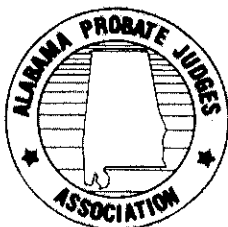


# **Audit: Minimum Standards Required**

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Probate Training Conference  
September 13-14, 2018  
University of Alabama School of Law  
Tuscaloosa, Alabama



# ALABAMA PROBATE JUDGES ASSOCIATION

September 13, 2018

Presented by: Tammy D. Shelley  
Audit Manager, County Audit Division  
State of Alabama  
Department of Examiners of Public Accounts

## DISCLAIMER

- This information was presented to the Alabama Probate Judges Association during their conference in Tuscaloosa, Alabama on September 13, 2018.
- This presentation represents the audit position of the Department of Examiners of Public Accounts as of that date.



Alabama Department of  
EXAMINERS OF PUBLIC ACCOUNTS

**AUDIT:  
MINIMUM STANDARDS  
REQUIRED**

**AUTHORITY OF THE DEPARTMENT**

To Examine

The Department of Examiners of Public Accounts operates under the authority of the *Code of Alabama 1975*, Title 41, Chapter 5A. The Department is both authorized and required by state law to examine the books, accounts and records of all state and county offices, officers, bureaus, boards, departments and agencies and to report to the Legislative Committee on Public Accounts on every expenditure or contract found to have been made in violation of law. The Department of Examiners of Public Accounts has the authority to examine the accounts of all persons or entities receiving or disbursing public funds.

(Act Number 2018-129)

## AUTHORITY OF THE DEPARTMENT

To Establish Minimum Accounting Requirements

***Code of Alabama 1975, Section 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 (\$250.00) for each week the failure or refusal continues. Penalties imposed and collected under this section shall be paid into the General Fund (State Treasury).

(Act Number 2018-129)

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## MINIMUM ACCOUNTING REQUIREMENTS

Latest update effective: November 1, 2016

For a copy of the handbook, please contact the Examiners of Public Accounts,

County Audit Division @ (334)242-9200

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## **MINIMUM ACCOUNTING REQUIREMENTS**

### **PURPOSE**

The handbook establishes the minimum accounting requirements for the Office of Judge of Probate. The purpose of these guidelines is to standardize the accounting system statewide for the Office of Judge of Probate. We believe that the proper management of funds is an essential part of government and will lead to the successful operation of your office. We hope that this information is beneficial to you in fulfilling the mission of your office. These minimum requirements supersede the minimum accounting requirements dated January 1993 and should be implemented immediately.

## **MINIMUM ACCOUNTING REQUIREMENTS**

### **APPLICABILITY**

- These minimum accounting requirements apply to:
  - Probate Judges
  - License Commissioners
  - Tax Assessors, Collectors and Revenue Commissioners
  - Other License Issuing Officials or Entities
- For Offices Which Perform Tax Assessment or Collection Functions, some Minimum Accounting Requirements for Tax Officials may also Apply

## **MINIMUM ACCOUNTING REQUIREMENTS**

### **HIGHLIGHTS**

## **MINIMUM ACCOUNTING REQUIREMENTS**

### **PUBLIC RECORDS**

- Establish Written Policies and Procedures regarding access to public records
- Emphasis on Duties and Responsibilities to provide public records in original form
- Safeguarding Records

## **MINIMUM ACCOUNTING REQUIREMENTS**

### **☐ INTERNAL CONTROLS/CONTROL ENVIRONMENT**

- Emphasis on Written Policies and Procedures
- Illustrative List is NOT to be Considered All Inclusive and Should be Modified to Meet the Specific Needs of Your Office
- Controls Should be Monitored Periodically to Ensure They are Operating as Intended and that They Meet the Current Needs of Your Office

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## **MINIMUM ACCOUNTING REQUIREMENTS**

### **☐ ACCOUNTING RECORDS**

- 1. Individual Daily Cash Checkup Sheets**
- 2. Summary Checkup Sheets**
- 3. Cashbook**
- 4. Refunds**
- 5. Bank Reconciliation**
- 6. Returned Check Register**
- 7. Voided and Modified Transactions**

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## **MINIMUM ACCOUNTING REQUIREMENTS**

ACCOUNTING RECORDS (Cont'd)

**8. Remittances**

**9. License and Decal Inventory**

**10. Credit Cards and Online Transactions**

**11. Tax Levies**

**12. Chart of Fees**

**13. Special Funds**

**14. End of Fiscal Year Requirements**

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## **MINIMUM ACCOUNTING REQUIREMENTS**

ACCOUNTING RECORDS (Cont'd)

➤ Additional Items from Taxing Officials MAR, if Applicable

**3. Abatements**

**6. Motor Vehicle Assessments**

**16. Manufactured Home Registration and Ad Valorem Decal  
Inventory**

**18. Land Redemptions**

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## INDIVIDUAL DAILY CASH CHECK UP SHEETS

These are to be prepared at the end of each day by each person responsible for cash collections. This report reconciles the receipts issued to collections by cash, check, or credit cards. The example provides for the recording of cash over/short for the day. When the daily checkup is complete, cash and checks are then given to the person responsible for making deposits with appropriate documentation of the amount of cash changing hands. The daily checkup sheets shall detail the type and amount of transactions from each cashier composing the deposits. Deposits must be made intact.

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## SUMMARY CHECK UP SHEETS

➤ This worksheet is used to summarize the individual daily checkup sheets. The totals on this sheet are used to post the cashbook daily transactions.

For example, the Recordation Tax report for the day should be generated for all cashiers/tellers and should match the totals on the Summary Check Up Sheets for all Recordation Tax collections. Any variances should be **promptly investigated and resolved each day**. The totals on this sheet are used to post the days transactions to the Cashbook.

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## CASHBOOK

- A cashbook shall be maintained. The cashbook shows the daily distribution of all collections, the cash over or short for each day of the reporting period and the actual bank deposit amount. Once an entry is made to the cashbook, no changes may be made to that day's work.
- The cashbook also shows the disbursement checks and online transfers for the reporting period. All distribution reports must be reconciled to the collections as reflected on the cashbook before checks are written or online transfers made. All discrepancies must be identified and resolved.
- The collections less the disbursements should leave a zero balance in the cashbook except for amounts not due to be remitted. All discrepancies must be identified and resolved.

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## CASHBOOK RECEIPTS

The receipts section of the cashbook sheet shows the daily distribution of all collections, the cash over and/or short, and the actual bank deposit amount. Once an entry is made to the cashbook no changes should be made to the days entry. Refunds can be made and credit for those refunds should be taken on the monthly report.

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## **CASHBOOK DISBURSEMENTS**

The disbursements section of the cashbook recaps the checks written for the month. All monthly distribution reports should be reconciled to the total collections for each collection type as reflected on the cashbook receipts section before checks are written. All discrepancies must be identified.

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## **CASHBOOK BALANCES ON HAND**

The receipts less the disbursements should leave a zero balance in the cashbook. All discrepancies must be identified.

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## **REFUNDS**

A summary of all refunds shall be made for each reporting period. No adjustments may be made to the daily work once the entry has been made to the cashbook. A refund must be made. Original receipts and a brief explanation as to why the refund was made must be maintained for examination purposes. Taxpayer signature acknowledging agreement with the amount of the refund must be maintained.

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## **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.

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## **RETURNED CHECK REGISTER**

The returned check register is a list of all returned checks as of the end of the month. Information should include the original transaction date, date the check was returned, the name of the issuer, the amount of the check, type of transaction, the date turned over to the WCU, NSF and bank fees collected, the date it was collected and the balance of returned checks that are uncollected as of the end of each month. The total of uncollected returned checks and the NSF fees collected are included on the bank reconciliation in the analysis of bank balance. This report **MUST** be examined and approved monthly by supervisory personnel.

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## **VOIDED AND MODIFIED TRANSACTIONS**

Documentation must be maintained for all voided transactions that includes the original documents and the reason the transactions were voided. A report and documentation of the reason shall be available for any transaction which was changed or deleted. This report must be examined and approved by supervisory personnel monthly.

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## REMITTANCES

This is a summary of all remittances made each year to the various agencies. The information for the summary is taken from the total monthly disbursements shown on the cashbook and posted to the remittance summary. This summary is then totaled at the end of the year.

The Remittances should be grouped by the agencies as follows:

STATE

COUNTY

COUNTY SCHOOLS

MUNICIPALITIES

OTHERS

FEES AND COMMISSIONS

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## LICENSE AND DECAL INVENTORY

A record of all licenses and decal numbers must be maintained. A record or log must be maintained of all the licenses and decals received from the state and the current location of those if they have been assigned to particular cashiers or satellite locations. Reports must be printed<sup>2</sup> by decal number at least monthly noting any skipped numbers. Reports must also be printed for skipped and voided decals. The Judge of Probate shall periodically, but not less than once per year, inventory all pre-numbered licenses.

<sup>2</sup> -As used in this document, the term print shall refer to the generation of a record in manual or electronic format.

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## **CREDIT CARDS AND ONLINE TRANSACTIONS**

Records shall be maintained that report all credit card and online transactions including detailed information about the transactions. Reported amounts must be reconciled to the deposits into the bank account monthly. Each deposit made by credit card or online vendors must have a corresponding report available to show all of the individual transactions composing the deposit. Contracts with credit card or online vendors must be signed by the county commission and on file in the Office of Probate Judge.

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## **TAX LEVIES**

Documentation must be on file for all tax levies, including both ad valorem taxes and sales taxes, which are collected by the Office of Probate Judge. Documentation must also be available for the tax rates being collected in the various districts and the distribution of those taxes.

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## CHART OF FEES

A listing of all fees being collected and the legal authority for each fee not derived from the chart as authorized in the *Code of Alabama 1975*, Section 12-19-90, must be maintained.

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## SPECIAL FUNDS

A cashbook showing the receipts, disbursements and balances must be maintained for all special funds of the Judge of Probate, including Indexing Fee Funds, Copy Funds, and the like. This cashbook must categorize receipts and disbursements. The cashbook balance must be reconciled to the bank statement on a monthly basis.

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## **ABATEMENTS**

A file shall be maintained of all abatements allowed with the appropriate distribution to all agencies.

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## **MOTOR VEHICLE ASSESSMENTS**

Monthly abstracts of the motor vehicle assessments shall be maintained. This abstract will also show total taxes assessed for each entity and a recap prepared for the year.

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## **MANUFACTURED HOME REGISTRATION AND AD VALOREM DECAL INVENTORY**

All Manufactured Home registration and/or ad valorem decal numbers shall be accounted for. A log must be maintained of all the decals received from the state and the current location of those if they have been assigned to particular cashiers or satellite locations. Reports must be printed<sup>2</sup> by decal number at least monthly noting any skipped numbers. Reports shall also be printed for skipped and voided decals. Decals must be inventoried periodically, and retained for examination.

<sup>2</sup> -As used in this document, the term print shall refer to the generation of a record in manual or electronic format.

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## **LAND REDEMPTIONS**

Documentation shall be provided including the delinquent tax docket book, tax sale files, and redemptions certificates. A cashbook shall be maintained to show all redemption amounts and fees, and a summary of the distribution.

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## MINIMUM ACCOUNTING REQUIREMENTS

### 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

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## MINIMUM ACCOUNTING REQUIREMENTS

### End of Fiscal Year Requirements

➤ 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.

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**Certificate of Compliance  
Office of Judge of Probate  
Minimum Accounting Requirements**

I, \_\_\_\_\_ of \_\_\_\_\_ County, hereby certify 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 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 non-compliance:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

\* - This certificate of compliance also applies to any other license holding official or entity, including but not limited to License Commissioners.

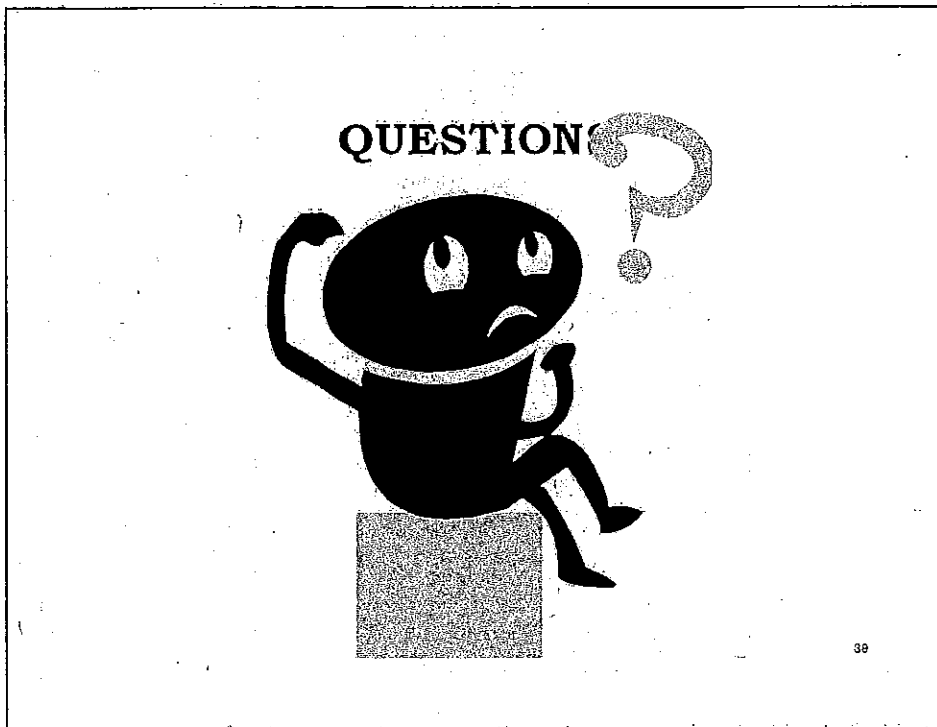
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- ## ITEMS TO HAVE READY:

  - List of all key employees and their job descriptions. (Keep Updated)
  - List of all bank accounts used during the audit period.
  - Bank statements for each month on all accounts.
  - Bank Reconcilements for each account.
  - Copy of Official's Bond.
  - Remittance Summary for the audit period.
  - License Inventory.
  - Daily Check-up Sheets/Summary Check-up Sheets.
  - Cashbook.

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## CONTACTING US

State of Alabama

Department of Examiners of Public Accounts

County Audit Division

(334) 242-9200

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Gordon Persons Building

Montgomery, Alabama 36130-2251

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- Assistant Division Directors

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Ashli Page

David Howell

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firstname.lastname@examiners.alabama.gov

## **INFORMATION**

- Facebook page – Alabama Department of Examiners of Public Accounts
- Twitter – Follow us @Examiners3
- "Fraud Hotline" to report fraud, waste or abuse:  
1-844-56-FRAUD (1-844-563-7283)  
[Report.fraud@examiners.alabama.gov](mailto:Report.fraud@examiners.alabama.gov)