



**Travis County District Attorney
DAPSO
Report of Findings and Recommendations
#16-34**

January 31, 2017

TRAVIS COUNTY
AUDITOR'S OFFICE

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COUNTY AUDITOR



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To: Margaret Moore
Travis County District Attorney

From: Nicki Riley, CPA
Travis County Auditor

Date: January 31, 2017

Subject: DAPSO and DA Trust Accounts

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division of the Travis County Auditor's Office has completed an examination of the District Attorney Processing Sight Order (DAPSO) fee and Restitution Trust accounts. 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 objectives of this examination included an assessment of the adequacy and effectiveness of the overall system of internal controls in place for the District Attorney Processing Sight Order fee and Restitution Trust accounts during the period October 1, 2015 through September 30, 2016. This included examinations of controls over receipts and disbursements, reconciliation procedures for bank accounts, and accounting controls over internal functions for handling and managing these accounts.

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 office's financial statements, financial records, and internal controls that might be material weaknesses or misstatements. In regards to the written and verbal representations made during this review, 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 "Satisfactory", which indicates a well-established internal controls environment with no

material weaknesses noted. See Attachment A for an explanation of our grading system for the overall control environment.

Copies of this office's financial statements for September 30, 2016 are provided in Attachment B, including a detailed Statement of Revenues, Expenditures, and Changes in Fund Balance. 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. These financial statements have 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 the Commissioners Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Travis County District Attorney's Office during this examination. Please contact our office if you have any questions or concerns regarding this report.



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Chief Assistant County Auditor I – REC
Division



Patti Smith, CPA
First Assistant County Auditor



Nicki Riley, CPA
Travis County Auditor

Examination Team

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Margaret Gomez, Commissioner, Precinct 4

Melinda Hernandez, Check Division Manager, County Attorney

Jessica Rio, County Executive, Planning and Budget Office

Victoria Ramirez, Lead Financial Analyst, District Attorney's 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 dollar amount of hot checks written per 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 District Attorney is to administer these funds to defray salaries and expenses, but not to supplement the District Attorney's salary. During the period, this division collected over \$1,500,000 in restitution and fees.

Statutory Basis for Hot Check Funds:

These hot check-related funds are created by Title 2 of the Code of Criminal Procedure, Chapter 102 "Costs Paid by Defendants" under Article 102.007 "Fees of Collecting and Processing Sight Order".

Prior Examination Exceptions (#15-38, Dated January 12, 2016):

No prior examination exceptions.

Auditor's Note

The examination period for this review took place during the previous District Attorney's administration.

Objectives of Current Examination (Period – October 1, 2015 to September 30, 2016):

The scope of this examination included a review of the overall internal controls in place for the District Attorney Processing Sight Order (DAPSO) fee and Restitution Trust accounts – specifically the controls in place with respect to statutory compliance and the receipts and disbursements of funds. We also tested fiscal year 2016 financial statements and bank reconciliations for accuracy.

Current Examination - Significant Findings:

No current examination significant findings.

Overall Opinion (See Transmittal Letter for Specifics):

The overall system of internal controls in place for this functional area received a rating of "Satisfactory".

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
Satisfactory	Well-established internal controls with no material weaknesses noted.
Satisfactory, with findings noted	A solid overall system of internal controls is in place; however, some material weaknesses were noted.
Inadequate	The existing system of internal controls is materially ineffective.

Attachment B

**Travis County District Attorney's DAPSO Account
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2016**

Revenues:

Intergovernmental	\$	22,500
Charges for services		12,518
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Total revenues		35,018
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Expenditures:

Current:

Justice system:

Personnel Costs	34,221
Other Charges	10,113
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Total expenditures	44,334
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Excess (deficiency) of revenues over expenditures	(9,316)
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Other financing sources (uses):

Transfers in	-
Transfers out	-
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Total other financing sources (uses)	-
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Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(9,316)
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Fund balance - beginning of year	148,247
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Fund balance - end of year	\$ 138,931
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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 is currently being audited by Travis County's external auditors.

**Travis County District Attorney's DAPSO Account
Special Revenue Fund
Balance Sheet
September 30, 2016**

Assets

Cash	\$	138,332
Accounts Receivable		6,511
 Total assets	 \$	 <u>144,843</u>

Liabilities and Fund Balance

Liabilities:

Due to other funds	\$	<u>5,912</u>
 Total liabilities		 <u>5,912</u>

Fund balance:

Reserved for encumbrances		-
Unreserved - undesignated		<u>138,931</u>
 Total fund balance		 <u>138,931</u>
 Total liabilities and fund balance	 \$	 <u>144,843</u>

NOTE: The express purpose of presenting this balance sheet and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This balance sheet is currently being audited by Travis County's external auditors.

Travis County District Attorney's Restitution Account
Statement of Fiduciary Assets and Liabilities
Agency Fund
September 30, 2016

Assets

Cash	\$	114,775
		114,775
Total assets		114,775

Liabilities

Other liabilities		114,688
Due to other governmental entities		87
		114,775
Total liabilities		114,775
Net Assets	\$	-

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 is currently being audited by Travis County's external auditors.