



COMMISSIONERS COURT  
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

6

DATE: 1/13/2009

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE COUNTY CLERK'S CASH BOND ACCOUNT**

**COMMISSIONERS COURT ACTION REQUESTED:**

It is requested that the Commissioners Court receive and file the Auditor's Report of the County Clerk's Cash Bond Account for the 18-month period ended March 31, 2008.

**BACKGROUND:**

In accordance with Local Government Code, Subchapter A, Section 115.001, Examination of Records, and Section 115.002, Examination of Books and Reports, the Auditor's Office reviewed the County Clerk's cash bond account for the 18-month period ended March 31, 2008. The objective of the review was to determine whether controls over the receipt and disbursement process of cash bonds were adequate.

Attached to this report is a written response from the County Clerk's Office.

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell  
APPROVED BY:



## TARRANT COUNTY

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November 14, 2008

The Honorable District Judges  
The Honorable Commissioner's Court  
The Honorable Suzanne Henderson, County Clerk  
Tarrant County, Texas

RE: Auditor's Report – County Clerk's Cash Bond Account

### SUMMARY

In accordance with Local Government Code, Subchapter A, §115.001, *Examination of Records*, and §115.002, *Examination of Books and Reports*, we reviewed the County Clerk's cash bond account for the 18-month period ended March 31, 2008. The objective of our review was to determine whether controls over the receipt and disbursement process of cash bonds were adequate. During our review, we observed the following issues that require management's attention:

Observation 1 Cash Bond Redemption Orders signed by the appropriate authority were subsequently modified by County Clerk staff; and

Observation 2 Segregation of duties was not adequate between certain incompatible tasks.

We discussed the observations and recommendations included in this report with appropriate management and staff on December 4, 2008. Attached to this report is a written response from the County Clerk's Office. We also communicated less significant matters to County Clerk staff during the review.

### BACKGROUND

The District Attorney's Office determines the type of offense, either misdemeanor or felony, and assigns a case number via the Criminal Justice System. The County Clerk's Office is responsible for collecting, recording, and depositing cash bonds, and maintaining the court records for misdemeanor cases.

The County Clerk's Office maintains a non-interest bearing checking account exclusively for the deposit and disbursement of bail bonds. The Criminal Section of the County Clerk's Office receives bail bond payments for either Tarrant County Sheriff's Office (TCSO) cases or non-Tarrant County Sheriff's Office cases. The Sheriff's Office has agreements with other municipalities to accept payments for bonds. For TCSO cases, the Sheriff's Office collects the bond and enters the pertinent bond information onto the system. If the case is not filed after receiving the bond, the Sheriff's Office issues a refund. If the case is filed, then the Sheriff's Office forwards either the original or a copy of the bail bond and the payment to the Criminal Section of the County Clerk's Office. Upon receipt, the Criminal Section records the bond onto the Cash Bond System.

The Criminal Section also receives bail bond payments for non-TCSO cases from other area cities and counties that do not have an agreement with the Sheriff's Office. If the case has been filed by the District Attorney's Office, then the Criminal Section cashier enters the bond information and the payment onto the Cash Bond System. If the case has not been filed, the cashier returns the payment to the issuing agency. Both checks and cash received for cash bonds are maintained in the safe until picked up by the armored truck service for deposit.

Bail bonds are refunded once the cases are satisfied. A court order, signed by the appropriate authority, is required for a cash bond to be refunded and disbursed. Cash bond disbursements and refunds are the responsibility of the County Clerk's Accounting Section.

As of March 31, 2008, the Cash Bond Account totaled about \$1.26 million.

## **OBSERVATIONS AND RECOMMENDATIONS**

*Observation 1 – Cash Bond Redemption Orders signed by the appropriate authority were subsequently modified by County Clerk staff.*

### **Background**

Upon disposition of a case, a Cash Bond Redemption Order, signed by the appropriate authority, is required for the refund and distribution of a cash bond. The order is routed to the Accounting Section of the County Clerk's Office for the distribution of the bond.

### **Observation**

We reviewed documentation supporting the disbursement of 25 cash bonds to determine whether disbursements were accurate. As a result of our testing, we identified an instance where County Clerk staff had used "white-out" to correct a Cash Bond Redemption Order that had been signed by the appropriate authority. During our inquiries of staff, we found that the use of white-out was common practice when staff made errors transferring information entered onto the system by the Court Clerks to the Cash Bond Redemption Order or when appropriate information had not been received from the payor of the cash bond. Since the form was already signed by the appropriate authority, County Clerk staff made corrections on the form.

County Clerk staff stated that current procedures include a series of reviews that occur before disbursement of the cash bond. However, we found no evidence to identify all staff involved in the review process.

### **Recommendations**

During our review, we discussed this issue with County Clerk management and recommended that staff strike-through errors rather than using white out. We also recommended that a strike-through be initialed by the person who made the correction. Management immediately implemented our recommendation.

Furthermore, we recommended that County Clerk management implement procedures where all individuals involved in the review process prior to disbursement of cash bonds include their initials and date as evidence of their review. Specifically:

- Upon completing the section describing the distribution of the refund on the Cash Bond Redemption Order form, the Court Clerk should initial and date the section; and
- County Clerk Criminal Section staff should initial and date the form as evidence of their review and verification that the information written on the Cash Bond Redemption Order agrees to the information entered onto the system before forwarding the order to the Accounting Section for disbursement.

Prior to disbursing the cash bond, an Accounting Section clerk completes the appropriate procedures described on the Cash Bond Payout Acknowledgement form. Upon completing the procedures, the clerk signs and dates the form and forwards the file to the designated counter-signer. Upon completing the described procedures applicable to the counter-signer, the counter-signer also signs and dates the form as evidence of her review and approval.

### ***Observation 2 – Segregation of duties was not adequate between certain incompatible tasks.***

Inadequate segregation of duties exists when the same individual has the ability to receive, record, and deposit cash, and then perform a reconciliation of activities. During our review, we found that the same individual received and processed cash bond receipts, and subsequently prepared the deposit. Lack of segregation of duties may occur when there are a few employees who must perform multiple duties. In situations where it is impractical to separate duties due to the small number of employees, additional controls should be implemented. In this case, compensating controls should include independent review and reconciliation by someone who does not handle receipts. Inadequate segregation of duties could allow errors and fraud to occur without detection.

During the review, we made recommendations regarding this issue to County Clerk management. Procedures were immediately implemented requiring a secondary count of each cashier's daily cash drawer reconciliation by another individual. Staff performing the secondary count initials the reconciliation as evidence of their review. No additional recommendations are required.


## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of our review was to determine whether controls over the cash bond receipt and disbursement process during the 18-month period ended March 31, 2008 were adequate. The implementation and application of effective internal control is the responsibility of the management. It is our responsibility to review and assess the effectiveness of the controls. Internal control is broadly defined as a process designed to provide reasonable, not absolute, assurance regarding the achievement of objectives such as the safeguarding of assets, reliability of financial reporting, and compliance with applicable laws and regulations.

## **CLOSING REMARKS**

We appreciate the responsiveness and cooperation of County Clerk staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



S. Renee Tidwell, CPA  
County Auditor

**Attachment:**  
County Clerk Response dated December 9, 2008

**Distribution:**  
Frieda Gregory, Accounting Manager  
Karen Hilger, Criminal Division Manager

**Team:**  
Kim Trussell, Audit Manager  
Susan Black, Senior Auditor  
Maki Ogata, Internal Auditor



SUZANNE HENDERSON  
County Clerk

TARRANT COUNTY COURTHOUSE

100 W. WEATHERFORD  
Fort Worth Texas 76196-0401

December 9, 2008

S. Renee Tidwell, CPA  
County Auditor, Tarrant County  
100 East Weatherford, Room 506  
Fort Worth, TX 76196

RECEIVED  
DEC 17 2008  
AUDITOR

Dear Ms. Tidwell:

The Tarrant County Auditor's Office performed a review of the County Clerk Cash Bond account for the 18-month period ended March 31, 2008. The report noted observations and recommendations concerning the receipt and disbursement process for the Cash Bond account. The County Clerk's Office provides the following responses to address the recommendations in the Auditor's Report.

**Observation 1 – Cash Bond Redemption Orders were modified by County Clerk staff**


Three layers of review are conducted prior to disbursement by comparing the Cash Bond Redemption Order to the original case docket. Issuance of cash bond checks occurs in a location separate from the Court Clerk and the County Clerk Criminal Section staff. These controls mitigate the possibility of errors or irregularities. The Court Clerk and County Clerk Criminal Section staff incorporated procedures to initial and date the sections they review. The Accounting Section will continue with appropriate procedures described on the Cash Bond Payout Acknowledgement form.

**Observation 2 – Segregation of duties was not adequate between certain incompatible tasks**

We agree with the Auditor's Office recommendation. Implementation of the additional control occurred immediately during the review period.

We appreciate the diligent efforts of the Auditor's Office.

Sincerely,

  
Suzanne Henderson  
County Clerk  
Tarrant County