



**Internal Audit Division
Finance Department
DeKalb County**

JUVENILE COURT

2015 MANAGEMENT REPORT

AUGUST 2016

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Executive Officer

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TRANSMITTAL MEMORANDUM

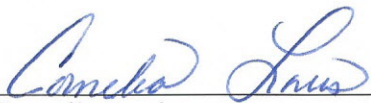
DATE: August 17, 2016
TO: Linda Bratton Haynes, Chief Judge of DeKalb County Juvenile Court
FROM: Cornelia Louis, Deputy Director of Finance – Internal Audit
SUBJECT: Juvenile Court
RE: 2015 Management Report

Attached is the Management Report of Juvenile Court's 2015 Annual Financial audit. The issue(s) raised in the report were discussed with Chief Judge Linda Bratton Haynes and Ms. L.D. Avery-Carter during the Exit Conference on August 17, 2016.

Management's responses to our audit observations and recommendations are included in the following report.

If you have any questions about the audit or this report, please feel free to contact me at 404-371-2639.

Sincerely,



Cornelia Louis

cc: Appendix C



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EXECUTIVE SUMMARY

General Information

"The mission of the DeKalb County Juvenile Court is to protect the best interest of the child and the community, to restore the lives of children who have been neglected or abused, to redirect children who have admitted to or have been found in violation of the law to become law abiding, productive citizens, and to support the continuity of families by leaving children in their homes whenever possible."¹ The Court consist of various sectors, which includes, administrative offices for Court Services, Probation Division, Child Advocacy Department, Public Defenders, District Attorney and the Court Appointed Special Advocate (CASA) program.

Judges preside over hearings for Juvenile defendants who are charged with committing murder, armed robbery, rape, traffic, and restitution offences. Probation officers address probation, informal probation, and curfew violations.

The Court collects funds (fines and fees), called fiduciary funds, "held in a trustee or agency capacity for others, and therefore cannot be used to support the government's own programs."² Agency Funds are "used to report resources held by the reporting government in a purely custodial capacity."³

The Clerk of Juvenile Court is responsible for record keeping, information management, and the financial management functions. Court ordered fines are collected by the Clerk's office, and distributed to state and government agencies per statues or victims of court ordered restitution.

Objective and Approach

The primary purpose of the audit is to review and analyze the financial records maintained by Juvenile Court to provide a reasonable basis for the opinion; and prepare a Balance Sheet, and Statement of Receipts & Disbursements. This information is reviewed by the County's external auditors and presented in the County's Comprehensive Annual Financial Report (CAFR).

We examined the financial records of the Juvenile Court for the period January 1, 2015 to December 31, 2015.

Issued separately from this report is an audit report that includes the financial statements and our opinion thereon. The Observations, Recommendations, and Comments covered in this report are to address operational aspects of the financial activities of the Juvenile Court.

¹ <http://www.dekalbjuvenilecourt.org/>

² GASB Statement No. 34, paragraph 69

³ Governmental Accounting, Auditing, and Financial Reporting (Blue Book), Chapter 4



Summary of Observations

Overall, the Juvenile Court continues to improve controls over assets. However, we have identified a few areas to improve the efficiency of processes, ensure accuracy of financial information, and improve controls through management oversight.

Overall Recommendation

We recommend management oversight over cash receipts and disbursements and ensure financial information is accurate and complete.



Approvals:

Original Signed by:

Cornelia Louis

Cornelia Louis
Deputy Director of Finance
Internal Audit Division
Department of Finance
DeKalb County



OBSERVATION DETAILS

1. Inadequate Management Oversight

Between November 2015 and December 2015, a supervisor did not verify and approve some Daily Cashier Totals Reports. The approval of Daily Cashier Totals Reports by the supervisor acknowledges the supervisor verified the cash totals on the Daily Cashier Totals Reports with the cash received daily. Additionally, a few Daily Cashier Totals Reports were incomplete.

Management should compare "operating information obtained in the course of its daily activities to system-generated information and follow up on any inaccuracies or other problems that might be found."⁴ This process allows management to perform ongoing *Monitoring*, which is a component of the Internal Control framework. Committee of Sponsoring Organization of the Treadway Commission (COSO) states, "*monitoring* ensures that internal control continues to operate effectively."⁵

Inadequate management oversight over daily cash close procedures may increase the risk of loss through undetected discrepancies.

Recommendation

We recommend that Juvenile Court ensure proper management oversight to be certain cash closeout procedures are effective and to reduce the risk of loss. Moreover, all aspects of the process performed completely.

Management Response

The Accounting Technician Senior performs the approval of the Daily Cash Totals. It is his/her responsibility to monitor and verify the cash totals. Although the Daily Cash Totals were verified daily, there were occasions where the Accounting Technician Senior failed to sign off on the form. Also, any payment rendered online through our merchant services system (NIC) will **only** require the signature of the Accounting Tech Sr., since there is no cashier accepted payments. The Accounting Tech Sr. receives a disbursement report of funds when funds are successfully deposited in our account from NIC.

2. Inaccurate Accounting Information

The following transactions were posted to the QuickBooks General Ledger and manual (Excel) General Ledger of detail transactions inaccurately.

- On September 23, 2015, **deposit** (JVJV29209-29214) was posted as a negative \$375 in the QuickBooks General Ledger, which decreased the total deposited amount.

⁴ GAO-01-1008G – Internal Control Management and Evaluation Tool (8/01)

⁵ COSO Framework



- The Excel General Ledger spreadsheet totals beginning in the month of February 2015 were incorrect. A \$2,000 bond was not included in the monthly total and future year to date totals.
- The defaced voided check number 29611 for \$120 was recorded as outstanding.
- Checks 29657, 29679, 29684, 29689, 29690, and 29691 totaling \$744.16 were shown on the financials as outstanding, but cleared the bank in September, October, and November 2015.

The Government Accountability Office (GAO) standards for Internal Controls requires that management ensure "documentation of transactions and other significant events is **complete** and **accurate** and facilitates tracing the transaction or event and related information from authorization and initiation, through its processing, to after it is completed."⁶ It also states, "Erroneous data be captured, reported, investigated, and promptly corrected."⁷

Inaccurate financial data creates a risk of data reliability and integrity for financial reporting.

Recommendation

We recommend due care be exercised when inputting and reconciling transactions.

Management Response

Our version of Excel is not the current version; therefore, we had issues with populating some of the line item entries, which caused our totals to be inaccurate. We are reviewing it more frequently, since the problem has been identified. The unclaimed restitution concern has been corrected. Not sure when the report was produced, but all checks are showing cleared in QuickBooks.

COMMENTS

1. Child @ Number

Although it is not the Court's official policy to record the Child @ Number (Unique Identifier) on all cash receipts processed, most cashiers perform this function. It enables the reviewer to obtain historical data on all cases associated with the Juvenile, which improves efficiency in processing transactions.

A few January 2015 receipts did not include the Child @ Number. If it was necessary to obtain additional information about the juvenile, and the Child @ Number was not readily available, it may have resulted in increased research time and inefficient customer service.

To increase efficiency and ensure historical case information is readily accessible, receipts should display the Child @ Number. Additionally, the Court should seek to automate the process by adding the Child @ Number as a required field when processing payments. This enhancement may not be practical for the existing system, but should be

⁶ GAO-01-1008G – Internal Control Management and Evaluation Tool (8/01) Page 43

⁷ GAO-01-1008G – Internal Control Management and Evaluation Tool (8/01) Pg49



considered when implementing a future Case Management System. This may improve cash receipt processing time and provide efficient customer service.

Management Response

It is not a requirement or a policy to write the Child's @ Number on the receipt. While some staff members do it, it is not necessary since there is only one child per case and all fees in that case will apply to that respective child. However, we recently upgraded our case management system namely, Contexte (Case Management System from Xerox) and on the new generated receipts, there is a place where the cashier can make a "comment" regarding the case. As of August 23rd, 2016, the cashier have been informed to enter the youth's @ number in that area. The accounting procedures will also be adjusted to reflect such request.

2. Bank Account

In December 2015, the Court transferred its main operating account from SunTrust Bank to Wells Fargo Bank. In preparation for the transfer, the Court discontinued disbursements from the SunTrust account in October and November 2015. Prior to the transfer, letters were sent to regular payees informing them of the impending bank account switch and the deadline to cash checks. In December 2015, checks were written for priority payees; however, the Court learned that the Wells Fargo bank account was opened as a non-governmental account, which required a change in the account type. Because of the challenges experienced with the Wells Fargo account, a decision was made to delay payment to Georgia Department of Revenue – Unclaimed Property Program (\$1,136.35), until issues with the bank account were resolved.



Appendix A – Acknowledgements

We would like to take this opportunity to thank the Juvenile Court management and staff of all the participating departments for their assistance during this engagement.

Conducted by:

Clenty C. Hinton
Senior Auditor
Finance Department - Internal Audit Division

Reviewed by:

Cornelia Louis
Deputy Director of Finance
Finance Department - Internal Audit Division



APPENDIX B – DEFINITIONS AND ABBREVIATIONS

Acronyms and Abbreviation

CASA – Court Appointed Special Advocates

CAFR - **Comprehensive Annual Financial Report**

Key Definitions

Child@ Number - A number (unique identifier) assigned to a juvenile to obtain historical case information.

NICServices LLC - **PROVIDES** efficient, cost-effective comprehensive payment solutions for governmental entities.⁸

QuickBooks – Bookkeeping software that combines a variety of accounting processed into one user-friendly system. The software’s primary function is to alleviate the use of multiple tables, spreadsheets, and tracking sheets necessary to document and maintain accounting tasks at a company.⁹

Escheat – the forfeit of all property (including bank accounts) to the state treasury if it appears certain that there are no heirs, descendants, or named beneficiaries to take the property upon the death of the last known owner.¹⁰

Control Activities - The third component in the Committee of Sponsoring Organizations (COSO) Framework, “the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system.”¹¹

The Committee of Sponsoring Organizations of The Treadway Commission (COSO) – “provide thought leadership through the development of comprehensive frameworks and guidance on enterprise risk management, internal control and fraud deterrence designed to improve organizational performance and governance and to reduce the extent of fraud in organizations.”¹²

⁸ <http://www.egov.com/NICPayments>

⁹ <http://www.businessdictionary.com/definition/Quickbooks.html>

¹⁰ <http://dictionary.law.com/Default.aspx?selected=655>

¹¹ Government Accountability Office (GAO), Standards for internal Control in the Federal Government (Green Book)

¹² <http://www.coso.org/aboutus.htm>



APPENDIX C – DISTRIBUTION LIST

This report has been distributed to the following individuals:

DeKalb County Board of Commissioners

Lee May, Interim Chief Executive Officer

Zachary L. Williams, Chief Operating Officer/ Executive Assistant

Preston Stephens, Interim Assistant Finance Director

L. D. Avery-Carter, Clerk of Juvenile Court