



# COLLIN COUNTY

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Date: July 7, 2011  
To: Judge Johnny Lewis, Justice of the Peace 3-1  
From: Jeff May, County Auditor   
Subject: Third and Fourth Quarter FY10 Audit Results - Final

Internal audit began an examination of books and records on December 2, 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 June 8, 2010 through September 30, 2010. The audit procedures included performing a cash count and a test of deposits, disbursements and bank reconciliations.

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 conference was held with you on March 8, 2011.

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

## Bank Reconciliation

### Fee Account

#### Findings:

1. The September Bank Reconciliation includes checks that have been outstanding for more than 6 months and up to 3 years; deposits in transit for more than 1 month and up to 3 years; and unrecorded book entries for more than 1 month and up to 3 years.

Year	Outstanding Checks		Deposits in Transit		Unrecorded Book Entries	
	Qty	Amount	Qty	Amount	Qty	Amount
FY 07	5	\$ 145	1	\$ 72	3	\$ 303.98
FY 08	8	\$ 71	1	\$ 175	18	\$ (59.50)
FY 09	7	\$ 83	10	\$ (224)	13	\$(361.92)
FY 10	6	\$ 43	4	\$ 339	17	\$(3,263.22)
Total	26	\$ 342	16	\$ 362	51	\$(3,380.66)

2. There are unidentified differences between the adjusted book balance and the adjusted bank balance for 4 of the 6 months in the audit period.

Month	Adjusted Book Balance	Adjusted Bank Balance	Difference
June	69,790.07	69,173.32	616.75
July	64,104.36	64,116.16	(11.80)
August	4,200.62	3,816.87	383.75
September	55.62	(302.13)	357.75

3. There were 3 manual deposits entered directly into the Odyssey Financial Manager (OFM) on July 22, 2010, instead of into Case Manager (CM) and exported to OFM.
  - Deposits of \$755, \$75 and \$180

#### Recommendations:

1. Make the corrections and adjustments carried over on the September bank reconciliation, so the only outstanding items are from the current time period.
  - Outstanding checks: Checks outstanding for more than 6 months should be investigated. If the check has been lost or damaged it should be voided and a new check issued.
  - Deposits in transit: If a deposit has been made and is not reflected in the bank records within one business day it should be investigated and resolved immediately. There should never be a deposit in transit for more than one business day.

- Unrecorded book entries: All bank charges, credits or adjustments that are not recorded in the agency books by the time the bank reconciliation is performed should be recorded in the subsequent month.
- 2. The adjusted book balance and adjusted bank balance should have a difference of \$0; the \$357.75 difference in September should be identified.
- 3. Case transactions should be entered into Case Manager (CM), not into Odyssey Financial Manager (OFM). If a financial entry is applicable to a case, entering the transaction directly into Financial Manager will result in an entry that will not be applied to the case, because entries do not move from OFM to CM, only from CM to OFM.

**Response:**

1. & 2. The vast majority of these differences are pre-Odyssey, AS400 conversion seeding issues prior to going live on Odyssey, which created incorrect balances. With the recommendations and assistance from Tyler, the most recent reconciliation reflected a correct balance.
  - Letters have been mailed to the recipients of the outstanding checks. Upon return of the responses from these recipients, outstanding checks will be voided and replacement checks will be issued. Those in which no response is received; these will be voided and forwarded to the Treasurer's office.
  - These are not actual 'deposits' in transit. These were outstanding on AS400 cases that were not on Odyssey, and each entry has been identified and corrected.
  - Similar to the 'deposits' in transit, these were outstanding issues on AS400 cases and were not on Odyssey and have been identified and corrected.
3. These were AS400 cases that were not properly seeded in Odyssey, and, with recommendations and assistance from Tyler have been corrected.

**Report Verification**

**Disbursements**

**Findings:**

1. A Fee Account check was queued in Odyssey on September 24, 2010 for \$15, but never issued.
2. Checks for funds collected weekly were not issued by the following week.
  - Fee Account: Out of a sample of 9 checks, we found that 5 were not timely issued from the receipted date.

Check #	Disbursed	Amount	Receipt	Days	Description
2680	07/21/10	\$130.00	06/24/10	27	Out of County
2698	08/20/10	\$776.00	07/14/10	37	Refund
2712	08/20/10	\$ 24.41	03/31/10	142	Interest
2714	08/20/10	\$ 3.10	05/31/10	81	Interest
2729	08/24/10	\$ 20.84	07/31/10	24	Interest

- Bond Account: Out of a sample of 9 checks, we found that 2 were not timely issued from the pre-trial date.

Check #	Disbursed	Amount	Receipt	Days	Description
1623	08/30/10	\$ 428	05/28/10	94	Refund
1625	08/30/10	\$ 428	05/28/10	94	Refund

### **Recommendations:**

1. The queued check should be issued or removed from the queue, if it is not an appropriate disbursement.
2. Receipted funds should be disbursed the week following their collection.

### **Response:**

1. This was corrected on Odyssey December 20, 2010.
2. Timely out of county checks and refunds have been corrected by instituting weekly disbursements. The interest inaccuracies were a result of inconsistent reconciliations. This interest is now compiled by the bank.

The cash bond from Collin County Sheriff's office was receipted March 31, 2010. Defendant came in April 8, 2010 and entered plea of not guilty. Pre-trial was May 28, 2010. Cash bonds have to be held until after pre-trial findings, at the time, the court was unaware of an accurate report for bonds. New procedures are in place to track timelines and to prevent delays in processing bonds.

## **Receipts**

### **Findings**

1. The \$6 judicial support fee was not split between the state (\$5.40) and the county (\$0.60) on one case. Reference: Govt. Code 102.0212 and Local Govt. Code 133.105
2. An \$8 indigent fee was charged instead of \$6 on one case. Reference: Local Govt. Code 133.153
3. A time payment fee was unrecorded on one case. The \$180 charge was adjusted to \$150 per a DA agreement and the office actually collected \$175; which should include a time payment fee.

### **Recommendations:**

1. Correct the receipt to ensure county payments are made correctly to the state. Verify that clerks are aware of the correct amount that should be charged.
2. Correct the receipt to ensure county payments are made correctly to the state. Verify that clerks are aware of the correct amount that should be charged.
3. Fees should be broken out correctly on the case so they are reported correctly to the county.

### **Response:**

1. This was an AS400 case from 2009 that was closed with community service. It is uncertain whether or not these fees were initially set up by a JP office in AS400, possibly these were set by I.T.
2. This \$2.00 overcharge has been corrected.
3. This has been corrected

## **General Controls**

### **Findings**

1. JP 3-1 is not remitting the funds it collects to the county on a weekly basis. There were 17 weeks in the audit period; 2 of those weeks included a month end. When the month ends in the middle of the week, 2 checks are required – one for month-end and one for the remainder of the week. There should have been 19 checks written to the county. However, there were only 10 checks written to the county during the audit period.
2. A random sample of 25 dismissed cases were chosen with the following findings:  
A Motion to Dismiss was not notarized.  
A Motion to Dismiss was not signed by judge.
3. When reviewing receipts we identified:
  - 4 disposed or dismissed cases with an amount due showing on case.
  - A case was dismissed and the Judge's signature did not appear on any dismissal documents in the electronic file.
  - A case was deleted from Odyssey. Cases entered by a JP that are from another jurisdiction in the county are deleted from the system instead of reassigned on the system.

### **Recommendations:**

1. There should be a check written to the county on the next business day after closing the week. Also, a check that captures less than a week at the beginning or end of a month should be remitted on the next business day.
2. Case documentation should have an authorized signature on them.
3. Closed cases should not show an amount due. Dismissed cases should have an authorized signature on the documentation. Cases entered into the wrong jurisdiction in the county, should be reassigned to the correct court and not deleted.

**Response:**

1. & 2. This has been addressed through intra-office training.
3.
  - On one of these cases, the charge just needed to be reversed to reflect no amount due and that has been done. The others are cases that were closed but have a non-sufficient funds check, therefore creating an outstanding balance
  - This has been addressed through intra-office training
  - This was a civil case that was accidentally entered as an eviction case. The error was immediately noticed, and the eviction case was deleted to not show as an actual case in the court. It is now understood that the proper process was to close the case. The plaintiff in the civil case opted not to file the case that day and the paperwork and cash were returned to the plaintiff. This information has been confirmed with the plaintiff.