



**FULTON
COUNTY**

**FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Juvenile Court Audit
Accounting Department
October 15, 2024**

TABLE OF CONTENTS

INTRODUCTION.....	1
BACKGROUND.....	1
OBJECTIVE.....	1
SCOPE.....	2
METHODOLOGY.....	2
FINDINGS AND RECOMMENDATIONS.....	2
Finding 1 – Lack of Segregation of Duties.....	2
Recommendation.....	3
Finding 2 – Failure to Review Invoices.....	3
Recommendation.....	4
Finding 3 – Untimely Payment of Invoices.....	4
Recommendation.....	5
Finding 4 – Manual Accounting Processes.....	5
Recommendation.....	5
Finding 5 – Failure to Comply with State Regulated Escheatment Process.....	5
Recommendation.....	6
Finding 6 – Inadequate Notice of Hearing Cancellations.....	6
Recommendation.....	6
Concern 1 – Inability to Accept Credit Cards.....	7
Recommendation.....	7
Concern 2 – Dual Receipt System.....	7
Recommendation.....	7
Concern 3 – Lack of Financial System in JCATS.....	7
Recommendation.....	8
CONCLUSION.....	8

INTRODUCTION

In accordance with the 2024 approved Audit Plan, the Office of the County Auditor performed an audit of the Juvenile Court Accounting Department.

BACKGROUND

The Fulton County Juvenile Court has jurisdiction over juvenile matters involving allegations of delinquency, dependency, children in need of services, children subject to termination of parental rights or permanent guardianship, youth receiving extended care services from the Department of Family and Children Services, juvenile traffic offenses, emancipation and other proceedings requiring judicial consents.

Juvenile Court serves the residents of Fulton County by hearing all cases involving allegations of dependency of children under the age of 18, children in need of services under the age of 18, and delinquency and traffic violations concerning children under the age of 17. The Court is organized by Title 15, Chapter 11 of the Official Code of Georgia. Fulton County Juvenile Court is the largest juvenile court in Georgia and amongst the largest in the Southeastern United States. The mission of the Fulton County Juvenile Court is: first, to protect children and the community in matters brought before the court, to rehabilitate children, and to restore families; and second, to create opportunities for the community, partners, and stakeholders to actively engage in this mission.

Fulton County Juvenile Court has two primary divisions that work jointly to serve the Court's mission; the Juvenile Court Judiciary, which is comprised of seven presiding judges, including a Chief Judge, and the Juvenile Court Administration. The Judiciary presides over hearings and determines probable cause, especially the necessity for detention, adjudication (legal ruling or judgment) and disposition of delinquency, dependency, and children in need of services. The Court Administration's primary function is to manage the administrative and business functions of the court, under the guidance of the Presiding Judge. Within Court Administration is the Accounting and Finance Division, which develops and manages the Court's annual budget, in addition to tracking revenues and expenditures throughout the fiscal year.

OBJECTIVE

The objectives of the audit were to assess the operations and processes of the Juvenile Court. Additionally, to determine whether internal controls are operating efficiently and effectively.

SCOPE

The scope of this audit was from January 1, 2023 through December 31, 2023.

METHODOLOGY

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.

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 the accounting process;
- Performed walkthroughs to observe key processes and procedures related to daily financial operations while ensuring proper segregation of duties;
- Identified internal controls and reviewed for operational efficiency;
- Reviewed Juvenile Court Accounting departmental policies and procedures and organizational chart;
- Reviewed financial reports, invoices, and supporting documentation to ensure proper financial reporting; and
- Assessed the capabilities of the Judicial Court Activity Tracking System (JCATS) to assess accounting and financial capabilities.

We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objectives. Our findings and recommendations are detailed below.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Lack of Segregation of Duties

Best practices indicate that adequate segregation of duties is one of the key concepts of internal controls. Adequate segregation of duties requires that different employees perform duties related to collections, reconciliation, and recording of cash deposits. During our audit, we noted instances of inadequate segregation of duties in which, the same individual was responsible for multiple accounting duties within the Juvenile Court Accounting office. These duties included:

- Collecting cash and money orders
- Recording cash receipts
- Preparing bank deposits
- Issuing manual check payments and ACH disbursements
- Preparing bank reconciliations
- Processing purchase card transactions

The lack of segregation of duties is due to limited staffing within the Juvenile Court Accounting Office, which does not allow for proper segregation of duties. Per discussion with management, the hiring of additional staff is ongoing and during the time of the audit, additional employees were hired. The lack of segregation of duties increases the risk of errors, operational inefficiency, inaccurate financial reporting, and fraud.

Recommendation

We recommend Juvenile Court continue its hiring efforts to ensure proper staffing, which allows for adequate segregation of duties, and task distribution, to ensure no single individual has control over all accounting functions. Additionally, ensure proper compensating controls are in place if segregation of duties is not feasible, such as increased monitoring and review.

Finding 2 – Failure to Review Invoices

According to the Juvenile Court Policies and Procedures – Invoice Approval Process, it is the duty of the designated recipient who received the invoice email to review and validate all Translation Station vendor invoices and supporting documentation before sending invoices to the Clerk of Juvenile Court. The Clerk of Juvenile Court must also review all Translation Station Invoices for approval before sending the invoices to the Court Administrator, who then sends the invoices to the Court Accountant Manager/Accounting Manager for review, along with applicable documentation before submitting them to the Chief Administrative Office for final approval and payment. During our audit, we reviewed thirty-two (32) payment vouchers consisting of approximately 160 invoices. We noted

- Six (6) invoices approved for payment contained incorrect case numbers;
- One (1) invoice listed the wrong year the services were provided;
- One (1) payment voucher did not display a Court Administrator or Appointee signature on the payment voucher as a means of review and approval and;
- One (1) payment voucher did not include the invoices as supporting documentation

These errors are due to the lack of review over payments and a result of the manual process of entering invoices. Failure to conduct a thorough review of all pertinent information may lead to issues in the payment submittal process; such as difficulty verifying services, inaccurate information being transferred to case files, unauthorized charges, delayed or late payments and incorrect financial reporting.

Recommendation

We recommend Juvenile Court strengthen internal controls to ensure the accuracy of invoices, including case numbers, are present before submitting documentation to the respective individuals for payment. Additionally, ensure all payment vouchers are reviewed and approved before submitting for payment and supporting documentation obtained.

Finding 3 – Untimely Payment of Invoices

According to the Juvenile Court Policies and Procedures, “The Department Directors should ensure all invoices are submitted to Court Administration (Accounting & Finance team) within two (2) weeks of services being concluded based on the vendor's Scope of Work and/or contract.” During our review of interpreter services invoices, we noted invoices were not paid timely. Additionally, there was no formal contract for translation services. According to management, payment is made via payment voucher, which requires no threshold or contract. Numerous invoices had not been submitted to the Juvenile Court Accounting and Finance Division within the designated two (2) week timeframe. Furthermore, there were invoices paid a year past the billing date. For instance, seven (7) invoices totaling \$1,324 billed in August, September, and October of 2022 were not paid until November 2023. Additionally, as of July 2024, we noted the following items were still awaiting payment at the time of our audit:

- Four (4) invoices totaling \$784, billed in July and August 2023
- Five (5) invoices totaling \$1,113.75, billed in February and March 2024
- Twelve (12) invoices totaling \$2,690.25, billed in May 2024

Invoices for interpreter services were not received timely from the Court Clerk to be paid within the designated time frame, primarily due to delays in the approval process, potentially due to manual handling and lack of an automated process. Moreover, there does not appear to be a documented tracking system to document invoices received, as they are submitted from the Clerk through email and retrieved by accounting. Additionally, we noted that a delay in payment can be attributed to a lack of verification of services, as there is no formal process to document when services are rendered. Failure to submit timely payment of invoices may cause

unnecessary late fees, inaccurate budget and financial reporting, and strained vendor relationships.

Recommendation

We recommend Juvenile Court update policies and procedures to ensure the timely receipt of goods and services and payment of invoices. Additionally, we recommend establishing clear communication between departments involved in the invoice process to expedite approval and avoid delays in paying invoices.

Finding 4 – Manual Accounting Processes

Best Practices in financial management and internal controls recommend the automating repetitive and high-volume tasks to reduce errors and improve productivity. Effective business practices recommend the periodic review of processes to identify inefficiencies and streamline processes. Furthermore, those practices recommend utilizing all available technological resources. During our audit, we observed Juvenile Court employees performing manual processes to perform day-to-day operations, such as cash reporting and receipting, issuing customer receipts, and payment remittances. Cash receipting is performed using a manual cash verification sheet to capture daily income received in the Juvenile Court Accounting office.

We also noted when a customer makes a cash payment, a handwritten receipt is provided to the customer as proof of payment. The payment is then recorded into JCATS, and a computer generated receipt is produced. Per discussion with management, a manual receipt is given to the customer to reduce wait time at the payment window. However, the handwritten receipt is not being captured in JCATS, which makes it difficult to match up the manual receipt with the JCAT account to give proper credit to the respective case. Additionally, the Court does not possess the necessary technology to automate processes. Failure to automate processes may increase the risk of errors, foster duplication of efforts, and reduce operational efficiency.

Recommendation

We recommend Juvenile Court review manual processes and seek opportunities to automate processes and increase operational efficiency.

Finding 5 – Failure to Comply with State Regulated Escheatment Process

According to the State of Georgia Accounting Office 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.” State escheatment laws require that uncashed checks be reported and remitted to the state after a specified dormancy period of five (5) years.

During our review of bank reconciliations, we noted numerous outstanding checks totaling \$1,571 issued during the calendar year of 2017 and 2018 that had not been cashed as of 2023. These checks were continuously carried over each month on the bank reconciliations and had not been filed as unclaimed property with the Georgia Department of Revenue for proper escheatment. We noted that the Juvenile Court does not have a process to account for and write off uncashed or outstanding checks. We were informed that management is in the process of developing an escheatment process. Failure to comply with escheatment laws may result in penalties, interest, and inaccurate financial reporting.

Recommendation

We recommend Juvenile Court implement procedures to ensure compliance with State Regulated Escheatment processes. Management should also continue efforts to ensure a monthly review is performed on all unclaimed and outstanding checks to ensure adherence with State regulations.

Finding 6 – Inadequate Notice of Hearing Cancellations

Timely and adequate notice of any changes to scheduled hearings should be provided to staff to ensure any requested services from vendors receive proper notice of cancellation to prevent unnecessary billing. During our review of invoices for translation services, we noted billings for canceled hearings paid by the Juvenile Court. Management informed us that notice of hearing cancellations were not communicated to the Clerk’s office timely to notify the translation service provider within the allotted timeframe for cancellation. If cancellation is not completed before arrival, the vendor bills for two (2) hours of service. As a result, approximately \$1,680 was billed for services not provided. Failure to provide adequate notice of cancellation may result in unnecessary costs, inefficient utilization of resources, and strained vendor relationships.

Recommendation

We recommend Juvenile Court Management implement a process to allow for the timely communication of hearing cancellations and to cancel services within the allotted timeframe.

Concern 1 – Inability to Accept Credit Cards

Best Practices in financial management and customer service recommend offering multiple payment options, including credit and/or debit card payments to enhance convenience and improve cash flow. During our audit, we noted that Juvenile Court does not accept credit or debit cards as payment. Currently, the only acceptable form of payment is cash or money order, as the office cannot currently accept credit or debit card payments in the accounting office. The inability to process credit card payments may result in delayed revenue, increased risk of errors recording manual payments, and the susceptibility to theft with more cash on hand.

Recommendation

We recommend Juvenile Court explore options and implement a credit card payment system to improve cash flow and allow safer cash handling practices.

Concern 2 – Dual Receipt System

Financial transactions should be recorded once, and a single receipt should be issued to ensure accurate financial reporting and accountability. During our review, we observed a dual receipt process for one transaction. First, the Juvenile Court Accounting office utilizes a manual receipt book to issue receipts for payments applied to a court order. Second, the payment is recorded in JCATS when the customer leaves, and once the payment is processed, a system-generated receipt is created. This receipt is used to identify transactions in the JCATS system; however, the manual receipt is not input into JCATS and, therefore, not linked to the court order.

Per discussion with management, this process was implemented to improve customer service and reduce the wait time for receiving a payment receipt. Using multiple systems and not referencing manual receipts on the system-generated receipts may confuse customers, lead to misappropriation of funds, cause issues with revenue tracking, and reduce customer trust.

Recommendation

We recommend Juvenile Court implement a standardized process for issuing transaction receipts that would allow for accurate financial tracking of transactions.

Concern 3 – Lack of Financial System in JCATS

An effective case management system should include all components necessary for tracking pertinent case information. During our review, we noted that JCATS cannot fully capture all financial activities related to cases. All Juvenile Court cases are created and monitored in JCATS,

but financial records, including disbursements and bank reconciliations, are maintained in QuickBooks. Accounting staff extract reports from JCATS and manually enter financial information in QuickBooks. Additionally, court orders from justice departments containing pertinent financial information can be difficult to locate in JCATS, as there is no financial section. Juvenile Court does not have a case management system that captures, records, and reports financial information. As a result, there is an increased risk of inaccurate financial reporting and decreased productivity.

Recommendation

We recommend Juvenile Court explore case management program options that provide case management, in addition to a financial component to promote adequate checks and balances, accurate financial tracking, and financial reporting.

CONCLUSION

Based on the audit performed, we identified six (6) findings and three (3) concerns noted below that require the attention of management:

- Lack of Segregation of Duties
- Failure to Review Invoices
- Untimely Payment of Invoices
- Manual Accounting Processes
- Failure to Comply with State Regulated Escheatment Process
- Inadequate Notice of Hearing Cancellations

Additionally, we noted the following concerns:

- Inability to Accept Credit Cards
- Dual Receipt System
- Lack of Financial System in JCATS

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 to Shauna Herbert, Audit Manager, in the Office of the County Auditor at shauna.herbert@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.