

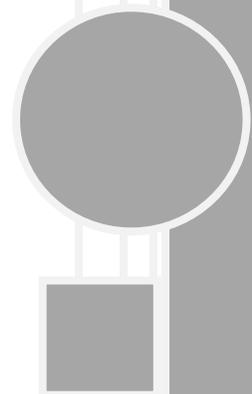


AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK PROBATE - FY2019

Darryl D. Thomas
Dallas County Auditor
ISSUED: October 16, 2020
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COUNTY CLERK PROBATE - FY2019

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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 Probate - FY2019**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If 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 County Clerk Probate for fiscal year 2019 revealed the significant observations listed below:

Summary of Significant Observations

- Transactions for 15 days totaling \$25,449 were deposited in Odyssey two or more days after the initial Odyssey transaction date.
- Six Texfile tills totaling \$21,370.83 that were deposited between 18 and 33 business days after the receipt date.
- 34 computer receipts totaling \$2,639 were voided more than 30 minutes after the original transaction.
 - Three receipts re-issued between two and 15 days after void.

Repeat Observations from Previous Audits:

- Active tills remain for persons no longer employed in the Probate Civil section.
- Improper receipt adjustments.
- Delays in posting Special Fund disbursements.
- Funds on hand for deposits received at the Treasurer's Office were less than the system control total.
- Computer receipts voided and re-issued more than 30 minutes after original transaction.

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, 2018 through September 30, 2019.

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

Computer Receipts

A review of all 92 County Clerk Probate computer receipts voided during fiscal year 2019 revealed 34 computer receipts totaling \$2,639 were voided more than 30 minutes after the original transaction including three computer receipts that were re-issued between two and 15 days after being voided; one cash computer receipt was voided more than 15 minutes after the initial transaction and re-issued for less than original amount; one computer receipt voided and re-issued due to the original transaction being processed in the Probate TexFile till instead of the user's till; and one computer receipt was voided due to payment that was processed for the incorrect tender type.

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. Incomplete controls over the receipting and voiding process resulted in delayed revenue recognition and increased the potential that funds could be misappropriated.

Recommendation

Computer 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.

Management Action Plan

- Dual sign off is required in the normal course of business, as management must sign to approve void before it can be processed.

Auditors Response

None

Cash Counts and Deposits

A review of cash counts of County Clerk Probate deposits received at the Treasurer's Office during fiscal year 2019 revealed two deposits were received for \$29 less than the system control total due to checks that were recorded using the numeric amount instead of the legal written amount.

A sample review of tills, closeouts, and deposits during fiscal year 2019 revealed transactions for 15 days totaling \$25,449 were deposited in Odyssey two or more days after the initial Odyssey transaction date; eight

tills were deposited with the Treasurer's Office between three and 12 days after being closed in Odyssey; two Texfile tills were closed and re-opened in Odyssey before being deposited, including one till with a deposit date before the closed date in Odyssey; and 48 Texfile deposits exceeded three business days between the computer receipt date and the deposit date, including six tills totaling \$21,370.83 that were deposited between 18 and 33 business days after the receipt date.

All monies, including E-filing and Legal Ease submissions 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. Checks are receipted for the legal written amount. Lack of management oversight, clerical errors, and inadequate training related to cash management have resulted in delays in revenue recognition, inaccurate case balances, and incomplete financial records.

Recommendation

Cash Counts and Deposits

Management should:

- Establish written policies and procedures for cash handling responsibilities, which emphasize that receipts are issued and checks are to be receipted for the written legal amount.
- Emphasize that staff 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.
- Generate the Odyssey Till Balance Report daily for each cashier to ensure each till has been closed timely and included in the deposit.
- Generate the CWR DC13 Report to verify all deposits have been processed.

Management Action Plan

- Supervisor will generate Odyssey Till Balance Report daily for each cashier to ensure each till has been closed timely and included in the deposit. CWR DC 13 will be generated to verify all deposits have been processed.

Auditors Response

None

Credit Card Processing

A sample review of credit card deposits processed during fiscal year 2019 revealed eight credit card deposits totaling \$2,963.40 were not processed the next business day in the County Wide Receipting system (CWR). All credit card transactions should be deposited the next business day in accordance with Local Government Codes, § 113.022 and 113.021. Accounting and system control procedures require daily reconciliation and

balancing of collected funds, including supervisory review. Incomplete training and inconsistent management oversight of the credit card process has resulted in delayed revenue recognition.

Recommendation

Credit Card Processing

Management should:

- Establish written procedures for processing credit card transactions.
- Periodically review the credit card reports and CWR for accuracy, timeliness of processing, and staff compliance to established policies and procedures.

Management Action Plan

- Management will review process for any needed changes to improve effectiveness.

Auditors Response

None

Special Fund Disbursements

A sample review of Special Fund 501 disbursements issued during fiscal year 2019 revealed five disbursements totaling \$807 were posted to Odyssey five or more business days after issuance and two disbursements totaling \$577 were not posted to Odyssey. All Special Fund 501 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 may result in inaccurate case balances and increase 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

- Disbursement Report will be used to confirm all checks have been posted.

Auditors Response

None

Fee Compliance, Reversals, and Adjustments

A sample review of fees assessed during fiscal year 2019 for compliance with the state statutes and Commissioners Court orders revealed that the payments for three citations were assessed to the incorrect constable; one case with multiple reverse charges made to correct an error; and two cases had reverse charges that were not properly processed including one case with a charge reversal after the payment was accepted and without disbursement of a refund.

A sample review of adjustment transactions for reverse voids, reverse payments, adjustments, reverse miscellaneous payments, and/or reverse adjustments created during fiscal year 2019 revealed three adjustments were not properly performed due to payment and assessment errors and the department indicated one adjustment was performed to correct a duplicate payment, though Odyssey only shows one payment was processed.

Court costs and fees should be assessed in compliance with state statutes and Commissioners Court orders. Adjustments to assessments should be made such that both good internal controls and audit trails are maintained including compensating controls such as dual sign-off on adjustments, supervisor review and pre-approval, testing, and validation. Clerical error and a lack of management oversight related to the adjustment process has resulted in inaccurate financial records and may result in a loss of Dallas County revenue.

Recommendation

Fee Compliance, Reversals, and Adjustments

Management Should:

- Establish written procedures for financial activities such as assessing charges, reducing assessments, and/or receipting payments. These procedures and the employees' adherence to them in the performance of their work should be periodically reviewed by the appropriate supervisory staff in order to effectively maintain good internal control.
- Periodically review court costs and fees to ensure funds are assessed, collected, and deposited in compliance with statute and Commissioners Court orders.

Management Action Plan

- Additional training will be provided related to adjustments. Management will seek additional information from the Odyssey Team to confirm payment to constables.

Auditors Response

None

Financial Set-Up

A limited review of the Odyssey Case Management System financial setup and user access for County Clerk Probate during fiscal year 2019 revealed two active tills associated to a user who is no longer an employee in the County Clerk Probate section. 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

Management should:

- End-date and check mark the inactive box to terminate Odyssey users' accounts. All assigned cashier stations and tills should be de-activated when users are no longer employed in the Probate Civil section.
- Request user access for ex-employees or reassigned employees be disabled with follow-up occurring to ensure user account was disabled.
- Periodically perform review of accounts to confirm timely deactivation for separated/transferred employees.

Management Action Plan

- Management will periodically perform review of accounts to confirm timely deactivation for separated /transferred employees.

Auditors Response

None

Manual Receipts

A review of all 14 manual receipts issued during fiscal year 2019 including one voided manual receipt revealed 12 manual receipt numbers were not recorded in the Odyssey Comment field; seven manual receipts were missing payment details such as payment type or case number; and one manual receipt was not entered in Odyssey until two days after issuance of the manual receipt.

Internal control procedures indicate that all manual receipts should be accounted for and properly used, include supervisory review, be kept in numeric order, have the corresponding computer receipt attached, be posted and deposited daily in accordance with Local Government Code, § 113.022. Once the system is restored, the payments are posted to the system and the manual receipt numbers are entered into the Odyssey Comment field. Inconsistent supervisory emphasis of manual receipting control procedures has resulted in delayed revenue recognition and incomplete financial records.

Recommendation

Manual Receipts

Management should:

- Periodically review manual receipt books to ensure completeness, accuracy, and timely receipted to system.
- Periodically review daily work for accuracy and staff compliance with established policies and procedures.

Management Action Plan

- Management will periodically review daily work for accuracy and staff compliance.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator