



# DeKalb County

Department of Finance

Internal Audit and Licensing

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April 8, 2010

TO: Thomas E. Brown, DeKalb County Sheriff  
FROM: Deputy Director of Finance, Internal Audit & Licensing  
SUBJECT: 2009 Management Report

## **General Information**

The Internal Audit and Licensing Division have reviewed the financial operations of the Sheriff's Office for the period, January 1, 2009 to December 31 2009. Issued separately from this report is an audit report that includes the financial statements and our opinion thereon. The significant deficiencies covered in this report address operational aspects of the financial activities of the Sheriff's Office. Please respond in writing to actions taken in reference to the deficiencies indicated below.

### **Significant Deficiency I: Output/Report of Transactions posted to the Civil Serve System**

Internal Audit was unable to verify General Fund transactions posted to Civil Serve system by various personnel of the Civil Process Division because, per personnel, management was unsure that the report of the financial information generated by the system was accurate. Per personnel, management would be more comfortable with releasing such report as the Internal Audit requested when the system implementation is complete.

### **Recommendation I**

Internal Audit recommends that the Sheriff's Office expedite implementation of the Civil Serve system, and that all divisions and staff be mandated to maximize the use of the new system while phasing out the old one. At that time, all transactions of the General Fund bank and Cash Bond accounts are to be posted to the Civil Serve system only. The Sheriff's Office may consider obtaining professional technical assistance from the County's IT Department.

### **Significant Deficiency II: Sheriff's Sales - Internal Control System Weakness**

Internal Audit observed that the process of the Sheriff's Sales, from the initial contact by the Plaintiff in submitting the judgment and Fife' granting the sales to distributing the funds to the lien holders and the plaintiffs were handled by one staff. The same employee who processes the sales also disburses the funds; transfers fund from one account to another, and performs the bookkeeping and bank reconciliation functions. This is an internal control weakness that should be strengthened.

### **Recommendation II**

The above incompatible functions involving Sheriff's Sales' associated accounting and bookkeeping activities should be segregated.



### **Deficiency III: Bank fee and check charges**

#### **Cash Bond Account:**

Bank charges of \$59.73 and \$373.67 were not deducted from the interest from the Fidelity Bank Cash Bond account before remittance to the GSCCCA. In the past, the bank remitted interests less the bank charges by ACH method. By deducting the bank charges from refundable cash bond balance, the amount available to repay cash bonds will be less than the liability by the amount of the charges.

Similarly, bank charges of \$50 and \$37.50 were deducted from the Sun Trust bank account. Deducting these charges from the account balance reduced the amount of revenue to the county.

#### **Recommendation III**

The Fidelity Bank should continue to remit the interest income from cash bond checking less the bank charges to the GSCCCA.

Staff should contact the bank and request a deduction of the amount of these charges from the next interest due before remitting the balance to the GSCCCA by ACH method.

The Sheriff's Office should include in its budget a line item to cover non-recoverable bank charges.

### **Deficiency IV: Cash Bond Refunded to Inmate instead of Surety**

Audit test shows that a cash bond refund check was made out to the inmate, instead of the surety. The Sheriff's Office procedure requires that cash bond refund be made directly to the Surety or the person who posted the bond (including when inmate is the surety), and that when a third party payee is involved, the Office's policy requires specific additional procedures to be taken by staff including higher management approval.

#### **Recommendation IV**

Internal Audit strongly recommends that staff follow the Sheriff's Office policy and procedure guiding refund of cash bonds. Adequate care should be taken when reviewing disbursements. The co-signers of the checks should review all backup documents before signing them.

### **COMMENT**

#### **Bond Collateral Accounts**

Some bonding companies' Certificate of Deposit accounts which were provided to Internal Audit for confirmation were non-existent or were incorrect.

The Sheriff's Office should maintain current records of the bonding companies' financial instruments accounts that are held as collaterals by various banks. All past, discontinued or voided instruments on file should be discarded to avoid discrepancy.

### **Unclaimed cash bond transferred to Treasury and Accounting Services paid Second Time**

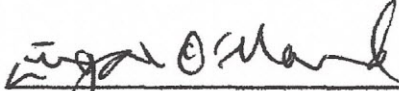
One cash bond that was previously paid over to the County Treasury and Accounting Services Division because it was unclaimed for 7 years was paid again by a staff to the claimant in error. The Sheriff's Office policy requires that the claimant applies directly to the Treasury and Accounting Services Division for a refund once the fund has been certified as unclaimed and transferred to the division.

Refund of cash bond should only be processed with the green original receipt that is maintained in the vault filing cabinets. Also, the computerized payment system should not allow second payments. Staff should follow up with the pending reimbursement request to recover the fund from the Treasury and Accounting Services. All cash bonds paid over to the County's Treasury should be pulled from the vault and placed in the paid items filing areas to avoid duplicate payments. Staff should update the computer systems – both the old OMS system and the new Civil Serve

system appropriately, when payments are made to the sureties and when unclaimed funds are transferred to the Treasury and Accounting Services.

Internal Audit expresses appreciation for assistance granted by the Sheriff's Office.

Sincerely,

  
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Eugene O'Mard

EO/RI

cc: Keith Barker, Chief Operating Officer / Executive Assistant  
Dr. Michael J. Bell, Chief Financial Officer  
Jeffrey L. Mann, Chief of Staff – Sheriff's Office