



**FULTON
COUNTY**

**FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
AUDIT OF SUPERIOR COURT ADMINISTRATION FISCAL
SERVICES DIVISION**

March 26, 2019

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INTRODUCTION

The Office of the County Auditor performed an audit of the Superior Court Administration Fiscal Support Division's cash management procedures. The audit was selected based on the County Auditor's approved audit plan for 2018 which focuses on assessing cash handling operations within the County.

BACKGROUND

The Superior Court Administration of Fulton County's mission is to provide a forum in which legal disputes between citizens can be resolved in a fair and efficient process with attention to equal access, impartiality, efficiency, and safety. The Office of the Superior Court Administration of Fulton County oversees the Atlanta Judicial Circuit, and the Fifth Judicial District of the State of Georgia with the Chief Judge being the administrative head.

The Office of the Superior Court Administration employees must adhere to the financial policies and procedures for cash handling. It is the policy of the Superior Court Administration to collect and process payments received from the public in a manner that protects the integrity of the court and its employees and promotes public confidence. Fulton County Superior Court Administration oversees the fiscal operations for the Alternative Dispute Resolution, Families in Transition, Drug Court and Jury & Witness.

OBJECTIVE

The objectives of the audit were to assess the operations of the Superior Court Administration Fiscal Services Division, evaluate cash management procedures and ensure proper internal controls exist.

SCOPE

The scope of this audit was from January 1, 2017 through December 31, 2017.

METHODOLOGY

To achieve our audit objectives, we performed the following audit procedures:

- Conducted interviews with key staff to determine the established processes and procedures related to cash handling, as well as, identify internal controls implemented;
- Performed walkthroughs to observe key processes related to the financial operations while ensuring proper segregation of duties;
- Reviewed monthly bank reconciliations, financial reports and supporting documentation to ensure proper financial reporting;
- Identified the collection of fines and fees for the Superior Court Administration; and
- Selected a sample of transactions to test the effectiveness of the internal controls.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our findings and recommendations are detailed below.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Lack of Utilization of the Odyssey Financial Management System

Business practices indicate that utilization of available technological resources can help any department become more effective. During our audit, we noted Odyssey Financial Management System (Odyssey) was not being utilized to its full capability. The Office of the Superior Court Administration utilizes the Odyssey Case Manager System to process court case data, but does not utilize the Odyssey Financial Manager System for financial processes. We observed the Superior Court Administration employees utilizing QuickBooks financial software and manual excel spreadsheets to perform day-to-day operations, such as cash receipting, financial reporting and issuing payment remittances. The manual processes of financial transactions may increase the risk of reporting errors, fraud and invalid transactions. Additionally, due to the limited use of the system, the ability to produce electronic reporting and produce reliable data from the system is lessened.

Recommendation

We recommend that the Office of the Superior Court Administration and the Fulton County Information Technology (FCIT) make efforts to establish an automated financial process to include the use of the Odyssey Financial Management System.

Finding 2 – No Evidence of Supervisory Review

Preparing monthly bank reconciliation helps identify any unusual transactions that might be caused by fraud or accounting errors. Therefore, adequate levels of reviews are vital to ensure errors are identified in a timely manner. During our review of the bank reconciliations, we were unable to determine that the bank reconciliations were reviewed and approved by management. A review process may have occurred; however, management did not sign and date the bank reconciliations as evidence that he/she reviewed and approved the bank reconciliations. Insufficient evidence that a review process was performed gives the appearance that the bank reconciliations were not adequately reviewed and approved by management. Failure to adequately review and approve bank reconciliations, monthly, could result in management being unaware of potential costly errors and inaccurate financial reporting.

Recommendation

The Office of the County Auditor recommends that the Office of the Superior Court Administration strengthens its review process of the bank reconciliations to ensure management documents his/her approval of the bank reconciliation. Adequate reviews of the bank reconciliations will allow any discrepancies to be readily identified and corrected.

Finding 3 – Outstanding Deposits Not Resolved Timely

The reconciliation of bank account balances with accounting records is essential for making sure that all cash transactions during the period have been completely and accurately captured in the accounting records on a timely basis, and that the transactions are for actual activities that occurred during the period.

The Office of the County Auditor obtained and reviewed the Office of the Superior Court Administration’s bank reconciliations to determine if the bank reconciliations were reasonably stated and properly prepared during calendar year 2017. We noted that three (3) out of the four (4) cash accounts had outstanding deposits that had not cleared the bank for more than thirty (30) days. We identified seven (7) outstanding deposits totaling \$10,595.50. One account had two (2) outstanding deposits between calendar years 2011 and 2016, totaling \$1,048.80, another account had two (2) outstanding deposits during the calendar year 2017, totaling \$2,700, and the other account had three (3) outstanding deposits between calendar years 2005 and 2017, totaling \$6,846.70. This may have occurred as a result of insufficient reviews of bank reconciliations. Failure to properly track and resolve outstanding deposits in a timely manner could result in fraudulent activities and financial errors.

Recommendation

In order to strengthen the internal controls, the Office of the County Auditor recommends that management establish a review process to ensure that outstanding deposits are processed timely and accurately.

Finding 4 – Failure to Comply with Escheatment Process

According to the State Accounting Office’s Policies and Procedures: “The “Disposition of Unclaimed Property Act”, O.C.G.A. Section 44-12-190, protects the rights of owners of abandoned property and relieves those holding the property of the continuing responsibility to account for such property. The Department of Revenue serves as custodian for any property remitted under the Act, allowing the owners or their heirs an opportunity to claim their property in the future.”

During our review of the bank reconciliations, it was determined that there were numerous checks, totaling \$20,533.96, that were issued during calendar years 2003 through 2016, that had

not cleared the bank as of December 31, 2017. The balance has been continuously carried over each month on the bank reconciliations. The balances had not been filed as unclaimed property to be properly escheated and there appears to be a lack of recovery efforts as noted by older, uncleared transactions documented on the bank reconciliations from 2003 through 2016. Failure to comply with the State regulated escheatment process may result in individuals, legally entitled to claim funds, being unable to successfully recover their property. It also increases the risk of fraudulent activity and invalid payments.

Recommendation

The Office of the County Auditor recommends that management implement a process to periodically review regulatory guidelines in order to comply with the applicable State regulated escheatment laws. Additionally, we recommend that the Office of the Superior Court Administration work with the Finance Department to determine the appropriate mechanism to resolve any outstanding items that may require escheatment.

Concern – Authorized Use of a Signature Stamp

Best practices states that the signature process is one of the most important components of any internal control system. Our review of the cash disbursements revealed that checks were signed utilizing an authorized signature stamp instead of a manual signature. After further review, it was determined that checks are currently signed manually. If adequate controls are not implemented to restrict access to stamped signatures, it could result in fraudulent expenditures, ultimately leading to theft and misuse of funds.

CONCLUSION

Our audit of the Superior Court Administration identified several weaknesses that have resulted in the following findings:

- Lack of Utilization of the Odyssey Financial Management System
- No Evidence of Supervisory Review
- Outstanding Deposits Not Resolved Timely
- Failure to Comply with Escheatment Process

We also had one (1) concern in reference to the authorized use of a signature stamp.

We recommend the Superior Court Administration management and staff give immediate attention to the above findings. Management should thoroughly explore the capabilities of the Odyssey Financial Management System in an effort to utilize the system to its full capability.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Robbie Bishop-Monroe, Audit

Coordinator, in the Office of the County Auditor at Robbie.Bishop-Monroe@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.