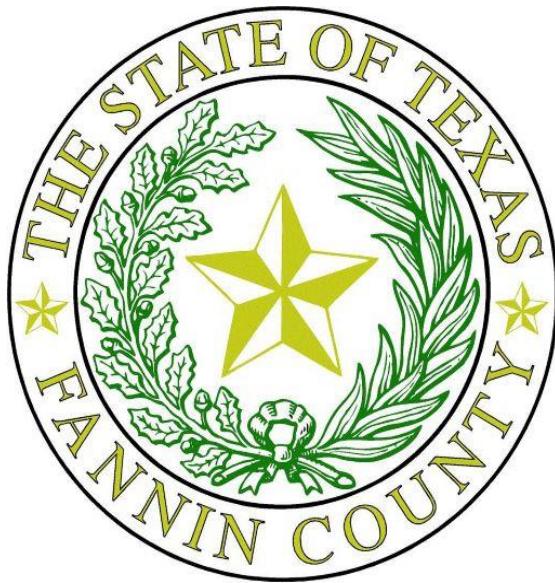


# COUNTY AUDITOR'S REPORT

## DISTRICT CLERK'S OFFICE - Criminal

January 2023 – March 2023



April 12, 2023

Alicia Whipple

Fannin County Auditor

Jeremy LaCook

Fannin County Assistant Auditor

Internal Audits



OFFICE OF THE  
COUNTY AUDITOR

101 E Sam Rayburn Dr, Ste 313

Bonham, Texas, 75418

(903) 583-7451

April 12, 2023

Honorable April Gibbs

District Clerk

Bonham, Texas

Attached is the Internal Auditor's final report labeled District Clerk Criminal 1.23-3.23 Final Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in black ink, appearing to read "J. LaCook".

Jeremy LaCook

Assistant Auditor, Internal Audits

Fannin County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable law and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness, and professionalism for Fannin County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Fannin County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

The scope of the internal audit encompassed the financial records and administrative procedures related to the District Clerk's Office.

As part of the procedures we:

- Reviewed the District Clerk's Bond to ensure compliance with GC 51.032
- Reviewed a sample of daily deposits to ensure that amounts deposited agreed with the daily reports and were deposited on a timely basis in compliance with LGC 113.002.
- Selected a sample of those cases from these daily reports to ensure fees charged were compliant with pertinent statutes.
- Observed the office and interviewed staff members for proper internal proper controls.
- Interview staff members to get an understanding of office's work environment.

## **BACKGROUND**

The office of the District Clerk was created by the Texas Constitution, Article V, Section 9. The District Clerk is an elected official with a four year term of office. The District Clerk's office is responsible for coordinating the notification, swearing in and impaneling of jurors, securing records, maintaining court dockets and collecting various fees.

April Gibbs started her first term as Fannin County's District Clerk January of 2023, but has previous experience in the District Clerk's office and other positions with Fannin County. Jenifer Ballard is the Chief Deputy Clerk and has over 14 years of experience in the District Clerk's office. The rest of the staff is a mixture of long term employees and new employees.

## **EXAMINATION METHODOLOGY**

Our work was based on applying sampling procedures to the office records and on verbal and written representations from the District Clerk's Office. Sampling relates to the 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 financial controls that might be material weakness or misstatements. In regard to the written and verbal representations made by personnel from the District Clerk's 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**

A review of the District Clerk – Criminal from January 1, 2023 through March 31, 2023 revealed the observations listed below with recommendations:

**Observation** – Funds collected at the office are not being placed in a secure lock box or drawer.

- **Recommendation** – While the section of the District Clerk's office that receives payments is secure, the payments themselves are not kept in a container that can be locked.

**Observation** – All payments received by the District Clerk's office are kept in same storage container all day

- **Recommendation** - Each employee that receives payments should keep them in their own secure lock box or drawer.

**Observation** – LCG 113.022 requires that funds received must be deposited on or before the next business day. If this deadline cannot be met, the funds must be deposited on or before the fifth business day after the funds were received, without exception. While reviewing the General Fund account, we observed six instances where funds were not deposited on the next business day. In all of those instances, the funds were deposited within five business days. There was one deposit slip date for 1/21/23 that was not date stamped by Legend Bank till 1/27/24, but the funds were actually collected on 1/25/23 and deposited on 1/27/23.

- **Recommendation** – Funds need to be deposited in compliance with LCG 113.022.

**Observation** - Monies kept overnight are not stored in a secure location. When asked where the payments were kept when not deposited on the same day, I was told in a secret location that only two people knew.

- **Recommendation** – All payments received that will not be deposited on the same day need to be kept in a locked and secured location. We would recommend keeping the overnight deposit in the same location as the unissued checks.

**Observation** – The Fran Matchett receives the mail and records the payments received.

- **Recommendation** – To ensure proper segregation of duties, separate employees need to open the mail and record the payments. Also it is a recommended filling out a log of payments received in the mail.

**Observation** – While reviewing Receipt Journal in Odyssey, we noticed that the same employee that had recorded a payment, voided the same payment. The only two people authorized to void payments are April Gibbs and Jenifer Ballard. All Void's did have ample notations to indicate the reason why the void was and if the funds were reapplied.

- **Recommendation** – To ensure segregation of duties, a payment needs to be voided by someone other than the employee that recorded the payment.

**Observation** – While tracking payments to deposits, we noticed that most of the payments are just labeled “Payment” in the Receipt Journal. The Method is not visible on the Receipt Journal, which make it difficult to track payments to deposits.

- **Recommendation** – After speaking with Ms. Gibbs and Ms. Ballard, they would need more options for the Payment Type in Odyssey; Cash, Money Order, and Cashier's Check. Ms. Gibbs also thought this method of labeling payments could help eliminate errors when inputting payments. Ms. Gibbs and Ms. Ballard were attempting to add the Payment types and train employees to use the new Payment types.

## **Closing**

This information is intended solely for the information and the use of the Fannin County District Clerk's Office and the Commissioners' Court. We greatly appreciate the cooperation that we received from the management and the staff of the District Clerk's office during this examination.

Overall, the District Clerk's office is doing a remarkable job. Areas of risk are mitigated to a minimal by the office staff and records are kept in order by the staff and double-checked by Ms. April Gibbs. Although Ms. Gibbs is new to her role, she is very knowledgeable of the general procedures and is doing a fantastic job training the new staff. Ms. Gibbs and Ms. Ballard were both extremely helpful and open to suggestions to help improve the operations of the District Clerk's office. All office members were very complimentary of Ms. Gibbs' leadership.