



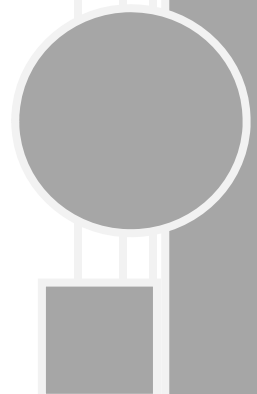
AUDIT REPORT

DALLAS COUNTY

County Clerk Recording - partial FY2020 (April 1 - September 30)

Darryl D. Thomas
Dallas County Auditor

ISSUED: 5/14/2021
RELEASED: MAY 14, 2021



County Clerk Recording - partial FY2020 (April 1 - September 30)

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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 Recording - partial FY2020 (April 1 - September 30)" 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 County Clerk Recording for fiscal year 2020 (April 1 - September 30) revealed the significant observations listed below:

Summary of Significant Observations

- 107 transactions voided by non-supervisory employees

Repeat Observations from Previous Audits

- Non-supervisory employees with system roles to adjust/reverse receipts

□

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 April 1, 2020 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

Receipt Adjustments

A sample review of receipt adjustments issued during partial fiscal year 2020 (April through September) revealed six adjustments were performed by a non-supervisory employee; and one adjustment did not have an explanation noted. Processing of financial transactions should reflect proper segregation of duties. Adjustments to assessments should be made so that both good internal control and audit trails are maintained. Incomplete controls over the adjustment process may result in incomplete financial records and increase the potential that funds could be misappropriated.

Recommendation

Receipts Adjustments and Certified Copies

Management should:

- Establish business processes or system enforced roles that prevent employees from having the ability to both enter and adjust receipts.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.

Management Action Plan

- To inform the entire staff that no corrections of any kind will be made by a non-supervisory employee. The Adjustments Report will be monitored by the Supervisor to ensure that this does not happen. If it does occur without a valid reason, disciplinary actions will be taken.

Auditors Response

None

Special Fund Disbursements

A sample review of Special Fund 501 disbursements issued during fiscal year 2020 (April 2020 through September 2020) revealed one disbursement check number was not posted to the receipting system. 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 the appropriate system and issued in accordance with Local Government Code § 117.121. Inconsistent management oversight over the reconciliation of non-integrated financial systems to timely identify and resolve clerical errors may result in incomplete financial records and increase the potential that duplicate disbursements may be issued.

Recommendation

Special Fund Disbursements

Management should:



- Develop written procedures for the disbursement process.
- Periodically review entries to the receipting system to ensure disbursement information is fully posted.

Management Action Plan

- No action plan needed; isolated incident.

Auditors Response

None

Computer Receipts Voids

A sample review of voided transactions issued during fiscal year 2020 (April through September) revealed 107 voids were performed by non-supervisory employees; one void was not marked "Void" in the Vanguard Public Search website; one void was missing the date/time stamp; and one void could not be located in the Vanguard Public Search website. Best practices indicate receipts should be verified for accuracy of amounts, payment type, case number, and payer before issuing to a customer. Receipts are properly voided with a reason for the void recorded to the computer system and retention of all voided copies. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. Processing of financial transactions should reflect proper segregation of duties. Inconsistent management oversight, lack of segregation of duties, and incomplete controls over the receipting process increases the potential that funds could be misappropriated.

Recommendation

Computer Receipts Voids

Management should:

- Establish business processes or system enforced roles that prevents an employee from having the ability to both enter and void receipts.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Re-train employees to void documents related to voided transactions.

Management Action Plan

- No action necessary; voided documents show properly
- Consult with vendor to have the Voids Report adjusted to accurately show the Management Team member that executed the void
- Consult with vendor to see if the Void sheet can be updated to show more information, i.e. Document Type, Date, Time, and Reason for Void.

Auditors Response



None

Cash Counts

A cash count of the County Clerk Recording division funds on hand revealed one drawer was \$16 more than the system control total due to a credit card receipting error. **Status:** Department contacted the Treasurer's Office to request a refund of \$16, which was processed March 11, 2021.

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Any unidentified overages should be deposited to the overage/shortage account daily. Daily collections and change funds should be recounted by supervisory personnel with review evidenced by initial or signature on deposit forms. Amounts tendered and change to be provided should be counted in the presence of the payer. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. A clerical error resulted in additional staff time to research and refund customer overpayment.

Recommendation

Cash Counts

Management should:

- Establish written procedures for cash handling related to the processing of credit cards.
- Train employees on cash handling procedures and periodically observe employees adherence to the established policies.

Management Action Plan

- The cashier was made aware of this transactional mistake and counseled immediately. A refund request was sent to the Treasurer's Office for \$16 and it was refunded to the customer on the same day as the transaction.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator