



**FULTON
COUNTY**

**FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
FOLLOW-UP REVIEW OF PROBATE COURT
FISCAL SUPPORT DIVISION'S CASH MANAGEMENT
PROCEDURES**

June 30, 2020

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INTRODUCTION

The Office of the County Auditor conducted a follow-up review of the Fulton County Probate Court Fiscal Support Division's Cash Management procedures. The follow-up audit was conducted to review the processes and procedures that were implemented to resolve the findings and recommendations addressed in our prior audit dated November 6, 2017.

BACKGROUND

The Probate Court's mission is to carry out the duties assigned under the Constitution and Law of Georgia as a Court of Record with exclusive jurisdiction over the following:

- Probate of wills and descendants
- Appointment and removal of administrators and executors of descendants' estates
- Appointment and removal of guardians and/or conservators of minors and adults
- Audit of returns of executors, administrators, and conservators
- Issuance of marriage licenses and weapons carry licenses
- Commitments of the mentally ill, alcohol and substance abuser
- Miscellaneous duties such as issuance of fireworks permits, certificates of residence and recording of elected officials' oaths and bonds

Probate Court is managed by one (1) Judge who is responsible for overseeing the various divisions, such as, Bookkeeping and Data Entry (Fiscal Support), Minor and Adult Guardianship, Licenses (Marriage and Firearms), Records, Wills and Administration. Probate Court operates three (3) locations including the main site located downtown in the Fulton County Courthouse, as well as satellite offices at the North and the South Annexes.

The Probate Court Fiscal Support Division oversees the fiscal operations for the Probate Court. The fiscal operations include the collection of filing fees for cases related to estates, guardianships, trusts, and other actions under the purview of the Probate Court in which fees are collected. In addition, this division is responsible for conducting financial reporting and the remittance of funds to the appropriate entities as required by State law.

OBJECTIVE

The objectives of the follow-up review were to review the processes and procedures that were implemented as a result of the findings and recommendations previously addressed, and evaluate the use of the Odyssey Financial Manager system to determine whether the case management system functions as intended for all fiscal operations of Probate Court.

SCOPE

The scope of this review was January 1, 2019 – December 31, 2019.

METHODOLOGY

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Those standards also require that we indicate any instances of scope limitations, such as restrictions on access to records, government officials, and other individuals needed to conduct the audit.

To accomplish our objectives we evaluated the Division’s corrective action plan and any supporting documentation to substantiate the Division’s progress. As a result, we were able to determine the status of implementation for the Division’s corrective actions. The statuses of implementation for the Division’s corrective actions are detailed below.

Status of Corrective Action Plan

In response to the audit of Probate Court Fiscal Support Division’s Cash Management procedures completed on November 6, 2017, Probate Court submitted a corrective action plan in their management’s response to address the eleven (11) findings. Based on our review, seven (7) recommendations were implemented, three (3) recommendations were partially implemented, and one (1) finding is in progress. Table 1 summarizes the implementation status of each finding.

We classified the Division’s implementation status as follows:

- **Implemented** – The Division has fully implemented the recommendation.
- **Partially Implemented** – The Division has partially implemented the recommendation.
- **In Progress** – The Division intends to fully implement the recommendation.
- **Not Implemented** – The Division has not implemented the recommendation.

Table 1

| | Findings | Recommendation | Corrective Action Plan | Current Status |
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| 1 | Lack of Automated Processes (Implemented) | We recommend Probate Court and the Department of Information Technology (DoIT) make efforts to establish an automated process to include the use of Odyssey. Management should also implement the necessary controls that include proper reviews of manual entries prior to financial reporting to ensure accuracy. | Probate Court looks forward to full automation and discontinuance of manual operations related to financial tasks, including cash receipting, financial reporting and issuance of remittances. At this time, the Probate Court receives a limited number of reports generated by Odyssey and is unable to make full use of the financial management | Probate Court is utilizing the automated capabilities within the Odyssey Financial Manager. |

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| | | | tools offered through Odyssey. | |
| 2 | Limited Use of the Odyssey Financial Management System (In Progress) | Probate Court should explore and utilize the full capabilities of the system in order to implement necessary procedures to efficiently capture daily activity, perform monthly preparations of bank reconciliations and additional financial activities. Management should also implement the necessary procedures and establish management reviews to ensure manually produced data is accurate and reliable. | The Probate court does not have Odyssey Financial Management System tools installed. We are unable to use the full capabilities of Odyssey because we had no knowledge or training regarding the financial systems now available through Odyssey. We have seen “samples” of financial reporting tools created for the State Court of Fulton County. We look forward to having financial reporting tools that provide full automation in lieu of manual entries. We anticipate that such financial reporting tools will be tailored to Probate Court needs and will eliminate the manual process. | Probate Court’s main office is currently using Odyssey to perform day-to-day operations such as capturing the daily activity, performing reconciliations and monthly reports. Currently, Probate Court’s satellite locations are manually processing bank reconciliations, daily deposits, and financial reporting in Excel. The reports and supporting documentations are forwarded daily to the main office. |
| 3 | Antiquated Cash Management Procedures (Implemented) | Management should determine the necessary procedures that should be implemented to streamline operations. Management should update the written procedures regarding cash handling and other financial activity and continue to monitor implemented procedures on an on-going basis to determine the necessity for revisions. | Probate Court will update the Written Procedures related to cash management procedures, taking into account existing Odyssey tools in the Financial Management System. Manual Cash Management review procedures currently include reconciling a till, reviewing till totals for the day, and comparing what was entered into Odyssey Case Management System. New cash management instructions will be written when Odyssey Financial Management system is in place. | Probate Court has updated its written procedures related to cash handling and other financial activity. In addition, written procedures for the cash management process within Odyssey was established. |
| 4 | Lack of Segregation of | We recommend Probate Court management acquire an adequate level of | Segregation of duties is driven by the number of employees to perform those | Due to the limited number of staff at the North and South Annexes, |

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| | <p>Duties at Satellite Locations (Partially Implemented)</p> | <p>qualified staffing to ensure all financial duties are properly segregated. Additionally, proper compensating controls, such as increased monitoring and supervisory reviews should be implemented if segregation of duties is not feasible due to lack of staffing.</p> | <p>specific duties. The Court Operations at the North and South Service Centers is dictated by the number of employees we have on staff. Although, we have asked for another staff person at the South Service Center, each staff person at the Service Center continues to perform all functions. Satellite offices do not have accounting staffs.</p> <p>Every staff person, including the supervisor, must wait on customers by interviewing/screening the customer to determine their needs, entering their petitions into the case management system, receiving payments and entering them. We recognize that the lack of segregation has the potential for problems.</p> <p>Part of the job responsibilities of our annex supervisors is to review daily totals and till reconciliations.</p> | <p>segregation of duties is ongoing. The supervisors at the North and South Annexes both review and verify the daily totals and credit card till reconciliation reports completed by the clerk(s) on a daily basis.</p> |
| 5 | <p>Failure to Properly Safeguard Assets at South Annex (Partially Implemented)</p> | <p>We recommend Probate Court take measures to ensure assets are properly safeguarded and maintained in a controlled and secured environment. There should also be a separate area designated to handle transactions.</p> | <p>The office configuration at the South Service Center works for that particular space. We continue to operate in that space that we have occupied since the building was constructed. The Clerks at both the Annexes must be able to assist customers, receive petitions, take payments from customers, enter those payments in the register or through the use of the</p> | <p>Due to the limited number of staff and office space at the satellite locations, financial transactions are handled in the clerks' offices and are unable to be handled in a separate common area.</p> <p>The South Annex currently has a security system installed for the office suite. However, we noted</p> |

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| | | | <p>credit card machine and reconcile.</p> <p>The Safe is in a room away from public view. That is the only space that will accommodate the safe.</p> <p>Deputy Sheriffs and/or Security Guards enter the office during the day. We want them to be visible. If these are the "unauthorized individuals" that have access to our office-this is what we wanted. Accordingly, the Probate Court will not be changing that arrangement-we asked for it.</p> <p>We will take steps to ensure that customers' proximity to cash transactions is limited.</p> | <p>that the individual office that maintains cash activity is not properly secured.</p> <p>We also noted that a motion detector sensor is installed on the safe to identify movement.</p> |
| 6 | <p>Lack of Management Review (Implemented)</p> | <p>Due to the abundance of manual entries that occur in the Probate Court, management review is essential in preventing financial reporting errors. We recommend Probate Court management ensures financial reports are properly reviewed and approved prior to submission.</p> | <p>Management conducts a daily review of the cashier's till that is given to the supervisor, and compares it to what is reflected in case management and cash accounting system. The monthly remittance is reviewed and signed by management. Check disbursements are reviewed by management and compared to the reports each month. The supervisor has been encouraged and advised to delegate more of her work to the second in charge, in order that she can be engaged in the review process. We have also asked that bank reconciliations be done by her assistant so that the supervisor can provide oversight rather than the actual entering of</p> | <p>Probate Court main office is able to generate financial reports from Odyssey Financial Manager which are reviewed and approved by management. Although, the satellite locations utilize Excel, the spreadsheets are reviewed and approved by management.</p> |

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| | | | <p>data into what has been a manual system. The Chief Clerk, who is newly appointed, has not yet been integrated into the role of reviewing Probate Court financial transactions. Her transition to tasks related to financial management is delayed by other staff shortages. At this time we (the Judge for now-until the Chief Clerk is integrated into the review process) reviews the monthly reports, banking information and remittances to various entities, including the Finance Department and the Clerk's Authority.</p> <p>We anticipate that supervisory review and verification of financial documents including (a) daily cash reports and (b) monthly remittance reports will be improved once Odyssey automation is fully integrated, thus freeing up time for the supervisor to review rather than doing the work herself.</p> <p>Odyssey accounting is not fully functional, we have not seen the Tyler rep back in our court as promised, and we cannot enter "test" mode to practice entries. We are in full production mode only. We cannot verify the accuracy of anything produced by Odyssey unless compared to manual counts done by hand.</p> | |
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| 7 | <p>Inaccurate Reporting of Fee Calculations (Implemented)</p> | <p>We recommend management ensure remittances and reports are completed timely and accurately and ensure reviews of manual entries are conducted prior to reporting. Additionally, we recommend management evaluates the reporting system to determine the cause for the discrepancies with calculated amounts on the report generated from Odyssey.</p> | <ul style="list-style-type: none"> • Any inaccuracies appearing on the Consolidated Monthly Remittance Report generated in Odyssey is unresolved at this time. • We generate disbursements and reports based on Odyssey data. Either we rely on Odyssey or we do manual counts. • When fees are reversed to correct errors, we anticipate that Odyssey Financial Manager will remove the erroneous count for that particular item. This apparently does not happen with the existing Odyssey tools. • We look forward to automated financial management tools that are tailored to Probate Court needs. | <p>Probate Court is currently able to complete financial reports and remittances on a monthly basis since the implementation of Odyssey.</p> <p>Odyssey's automated data entry process eliminated the use of manual spreadsheets and manual data entries.</p> |
| 8 | <p>Failure to Properly Prepare Bank Reconciliations (Partially Implemented)</p> | <p>Management should take efforts to ensure accurate and timely preparation of bank reconciliations. As such, proper procedures should be implemented and performed by proficient personnel that have been adequately trained. Additionally, management should conduct a complete review of bank reconciliations.</p> <p>We also recommend Probate Court work with the Finance Department to determine the appropriate mechanism to resolve any</p> | <ul style="list-style-type: none"> • Bank reconciliations are particularly tedious. We will work to ensure that bank reconciliations are done in a timely manner, taking into account that we have two (2) staff people doing this work. To date, it has been done by one person (the supervisor). • Credit card payments have made the bank reconciliation process extremely difficult. Credit card payments (a) do not reach the bank on the day they are received by the Court; and (b) the amounts | <p>Bank reconciliations are prepared on a monthly basis. They are thoroughly reviewed and approved by upper management to ensure timely and accurate submissions.</p> <p>Although, Probate Court does not currently have any stale dated checks, the Division does not have an escheatment policy and procedure in place to handle stale dated checks.</p> |

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| | | <p>outstanding items that may require escheatment.</p> | <p>shown on the bank statement do not match the actual amount the Court receives as payment because fees are deducted from those amounts by the bank.</p> <ul style="list-style-type: none"> • We look forward to ending manual entries and counting. We anticipate a system that counts the number of filings and calculates the various amounts to be reported. • <u>Stale dated checks</u> have in previous years been "written off" by the Internal Audit Division staff. Historically, as a department, we did not have authority to "write off" stale-dated checks. If there is a different process at this time, the Court has not been made aware of that process. • The Probate Court is familiar with an escheat of estate property. We, in fact, handle estate escheats. However, an escheat of county funds to the State of Georgia, for small uncashed refund checks or uncashed checks issued for sheriff services, is an escheat proceeding with which we are unfamiliar. • We anticipate that the Internal Audit Division will give further instructions regarding stale-dated checks and | |
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| | | | escheating county funds to the State of Georgia. | |
| 9 | <p>Untimely and Inaccurate Submission of Remittances (Implemented)</p> | <p>We recommend Probate Court management ensure remittances are processed timely as well as reviewed and approved prior to submission.</p> | <p>The Probate Court will work towards the timely review and remittance of receipts and reports once the Odyssey Financial System is fully operational. Probate Court staff is ready to begin training and use of Odyssey Financial Management Tools.</p> <p>When installation of a new computer in Bookkeeping Division was attempted, we learned from Fulton County IT that Quicken is outdated and unsupported by IT. Consequently, for months we had no system in place for creating reports or reconciling banking in order to make appropriate remittances.</p> <p>The Treasury Division of Finance agreed to send someone over to the Probate Court to assist in preparing remittances in light of the incomplete Financial Accounting System offered by Odyssey.</p> | <p>Since the implementation of Odyssey Financial Manager system, remittance reports are submitted timely, reviewed and approved by management.</p> |
| 10 | <p>Lack of Approval for Software Use (Implemented)</p> | <p>We recommend Probate Court management utilize Odyssey, the approved financial management software, which was implemented to capture financial transactions. DoIT should approve all software downloaded onto a computer for Fulton County use.</p> | <p>Probate Court staff is ready to begin training and use of Odyssey Financial Management Tools.</p> <p>Some of the Probate Court accounting is done outside of Odyssey because Odyssey Financial Management tools are not yet available to the Probate Court. Accordingly, some of accounting has been done on what is now obsolete software. The</p> | <p>Probate Court currently utilizes Odyssey Financial Manager to capture financial transactions. It was also noted all locations discontinued the use of Quicken software.</p> |

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| | | | <p>Probate Court has attempted to discontinue the use of Quicken software, per instructions from IT. However, since Odyssey is not fully functional, we use an old computer and old software as the only backup system that will give us a record of transactions.</p> <p>On October 10-11, 2017, we had our first introduction to the Odyssey Financial Manager tool.</p> | |
| 11 | Credit Cards Not Accepted at North Annex (Implemented) | We recommend management take the necessary steps to install and implement the use of credit cards at all Probate Court locations. | <p>IT is working to complete the installation of credit card terminals at the North Service Center.</p> <p>At the time IT initially attempted to install the credit card terminals, they were made aware that the cords were too short to install the credit card terminals at the front counters (for customer use) at that location.</p> <p>We have doubled our efforts to get IT working on installation.</p> <p>On Monday, October 30, 2017, the IT Department dispatched someone to North Service Center office to review the installation.</p> | During our observation of the North Annex, we noted there were two (2) credit card terminals that are operable. |

During this follow-up review, we identified two (2) findings and one (1) concern detailed below.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Inadequate Internal Controls

Cashiers/clerks are held responsible for the contents of their cash drawer throughout their shift, and sales must match the cash in the drawer. Additionally, the accessibility of cash drawers and credit card machines on hand are vital to ensure separate reporting of cash activity. During our review of the North Annex's cash handling operations, we observed a clerk utilizing another clerk's cash drawer and credit card machine. It was determined Probate Court does not have controls in place to avoid the sharing of cash drawers and credit card machines. Sharing cash activity could cause unexplained differences or theft, and increases the risk of improper reporting when balancing the financial activity at the end of the business day.

Recommendation

We recommend management ensure cash drawers are available to all clerks authorized to perform cash activity in order to ensure separation of transactions for financial reporting.

Finding 2 – Failure to Limit Access to the Safe

Limited personnel should be identified in an effort to ensure only authorized personnel have access to a secured area. During our observation at the North Annex location, we noted the safe is located in a secured area; however, the supervisor, two (2) clerks, and the building manager have access to the safe. There are no internal controls or processes in place to limit access to the safe. Failure to limit access to the safe could result in unauthorized access and increases the risk of fraudulent activity.

Recommendation

We recommend Probate Court limits access to the safe to prevent the possible loss of assets.

Concern – Lack of Itemized Receipts from Odyssey

Itemized receipts are critical to ensure the accuracy of charges. During our audit, we observed that customers are given a receipt, produced from the Odyssey system, upon completion of the transaction; however, the receipts do not provide a detailed listing of items charged to the customer. Although, the Odyssey is designed to provide a complete audit trail, the division does not utilize the itemize receipts function within the system to assist them with daily and monthly reconciliations. Itemized receipts reduces the risk of unauthorized transactions being undetected. The lack of an itemized receipt may result in inaccurate reporting and may create a potential risk of unauthorized transactions being undetected.

Recommendation

We recommend that Probate Court fully utilize the Odyssey system, to include the itemize receipts function, to ensure adequate documentation of each transaction.

CONCLUSION

Our follow-up review of the Fulton County Probate Court Fiscal Support Division's Cash Management procedures revealed significant progress was made; however, two (2) additional weaknesses were identified that have resulted in the following findings:

- Inadequate Internal Controls; and
- Failure to Limit Access to the Safe.

We also had one (1) concern in reference to the lack of itemized receipts from Odyssey.

We recommend Probate Court's management and staff give immediate attention to the partially implemented statuses, findings and concern. Additionally, management should continue to explore the capabilities of Odyssey in an effort to utilize the system fully.

Please provide a written response to this follow-up review within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Joi Hargis, Audit Coordinator in the Office of the County Auditor at Joi.Hargis@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.