



DeKalb County

1300 Commerce Drive, Decatur, Georgia 30030

Phone (404) 687-3735

Fax (404) 371-2055



Department of Finance

Internal Audit and Licensing

Date: March 13, 2009
To: Linda Carter, Superior Court Clerk
From: Deputy Director of Finance, Internal Audit & Licensing
Subject: Clerk of Superior Court (CSC)
Re: 2008 Management Report

General Information

Internal Audit has reviewed the financial records of CSC for the period beginning January 1, 2008 and ending December 31, 2008. These records are summarized in our annual audit report on CSC. The Significant Deficiencies, Observations and Recommendations below address the financial operations of the Court.

Significant Deficiency I

As stated in our 2006 and 2007 reports, receipts were not deposited in a timely manner into the Court Registry accounts. The time delay from date of receipt to deposit date ranged from four to thirty-nine days in my sample. Also, a deposit of \$100 received into Court Registry in December, 2007 was not accounted for on the books but was deposited into the Bank of America escrow account in January 2008. Court Registry manual receipt procedures do not provide adequate assurance that all funds are received and deposited timely into bank accounts.

Recommendation I

We recommend that monies should be deposited on a daily basis and no longer than two business days from receipt. We recommend that CSC seek ways to automate the receipt and disbursement process for escrow accounts and interest bearing accounts. This will provide assurance that all funds are received and deposited timely.

Observation - Bank Analysis Fees

Analysis fees of \$1,075.86 and \$2,268.50 were charged in October, 2007 and October, 2008, respectively, to the Bank of America General Operating. As of the report date, Bank of America has credited the account for \$1,075.86.

Recommendation

We recommend that CSC seek refund for 2008 account analysis fees from Bank of America.

Observation - Return Checks

As stated in the 2007 Management Report, there were returned checks from the month of July, 2007 that were deposited into the Intangible Recording Tax Account. These return checks still have not been recovered.

Recommendation

We recommend CSC contact customers to make good on return checks in the Intangible Recording Tax Account. In order to eliminate return checks on various operating accounts, we recommend that CSC consider investing in an Electronic Check Conversion System.

Observation - Reconciling UCC Filings

Current controls governing the posting of UCC Filings to the General Operating account are not adequate. In our 2007 Management Report, we recommended that at the end of each week, UCC Filings Division should provide the Accounting Division with totals transferred for each day. Internal Audit did not see where that recommendation was carried out.

Recommendation

In order to enhance posting procedures of UCC Filings, we recommend that UCC Filings Division provide the Accounting Division with a monthly summary of UCC Filings. UCC Filings staff mentioned that in the past, a monthly reconciliation was provided to the Accounting Division. The UCC Filings Division has recently taken the appropriate steps necessary to reconcile the UCC Filings.

Comments

We observed that equal amounts of check deposits were over and cash deposits were short in the General Operating Account. However, combined deposits of checks and cash were in accordance with Clerk of Superior Court Trial Balance report, an automated balancing report. This was a deficiency mentioned in the 2006 and 2007 Management Report because it was due to employees' personal checks being cashed from cash currency collected at the Clerk's office. However, CSC staff has mentioned that this is due to a keying error and cross-training employees.

Again, Internal Audit encourages CSC to continue to seek ways to automate manual processes.

Internal Audit expresses appreciation for the assistance provided by your staff during our review. Please let us know if you have any questions or concerns.

Sincerely,



Eugene O' Mard

Cc: Dr. Michael J. Bell, Chief Financial Officer

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