

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS**

PLAN FOR THE ADMINISTRATION OF  
NON-APPROPRIATED FUNDS  
General Order # 18-07

The following plan shall guide the administration and operation of the court's Non-Appropriated Fund (the "Fund") pursuant to the *Guide to Judiciary Policies and Procedures, Vol. 4, Chapter 6: Fees, §670, Court's Local Attorney Admission Funds*.

I. **Source of the Fund:** Fees paid by attorneys who apply to join or renew admission to the Bar of the Eastern District of Texas in excess of the basic fee set by the Judicial Conference and all income derived from the corpus shall be the source of the Fund. Neither the fees nor the increase of the corpus are monies appropriated by Congress.

A. Fees for the fund shall be collected from members of the Bar triennially, i.e., once every three years. The current fee is \$10 per year (\$30 for three years). The fee shall be pro-rated for attorneys who become new bar members after the date that triennial fees are collected, e.g., an attorney who becomes a new bar member during the second year of the triennial cycle will be charged \$20, not \$30. The amount of the fee may be changed by further order of the court. Attorneys who fail to pay the fee within a reasonable amount of time from a due date established by the Clerk will lose their bar membership, subject to reinstatement upon payment of the fee.

II. **Expenditures from the Fund:** The Fund has been created for the benefit of both the Eastern District bench and bar in the interest of justice. The Fund shall not be used to supplement appropriated funds or to supplement the salary of any court officer or court employee. Expenditures shall be approved by the Chief Judge (or designee) and the Custodian of the Fund in accordance with the general principles specified in the *Guide to Judiciary Policies and Procedures, Vol 4, Chapter 6: Fees, §670.20 Policies for Fund Expenditures*.

III. **Custodian of the Fund:** Unless a different person is named in writing by the Court, the Clerk of Court shall be Custodian of the Fund. The Custodian shall follow this Plan.

IV. **Reporting by the Custodian:** The Custodian shall submit an annual report to the Court certifying compliance with the Plan including reports of income, expenditures, investments, and balances in the Fund.

V. **Successor Custodian:** When a successor custodian is appointed, the outgoing custodian will prepare and sign the following:

- A. A report of the financial condition of the Fund as of the last day of service by the outgoing custodian;
- B. A statement of operations for the period since the last annual report; and
- C. A statement of the balance in the Fund as of the outgoing custodian's last day in office.

The Successor Custodian shall review the final reports and issue a receipt to the Outgoing Custodian when satisfied with the accuracy of the final reports.

VI. **Fund Controls:** The Custodian will:

- A. Segregate responsibilities for approving, preparing and signing checks;
- B. Assign responsibility for monthly bank reconciliation to an individual with no disbursing authority; and
- C. Identify and report unusual reconciling items.

VII. **Investment Controls:** The Custodian will:

- A. Invest funds in excess of planned disbursements in interest bearing accounts, government securities, or money market funds invested in government obligations;
- B. Title investments: United States District Court Non-Appropriated Fund;
- C. Compare the income received on investments with the income specified by the terms of the security; and
- D. Report investment income and losses on the annual accounting statements.

VIII. **Expenditures Controls:** The Custodian will:

- A. Record expenditures as they occur;
- B. Insure that expenditures are authorized by the Plan;
- C. Support expenditures with original invoices and other original documentation; and
- D. Make certain that checks contain the signature of an authorized Chief Judge and the Custodian.

IX. **Accounting Systems Controls:** All transactions will be posted as they occur. Entries shall contain at minimum:

- A. a transaction reference number (check number, deposit ticket number, journal voucher);
- B. a brief description of the transaction; and
- C. a dollar amount of the transaction.

X. **Non-Appropriated Debit Card Usage:** The court will use a debit card when purchases are not able to billed directly to the non-appropriated fund account. The debit card policy and procedure is attached to this plan as Exhibit A.

XI. **Audit:** The Fund is subject to audit by the Administrative Office of the United States Courts.

The Fund will be audited on an annual basis by a disinterested person or outside auditor appointed by the Court.

This General Order supersedes and revokes the following General Orders: 93-20, 04-4, 05-21, and 07-07.

Signed this 1<sup>st</sup> day of March, 20 18.

For the Court,



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Rodney Gilstrap  
Chief Judge

## EXHIBIT A

### Non-Appropriated Funds Debit Card Policy

The non-appropriated fund (NAPF) has been established by *General Order 18-05* and is designated as the attorney admission fund for the Eastern District of Texas. This fund should only be used for purposes that benefit both the members of the bench and bar within this district in the administration of justice.

The Non-Appropriated Funds Debit Card Policy covers account establishment, account operations, card usage, card security, account reconciliation, separation of duties, and internal control requirements for NAPF account transactions made by debit cardholders. This policy will be used in conjunction with the Plan for the Administration of the Non-Appropriated Funds, *General Order 18-05* and the *Guide to Judiciary Policy*.

#### I. Purpose of NAPF Debit Card Account

##### A. Account Establishment

1.) Objectives of this account are:

- a. to simplify and streamline the purchase process for NAPF expenditures using a debit card;
- b. to make purchases for items or services using a debit card to further the administration of justice as directed by the NAPF plan; and
- c. to purchase items or services using a debit card directly from providers instead of employees or judges seeking reimbursement for purchases made on behalf of this account.

2.) Designated signers are:

- a. Rodney Gilstrap, Chief Judge
- b. David A. O'Toole, Clerk of Court

##### B. Account Information

1.) Account information is as follows:

- a. **Financial institution:**  
*Southside Bank*  
*113 West Ferguson St.*  
*Tyler, Texas 75702*  
*Phone: (903) 533-7343*
- b. Maximum account balance to remain on deposit: \$5,000.
- c. Account type: non-interest bearing simple checking.

- 2.) Account services included are:
  - a. check withdrawals;
  - b. deposits which will not exceed the \$5,000 maximum balance requirement;
  - c. MasterCard debit transactions; and
  - d. mailed monthly statements.
  
- 3.) Account services not allowed are:
  - a. ATM withdrawals;
  - b. mobile banking; and
  - c. overdraft protection.

## II. Account Operations Related to Debit Card Transactions

### A. Debit Cardholder Responsibilities:

- 1.) Each cardholder is responsible for:
  - a. verifying the debit card information upon receipt of a bank card and activating the account;
  - b. maintaining current debit card information, i.e., name changes, address information, and phone numbers;
  - c. for purchases over \$1,000, obtaining prior approval in writing from one (1) of the designated signers on the account before using an assigned debit card;
  - d. using the debit card for appropriate expenditures pertaining to the NAPF plan and in accordance with the *Guide to Judiciary Policy, Volume 4: Court and Case Administration §670.20(a)(b)(c), Policies for Fund Expenditure*;
  - e. verifying funds are available for approved purchases;
  - f. providing a written purchase approval, a legible receipt, and a brief description for each debit card transaction;
  - g. documenting the basis for the expenditure on the receipt or as an attachment;
  - h. submitting receipts timely to the financial manager for accurate recording of expenditures;
  - i. keeping the debit card and personal identification number (PIN) secure at all times when the card is not in the finance safe; and
  - j. reporting any loss, theft, or unauthorized use of the card immediately to the financial institution, financial manager, or designated signer.

2.) Each debit card has a spending control based on:

- a. a transaction limit of \$2,500 per expenditure per day; and
- b. a daily maximum of \$2,500 in expenditures per cardholder.

**B. Financial Manager Responsibilities:**

1.) The Financial Manager is responsible for:

- a. creating debit card applications with the financial institution after receiving approval from the Chief Judge or Clerk of Court;
- b. maintaining up-to-date information related to debit cards, i.e., debit card numbers, names, addresses, and phone numbers;
- c. ensuring debit cardholders are familiar with appropriate NAPF policies and authorized uses of the account;
- d. monitoring account activity related to debit card purchases on a weekly basis;
- e. maintaining receipts and accurately recording expenditures in a timely manner;
- f. recording transactions with proper approvals and expenditure documentation;
- g. identifying any theft, misuse, or unauthorized activity related to expenditures;
- h. maintaining current financial institution contact information; and
- i. communicating with the financial institution any changes to transactions limits, cardholder maintenance, or debit card cancellations with approval from designated signers;
- j. monitoring that NAPF monies are not used to augment any court appropriated funding in accordance with the *Guide to Judiciary Policy, Volume 4: Court and Case Administration, §670.30*.

2.) The Financial Manager will:

- a. replenish the account when the balance falls below \$2,000 up to the maximum balance of \$5,000, after determining that the charges made were approved and in compliance with the purposes of the NAPF and no suspicious activity is noted;
- b. reconcile monthly bank statements in a timely manner;

- c. report any suspicious debit card activity to the Chief Judge and Clerk of Court; and
- d. review the account, including transactions, for audit compliance and IRS reporting (if required).

### III. Account Reconciliation Process

#### A. Account Balance Reconciliation

- 1.) Debit cardholders will:
  - a. maintain receipts and approval documents for submission to the financial manager for reconciliation purposes. Receipts should be provided within forty-eight (48) hours of an expenditure; and
  - b. notify the financial manager of any potential expenditure exceeding \$1,000 prior to making a purchase. In these cases, coordination with the financial manager is necessary in order to maintain sufficient account balances.
  
- 2.) The financial manager will:
  - a. compare expenditure documentation to transactions listed on the monthly bank statement;
  - b. review documentation for required approvals, description of items or services purchased;
  - c. notate the reconciliation date on the monthly statement;
  - d. submit the monthly reconciliation to another financial deputy for review; and
  - e. retain all financial statements and documents in accordance with the *Guide to Judiciary Policy, Vol. 10, Chapter 6: Records Management*.
  
- 3.) Account balance will:
  - a. be reviewed, at a minimum, every thirty (30) days during the monthly reconciliation process;
  - b. replenished with PHV fees from the U.S. Treasury collections made directly to the Court; and
  - c. not exceed \$5,000 at any time.

### IV. Debit Cards, Separation of Duties, and Internal Controls

#### A. Debit Cards

- 1.) Debit card issuance and availability:
  - a. Debit cards can be issued to account signers or other designated personnel with written authorization from the Chief Judge or Clerk of Court.
  - b. Debit cards can be revoked or cancelled at any time by an account signer and with written notification to Southside Bank.
  - c. Cards should be limited to a minimum number of staff due to security and internal control concerns.
  
- 2.) Current Cardholders:
  - a. Debit cards have been approved and issued to:
    - (1) Maria Dozauer, Chief Deputy
    - (2) Loretta Rogers, Procurement Manager
  - b. Debit card limits of \$2,500 are applied to each cardholder. (See II. Account Operations Related to Debit Card Transactions.)

**B. Separation of Duties**

- 1.) Separation of duties is a vital component of internal controls to safeguard assets. This policy is written to document procedures for audit compliance and will be used in conjunction with *Guide to Judiciary Policy, Vol. 11, Chapter 2: Financial Management*.
  
- 2.) In order to maintain separation of duties, accessibility concerns, and proper card usage, the Court has adopted the following:
  - a. Debit cards will be maintained in the finance department when not in use. Debit cards are placed in an internal safe with a combination lock inside the finance safe with an additional combination behind a secured door.
  - b. Two financial deputies, at a minimum, are required to open the finance staff, therefore, debit cards are under dual control when in the safe.

**C. Internal Controls**

- 1.) This account is subject to internal control policies stated in the *Guide to Judiciary Policy, Vol. 11, Chapter 2: Financial Management* including other internal control procedures implemented by the Court.
  
- 2.) The Clerk of Court, as custodian, must ensure all funds are safeguarded and accounted for in accordance with this Court's approved NAPF plan contained in General Order 18-05.

- 3.) Funds considered non-appropriated funds may not be commingled with any other funds held by the Court. Examples of court held funds are: registry, deposit, and unclaimed monies.
- 4.) This account is subject to various types of audits. These audits are:
  - a. an annual local self-assessment conducted by the Clerk of Court;
  - b. an annual independent audit conducted by a local certified public accounting firm;  
and
  - c. a cyclical audit performed by the Administrative Office of the U.S. Courts every 3-4 years.
- 5.) Each audit will be conducted by independent contractors or designated staff. Designated staff will be independent of all processes related to the management and oversight of NAPF funds.
- 6.) Results, findings, or recommendations will be documented in official reports submitted to the Chief Judge and Clerk of Court for review and further action if required.
- 7.) If the Court determines the Southside Bank account is no longer required, the Chief Judge or the Clerk of Court will make a request in writing to the financial manager to close the account. All remaining funds on deposit will be transferred to another NAPF account maintained by the Court.