



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER 0

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DATE: 1/18/2011

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT REGARDING THE REVIEW OF THE D.I.R.E.C.T. COURT CASH HANDLING PROCEDURES**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report for the review of the D.I.R.E.C.T. Court's Cash Handling Procedures for the eight (8) months ending October 31, 2010.

BACKGROUND:

The objective of the review was to determine whether controls over cash collected by the D.I.R.E.C.T. Court were adequate. The Auditor's Office also determined whether management had addressed prior observations and recommendations made in a memorandum to the Criminal Courts Administrator dated February 7, 2008.

FISCAL IMPACT:

There is no direct fiscal impact associated with this action.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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November 30, 2010

The Honorable District Judges
The Honorable Commissioners Court
Clete McAlister, Criminal Courts Administrator
Tarrant County, Texas

RE: Auditor's Report – Review of D.I.R.E.C.T. Court's Cash Handling Procedures

SUMMARY

At the request of the Criminal Courts Administrator, we reviewed the receipt and cash collection operations of the Tarrant County D.I.R.E.C.T. Court for the eight-months ending October 31, 2010. The objective of our review was to determine whether controls over cash collected by D.I.R.E.C.T. Court were adequate. We also determined whether management had addressed prior observations and recommendations made in a memorandum to the Criminal Courts Administrator dated February 7, 2008. Although management had implemented our prior recommendations, we found that financial information recorded into the D.I.R.E.C.T. Court System and the County's general ledger did not reconcile.

We discussed this condition the Court Administrator's Office staff and reconciliation procedures were implemented as of October 2010.

BACKGROUND

The D.I.R.E.C.T. Drug Court Program offers non-violent offenders a judicially supervised treatment regimen. Successful completion of the program will result in dismissal of the participant's case or a shortened probation term. The term of the D.I.R.E.C.T. program is six months for misdemeanor cases and twelve months for felony cases. Each participant is required to pay (1) \$1,000 to be enrolled in the program, and (2) all required lab tests associated with their participation. Payments are made by either cash or money order.

Participants must follow specified guidelines for successful completion of the program. The program is divided into four phases. Unless ordered by a judge, a participant cannot advance to the next program phase until all lab fees are paid. Also, each phase requires affiliation and regular attendance at Narcotics Anonymous and Alcoholics Anonymous sessions. Program participants are referred to certified treatment providers and are required to attend therapeutic rehabilitative activities. Their attendance is monitored by assigned case managers. Drug testing is conducted at regular intervals and sanctions are imposed for relapse and failure to follow program guidelines.

OBSERVATION AND RECOMMENDATION

Financial information recorded into the SCOTIA D.I.R.E.C.T. Court System did not reconcile to the County's general ledger.

Background

Due to staffing limitations, both clerical staff and caseworkers accept payment from participants of the D.I.R.E.C.T. program. Although cash is properly secured in a locked cabinet, multiple individuals have access to the cash. No one individual is ultimately responsible for cash shortages and overages. As a result, the following mitigating controls have been implemented:

1. D.I.R.E.C.T. Court staff prepares a two-part receipt for all payments received from program participants. Staff issues receipts in sequential order.
2. D.I.R.E.C.T. Court staff provides one copy of the receipt to the program participant and later forwards the second copy to the Court Administrator's Office for preparation of the deposit.
3. D.I.R.E.C.T. Court staff enters the payments into the SCOTIA Court System and a subsidiary ledger. Staff reconciles the SCOTIA Court System and the subsidiary ledger on a monthly basis.
4. Program participants typically monitor their account balance since they cannot graduate from the program unless they pay their fees in full.
5. D.I.R.E.C.T. Court staff forwards a copy of the receipts and the monies to the Court Administrator's Office. Court Administrator staff accounts for each receipt number, determines the reason for any voids, reconciles the receipts to the monies received, and prepares the deposit.
6. Staff in the Court Administrator's Office enters the deposit into the County's cash receipt journal (general ledger).

Observation


During our review, we found that receipts recorded into SCOTIA D.I.R.E.C.T. Court System did not agree with the receipts recorded into County's general ledger cash receipt journal. Furthermore, D.I.R.E.C.T. Court staff had not implemented procedures to reconcile the two systems. Upon communicating the differences to the appropriate staff, they provided the necessary information to reconcile the two systems.

We recommended that the Court Administrator's Office implement daily procedures to reconcile the two systems and resolve any differences. Furthermore, an individual independent of the reconciliation function, ideally management, should review and approve the reconciliations. As of October 2010, staff implemented such procedures. No further recommendation is required.

CLOSING REMARKS

We wish to thank the Criminal Court Administrator's Office and D.I.R.E.C.T. Court staff for their cooperation in the completion of this project. We also appreciate their prompt attention to our recommendations.

Very truly,



Renee Tidwell, CPA
County Auditor

Attachment:

Management's response letter dated January 12, 2011

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TARRANT COUNTY
CRIMINAL COURTS ADMINISTRATOR

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January 12, 2011

Renee Tidwell, County Auditor
The Honorable District Judges
The Honorable Commissioners Court

RE: Auditor's Report – Review of D.I.R.E.C.T. Court's Cash Handling Procedures

Dear Ms. Tidwell:

We appreciate the thorough review and recommendations of the County Auditor's Office. We have implemented the recommendations. The long range goal should be to integrate the payment and case management computer systems to further reduce the possibility of errors and to improve efficiency.

Sincerely,

Clete McAlister
Tarrant County Criminal Courts Administrator