



# COLLIN COUNTY

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Date: June 15, 2012  
To: Stacey Kemp, County Clerk  
From: Jeff May, County Auditor   
Subject: Second and Third Quarter FY11 Audit Results – Final

An examination of the County Clerk financial books and records began on September 12, 2011 in accordance with Texas Local Government Code §115.002. The audit objectives were to provide reasonable assurance receipts and disbursements 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 January 1, 2011 and June 30, 2011. The audit procedures included a cash count and a test of deposits, disbursements, bank reconciliations, a review of the fee schedule, and an examination of other financial aspects of the Office of County Clerk.

During the review, certain practices and procedures were identified that 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 all-inclusive of the areas where improvements may be needed.

County Clerk personnel were extremely helpful and courteous in assisting with the quarterly review. An exit conference was held on March 26, 2012.

Please feel free to contact this office with any questions.

## Bank Reconciliations

### Findings:

1. The ending OFM book balance for May 2011 did not match the ending book balance used by the County Clerk to reconcile the Criminal Bail Bond Account. The OFM balance was \$475 less than the balance on the bank reconciliation. There was no documentation on the financial records for the discrepancy when the problem was identified at the time of the audit.

A \$475 payment was made on case number 4-89148-08. The payment was reversed in the Criminal Bail Bond Account in error. The reversal should have been posted to the General Fund. County Clerk staff corrected this error on November 10, 2011.

2. The OFM ending book balance for May 2011 did not agree with the ending book balance used by the County Clerk to reconcile the Court Registry Account. The OFM balance was \$155,993.77 less than the balance on the reconciliation.

The difference was made up of entries or adjustments made in Odyssey Case Manager that were not documented on Financial Manager. These items are detailed below:

#### Void Checks posted in Case Manager but not in OFM

- Void Check # 4527 - \$(22,370.25)
- Void Check # 4525 - \$(53,708.49)
- Void Check # 4507 - \$(80,460.03)
- Void Check # 4259 - \$ (1,000.00)
- Void Check # 4260 - \$ (1,000.00)

#### Void Checks adjusted in OFM incorrectly from prior audit findings

- Void Check # 3110 - \$ 1,000.00
- Void Check # 3111 - \$ 545.00
- Void Check # 3114 - \$ 50.00
- Void Check # 3115 - \$ 950.00

Total Discrepancy: (\$155,993.77)

### Recommendations:

1. None - Issue resolved
2. The County Clerk should make correcting entries to the Court Registry Account to properly record the financial activity. Procedures should be set up to ensure voided checks in the Case Manager system get properly exported and recorded in OFM.

The County Clerk should use OFM ending balance to reconcile the financial books with the bank activity. Unidentified differences between the adjusted book balance and the adjusted bank balance should be investigated, identified, and resolved. If the discrepancy cannot be resolved within the period, an adjustment to the bank reconciliation should be made to account for the difference.

**Response:**

The County Clerk investigated the findings of the audit for the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2011 and found the following:

**Void Checks posted in Case Manager but not in OFM**

Check # 4527 dated 6/01/2009 in the amount of \$22,370.25 was voided in Case Manager (CM) due to a clerical error. Because the error was not discovered until after the check had been exported into Financial Manager (OFM), the check should have been voided in OFM as well as CM.

Check # 4525 dated 6/01/2009 in the amount of \$53,708.49 was voided in CM due to a typo on the check. Because the error was not discovered until after the check had been exported into OFM, the check should have been voided in OFM as well as CM.

Check # 4507 dated 4/22/2009 in the amount of \$80,460.03 was written to move funds from the Court Registry account into an investment at Regions Bank. One check was exported to OFM and deposited with Regions Bank. As part of the investment process, the registry clerk adds an account to the Invested section in the CM financial tab. Once the new account is set up, the funds are moved from the Un-Invested section to the Invested section when a check is written to the financial institution. In this situation, the registry clerk wrote the check to Regions Bank, but neglected to add a new account; another account with Regions already existed. The result was that the funds moved from the Un-Invested section to the existing Regions account in the Invested section. When the mistake was discovered, the registry clerk rectified the error by voiding the check and reissuing it to the correct Regions account. The reissue occurred on 6/17/2009; the original transaction dated 4/22/2009 should have been voided in OFM.

Check # 4259 dated 4/08/2009 in the amount of \$1,000.00 and check # 4260 dated 4/08/2009 in the amount of \$1,000.00 were disbursed as directed by court order and sent via Certified Mail to the payee. The payee informed the clerk that the checks were never received. Both checks were issued a stop payment, voided and reissued. Because the checks had been exported to OFM, they should have been voided in OFM as well as CM.

Void Checks adjusted in OFM incorrectly from prior audit findings

Void Check # 3110 - \$1,000.00  
Void Check # 3111 - \$ 545.00  
Void Check # 3114 - \$ 50.00  
Void Check # 3115 - \$ 950.00

The Auditor has indicated that these voided checks were incorrectly adjusted from their prior findings. All four checks were adjusted on January 25, 2010 following the instructions from Jeff May, County Auditor. After investigating the auditor's allegations that the adjustments were entered incorrectly, we found that they should not have been entered at all; reentering transactions, that to the auditor had appeared have been reversed, actually caused an overage in Odyssey. The original transactions were not voids; they were disbursements which were entered during the conversion from the AS/400 to Odyssey. These transactions were entered by Tyler in order to set up the Probate accounts and should not have been adjusted. These adjustments which were entered on January 25, 2010 have been reversed and exported to OFM, the issue is resolved. The OFM balance matches the County Clerk's cash journal.

As a note, the first five transactions noted in the auditor's findings were entered nearly three (3) years ago; the accounts have been audited since that time and no findings were reported. It is unclear why these transactions are being noted now, three years later.

## **Fee Verification**

**Finding:**

The Jury Reimbursement Fee was not assessed on case number 68019408. Personnel at the County Court at Law did not review the conversion case to determine if all applicable fees were assessed at the time of payment.

**Recommendation:**

The Jury Reimbursement fee in the amount of \$4 should be assessed according to Government Code 102.021(1).

The CCAL personnel should review all the conversion cases to ensure all the fees are assessed at the time of the payment and/or should review all the conversion cases in Odyssey periodically to ensure all the fees are assessed correctly based on the type of offense and the offense date. The review can also be considered when the customer has a payment plan and the case is still active.

**Response:**

The fee wasn't added to the court cost in CCAL until 2008, when we found it had not been assessed to cases that were filed on or after 09/01/05. It was labeled as Jury State Fee. Per statute it was effective 09/01/05, Code of Criminal Procedure.

Case 68019408 was a converted case from the AS400. Everything that stands in the AS400 was completely copied word for word/exact data and it was then dumped into Odyssey during conversion. This case must have been wrong in the AS400 and it remains wrong in Odyssey because that is what data converted over. If this case was not audited on the old system then that is why it remains the way it does in the new system. How the financials were configured in the AS400 back then is how it looks today.

Going forward there is no way for us to give a true audit within our departments with our clerks because the converted case load is huge and the fees changed through the years. The clerks that take payments, court clerks and CCU do not know what the breakdown of the basic fees should be on the case. They basically just add fees and what pulls up is what they go with at time of assessment and at time of payment. With Odyssey, fees were configured correctly and we can fix cases much easier than back on the AS400.

If we need for this case number 68019408 to show the \$4.00 Jury Reimbursement Fee, we will have to build this fee code separately into its own fee schedule and then we can do a one-time assessment to the case to reflect the \$4.00 cost on the financials.

This case is closed. If we assess \$4.00 to this case, we will have an outstanding balance that would not be paid, and CCU will request the capias pro fine and clerk's office will issue the (CPF) warrant. At that time \$58.00 will be added for the (CPF) warrant fee. When the defendant is arrested or called in to pay, the \$4.00 will be \$62.00, plus \$2.00 transaction fee, for a total of \$64.00.

This defendant's case has been closed for 4 years. With the Odyssey system, clerks feel fees are coded and assessed correctly per statute.