

**Travis County Attorney's Office
Hot Checks Division
Report of Findings and Recommendations
(Exit Examination)
#13-21**

**Report Date: August 19, 2013
Issue Date: November 19, 2013**

TRAVIS COUNTY
AUDITOR'S OFFICE

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August 19, 2013
Travis County Attorney's Office
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Exit Examination
#13-21

Report of Findings and Recommendations

The Honorable David Escamilla
Travis County Attorney

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division of the Travis County Auditor's Office has completed an exit examination of the Hot Checks Division of the Travis County Attorney's Office. We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

The primary objective of this examination was to verify the validity of the Hot Check Division's books and reports as of the departure of the prior division manager at the end of July. Our examination of this division included an assessment of the adequacy and effectiveness of the overall system of internal controls in place for the Hot Checks Division as of July 31, 2013. This included examinations of controls over fixed assets, physical and system access, and the disposition of funds on hand on July 31, 2013.

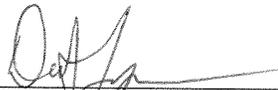
Our work was based on applying sampling procedures to office records and on verbal and written representations from this office. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the Hot Checks Division's financial statements, financial records and internal controls that might be material weaknesses or misstatements. In regards to the written and verbal representations made by this office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

Based on our examination, we gave the system of internal controls for this functional area our rating of "Adequate", which indicates an overall solid system of internal controls that outweighs the relative number of minor audit findings. See Attachment A for an explanation of our grading system for the overall control environment.

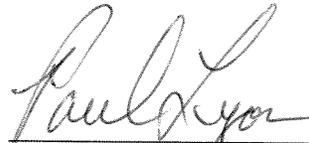
Copies of this office's financial statements for July 31, 2013 are provided in Attachment B. The express purpose of presenting these financial statements and the associated findings is to comply with the applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not currently been audited by Travis County's external auditors.

These findings and recommendations are intended solely for the information and use of management and Commissioners' Court. We would like to note that this was an exit examination of the previous administration for this office only. No assessment was made of the internal controls put in place by the incoming division manager.

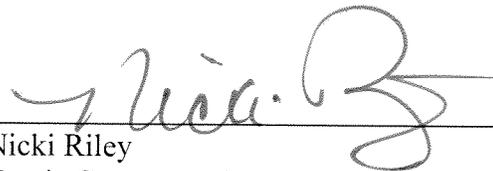
We greatly appreciate the cooperation and assistance received from the management and staff of the County Attorney's Office during this examination. Please contact our office if you have any questions or concerns regarding this report.



David Jungerman
Manager – Risk Evaluation and Consulting
Division



Paul Lyon
First Assistant County Auditor



Nicki Riley
Travis County Auditor

Examination Team

David Jungerman, Senior Auditor
Amanda Muehlberg
Joshua Kubiak

cc: Report Distribution

The Honorable Lora Livingston, Judge, 261st Judicial District
The Honorable Julie Kocurek, Judge, 390th Judicial District
The Honorable Brenda Kennedy, Judge, 403rd Judicial District
The Honorable Sam Biscoe, County Judge
The Honorable Ron Davis, Commissioner, Precinct 1
The Honorable Bruce Todd, Commissioner, Precinct 2
The Honorable Gerald Daugherty, Commissioner, Precinct 3
The Honorable Margaret Gomez, Commissioner, Precinct 4
Jessica Rio, Director, Planning and Budget Office
Managers, Travis County Auditor's Office
Examination File

EXECUTIVE SUMMARY

Functional Area:

The Travis County Attorney collects fees for processing and collecting restitution on hot checks for both the County Attorney and District Attorney Offices. The total number of hot checks written per each offender determines whether the County or District Attorney's Office receives the revenue. If the total is over \$1,500, the applicable fee goes to the District Attorney; however, if the total is under \$1,500, the County Attorney receives the revenue. The County Attorney is to administer these funds to defray salaries and expenses, but not to supplement the County Attorney's salary. During the ten months ended July 31, 2013, this division collected \$91,363 in hot check fees.

Prior Examination Exceptions (#12-28, Dated December 4, 2012):

No prior examination findings noted.

Current Examination Objective (Period – the month ended July 31, 2013):

This examination's scope was limited to fixed assets, physical and system access controls, bank reconciliations, and the disposition of funds on hand on July 31, 2013.

Current Examination – Significant Findings:

No significant findings noted.

Overall Opinion (See Transmittal Letter for Specifics):

The overall system of internal controls in place for this office was rated "Adequate".

Internal Controls Rating Key

Rating Designation	Rating Description
Good	Well established internal controls with few, if any, minor exceptions
Adequate	Overall solid system of internal controls outweighs the relative number of minor or more serious findings
Requires Improvement	Weaknesses exist that negatively impact the overall system of internal controls
Requires Significant Improvement	Significant number of weaknesses that negatively impact the overall system of internal controls
Inadequate	Existing overall system of internal control is ineffective

Note: A good internal control system reduces the risk of errors, defalcations, and misappropriations of funds. Weak internal control systems provide an environment in which errors, defalcations, and misappropriations of funds can go undetected.

**Travis County Attorney's CAPSO Account
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the 10 Months Ended July 31, 2013**

Revenues:	
Charges for services	\$ 91,363
Total revenues	<u>91,363</u>
Expenditures:	
Current:	
Justice system:	
Personnel Costs	23,271
Other Charges	19,980
Capital outlay	-
Debt service	-
Total expenditures	<u>43,251</u>
Excess (deficiency) of revenues over expenditures	<u>48,112</u>
Other financing sources (uses):	
Transfers in	-
Transfers out	<u>(10,553)</u>
Total other financing sources (uses)	<u>(10,553)</u>
Net change in fund balance	37,559
Fund balance - beginning of year	<u>422,017</u>
Fund balance - end of year	<u><u>\$ 459,576</u></u>

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not currently been audited by Travis County's external auditors.

**Travis County Attorney's CAPSO Account
Special Revenue Fund
Balance Sheet
July 31, 2013**

Assets

Cash	\$	419,341
Due from other funds		40,235
Total assets	\$	459,576

Liabilities and Fund Balance

Liabilities:

Due to other funds	\$	-
Total liabilities		-

Fund balance:

Reserved for encumbrances		-
Unreserved - undesignated		459,576
Total fund balance		459,576
Total liabilities and fund balance	\$	459,576

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not currently been audited by Travis County's external auditors.

**Travis County Attorney's Restitution Account
Statement of Fiduciary Assets and Liabilities
Agency Fund
July 31, 2013**

<u>Assets</u>	
Cash	\$ 145,669
Total assets	<u>145,669</u>
<u>Liabilities</u>	
Other liabilities	140,136
Due to other governmental entities	<u>5,533</u>
Total liabilities	<u>145,669</u>
Net Assets	<u><u>\$ -</u></u>

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not currently been audited by Travis County's external auditors.