



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#119750

PAGE 1 OF 6

DATE: 03/24/2015

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REGISTRY OF THE COURT ACCOUNTS HELD BY THE COUNTY CLERK AS OF SEPTEMBER 30, 2014**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Registry of the Court Accounts held by the County Clerk as of September 30, 2014.

BACKGROUND:

As required by Local Government Code Section 117.123, the Auditor's Office performed an audit of the registry funds held by the County Clerk as of September 30, 2014. The objective of the audit was to determine whether the registry account balances shown on the attached financial statements were materially correct. The Auditor's Office also determined whether collateral held jointly by the County Clerk and the depositories was adequate.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506

100 E. WEATHERFORD

FORT WORTH, TEXAS 76196-0103

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S. RENEE TIDWELL, CPA
COUNTY AUDITOR
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CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
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February 17, 2015

The Honorable Mary Louise Garcia, County Clerk
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – County Clerk, Registry of the Court Accounts

SUMMARY

As required by Local Government Code Section 117.123, we performed an audit of the registry funds held by the County Clerk as of September 30, 2014. The objective of our audit was to determine whether the registry accounts balances shown on the attached financial statements were materially correct. We also determined whether collateral held jointly by the County Clerk and the depositories was adequate.

In our opinion, the County Clerk's registry account balances shown on the attached financial statements were presented fairly, in all material respects. We also found that the value of collateral held by the clerk and the depositories exceeded the amounts required by the respective contracts.

We found that the reconciliation of the County Clerk's registry account should be improved. This condition was previously reported in July 2013. Specifically, County Clerk staff did not reconcile the registry account balance recorded in Odyssey and the balance shown on the Certificate of Deposit Report provided by the bank. As a result, County Clerk staff did not detect and correct immaterial differences in recorded interest. We recommend that County Clerk staff ensure that all differences between the bank balance and Odyssey are identified and corrected as part of the monthly reconciliation process.

Of the 1,190 checks presented to the Auditor's Office for review and countersignature from the registry account, 9 checks totaling \$7,434 were rejected for reasons including an incorrect amount or payee name, and for court orders that did not waive the 30-day holding period. The County Clerk's Office voided and reissued all 9 checks. The reissued checks were presented to the Auditor's Office for review and countersignature. No further action was required.

BACKGROUND


The registry accounts are funds deposited and held for a third party per court order or statute. The funds held in the registry do not belong to Tarrant County. Rather, the County Clerk holds the funds in a fiduciary capacity to satisfy a legal pleading or to await the outcome of a legal proceeding. The registry accounts are recorded into Odyssey, the County Clerk's case management application. The clerk is responsible for the deposits, disbursements, and the investment of the registry funds. Currently, registry accounts are held at JP Morgan Chase and Wells Fargo banks.

In accordance with Local Government Code Section 117.121, *Disbursement of Funds*, the Auditor's Office reviews and countersigns disbursements made from the County Clerk's Registry Accounts. The code states, "All checks or drafts issued for the disbursement of the registry fund must be submitted to the county auditor for the auditor's countersignature before delivery or payment. The county auditor may countersign the check only on written evidence of the order of the judge of the court in which the funds have been deposited, authorizing the disbursement of the funds." During fiscal year 2014, the County Clerk's Office presented 1,190 checks totaling \$43,583,022.62 for the auditor's review and approval. The auditor approved and countersigned disbursements totaling \$43,575,588.62.

CLOSING REMARKS

We appreciate the cooperation of the County Clerk's staff during this audit. If you have any questions, please do not hesitate to call.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachments: Statement of Assets and Liabilities
Statement of Changes in Assets and Liabilities
Management's response

Distribution: Jeff Nicholson, Chief Deputy
James Knowles, Accounting Manager

Audit Team: Kim Trussell, Audit Manager
Julie Hillhouse, Senior Internal Auditor
Maki Ogata, Senior Internal Auditor
Angela Tran-Le, Internal Auditor

**TARRANT COUNTY, TEXAS
COUNTY CLERK
REGISTRY OF THE COURT ACCOUNTS**

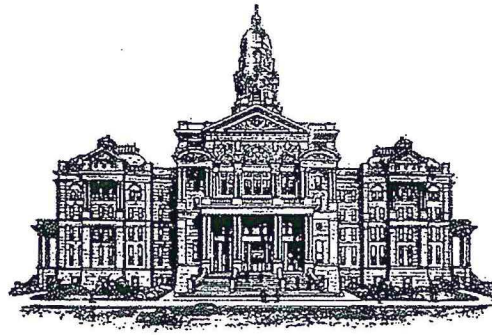
Statement of Assets and Liabilities
September 30, 2014

Assets		
Cash in bank (deposits)		\$ 27,755,167.23
Certificates of deposit, including accrued interest		<u>20,312,285.83</u>
Total Assets		<u><u>\$ 48,067,453.06</u></u>
Liabilities		
Due to beneficiaries		<u>\$ 48,067,453.06</u>
Total Liabilities		<u><u>\$ 48,067,453.06</u></u>

**TARRANT COUNTY, TEXAS
COUNTY CLERK
REGISTRY OF THE COURT ACCOUNTS**

Statement of Changes in Assets and Liabilities
Fiscal Year Ending September 30, 2014

	Uninvested	Invested	Total
Beginning Balance - September 30, 2013	\$ 19,049,919.49	\$ 25,408,972.44	\$ 44,458,891.93
Deposits	48,602,335.09		48,602,335.09
Interest Earned		\$193,132.37	193,132.37
Transfer from Invested to Uninvested	12,671,558.82	(12,671,558.82)	-
Transfer from Uninvested to Invested	(7,381,739.84)	7,381,739.84	-
Disbursements - Registry Accounts	(43,575,588.62)		(43,575,588.62)
Disbursements - Cash Bonds	(1,611,317.71)		(1,611,317.71)
Ending Balance - September 30, 2014	<u>\$ 27,755,167.23</u>	<u>\$ 20,312,285.83</u>	<u>\$ 48,067,453.06</u>



MARY LOUISE GARCIA

TARRANT COUNTY COURTHOUSE

100 W. Weatherford, Rm.130

County Clerk

Fort Worth Texas 76196-0401

Date: March 13, 2015

From: Mary Louise Garcia, Tarrant County Clerk

To: Renee Tidwell, County Auditor

Re: Registry of the Court Accounts Audit Response

I would like to thank the Auditor's Office for their approach and professionalism in this audit. We take our responsibility for the registry very seriously, and appreciate the Auditor's Office partnership to ensure we safeguard the public's money to the highest degree possible.

- We do reconcile the registry account balance recorded in our systems with the CD report provided by the banks. However, the timing between when a payout is made and the interest earned during that month is calculated will always present a challenge. It should be noted, adjustments have been made to the process by which we reconcile the registry account. Specifically, Wells Fargo now sends a file to the Trust Account Administrator that should improve the accuracy of the reconciliation process, decreasing immaterial differences.
- During the review, the Auditor's Office found that 9 checks out of 1,190 were rejected for their countersignature for various reasons- a rejection rate of .75%. These 1,190 checks totaled \$43,583,022.63, and the total amount of the rejected checks was \$7,434- .017% of the total disbursements. We hold our employees to a very high standard, but much of the process is manual. However, we will do everything necessary to mitigate discrepancies or errors.

Thank you,

Mary Louise Garcia
Tarrant County Clerk