

Finance-Internal Audit & Licensing

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May 12, 2011

TO: The Honorable Judge Wayne Purdom
FROM: Acting Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: State Court Probation Office (SCPO)
Management Report for 2010 Operations

General Information

Internal Audit has reviewed the financial operations of the State Court Probation Office (SCPO) for the calendar year 2010. Issued separately from this report is an audit report that includes financial statements and our opinion as to their reasonableness and reliability. The significant deficiencies covered in this report address operational aspects of the State Court Probation Office's financial activities and some are the same that we've mentioned in prior years reports.

In December 2010, SCPO implemented a new computer system called JustWare which replaced the old case management mainframe system.

Significant Deficiency I

Per SCPO staff, using the old mainframe system was a cumbersome process to consummate cases that were not resolved by regular monetary payments (i.e. by community service or serving extra jail time). SCPO personnel did not perform all steps to close those cases on the system. As a result, there are 34,232 cases (\$33,731,138 total) showing outstanding balances that have been satisfied (see attachment). These cases were transferred to JustWare as outstanding. Utilizing the JustWare system makes the process to close cases satisfied by non-monetary resolutions easier.

Recommendation I

We recommend SCPO personnel coordinate with Information Systems Department (IS) to quickly address open resolved cases so that the system can provide accurate information for all cases.

Significant Deficiency II

As of December 31, 2010, the outstanding check list included several duplicate check numbers and canceled checks. In addition, the outstanding check list was calculated incorrectly. An inaccurate outstanding check list causes the bank balance to be either overstated or understated. In prior audits, it was also noted that checks listed as outstanding for over 5 years required escheatment to the State of Georgia. SCPO escheated the checks in November, 2010.

Recommendation II

We recommend that SCPO exercise due diligence and reexamine the outstanding check list to provide an accurate listing. According to SCPO personnel, the JustWare system will track cleared checks which will help in providing an accurate listing.

Significant Deficiency III

In December, 2010, Internal Audit requested monthly reports and records to begin our audit. SCPO's response was that the months of January 2010 through November 2010 were not reconciled. During the last four audit years, the monthly reports for January of those years were not reconciled until November of that year. In the past, SCPO explained that only one person was preparing reports and reconciliations. A delay in reconciling monthly reports/bank accounts leaves room for errors and delays correcting those errors. Bank reconciliations are necessary to help identify errors, actual cash funds available, fraudulent activity, and undue delay in clearance of checks.

In addition to the delay in providing balanced monthly reports, this was a major internal control weakness due to no separation of duties.

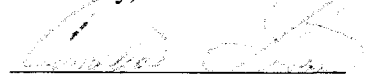
Recommendation III

We recommend that policies and procedures be established to insure that the accounting, compilation, and reconciliation of the SCPO funds and accounting records for each month be completed by the end of the following month.

Currently, there are two staff members performing these duties. This provides proper segregation of duties, thus strengthening internal controls. In addition, the JustWare system can provide summary reports for work previously done manually.

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,



Cornelia Louis

Cc: Richard Stogner, Chief Operating Officer/Executive Assistant
Joel Gottlieb, Chief Financial Officer/Finance Director
Willie Hopkins, Acting Chief Probation Officer
Cynthia Hogan, Administrative Supervisor

CL/mw

**STATE COURT PROBATION OFFICE
SUMMARY OF RESOLVED CASES WITH OUTSTANDING BALANCES**

<u>RESOLUTION</u>	<u># OF CASES</u>	<u>AMOUNT</u>
CLOSED	12,073	\$14,952,509
EXPIRED	7,208	\$6,281,964
NOLLE PROSEQUI	44	\$6,800
REVOKED	<u>14,907</u>	<u>\$12,489,865</u>
TOTAL	<u><u>34,232</u></u>	<u><u>\$33,731,138</u></u>