



DIVISION OF INSPECTOR GENERAL
KEN BURKE, CPA
 CLERK OF THE CIRCUIT COURT AND COMPTROLLER
 PINELLAS COUNTY, FLORIDA

AUDIT OF THE CLERK'S COLLECTION SERVICES AGREEMENTS

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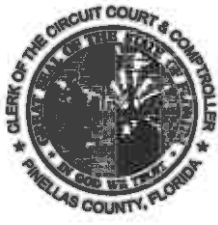
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Ken Burke, CPA

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July 16, 2015

The Honorable Ken Burke
Clerk of the Circuit Court and Comptroller

We have conducted an audit of the Clerk of the Circuit Court and Comptroller Clerk's Collection Services Agreements. Our audit objectives were to determine if:

- The procedures for assigning accounts to the collection agencies comply with the contract.
- There are adequate internal controls over the accounts assigned and updated.
- There are adequate internal controls over the assignment, collection, and recording of delinquent cases.
- There is adequate oversight of the Collection Agencies' contract performance.

We conclude that:

- The Justice CCMS external collection agency interface is not operational and has failed to adequately support the Clerk's external collection agency process. In addition, the interface process does not comply with the agencies' contracts with the Clerk. Internally, there are no written Policies and Procedures for the process, and the internal controls are very weak or nonexistent.
- There are inadequate internal controls for the delinquent accounts' assignment protocol. The protocol used for CJIS (replaced system) did not meet the minimum for a data transfer process and the same weaknesses were passed on to the Justice CCMS application process. Based on our analysis, we cannot assure that all delinquent accounts released to the Collection Agencies were received and processed under the agreement.
- The Clerk's Accounting Department collection agencies invoicing process for fees due for collection services have inadequate Policies and Procedures, and internal controls. The weaknesses that existed in the CJIS process are present in the Justice CCMS application process. The issues were also impacted by the deficiencies in the Justice CCMS Collection Agencies' implementation process that did not assure the generation of accurate data/reports.



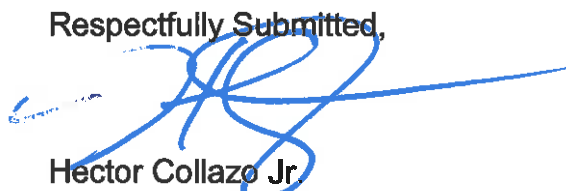
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The Honorable Ken Burke
Clerk of the Circuit Court and Comptroller
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Opportunities for Improvement are presented in this report.

We appreciate the cooperation shown by the Clerk's Court Operations' staff for the Collection Services Agreements during the course of this review. We commend management for their responses to our recommendations.

Respectfully Submitted,



Hector Collazo Jr
Inspector General/Chief Audit Executive

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INTRODUCTION

Synopsis

Justice Consolidated Case Management System's (Justice CCMS) external collection agency interface has not been operational since the conversion to this new application on July 14, 2014. The process also lacks formal written procedures and adequate internal controls. Management stated that the project team, Clerk's Justice Change Control Board, is currently working on the corrective action.

Scope and Methodology

We conducted an audit of the Clerk's Collection Services Agreements and process for delinquent court costs and fines. We reviewed compliance with the Collection Services Agreements for Linebarger, Goggan, Blair & Sampson, LLP and Penn Credit. Our review covered the process for the prior interface application, Criminal Justice Information System (CJIS), and the current application, Justice Consolidated Case Management System (Justice CCMS).

The objectives of the audit were to determine if:

- The procedures for assigning accounts to the collection agencies comply with the contract.
- There are adequate internal controls over the accounts assigned and updated.
- There are adequate internal controls over the assignment, collection, and recording of delinquent cases.
- There is adequate oversight of the Collection Agencies' contract performance.

In order to meet the objectives of the audit we:

- Interviewed management for the Clerk's Court Operations, Clerk's Accounting, Clerk's Information Systems, and Business Technology Services (BTS) Justice CCMS project team, to understand the system functionality, processes and procedures, and internal controls for the collection service process.
- Reviewed and tested system output and reports for the CJIS and Justice CCMS applications.
- Evaluated the internal controls for the related processes.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2012 through September 30, 2014. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

The Justice CCMS external collection agency interface is not operational and has failed to adequately support the Clerk's external collection agencies' process. In addition, the interface process does not comply with the agencies' contracts with the Clerk. Internally, there are no written Policies and Procedures for the process, and the internal controls are very weak or nonexistent.

There are inadequate internal controls for the delinquent accounts' assignment protocol. The protocol used for CJIS (replaced system) did not meet the minimum for a data transfer process and the same weaknesses were passed on to the Justice CCMS application process. Based on our analysis, we cannot assure that all delinquent accounts released to the Collection Agencies were received and processed under the agreement.

The Clerk's Accounting Department collection agencies invoicing process for fees due for collection services have inadequate Policies and Procedures, and internal controls. The weaknesses that existed in the CJIS process are present in the Justice CCMS application process. The issues were also impacted by the deficiencies in the Justice CCMS Collection Agencies' implementation process that did not assure the generation of accurate data/reports.

Action Plan

FINDING NO.	FINDING (CAPTION) RECOMMENDATIONS	MANAGEMENT RESPONSES			IMPLEMENTATION STATUS	
		Concur	Partially Concur	Do Not Concur	In Progress	Planned
1	Justice CCMS Collection Agency Interface Has Not Produced Accurate Output To Support The External Agency Process Since The Justice CCMS Criminal Conversion.					
	<p>A. Develop a formal plan to implement the Collection Agency Interface program for the production application. Include in the plan <u>target dates for completion</u> with the resources committed to the plan.</p> <p>B. Develop and establish procedures, adequate reconciliations, written policies and procedures for the Justice CCMS and MUNIS accounting system.</p>	✓			✓	
2	For The CJIS System Process, The Internal Control To Confirm The Daily Transmittal And Receipt Of The Delinquent Accounts For The Collection Agencies Were Not Performed.					
	Verify the CJIS system has been replaced by the Justice CCMS application with the same internal controls. For the current process, Clerk's Accounting and Business Technology Services need to work together to establish responsibilities and put them into written policies and procedures. The responsibilities should include file creation, secure transfer, information accuracy, error handling, reporting, verifications, acknowledgements, and reconciliations.	✓				✓

FINDING NO.	FINDING (CAPTION) RECOMMENDATIONS	MANAGEMENT RESPONSES			IMPLEMENTATION STATUS	
		Concur	Partially Concur	Do Not Concur	In Progress	Planned
3	<i>The Justice CCMS File Transfer Protocol For Acknowledgement Of External Collection Agencies' (Prior And Current Application) Internal Controls Are Inadequate.</i>					
	Document in formal written procedures the responsibilities for all parts of the file transfer service for all parties involved. The responsibility for the actual transfer of the files to the FTP site should be done by BTS. However, the responsibility for error handling and reconcilements/confirmation should be with Clerk's Operations/Clerk's Accounting.	✓				✓
4	<i>The Clerk's Accounting Department Policies & Procedures And Internal Controls Did Not Support The Collection Agency Invoice Process.</i>					
	Formally document the daily and monthly collection reports to be a three-way match to the Collection Agencies, Justice CCMS, and the MUNIS general ledger as set out in the contract service agreement. Written policies and procedures for the process should be formally documented.	✓			✓	✓

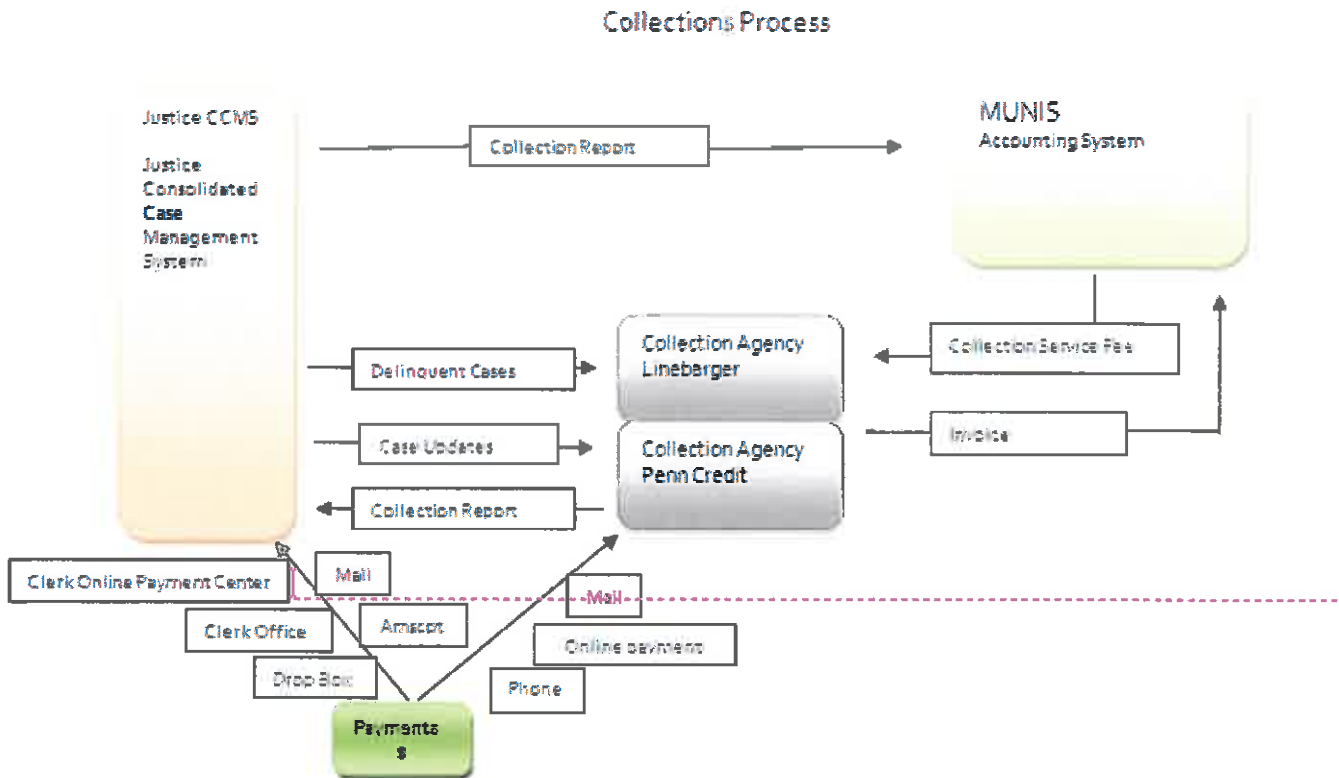
Background

The Clerk's duties and responsibilities for court collections have been expanded under state law to include payment plans, collection enforcement, and collection performance measures. These additional responsibilities have created a court collection program that actively pursues amounts owed to the court.

As of December 2009, the Pinellas County Clerk of the Circuit Court entered into a contract with two collection agencies that specialize in the collection service of governmental delinquent fines, fees, court costs, and service charges. After being 90 days delinquent, Florida Statutes allows the Clerk to send delinquent accounts to the collection agencies. As of the audit, the collection agencies' enforcement was limited to delinquent receivables for Traffic and Criminal Traffic court cases.

Under Section 28.35, Florida Statutes, the Florida Clerks of Court Operations Corporation (FLCCOC) was created as a public corporation organized to perform specified functions, such as developing performance measures. All Clerks of the Circuit Court are members of the corporation and hold their position and authority in an ex officio capacity. The executive council performs functions assigned by the corporation pursuant to the plan of operation approved by its members. The FLCCOC has developed and certified a uniform system of performance measures and applicable performance standards for court related functions. These measures and standards are designed to facilitate an objective determination of the performance of each Clerk in accordance with minimum standards for fiscal management, operational efficiency, and effective collection of fines, fees, service charges, and court costs.

The Florida Court Clerks and Comptrollers (FCCC) have issued a Best Practices Policy titled "Payment Plans for the Collection of Court Fines, Fees and Service Charges" suggesting specific practices for the Clerks. In addition, the National Center for State Courts has also expressed their views and provided suggestions under the Court Topic "Collection of Fines and Court Costs."



The Collection Service Agreement with the collection agencies is based upon our Collection Process with our court case and accounting system. The Collection Agencies are Linebarger, Goggan, Nalir & Sampson, LLP (Linebarger) and Penn Credit Corporation (Penn).

CJIS was our court case system until July 14, 2014 when Justice CCMS was implemented. The MUNIS accounting system was installed on September 23, 2011. Both the Justice CCMS and MUNIS systems are owned by Tyler Technologies, Inc. Although MUNIS started September 23, 2011, the Fee Accounting System continued to run until CJIS ended. MUNIS took over the general ledger, but relied on InfoPac reports generated from the Fee Accounting System.

The Collection Process starts with the assignment of delinquent accounts to Linebarger and Penn collection agencies. The Collection Service Agreement provides that cases are split on an every other one basis. This means that the first case would go to Linebarger, the second case to Penn, the third case to Linebarger, next case to Penn and continues on an every other one basis to fairly divide the delinquent cases. The remittance and reporting of payments is done by exchanging electronic reports and files on a daily basis. Payments received by the collection agencies are sent to Justice CCMS daily by ACH transfer no later than two days from the date of collection. The payments are applied to the court cases in Justice CCMS and are then posted to the MUNIS accounting system.

The largest percentage of payments is received directly by Justice CCMS; the collection agencies only handle about 15% to 20% of the payments through their offices. Case updates of debts just and owing are sent along with the daily assignment of delinquent cases to the collection agencies. The collection agencies update their systems to properly reflect what amount is still owed on each case. The collection agencies submit a monthly invoice showing all the payments collected on their cases and are compensated by their collection service fee.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. *Justice CCMS Collection Agency Interface Has Not Produced Accurate Output To Support The External Agency Process Since The Justice CCMS Criminal Conversion.*

When the Justice CCMS went live (July 14, 2014), the Collection Agency Interface was unable to produce the data files and reports to support the Clerk's service agreement with Linebarger and Penn collection agencies.

The Justice CCMS Court Case System daily exports, in the form of files, delinquent cases to the collection agencies. The cash (Fees Due) collected by the collection agencies or by the County are recorded in the Justice CCMS Court Case and the financial information is exported to the Clerk's MUNIS accounting system. The interdependencies of information on past due amounts flowing out of the Justice CCMS to the Collection Agencies, Collection Agency payments flowing back into Justice CCMS, and then out to MUNIS general ledger accounts. For the current Justice CCMS process, there is a lack of adequate internal controls, and written policies and procedures, and result in a high risk of errors going undetected with the process.

To date, there are multiple issues that caused the service failure.

- A. The requirements from the "Conceptual Project Design Document" for the "Collection Agency Interface" (dated September 1, 2011) functionality did not make it into the production application. This conclusion is based on the inability of the production application to generate output files and query reports for delinquent accounts. Management stated the design did make it into production, because the programming for generating output files and query reports for delinquent accounts worked. However, the parameters used were not specific enough to properly screen out delinquent accounts. Our position is that if the output data is not accurate to produce the reports, the interface is not working.
- B. We found no documentation why the User Acceptance Testing did not catch the report errors and other interface problems. Court Operations, Clerk's Accounting, and the Justice Management Team were unable to supply information in this area.

- C. There was a lack of proper reporting of problems and corrective action related to the Justice CCMS collection agency application.
- It should have been apparent to BTS, the day after conversion, that the collection reports/data files were not being produced. Just prior to conversion, the Justice Development Interface Action Items shows receiving errors from the payment import job on May 28, 2014 and the collections export job not completing as of June 4, 2014.
 - Clerk's Accounting Department did finally note problems with the files two weeks after conversion. The problems reported were described as "Collections Cases with the Payment Plans" and that the "Collection Integration File Format does not match the Conceptual Process Design." As for the reports, Clerk's Accounting understood that Enterprise Custom Reports could be run as needed and was awaiting training. The lack of reports affects the data transferred between Justice CCMS, Collection Agencies, and the MUNIS General Ledger.
 - After conversion, the End-User Support Plan (for 90 days after conversion) did not address the issues with the Collection Agency Interface problems.

The result of the inability of the Justice CCMS Collection Agency Interface to produce accurate data has resulted in the following compensation problems presented in more detail in Opportunity for Improvement No. 4. In summary:

- A. No delinquent accounts have been sent to either collection agency since the July 2, 2014 start of conversion.
- B. Management was later able to manually generate a report for eligible cases for collection for the period of July 14, 2014 to September 30, 2014. The plan was to use the manual filtering parameters to alter the program logic to produce the daily output files and reports. However, it was found that there were still problems with Collection Agency Interface programs.
- C. The July and August Invoices from Linebarger and Penn Credit for the collection fees due were understated by an estimated \$60,000. The Clerk's Office was unable to send the collection agencies a listing of the payments received through the Clerk's Office. The collection agencies use this payment information to invoice the Clerk's Office to receive their 25% fee. The contract requires the Clerk's Office to provide daily updates on account collections.
- D. The collection agencies invoices to the Clerk's Office for the monthly collection fees were not being reconciled to the MUNIS general ledger accounts that accumulated the 25% fee on payments received.

Based on our analysis of the problems, there was a lack of timely and effective corrective action taken by Court Operations, Clerk's Accounting, and the Justice Management Team. There was no one person responsible for tracking service requests for the Clerk's Office during

initial post implementation. Without a person or small group monitoring problems, related problems may not be aggregated or not get ranked a proper priority.

On November 17, 2014, the Clerk's Justice Change Control Board was established for Justice CCMS. The board will implement the changes through seven different groups. Each change will be reviewed and approved by the board governing body and assigned to an appropriate focus group to assess the impact of changes, plan, and implement the change. The Change Control Board approach is a much improved method over having each department championing their own problems to get them solved. There is still a risk that not all the problems with the Collection Agency Interface may be grouped, sorted, or prioritized. As of November 7, 2014, the Justice CCMS Collection Interface was not functioning properly.

The Clerk's contract agreement with Linebarger and Penn Credit collection agencies is dependent on Justice CCMS producing accurate and complete information on delinquent cases. The contract agreement requires the Clerk to provide data files and reports to the collection agencies so they can pursue delinquent amounts owed to the court.

We recommend management:

- A. Develop a formal plan to implement the Collection Agency Interface program for the production application. Include in the plan target dates for completion with the resources committed to the plan.
- B. Develop and establish procedures, adequate reconciliations, written policies and procedures for the Justice CCMS and MUNIS accounting system.

Management Response:

A & B Concur.

Management has implemented a collection agency interface, and we are working with our vendor (Tyler Technologies) to implement a more automated process. We have developed written departmental procedures currently being utilized by the business, and monthly reconciliations are being performed by Clerk's Accounting to the collection agency invoices.

2. For The CJIS System Process, The Internal Control To Confirm The Daily Transmittal And Receipt Of The Delinquent Accounts For The Collection Agencies Were Not Performed.

The internal control to confirm the collection agencies assignment of the daily delinquent accounts data transmitted was not performed properly in the CJIS process (prior to Justice

CCMS criminal conversion). There is no assurance that delinquent accounts delivered by the County in the form of files were received by the collection agencies for processing.

Cases that have fines, fees, or costs that are 90 days or older are sent on a daily basis to Linebarger and Penn collection agencies. The files and corresponding reports are separated by court type: Traffic, Criminal Traffic, and Felony/Misdemeanor. The vendor receives the daily files and should send an acknowledgement report to the Clerk for accounts and dollar amounts received, as required by the contracts.

Contract Agreement dated June 1, 2011, Linebarger Contract, Section 12, Remittance and Reporting #12(a): *"Acknowledgment Report (number of the files and dollar amount received from the CLERK. Daily"*

In order to test the internal controls prior to the Justice CCMS criminal conversion, we obtained three daily reports, Traffic Court April 23, 2014, Criminal Traffic April 28, 2014, and Felony/Misdemeanor May 9, 2014 for possible testing.

We selected the Traffic Court of April 23, 2014 with the work date of April 20, 2014. The Traffic Court report was reviewed to see how the daily assignment of cases was controlled. The total amount for Linebarger on the report was \$154,615.50 as compared to our independent calculated data total of \$216,267.10; a difference of \$61,651.60 or 29%. The total amount for Penn Credit was \$154,225.36 as compared to our independent calculated data total of \$216,008.28; a difference of \$61,782.92 or 29%. Our conclusion is the report control totals do not agree with the dollar amount of data on the report.

Since the report control totals do not agree to the data on the report, the internal control to confirm that the collection agency received the delinquent account data correctly was not performed by Clerk's Accounting or Court Operations. It would not be possible to verify that the dollar amount listed on the Acknowledgement Reports from the collection agencies were correct since the County report control totals were incorrect.

The Criminal Traffic and Felony/Misdemeanor reports follow the same format, so they have the same deficiencies.

Based on our findings, there is no assurance that either collection agency received and is working on all the accounts over the 90 day delinquent status assigned by the County. In addition, we could not determine if this internal control to confirm assignment of delinquent accounts sent to the Collection Agencies was ever performed.

Proper internal controls over the assignment of cases as provided for in the contract must be performed by the Clerk's Office.

We recommend management:

Verify the CJIS system has been replaced by the Justice CCMS application with the same internal controls. For the current process, Clerk's Accounting and Business Technology

Services need to work together to establish responsibilities and put them into written policies and procedures. The responsibilities should include file creation, secure transfer, information accuracy, error handling, reporting, verifications, acknowledgements, and reconciliations.

Management Response:

Concur. Management will work with Clerk's Technology, Clerk's Accounting, and Business Technology Services to define responsibilities and develop written policies and procedures.

3. *The Justice CCMS File Transfer Protocol For Acknowledgement Of External Collection Agencies' (Prior And Current Application) Internal Controls Are Inadequate.*

The CJIS File Transfer Protocol for the external collection agencies lacked adequate internal controls over the processes. The issues related to the process were prior to the implementation of the Justice CCMS application. However, the internal control issues were passed on to the Justice CCMS application. Opportunity for Improvement No. 2 covers the results of our testing of the internal controls for the replaced CJIS system process.

A. CJIS System Control Issues

The CJIS system used a File Transfer Protocol (FTP) through a contracted vendor to output the files. The following are the control weaknesses in the process:

1. There was no formal procedure in place that the daily collection files were received by the collection agencies. The collection agencies sign into the FTP site and retrieve the files. The BTS Programmer will be contacted by email or phone from the collection agencies if there are any problems retrieving the files. The collection agencies do not send an acknowledgement that the reports were received (required by the Contract).
2. There was no formal procedure in place that BTS assured that the daily collection files were received by the collection agencies. The BTS Programmer can look on the FTP site to see if the collection agencies retrieved the files or not. BTS has no written procedures, logs, or have anyone verify that the files are transferred.
3. There was no formal procedure in place that confirmed that the data on the daily collection files were properly uploaded by the collection agencies. BTS and Court Operations rely on the procedure that the three files are generated for each agency and if the agencies get three files, the information is assumed to be accurate and complete. Proper acknowledgement would involve the County notifying each Collection Agency of the number of files provided and some kind of integrity check, such as total number of transactions or total dollar amount. The file transfer process

did provide the files to the Collection Agency, but there was no positive acknowledgement process in place. In addition, Opportunity for Improvement No. 2 noted that the Control Totals on the reports sent to the collection agencies were incorrect.

B. Justice CCMS Application Control Issues

1. The technical procedures outlined in the Collection Agencies' Interface Conceptual Project Design (Design) document follow the CJIS system process with the exception of issues related to design element Error Handling. So the control issues present in the CJIS process were passed to the new application process.
2. Since the Collection Agency Interface for the Justice CCMS is not functional, it cannot be reviewed to determine that the acknowledgement, remittance, reporting or compensation is being performed in accordance with the contract. In the CJIS system, the acknowledgement process described in the contract did not correspond to the procedures followed; therefore, there is no assurance in the Justice CCMS process that all collection accounts sent to the collection agencies were received for the audit period.
3. For the Justice CCMS application, the current interface problems preclude our review of standard procedures to determine compliance with the Collection Services Agreements. In addition, as of September 30, 2014, there were no formal written procedures for the Justice CCMS File Transfer Protocol for the external collection agencies.

The acknowledgement requirement for the daily Collection Agencies' files is a contract requirement and represents an internal control over the accuracy and completeness of the information sent to the Collection Agencies. The responsibilities for all parts of the file transfer service are not documented for all parties involved. The responsibility areas not defined between BTS and Courts Operations are:

- Actual transfer of the files to the FTP site.
- Monitor error logs for detecting error conditions.
- Documenting error information when found.
- Rating error condition routine to impact of the service.
- Notification of affected parties of major errors.
- Acknowledgement that the number of file and dollar amount sent is received.

An important and contract responsibility is the process of sending data to the Collection Agencies. The acknowledgement requirement can only be an effective internal control if management assigns responsibilities and monitors their completion.

We recommend management:

Document in formal written procedures the responsibilities for all parts of the file transfer service for all parties involved. The responsibility for the actual transfer of the files to the FTP site should be done by BTS. However, the responsibility for error handling and reconcilements/confirmation should be with Clerk's Operations/Clerk's Accounting.

Management Response:

Concur. Management will work with Clerk's Operations, Clerk's Accounting, and Business Technology Services to develop written policies and procedures for securely transferring agency files.

4. The Clerk's Accounting Department Policies & Procedures And Internal Controls Did Not Support The Collection Agency Invoice Process.

Clerk's Accounting Department does not have written Policies and Procedures to provide adequate internal controls over Collection Agencies' compensation. Compensation to the collection agencies is not being done in accordance with the provisions of the contract. BTS has not always provided the reports and data to the collection agencies that are needed to produce a properly supported invoice. Invoices from the collection agencies are not verified against our court case system and accounting system.

A proper reconciliation for the payment of collection fees to the collection agencies was not performed when the CJIS system was in production. Likewise, there are no procedures in place to properly perform the same reconciliation in the current Justice CCMS application.

Clerk's Accounting pays the fees based on the month-end balance in the MUNIS general ledger accounts for the individual collection agencies, and disregards the invoice and supporting documentation submitted by the collection agencies. The reconciliation gap for the collection agencies' invoice process (past and current) and related reports included non-performance of:

- The monthly Linebarger invoice to the General Ledger since the beginning of the contract in December 2004.
- The monthly Penn invoice to the General Ledger since the beginning of the contract in June 2011.
- The Collection Monthly Report totals are not being reconciled to the General Ledger.
- The General Ledger is not being reconciled to the Justice CCMS Accounts Receivable.

Reconciliation refers to the process of ensuring that two sets of records are in agreement.

A. CJIS System

In our testing we found the collection agencies did not submit a monthly invoice detailing all funds collected by account showing the total amount collected and the collection agency fee we owe.

We selected the month of April 2014 to review Collection Agencies' compensation. We requested collection agency invoices and supporting documentation from Clerk's Accounting. The payment documentation for Penn did not have an invoice, but Linebarger did have an invoice with supporting detail.

1. The Penn Collection Agency did not provide an invoice. Clerk's Accounting simply paid them the balance of fees recorded that month in MUNIS. Penn did not start submitting invoices until June 2014. According to management, Penn has never submitted an invoice since their contract started in June 2011. Some long term employees recall that Penn had a problem with uploading our payment files and producing an invoice report in the beginning.

Management had recently contacted the contract administrator requesting that Penn start generating an invoice. The Penn May 2014 invoice payment was also calculated by Clerk's Accounting. Penn submitted a summary invoice for June 2014 for \$19,747.54, which Clerk's Accounting did not use and again created their own invoice and paid Penn \$19,178.63 instead. The amount paid to Penn is simply the MUNIS General Ledger balance for Penn collections' 25% fee.

The MUNIS general ledger account balance should be the correct amount, unless the balance contained any improper adjustments or corrections. Common adjustment or correction errors usually involve wrongly debiting or crediting the amount, or are due to making the adjustment more than one time.

- Penn transactions in MUNIS, for Account No. 0604-2101-2-8000-0700-23761 year to date October 1, 2013 through September 8, 2014, were downloaded to get some idea of the number of adjustments.
 - Our analysis showed that there were about 60 corrections every month, which is about 5% of the monthly billing. There is a serious risk of error considering the number of adjustments made to this account.
 - According to Clerk's Accounting, there is no procedure at this time to balance this account against the total amount invoiced by Penn.
2. Linebarger did provide an invoice and the supporting account/case listing for each court for April 2014. The invoices that Linebarger submitted; however, were not properly reconciled with the applicable MUNIS general ledger accounts.
 - The invoice showed Circuit County Court of \$23, 216.20, Criminal Traffic of \$9,831.30, Misdemeanor Court of \$7,352.86, which totals \$40,400.36 in fees due from the Clerk for the month.

- Each one of the account/case list detail line items were recomputed to verify that they supported the invoice amount with no exceptions noted.
- Clerk's Accounting did not use these invoices and account/case lists, but again created their own invoice for April 2014 for \$42,261.71 based on the MUNIS general ledger balance.
- Clerk's Accounting also created their own Linebarger invoices for May 2014 and June 2014.

We reviewed the Clerk's Accounting recalculations done on the now replaced CJIS system's "Payments Received From Collection Agency" and the "Collection Agency Posted Payment Breakdown" to the "Linebarger Daily Collection Report of April 1, 2014."

- The grand totals all agree, but there were calculation differences noted for account/case listings between the CJIS two production reports. These daily reports are reviewed and agree with the bank deposit in total.
- The daily reports; however, are not reconciled to the monthly invoice. Clerk's Accounting attributed the differences to timing differences. Our review of April 2014 found only March entries that resulted in a timing difference in the collection fee of only \$131.18. Based on our review of the Linebarger April 2014 invoice, the difference in the invoice amount and payment amount of the collection fee is not entirely due to timing differences.

For Linebarger, based on our analysis, Clerk's Accounting recalculations only partly confirmed the daily payments received are correct.

Under the CJIS System, the two Collection Agencies' invoices were not being properly reconciled and there is no assurance that the correct compensations were paid, since the reports and data are not being reconciled to the invoice. In addition, our analysis determined that the general ledger and report differences are due to more than timing differences.

B. Justice CCMS Application

We contacted Clerk's Accounting to obtain the collection agencies' July and August 2014 invoices and supporting documentation, including Justice CCMS reports. In discussing the invoices, management said that the invoices were way below normal, because there were no collection data or reports being sent to either agency for payments processed by the Clerk.

It was later confirmed that no files have been sent to the collection agencies since the conversion to Justice CCMS. Management said that the July and August 2014 invoices reflect only what the collection agency has received since the collections taken in by the Clerk are not being reported to the agencies.

- Collection agencies are not being provided updated case reports on debts just and owing.
- The collection agencies cannot properly invoice the Clerk for its 25% collection fee. It is estimated by Clerk's Accounting that we owe Linebarger \$32,000 and Penn \$28,000 for July and August 2014 under-billing.
- We inquired about what happened to the daily report series that was previously available from CJIS "InfoPac". No provision was made so that the Justice CCMS application was able to generate the required reports with accurate data.
- In Justice CCMS, these type of reports are referred to as Enterprise Custom Reports (ECR). We received conflicting information about ECR reports. We were told ECR reports were done for collection agencies and all other CJIS reports in the conceptual design stage, but were later told that ECR would not be needed since queries could be set up.

The Collection Agencies were not being correctly compensated under Justice CCMS since the reports and data are not available. The reports and data are necessary to prepare their invoices. Justice CCMS collection reports and data needs to be a three-way match to the Collection Agencies and MUNIS general ledger as set out in the contract provisions.

The control issues resulted from the CJIS collection agencies' invoicing process not having adequate Policies and Procedures and internal controls present in their operation, and the weaknesses were inherited in the Justice CCMS process.

Clerk's Accounting operations has been transferred and is now under Clerk's Finance. In the Field Work Exit of January 30, 2015, Finance management stated the reconcilements of the Collection Agencies' invoices are now being performed.

We recommend management:

Formally document the daily and monthly collection reports to be a three-way match to the Collection Agencies, Justice CCMS, and the MUNIS general ledger as set out in the contract service agreement. Written policies and procedures for the process should be formally documented.

Management Response:

Concur. Management will work with Clerk's Technology and Clerk's Accounting to develop written policies and procedures related to daily and monthly collection reconciliations and remittance. Clerk's Accounting is performing the invoice reconciliation starting January 2015.



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