



# COLLIN COUNTY

OFFICE OF COUNTY AUDITOR  
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Date: March 7, 2012  
To: Judge John Payton, Justice of the Peace-Precinct 3-2  
From: Jeff May, County Auditor   
Subject: Second Quarter FY11 Audit Results – Final

Internal Audit began an examination of the Justice of the Peace, Precinct 3-2, financial books and records on July 6, 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 from January 1, 2011 to March 31, 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. This review was not intended to be a comprehensive examination of every procedure, activity, or control. Accordingly, the findings and recommendations presented in this report should not be considered all-inclusive of the areas where improvements may be needed.

Your office personnel were extremely helpful and courteous in assisting with this review. An exit conference was held with you on September 14, 2011.

Please feel free to contact us with any questions you may have.

## **Bank Reconciliation**

### **Findings:**

- 1) General/Fee Account-The bank reconciliations provided by JP 3-2 did not match the bank balance(s) with the book balance(s) for any month during the audit period.

Escrow Account-JP 3-2 did not provide bank reconciliations for any month during the audit period.

The Registry and Trust Account report which identifies all case files with current cash bond payments does not match the Escrow Account book balance.

- 2) General/Fee Account-During the review of the March 2011 bank statement reconciliation for the General/Fee Account, there were eight outstanding checks that are considered to be stale dated. All the checks were written on or prior to 2/12/10, totaling \$716.50.

Escrow Account-During the review of the March 2011 bank statement for the Escrow Account, there were six outstanding checks that are considered to be stale dated. All the checks were written on or prior to 3/3/10, totaling \$1,542.84.

### **Recommendations:**

- 1) JP 3-2 should reconcile their bank and book balances on a monthly basis for both the General/Fee Account and the Escrow Account per the Collin County Internal Control Policy (Court Order No. 2003-728-09-23). The monthly reconciliation should compare the book and bank ending balances and identify and explain any differences between the two balances. This ensures that all financial transactions recorded by the bank are valid, accurate, and agree with the agency financial records. It also ensures that valid transactions initiated by the bank are documented in the agency financial records accurately and timely. Any discrepancies that are not explained in the reconciliations should be investigated to ensure the proper protection of County funds.

The Registry and Trust Account report should be reconciled monthly with the Escrow Account to accurately identify liabilities. All variances should be identified and explained on the reconciliation.

- 2) The stale-dated checks should be researched for the reason they are still outstanding and if the check is stale-dated, the office should void the check. Then issue a check to the Auditor's office for the amount of the outstanding check (please include information about the outstanding check). This procedure can be done once a quarter.

**Response:**

- 1) During the conference with the auditors, they agreed that Odyssey is not a reliable balance and will seldom be a reliable source for a reconciliation purposes. The tills are balanced nightly, weekly and monthly. The credit card vendor we use is balanced with our tills every night, week and month and also reconciled against the credit card vendor's monthly statement. Any and all county funds are properly accounted for and dispensed to the proper agencies on a daily, weekly and monthly basis, *i.e.*, county, state, law enforcement and non-law enforcement. We use Quick Books for the monthly reconciliation along with the check register and bank statement because of the unreliability of Odyssey. Our numbers are representative of a true balance. We balance each month by using Quick Books as a separate worksheet because Odyssey is unreliable. All checks and deposits, both clear and not cleared, do show in Quick Books.

Quick Books and checkbook balanced January 2011 thru March 2011. There was no activity of funds in this account during that time period.

This was due to a Civil Appeal filed with JP 3-2 and sent to County Court at Law Clerk. Odyssey does not match names up with balances. Auditor said that they would work on this. This has been handled by us using Quick Books and any discrepancies are documented immediately and reported to the auditor's office thru email where we seek their advice on how to handle any discrepancies. Please see attached emails where we have corresponded with the auditor's office.

- 2) We did not receive notice of the county's policy and procedure on stale-dated checks until June 22, 2011 (see email attached), which is clearly well after this audit period. Now that we know what the county's procedure is for stale dated checks we will implement that process. Now that we have this in writing, we will handle this matter in this fashion. In the past, we have requested that the auditor's office put in writing some form of procedure of how to handle the bookkeeping end of stale-dated checks. We have never been given anything in writing and as each different auditor comes thru, they have a different procedure. We have continued the ongoing investigation of the stale-dated checks as we always have. However, it takes a period of time to find where these stale-dated checks are and trying to track them down. Now that we know we can use this like the Comptroller's office we will be tracking those checks down. If they are not traceable, we will be issuing a new check and sending it to the Auditor's office per their standards.

**Auditor's Response**

The Odyssey system does not currently provide a complete bank reconciliation. It does not compare the bank and book balance and identify the differences between the two. Therefore, it is not sufficient for audit purposes. Until this report is changed, the Auditor's office will not use the Odyssey generated bank reconciliation to verify financial information.

A change request for consideration of this enhancement has been submitted to Tyler Technologies and is currently under review.

The Odyssey book balance is a reliable balance and must be reconciled to the bank balance on a monthly basis. Any unidentified differences between the two balances should be investigated and identified. These differences represent activity that has been recorded in one but not both of the financial records (book and bank).

Odyssey is the official record of the County's finances, JP 3-2 should use the Odyssey month end book balance to reconcile to the bank. Additionally, the Auditors office will use the Odyssey month end book balance to verify financial records and any discrepancies will be noted.

Personal computers should not be used to conduct County business. QuickBooks installed on an employee's personal computer should not be used to record County financial transactions. County financial records such as bank reconciliations should not be generated and stored on personal computers. Additionally, any software that is placed on County computers must be approved and must be installed by the Information Technology department.

The Escrow Account book balance must be reconciled monthly to the Escrow Account bank balance. During the months of January and March 2011, the Escrow Bank Account showed activity. In the event there is no activity present on the bank statement, the Odyssey book balance must be reconciled monthly to the bank balance. This ensures all transactions that occurred in the office are reflected on the bank account.

The balance reflected on the Registry and Trust Account report should be the same balance as what is represented in the Escrow Account. The office should ensure the ending balance is the same total as the balance in the Registry and Trust Account monthly. When differences are found on a monthly basis, it is then easier to find and fix the differences in Odyssey.

## **Report Verification**

### **Findings:**

- 1) We found that the Juvenile Case Manager Fee of \$5 has not been applied to convictions or deferred adjudications on fine-only misdemeanor offenses as per the Texas Code of Criminal Procedure CCP 102.0174(c): "...require a defendant convicted of a fine-only misdemeanor offense in a justice court, county court, or county court at law to pay a juvenile case manager fee not to exceed \$5 as a cost of court." Of twenty-nine receipts sampled we found ten instances where the Juvenile Case Manager Fee should have been applied but was not.

The fee schedule for fiscal year 2011 was approved by Commissioners Court on September 13, 2010, court order number 2010-735-09-13. The Auditor's office used this fee schedule to perform the review of fees collected by the office.

Commissioners Court authorized the request to create a Juvenile Case Manager Fund per the Texas Code of Criminal Procedure Section 102.0174(b), on May 9<sup>th</sup>, 2011, court order number 2011-304-05-09.

- 2) We found that the Cost on Conviction Fee of \$0.10 was not correctly applied to moving violations as per CCP 102.022(b): "A defendant convicted of a moving violation in a justice court, county court, county court at law, or municipal court shall pay a fee of \$0.10 as a cost of court." Moving violations are defined in Table 1 of The Texas Administrative Code Title 37, Part 1, Chapter 15, Subchapter D, Rule 15.89. As of 1/1/10 the Justice Court Convictions Court Cost Chart has been changed to reflect the addition of the Cost on Conviction Fee of \$0.10  
[www.courts.state.tx.us/oca/pdf/JusticeCourtConvictionsCourtCostChart.pdf](http://www.courts.state.tx.us/oca/pdf/JusticeCourtConvictionsCourtCostChart.pdf)

Of twenty-nine receipts sampled we found one moving violations where this fee was not applied to the charge and should have been. We found four (4) non-moving violation where the fee was applied and should not have been.

The following is a list of fees charged incorrectly:

Ticket Date	Case	Charge	Amount collected	Correct Amount	Difference
09/26/10	32-TR-10-02008	Driving 1-20 over	180.00	180.10	(0.10)
10/14/10	32-TR-11-00008	Expired inspect. cert.	160.10	160.00	0.10
11/11/10	32-TR-10-02364	Expired inspect. cert.	160.10	160.00	0.10
12/01/10	32-TR-10-02623	Expired inspect. cert.	150.10	150.00	0.10
12/20/10	32-TR-11-00098	No valid inspect. cert.	160.00	160.00	*

\*internal adjustment between funds that made no difference in the total charge-This offense is not considered a moving violation according to the above referenced table, so the reduction to the fine in order to pay the \$0.10 moving violation fee should not have been made.

**Recommendation:**

- 1) When fee schedules are changed, updates need to be made immediately in the system and the staff needs to be notified to ensure the correct fees are charged.
- 2) The fee should be applied in compliance with the Code of Criminal Procedure Article 102.022.

**Response:**

- 1) In reference to the finding of the Juvenile Case Manager fee: This audit period covered January 1, 2011 thru March 30, 2011. What is interesting is two-fold; 1) is that we have an email attached showing where this was not even approved by Commissioner's Court until May 9, 2011, and was approved September 13, 2010 for fiscal year 2011. However, the Juvenile Case Manager Fund for the Texas Code of Criminal procedure was not approved and voted by Commissioner's Court to be collected until May of 2011, 2) see attached email.

Fee Schedule for fiscal year 2011: The fee schedule comes with 30-40 pages with 25-30 different fees on the fee schedule, and then we have to go thru the fee schedule and take out each individual Justice Court fee rather than receiving some kind of email or some form of a heads up that says, 'hey we are going to be collecting this fee now and we are going to go before Commissioner's Court so you need to be looking for this fee to be added to your schedule". So there should be a better way to notify the JP Courts that a new fee will be hitting the fee schedule, especially since the fee is retroactively put into place. The ability to collect the fee was not put into place until May 9, 2011.

We did not have the authority to go into the system and make changes to the system and, with only one person being able to have control over that, which makes sense, so that everyone does have the ability to go into the county wide system and change things. That one person had Court Administrator duties and did not have the time to be able to go into constantly and spend 8 hours a day in Odyssey. Now that we have a functional analyst, being able to keep up this up to date on a daily basis should not be an issue and should be able to stay on top of the fee schedule, not to mention the fact that the fee schedule has become very voluminous and as a result of having so many fees, there will be times a fee is missed based on the fact that there are so many to read thru and go thru each time the fee schedule is updated. There has to be a way to pull out the JP Court fee schedule out from everybody else's so we go and identify those fees and have those updated. Again, a functional analyst position that we have now received should resolve this problem, but we had no control over being able to go into the system and make those changes immediately.

- 2) During this period of time, we have had one person, a Court Administrator, who has a lot of other duties, that was responsible for inputting all the fees and change updates. Individual Courts did not have the ability to go in and add fees to different cases that it would be applied to and as a result, sometimes if the fee did not get to that Court Administrator in a timely manner, then that fee did not get updated into the cases themselves and as a result, we were not applying the .10 fee because we did not have the .10 fee inputted on the case itself. We did not do an addendum the actual case file and add the .10 in. So during this audit period, it was hard to collect this fee because we were not

able to go in and change the system to change all the moving violations that fall into Texas Administrative Code to add that .10 fee in. Now that we have a functional analyst, this should make this a lot easier because it is part of the functional analyst's job to maintain Odyssey and maintain the fee schedule within Odyssey as well.

We agree, we do not disagree with this, they should be in compliance with the Code of Criminal Procedure. Here again, it was not updated in the system for lack of desire to do so, but because of the fact that we did not have control over the system.

## **Disbursements**

### **Finding:**

There were two checks that were manually processed and never reflected on Odyssey Case Manager.

### **Recommendation:**

All disbursement checks should be properly documented and recorded on Case Manager as well as Financial Manager. This procedure ensures that checks written get recorded on the check register.

### **Response:**

The checks were properly disbursed manually by the Court Administrator and properly taken out of the Odyssey Financial Manager. However, the Court Administrator did not know she had to go over to the Case Manager side of Odyssey as well. Once we were notified of this we corrected the situation. It will be done on both sides of Odyssey; it was strictly from not knowing it needed to be done.

## **General Controls**

### **Finding:**

During the audit period of January to March 2011, there were thirty-six cases that were deleted from Case Manager on Odyssey. We sampled fourteen percent of the cases. There were no documented reasons why the sampled cases were deleted.

### **Recommendation:**

Records of all cases that are deleted on Odyssey should be properly maintained for future review. Every deleted case should include a print screen of the case to be deleted from Odyssey showing-case number, parties, date, and type of case. This print out should also state the reason for deleting the case, the deletion date, and the new case number added (only if added in the same court).

**Response:**

In reference to the 36 cases deleted from Case Manager on Odyssey: First of all those were double entries that were made by either Department of Public Safety into our system or by the school district made into our system. When we were made aware that there were duplicated cases and they should not have been charged the same multiple times, we went in, per request (per email) of the agency and we deleted the additional case out that did not belong there and put into the Case Manager side that the case had been duplicated and that was the purpose of deletion. However, screen shots were not printed to show that in paper form because we were trying to go paperless and use the electronic form file as the way to explain the reasoning for the deletion of the case. Now we require any request to delete a case must be in writing, stating the case number and the purpose of the deletion and any case number used to replace the deletion. Now there is a print out of each screen shot from start to finish of any deleted case and the print outs are kept in a binder in the office to justify the deletions, so therefore we have corrected the process.

Also, we were putting in the system if it was a duplicate case, but now that we are aware of the fact that the auditor's office wants a print screen of what is already on the Odyssey case file, we will begin that process. However, because there is no county wide Auditor's Financial Bookkeeping and Case Management Auditing Practices Manual, it makes it difficult to know from auditor to auditor what they prefer. This auditor prefers that we do a print screen and of additional information for deleted cases. We may have an auditor three quarters from now that does not want it done that way, but wants it done a different way as this has happened over the course of 22 years in my experience with auditors. I will give you an example, several years ago we had been written a hot check, we followed the process of one of the auditors that told us how to go about collecting a hot check and how to process a hot check. Two quarters later another auditor came in, saw we had a hot check and we showed him the process we told to do and we were told "do not do that process, do this process instead". We did not get written up for it because we followed the process of the auditor two quarters ago. However, it was noted on our audit that it was a finding, and in fact, it was not a finding but an opinion of another auditor changing the practices of another auditor prior to. An Auditor's Practice Manual would make it easier because then we would all be on the same page and have to follow the same rules. Again, we are documenting and we are following a process, that may not be the process that that auditor wants us to go by, but it is a process that is giving us the same point that the auditor wants us to get to which is a cleanup of all case files, zero balance at the end of the month and reconciliation. And so at this point we asking for, again, if you will look at my previous audits, I have asked for this throughout the 22 years I have been in office, can the auditor's office please come up with an Auditing Practices book or manual that will tell us the general guide lines they would like us to go by so that we can avoid these kinds of findings and misunderstandings.

We already do state the reason for deleting the case, what we do is put duplicate, when it is a duplicate case, if there is another reason, we put that reason. We also

add the deletion date. We have not added the new case number because generally there is a duplication and not necessarily a new case number. However, we will, from now on, be putting them down the duplicating case number.

**Auditor's Response**

The County Auditor is committed to keeping up to date with and continuously improving on internal controls over County assets. In an ever changing audit environment, recommendations to mitigate the risk of loss to the County can and will change.

Tracking deleted cases is a function we now have with the Odyssey system which did not exist on the prior system. As an added benefit of ensuring sound internal controls; this process allows for reviewing cases that have been deleted to validate the cases have been appropriately deleted from the system. In addition, this offers protection to employees that are performing their job correctly.

The County Auditor has a Cash Handling Policy, Internal Control Policy, and Fraud Policy located on the Collin County Intranet website. These policies do not encompass every activity or procedure in all offices.

**Brenda Terrell**

" Fee for  
Juvenile  
Case Mgr. "

**From:** Brenda Terrell  
**Sent:** Wednesday, April 27, 2011 1:55 PM  
**To:** Randall Rice  
**Subject:** RE: New JP Fees

Thank you for the update.  
Brenda

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**From:** Randall Rice  
**Sent:** Wednesday, April 27, 2011 1:30 PM  
**To:** Judge Paul Raleeh; Betty Wolff; Brenda Terrell; Judge John E. Payton; Judge Johnny G. Lewis; Judge Mike Yarbrough; Judge Douglas; Misty Beaty; Shannon Williams; Darla Boone  
**Cc:** Jeff May  
**Subject:** RE: New JP Fees

Judge

We will not add the fees to the past cases, but we are going to allocate what has been collected for courthouse security since Sept 1, 2005 to the new fund. That will include any fees collected through yesterday. I understand the fee code was changed last night. When we have the amounts allocated to the new fund, we will let the justices know how much was collected in each of their courts that was allocated to the new fund.

Randall

**From:** Judge Paul Raleeh  
**Sent:** Wednesday, April 27, 2011 1:15 PM  
**To:** Betty Wolff; Brenda Terrell; Judge John E. Payton; Judge Johnny G. Lewis; Judge Mike Yarbrough; Judge Douglas; Misty Beaty; Shannon Williams; Darla Boone  
**Cc:** Randall Rice; Jeff May  
**Subject:** RE: New JP Fees

All,

Regarding the JP Building Security Fund and the Juvenile Case Manager Fund - I just got off the phone with Randall Rice and confirmed that we will not have to change any past cases to add these fees. The fee will automatically be added to all new cases from the time Shannon got it active. So business as usual. The Auditor will go back and add the fees to past cases.

PMR

**From:** Judge Paul Raleeh  
**Sent:** Wednesday, April 27, 2011 10:58 AM  
**To:** Betty Wolff; Brenda Terrell; Judge John E. Payton; Judge Johnny G. Lewis; Judge Mike Yarbrough; Judge Douglas; Misty Beaty; Shannon Williams; Darla Boone  
**Subject:** RE: New JP Fees

Betty,

✓ Yes the Commissioner's Ordered the full \$5.00 - It is my understanding that we are collecting from the point when Shannon gets it set up. I am in discussions right now with the Auditor on how this could have been approved by the Court and nobody told us. Yes 45.056 is mostly juveniles but we will be collecting this fee on all fine only offenses. As far as the expenditure, all the Judges can discuss that at a later time. Whether you call it a Teen Court Coordinator or a Juvenile Case Manager will most likely be the question.

PMR

*Juvenile Case Manager*

**From:** Betty Wolff

**Sent:** Wednesday, April 27, 2011 9:37 AM

**To:** Judge Paul Raleeh; Brenda Terrell; Judge John E. Payton; Judge Johnny G. Lewis; Judge Mike Yarbrough; Judge Douglas; Misty Beaty; Shannon Williams; Darla Boone

**Subject:** RE: New JP Fees

Thanks for the explanation. Did the Commissioners "order" the courts to collect the full \$5? And are we supposed to add the fee into any cases that were put on the system after Jan 1 this year or just go with the cases added from today forward?

Doesn't CCP 45.056 deal mostly with truancy? My rough estimate is that for the 5 courts the fee will come to around \$140,000 per year. That's a lot of salary for a truancy case manager - not a Teen Court Coordinator, because what we have here with teen court - the cases they pull in have nothing to do with Sections 25.093 or 25.094 of the Education Code.

*Betty Wolff*

Justice Court - Pct 4

8585 John Wesley Drive #130

Frisco Texas 75034

[bwolff@co.collin.tx.us](mailto:bwolff@co.collin.tx.us)

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**From:** Judge Paul Raleeh

**Sent:** Tuesday, April 26, 2011 5:48 PM

**To:** Brenda Terrell; Judge John E. Payton; Judge Johnny G. Lewis; Judge Mike Yarbrough; Judge Douglas; Misty Beaty; Shannon Williams; Darla Boone; Betty Wolff

**Subject:** RE: New JP Fees

Well it is a long story but since you asked...

Judge Payton questioned why there was no money in the Building Security Fund - I believe that started the Auditor looking at our fee schedule - It was noticed that we were not collecting the Juvenile Case Manager fee.

The legislator passed the law in 2005. It gave Commissioner's Court the right to authorize us to collect a fee [not to exceed \$5.00 on every case] to be used to fund a JP Juvenile Case Manager. In January of 2011, the Court approved the fee but nobody told us [that is another story].

Now that we know, Shannon is setting it up. We should have started collecting this in January of 2011.

That's the Readers Digest version - hope it answered your question. below is a clip of the statute...

Art. 102.0174. COURT COSTS; JUVENILE CASE MANAGER FUND.

(a) In this article, "fund" means a juvenile case manager fund.

(b) The governing body of a municipality by ordinance may create a juvenile case manager fund and may require a defendant convicted of a fine-only misdemeanor offense in a municipal court to pay a juvenile case manager fee not to exceed \$5 as a cost of court.

(c) The commissioners court of a county by order may create a juvenile case manager fund and may require a defendant convicted of a fine-only misdemeanor offense in a justice court, county court, or county court at law to pay a juvenile case manager fee not to exceed \$5 as a cost of court.

(d) The ordinance or order must authorize the judge or justice to waive the fee required by Subsection (b) or (c) in a case of financial hardship.

(e) In this article, a defendant is considered convicted if:

(1) a sentence is imposed on the defendant;

(2) the defendant receives deferred disposition, including deferred proceedings under Article 45.052 or 45.053; or

(3) the defendant receives deferred adjudication in county court.

(f) The clerks of the respective courts shall collect the costs and pay them to the county or municipal treasurer, as applicable, or to any other official who discharges the duties commonly delegated to the county or municipal treasurer for deposit in the fund.

(g) A fund created under this section may be used only to finance the salary and benefits of a juvenile case manager employed under Article 45.056.

(h) A fund must be administered by or under the direction of the commissioners court or under the direction of the governing body of the municipality.

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**From:** Brenda Terrell

**Sent:** Tue 4/26/2011 4:51 PM

**To:** Judge Paul Raleeh; Judge John E. Payton; Judge Johnny G. Lewis; Judge Mike Yarbrough; Judge Douglas; Misty Beaty; Shannon Williams; Darla Boone; Betty Wolff

**Subject:** RE: New JP Fees

What new \$5.00 fee? Where did it come from, the legislature?

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**From:** Judge Paul Raleeh

**Sent:** Tuesday, April 26, 2011 3:39 PM

**To:** Judge John E. Payton; Judge Johnny G. Lewis; Judge Mike Yarbrough; Judge Douglas; Misty Beaty; Shannon Williams; Darla Boone; Betty Wolff; Brenda Terrell

**Subject:** New JP Fees

Judges & Court Administrators,

The new Justice Court Building Security fee will be set up tonight [afterhours] so each of you will start seeing that as a separate item on your reports. Also, there is a new \$5.00 fee about to be set up for Justice Court Juvenile Case Managers. The fee was approved by the Commissioner's Court. Shannon is about to finish the configuration on that as well. When completed, you will see an increase on your fine amounts by that \$5.00 additional fee. We had our window fines set at the \$20.00 increments [because it was easier at the front counter and giving people change]. This new \$5.00 will affect that process. I submit we change our window fines to fix this. Where ever they are at, we'll move it up to the nearest \$20.00 figure. If that is OK with all, I'll get Shannon working on it. Please let me know.

Feel free to call Shannon or I if you have questions.

Respectfully,

PMR

**Brenda Terrell**

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**From:** Misty Beaty  
**Sent:** Thursday, December 01, 2011 8:44 AM  
**To:** Brenda Terrell  
**Subject:** FW: Outstanding Checks

Here's the string of emails regarding the outstanding checks

**From:** Shannon Williams  
**Sent:** Wednesday, June 22, 2011 2:59 PM  
**To:** Randall Rice; Betty Wolff  
**Cc:** Misty Beaty; Brenda Terrell; Darla Boone  
**Subject:** RE: Outstanding Checks

That is just great news. I already have two checks ready to send to Trust Fund. 😊

*Shannon Williams*

*Court Administrator*

*Collin County JPI*

**972-548-4128**

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**From:** Randall Rice  
**Sent:** Wednesday, June 22, 2011 2:58 PM  
**To:** Betty Wolff; Shannon Williams  
**Cc:** Misty Beaty; Brenda Terrell; Darla Boone  
**Subject:** RE: Outstanding Checks

Your choice – we also escheat every year based on whatever has reached its three year limit, if it meets the standard. The standard is any amount less than \$100 – we do not send anything less to the comptroller. if it is over \$100, we send to the comptroller. If the check you sent to us is over \$100, we would escheat it, but we would ask for it back if the owner found the old check and cashed it. Your account stays whole and the paperword falls to us.

**From:** Betty Wolff  
**Sent:** Wednesday, June 22, 2011 2:25 PM  
**To:** Randall Rice; Shannon Williams  
**Cc:** Misty Beaty; Brenda Terrell; Darla Boone  
**Subject:** RE: Outstanding Checks

So, are you saying that we no longer escheat cash bond funds to the Comptroller after three years of not being able to locate the owner?

*Betty Wolff*

Justice Court - Pct 4  
8585 John Wesley Drive #130  
Frisco Texas 75034  
[bwolff@co.collin.tx.us](mailto:bwolff@co.collin.tx.us)

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**From:** Randall Rice  
**Sent:** Tuesday, June 21, 2011 5:08 PM  
**To:** Shannon Williams  
**Cc:** Misty Beaty; Brenda Terrell; Betty Wolff; Darla Boone  
**Subject:** RE: Outstanding Checks

As I understand your process, right now any uncashed check continues to be shown as outstanding on your bank reconciliation. You asked about issuing a stop payment, and then reissuing the check.

There is a problem with issuing a stop payment – the bank charges us \$10 to enforce the stop payment. Last month, we paid \$580 for 58 checks.

The big problem is not issuing the stop payment, although I don't like paying out the money. The problem is that a stop payment order is only good for 6 months and then it expires at the bank.

Several months ago, I was reading the statutes (yeah, I know – get a life) and found LGC 116.116. That statute - LGC 116.116 - states that any check the county writes that is not cashed after one year is to be voided and the amount to be recorded as revenue. We choose not to take it to revenue immediately but wait until an additional amount of time has passed. It does not have to have a stop payment issued.

Instead, based on the statute, simply void the check after one year and send the information relating to the payment to us with a check for that amount. You can wait and bundle those if you want to send it once a quarter, but it is your choice. We will deposit it into officers trust (Fund 702) and hold it there for a time. When that time expires (usually three years), we write a check from Officers Trust to the General Fund. However, as you can see from LGC 116.116, the obligation to pay a claim, even if the claim is made ten years from now, does not expire. If someone finds the check and cashes it, or says they lost it and to send them their money and they can prove to your satisfaction that it is a valid claim and they are the rightful owner, request the return of the funds; we will send you the money back to you to reimburse your account if it has already been cashed, or to permit you to re-issue the check and send it to the person.

Hope this explains it – let me know if there is anything we can do.

Randall

*Randall Rice CPA/CITP CIO CISA CBM DABFA  
First Assistant County Auditor  
Collin County - County Auditor's Office  
2300 Bloomdale Road Suite 3104  
McKinney, TX 75071  
972-548-4642; fax 972-548-4696*

**From:** Shannon Williams  
**Sent:** Tuesday, June 21, 2011 3:49 PM  
**To:** Randall Rice  
**Cc:** Misty Beaty; Brenda Terrell; Betty Wolff; Darla Boone  
**Subject:** Outstanding Checks

Randall,

I want to follow up with an email what we discussed on the phone about my outstanding checks. Since I try to get the correct information and pass along to other JP Court Administrators. What you told me can really speed up this process. There has never been anything in writing on this procedure but what we have been doing all these years takes so long.

On my outstanding checks that are over two years old, I can void them in the system and send one check to the Auditor Trust Fund with the case number, check number, amount, date written and payable to for all checks. I do not have to stop payment on them. If they happen to be cashed, we can get the money back from Auditor and put back into our account. This is great if I am correct on what we discussed.

Thanks so much for your help.

*Shannon Williams  
Court Administrator  
Collin County JPI*

**972-548-4128**