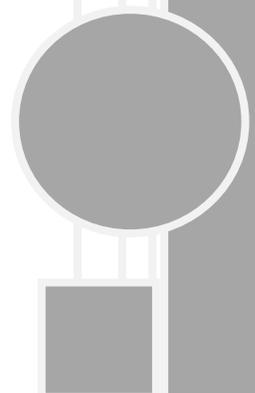




AUDIT REPORT

DALLAS COUNTY
County Clerk Civil - FY2021

Darryl D. Thomas
Dallas County Auditor
ISSUED: 4/20/2022
RELEASED: JUNE 14, 2022



County Clerk Civil - FY2021

TABLE OF CONTENTS

MANAGEMENT LETTER	3
EXECUTIVE SUMMARY.....	4
INTRODUCTION	5
DETAILS	6

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 - FY2021" 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 and Central Records Division for fiscal year 2021 revealed the following significant observations listed below:

Summary of Significant Observations

- None identified

Repeat Observations from Previous Audits:

- Cash count variances
- Delays in posting special fund disbursements
- Computer receipts voided more than 30 minutes after initial system entry
- Tex-file tills not deposited timely
- Reverse charge transactions not processed by non-supervisory employees
- Checks were receipted in Odyssey two or more business days after the entry date on the mail log.

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, 2020 through September 30, 2021.

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 2021 revealed four disbursements totaling \$789 were posted to Odyssey four or more days after issuance; one disbursement posted to a case did not have the check number recorded; and one disbursement was not posted to Odyssey.

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 expectation concerning data entry. Management will perform random audits to ensure compliance.
- 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 processes are not followed or an explanation has not been provided.

Auditors Response

- None



Deposits

A sample review of tills, closeouts, and deposits processed during fiscal year 2021 revealed transactions for one day totaling \$14,749 had a deposit date in Odyssey two or more business days after the initial Odyssey transaction date; four Texfile tills did not have the "Date Closed" entered resulting in a default close date of 1/1/1900; three Texfile adjustment tills did not have a deposit date in Odyssey; and one deposit exceeded three business days between the computer receipt date and the deposit date.

Cash counts of County Clerk Civil and Central Records' deposits received at the Treasurer's Office and verified by the Auditor's Office during fiscal year 2021 revealed two Central Records deposits received were a total of \$14 less than the system control total due to checks being accepted past the void date indicated on checks.

All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code § 113.022. Checks should be receipted and deposited for the legal written amount before the checks expires. All tills should be reconciled daily and included in an Odyssey deposit through the Odyssey Deposit Management functionality. Inconsistent management oversight, clerical errors and incomplete controls over the depositing process and receipting of checks has resulted in delayed revenue recognition and potential for loss of funds for unrecoverable amounts paid for services already received.

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.
- Establish written procedures and ongoing staff training for proper cash handling, which emphasize that checks are to be receipted for the written legal amount within the void date period 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

- 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

- None

Financial Set Up and Controls

A limited review of the Odyssey Case Management System financial set-up and user access for County Clerk Civil and Central Records during fiscal year 2021 revealed four active Odyssey tills associated to users no longer employed in the County Clerk Civil section and one active Civil Odyssey till associated to a user that transferred to another division.

Best practices indicate all set-up related to financial systems should be end-dated or disabled once codes are no longer used to limit potential posting errors. Limited management review of the user access lists may lead to limited accountability for the posting of financial transactions to accounts belonging to terminated/transferred employees and increased the risk that funds may be misappropriated.

Recommendation

Financial Set Up and Controls

Management should:

- Mark the inactive box to terminate/deactivate Odyssey user's accounts. Request user access for ex-employees or reassigned employees be disabled with a follow-up occurring to ensure user account was disabled.
- All assigned tills should be de-activated when users are no longer employed in the section.



- Periodically perform self-review of active accounts confirming timely deactivation for separated / transferred employees.

Management Action Plan

- Management will formally request Team Odyssey to close out tills and cashier stations each time an employee ends their employment with the Dallas County Clerk's Office.
- Management will add submitting a request specifically requesting deactivation of tills until the process is automated.

Auditors Response

- None

Reverse Charges and Mail Log

A sample review of reverse charges, charge reductions and reverse charge reductions processed during fiscal year 2021 revealed two reverse charges were processed by non-supervisory employees and one reverse charge did not have an explanation noted in Odyssey.

A sample review of the mail log maintained during fiscal year 2021 revealed eight checks totaling \$12,467.27 were receipted in Odyssey two or more business days after the entry date on the mail log.

Best practices related to reverse charges and charge reductions indicate adjustments to assessments should be made that both good internal control and audit trails are maintained. Processing of financial transactions should reflect proper segregation of duties (e.g. users with roles/rights to receipt or void payments should be 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 and the mail log should accurately reflect the details of the payments received posted in Odyssey. Inconsistent supervisory review, incomplete internal controls over the assessment and reduction process, and an inadequate segregation of duties have resulted in delayed revenue recognition and increased the risk that funds could be lost or misappropriated.

Recommendation

Reverse Charges and Mail Log

Management should:

- Periodically compare payments details recorded on the mail log to receipting in Odyssey for accuracy, appropriateness, timeliness.
- Ensure staff compliance to established policies and procedures.
- 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.



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

Computer and Manual Receipts

A review of all County Clerk and Central Records voided computer receipts processed during fiscal year 2021 revealed five Civil computer receipts totaling \$897 were voided 30 minutes or more after issuance of original receipt and 11 Central Records computer receipts totaling \$119 were voided 30 minutes or more after issuance of original receipt.

A review of all manual receipts issued during fiscal year 2021 revealed two Central Records manual receipts did not have the computer receipts attached in the manual receipt book; two Central Records manual receipt numbers were not recorded in the Odyssey comment field; and one manual receipt did not have the date and tender type indicated.

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 § 113.022. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. 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 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 the processing of voids and receipt corrections within 30 minutes and supervisory review
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures



Management Action Plan

- Management will review and adjust our business process to comply with voids being completed within 30 minutes of being posted.
- 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.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator