

Status of Recommendations Information System Audit

JUDICIAL BRANCH ODYSSEY CASE MANAGEMENT SYSTEM

Report dated October 5, 2015

Office of the State Auditor
Division of State Audit

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TRANSMITTAL LETTER

October 5, 2015

Legislative Audit and Fiscal Review Committee
Honorable Jack Dalrymple, Governor
Members of the North Dakota Legislative Assembly
The State Board of Higher Education

A fundamental objective of the Office of the State Auditor's work is to bring about improvements through recommendations. To achieve this, our recommendations need to be timely and effectively implemented. The Legislative Audit and Fiscal Review Committee (LAFRC) has requested the Office of the State Auditor perform follow-up work after the presentation of audit reports to the Committee. The LAFRC has also requested the Office of the State Auditor report those agencies which have not implemented audit recommendations.

The Office of the State Auditor has conducted an audit follow-up on the information system audit of Judicial Branch Odyssey Case Management System, issued March, 21, 2014. The Judicial Branch was contacted and limited testing was performed. Our conclusions are based on limited tests, and there is a possibility that more substantial testing might have changed our conclusions.

This report addresses the recommendations that have been fully implemented, and those that have not been implemented.

As a result of the follow-up review, two recommendations were determined to be implemented and one recommendation was determined to not have been implemented. The following pages identify these recommendations and the Judicial Branch's responses.

Respectfully submitted,



Robert R. Peterson
State Auditor

RECOMMENDATIONS FULLY IMPLEMENTED

Allowance for Uncollectible Accounts Incorrectly Calculated

Original Condition:

We noted all fees were included in their percentage when only state fees should have been used and no comparison to actual results was done. The percentage calculated based on all fees could differ from the percentage based on only state fees and that percentage could change over time. The accounting standards require that the base for an accounting estimate uses relevant, sufficient, and reliable data and the comparison of prior accounting estimates with subsequent results.

Recommendation:

We recommend the Judicial Branch recalculate the allowance for uncollectible accounts using only state receivables and compare estimates with actual results.

Action Taken:

The 2014-15 fiscal year uncollectible rates were estimated based only on state revenues. Reports were generated within Odyssey to determine state fees assessed during previous random periods. Of the fees assessed during each period, it was determined how much was collected within one year and within subsequent periods up to 12 years and over. Average collectible/uncollectible rates from the sample periods were applied to the June 30, 2015, accounts receivable aging schedule to estimate the allowance for uncollectible accounts.

Summary of Testing:

An analysis was done and we determined the months randomly chosen for their estimates and calculation rates used were good. We noticed they still have some city revenue in their calculations, which didn't change their estimate or rates. The client is going to remove the remaining city fees from their future calculations.

Unauthorized Write-Offs

Original Condition:

Judicial Branch requires the State Court Administrator to direct write-offs of uncollectible accounts. We tested 50 write-offs and noted 25 were incorrectly coded or not approved. Current controls allow adjustments to be incorrectly coded or write-offs of uncollectible accounts to be entered without approval.

Recommendation:

We recommend controls be implemented to ensure all write-off of uncollectible accounts are properly coded and approved.

Action Taken:

All write-offs of uncollectible accounts are generated within the Court System finance department. Odyssey does not allow for restrictions to be placed on the use of the write-off feature. However, a system generated email alert detailing all write-off transactions is sent to the finance department on a weekly basis. The finance department reviews the write-offs and makes any necessary adjustments. If it is determined that a clerk used the write-off feature, the clerk is notified of their error and correct procedures to be followed in the future.

Summary of Testing:

Client states they run a weekly Transaction Listing Report specific to Administrative Write-Offs and review any cases where the write-off of uncollectible accounts was used. These are investigated to see if they should actually be coded as write-offs or not. We reviewed the criteria used to create the report in Odyssey and the report output, and determined controls were in place to ensure write-offs are properly coded and approved.

RECOMMENDATIONS NOT IMPLEMENTED

Lack of Reconciliation Procedures

Original Condition:

There is no reconciliation between receipts recorded on Odyssey and funds remitted to the State Treasurer. This could result in revenue not being properly received and recorded by the State Treasurer. Reconciliations should be performed to ensure the correct amount of money is received and recorded.

Recommendation:

We recommend the Judicial Branch reconcile funds deposited by the State Treasurer to Odyssey.

Action Taken:

The finance department has worked with the Judicial Branch information technology department to create a report within Odyssey that would detail the disbursements made to the State Treasurer on a monthly basis. Due to technical issues our programmers have as of yet been unable to come up with a solution that would capture the information and import it to an Excel spreadsheet. At this time we are reconciling the disbursements and the reported revenues while doing the monthly bank reconciliations for the 14 state funded counties. However, due to limited resources within our office, it is not feasible for us to print and check every report individually for the 39 contract counties.

The Odyssey system uses a Group Disbursement process which is driven by the selected date range and the selected revenue codes within the system. The disbursement process selects all of the transactions within the date range and electronically calculates the amount to be disbursed to each designated recipient. The clerk cannot alter the disbursement. The disbursement amount is reported on the Monthly State Revenue report to the Treasurer. The disbursement check and the revenue report must match or the report will be rejected by the State Treasurer's Office.

Summary of Testing:

The monthly state revenue form is manually entered by the clerks, using the disbursement amount numbers from Odyssey. The State Treasurer's office only matches the total amounts from the state revenue report to the check. There is no reconciliation being done back to Odyssey to make sure the correct fund amounts are being entered. No testing will be done since the recommendation hasn't been implemented.

Future Action to be Taken:

The Judicial Branch should reconcile all funds deposited by the State Treasurer to Odyssey. We advised the client they don't necessarily need to reconcile county by county. They could do an overall total of funds deposited.

Agency Response:

We are in agreement with the recommendation. A report of total revenues to be deposited with the State Treasurer will be generated within Odyssey on a monthly basis. The total will be compared and reconciled to total revenues received as reported by the State Treasurer.

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