



COLLIN COUNTY

OFFICE OF COUNTY AUDITOR
2300 Bloomdale Road • Suite 3100
McKinney, Texas 75071
(972) 548-4731 • Metro (972) 424-1460
Fax (972) 548-4696

Date: April 8, 2011
To: Ms. Patricia Crigger, District Clerk
From: Jeff May, County Auditor 
Subject: First - Third Quarter of FY10 Audit Results - Final

Internal audit began an examination of books and records on July 28, 2010 for the County Auditor quarterly audit requirements. The audit objectives were to ensure county property and receipts and disbursements were promptly accounted for, accurately recorded, safeguarded and disbursed properly.

The time period reviewed was October 1, 2009 through June 30, 2010. The audit procedures included performing a cash count; a test of deposits, disbursements, and bank reconciliations; review of prior audit issues; and a fixed asset inventory.

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 office personnel were extremely helpful and courteous in assisting with the quarterly review. An exit interview was held with yourself and your staff on October 20, 2010.

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

Cash Drawer

Finding:

A cash count was performed at the passport office and the following exception was identified:

A check was received for more than the amount due for the service provided. The clerk attempted to alter the check to reflect the correct amount. The clerk told the customer that her regular procedure would be to correct the check, then call and notify the customer of the change.

Recommendation:

Financial instruments presented as payment should not be altered. If an overpayment is received the money should be deposited as presented. We understand that your office has established a policy for overpayments. That policy should be followed when an overpayment occurs.

Response:

The clerk's were informed that no altering of checks is acceptable; if a check is written incorrect we need a new check from the party.

Bank Reconciliation

Findings:

We reviewed the bank statements and the corresponding bank reconciliations of the Attorney Fax, Cash Bond, Child Support, Court Registry and Fee Accounts for October 2009 through June 2010 and identified the following internal control issues and exceptions:

1. The same check number (3871) was used twice on the Cash Bond Account. A transposition error caused the check number 3871 to be used in October 2009 out of sequence; the check was correctly issued with that number again in June 2010.
2. The balance of \$595,842.04 on the Odyssey Financial Manager register for the Civil Fee Account does not match the actual book balance of \$169,463.18 reflected on the monthly bank reconciliation. There is a difference of \$426,378.86, which consists of disbursements that have not posted to the Odyssey Financial Manager register.

Recommendations:

1. Checks should be used in sequential order. They should be reviewed prior to issuance to verify the accuracy and the number of the check. The Odyssey Check Register Report should be reviewed to ensure checks submitted for printing are in sequential order.
2. The Odyssey Financial Manager register balance should agree to the actual book balance reflected on the monthly bank reconciliation. All disbursements should be posted to the Odyssey Financial Manager register.

Response:

1. Honest error in transposing numbers.
2. This has been fixed as of January 2011. It is not balanced with the checkbook but is a lot closer to the true numbers. Still working on getting it balanced.

Report Verification

Findings:

We noted some transactions were backdated. Backdating transactions creates inaccurate accounting records.

- a.) A review of the Odyssey Trust Account reports reflected a transaction that occurred on August 17, 2010 was entered on the Odyssey system with a prior date of June 17, 2010.
- b.) A review of the Court Registry transaction report reflected a transaction that occurred on April 7, 2010 was entered on the Odyssey system with a prior date of January 19th, 2010.

Recommendations:

The backdating capability within the Odyssey system should not be turned on and available as part of the daily normal business process. If a situation warrants this procedure, an approval process should be implemented and the reason for the request should be fully documented for reporting purposes. The Auditor's office should be notified if a change has been made to a previously submitted monthly report. The transactions should be corrected with the current date and documented to identify the time period the transactions should have originally been posted.

Response:

A trust interest payment was not received and we went back and fixed the account to balance with the bank. We are no longer back dating an interest payment and if we come across this issue, we use the current date we receive it and make a comment of the period it is for.

Prior Audit Findings:

The following prior audit findings had not been corrected at the time of this audit.

Criminal Fees:

Findings:

A review of fees collected on a sample of criminal cases revealed the following:

1. Cases initially filed as felony indictments (\$133) and later reduced to a Class A misdemeanor conviction (\$83) are assessed court costs based upon the initial Felony indictment. The Consolidated Court Cost fee and the Courthouse Security fee are different based upon the degree of the charge.

2. The indigent defense fund fee (\$2) is not being assessed and collected on Criminal Cases. The District Clerk Criminal Supervisor shows 1491 criminal cases filed between April and September 2009: 1491 x \$2 = \$2982
3. Time payment fee (\$25) is not consistently assessed and collected on cases with payment plans. 10 of 124 (8%) cases sampled did not have the time payment fee collected.
4. The Drug Court Program fee (\$50) is not consistently assessed and collected on all applicable cases. 16 of 124 (13%) cases sampled did not have the drug court program fee collected.

Recommendations:

1. The Consolidated Court Cost fee and the Courthouse Security fee should be reduced from felony cost to misdemeanor cost. Please see:
 - Code of Criminal Procedure 102.017 Court Costs; Courthouse Security Fund ... (b) A defendant convicted of a misdemeanor offense in a ... or district court shall pay a \$3 security fee...
 - Local Government Code 133.102 Consolidated Fees on Conviction ... (2) \$83 on conviction of a Class A or B misdemeanor;...

District Clerk personnel should review cases reduced from felonies to misdemeanors to identify the amount incorrectly collected from payees. These incorrectly collected amounts should be returned to the payee at the earliest opportunity.

2. Verify the Indigent Defense Fund fee is being collected on criminal cases. The \$2982 should be collected from the applicable payees or remitted by the District Clerk to the county.
3. Verify the Time Payment fee is being collected on cases with payment plans. Please review cases and identify what cases should have had the Time Payment fee collected and provide the detail to the Auditor's Office by July 30, 2010.
4. Verify the Drug Court Program fee is being collected on all applicable cases. Please review cases and identify what cases should have had the Drug Court Payment fee collected and provide the detail to the Auditor's Office by July 30, 2010.

Response:

1. If the case was actually presented to us by indictment as a felony, then we charge the felony costs regardless of how it was disposed of. If it came through the grand jury and was transferred to county court as a misdemeanor, then when county sets up their case they'll use their charges.
2. The indigent defense fund is set up to be applied on all criminal cases. This fee is as of 1/1/08 on offenses dated 09/01/07.
3. I have contacted the Criminal Supervisors on this issue and they are collecting the Time Payment Fee.
4. I ran a report from the 1st of April to the 30th of November 2009 and the total amount we collected was \$9,077.44.

Auditor's Response:

1. Indictment and initialization of a case on a felony level does not mean a case will be adjudicated as a felony case. If the case results in a misdemeanor conviction, misdemeanor costs should be charged as shown in the statutes listed above. Melissa Williamson and Ted Wood from the Texas Office of Court Administration affirmed this by email on June 29, 2010. We have forwarded a copy of their email response to you.
2. If all criminal cases now have the indigent defense fund setup on them, please ensure any closed cases during the same time period had the fee collected on them. If the indigent fee was not collected on some cases the amount uncollected should be collected and remitted to the county at your earliest opportunity.
3. We request that the time payment cases be reviewed and documented when the fee was not collected by your office to inform the Auditor's Office of the amount. At a minimum, the 10 cases identified during the audit result in an amount due to the county of \$250 at this time. The amount uncollected should be collected and remitted to the county at your earliest opportunity.
4. Your report may show collections for the drug court program; however, we identified 16 cases during the audit that did not have the fee charged. We request that the drug court cases be reviewed and documented when the fee was not collected by your office to inform the Auditor's Office of the amount. At a minimum, the 16 cases identified during the audit result in an amount due to the county of \$800 at this time. The amount uncollected should be collected and remitted to the county at your earliest opportunity.

Response:

1. We are in the process of fixing this problem. We have run reports and are going through them. As far as any charges that have been reduced from when we went live (December 6, 2010), they should have the corrected fees.
2. This fee was set up to be applied on all criminal cases as of January 1, 2008 but anything prior to that we will not go back and collect on.
3. The Time Payment fee is assessed on all criminal cases but it may be a fee that is at the bottom of the bucket. (which means it would be one of the last paid)
4. Only Drug and DWI cases have this fee assessed with the other court cost and fines.