** None at this time.

**Response:** None required.

**Overall Response:** First, while we appreciate your recommendations, one through five, it is with a great deal of confidence I report these things as done. Second, it would have been different if we would have refused to cooperate with the implementation of Odyssey. Third, the reason Velda was allowed to help was because she was the Senior Court Coordinator and had the greatest base of knowledge. Fourth, I can assure you these issues will not occur again; while I cannot account for the RBS Lynk system and the numerous problems we have had with it, we will continue to accept credit card payments from the public until the county makes the decision to switch credit card vendors; this is

all we are left with. Overall, we sat with the Audit staff prior to Velda's deployment to Odyssey and it was understood that Velda would be absent from this office, one period she was gone six weeks, and that the Court would be given some latitude as a result of her commitment to bringing the county on-line. In reference to the last ten times of audits, this is the only time a problem arose and it was due to the loss of my Court Coordinator during the Odyssey process.

### **Auditor's Response**

We are cognizant of the fact that your Court Coordinator was absent from the office for long periods of time during the implementation of Odyssey for the Justice of the Peace Offices and appreciate the knowledge and guidance Velda provided to the process. You have always held your office to a high standard to ensure it operated well. We are reporting issues identified during the time period Velda was out to ensure they are identified, corrected and/or accounted for as soon as possible, while providing guidance to Brenda when and where we are able as she learns about the Court Coordinator position.