

DeKALB COUNTY, GEORGIA



SHERIFF'S OFFICE

AUDIT REPORT

FOR THE YEAR ENDING DECEMBER 31, 2010

**PREPARED BY
INTERNAL AUDIT DIVISION**



Finance – Internal Audit & Licensing
Cornelia Louis
Acting Deputy Director of Finance

Chief Executive Officer

W. Burrell Ellis, Jr.

Board of Commissioners

District 1
Elaine Boyer

District 2
Jeff Rader

District 3
Larry Johnson

District 4
Sharon Barnes Sutton

District 5
Lee May

District 6
Kathie Gannon

District 7
Stan Watson

March 24, 2011

Sheriff Thomas E. Brown
DeKalb County Sheriff's Office
4415 Memorial Drive
Decatur, GA 30032

Dear Sheriff Brown:

The fiscal books, records and other pertinent documents were examined for the year ended December 31, 2010. These financials are the responsibility of the Sheriff's Office management. Our responsibility is to express an opinion on them based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. The audit was planned and performed to obtain reasonable assurance that the financial statements are not materially misstated. Internal Audit conducted such audit tests and procedures as were deemed necessary. We believe that our audit provides a reasonable basis for our opinion.

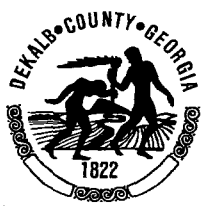
We were unable to obtain audited financial statement supporting private-purpose fund (Inmate Trust Fund) stated at December 31, 2010 for the Sheriff's Office. Accounting Principles generally accepted require the financial data for those funds to be reported with the financial data of the Sheriff's Office.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the Inmates Trust Accounts and earnings, the accompanying financial statements and/or exhibits are a satisfactory representation of the fiscal operations and condition of the Sheriff's Office, DeKalb County, Georgia, being reasonably free of material discrepancies and deficiencies as of December 31, 2010.

Sincerely,

Cornelia Louis
Acting Deputy Director of Finance, Internal Audit & Licensing

Cc: Richard Stogner, Chief Operating Officer/Executive Assistant
Joel Gottlieb, Chief Financial Officer/Director of Finance
Jeffery L. Mann, Sheriff's Office, Chief of Staff



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Date: March 24, 2011
TO: Thomas E. Brown, DeKalb County Sheriff
FROM: Acting Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: 2010 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, 2010 to December 31, 2010. Issued separately from this report is an audit report that includes the financial statements and our opinion thereon. The significant deficiencies and comments 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: Bonding Company Collateral Accounts

We found that Georgia Underwriters Group, Inc., a bonding company, redeemed a Certificate of Deposit (CD), jointly-owned with the DeKalb County Sheriff, without the Sheriff's signature. The value of the CD invested in Capitol City Bank was approximately \$150,000. Georgia Underwriters Group, Inc. opened a new jointly-owned CD with DeKalb County Sheriff listed as co-owner for \$150,077.61; the terms and certificate/account number has changed. The Sheriff's Office guide for bonding companies requires collateral to be in denominations of ten thousand (\$10,000) and fifty thousand (\$50,000) dollars. Records we reviewed showed that the bank and the bonding company were aware that the abovementioned changes required the Sheriff's signature.

Recommendation 1

We recommend that the Sheriff's Office meet with the bonding company and the bank to ensure that established Sheriff's bonding company procedures are followed.

As of the report date, all parties have signed the required documents and the Division of Internal Audit and Licensing (DIAL) has obtained a copy of the new CD certificate.

Significant Deficiency II: Remittance of Interest Income to the GSCCCA

As of December 31, 2010, the total cash bond interest earnings of \$43,034 were not paid to Georgia Superior Court Clerk Cooperative Authority (GSCCCA). (Refer to O.C.G.A. § 15-16-27 for remitting interest) Per personnel, the bank disbursed interest checks to GSCCCA on behalf of the Sheriff's Office; GSCCCA returned the checks to the Sheriff's Office because the checks were paid to the order of DeKalb Sheriff's Office. As of the report date, the cash bond interest was received by GSCCCA. Staff informed DIAL that subsequent interest checks will be paid to the order of the Sheriff's Office, endorsed by the Sheriff, and forwarded to GSCCCA upon receipt.

Recommendation II

We recommend that the Sheriff's Office established written procedures and adhere to the state requirement for remitting cash bond CD interest to GSCCCA.

Significant Deficiency III: Error Correction Procedure in Civil Serve System

We noticed that errors and corresponding corrections were posted in the Civil Serve System. However, the corrections were not adequately documented. Per staff, there are no current procedures for performing corrections in the new system.

Recommendation III

We recommend that all corrections and adjustments be approved by the immediate supervisor. Adequate documentation of corrective actions should be included, referencing the corresponding errors. In addition, only authorized staff should be required to post the corrections.

Comments

Year End Accounting Adjustments

Currently, some modules of the Civil Serve System are not utilized by the Sheriff's Office. As a result, transactions were entered by the Jail Unit into the JMS System (prior Jail Management System). The Accounting staff of the Civil Unit reenters cash receipts sent by the Jail Unit and reconciles transactions manually using ledger books. This process delays posting of cash receipts in the appropriate year. Year-end accounting adjustments were required to assure that all cash receipts were recorded in the appropriate year. All cash receipts from customers should be recorded on the date of receipt.

Staff revealed that some reports from the Civil Serve System are not adequate. Management expressed that current standard reports will be revised and the software developer of Civil Serve will return to address various concerns. Once changes are performed, most items which currently required year-end adjustments would generally be resolved.

Cash Bond Fidelity Bank Charges

The bank charges by Fidelity Bank should be deducted from the interest income prior to remittance to GSCCCA.

Operating Account (Sun Trust Bank) Bank Charges

Request for reimbursement of bank charges were not submitted by the Sheriff's Office to the Division of Treasury and Accounting Services (DTAS). In our prior year audit report, we recommended that the Sheriff's Office include the bank charges in the annual budget to expedite reimbursement of these charges.

Citizens Trust Company Bank – 1099-INT

Citizens Trust reported interest earned for three bank accounts of the Sheriff's Office on one 1099 statement; the bank failed to provide the detail of interest earned for each account. The Sheriff's Office should request from Citizens Trust an analysis of interest for each account.

Adjustment of Expired Checks – Sun Trust and Fidelity Bank Accounts Reconciliations

Some outstanding checks on the operating and cash bond bank account reconciliations included checks issued in 2008; checks expire after 90 days of issuance. We prepared adjustments to remove expired checks from the outstanding check list, reduce disbursements on the books per audit, and prepare audited bank reconciliations to attain an audited cash balance. We recommend that the Sheriff's Office review and post proposed adjustments to reflect audited cash balance.

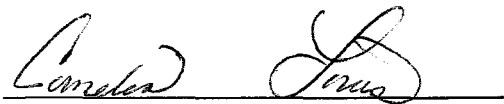
Control over Disbursement – Operating Bank Account

Two checks were recorded in December 2010 disbursements and were listed as outstanding checks on the December 2010 bank reconciliation. One check was disbursed without the proper court

authorization, voided but remained outstanding; the other was recorded in the inappropriate month. Internal Audit have prepared adjustments to remove the checks from December 2010 outstanding checks list and reduced disbursements by the corresponding amounts. We recommend that the staff perform similar adjustments on the accounting books of the Sheriff's Office to reflect cash balance. Also, we recommend that the disbursement process be initiated only after required authorization to disburse funds is received.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Cornelia Louis", is written over a horizontal line.

Cornelia Louis

CL/RI

cc: Richard Stogner, Chief Operating Officer / Executive Assistant
Joel Gottlieb, Chief Financial Officer
Jeffrey L. Mann, Sheriff's Office, Chief of Staff

Dekalb County, Georgia
Sheriff's Office
Statement Of Assets, Liabilities and Fund Balance
As of December 31, 2010 and 2009 - Compared

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>	<u>Increase</u> <u>(Decrease)</u>
<u>ASSETS:</u>			
Petty Cash	3,800	3,800	-
Operating Fund	43,667	1,535	42,132
Cash Bond	5,022,800	4,935,318	87,482
Overbid Fund	95,245	95,245	(0)
GA Sup. Ct. Clerk Coop. Auth.	43,034	3,199	39,835
Due From Others	-	-	-
Other Cash Account	2,590	2,583	7
Total Cash	\$ 5,211,136	\$ 5,041,680	169,449
Due From Others	\$ 7,357	\$ 6,862.00	-
TOTAL ASSETS	\$ 5,218,493	\$ 5,048,542	\$ 169,449
<u>LIABILITIES:</u>			
<i>Other Funds:</i>			
Cash Bonds:			
Bonds	5,023,657	\$ 4,935,751	\$ 87,906
Other Cash Account	2,590	2,583	7
GA Sup. Ct. Clerk Coop. Auth.	43,034	3,199	39,835
Minor Trust Fund	-	-	-
Total - other Funds	\$ 5,069,281	\$ 4,941,533	\$ 127,747
<i>Funds Due to Others:</i>			
Overbid Fund/Prin. & Attorney	102,849	102,849	\$ -
<i>Due to DeKalb County:</i>			
Miscellaneous bank charges	\$ -	\$ -	\$ -
Advertizing & Storage	120	-	-
Sheriff's Fees	13,474	232	13,242
Sheriff's Sales Commission	9	128	(119)
Bond Forfeitures and Jail Fees	28,963	-	28,963
Petty Cash Fund	3,800	3,800	-
Total Fund - Due Dekalb	\$ 149,213	\$ 107,009	\$ 42,085
TOTAL LIABILITIES & FUND BAL.	\$ 5,218,494	\$ 5,048,542	\$ 169,832

Dekalb County, Georgia
Sheriff's Office
Statement of Cash Receipts and Expenditures
Years Ending December 31, 2010 and 2009 - Compared

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
<u>RECEIPTS:</u>			
<i>Operating Fund:</i>			
Sheriff's Fees	122,372	\$ 90,511	\$ 31,861
Bond Forfeitures & Jail Fees	478,416	449,261	29,155
Sheriff's Sales Commission	2,447	311.00	2,136
Jail Staff & Const. Fund	1,050	1,350	(300)
Advertising and Storage	3,281	1,807	1,474
Overbid Fund/Principal & Attorney	560,619	473,588	87,031
State Revenue Assessment	8,600	12,763	(4,163)
Miscellaneous & Clerk's Fee	-	-	-
<i>Total Operating Fund</i>	<u>\$ 1,176,785</u>	<u>\$ 1,029,591</u>	<u>\$ 147,194</u>
<i>Other Funds:</i>			
Cash Bond:			
Bonds	2,374,076	2,451,596	(77,520)
GA Sup. Ct. Clerk Coop. Auth.	74,212	110,909	(36,697)
Other Cash Account	7	14	(7)
Overbid Fund	-	\$ -	-
<i>Total - Other Fund</i>	<u>\$ 2,448,295</u>	<u>\$ 2,562,518</u>	<u>\$ (114,223)</u>
<i>Total Receipts</i>	<u>\$ 3,625,080</u>	<u>\$ 3,592,109</u>	<u>\$ 32,971</u>
<u>DISBURSEMENTS:</u>			
<i>Operating Fund:</i>			
Dekalb County:			
Sheriff's Fees	109,130	\$ 90,509	\$ 18,621
Sheriff's Sales Commission	2,567	311	\$ 2,256
Bond Forfeitures & Jail Fees	449,454	449,261	\$ 193
Jail Staff & Const. Fund	1,050	1,350	\$ (300)
Others:			
Advertising and Storage	3,161	1,807	\$ 1,354
Miscellaneous & Clerk Fee	-	-	\$ -
<i>Total Operating Fund</i>	<u>\$ 565,362</u>	<u>\$ 543,239</u>	<u>\$ 22,123</u>
<i>Other Funds:</i>			
Cash Bonds:			
GA Sup. Ct. Clerk Coop. Auth.	34,378	\$ 110,898	\$ (76,520)
State Revenue Assessment	8,600	12,763	(4,163)
Cash Bonds	2,286,170	2,309,628	(23,458)
Minors Trust Fund	-	-	0
Overbid Fund	560,619	490,887	69,732
<i>Total Other Funds</i>	<u>2,889,766</u>	<u>\$ 2,924,175</u>	<u>\$ (34,409)</u>
<i>Total Disbursements</i>	<u>\$3,455,129</u>	<u>\$ 3,467,414</u>	<u>(\$12,286)</u>
<i>Net Receipts / (Disbursements)</i>	169,951	124,695	\$ 45,256
<i>Cash, January 1</i>	<u>\$ 5,048,542</u>	<u>\$ 4,923,847</u>	<u>\$ 124,695</u>
<i>Cash, December 31, 2010</i>	<u>\$ 5,218,493</u>	<u>\$ 5,048,542</u>	<u>\$ 169,951</u>