



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#123727

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DATE: 10/18/2016

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE REVIEW OF THE COUNTY CLERK'S OFFICE, CIVIL SECTION**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report for the review of the County Clerk's Office, Civil Section.

BACKGROUND:

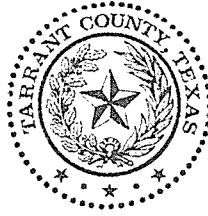
In accordance with Local Government Code, the Auditor's Office performed a review of the County Clerk's Civil Section for the period of October 1, 2015 through March 31, 2016. The objective of the review was to determine whether controls were adequate to reasonably ensure that the fees associated with civil cases were accurately assessed, collected, and recorded.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



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August 5, 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, Civil Section

SUMMARY

In accordance with Local Government Code, we reviewed the County Clerk Civil Section for the six-month period October 1, 2015 through March 31, 2016. The objective of our review was to determine whether controls were adequate to reasonably ensure that the fees associated with civil cases were accurately assessed, collected, and recorded. As a result of our review, we observed that fees were properly assessed, collected, and recorded. However, we found the following issues that require management's attention:

- Observation 1 Procedures related to cases with an Affidavit of Inability to Pay were not adequate.
- Observation 2 Reconciliation procedures between the NAV and the Odyssey systems were not adequate.
- Observation 3 An independent supervisory review of the County Clerk's bank reconciliations was not performed.

We discussed these observations with County Clerk management during the audit. Attached to this report is the County Clerk's response.

BACKGROUND

The County Clerk is responsible for accepting or rejecting a filing, maintaining the case files, collecting and reporting the respective fees and costs in compliance with applicable laws and County policies and procedures. The County Clerk also collects fees and costs on behalf of other parties such as the State of Texas and County law enforcement departments.

The County Clerk uses Odyssey, a case management system developed by Tyler Technologies, to manage the legal and financial records of the Courts at Law civil cases, and receipt the collected revenue. During the six-month audit period, the County Clerk receipted general fund revenues totaling \$771,815 into Odyssey. The County Clerk uses Dynamics Navision (NAV), a Microsoft accounting software, to issue disbursement checks and prepare monthly reports presented to Commissioners Court.

OBSERVATIONS AND RECOMMENDATIONS

Observation 1 Procedures related to cases with an Affidavit of Inability to Pay were not adequate.

Background

If a client meets certain criteria, such as the client receives state assistance, the County Clerk's Office automatically approves the Affidavit of Inability to Pay. All other affidavits are forwarded to the District Attorney's (DA) Office for review and approval. Staff records pending affidavits for approval in Odyssey using the "Affidavit of Inability to Pay" flag. If the affidavit is *not approved*, staff removes the "Affidavit of Inability to Pay" flag. If the affidavit is *approved*, whether by the County Clerk's staff or the DA's Office, staff updates Odyssey and flags the case to show "Affidavit of Inability to Pay Approved."

As of March 31, 2016, accounts receivable balances for cases flagged with an Affidavit of Inability to Pay were recorded in Odyssey totaling \$268,346.

Observations

During our review, we observed that procedures related to cases with an Affidavit of Inability to Pay were not adequate. Specifically:

- During the six-month audit period, 44 cases were filed with an Affidavit of Inability to Pay and 42 were approved. Only one case flag had been updated to reflect that the affidavit had been approved.
- Staff took an average of 87 days to write off balances in Odyssey as a result of an approved Affidavit of Inability to Pay.
- The denial of one affidavit was contested on February 24, 2016, but was not forwarded to the DA's Office until May 25, 2016.
- There were no flags in Odyssey to identify affidavits that had been denied by County Clerk staff or the DA's Office. Therefore, we could not determine whether efforts were made to collect outstanding fees.
- No documentation exists in the Odyssey case file that shows the DA's approval or denial of the affidavit.

There were no documented policies and procedures regarding the processing and monitoring of Affidavits of Inability to Pay.

As a result of these conditions, the County Clerk's accounts receivable balances are overstated and staff may attempt to collect on a debt that should have been waived.

Recommendations

We recommend that routine reports are generated to monitor outstanding balances to ensure that 1) fees are reversed for approved affidavits, and 2) efforts are made to collect fees for denied affidavits. The County Clerk should consult with Tyler Technologies to determine whether a flag, or some other identifier, could be added to Odyssey to notate affidavits denied by County Clerk staff or the DA's Office. Documentation should also be attached to the case file as support for the County Clerk's and/or the DA's Office approval or denial of the affidavit.

The County Clerk should also document procedures related to the processing of Affidavits of Inability to Pay in a written policy. The policy should include procedures such as a timeline for recording approved and unapproved affidavits into Odyssey, the number of times staff should attempt to collect an outstanding balance, and how those attempts should be documented in the case file.

Observation 2 Reconciliation procedures between the NAV and the Odyssey systems were not adequate.

Observations

During the six-month review period, 34 case-related refund checks were issued through NAV. We observed one refund disbursement dated November 12, 2015 that had not been recorded into the Odyssey case file. When the auditor communicated this issue, County Clerk staff took corrective action and entered the disbursement into Odyssey on May 25, 2016.

We also observed 20 additional disbursements issued through NAV that were not recorded into Odyssey the same day. Rather, the disbursements were recorded into Odyssey between 2 and 7 business days later.

These conditions occurred because staff had not implemented procedures to perform a daily reconciliation between NAV and Odyssey to ensure that disbursements are recorded in both systems. As a result, inaccurate or inappropriate disbursements may not be detected. Duplicate disbursements could also occur since Odyssey is the official case management system and the staff relies on the financial information recorded in Odyssey.

Recommendations

Since staff relies on the financial information recorded in Odyssey, disbursements recorded into NAV should be reconciled to Odyssey daily or at least by the next business day.

Furthermore, management should amend the County Clerk's Receipt Policy Procedures Manual to include a daily reconciliation between NAV and Odyssey to ensure the accuracy and completeness of the financial data recorded in both systems.

Observation 3 *An independent supervisory review of the County Clerk's bank reconciliations was not performed.*

Background

Ideally, bank reconciliations should be performed by an employee who does not have access to bank accounts or cash and who does not authorize, record, or adjust cash receipt or disbursement transactions. In small offices, however, it is not always possible to segregate these duties. Therefore, accounting entries and bank reconciliations should be reviewed by a supervisor independent of the person who prepared the reconciliation.

Observations

Based on our review, an independent supervisory review of the County Clerk's bank reconciliations was not performed. The bank reconciliation is prepared by the Accounting Manager and then reviewed by the Assistant Manager. Therefore, a subordinate is reviewing a manager's work. According to the Accounting Manager, he prepares the bank reconciliation because of limited staff and the Assistant Manager has other duties.


Recommendations

A supervisor or manager over the individual who prepares the bank reconciliations should review the reconciliations for accuracy.

CLOSING REMARKS

We appreciate the cooperation of the County Clerk and staff during our review. If you have any questions concerning this report, please do not hesitate to call.

Sincerely,

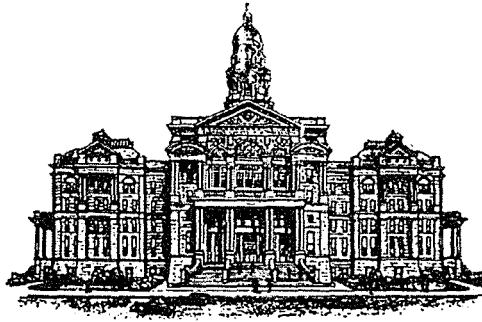


S. Renee Tidwell, CPA
County Auditor

Attachment: Management's response

Distribution: Dustie Sanders, Civil Courts Manager
Marisela Zaragoza, Assistant Civil Courts Manager
James Knowles, Accounting Trust Manager

Audit Team: Kim Trussell, Internal Audit Manager
Brandy Greene, Senior Internal Auditor



Mary Louise Garcia
County Clerk

TARRANT COUNTY COURTHOUSE

100 W. WEATHERFORD
Fort Worth Texas 76196-0401

Date: October 6, 2016

From: Mary Louise Garcia, Tarrant County Clerk

To: Kim Trussel, Audit Manager

Reference: County Clerk, Controls Over Civil Section Audit Response

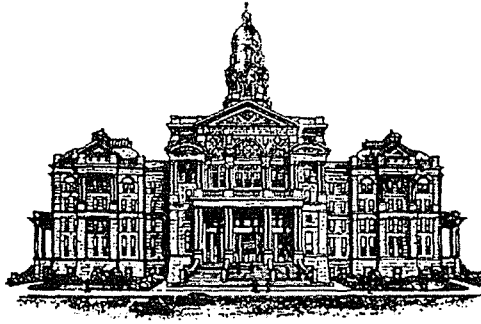
I would like to thank the Auditor's Office for their approach and professionalism in this audit. We take our responsibility for oversight of vital records very seriously, and appreciate the Auditor's Office partnership to ensure we safeguard the public's money and records to the highest degree possible.

Observation 1: Procedures related to cases with an Affidavit of Inability to Pay were not adequate.

We are amending our procedures to include weekly reports that are run for the AIP (Affidavits of Inability to Pay). Three new event codes in Odyssey will enable us to run more accurate reports.

- Event #1 – The DA's response to whether the pauper's affidavit is contested or approved.
- Event #2 – The order denying the AIP
- Event #3 – The order approving the AIP

We are updating our policy to include the recommendations by the Auditors office. Under the guidance of the District Attorney's office, the efforts to collect for denied affidavits will be implemented in written policy.



Mary Louise Garcia
County Clerk

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Observation 2: Reconciliation procedures between the NAV and the Odyssey systems were not adequate.

Accounting will enter the check number in Odyssey as soon as it is entered in Navision. The Accounting Policy Procedures Manual will be amended to reflect this new procedure.

Observation 3: The bank reconciliations were not independently reviewed by a manager.

We will change our procedure so that a manager will review the reconciliations for accuracy.

Respectfully,



Mary Louise Garcia, County Clerk