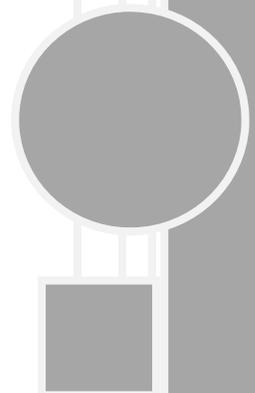




# AUDIT REPORT

DALLAS COUNTY  
County Clerk Civil - FY2020

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: 7/19/2021  
RELEASED: JULY 19, 2021



# County Clerk Civil - FY2020

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



**DALLAS COUNTY**  
COUNTY AUDITOR

**MANAGEMENT LETTER**

Honorable John Warren  
County Clerk  
Dallas, Texas

Attached is the County Auditor's final report entitled "County Clerk Civil - FY2020" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

*Darryl D. Thomas*

Darryl D. Thomas  
County Auditor

## EXECUTIVE SUMMARY

A review of the County Clerk Civil Division for fiscal year 2020 revealed the following significant observations listed below:

### **Summary of Significant Observations**

- None identified

### **Repeat Observations from Previous Audits:**

- Cash count variances
- Reverse charges performed by non-supervisory employees
- Computer receipts voided more than 30 minutes after initial system entry
- Tex-file tills not deposited timely
- Delays in depositing funds

**Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.**

## INTRODUCTION

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2019 through September 30, 2020.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.



DETAILS

**Special Fund Disbursements**

A sample review of Special Fund 501 disbursements issued during fiscal year 2020 revealed one disbursement was posted to Odyssey for the incorrect amount; and seven disbursements totaling \$757 were posted to Odyssey five or more business days after issuance. All Special Fund disbursements should be accounted for, issued to the proper payee for the correct amount in a timely manner, posted timely and accurately to Odyssey and issued in accordance with Local Government Code § 117.121. Lack of management oversight over the reconciliation of non-integrated financial systems to timely identify and resolve clerical errors has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued.

**Recommendation**

Special Fund Disbursements

Management should:

- Generate a daily Odyssey Transaction Listing report for disbursements and compare the report to the disbursement file received from the Treasurer's Office to confirm all checks have been posted to Odyssey in the correct amounts and to the correct cases.
- Develop written procedures for the disbursement process.

**Management Action Plan**

- Management will remind financial clerks of the importance of data entry accuracy to help prevent incorrect disbursements.
- Management will increase intentionality in improving the written financial business process manual including the importance of documenting delays or requesting assistance when best practice deadlines cannot be met.
- Due to this finding appearing on previous audits, management will consider formalizing actions to correct performance when financial business process are not followed or an explanation has not been provided.

**Auditors Response**

None

**Reverse Charges Posting Errors and Mail Log**

A sample review of reverse charges, charge reductions and reverse charge reductions processed during fiscal year 2020 revealed four reverse charges were processed by non-supervisory employees. A sample review of transactions for the mail log maintained during fiscal year 2020 revealed 15 checks totaling \$11,951.65 were receipted in Odyssey two or more business days after the entry date on the mail log and one check was listed on the mail log for a different amount that was receipted into Odyssey.



Best practices related to reverse charges and charge reductions indicate adjustments to assessments should be made such that both good internal control and audit trails are maintained. Processing of financial transactions should reflect proper segregation of duties such that users with roles/rights to receipt or void payments are able to add additional charges, but not modify, reduce, or delete assessments. All monies received including mail payments should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Checks should be receipted for the legal written amount and the mail log should accurately reflect the details of payments received through the mail. A lack of management oversight, incomplete internal controls over the assessment and reduction process, and an inadequate segregation of duties have resulted in delayed revenue recognition and increased the risks that funds could be lost or misappropriated.

### **Recommendation**

#### Reverse Charges Posting Errors and Mail Log

Management should:

- Limit user roles granting rights to process charge reductions and charge reversals. User access requirements should correspond to the least rights necessary to perform core job functions.
- Periodically compare payments details recorded on the mail log to receipting in Odyssey for accuracy, appropriateness, timeliness, and staff compliance to established policies and procedures.

### **Management Action Plan**

- Management will increase intentionality in improving the written financial business process manual including the importance of documenting delays or requesting assistance when best practice deadlines cannot be met.
- Due to these finding appearing on previous audits, management will consider formalizing actions to correct performance when financial business process are not followed or an explanation has not been provided.

### **Auditors Response**

None

## Cash Counts

A review of cash counts of County Clerk Civil and Central Records' deposits received at the Treasurer's Office during fiscal year 2020 revealed one Civil deposit overage due to a money order that was receipted for the incorrect amount and one Central Records deposit received for less than the system control total due to the department receipting a check without the written legal amount being entered. All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer and checks are receipted for the legal written amount. Lack of management oversight, clerical errors, and inconsistent training related to cash management have resulted in delays in revenue recognition and may result in financial losses to Dallas County for unrecoverable amounts paid for services already rendered.

### **Recommendation**

#### Cash Counts

Management

should:



- Establish written procedures for proper cash handling, which emphasize that checks are to be receipted for the written legal amount and the elements of a complete financial instrument are present.
- Total and balance the funds on hand to the system receipt control totals at the end of each business day. Receipt tapes for check totals should be calculated using the written legal amount and verified against the receipt control total. Receipt and deposit totals should be verified by supervisory personnel.

### **Management Action Plan**

- All clerks and management will be reminded of the importance of taking time to more closely examine each form of payment given to them.

### **Auditors Response**

None

## **Computer and Manual Receipts**

A review of all County Clerk Civil and Central Records computer receipts voided during fiscal year 2020 revealed three Central Records computer receipts totaling \$451 were voided and re-issued 3 or more hours after the original transaction including one that was re-issued for \$5 less than the original receipt amount.

A review of all manual receipts issued during fiscal year 2020 revealed one Central Records manual receipt number was not recorded in the Odyssey Comment field.

Best practices regarding the receipt process indicate that all voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. All monies received should be promptly receipted and deposited properly and timely in accordance with Local Government Code (L.G.C.), § 113.022. Manual receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. Once the system is restored, the payments are posted to the system and the manual receipt numbers are entered into the Odyssey Comment field. Incomplete controls over the receipt voiding process and manual receipting procedures have resulted in incomplete financial records and increased the potential that funds could be misappropriated.

### **Recommendation**

#### **Computer and Manual Receipts**

Management should:

- Develop procedures and documentation incorporating controls such as dual sign-off on voids, receipt corrections, supervisory review.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Review manual receipt books to ensure accurately and timely posted to Odyssey.



## **Management Action Plan**

- Management has reiterated to staff the importance of entering receipt numbers in Odyssey and in showing due diligence and care with their financial transactions.

## **Auditors Response**

None

## **Deposits**

A sample review of tills, closeouts, and deposits processed during fiscal year 2020 revealed transactions for four business days totaling \$25,703.03 were deposited in Odyssey two or more business days after the initial Odyssey transaction date; three tills were closed in Odyssey but not included in a deposit in a timely manner; one till deposit was backdated; one till was re-opened and closed after initial deposit; and one adjustment till remains un-deposited more than 6 months after the deposit close date. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code § 113.022. All tills should be reconciled daily and included in an Odyssey deposit through the Odyssey Deposit Management functionality. Inconsistent management oversight and incomplete controls over the depositing process resulted in delayed revenue recognition and increased the potential that funds could be misappropriated.

## **Recommendation**

Deposits

Management should:

- Develop closeout and balancing procedures emphasizing that funds are deposited the next business day after receipt and requiring managerial review to ensure tills are closed daily.
- Ensure all tills are closed and deposited daily.
- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.

## **Management Action Plan**

- Management will remind financial staff to include notes in the case and or provide written notification of deposit delay for auditing purposes when there are unusual situations that require us to alter business processes that delay deposits.
- Adjustment till process is a management function. Management will put greater effort into cross-train other supervisors on financial functions so the current supervisor has support and processes are not delayed the times she is unavailable.
- Management will increase intentionality in improving the written financial business process manual including the importance of documenting delays or requesting assistance when best practice deadlines cannot be met.
- Due to these finding appearing on previous audits, management will consider formalizing actions to correct performance when financial business process are not followed or an explanation has not been provided.

## **Auditors Response**

**DALLAS COUNTY**



**COUNTY AUDITOR**

None

cc: Darryl Martin, Commissioners Court Administrator