



HONORABLE CATHELENE "TINA" ROBINSON

OFFICE OF THE CLERK OF SUPERIOR & MAGISTRATE COURTS

FULTON COUNTY

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August 2, 2018

Office of the County Auditor
Fulton County Government
141 Pryor St, Suite 8052
Atlanta, GA 30303
Attn: Anthony Nicks, County Auditor

RE: *Management Response to 2018 Audit of Clerk of Superior Court Fiscal Services Division*

Dear Mr. Nicks:

Please accept this communiqué as our official response to the report summarizing the results of your audit of the Office of the Clerk of Superior and Magistrate Court's Fiscal Services Division. We have reviewed the report and appreciate the opportunity to provide feedback. We also would like to acknowledge and commend your office on the professionalism and diligence you and your staff exhibited during the audit process.

Overall, we concur with the findings and recommendations outlined in the audit report, but would like to offer some clarifying statements that may provide insightful context and further perspective for your findings. We also wish to note certain areas that were identified as findings in FY2017, but that either have since been rectified in FY2018 or improved significantly upon year to date.

As indicated above, responses corresponding to each of the audit's findings have been provided below.

Finding 1- Lack of Automated Practices

The Office devoted 2017 to identifying areas of improvement, benchmarking best practices and developing a detailed strategic plan that addresses all of the technology needed to enhance fiscal operations. We are currently in the process of updating the financial modules of our Courts and Real Estate systems. The County IT department is facilitating the Courts upgrade with Tyler Technologies; however, this project is on hold until vendor and funding resources are available. We anticipate this project to begin in Q4 2018 and to be completed by the end of 2019.

The Real Estate system upgrade is being managed by the Clerk's office in collaboration with our vendor, Lewis Infotech, and is currently in progress. This upgrade should be completed by the end of this year.

In the interim, we have maximized available technological resources to maintain business continuity, including using software applications that were developed in-house to interface with the enterprise systems and banking services that provide automated and electronic deposits, disbursements and accounting transactions. Although not the preferred platform in an enterprise environment, we also are employing Excel spreadsheets and QuickBooks, in conjunction with other manual systems until the above-referenced projects can be implemented.

Finding 2- Non-utilization of the Odyssey Financial Manager ("OFM") System

We have developed a comprehensive plan to implement the Odyssey Financial Manager System in all Fiscal functions. The request has been submitted to FC IT; however, the high demand on Tyler resources

by the County has caused our project request to be placed on hold. Unfortunately, there are no alternative methods to move forward at this time. As mentioned in *Finding 1*, we made it a priority to provide the highest level of customer service to our clients by utilizing currently installed software, spreadsheets and other available accounting tools as an interim measure to process our workload, which values an average of \$15M in monthly transactions.

Finding 3- Failure to Comply with Escheatment Process

In 2016, our Office assumed fiscal duties for Magistrate Court in an unprecedented demerger from State Court. In a very short period of time without much notice, our workload tripled without the benefit of a corresponding increase in staffing resources. Due to limited processing capacity, we employed tactical measures including the reallocation of staff to the highest priority functions of collecting fees and disbursing payments to our customers. We also mitigated the mounting pressures on the organizational structure by partnering with the Personnel Department in 2017 and reorganizing the Fiscal Division into two distinct units: Accounts Payable (AP) and Accounts Receivable (AR). Personnel assisted in reclassifying job titles and the County funded limited appointment positions to supplement staffing needs.

The newly-created Accounts Payable unit was assigned the necessary level of supervision and charged with the primary focus of processing timely disbursements to our customers and ensuring aged accounts were closed out. Consequently, the AP team recognized certain disbursements had aged in the treasury fund that required significant legal research in order to disburse. Resources were assigned to research each account prior to disbursement or initiation of the escheatment process. The research process carried over into 2018 and *less than 20 accounts* remained eligible for escheatment. It is to be noted that court-mandated disbursements are more complex than standard payouts such as garnishment payments and government agency distributions. For instance, there are legal statutes, court orders and records which require critical review and, oft times, interpretation before allotting payments to the State as unclaimed property. Our office must ensure all legal aspects of the affected accounts are reviewed meticulously prior to making an escheatment process determination.

Pursuant to Georgia Law, we are currently undergoing the below-described procedures of the escheatment process, and have thoroughly evaluated the aforementioned checks and scheduled all unclaimed funds to be remitted to the State by November 1, 2019.

The following procedures are currently being implemented for the eligible accounts for the escheatment process:

1. July 1 - Created a list of all outstanding checks and validated status.
2. August 1 - Payments exceeding \$50.00 will be mailed notification correspondence to payees' last known address.
3. August 15 - Reissue disbursement(s) claimed when/if acknowledged by the payee.
4. October 15 – Prepare correspondence along with the disbursement pertaining to all unclaimed property for submission to the State.

Finding 4- Outstanding Returned Checks

The 2017 findings for outstanding returned checks were resolved in early 2018. Exhaustive efforts were made by staff to collect returned items. By way of example, a) correspondence was mailed to each payer requesting funds be remitted within 10 days to our office; b) until 2016, warrants were filed on and dispatched to customers/presenters of remittance returned by our bank(s) due to financial discrepancies (*NSF, Stop Payment, Refer to Maker, etc.*); and c) in-house collections efforts were made to collect returned items.

Recently, laws were modified that require us to provide additional information such as "customer description," which we are unable to provide. This has reduced our ability to pragmatically collect said funds.

Having exhausted all collection efforts internally, we exercised the following external (*Fulton County Finance Collections*) options to resolve unpaid balances.

1. *Bad Debt Write Off*

Amounts exceeding the State of Georgia statute of limitations for collecting a debt was substantiated through systematic research. Therefore, \$17,828.81 was written off as bad debt in January 2018. This included all unpaid checks through 2011.

2. *Collection Assistance*

In 2017, Fulton County's Finance Department developed an Accounts Receivable Unit with the purpose of assisting entities within the County with ensuring all funds owed to Fulton County are collected in a timely manner. Their Unit includes specialized talent and specific software for the collection process. We are not privy to the caliber of software they employ to conduct such extensive collections. Thus, the assistance they provide is an excellent complement to the functionality of our office. In February 2018, we transferred 120 checks from 2011 forward, \$42,715.57 (*County funds*) to Fulton County Finance Department for collections.

We have strengthened our collection procedures by:

- a) Implementing an automatic re-deposit bank service which increased the probability of checks clearing upon initial deposit.
- b) Establishing electronic notifications for returned items from our financial institution (*Wells Fargo*).
- c) Immediately updating respective systems restricting check writing privileges.
- d) Communicating discrepancies with Customer(s) and mailing demand correspondence within 24 hours receipt of said returned check notification.
- e) Instituting collection schedules and reporting which monitors progression of all efforts to collect.
- f) Dedicating an individual team member to the collection process.
- g) Forwarding all uncollected funds over 180 days mature to the Fulton County Finance Department's Accounts Receivable Unit for additional extensive collection efforts.

The Clerk's Office is advancing towards a customer-convenient electronic filing system. Such advancement of technology will drastically diminish the number of checks received by our office. Enhancement of our technology in conjunction with our revised collection processes has drastically decreased the number of outstanding items.

As a result of the revision of the aforementioned procedural changes, we've collected 74% of all returned checks year to date. This performance measure illustrates how our revised process is functioning effectively.

Finding 5 - Failure to Collect Payments from Deferred Billing Customers

The Clerk of Superior Court supports the needs of our internal and external Agency partners by providing access to services such as copying, research, and recording documents on a net 30 credit basis. Based upon statutory or contractual provisions, the Agency (*i.e. DFACS, Department of Corrections and Legal Aid, etc.*) services will be provided at no cost or deferred and billed accordingly. Our historical accounting practice was to produce an invoice for all services provided. Although costs were accrued, *No Fee* accounts were not required to remit payments to our office for services we

provided. As an accounting function of documenting *all* costs associated with services rendered, utilizing QuickBooks invoicing, an inflated outstanding balance of 145K was erroneously reflected due to inclusion of services provided gratis.

All efforts to collect the actual amount of unpaid invoices have been exhausted. We have contacted agencies with delinquent accounts to no avail. In an effort to reduce the delinquent balances, we have instituted a revised business process which incorporates penalties. Said penalties are assessed to Agencies 10 days after the invoice due date, which may include additional monetary fines and, ultimately, suspension of services.

Illustrated below are actions which support the revised procedures as well as define the outstanding balances:

1. Approximately 61% (\$89K) reflect the amount for *No Fee* accounts. Currently recorded amounts will be reallocated and specified in QuickBooks as *No Fee* accounts. Consequently, charges will be reversed and the outstanding balances reduced accordingly.
2. Roughly 4% (\$6K) will be written off as bad debt. Due to date parameters beyond the *Georgia Statute of Limitation for Debt Collection*; these amounts are deemed uncollectable.
3. Nearly 35% (50K) is actually collectable. We are enforcing firm policies to collect all amounts due to our office in a timely manner.
4. An employee has been assigned the billing and collection process. Their role includes performing the following tasks:
 - a. Provide weekly *Aging Reports* for supervisory review.
 - b. Immediately initiate collections based on the Fiscal Services collection schedule.
 - c. Routinely update each Agency account(s) with current contact information.
 - d. Distribute comprehensive monthly invoices which provide the ramifications for delinquent accounts.

Improving our collections process guarantees a decrease in the quantity of delinquent Deferred Billing accounts in the future.

In closing, we appreciate the opportunity to respond to the Audit report. We acknowledge the findings shown in the report and are in support of your recommendations. We will continue to address the challenges of automating business processes within our office and are awaiting vendor availability for software application upgrades and enhancements. We also are continuously updating policies and procedures that improve the efficiency of operations and that meet or exceed industry standards.

Sincerely,



Cathelene "Tina" Robinson
Clerk of Superior and Magistrate Courts