



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#127322

PAGE 1 OF 6

DATE: 03/27/2018

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REGISTRY OF THE COURT ACCOUNTS HELD BY THE COUNTY CLERK AS OF SEPTEMBER 30, 2017**

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, 2017.

BACKGROUND:

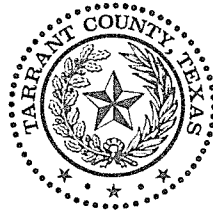
As required by Local Government Code Section 117.123, the Auditor's Office performed an audit of the registry funds held by the County Clerk as of September 30, 2017. The objective of the audit was to determine whether the registry account balances shown on the attached financial statements were materially correct. The Auditor's Office also determined whether collateral held 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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COUNTY AUDITOR
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CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
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March 12, 2018

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, 2017. The objective of our audit was to determine whether the registry account balances shown on the attached financial statements were materially correct. We also determined whether collateral held jointly by the County Clerk and the depository was adequate. In our opinion, the County Clerk's registry account balances shown on the attached financial statements are presented fairly, in all material respects. We also found that the value of collateral held by the County Clerk and the depository exceeded the amounts required by the contract. During our audit, we observed the following issue that requires management's attention.

Observation: We observed four uninvested accounts with small balances after disbursements were made. This condition occurred because the judicial orders did not always include the correct amount to be distributed. The oldest court order was dated June 16, 2004, and the most recent court order was dated January 26, 2017. Staff indicated that their current practice is to obtain revised orders for the correct balance. However, there were no procedures in place to identify outstanding unclaimed balances.

Recommendations: As previously reported, it may not always be practical to obtain a revised order with the correct balance for such small amounts. In such cases, we recommend the County Clerk consider the balance as abandoned property and escheat the funds in accordance with statutes. We also recommend procedures be developed on how to address small, unclaimed balances.

Additionally, we observed less significant items that were communicated to the County Clerk's Office. The Auditor's Office will collaborate with the County Clerk's Office to develop procedures to address those items. No further recommendations are necessary.

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 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. In December 2016, the few registry accounts held at Wells Fargo Bank were transferred to JP Morgan Chase.


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 2017, the County Clerk's Office presented 1,809 checks totaling \$24,256,227 for the auditor's review, approval, and countersignature. Of the 1,809 checks presented to the Auditor's Office during FY2017, seven checks totaling \$8,580 were rejected for reasons such as an incorrect check amount or payee. The County Clerk's Office voided and reissued the seven checks.

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: Clinton A. Ludwig, Chief Deputy
James Knowles, Accounting Trust Manager

Audit Team: Kimberly M. Buchanan, Audit Manager
Brandy R. Greene, Senior Internal Auditor
Ky J. Stafford, Internal Auditor

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

Statement of Assets and Liabilities
September 30, 2017

Assets

Cash in bank (deposits)	\$ 15,077,714
Certificate of deposits, including accrued interest	<u>19,240,650</u>
Total Assets	<u>\$ 34,318,364</u>

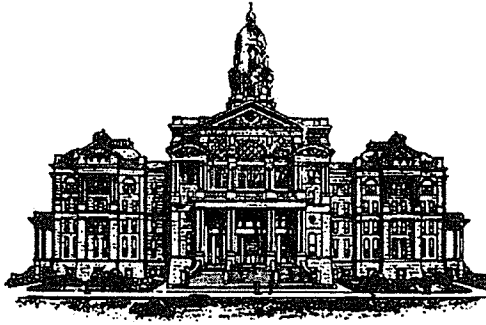
Liabilities

Due to beneficiaries	<u>\$ 34,318,364</u>
Total Liabilities	<u>\$ 34,318,364</u>

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

Statement of Changes in Assets and Liabilities
Fiscal Year Ending September 30, 2017

	Uninvested	Invested	Total
Beginning Balance – September 30, 2016	\$ 21,779,029	\$ 18,977,290	\$ 40,756,319
Deposits	19,305,034	0	19,305,034
Interest Earned	0	109,906	109,906
Transfer from Invested to Uninvested	5,837,524	(5,835,309)	2,215
Transfer from Uninvested to Invested	(5,991,171)	5,988,763	(2,408)
Disbursements – Registry Accounts	(24,255,027)	0	(24,255,027)
Disbursements – Adjustments	1,020	0	1,020
Disbursements – Cash Bonds	(1,598,695)	0	(1,598,695)
Ending Balance – September 30, 2017	<u>\$ 15,077,714</u>	<u>\$ 19,240,650</u>	<u>\$ 34,318,364</u>



Mary Louise Garcia
County Clerk

TARRANT COUNTY COURTHOUSE

100 W. WEATHERFORD
Fort Worth Texas 76196-0401

Date: March 16, 2017

From: Mary Louise Garcia, Tarrant County Clerk

To: Kim Trussel, Audit Manager


Reference: County Clerk, Trust Audit Response

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

Observation: We observed four uninvested accounts with small balances after disbursements were made. This condition occurred because the judicial orders did not always include the correct amount to be distributed. The oldest court order was dated June 16, 2004, and the most recent court order was dated January 26, 2017. Staff indicated that their current practice is to obtain revised orders for the correct balance. However, there were no procedures in place to identify outstanding unclaimed balances.

Our office is currently working with the courts to identify and escheat these abandoned trust account balances. Moving forward the Accounting Department has written procedures to escheat abandoned balances annually and correcting this issue.

Respectfully,



Mary Louise Garcia, Tarrant County Clerk