

### LOCAL GOVERNMENT INVESTMENT POOL

 Departments opening Government Investment Pool accounts should obtain:

- Participation Agreement
  - Enforceable after signed by:
    - Participant County Judge
    - Representative of Texas Comptroller of Public Accounts
    - Elected Official
- Authorization agreement
  - Designate representatives' roles
    - Inquiry
    - Initiate Transactions

Department should maintain proper segregation of duties

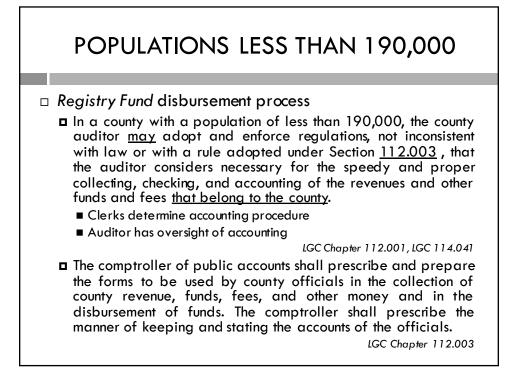
### INVESTMENT PROTECTION

- □ If registry funds held by a county clerk or a district clerk and deposited by the county with a depository selected under Subchapter B are lost for any reason, including a loss due to the insolvency of the depository, the county is liable to the rightful owner of the funds for the full amount of the funds due the owner.
- □ FDIC standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.
  - A single account is a deposit owned by one person. This ownership category includes:
    - An account established for one person by an agent, nominee, guardian, custodian, or conservator, including Uniform Transfers to Minors Act accounts, escrow accounts and brokered deposit accounts
    - An account established for or representing a deceased person's funds—commonly known as a decedent's estate account

LGC Chapter 117.083 www.fdic.gov

### **REGISTRY FUND DISBURSEMENTS**

- Disburse to depositories to invest
- □ Disburse to individuals
  - Minors reaching age of majority
    - Verify identification
    - Release per court order
  - Awarded Judgments
- Disburse to other governmental entities
  - Attorney General
  - State Comptroller Tax Code 111.021, LGC 117.002
  - □ Internal Revenue Service 26 USC § 6331(a), 6332 (e), 6334, LGC 117.003(b)
  - Judgments for support of minor children exempt from levy
- Disbursement process differs based on county population



### COUNTY AUDITOR DISBURSEMENT PROCEDURES

- In a county with a population of 190,000 or more, the county auditor <u>shall</u> prescribe the system of accounting for the county.
  - The county auditor may adopt and enforce regulations, not inconsistent with law or with a rule adopted under Section <u>112.003</u>, that the auditor considers necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county or to <u>a person for whom a district clerk, district attorney, county officer, or precinct officer has made a collection or for whose use or benefit the officer holds or has received funds.</u>

LGC Chapter 112.002

### POPULATIONS BETWEEN 190,000 AND 1.3 MILLION

- Registry Fund report to County Auditor
  - Receipts and disbursements
  - Report under oath
  - **D** Form and frequency determined by County Auditor
- Registry Fund disbursements
  - Issued in accordance with Registry Fund depository laws
  - Court Order required except:
    - Payment of an appeal bond
    - Withdrawal of bond by custodian
  - Signed according to procedure prescribed by County Auditor
     County and District Clerks sign checks

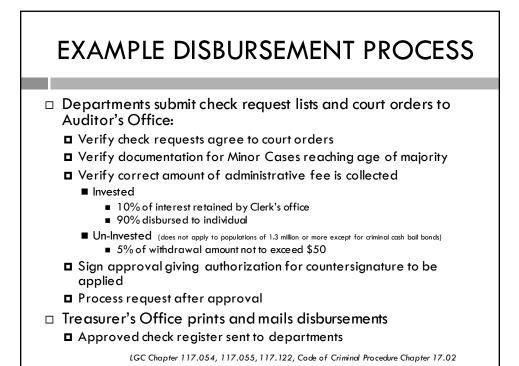
LGC Chapter 117.053, 117.058, Estate Code 1355.103

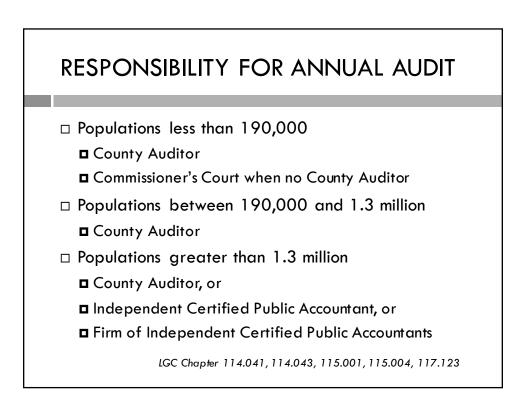
### POPULATIONS OF 1.3 MILLION OR GREATER

- Registry Fund disbursements
  - Court Order required
    - Except court cost deducted from appeal bonds
- County Auditor countersignature required:
  - Prior to delivery or payment
  - After review of court order authorizing disbursement
- Requirements for Electronic Funds Transfer
  - Recipient's written request
  - Clerks written approvalMay charge reasonable fee
  - County Auditor countersigns approval

LGC Chapter 117.121

# Elected and Appointed Officials Signature form Sent to County Treasurer and IT departments IT Department Digitize and encrypt Assign fund coding to signature Approved disbursements print with electronic signatures

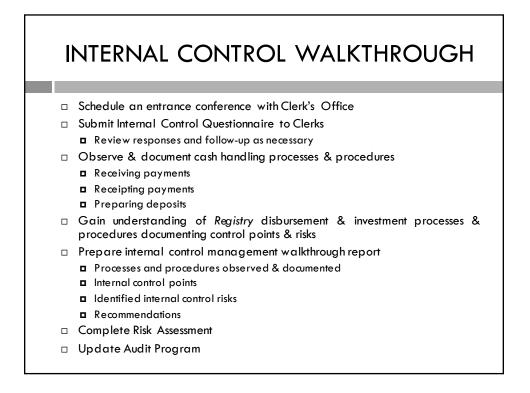


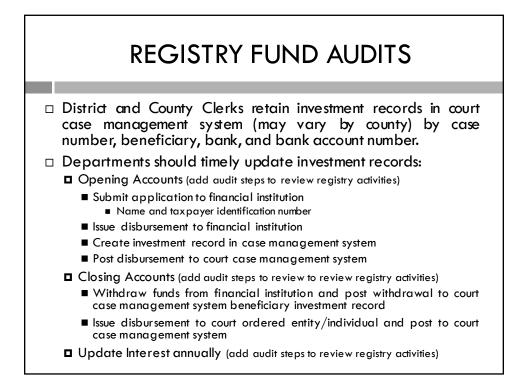


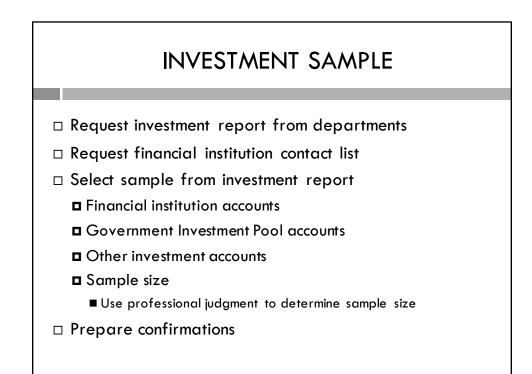
### ANNUAL AUDIT FOR POPULATIONS GREATER THAN 1.3 MILLION

- The registry funds shall be audited at the end of each county fiscal year by the county auditor or by an independent certified public accountant or a firm of independent certified public accountants of recognized integrity and ability selected by the commissioners court.
- A written report of the audit shall be delivered to the county judge, each county commissioner, and a clerk not later than the 180th day after the last day of the fiscal year. A copy of the audit shall be kept at the clerk's office and shall be open to inspection by any interested person during normal office hours. The cost of the audit shall be paid by the county.

LGC Chapter 117.123







# CONFIRMATIONS

- □ Confirmation <u>must</u> include:
  - Beneficiary Name
  - Account Number
  - Elected Official and County Auditor signature
- $\Box$  Confirmation <u>may</u> include:
  - Current Balance
  - Case Number

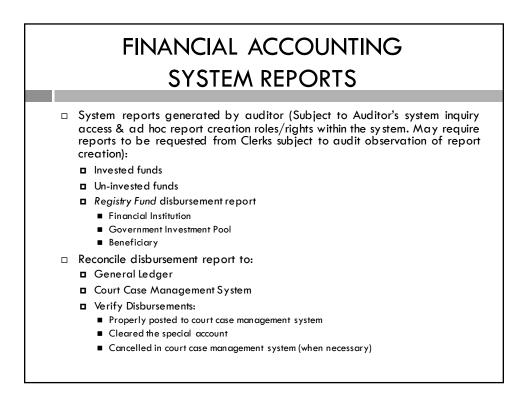
Confirmation Example

### **RETURNED CONFIRMATIONS**

- Compare department investment report balance to financial institution verified balance
- Track confirmations received & send second request as necessary
- Document responses and follow-up as necessary
- Determine reasons for variance:
  - Interest not recorded by department
  - Accounts closed by financial institution and <u>not</u> reflected on court case management system
    - Funds escheated/sent directly to Texas Comptroller's Office
  - Department posting error

## NOTIFY DEPARTMENT

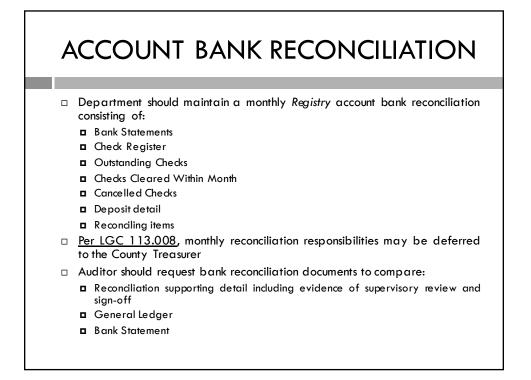
- Communicate discrepancies between investment report and verified balances provided by financial institution
- □ Request correction of identified errors
  - Posting errors
  - Updating interest
  - Investments, disbursements, cancellations, or withdrawals not reflected on the court case management system



### SAMPLE DISBURSEMENT REVIEW

Review court case management system and applicable court order for disbursements to ensure:

- □ Sufficiency of funds
- □ Issued to correct party
- □ Posted to correct case
- □ Posted with correct check number
- □ Proper collection of administrative fees
- □ Interest posted annually
- □ Cancellations
  - Posted timely
  - Correct amount
  - Correct case
  - Correct check number



## TRACE REGISTRY RECEIPTS

- □ Generate *Registry* receipt report from court case management system (subject to Auditor system inquiry access and ad hoc report areation roles/rights within the system; may require reports to be requested from Clerks subject to audit observation of report creation)
  - Invested receipts report
  - Un-invested receipts report
- □ Reconcile to the general ledger (GL)
  - Verify all receipts deposited and recorded to the GL
  - Receipts deposited in a timely manner
  - Correct amount deposited in the Registry account



- □ Sample case jackets to determine if funds were deposited into the *Registry* of court.
- Trace ordered activity to court case management system
  - Determine timeliness of investments
  - Verify disbursement issued for invested funds
  - Trace disbursement to court case management system for proper and timely posting
    - If *Registry Funds* have <u>not</u> been invested per court order, request explanation for delay. Document response in working papers
- Sample un-invested items and determine appropriateness for non-investment.

### STATUTORY INVESTMENT COMPLIANCE

Select a sample of investments to confirm compliance with state statutes including:

- Local Government Code, Chapter 117
- Property Code, Chapter 142.004
- Education Code, Chapter 54, Subchapter F
- Government Code, Chapter 2256
- **E**states Code, Chapter 1355

# Cash bail bonds require court order to refund Verify correct payee, bond number, and amount Account for cash bail bonds collected for District and County Clerks by the Sheriff's Department in a separate receipting system. Verify Sheriff bond receipts properly deposited & recorded to the GL to confirm accurate and timely deposit to the appropriate special registry bank account Compare Sheriff's cash bail bond receipts to District or County Clerk record of receipt Verify funds receipted to the correct Clerk's special account Verify amount, bond number and party information matches in both systems Notify department to correct variances

### PROPERTY HELD IN VAULT

Court order directs property to be placed in a safe or vault for safekeeping by District and County clerks.

□ Inventory vault property:

Auditor completes an annual inventory

- Request inventory log maintained by department
- Select a sample of court orders to determine if items were ordered to be held for safekeeping
- Compare prior year inventory to current inventory
  - Identify any items in vault <u>not</u> on inventory log
  - Identify any items on court orders <u>not</u> held for safekeeping as required
  - Identify any items on log <u>not</u> in vault
    - Request documentation for these items
    - Request update of inventory log if needed

### COMPLIANCE WITH INTERNAL REVENUE SERVICE

When funds are deposited under chapter 117 into an interest-bearing account, any person with a taxable interest in the funds deposited to such account must submit appropriate tax forms and provide correct information to the District and County Clerks so that the interest earned on such funds can be timely and appropriately reported to the Internal Revenue Service.

LGC Chapter 117.003

## 1099-INT REVIEW

 Request listing of 1099-INT forms issued by department for previous calendar year

Available mid-February each

- Accounts with interest of \$10 or more
- Obtain interest only investment report for calendar year from court case management system
- Compare court case management report to issued 1099-INT forms
  - Review for completeness and accuracy
  - **D** Request clarification for variances
    - Different amount
    - Account interest \$10 or more omitted from 1099-INT listing

