

**AUDIT TEAM**

***Jim Williamson, CPA, CIA, City Auditor***  
***Janet McWilliams, CPA, Audit Manager***

**OKLAHOMA CITY  
MUNICIPAL COURT DEPARTMENT**

**FINE AND FEE COLLECTIONS**

**FEBRUARY 4, 2014**

**MAYOR AND CITY COUNCIL**

<b><i>Mick Cornett</i></b>	<b><i>Audit Committee, Mayor</i></b>
<b><i>James Greiner</i></b>	<b><i>Ward 1</i></b>
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<b><i>Larry McAtee</i></b>	<b><i>Audit Committee, Ward 3</i></b>
<b><i>Pete White</i></b>	<b><i>Ward 4</i></b>
<b><i>David Greenwell</i></b>	<b><i>Audit Committee, Ward 5</i></b>
<b><i>Margaret S. "Meg" Salyer</i></b>	<b><i>Ward 6</i></b>
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<b><i>Patrick Ryan</i></b>	<b><i>Ward 8</i></b>



The City of  
**OKLAHOMA CITY**  
Office of the City Auditor

# *Executive Summary*

## **Audit Report 13-03**

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February 4, 2014

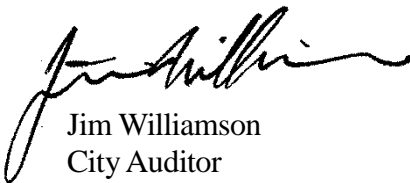
The Mayor and City Council:

The Office of the City Auditor has completed an audit of fines and fees collected by the Financial Services Division of the Oklahoma City Municipal Court Department.

Based upon the results of our audit, we believe that established controls ensuring that fines and fees collected by Financial Services are completely and accurately deposited and recorded were adequate and operating effectively during the three months ended August 31, 2013.

All comments, recommendations, suggestions and observations arising from our audit have been discussed in detail with appropriate representatives from management. These discussions were held to assure a complete understanding of the content and emphasis of the items in this report. Management responses are attached to this report in their entirety.

We wish to thank the management and staff of the department for their cooperation and assistance during our audit. We would also like to commend those responsible for fine and fee collections for their professionalism, patience and courteous attitude towards the citizens of the City, which was observed during our fieldwork.



Jim Williamson  
City Auditor



Janet McWilliams  
Audit Manager

## **MUNICIPAL COURT DEPARTMENT FINE AND FEE COLLECTIONS**

### **AUDIT OBJECTIVE, BACKGROUND, SCOPE AND METHODOLOGY**

The objective of this audit was to assess the adequacy and effectiveness of controls ensuring fines and fees collected by the Municipal Court Department - Financial Services Division (Financial Services) are completely and accurately deposited and recorded during the three months ended August 31, 2013.

Citations are issued by enforcement personnel in various City departments. Citation fines and fees and related bond and warrant fees are collected by Financial Services. Citizens are provided multiple options to remit payment including: online; by mail; or in person at the Municipal Court Building between 7:00 a.m. and 7:00 p.m. seven days a week.

Financial Services completed approximately 107,000 fine and fee payment transactions during the three months ended August 31, 2013, totaling \$7 million. Fine and fee collections in fiscal year 2013 totaled \$24.5 million.

The Municipal Court Department uses the Automated Case Management System (ACES) to manage uniform citations, the Clancy System (Clancy) to manage parking citations and the Clarion Cashiering System to accept fine and fee payments. These systems, which have been in operation for more than 20 years, lack flexibility and require substantial manual processes. The Public Safety Capital Projects Tax approved in March 2000, included funding for a new combined uniform and parking citation management system. Implementation of this system has been delayed and completion is anticipated during fiscal year 2015. The scope of our audit did not include assessing implementation of this information system.

Procedures performed during our audit included interviewing Municipal Court Department management; reviewing Financial Services policies and procedures; reviewing system access to the databases used for fine and collections (Clancy, ACES, and Clarion); observing payment, deposit, reconciliation and collection activities performed by Financial Services; reviewing payment activity posted in ACES and Clancy including manually adjusted and voided citations; comparing payment activity posted in ACES and Clancy to fine and fee revenues recorded in the PeopleSoft Financial System. Our audit did not include assessing efforts to enforce municipal citations (e.g. warrants, arrests, collection agencies, driver's suspensions, etc.)

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following recommendations provide suggestions for addressing certain operational matters noted during the audit. Each recommendation included in this report is immediately followed by *management's response*. *Management's responses* are attached to this report in their entirety.

## **RESULTS OF WORK PERFORMED**

***Established controls ensuring that fines and fees collected by Financial Services are completely and accurately deposited and recorded were adequate and operating effectively.***

### **Comment (1)**

Financial Services has adopted policies and procedures to guide how fine and fee payments should be received, reconciled, deposited and recorded in the PeopleSoft Financial System; including guidance for the processing of void transactions.

We tested 19 of approximately 63 void transactions, totaling \$2,500 and \$14,000 respectively, processed during the three months ended August 31, 2013 and identified:

- 2 voids processed by counter clerks without supervisor signatures due to no supervisor on duty; policy states all voids are to be signed by a supervisor, when possible.
- 5 voids processed by a supervisor without additional review; policy does not require additional review for voids processed by supervisors.
- 2 void transactions without a documented reason; policy does not require documented reason.
- 2 voids were not documented; policy requires vault personnel to inspect all voids and account for all receipts.

Void transactions without review and/or appropriate documentation could result in fraud occurring and going undetected.

### **Recommendation (1)**

Management should strengthen and carryout departmental policy to require supervisory level review and appropriate documentation on all voids.

### ***Management Response (1)***

*Agree. A policy to address this recommendation was implemented on January 21, 2014.*

**Comment (2)**

Data access granted to each ACES user takes into consideration the need to access and/or update the data in carrying out individual job duties.

We identified five Financial Services positions with data access levels in ACES that were not required for the job responsibilities associated with those positions. This issue was immediately corrected when brought to management's attention. Although no such risks were identified relating to this unnecessary access, inappropriate data access could result in fraud occurring and going undetected.

**Recommendation (2)**

Management should periodically review system access to ensure employees have access only to that data necessary in carrying out their individual job responsibilities.

***Management Response (2)***

*Agree. A policy to address this recommendation was implemented on January 21, 2014.*



# MEMORANDUM

The City of  
**OKLAHOMA CITY**



TO: Jim Williamson, City Auditor

THROUGH: James D. Couch, City Manager

FROM: Stacey Davis, Court Administrator

DATE: January 23, 2014

SUBJECT: Municipal Court Department, Fine and Fee Collections Audit

Following are management's responses to recommendations outlined in the recent Fine and Fee Collections Audit conducted in the Municipal Court.

1. Agree. A policy to address this recommendation was implemented on January 21, 2014.
2. Agree. A policy to address this recommendation was implemented on January 21, 2014.

Thank you for your professional review of this program.