

DeKalb



County

1300 Commerce Drive, Decatur, Georgia 30030

Phone (404) 687-3735

Fax (404) 371-2055

Department of Finance

Internal Audit and Licensing

Date: April 30, 2010

To: Linda Carter, Superior Court Clerk

From: Deputy Director of Finance, Internal Audit & Licensing

Subject: Clerk of Superior Court (CSC)

Re: 2009 Management Report

General Information

Internal Audit has reviewed the financial records of CSC for the period beginning January 1, 2009 and ending December 31, 2009. 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

In the prior years' reports (2006, 2007 and 2008), we noted that receipts were not deposited in a timely manner into the Court Registry accounts. During this year's review, we noticed a similar situation with the Photocopy receipts not remitted to DTAS in a timely manner.

Recommendation I

We strongly recommend that all receipts be either deposited or sent to the Division of Treasury and Accounting Services (DTAS) within two (2) business days from receipt. Furthermore, to increase efficiency and enhance record keeping, we recommend that CSC vigorously seek ways to automate the receipt and disbursement process. CSC's personnel informed Internal Audit that the delay in the Court Registry's deposits was due to the staff waiting on the court order to be signed by the judge.

Significant Deficiency II

Due to an increase in agencies receiving criminal fines, CSC has implemented a new system that will allocate all fines to their respective agencies when it is entered into the system. Fines and fees received from North and South DeKalb Probation and State Probation offices amounted to approximately \$171,206. As of the report date, the new system is currently being debugged. These funds were not deposited into the bank nor posted to the accounting records of the Clerk's Office. As a result, the checks' dates expired and CSC requested replacements for the expired checks.

Recommendation II

We strongly recommend that all receipts be deposited within two (2) business days from receipt. To prevent such occurrences in the future, we recommend that CSC develop/update written operating procedures to reflect processes for funds from other departments/agencies. Also, we

recommend CSC deposit these funds into the General Operating account and disburse the funds when the system is operational.

Significant Deficiency III

As stated in the 2007 and 2008 Management Reports, there were returned checks from the month of July 2007 that were deposited into the Intangible Recording Tax bank account. Also, in March 2009 a return check for \$470.81 was deposited into the Intangible Recording Tax bank account. These return checks still have not been recovered.

Recommendation III

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 or credit card system.

Significant Deficiency IV

Current controls governing the posting of UCC Filings to the General Operating account are not adequate. In our 2007 and 2008 Management Report, we recommended that at the end of each week, UCC Filings Division provide the Accounting Division with the daily totals posted to the General Operating account and totals filed with the Georgia Superior Court Clerks' Cooperative Authority (GSCCCA). The monthly statement CSC receives from the GSCCCA shows amount due is a higher balance than total amount due to the GSCCCA from CSC. Internal Audit did not discover evidence that the recommendation was carried out.

Recommendation IV

In order to enhance posting procedures of UCC Filings, we recommend that the UCC Filings Division provide the Accounting Division with a monthly summary of UCC Filings. As of the report date, the UCC Filings Division and Accounting Division have recently taken the appropriate steps necessary to reconcile the UCC Filings monthly statement from GSCCCA.

Significant Deficiency V

In the past, CSC sent correspondence to Georgia Public Defender Standards Council (GPDSC) informing the council of the accumulated interest on the Escrow account within Court Registry Division. GPDSC does an ACH, automatic clearinghouse, debit for the amount of interest earned on the account each month. During 2008 and 2009 no interest earned was deducted on the Citizens Trust Escrow Trust Account within the Court Registry Division. Interest earned was \$6,252.

Recommendation V

We recommend that Clerk of Superior Court inform GPDSC of the accumulated interest on the Citizens Trust Escrow Account. Also, Clerk of Superior Court may consider having a document drawn where GPDSC can deduct interest without receiving any correspondence from CSC. This was a recommendation that Internal Audit made in a previous year.

Significant Deficiency VI

Real Estate Recordings fees of \$8,240.25 were posted to the General Operating account twice (posted on February 18, 2009 and June 15, 2009). This double posting resulted in an overpayment to DeKalb County Revenue, Clerks Retirement and Clerks Cooperative Authority for Real Estate Recordings in the amounts of \$480.58, \$6,806.84 and \$952.83, respectively.

Recommendation VI

We recommend that CSC deduct the overpayments from the next remittances to the County, Clerks Retirement and Clerks Cooperative Authority for Real Estate Recordings.

Observation of Accrued Interest on Bank of America Escrow Account

GPDSC transactions are not clearly identified on the face of the Bank of America Escrow account. Prior to November 2007, interest earned and subsequent disbursement due to GPDSC was shown on the bank statement. Per CSC, Bank of America informed CSC that no interest is being accrued on the account. Court records show no changes in the make up of this account.

Recommendation

We recommend that CSC request that Bank of America show the GPDSC activity on the face of the statement and that CSC determine why no interest is accumulated on the escrow account.

Observation - Bank Analysis Fees

Analysis fees are charged on some of the 108 interest bearing accounts. There were instances where analysis fees charged on an account were greater than the interest accrued for the month.

Recommendation

We recommend that CSC request refunds for 2009 account analysis fees from Bank of America.

Observation - Manual Procedures

We observed the use of typewriters in many divisions within CSC to write checks, record account transactions, and fill out forms. The use of typewriters is time consuming compared to the use of a computer.

Recommendation

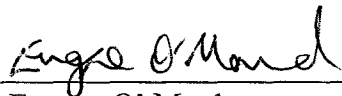
We recommend that CSC utilize a computer for check processing purpose.

Comments

Internal Audit commends CSC's progress to automate some processes within the Accounting and Adoption & Appeals Divisions. We encourage CSC to continue to seek ways to automate manual processes, in order to be more efficient and enhance productivity.

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: Keith Barker, Chief Operating Officer and Executive Assistant
Dr. Michael J. Bell, Chief Financial Officer

EO/CL