

GUIDE FOR EXTERNAL REVIEWS BY AUDITORS

Court Name: _____

Date: _____

NOTE: Document names may vary from court to court.

Administrative Requirements

Procedure

1. Determine if all financial transactions are recorded in an automated cash receipts journal and include:
 - a. Date payment was receipted;
 - b. Amount received;
 - c. Receipt/transaction number; and
 - d. Payment distribution by type (fine, criminal justice enhancement fund, medical services enhancement fund, bond, etc.).

2. Verify if the court has posted the financial policies required by MAS at a conspicuous location in the court's main lobby accessible to the general public or next to each customer service station and includes the following:
 - a. A statement regarding the methods of payment that the court accepts, such as cash, certified checks, money orders, or credit cards;
 - b. A statement that a receipt will be issued for every payment made in person to the court;
 - c. A statement that the receipt issued by the court is proof of payment; and
 - d. A statement regarding the court's dishonored payment policy.

Safeguarding Monies and Financial Records

Procedure

1. Determine through interviews, observation and by taking an inventory of the contents of the safe if the court safeguards accounting records such as receipts, checks, and monies received by the court as follows:
 - a. Store cash receipts in a secure location from the moment they are received until they are deposited with the bank or local treasurer;
 - b. Retain, count, and handle all monies in a secure location that is not accessible to the public and is only accessible to authorized personnel until monies are deposited with the bank or local treasurer;
 - c. Maintain physical restrictions between cash receipts and the public;
 - d. Post signs controlling admittance to areas where monies are stored;
 - e. Change safe keys and combinations upon termination of an employee who was granted full access to a safe, unless access to the court or area where the safe is located is restricted by electronic access control;

- f. Assign each cashier a separate cash drawer fund or locking bank bag and user identification;
- g. Secure blank checks and credit card invoices in a locked safe;
- h. Secure check requisition forms and ensure they are accessible only to authorized individuals;
- i. Secure all manual receipt books and ensure they are accessible only to authorized individuals;
- j. Forbid the use of signature stamps when signing financial documents such as checks and check requisition forms. Courts may use a check signing machine to imprint authorized signatures on checks;
- k. Keep cash drawers or bank bags, safes and vaults locked at all times when not in use;
- l. Secure monies and ensure they are accessible only to authorized individuals;
- m. Store monies overnight in a locked, immovable and fireproof safe or vault with restricted access;
- n. Use locking bags or tamper-proof plastic bags to transfer court monies to the bank or local treasurer;
- o. Court employees and authorized personnel that issues receipts on behalf of the court shall not keep court monies with their own personal funds, deposit court monies in a personal bank account or take court monies home with them upon departure;
- p. Court staff shall not cash personal checks or purchase supplies using monies from the cash drawer fund;
- q. Court staff shall not commingle personal monies with court monies including making personal change from the cash drawer fund or court monies or making change for court payments with personal monies; and
- r. Court staff shall investigate any shortage or overage of monies by the end of each business day. If there is still a discrepancy, this shall be reported to court management and documented.

External Review by Auditors

Procedure

1. Review the final reports issued for the last external review and for the last operational review conducted by the AOC to determine if the court has addressed all financial findings noted in the reports.

Segregation of Duties

Procedure

1. Through interviews, observation and review of documentation determine the following:
 - a. A second authorized person, other than the person performing that duty, verifies disbursements, deposits, voided receipts and daily and monthly reconciliations and that the verification is documented;
 - b. A second authorized person, other than the person performing that duty, reviews daily all issued manual receipts and that the documentation of the review clearly contains the initials of the court employee who issued or voided the manual receipt as well as the authorized person who verified the issuance or voiding; and

- c. The person who prepares a check requisition form or check does not sign the check.

Cash Handling

Procedure

Acceptance of Payment

1. Observe the court's practice for accepting payments to determine if only court personnel or authorized electronic interfaces may receipt payments at the court during normal business hours, or court authorized entities, i.e. the city, sheriff's office or jail may accept payment on behalf of the court.
2. Determine if payments received from defensive driving schools are received in the form of business check, money order, or wire transfer.

Endorsements

3. During count of cash drawers or cash bags and when staff open the daily mail, determine if all checks and money orders payable to the court are properly and clearly endorsed with a restrictive endorsement stamp that reads "For Deposit Only – Payable To court's name" upon receipt or when the envelope is opened.
4. Determine through interviews and observations if checks and money orders payable to another court are not endorsed, and are sent to the proper court within two business days.

Unidentified Monies

5. Determine if the court has a process for researching unidentified monies that ensures that all unidentifiable checks and money orders received are endorsed the same day it was received, the court is researching unidentified monies by the end of business on the day the money was received, and if monies remain unidentified, it is receipted into the automation system and deposited into a suspense account within one business day.
6. Review the court's "Unidentified Monies" file and verify if:
 - a. Photocopies of the checks or money orders, receipts and supporting documentation are retained by the court; and
 - b. Monies are receipted and deposited into a suspense account within one business day.

Receipting

7. Determine if the court is receipting monies received no later than the next business day.
8. Determine if the receipts generated by the court reflect the date the monies were receipted.
9. Select a random sample of at least 20 individual receipts (for bonds, fines, fees, surcharges, and restitution for all court levels; add child support, probate, and other trust monies for

superior court) using the cash receipts journal as the source document. Determine if the individual receipts contain the following information (as applicable):

- a. Name of court,
- b. Case number if applicable,
- c. Defendant's name, if applicable,
- d. Plaintiff's name, if applicable,
- e. Date payment was received,
- f. Amount received,
- g. Name and address of the person making the payment if not included on the financial record or method of payment when the person is posting a bond or making a payment using a check or money order,
- h. Identification of person receiving the payment,
- i. Method of payment, and
- j. Sequential receipt/transaction number.

10. Sample 10 defensive driving school payments and verify if the monies from the defensive driving schools were received timely and payment was recorded in each defendant's case financial record.

11. Determine if the court is receipting overpayments as an overpayment and not as a fine, surcharge, bond, or restitution.

Manual Receipts

12. Determine if manual receipts are only used when the court's automated financial system is inoperable and manual receipts are entered into the automated management system by the end of the business day or as soon as the system is operable.

13. Review the court's manual receipt book and sample 10 manual receipts to verify the following:

- a. Manual receipts are at least two-part forms, pre-printed with sequential numbers and the name of the court, and are issued in sequence;
- b. Manual receipts are entered into the financial automated system and are cross-referenced by receipt number;
- c. A second person reviews the manual receipts and verifies receipts are issued in sequence, are recorded in the financial management system, and all receipts are accounted for and have actually been issued or voided;
- d. There is documentation that a second person reviewed the manual receipts; and
- e. Manual receipt books are retained for audit purposes.

Voided Receipts

14. Select a sample of 10 automated and manual voided receipts to determine if all voided receipts are not altered in any way, and if an error is made or a correction is needed, the receipt is marked "VOID" and the reason for the voiding the receipt is noted on the receipt,

and all copies of voided receipts are retained. Verify if a new receipt was issued for each voided receipt.

Disbursements

Procedure

1. Sample at least 10 disbursements to determine if disbursements were made only in the form of a check or credited to a credit or debit card and that all checks and check requisition forms, if used by the court, were only signed by authorized signers.
2. If the court uses check requisition forms, pull the requisition forms related to the sampled disbursements. Verify the requisition forms are pre-printed with sequential numbers, with the name of the court, and are issued in sequence. Review and compare copies of checks issued to the check requisition forms.
3. Verify voided check requisitions forms are marked “VOID” and all copies are retained.
4. Sample 10 bond disbursements and verify bond monies were disbursed according to court order and only to the individual who posted the bond or to a third party authorized by the person posting the bond.
5. Sample 10 restitution payments and verify restitution payments were disbursed to victims within the time requirements of ACJA § 5-204.
6. Determine if the court has established written guidelines for refunding and disbursing overpayments and bonds.
7. For all sampled disbursements, verify the disbursements were recorded in the court’s automated financial management system by the end of the next business day.
8. For all sampled disbursements, verify each automated disbursement record contains the following: case number, party names, date check issued, check amount and/or converted amount, name of payee, check number, payment distribution (fines, surcharges, bond, etc.), and amount disbursed.
9. Verify the court’s disbursement journal contains the following at a minimum: date check issued, amount disbursed, name of payee, check number, method of payment distribution.
10. Verify voided checks are marked “VOID” on the face of the check and all voided checks are retained according to the retention schedule.
11. Verify when the court issues replacement checks, the new check is issued following normal disbursement procedures and the court cross-references the new check number and cancelled check number on all accounting records.

12. If the court uses a petty cash fund, verify it is used only to make small court-related purchases, and that loans are not made from the petty cash fund or personal checks issued from the petty cash fund.

Deposits and Bank Accounts

Procedure

1. Examine a recent bank statement(s) for each account and verify that all bank and investment accounts are established under the name of the court, unless these accounts are maintained by the city, county or in the case of appellate courts, the state treasurer and are established in the name of the city, county or state.
2. Determine if the court maintains a current list of all checking, investment and other bank accounts which includes the name and address of the banking institution, the account number, the account name, the rate of interest (if fixed), and the names of those authorized to sign checks or make withdrawals.
3. Determine if the court maintains current signature cards for all bank and investment accounts involving court monies, unless the accounts are maintained by the city, county, or, in the case of appellate courts, the state treasurer and are established in the name of the city, county, or state.
4. Determine if the court makes deposits daily when receipts exceed \$300.00 or at least weekly if receipts totaled less than \$300.00.
5. Compare bank deposits to the cash receipts journal to determine if funds were deposited in the same form as received.

Reconciliation of Financial Records

Note: Select one month of financial records and consistently use the same month to review reconciliations.

Procedure

Daily Reconciliations

1. Determine through interviews and observation that each court employee responsible for a cash drawer fund verifies the beginning cash fund before usage.
2. Determine through interviews and observation each court employee responsible for a cash drawer fund reconciles and balances all monies received after each shift with the cash receipts journal. Verify the clerk signed and dated the daily cash receipts summary report used to document the reconciliation and that a second person verified the clerk's reconciliation and signed the report.

3. Perform count of each cash drawer and reconcile total daily receipts to cash receipts journal for each clerk responsible for a cash drawer.
4. Observe and verify preparation of the daily deposit and the reconciliation of the total daily receipts to the cash receipts journal and determine the daily cash receipts summary report or deposit ticket is signed and dated by the person preparing the deposit and by the second person reviewing and verifying the deposit and that documentation supporting the deposit is retained.
5. Using the cash receipts journal as the source document, verify total receipts for each day to the validated deposit ticket and credit card detail report, as applicable, and to the bank account statement. If monies are deposited with the local treasurer (city, county or state as applicable), verify total receipts for each day to the daily funds transmittal report and to the receipt issued by the local treasurer.
6. Determine if the court retains the records of daily reconciliations performed and supporting documentation as required by the records retention schedule.

Monthly Reconciliations

1. Review and verify the reconciliation of the cash receipts journal for the month to the monthly remittance report submitted to the local treasurer (city, county or state as applicable) and compare to the disbursement check issued.
2. Review and verify the reconciliation of all bank accounts maintained by the court. Reconcile deposits with the cash receipts journal and checks written with the cash disbursements journal.
3. Review and verify the reconciliation of the court's record of open/outstanding bonds to the automated financial management system report and to all bank accounts and cash balances.
4. Determine that check requisition forms, if used by the court; are reconciled with checks issued.
5. Review and verify the reconciliation of the petty cash fund, if used by the court.
6. Review all reconciliations and supporting documentation and determine if the reconciliations are performed timely and accurately, are signed and dated by the person performing the reconciliation, and are signed and dated by the second person reviewing and verifying the reconciliation.
7. Determine if the court retains the following records for each bank account and reconciliations as required by the records retention schedule:
 - a. Copy of the bank reconciliation;
 - b. Record of outstanding checks;
 - c. Record of deposits in transit;

- d. Bank statements;
- e. Canceled checks;
- f. Canceled deposit slips;
- g. Bank issued debit and credit memos; and
- h. Monthly financial reconciliations and supporting documentation.

Outstanding Checks

Procedure

1. Determine if the court investigates all court checks outstanding for more than six months on a monthly basis, unless maintained by a city, county, or state financial agency. Determine if the court documents action taken or disposition of outstanding checks investigated and retains documentation in accordance with the records retention schedule, if the investigation is performed by the court.
2. Determine if the court sends letters to payees of checks outstanding for more than six months, at their last known address advising them that the check has not been cashed and that payment on the check will be stopped and the funds will be reported as unclaimed if the payee does not either cash the check or contact the court within 30 days. Determine if the court retains copies of letters sent to payees.
3. Determine if the court places a stop payment on outstanding court checks reported and remitted as unclaimed funds to the state pursuant to statute, unless the check indicates a date or number of days after which the check becomes void and the check has not been cashed by that date or number of days. Determine if the court retains documentation of outstanding checks reported and remitted to the Department of Revenue as unclaimed funds and review the report for the prior year.

Bonds

Procedure

1. Determine if the court reviews monthly pending and outstanding bonds posted more than 90 days. Sample 5 bonds posted more than 90 days to verify the court took action on the bonds, i.e. reviewed by judge and ordered to hold bond, refund bond, forfeit bond, etc.

Reporting

Procedure

1. Select one month's remittance report and determine if the report and monies are remitted to the local treasurer (city, county or state as applicable) within the number of business days of the last day of the month as specified in MAS.