



**Internal Audit Division  
Finance Department  
DeKalb County**

## **PROBATE COURT**

# **2015 MANAGEMENT REPORT**

**JULY 2016**

Page intentionally left blank



**Finance Department  
Internal Audit Division**

**Interim Chief  
Executive Officer**

Lee May

**Board of  
Commissioners**

District 1  
Nancy Jester

District 2  
Jeff Rader

District 3  
Larry Johnson

District 4  
Sharon Barnes Sutton

District 5  
Mereda Davis Johnson

District 6  
Kathie Gannon

District 7  
Vacant

**TRANSMITTAL MEMORANDUM**

**DATE:** July 1, 2016  
**TO:** The Honorable Judge Jeryl Rosh  
**FROM:** Cornelia Louis, Deputy Director of Finance, Internal Audit  
**SUBJECT:** Probate Court Annual Audit  
**RE:** 2015 Management Report

Attached is the Management Report of Probate Court's 2015 Financial Annual Audit. The issue raised in the report was discussed with you during the Exit Conference and follow-up meeting on June 15, 2016 and July 1, 2016, respectively.

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



## Table of Contents

<b>EXECUTIVE SUMMARY</b> -----	<b>2</b>
<b>OBSERVATION DETAILS</b> -----	<b>4</b>
<b>APPENDIX A – ACKNOWLEDGEMENTS</b> -----	<b>7</b>
<b>APPENDIX B – DEFINITIONS AND ABBREVIATIONS</b> -----	<b>8</b>
<b>APPENDIX C – DISTRIBUTION LIST</b> -----	<b>9</b>





## EXECUTIVE SUMMARY

The Probate Court collects funds (fines, fees, taxes, etc.), called fiduciary funds, “held in a trustee or agency capacity for others, and therefore cannot be used to support the government’s own programs.”<sup>1</sup> Probate Court is a fiduciary of both, Private-Purpose Trust and Agency funds. Private-Purpose Trust funds are “used to report all other trust arrangement under which principal and income benefit individuals, private organizations, or other governments.”<sup>2</sup> Agency Funds are “used to report resources held by the reporting government in a purely custodial capacity.”<sup>3</sup>

DeKalb County Probate Court is divided into four departments; Auditing, Court, Records and Marriage & Pistol License.

- The Audit Section handles guardianship, mental health annual returns, and conservatorship.
- The Court Section processes administration, years support and probating of wills.
- The Records Section assists customers with title searches and is responsible for filing and scanning all documents into the system.
- The Marriage & Pistol License Section is responsible for process all applications submitted for either marriage or firearm license.

### Objective and Approach

The primary purpose of the audit is to review and analyze the financial records maintained by Probate 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 Probate Court for the period January 1, 2011 to December 31, 2015.

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

<sup>1</sup> GASB Statement No. 34, paragraph 69

<sup>2</sup> Governmental Accounting, Auditing, and Financial Reporting (Blue Book), Chapter 4

<sup>3</sup> Governmental Accounting, Auditing, and Financial Reporting (Blue Book), Chapter 4



## **SUMMARY OF OBSERVATIONS**

The following identifies issues or non-conformities.

1. A few inaccuracies exist on the Cash Receipt Journal Reports generated by IT because not all the petition codes were captured on the monthly reports.
2. Probate Court has outstanding checks on the Operating, Legal, and Guardian Ad Litem accounts older than five years or older. Georgia Law presumes the owner abandons property if it has been unclaimed for more than five years. The Court has not remitted unclaimed property to the State of Georgia.

## **OVERALL RECOMMENDATION**

1. We recommend Probate Court personnel work with IT Department personnel to continuously improve system controls.
2. We recommend Probate escheat outstanding checks older than five years to the State of Georgia.



## OBSERVATION DETAILS

### 1. Inaccurate Reporting of Financial Data from Probate Court Agile System

Agile Court financial management component generates Court Ledger and Trial Balance reports for review and reconciliation of financial transactions by Probate Court personnel. However, the Agile Court system does not provide a report of daily cash receipts classified by petition type. Due to the lack of financial reports from the Agile Court System, DeKalb County Innovation Technology staff created ad hoc reports at the request of Internal Audit. As a result, IT generated Cash Receipts Journal Reports for each section within the Court. As of the report date, a few inaccuracies still exist on the Cash Receipts Journal Reports because all the petition codes are not properly captured from each Court section.

The reports generated from the Agile Court System are an Output Control that verifies data outputs are accurate, complete, and valid. "These controls address what is done with the data and should compare output results with the intended results by checking the output against the input."<sup>4</sup>

Inaccurate financial reports can increase the risk of data reliability for financial reporting. Furthermore, these inaccuracies may increase the likelihood of erroneous disbursements to Georgia State agencies.

#### Recommendation

We recommended that Probate Court personnel work with IT Department personnel to continuously improve system controls and to properly identify all necessary fee codes to ensure accuracy of the Cash Receipt Journal Report.

#### Management Response

The formulation of a Cash Receipt Journal is still a work in progress, as there seemed to be difficulty in reflecting all of the fees.

<sup>4</sup> Global\_Technology Audit Guide, IPPF - Practice Guide, Auditing Application Controls





## 2. Escheatment of Unclaimed Property

The Court has not remitted unclaimed property totaling \$5,720.50 to Georgia Department of Revenue (GDOR). The outstanding checks list of Operating, Legal, and Guardian Ad Litem accounts contain checks five years or older.

Probate Court personnel or management is not reviewing the unclaimed property process, annually.

The State of Georgia's unclaimed property law, Title 44, Chapter 12, Article 5, 193 states, "When property held, issued, or owing in ordinary course of holder's business presumed abandoned. All tangible and intangible property, including any income or increment thereon, less any lawful charges, that is held, issued, or owing in the ordinary course of the holder's business and has remained unclaimed by the owner for more than five years after it became payable or distributable is presumed abandoned, except as otherwise provided by this article. Property is payable or distributable for the purpose of this article notwithstanding the owner's failure to make demand or to present any instrument or document required to receive payment."<sup>5</sup> The state then claims the property through a process called escheatment.

Georgia Code O.C.G.A TITLE 44 Chapter 12 Article 5, 227 – Penalties states,

(a) "A person, firm, or corporation who willfully fails to render any report or perform other duties required ... shall pay a civil penalty of \$100.00 for each day the report is withheld or the duty is not performed, but not more than \$5,000.00.

(b) A person, firm, or corporation who willfully fails to pay or deliver property to the commissioner as required ... shall pay a civil penalty equal to 25 percent of the value of the property that should have been paid or delivered..<sup>6</sup>

### **Recommendation**

We recommended Probate Court escheat all unclaimed funds to the State of Georgia.

### **Management Response**

As to the list of checks dated in 2011 and before, our bookkeeper is still working on completing the forms necessary to escheat to the State of Georgia. It is projected that the process will be completed within 3 months.

<sup>5</sup> <https://www.lexisnexis.com/hottopics/gacode/>

<sup>6</sup> <https://www.lexisnexis.com/hottopics/gacode/>





---

**Approvals:**

Original Signed by:

---

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



---

### **Appendix A – Acknowledgements**

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

Conducted by:

Alexis Walton  
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

DOIT Department of Innovation & Technology

### Key Definitions

**Escheatment** – The process of turning over unclaimed or abandoned property to the state. Escheatment laws require mutual funds to turn over uncashed or returned check dollars if the owner cannot be located within a determined length of time by each state.

**Agile Court** - The Agile Court Solution from Xerox is a streamlining case management system. Agile Court provides case filing, document processing, and receipt payment for all court transactions. Agile Court is designed to give the court the ability to move quickly and easily.





---

**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

John Matelski, Director of Innovation and Technology Department

Preston Stephens, Interim Assistant Finance Director

Ricxie Flor, Administrative Operations Manager-Probate Court

Claudette Leak, Assistant to the Chief Operating Officer