



Finance-Internal Audit & Licensing

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Chief Executive Officer

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Date: June 13, 2013

To: Debra DeBerry, Superior Court Clerk

From: Interim Deputy Director of Finance, Internal Audit & Licensing

Subject: Clerk of Superior Court (CSC)

Re: 2012 Management Report

General Information

Internal Audit has reviewed the financial records of CSC for the period beginning January 1, 2012 and ending December 31, 2012. 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-Checks Issued Out of Sequence

Some checks disbursed from the General Operating account were not issued in sequential order. Consequently, this practice does not allow for appropriate accountability of all disbursements and can lead to possible misappropriation of funds.

Recommendation I

We recommend that all checks be issued in sequential order to ensure proper accountability of all disbursements.

Significant Deficiency II-Timeliness of Bank Deposits

We reviewed a sample of deposits for 61 work days: out of sample, 11% of the receipts were not deposited into the General Operating bank account in a timely manner. Cash deposits range from 3 to 11 business days. Delay of cash deposit increases the risk of loss through theft or misappropriation.

Recommendation II

We strongly recommend that all receipts be deposited within two (2) business days from receipt.

Significant Deficiency III-Remittance of Interest to GSCCCA

In the past, CSC sent correspondence to Georgia Public Defender Standards Council (GPDSC), currently Georgia Superior Court Clerk Cooperative Authority (GSCCCA), informing the council of the accumulated interest on the escrow account within Court Registry Division. GSCCCA does an ACH, automatic clearinghouse, debit for the amount of interest earned on the account each month. From 2008 thru 2012, no interest earned was deducted from the Citizens Trust Escrow Trust Account within the Court Registry Division. Total interest earned as of December 31, 2012 was \$6,902.

Recommendation III

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

Significant Deficiency IV- Insufficient Funds in Citizens Trust Escrow Account

During 2010, the funds of most cases in the Bank of America and Citizens Trust escrow accounts were transferred to Bank of America with each case being assigned a new separate non-interest bearing account. Approximately 300 accounts were opened in 2010. Due to a defalcation that occurred in 2004 from the Citizens Trust escrow account, the account has insufficient funds. The estimated account deficit is \$17,600. Furthermore, monies were disbursed from the Bank of America account for a Citizens Trust escrow account case. Therefore, all cases in the Bank of America escrow account were not transferred because of inadequate funding in the bank.

Recommendation IV

We recommend that CSC seek authorization from the Board of Commissioners (BOC) to replenish losses in the Citizens Trust escrow account. This will also resolve the shortage of funds in the Bank of America escrow account.

Comments

In January 2012, funds from the General Operating account were used for Witness Fee expenditures. Although the monies in the General Operating account were replaced once the CSC received reimbursement from the County for Witness fees expenditures, using agency funds for CSC operations should be discouraged. The funds in the General Operating account are held in a purely custodial capacity and should not be used for the general operations of CSC.

Passport execution and photo fees for August 2012 thru November 2012 and photo fees for December 2012 totaling \$43,250 were remitted to the County in January 2013. Execution fees of \$8,000 collected in December, 2012 were not remitted to the County.

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: Zachary Williams, Chief Operating Officer/Executive Assistant
Joel Gottlieb, Chief Financial Officer/Finance Director
Gwen Brown-Patterson, Deputy Director of Finance