

Alabama Licensing Officials Conference

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EXAMINERS OF PUBLIC ACCOUNTS

DECEMBER 9, 2021

Department of Examiners of Public Accounts

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REPORT FRAUD, WASTE, & ABUSE:

- 1-844-56F-RAUD (1-844-563-7283)
- 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

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- Washington, 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
- 12/31/20 – for 10/1/2019-9/30/2020
- 10/1/2020-9/30/2021 – due 12/31/2021

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 30th 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

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

Certificate of Compliance Office of Judge of Probate¹ Minimum Accounting Requirements	
<p>I, _____, _____ of _____ County, hereby certify</p> <p style="text-align: center; font-size: small;">(Title of Official)</p> <p>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, _____</p>	<p>OR</p> <p>I, _____, _____ of _____ County, hereby certify</p> <p style="text-align: center; font-size: small;">(Title of Official)</p> <p>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, _____</p>
<p>Please list any areas of noncompliance:</p> <div style="border: 1px solid black; height: 100px; margin-top: 5px;"></div>	
<p>Signature: _____</p> <p>Printed Name: _____</p> <p>Date: _____</p>	
<p><small>¹ - This certificate of compliance also applies to any other license issuing official or entity, including but not limited to License Commissioners.</small></p>	

1 - 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 Legislative... 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	911 Emergency Communications Districts PDF WORD
Retention Schedules	Archives and Museums PDF WORD
Records Destruction	Boards of Education PDF WORD
Local Government Records Commission	County Commissions PDF WORD
Local Government Deposit Agreement	County Boards of Registrars PDF WORD
Repository Database	County Probate Offices 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.

Recent Findings

Ref. No.	Finding/Noncompliance
2020-001	<p><u>Finding:</u> Minimum Accounting Requirements for the Office of Judge of Probate, as prescribed by the Chief Examiner of Public Accounts, under the authority of the <i>Code of Alabama 1975</i>, Section 41-5A-21, require all bank accounts to be reconciled to the cashbook monthly and an analysis made of all balances on hand. The bank account for the recording division was not reconciled monthly and an analysis of balances on hand was not prepared. The Judge of Probate failed to establish procedures to ensure all bank accounts were accurately reconciled and the remaining balances on hand analyzed. It was found that differences occurred but were not investigated and resolved in a timely manner. Our analysis of this bank account revealed that bank fees totaling \$22,965.33 had been charged to the account during the examination period. The bank redeposited \$22,802.03 in bank fees into the recording bank account, however, bank fees in the amount of \$163.30 remain outstanding as of December 31, 2020. This finding was previously reported as Finding 2016-001.</p> <p><u>Recommendation:</u> The Judge of Probate should reconcile all bank accounts and make an analysis of balances on hand on a monthly basis.</p>

Recent Findings

Ref. No.	Finding/Noncompliance
2020-001	<p><u>Finding:</u></p> <p>Pursuant to the <i>Code of Alabama 1975</i>, Section 40-23-7 (a), sales and use taxes, collected by the Judge of Probate, shall be due and payable in monthly installments on or before the 20th day of the month following the month in which the tax accrues. The Judge of Probate did not timely remit sales and use taxes for one month of the examination period. The Alabama Department of Revenue disallowed the collection fee provided under the <i>Code of Alabama 1975</i>, Section 40-23-107. In addition, the Alabama Department of Revenue assessed penalties and interest because of the late filing. The disallowed collection fee in addition to the assessed penalties and interest totaling \$13,580.52 were ultimately covered by the County General Fund.</p> <p><u>Recommendation:</u></p> <p>Sales and use taxes should be remitted to the Alabama Department of Revenue as required by the <i>Code of Alabama 1975</i>, Section 40-23-7 (a).</p>

Recent Findings

Ref. No.	Finding/Noncompliance
2019-001	<p><u>Finding:</u> Minimum Accounting Requirements for the Office of Judge of Probate, prescribed by the Chief Examiner of Public Accounts, require the Judge of Probate to maintain a cashbook. The cashbook should accurately reflect the daily collections and distribution of all money collected by the Judge of Probate. Furthermore, the Minimum Accounting Requirements require bank accounts to be reconciled monthly with the cashbook balances. During the examination period, the Judge of Probate failed to maintain complete and accurate cashbooks or prepare bank reconciliations monthly. The Judge of Probate failed to implement adequate internal controls to ensure all collections and disbursements are properly recorded on a cashbook and bank accounts are reconciled. As a result, the Judge of Probate did not comply with the Minimum Accounting Requirements related to the maintenance of accurate cashbooks and reconciliation of bank accounts. This finding was previously reported as Finding 2007-001.</p> <p><u>Recommendation:</u> The Judge of Probate should implement adequate internal controls to ensure compliance with the Minimum Accounting Requirements for the Office of Judge of Probate, prescribed by the Chief Examiner of Public Accounts, related to maintaining accurate cashbooks and reconciling bank accounts.</p>

Recent Findings

Ref. No.	Finding/Noncompliance
2019-001	<p><u>Finding:</u> The <i>Minimum Accounting Requirements for the Office of Revenue Commissioner</i>, prescribed by the Chief Examiner of Public Accounts under the authority of the <i>Code of Alabama 1975</i>, Section 41-5A-21, require all bank accounts to be reconciled monthly and an accurate analysis of amounts on hand to be prepared. Any differences or reconciling items should be investigated in a timely manner. The Motor Vehicle and Credit Voucher bank accounts were not properly reconciled monthly nor was an analysis of the account balance prepared correctly. This resulted in adjustments having to be made to correct balances for checks returned for nonsufficient funds, fees collected for returned checks, interest earned on bank accounts, bank errors, State of Alabama Title Fees, and Mandatory Liability Insurance fees. The Revenue Commissioner failed to establish procedures to ensure all bank reconciliations were accurately reconciled and the remaining balances on hand analyzed. As a result, variances occurred which were not investigated and resolved in a timely manner.</p> <p><u>Recommendation:</u> Policies and procedures should be in place to ensure bank accounts are timely and accurately reconciled to the accounting records and an analysis should be performed of balances on hand in accordance with the <i>Minimum Accounting Requirements for the Office of Revenue Commissioner</i>.</p>

Recent Findings

Ref. No.	Finding/Noncompliance
2018-001	<p><u>Finding:</u> The Minimum Accounting Requirements for the Office of the Revenue Commissioner, prescribed by the Chief Examiner of Public Accounts, under the authority of the <i>Code of Alabama 1975</i>, Section 41-5A-21, require the Revenue Commissioner to submit certain financial information on an annual basis to the Department of Examiners of Public Accounts by December 31st for the previous fiscal year. The Revenue Commissioner did not submit this financial information for the fiscal years ending 2017, 2018 and 2019. The Revenue Commissioner failed to implement policies and procedures to ensure compliance with the minimum accounting requirements and, as a result, the Revenue Commissioner did not comply with fiscal year-end reporting requirements.</p> <p><u>Recommendation:</u> Policies and procedures should be implemented to ensure compliance with the Minimum Accounting Requirements for Tax Officials, prescribed by the Chief Examiner of Public Accounts, relating to fiscal year-end reporting requirements.</p>

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



Provide adequate internet access to examiners (minimum speeds required)

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

Questions??

