



**Travis County
County Clerk Court Invested Trust Fund Examination
#15-28
July 28, 2015**

TRAVIS COUNTY
AUDITOR'S OFFICE

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July 28, 2015

Dana DeBeauvoir
Travis County County Clerk

RE: Examination of the County Clerk Invested Trust Accounts

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting (REC) Division of the Travis County Auditor's Office has completed an examination of the Invested Trusts accounts managed by the County 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

In Texas, each district and county clerk maintains a registry of the court to receive payments ordered tendered into the court's registry. The funds deposited into the registry are accrued from various court-ordered proceedings to be held in interest-bearing accounts until they are disbursed by an order of the court. These court orders relate to probate and civil cases.

SCOPE OF EXAMINATION

This examination included an assessment of the adequacy and effectiveness of the overall system of financial controls in place for the County Clerk's Invested Trust accounts during the period January 1, 2015 through June 30, 2015. The scope of this examination included an examination the controls over handling and accounting for open, closed, and unclaimed trust accounts, as well as the issuance of 1099s and financial statements for the court registry.

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 material weaknesses or misstatements in the County Clerk's financial statements, financial records, and internal controls. 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 & RECOMMENDATIONS

Based upon our examination, we noted no material misstatements or internal control weaknesses in the accounting protocols for invested trust accounts.

OPINION OF INTERNAL CONTROL SYSTEM

Based upon our examination, we gave the overall system of financial controls for the property tax refunds a rating of "Good," indicating this area has well-established internal controls with few, if any, minor weaknesses noted. See Attachment A for a description for each of the ratings we use to describe the effectiveness of the internal controls environment for the functional area under review.

ATTACHMENTS

Attachment A: This attachment contains descriptions for each of the ratings we use to describe the effectiveness of the internal controls environment for the functional area under review.

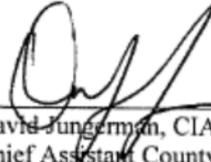
Attachment B: A copy of the financial statement for this functional area as of June 30, 2015 is provided. The express purpose of presenting this statement is to provide feedback to Travis County officials. This financial statement has not been audited by Travis County's external auditors.

CLOSING

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

EXAMINATION TEAM

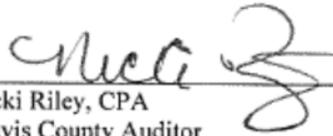
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Cindy Bohanan, Financial Manager, County Clerk
Managers, Travis County Auditor's Office
Examination File

ATTACHMENT A – INTERNAL CONTROLS RATING KEY

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. The following details the various grades we assign to internal control systems:

RATING	RATING DESCRIPTION
Good	Well-established internal controls with few, if any, minor weaknesses noted
Adequate	The overall solid system of internal controls is sufficient to outweigh noted weaknesses
Requires Improvement	Internal control weaknesses exist that moderately impact the overall system of internal controls
Requires Significant Improvement	Significant internal control weaknesses exist that negatively impact the overall system of internal controls
Inadequate	The existing system of internal controls is materially ineffective

ATTACHMENT B – FINANCIAL STATEMENT

**Travis County - County Clerk Invested Trust
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2015**

Assets

Cash	7,513,008
Investments	45,990
CDs	<u>65,375</u>
Total assets	<u><u>7,624,372</u></u>

Liabilities and Fund Balance

Liabilities:

Other liabilities	<u>7,624,372</u>
Total liabilities	<u><u>7,624,372</u></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.