

DeKALB COUNTY, GEORGIA



CLERK OF SUPERIOR COURT

MANAGEMENT REPORT

FOR THE YEAR ENDING DECEMBER 31, 2013

**PREPARED BY
INTERNAL AUDIT DIVISION**



Finance Department
Internal Audit & Licensing

**Interim Chief Executive
Officer**

Lee May

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: August 27, 2014
To: Debra DeBerry, Superior Court Clerk
From: Deputy Director of Finance, Internal Audit & Licensing
Subject: Clerk of Superior Court (CSC)
Re: 2013 Management Report

General Information

Internal Audit has reviewed the financial records of CSC for the period beginning January 1, 2013 and ending December 31, 2013. These records are summarized in our annual audit report on CSC. The Significant Deficiencies, Observation, 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. This was also mentioned in the 2012 CSC Audit Report.

Significant Deficiency II-Timeliness of Bank Deposits

We reviewed a sample of deposits for 60 work days: out of the sample, 11% of the receipts were not deposited into the General Operating bank account in a timely manner. Cash deposits range from 3 to 5 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. The 3 to 5 business day cash deposit range is an improvement from prior years' deposit range of 3 to 11 business days.

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 2013, no interest earned was deducted from the Citizens Trust and Bank of America Escrow Trust Accounts within the Court Registry Division. Total interest earned as of December 31, 2013 was \$7,945.

Recommendation III

We recommend that Clerk of Superior Court inform GSCCCA of the accumulated interest in the escrow accounts. Also, CSC may consider having a document drawn where GSCCCA can deduct interest without receiving 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. 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 escrow 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. Currently, the bank account is not overdrawn, but the outstanding balance will not cover the total checks disbursed.

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.

Significant Deficiency V

During our review, Internal Audit conducted a surprise count of 10 change funds. Overall, 9 cash drawers counted had no overages or shortages. However, the change fund of \$1,075 had a shortage of \$11.75. The change fund of \$1,075 is used to make change readily available for the all cash drawers. Internal Audit was informed by CSC staff that the shortage resulted from change made for the personal employee fund. Documentation was provided by CSC personnel showing an overage of \$11.75 in the personal employee fund. The amount was refunded to the change fund when the shortage was brought to the attention of CSC staff.

Recommendation V

Employee personal funds should not be comingled with operating funds. This practice can result in misappropriation of funds. It is the responsibility of the custodian to ensure proper safeguards are established.

Observation I

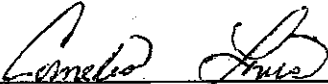
During a test of cash receipts, monies collected on April 1, 2013 totaled \$25,403.70. This comprised of \$5,902.50 in cash and \$19,501.20 in checks. Of the total collected on April 1, 2013, \$23,492.50 was deposited into the bank on April 3, 2014. The difference between cash collected and cash deposited is a shortage of \$1,911.50 (\$1,702.50-cash, \$209.00- checks). Further research in the Transaction Detailed Report, report which lists voids, deletions, and additions, revealed the deposit of \$1,911.50 was deleted, added, and deposited into the bank on April 5, 2014. Internal Audit inquired about the reason for the deletion, addition, and deposit four (4) days later. CSC could not provide an explanation.

Recommendation

Voids and deletions of cash receipts should be adequately documented with the reason for the deletion. CSC should consider supervisor approval of voided or deleted transactions.

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
Gwen Brown-Patterson, Interim Chief Financial Officer/Finance Director
Claudette Leak, Administrative Project Manager