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2023

Travis County Auditor's Office Examination of District Clerk's Office Bonds and Trusts

Travis County Auditor's Office
Risk Evaluation and Consulting Division

July 25, 2023

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Travis County District Clerk

From: Patti Smith, CPA
Travis County Auditor

Date: July 25, 2023

Subject: District Clerk Bonds and Trusts Examination

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division (REC) of the Travis County Auditor's Office has completed an examination of Travis County District Clerk's Office criminal and civil bonds and trust accounts. We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

BACKGROUND

The Travis County District Clerk's Office is responsible for recording, tracking, collecting, posting, and disbursing civil and criminal fines and fees. In addition, this office is responsible for tracking and disbursing the bond and trust funds collected. District Clerk Finance staff are responsible for making deposits and disbursements of the funds collected. Also, they reconcile the office bank accounts, including all bond and trust funds, and produce office financial schedules and statements.

SCOPE OF EXAMINATION

The primary objective of this examination was to verify the accuracy of the District Clerk's criminal and civil bonds and trust accounts including the collection and disbursement of these funds for the period February 1, 2022, through January 31, 2023. This encompassed examinations of controls over handling and managing collections and disbursements of criminal bond funds, civil bond funds, and trust funds.

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EXAMINATION METHODOLOGY

Our work was based on applying sampling procedures to office records and on verbal and written representations from the District Clerk's Office staff. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the office's financial statements, financial records, and internal controls that might be material weaknesses or misstatements. Regarding the written and verbal representations made by personnel from the District Clerk's Office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

During this examination, we noted issues with criminal and civil cash bonds including bond funds remaining on deposit for criminal cases that were dismissed or did not receive an indictment and for civil cases that received judgments or were dismissed. In addition, it appeared funds remained on deposit with the District Clerk for criminal cases that were transferred to probation or sentenced to jail and for civil cases that were transferred for appeal. See Attachment A for details on the findings and recommendations.

ATTACHMENTS

Attachment A: This attachment contains the details of our findings for this review, including recommendations to and responses from office management.

EXAMINATION TEAM

Lisa Denton, CFE, Financial Auditor VI
Brianna Dwyer, Data Scientist
Frank Williams, Staff Auditor
Tracey Powers, Staff Auditor
Logan Robertson, Staff Auditor

CLOSING

This report is intended solely for the information and use of the Travis County District Clerk's Office and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the District Clerk's Office during this examination. Please contact us if you have any questions or concerns regarding this report.

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Travis County Executive Managers
Managers, Travis County Auditor's Office
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ATTACHMENT A – FINDINGS AND RECOMMENDATIONS

As of January 31, 2023, the District Clerk maintained 1,339 criminal cash bonds totaling $3,135,664.90 and 339 civil cash bonds totaling $1,128,540.37. We selected 76 criminal cash bonds totaling $128,865.00 and 74 civil cash bonds totaling $113,710.00 for detailed testing, noting the following:

Criminal Cash Bonds

- There were 13 (17%) criminal cash bonds totaling $111,103.00 (86%) that were dismissed or not indicted. All of these bond funds appear to be on deposit with the District Clerk.

- There were 10 (13%) criminal cash bonds totaling $19,501.00 (15%) that were transferred to probation or sentenced to jail. In some cases, the defendant has completed the probation or jail sentence. All of these bond funds appear to be on deposit with the District Clerk.

- There was one (1%) criminal cash bond totaling $5,000.00 (4%) that had a Judgment Nisi signed in December 2019 to forfeit the bond to the Court. The bond funds appear to be on deposit with the District Clerk.

- For one (1%) criminal cash bond totaling $500.00 (.3%), it appears a letter dated March 1, 2013, was mailed to the defendant for unclaimed property. These funds have not been escheated and are still on deposit with the District Clerk.

Civil Cash Bonds

- There were 19 (26%) civil cash bonds totaling $23,400.00 (21%) for which the applicable civil case received judgments, were dismissed, or transferred for appeal. All of these bond funds appear to be on deposit with the District Clerk.

- There was one (1%) civil cash bond totaling $500 (4%) with a case status of inactive since March 2022. The bond funds appear to be on deposit with the District Clerk.

Significance:
Performing a periodic review of bonds on deposit to determine the status of the applicable cases helps ensure these funds are disbursed to the proper parties in a timely manner. This timely disbursement, which could take the form of a refund, forfeiture, or escheatment, eliminates the risk that these funds could be lost or misappropriated while being held by the District Clerk. State statutes require that funds over $100 unclaimed for over three years are to be escheated to the State and funds totaling $100 or less are to be escheated to the County Treasurer.

Recommendation:
Based on the significance noted above, we recommend that the District Clerk's Office staff periodically review criminal and civil bond deposits. If this review yields bonds that could be refunded, forfeited, or escheated, office staff should work with the applicable parties to properly distribute these funds.

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Management Response:
The Travis County District Clerk appreciates the review conducted on the Criminal and Civil Bonds on file with our office. We will continue to review our process and procedures to ensure that the processing of bonds is following applicable laws and as efficient as possible.

The District Clerk has a process to regularly review and process funds in our custody and control. At this time, we do not disburse any bonds without a Court Order in accordance with Texas Office of Court Administration guidelines and a review by the Travis County Attorney. In addition, we take the additional step of using all available information to notify the parties about the funds including USPS [certified and regular] and email, if available. A meeting with the County Attorney has already been set to address pending bonds for which a disposition has occurred without an Order. Further, we have created reports to review the bonds mentioned in this examination.