



Finance-Internal Audit & Licensing

Cornelia Louis
Interim 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

DATE: October 17, 2012
TO: The Honorable Nelly F. Withers, Chief Judge, Recorders Court
FROM: Interim Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: Recorders Court Audit – 2011
RE: Management Letter

GENERAL INFORMATION

We have completed an audit of the Recorders Court fiscal operations for the period beginning January 1, 2011 and ending December 31, 2011. We have prepared a separate audit report that includes a Statement of Operations for the years ending December 31, 2011 and 2010 compared, and the related opinion. Deficiencies, Observations, Comments, and Recommendations herein relate to the operational aspects of the court system.

PURPOSE AND SCOPE

The purpose of our audit is to (1) determine whether records and reports prepared by the Recorders Court adequately reflect revenues obtained and (2) prepare a Statement of Operations for the audit year.

The fiscal books, records, daily reports, and other pertinent documents were examined for the year ended December 31, 2011. Internal Audit conducted such audit tests and procedures as were considered necessary under the circumstances.

SIGNIFICANT DEFICIENCIES

Significant Deficiency I – Errors

Internal Audit (IA) identified several errors: instances of shortages/overages of cash, funds improperly allocated to the Jail Fund and Victim Assistance Fund, and incomplete Daily Cash Logs.

Shortages/Overages of cash continue to be a concern at Recorders Court. However, occurrences were less frequent than prior years. Recent procedures implemented to address the inaccuracies were not performed consistently. On numerous occasions, documentation did not exist to provide an explanation for the inconsistencies. A lack of adequate documentation may indicate a potential risk of fraud.

Several instances occurred where amounts allocated to the Jail and Victim Assistance Funds on the Cash Report were posted incorrectly to Oracle. Sometimes, amounts were selected from categories other than the Jail or Victim Assistance accounts. These errors may cause account balances to be overstated or understated.

Some Daily Cash Logs were incomplete. Amounts were missing from the “SAS or Computer Grand Total” column. The incompleteness of data in the “SAS or Computer Grand Total” category may create an

appearance that a difference exists between the actual cash received and the total(s) generated by the system.

Recommendation

We recommend that shortages and overages be accompanied by the appropriate documentation to support the reason for the discrepancy. Recorders Court staff should exercise due diligence when collecting cash and recording receipts; and allocating monies to various fund types. Consequently, shortages and overages may be reduced or eliminated and improper allocations curtailed. We further recommend that processes should be implemented to ensure data is accurate and complete.

Significant Deficiency II - Warrants

In our 2010 management report, we noted a backlog of Failure to Appear (FTA) notices. Currently, the backlog of FTAs no longer exists; but the elimination of outstanding FTAs resulted in an accumulation of pending warrants to be processed. Since the pending warrants are from cases prior to April 2007, the Court must research each case to ensure that the information in their database is current before issuing a warrant. This may require a considerable amount of time and effort by the court to process the pending warrants.

Warrants are assessed a \$75 fee, which may provide additional revenue for the County. In 2011, approximately 5000 warrants were served, which totaled approximately \$2 million.

Recommendation

We recommend that Recorders Court management perform a cost-benefit analysis to ensure if it would be beneficial to pursue these outstanding warrants that are more than two years old.

Significant Deficiency III – Closed/Open Citations

The current CMS-SAS system was implemented in August 2006. Closed cases/citations were converted from the Mainframe as open cases. The vendor, Southern Automated Systems, once maintained the software. The County no longer has a viable working relationship with the vendor; consequently, citations continue to remain open, only being closed as they are discovered in the system. This situation continues to affect Recorders Court and the accuracy of their records.

Recommendation III

We recommend Recorders Court continue to work diligently to identify open cases that should be closed.

Significant Deficiency - IV Items not recorded in Oracle (G/L)

Recorders Court made three deposits through a third-party courier during the period of December 2009 thru March 2010 in the County's concentration bank account; they were not reconciled and posted to the General Ledger until September 2011. This resulted in an approximately \$70,000 understatement in the Recorders Court revenue account.

Recommendation IV

We recommend that Recorders Court coordinate with Finance-Division of Treasury & Accounting Services (DTAS) to ensure a process is in place to identify all deposits made by the Court are recognized and posted to the general ledger in the proper accounting period. Furthermore, we recommend that DTAS review their policies for resolving variances and reconciling old items on the bank reconciliation.

OBSERVATION

Observation I - Credit Card Summary and Billing and Receipt History Report

A few instances occurred where Interactive Voice Response (IVR) transactions did not post to the Transaction Amount category of the Credit Card Summary report. Recorders Court staff processed cash information based on the original report. Corrected and updated reports were later submitted to Recorders Court by the Credit Card vendor, Official Payments. Corrections were made by Recorders Court staff by creating another Accounts Receivable (AR) invoice for the corrected amount. As a result of the second AR invoice, a duplicate entry was created in the AR System. Upon further investigation, we observed other Recorders Court postings to the AR System from prior years that remain on the Billing and Receipt History Report. It is difficult to determine whether or not the outstanding items on the report were valid. DTAS staff mentioned that most items have been resolved or does not represent outstanding receivables.

Recommendation I

We recommend that Recorders Court and DTAS come up with a methodology to correct an AR invoice without creating a duplicate entry. This will eliminate an accumulation of items on the Billing and Receipt History Report and the appearance of outstanding items.

COMMENTS

Comment I - Upgrade - On Point Imaging System

The Consultant, Five Points Solutions, were contracted to integrate Recorders Court's On Point Imaging and Case Management Systems along with automating key processes within the court system. The upgrade commenced in August 2012. A major enhancement is the availability of electronic citations issued by DeKalb County police. The upgrade is about 95% complete.

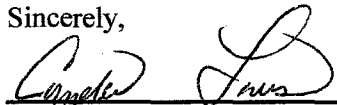
The Court continues to seek a vendor to assist with the upgrade for a new Case Management System.

Comment II - Staffing Levels

Recorders Court maintains temporary staff to support its operations. Temporary staff is used in various capacities. A major initiative was the FTA project which eliminated a backlog of notices. Adequate temporary staffing levels are being retained for operational purposes.

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.

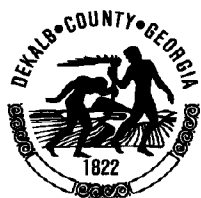
Sincerely,



Cornelia Louis

CL/CCH

cc: Richard Stogner, Executive Assistant/Chief Operating Officer
Joel Gottlieb, Finance Director/Chief Financial Officer
William O'Brien, Chief of Police
John Matelski, CIO, Director of Information Technology
Kathy Crumbley, Clerk of Recordes Court
Rhonda Naadueba, Deputy Director of Finance



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October 17, 2012

The Honorable Judge Nelly F. Withers
Recorders Court of DeKalb County
3631 Camp Circle
Decatur, Georgia 30032

Judge Withers:

The fiscal books, records, and other pertinent documents were examined for the year ended December 31, 2011. Internal Audit conducted such audit tests and procedures as were considered necessary under the circumstances.

In our opinion, the accompanying Statement of Operations is a satisfactory representation of the operations of the Recorders Court as of December 31, 2011.

Sincerely,

Cornelia Louis
Interim Deputy Director of Finance, DIAL
DeKalb County, Georgia

**DeKALB COUNTY, GEORGIA
 RECORDERS COURT
 STATEMENT OF OPERATIONS
 FOR THE YEARS ENDING DECEMBER 31, 2011 AND 2010 - COMPARED**

	2011	2010	Increase (Decrease)
GROSS REVENUE	\$31,145,991	\$29,857,750	\$1,288,241
DISBURSEMENTS:			
GSCCCA	3,668,913	3,812,847	(143,934)
PEACE OFFICERS' ANNUITY	905,336	834,320	71,016
SHERIFF'S RETIREMENT FUND	335,640	248,442	87,198
BOND REFUNDS	4,676	27,151	(22,475)
STATE COURT OF DEKALB COUNTY	60,971	28,999	31,972
MANUAL ENTRIES & ADJUSTMENTS	287,915	130,238	157,677
GA DEPT OF PUBLIC SAFETY	-	-	-
TOTAL DISBURSEMENTS	5,263,451	5,081,995	181,456
REVENUE TO COUNTY	25,882,540	24,775,755	1,106,785
COUNTY EXPENDITURES:			
PERSONAL SERVICE	2,545,107	2,530,217	14,890
SUPPLIES	63,962	64,575	(613)
PURCHASED/CONTRACTED SVS	983,128	749,305	233,823
EQUIPMENT	163	1,367	(1,204)
TOTAL COUNTY EXPENDITURES	3,592,360	3,345,463	246,897
NET COUNTY REVENUE	\$22,290,180	\$21,430,292	\$859,888
NET OPERATING REVENUE			
COUNTY FUNDS	19,718,668	19,039,697	678,971
VICTIM ASSISTANCE FUND	963,814	860,161	103,653
JAIL FUND	1,607,698	1,530,434	77,264
	\$22,290,180	\$21,430,292	\$859,888

EXHIBIT A