

# Alabama Licensing Officials Conference

---

NIKKI MORRISON, CPA

EXAMINERS OF PUBLIC ACCOUNTS

DECEMBER 10, 2020

# Department of Examiners of Public Accounts

---

401 Adams Ave., Suite 280, Montgomery, AL 36104-4338

P.O. Box 302251, Montgomery, AL 361302251

Telephone: (334) 242-9200

Fax: (334) 242-1775

Website: [www.examiners.alabama.gov](http://www.examiners.alabama.gov)

REPORT FRAUD, WASTE, & ABUSE:

- 1-844-56F-RAUD (1-844-563-7283)
- [report.fraud@examiners.alabama.gov](mailto:report.fraud@examiners.alabama.gov)



---

# Department Authority

The Department of Examiners of Public Accounts was created in 1947 and placed under the direction of the Legislative Committee on Public Accounts. The Department still operates under the direction of this committee.

The Department is governed by the ***Code of Alabama 1975***, Sections 41-5A-1 through 41-5A-21.

The Department of Examiners of Public Accounts has the authority to audit the books, accounts, and records of all state and county offices, officers, bureaus, boards, commissions, corporations, departments and agencies and to report on expenditures, contracts, or other audit findings found to be in violation of the law.

# EPA County Audit Division Contact Info

---

Division Director – Nikki Morrison (334) 242-9200

Assistant Division Directors:

- Kathy Wren (256) 768-7592
- Ashli Page (251) 847-2401, ext. 101
- Christina Smith (334) 777-0522
- Gwyn Griggs (256) 927-8649

Email addresses – [firstname.lastname@examiners.alabama.gov](mailto:firstname.lastname@examiners.alabama.gov)

- [nikki.morrison@examiners.alabama.gov](mailto:nikki.morrison@examiners.alabama.gov)

# EPA County Audit Division Managers

---

April Purser (256) 284-1481

- Lauderdale, Limestone, Madison, Marshall, Jackson

Denise Olive (256) 314-5783

- Colbert, Lawrence, Franklin, Marion, Winston, Morgan

Amanda Hensley (205) 670-6354

- Blount, Jefferson, St. Clair, Shelby

Josh Taylor (205) 932-4510

- Lamar, Fayette, Walker, Tuscaloosa, Cullman

BriAnna Upchurch (256) 252-8304

- Clay, Talladega, Calhoun, Etowah, Cherokee, DeKalb

# EPA County Audit Division Managers

---

David Lane (334) 737-3624

- Cleburne, Randolph, Coosa, Tallapoosa, Chambers, Lee

Shelley Patrenos (205) 652-2285

- Pickens, Greene, Hale, Sumter, Bibb

Sherry Owen (205) 459-6977

- Choctaw, Perry, Marengo, Dallas, Wilcox, Clarke

Teresa Dekle (334) 832-7713

- Chilton, Autauga, Elmore, Montgomery, Lowndes

Tammy Shelley (334) 619-1517

- Pike, Macon, Russell, Bullock, Barbour

# EPA County Audit Division Managers

---

Cherie Raffle (334) 677-4768

- Covington, Dale, Henry, Geneva, Houston

Lynn Otto (334) 347-8820

- Butler, Crenshaw, Conecuh, Escambia, Coffee

Brian Wheeler (251) 937-0338

- Washington, Monroe, Mobile, Baldwin

Please note that you may have a different audit manager, there have been quite a few changes in districts this year.

---

# Minimum Accounting Requirements (MAR)

Purpose – to establish minimum accounting requirements and standardized reporting for offices of Judges of Probate and Revenue Commissioners.

Legal Authority – 41-5A-21 – Officers to keep uniform accounts

- Every state and county officer shall keep the books, records and accounts and make the reports of his or her office in accordance with the systems, procedures, and forms as may be prescribed by the chief examiner pursuant to this chapter. Any officer who fails or willfully refuses to comply with this section shall be liable for a penalty of up to two hundred fifty dollars (\$250) for each week the failure or refusal continues. Penalties imposed and collected under this section shall be paid into the General Fund of the State Treasury.



# Minimum Accounting Requirements(MAR)

---

Printed MAR mailed to officials in November 2016

MAR for Probate Judges and Revenue Commissioners have sections applicable to Licensing Officials

Requires annual report submissions to Examiners office by December 31 of each year (for the fiscal year ending September 30)

As of today, officials should have submitted:

- 12/31/17 – for 10/1/2016–9/30/2017
- 12/31/18 – for 10/1/2017-9/30/2018
- 12/31/19 – for 10/1/2018-9/30/2019
- 10/1/2019-9/30/2020 – due 12/31/2020

## 14. End of Fiscal Year Requirements

Each Judge of Probate shall submit the following information electronically to the Department of Examiners of Public Accounts at the end of each fiscal year:

- A. Certificate of Compliance with Minimum Accounting Requirements
- B. Cashbook detailing receipts, disbursements and balances for all funds maintained by the Judge of Probate
- C. September 30<sup>th</sup> Bank Reconciliation for all accounts
- D. Returned Check Register for all accounts
- E. Summary of Receipts and Disbursements

The information shall be emailed to the Department of Examiners of Public Accounts using the following email address:  
[ProbateJudges@examiners.alabama.gov](mailto:ProbateJudges@examiners.alabama.gov)

**The end of year required information is to be submitted to the Department of Examiners of Public Accounts no later than December 31<sup>st</sup>, following the end of each fiscal year.**

**Certificate of Compliance  
Office of Judge of Probate<sup>1</sup>  
Minimum Accounting Requirements**

I, \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_ County, hereby certify  
(Title of Official)  
that my Office **IS** in compliance with the Minimum Accounting Requirements for the  
Office of Judge of Probate, as prescribed by the Chief Examiner of the Department of  
Examiners of Public Accounts for the fiscal year ended September 30, \_\_\_\_\_

**OR**

I, \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_ County, hereby certify  
(Title of Official)  
that my Office **IS NOT** in compliance with the Minimum Accounting Requirements for the  
Office of Judge of Probate, as prescribed by the Chief Examiner of the Department of  
Examiners of Public Accounts for the fiscal year ended September 30, \_\_\_\_\_

Please list any areas of noncompliance:


Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

<sup>1</sup> - This certificate of compliance also applies to any other license issuing official or entity, including but not limited to License Commissioners.

# Minimum Accounting Requirements (MAR)

---

Only the information listed under End of Year Requirements has to be submitted annually.

List any areas you are not in compliance with on the Certificate of Compliance. Areas of Compliance include:

Individual Daily Cash Checkup Sheets	
Summary Checkup Sheets	Remittances
Cashbook	License and Decal Inventory
Refunds	Credit Cards & Online Transactions
Bank Reconciliations - all accounts	Tax Levies
Returned Check Register	Chart of Accounts
Voided and Modified Transactions	Special Funds

PLEASE contact your audit manager with any MAR questions/problems

# MAR – Safeguarding Records

---

## Safeguarding Records

Each Judge of Probate is responsible for safeguarding documents, records and data, whether manual or computerized. The Judge of Probate shall establish written policies and procedures over controls which ensure that documents, records and data are properly safeguarded. These controls include, but are not limited to:

- Assigning unique individual employee passwords which are properly safeguarded so that a password is utilized only by the employee to whom the password is issued.
- Setting program access controls to ensure only authorized users may access and/or modify specific areas / transactions.
- Ensuring data is backed up in a timely manner.
- Testing the backed up data to ensure its viability.

# MAR – Safeguarding Records

---

Additionally, all computerized and manual documents, records and data, shall be maintained in a secure location to prevent damage from physical and environmental forces.


Lastly, the Judge of Probate shall ensure that all documents, records and data are being maintained in accordance with the Alabama Department of Archives and History's Local Government Records Commission's record retention schedule.

# Records Retention

<https://archives.alabama.gov/officials/localrda.html>

archives.alabama.gov/officials/localrda.html

ALSDE Allocations Federal Audit Cleari... Alabama Legislati... Sharepoint Files FIMM:Treasury Only... Municipal Securitie... CCH® Accounting...



## Alabama Department of Archives and History

Home Education Museum Records Management Research

### Retention Schedules (RDAs)

Local Agencies	<a href="#">911 Emergency Communications Districts</a> PDF WORD
Retention Schedules	<a href="#">Archives and Museums</a> PDF WORD
Records Destruction	<a href="#">Boards of Education</a> PDF WORD
Local Government Records Commission	<a href="#">County Commissions</a> PDF WORD
Local Government Deposit Agreement	<a href="#">County Boards of Registrars</a> PDF WORD
Repository Database	<a href="#">County Probate Offices</a> PDF WORD

# MAR – Control Environment

---

## **Control Environment**

---

The Judge of Probate shall establish a control environment to provide reasonable assurance that the requirements of the office are being achieved. The Judge of Probate is required to remit all money received by him/her and also furnish a listing of all licenses sold by him/her for the reporting period. Adequate controls must be established to ensure that these statutory requirements have been met.



# MAR Recommended Internal Controls

---

## **Written Policies and Procedures for:**

1. Receipts – should be properly recorded and deposited, to include daily teller cash to receipt reconciliations
2. Daily reconciliations of cash over/short
3. Summarizing Information – individual monthly and annual reports should equal to the same amounts – ensure software is capable of providing this information
4. Preparing and making daily deposits
5. Approval and documentation for deleting or changing transactions, including a report of all such transactions

# Recommended Internal Controls

---

## **Written Policies and Procedures for:**

6. Listing of all employees and their responsibilities
7. Account for all licenses and decals
8. Safeguard IT passwords and ensure controls are established over the input of information into the computer
9. Employees should be adequately bonded.



# Internal Controls

---

**REMEMBER – policies and procedures are no good if not implemented!**

Internal assessments of effectiveness of policies/procedures should be performed.

Segregation of Duties in all functions – receipting, depositing, disbursing, reconciling, etc., is extremely important – **No one person should be responsible for all of these functions.**

# Common Audit Issues

---

- Bank accounts not fully reconciled – balance on hand must be analyzed
  - Returned check register should be maintained
- Individual teller daily cash check-up sheets not being utilized
- Changed/deleted transactions not approved by appropriate individuals
- Office staff cashing personnel checks out of office collections
- Late fees/interest not charged in accordance with schedules
- Passwords not protected – everyone knows everyone else's password
- Software not backed-up – cyber attacks
- Cashbooks for special funds

# Audit Issue - Bank Reconciliations

---

## 5. Bank Reconcilement

All bank accounts must be reconciled to the cashbook monthly. An analysis must be made of all balances on hand. As of the last day of the month, there will typically be some amounts not due to be remitted. These amounts will not be paid out until a subsequent period. Additionally, there will also be other reconciling items such as the cumulative total of cash over or short, the total uncollected returned checks, bank interest not remitted and bank charges.

Judge of Probate \_\_\_\_\_ Bank Reconciliation  
 Account No. 000-000-00  
 Any Bank  
 September 30, 20XX

Balance Per bank Statement \$ \_\_\_\_\_

Less: Outstanding Checks

Date	Check #	Payee	Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total Outstanding Checks (\$ \_\_\_\_\_)

Plus: Deposits in Transit

Date	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total Deposits in Transit \$ \_\_\_\_\_

Adjusted Balance per Bank Statement \$ \_\_\_\_\_ \*\*

Analysis of Bank Balance

Amounts Over/(Short)	
Returned Checks	\$ _____
Amounts Not Due To Be Remitted *	_____
Interest Not Remitted	_____
Bank Charges	_____
Total	\$ _____ **

\* Amounts collected but not remitted as of the end of the month.

\*\* These balances should equal.

This is the part that is frequently not completed. Any balance in account @ month end should be identified.

Do not stop with the Adjusted balance

## Bank Reconciliation-General Account

Alabama Bank - General Account # XXXXXXXXX

Balance per Bank Statement 9/30/2018 142,692.70

Add: Deposits in Transit

9/28/2018 5,562.60

9/28/2018 14,087.73

IRS Tax Leins 96.00

Credit Card Transfers 18,567.47

9/28/2018 10,896.13

Sub-Total Deposits in Transit 49,209.93

Less: Outstanding Checks - see attached list (1,275.30)

Less: Subsequent Remittances Related to Examination Period

September 1-30, 2018 collections, checks written 10/15/2018 (190,534.40)

Adjusted Bank Balance 9/30/2018 92.93

Analysis of Balance

Check Orders (1,535.11)

Bank Service Charges (76.00)

teller over/ shortage (298.96)

Paypal Refunds 70.47

NSF Checks collected from accts that have been closed 777.10

Paypal Fees 1,155.43

Total Analysis of Balance 92.93

# Recent Findings

---

No.	Finding/Noncompliance
2020-001	<p data-bbox="988 97 1149 144"><b><u>Finding:</u></b></p> <p data-bbox="988 151 2400 486">The <i>Code of Alabama 1975</i>, Section 41-5A-21, requires every county officer to keep the books, records, and accounts and make the reports of his office in accordance with such systems, procedures and forms as may be prescribed by the Chief Examiner. Minimum accounting requirements, as prescribed by the Chief Examiner of Public Accounts applicable to licensing officials, include the following:</p> <ul data-bbox="1052 565 2400 1246" style="list-style-type: none"><li data-bbox="1052 565 2400 782">✓ Documentation must be maintained for all voided transactions including the original document and the reason the transaction was voided. Documentation of the reason shall be available for any transaction which was changed or deleted.</li><li data-bbox="1052 789 2400 1246">✓ Individual daily cash checkup sheets must be prepared at the end of each day by each person responsible for cash collections. This report should reconcile the receipts issued to amounts collected by cash, checks, or credit cards. When the daily checkup is complete, cash and checks should be given to the person responsible for making deposits with appropriate documentation. The daily checkup sheets should detail the type and amount of transactions from each cashier. Deposits should be made intact.</li></ul>



## Recent Findings (cont.)

Modifications were made to transactions using the credentials of the former License Commissioner and the former Deputy License Commissioner that resulted in money paid by taxpayers not being deposited into the official's bank account. Modifications totaling \$131,180.96, were made from April 18, 2016 through December 4, 2019, using the credentials of the former License Commissioner, and modifications totaling \$5,025.57 were made from June 13, 2017 through July 8, 2019 using the credentials of the former Deputy License Commissioner in order to reduce the amount of reported taxes and fees collected from taxpayers. These modifications were made after the taxpayers completed the transactions, but before the money was deposited in the License Commissioner's bank accounts. Documentation to support the modifications was not maintained and explanations for the modifications were not always available.

# Recent Findings

2020-003

**Finding:**

The *Code of Alabama 1975*, Section 41-5A-21, requires every county officer to keep the books, records and accounts and make the reports of his office in accordance with such systems, procedures and forms as may be prescribed by the Chief Examiner. Minimum accounting requirements, as prescribed by the Chief Examiner of Public Accounts applicable to licensing officials, provide for a returned check register to be maintained. This register shall reflect all returned checks, the transaction date, date returned, the bank or bank account on which it was returned, the maker of the check, the amount, what type of transaction it was for, the date collected, amount of fees collected, and the balance uncollected at the end of each month. Additionally, prudent internal control procedures prohibit the cashing of personal checks from public money.

# How to speed up the examination process:



Provide cashbook and/or remittance reports on fiscal year basis instead of just monthly



Have reports available in spreadsheet format, not only as a pdf or printed whenever possible



Ensure reports are complete, do not have files missing or incomplete



Prepare summary cash checkup sheets that tie to cashbook or individual daily cash checkup sheets



Adequately document voided transactions and/or refunds

# How to speed up the examination process:



Completely reconcile all bank accounts



Maintain and update the outstanding check list



Maintain a returned check register



Document and ensure transfers from satellite office/other accounts are correct and reconcile to receipts



Reconcile credit card transfers from CC company to bank account



Document all fees charged



Ensure fee changes (per law, etc.,) are implemented correctly

# Final Settlement

---

## Act 2019-458

- Requires officials charged with collecting ad valorem tax on motor vehicles to make final settlement with State Comptroller by November 1, 2020.
- New requirement for officials that do not also collect property ad valorem taxes.

# Questions??

---

