



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#122241

PAGE 1 OF 6

DATE: 03/22/2016

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REGISTRY OF THE COURT ACCOUNTS HELD BY THE COUNTY CLERK AS OF SEPTEMBER 30, 2015**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Registry of the Court Accounts held by the County Clerk as of September 30, 2015.

BACKGROUND:

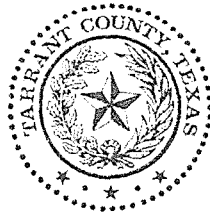
As required by Local Government Code Section 117.123, the Auditor's Office performed an audit of the registry funds held by the County Clerk as of September 30, 2015. The objective of the audit was to determine whether the registry account balances shown on the attached financial statements were materially correct. The Auditor's Office also determined whether collateral held jointly by the County Clerk and the depositories was adequate.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY
TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
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FIRST ASSISTANT COUNTY AUDITOR
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February 29, 2016

The Honorable Mary Louise Garcia, County Clerk
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – County Clerk, Registry of the Court Accounts

SUMMARY

As required by Local Government Code Section 117.123, we performed an audit of the registry funds held by the County Clerk as of September 30, 2015. The objective of our audit was to determine whether the registry account balances shown on the attached financial statements were materially correct. We also determined whether collateral held jointly by the County Clerk and the depositories was adequate. In our opinion, the County Clerk's registry account balances shown on the attached financial statements were presented fairly, in all material respects. We also found that the value of collateral held by the clerk and the depositories exceeded the amounts required by the respective contracts. However, we observed the following issues that require management's attention:

1. We tested 20 invested registry accounts and observed 7 instances where more than 10 business days passed between the date the County Clerk received a judicial order to invest funds held in the registry and the date the funds were actually invested. One account took 20 business days to invest funds after the County Clerk's receipt of an order. Recommendation: Since there is no statutory requirement specifying a timeline to invest funds upon receipt of a judicial order, the County Clerk should establish internal procedures to ensure that monies are invested as soon as possible, ideally within 3 business days.
2. We observed one case where the judicial order to distribute the funds was received on *September 19, 2012*, but the order specified an amount greater than the actual amount held in the registry account. The County Clerk has not obtained a revised order from the court so that the funds can be distributed to the appropriate party. Recommendation: County Clerk staff should contact the appropriate court and request a revised order as soon as possible when an error is identified.

Of the 1,471 checks presented to the Auditor's Office for review and countersignature from the registry account, 29 checks totaling \$2,698,428.75 were rejected for reasons including an incorrect amount or payee name, and for noncompliance with County policy requiring that deposits be held for 14-days before the funds are distributed. The County Clerk's Office voided and reissued all 29 checks. The reissued checks were presented to the Auditor's Office for review and countersignature. No further action was required.

BACKGROUND


The registry accounts are funds deposited and held for a third party per court order or statute. The funds held in the registry do not belong to Tarrant County. Rather, the County Clerk holds the funds in a fiduciary capacity to satisfy a legal pleading or to await the outcome of a legal proceeding. The registry accounts are recorded into Odyssey, the County Clerk's case management application. The clerk is responsible for the deposits, disbursements, and the investment of the registry funds. Currently, registry accounts are held at JP Morgan Chase and Wells Fargo banks.

In accordance with Local Government Code Section 117.121, *Disbursement of Funds*, the Auditor's Office reviews and countersigns disbursements made from the County Clerk's Registry Accounts. The code states, "All checks or drafts issued for the disbursement of the registry fund must be submitted to the county auditor for the auditor's countersignature before delivery or payment. The county auditor may countersign the check only on written evidence of the order of the judge of the court in which the funds have been deposited, authorizing the disbursement of the funds." During fiscal year 2015, the County Clerk's Office presented 1,471 checks totaling \$36,510,202.02 for the auditor's review, approval, and countersignature.

CLOSING REMARKS

We appreciate the cooperation of the County Clerk's staff during this audit. If you have any questions, please do not hesitate to call.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachments: Statement of Assets and Liabilities
Statement of Changes in Assets and Liabilities
Management's response

Distribution: Jeff Nicholson, Chief Deputy

James Knowles, Accounting Manager

Audit Team: Kim Trussell, Audit Manager
Julie Hillhouse, Senior Internal Auditor

Dan Thompson, Senior Internal Auditor
Angela Tran-Le, Internal Auditor

**TARRANT COUNTY, TEXAS
COUNTY CLERK
REGISTRY OF THE COURT ACCOUNTS**

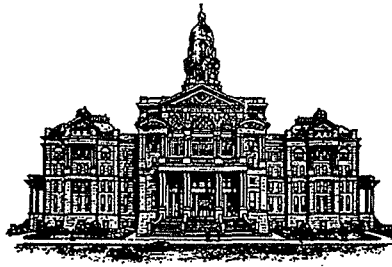
Statement of Assets and Liabilities
Fiscal Year Ending September 30, 2015

Assets		
Cash in bank (deposits)		\$ 15,399,727.05
Certificates of deposit, including accrued interest		18,956,355.22
Total Assets		<u>\$ 34,356,082.27</u>
Liabilities		
Due to beneficiaries		<u>\$ 34,356,082.27</u>
Total Liabilities		<u>\$ 34,356,082.27</u>

TARRANT COUNTY, TEXAS
COUNTY CLERK
REGISTRY OF THE COURT ACCOUNTS

Statement of Changes in Assets and Liabilities
Fiscal Year Ending September 30, 2015

	<u>Uninvested</u>	<u>Invested</u>	<u>Total</u>
Beginning Balance - September 30, 2014	\$ 27,755,167.43	\$ 20,312,285.83	\$ 48,067,453.26
Deposits	21,871,663.62		21,871,663.62
Interest Earned		\$108,820.60	108,820.60
Transfer from Invested to Uninvested	6,106,206.67	(6,106,206.67)	-
Transfer from Uninvested to Invested	(4,641,455.46)	4,641,455.46	-
Disbursements - Registry Accounts	(33,805,446.61)		(33,805,446.61)
Disbursements - Adjustments	(5,884.66)		(5,884.66)
Disbursements - Cash Bonds	(1,880,523.94)		(1,880,523.94)
Ending Balance - September 30, 2015	<u>\$ 15,399,727.05</u>	<u>\$ 18,956,355.22</u>	<u>\$ 34,356,082.27</u>



Mary Louise Garcia
County Clerk

TARRANT COUNTY COURTHOUSE

100 W. WEATHERFORD
Fort Worth Texas 76196-0401

Date: March 10, 2016

From: Mary Louise Garcia, Tarrant County Clerk

To: Renee Tidwell, County Auditor

Reference: County Clerk's Registry of Court Accounts Audit Response

I would like to thank the Auditor's Office for their approach and professionalism in this audit. We take our responsibility for the registry accounts very seriously, and appreciate the Auditor's Office partnership to ensure we safeguard the public's money to the highest degree possible.

Recommendation 1 - Since there is no statutory requirement specifying a timeline to invest funds upon receipt of a judicial order, the County Clerk should establish internal procedures to ensure that monies are invested as soon as possible, ideally within 3 business days.

It is now the written policy of the clerk's office to invest within three days.

Recommendation 2 - County Clerk staff should contact the appropriate court and request a revised order as soon as possible when an error is identified.

It is now the written policy of the clerk's office that an order is to be sent back to the appropriate court whenever an amount listed to be paid is greater than is what is actually in the registry.

The County Clerk's Accounting Department has a checklist that is to be followed to make sure that all checks agree to the order that is sent requesting payment. Management will ensure this checklist is consistently utilized.

Thank you.

Mary Louise Garcia
Tarrant County Clerk