

DEKALB COUNTY, GEORGIA



**ALTERNATIVE DISPUTE RESOLUTION PROGRAM**

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**AUDIT REPORT**

**2013 ALTERNATIVE DISPUTE RESOLUTION MANAGEMENT REPORT**

**PREPARED BY  
FINANCE- INTERNAL AUDIT DIVISION**

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Internal Audit & Licensing

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DATE: May 2, 2014  
TO: Gregory A. Adams, Chief Judge - Superior Court  
FROM: Cornelia Louis, Interim Deputy Director of Finance – Internal Audit & licensing  
SUBJECT: Alternative Dispute Resolution Trust  
RE: 2013 Management Report

**General Information**

Internal Audit has examined the financial records of the Alternative Dispute Resolution Trust Fund (ADR) for the period beginning January 1, 2013 and ending December 31, 2013. These records are summarized in our annual audit report on ADR. The Deficiencies, Observation, Comment, and Recommendations herein address the financial operations of the court.

**Deficiency I - Segregation of Duties and Other Controls**

The Alternative Dispute Resolution (ADR) accounting functions are not adequately segregated. The following duties are performed by the Grant Manager: (1) Process payments received from customers, (2) Reconciles or balances cash, and (3) Prepares and deposits funds into the bank account. The Grant Manager is also responsible for oversight of the accounting function. Segregation of duties is a fundamental element of internal control which limits the risk of errors or fraud.

**Recommendation I**

Internal Audit recommends that ADR's accounting function for processing cash payments be reassigned. Also, the work should periodically be reviewed by management. The abovementioned recommended controls will minimize the risk of errors or fraud.

**Deficiency II - Untimely Cash Deposits**

Checks received are not deposited in a timely manner. Cash receipts are frequently held and not deposited until mid-month. Untimely deposits increase the risk of error and the risk of misappropriation of funds.

**Recommendation II**

Internal Audit recommends that checks be deposited in a timely manner; this should be done within two (2) business days from receipt.

**Deficiency III – Bank Reconciliation**

Bank reconciliations are not prepared for ADR's operating account. An excel spreadsheet is used to record and account for cash transactions. The bank reconciliations allow ADR to account for fees, pending transactions, and detect errors or fraud.

**Recommendation III**

Internal Audit recommends that monthly bank reconciliations be prepared. Also, management should review and approve bank reconciliations.

**Deficiency IV-Checks Issued Out of Sequence**

Checks were issued out of sequence; checks 1002 through 1030 were issued March through October of 2013. Checks 1031 through 1036 were issued in fiscal year 2011 and checks 1037 through 1043 were disbursed in fiscal year 2012. Checks issued out of sequence does not allow for appropriate accountability of disbursements within the fiscal year.

Also, some checks were issued, but copies were not available for review or included as part of the supporting documentation.

**Recommendation IV**

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

All transactions should be supported by adequate documentation. Documentation should include detail to provide an audit trail for future reviews.

**Observation I – Lack of Written Procedures**

ADR does not have policies and procedures manual for the accounting functions.


**Recommendation I**

We recommend that the accounting functions of ADR be clearly documented in a procedures manual. Written procedures are beneficial for the training of current and new employees and are a valuable resource in the event an employee leaves. Written procedures reduce the risk of loss of funds and disruption of operations.

**Comment I - Reimbursement**

As of December 2013, the 3<sup>rd</sup> and 4<sup>th</sup> quarterly reimbursable expenses which totaled \$231,390 were not reimbursed 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.



Cornelia Louis

CL/CCH

cc: Zachary Williams, Executive Assistant/Chief Operating Officer  
Gwen Brown-Patterson, Interim Chief Financial Officer/Finance Director  
Cathy W McCumber, Treasurer/Court Administrator  
Claudette Leak, Administrative Project Manager