COLLIN COUNTY

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Date: April 13, 2011

To: Ms. Patricia Crigger, District Clerk

From: Jeff May, County Auditor

Subject: Fourth Quarter FY10 Audit and Change of Office Audit - Final

Internal audit began an examination of books and records on November 30, 2010 for the County Auditor quarterly audit requirements and due to change in the elected official. The audit objectives were to ensure county property and receipts and disbursements were promptly accounted for, accurately recorded, properly disbursed and safeguarded.

The time period reviewed was July 1, 2010 through September 30, 2010. A change of office review was also conducted covering the period from October 1, 2010 to December 31, 2010. The audit procedures included performing a cash count; a test of deposits, disbursements and bank reconciliations; a 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 you on February 14, 2011.

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

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 and identified the following internal control issues and exceptions:

1. Check number 3940 for $26,425 issued from the Cash Bond account and check number 260 for $6 issued from Criminal Court Cost account were not documented in the AS400 check register, but cleared the bank per the August 2010 bank statement.
2. The end of the month balance of an account should be the beginning balance of the next month. The AS400 check register ending balance of Cash Bond account for September 2010 was $684,920 and the beginning balance of October 2010 was $679,010; the difference of $5,910 was not identified.
3. Check number 3973 for $5,910 issued from Cash Bond account was not documented in the AS400 check register, but cleared per October 2010 bank statement. The same check was documented as void in the November 2010 check register.
4. The asset to liability statement of Cash Bond account documented a difference of $3,500 for all the months during the audit period and the reason for the difference was not identified. Also, the list of outstanding cash bonds documented in the Odyssey system was incomplete.
5. On December 20, 2010 a total of $2,274.02 was deposited in the Criminal Court Cost account per the Odyssey transaction detail report and $2,239.02 was deposited per the bank statement. Documentation for the shortage of $35 was not available.

Recommendations:

The following recommendations should be implemented to strengthen efficiencies and internal controls:

1. The check register should be reviewed to ensure all issued checks are posted to the system.
2. The beginning balance of a month should be same as the ending balance of previous month. Variances should be researched and resolved.
3. A check cleared by the bank should not be documented as a void check on the check register. The discrepancy should be researched and resolved.
4. The difference in the asset to liability statement of Cash Bond account should be identified and reconciled. The list of outstanding cash bonds listed in Odyssey should be balanced with the cash bond bank reconciliation.
5. The deposit variance should be documented and the shortage of funds, if any, should be replaced.

Response:

1. This was a manual check that was written to pay out old cash bonds and the check didn't get put into the system manually until September 7, 2010. I forgot to go back in and manually add it to our check register. Same issue in the Criminal Court Costs account; a manual check was written for outstanding fees that we received from an online transaction but nothing was ever entered into the AS400.
2. Check #3973 was not dated correctly when it was written. The check was dated September 1, 2010 and should have been October 1, 2010. This was not fixed until November 2, 2010 when I was reconciling the account and found it. This caused the original report to be off. This issue is now fixed.
3. The reason it didn't show up is because of the date that it was originally entered.
4. This amount has been off since I came into the office. I know that previous staff worked on this issue for quite some time and was able to find that somewhere in the hand written book was the problem. We aren't able to identify the exact bond.
5. The deposit for December 20, 2010 was $2,244.02 and then when it was exported it showed $2,274.02. I am not sure what the $30.00 difference is but I think it has to do with an adjustment that was done. I went back and looked at the reports for that day and the adjustment till balance report isn't showing anything. I will continue to research.

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.

Auditor's Update on Prior Audit Findings:

1. The District Clerk is currently working on this problem.
2. The $2 Indigent Fee has not been assessed or collected on any of the 25 reported cases for a total of $50 that is still due to the County. Of these cases, 15 are open and have outstanding balances. The $2 fee should be added to the total assessment on each of these cases. The remaining 10 cases show that they are paid in full and are closed in the system. These cases should be re-opened in order to properly assessed and collect the Indigent Fee. The total amount due should be collected from the all applicable payees or be provided by the District Clerk and remitted to the County.
3. The Time Payment Fee of $25 has not been assessed or collected on 10 of the originally reported cases. This is a total of $250 that is still due to the County. Of these cases, 5 are open and have outstanding balances. The Time Payment Fee should be added to the total assessment on each of these cases. The remaining 5 cases are paid in full and are closed in the system. These cases should be reopened in order to properly apply and collect the Time Payment Fee. The total amount due should be collected from the all applicable payees or be provided by the District Clerk and remitted to the County.
4. The Drug Court Program Fee of $50 has not been assessed or collected on 16 originally reported cases. This is a total of $800 still due to the County. Of these cases, 8 are open and have outstanding balances. The Drug Program Fee $50 should be added to the total assessment on each of these cases. The remaining 8 cases are paid in full and are closed in the system. These cases should be reopened in order to properly apply and collect the Drug Program Fee. The total amount due should be collected from the all applicable payees or be provided by the District Clerk and remitted to the County.