

**Travis County District Clerk
Report of Findings and Recommendations
(Exit Examination)**

#15-04

April 7, 2015

TRAVIS COUNTY
AUDITOR'S OFFICE

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COUNTY AUDITOR



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To: Velva Price
Travis County District Clerk

From: Nicki Riley, CPA
Travis County Auditor

Date: April 7, 2015

Subject: Exit examination

Scheduled as part of our statutory requirements, particularly those in Section 115 of the Local Government Code, the Risk Evaluation and Consulting (REC) Division of the Travis County Auditor's Office has completed an exit examination of the Travis County District Clerk'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.

BACKGROUND

The District Clerk's Office acts as the clerk of the District-level Courts in Travis County, including criminal, civil, and family courts. In this role, the clerk's office maintains the often-extensive case records related to the cases heard in these courts. In addition to these responsibilities, this office coordinates all jury matters for the courts and the City of Austin and acts as a passport acceptance agency.

From an accounting standpoint, the District Clerk is responsible for recording, tracking, collecting, posting, and disbursing civil and criminal fines and fees. In addition, this office is responsible for tracking and disbursing the bond and trust funds collected. District Clerk accounting personnel are responsible for making deposits and disbursements of the funds collected. In addition, they reconcile the office bank accounts, including all trust funds and bonds, and produce office financial schedules and statements.

SCOPE OF EXAMINATION

The primary objective of this examination was to verify, on a limited basis, the validity of the District Clerk's books and reports as of the end of the prior District Clerk's term of office. Our

examination of this office included an assessment of the adequacy and effectiveness of the internal control structure for cash collections and revenue assessment/remittance in place at the District Clerk's Office, focusing on collections from December 31, 2014. This included documenting office control protocols, verifying that cash collections were properly safeguarded and deposited, and reviewing revenue assessment processes. This examination also included verifying fixed assets and examining user access to the County's financial system.

EXAMINATION METHODOLOGY

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 District Clerk's financial statements, financial records, and financial 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.

SUMMARY OF FINDINGS

During our review, we attempted to verify that all fixed assets assigned to the District Clerk per the Purchasing Office's fixed asset records were actually in the possession of this office. During this inventory process, we were unable to locate 11 fixed assets (See Attachment A on page 5 for details.).

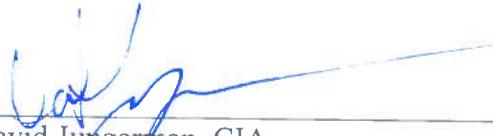
We reviewed only the records of the prior administration of this office. No assessment was made of the new District Clerk's records or internal controls; nor were significant findings noted relating to the prior administration.

EXAMINATION TEAM

David Jungerman, CIA, Senior Auditor
James Marlett, CPA, Staff Auditor

CLOSING

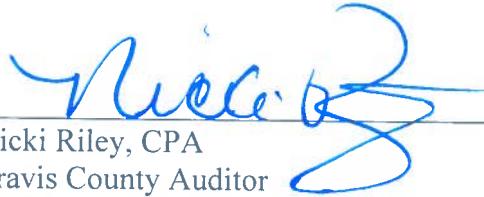
This report is intended solely for the information and use of the District Clerk and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the District Clerk's Office during this review. Please contact us if you have any questions or concerns regarding this report.



David Jungerman, CIA
Chief Assistant County Auditor I - REC
Division



Patti Smith, CPA
First Assistant County Auditor



Nicki Riley, CPA
Travis County Auditor

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Managers, Travis County Auditor's Office
Examination File

ATTACHMENT A – FIXED ASSET FINDINGS

1. Fixed assets not located at inventory

During our inventory of the fixed assets assigned to the District Clerk, we were unable to locate the following items:

Asset Tag #	Last Inventory Date	Description
132813	3/19/2007	COMPUTER GX270T DESKTOP
113702	10/9/2008	COMPUTER GX260 DEKSTOP
124205	1/26/2009	PALM ZIRE 72 HANDHELD
130423	5/27/2011	HP DESKJET 6940-PRINTER COLOR INKJET
127638	6/29/2011	GIGABANK 40GB USB 2.0 PORTABLE STOARGE
142173	7/19/2012	CAMERA NIKON COOLPIX S3100 CAMERA SILVER
142174	7/19/2012	TOPAZ SIG GEM 1X5 LCD W/BACKLIT DISP
161226	10/17/2012	DELL LATITUDE E6420
124657	2/19/2013	NETGEAR WIRELESS ROUTER
127602	2/19/2013	IBM THINKPAD LAPTOP T-43
138238	2/19/2013	SCANNER FI-5530 FIJITSU

Unless these items are located at some point, it is reasonable to assume that the new District Clerk did not actually take possession of these 11 items at the beginning of her term.

Recommendations:

In regards to the 11 assets that could not be located, Section 33.037 “Missing Assets” in the Fixed Asset Policy and Procedures chapter of the Travis County Code states the following:

(a) The user department shall contact the Fixed Asset Manager when an item is identified as “missing” and the department cannot prove that theft occurred.

(1) Assets identified as “missing” shall not be immediately removed from the inventory listing, but shall be retained until a thorough search can be made to determine that the asset is not located elsewhere in the county.

(2) The user department is required to make a thorough and adequate search for the missing item and document steps taken to locate the asset.

(b) “Missing” assets are retained on the inventory list for a minimum of three years.

(1) For each inventory period during the “three year” period, the department is required to again make a thorough and adequate search for the missing item.

(2) After three successive inventories in which a missing item is not located, the responsible elected/appointed official or department head shall provide a memo to the Purchasing Agent and the Commissioners Court outlining the circumstances surrounding the missing item.

(3) The elected/appointed official or department head shall also jointly present to the Commissioners Court voting session in which the Purchasing Agent makes a request of the Commissioners Court to remove the item from inventory.

(c) Under special circumstances, the Purchasing Agent works with the Auditor's Office to waive or reduce the three-year limit to remove missing capital items from the department's inventory.

We recommend that the District Clerk's Office follow the requirements of the Fixed Asset Policy and Procedures manual above, continuing to try to locate these items until such a time as it is appropriate to request their removal from the Clerk's inventory list.