



# 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: March 26, 2012  
To: Robert Hughes, CSCD Director  
From: Jeff May, County Auditor   
Subject: Third and Fourth Quarters FY11 Audit Results - Final

Internal Audit began an examination of the CSCD financial books and records on November 15, 2011 in accordance with Texas Local Government Code § 115.002. The audit objectives were to provide reasonable assurance receipts were promptly accounted for, accurately recorded and properly disbursed, and the internal controls were sufficient to protect County assets.

This review covered the period between April 1, 2011 and September 30, 2011. The audit procedures included a cash count, a test of deposits and receipts, a verification of disbursements, a review of the fee schedule and an examination of other financial aspects of your office.

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.

CSCD office personnel were extremely helpful and courteous in assisting with the quarterly review. An exit conference was held with you on January 25, 2012.

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

## **Bank Reconciliation**

### **Prior Audit**

#### **Finding:**

The bank reconciliation for the General Fund Credit Card Payment account was not completed.

#### **Recommendation:**

Proper internal controls require a bank reconciliation to be completed for each statement reporting period for all accounts on timely basis.

#### **Response:**

On 7/20/11, Kate Lynch from Certified Payments, Auditor, Shannon Criger/CSCD and Amy Frazier/CSCD met; the meeting was beneficial. Kate was able to provide Amy Frazier and Shannon Criger with a spreadsheet as described below; Shannon and Amy also met with the auditor on 01/12/12 which was helpful by the creation of a consistent reconciliation graph. These two things played a key role in being able to reconcile 10 months within the six weeks.

Before the July 2011 and January 2012 meetings:

It was impossible to determine which payment/offender made up which deposit. In the July 2011 meeting, Kate was able to provide CSCD with an Excel spreadsheet to be imported from Certified Payments. The spreadsheet was helpful in making this determination. Prior to this meeting, this particular issue was extremely vague. It was difficult to move forward without knowing the amount to be carried as the deposits in transit for the following month.

Shannon and Amy scheduled and devoted at least a couple of days per month to work on this task. Deposit graphs were created, the ability to import said spreadsheets as part of the monthly reconciliation process was completed, and comparisons to the bank statement in order to determine the deposits in transit amount were established.

Once those were created and in place for a few months, reconciliation for the months of January-March, 2010 were attempted but issues of inconsistent results surfaced. The theory that worked for one month, would not work for the following month.

In January 2012, when Shannon and Amy met with the auditor regarding the issue of the reconciliation graph and the inconsistencies mentioned. The auditor requested copies of January-March 2010 graphs and bank statements. After review of such, the auditor scheduled a meeting with Shannon and Amy to go over the procedure. The deposit and

reconciliation graphs were complete, but the numbers still did not match or reconcile. In the meeting with the auditor, several issues were reviewed where web payments are concerned such as "deposits in transit" vs. "to be receipted" balances, to carry or not to carry credits on the deposit graph, to show or not to show them on the reconciliation graph, and the way CSCD staff uses midnight as a cut off time while Certified Payments uses 4:00am. The time difference affected the Excel worksheet and bank statement process. What to carry and where on the reconciliation graph provided by the auditor was determined. Since that date, Shannon and Amy have completed/reconciled April – November, 2010. Basically, reconciled 11 months in a couple of weeks.

December 2010 has a discrepancy of \$50.00 and under the advice of the auditor, Shannon and Amy continued by moving forward to see if the discrepancy cancels out in the following months.

While working on the March 2011 report, Shannon and Amy met the challenge of a Certified Payment glitch in the way payments cleared as well as an issue with the Certified Payment server.

On February 2, 2012, Kate Lynch at Certified Payments was contacted. This is still pending.

This is a priority task and will be so until the account is current. Aside from the issue found with Certified Payments in March, some set-backs are anticipated once we get into June, 2011 due to chargeback issues and several transactions between the General and Credit Card Payment account, expected completion date is estimated to be April 1, 2012.