

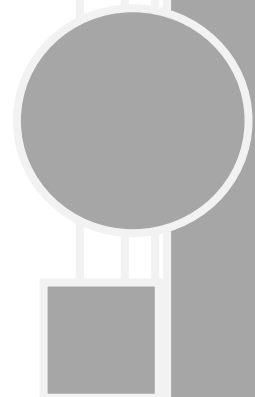


AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK TRUANCY 9-4 FY2017

Darryl D. Thomas
Dallas County Auditor
ISSUED: July 03, 2018
RELEASED: August 09, 2018



COUNTY CLERK TRUANCY 9-4 FY2017

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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 Truancy 9-4 FY2017**" 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,

A handwritten signature in blue ink that reads "Darryl D. Thomas".

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

Summary of Significant Observations

- A review of escrow activity revealed two disbursements totaling \$1,000 issued in 2017 have not been posted to Odyssey.
- Checks totaling \$1,631 were deposited in Oracle five days after receipting in Odyssey.

Repeat observations from Previous Audits:

- Assessment reductions or waivers entered by non-supervisory staff.
- Disbursements not posted to Odyssey.

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, 2016 through September 30, 2017

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

Fees/Charges/Cost

A sample review of eight reverse charges and two waivers revealed four reverse charges and two waivers were performed by non-supervisory staff. Specific controls related to internal control include adequate segregation of duties so no one user has two or more business processes that could result in a compromise of the integrity of the process or allow that person to misappropriate funds. Financial transactions should reflect proper segregation of duties of court clerks on the assessment and reduction of fees (automatic and manual) and receipting of payments. The bookkeeper should be able to add additional charges, but not modify or delete charges and formal approval should be required before adjustments are processed to Odyssey. Management granting incompatible system roles to non-supervisory staff increases the potential that funds may be misappropriated.

Recommendation

Fees/Charges/Cost

To improve internal controls for charge reversals/reductions management should:

- Limit user roles granting rights to process manual overrides, charge reductions, credits, and charge reversals. User access requirements should correspond to least rights necessary to perform core job functions.
- Establish written procedures for all of the responsibilities of Truancy Court personnel in order to strengthen the office's internal control and improve efficiency. (This is especially critical for those responsible for financial activities such as assessing charges, reducing assessments, and/or receipting payments.) These procedures and the employee's 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.

Management Action Plan

The Truancy Court Manager has established adjustments, reversals, and void processes. The Truancy Court Manager started doing this process after an audit finding and will therefore adhere to the current business process and implement segregation of duties regarding financial activities for the Truancy personnel. The Void forms and Waiver forms (adjustments) are being scanned and attached to the appropriate case in Odyssey.

Auditors Response

None

Computer Receipts

A review of all fiscal year 2017 computer receipt voids and all delays between the Odyssey computer receipt date and the Oracle deposit date revealed the original copy of one of 15 (6.7%) voided receipts was not retained and a check totaling \$1,631 was deposited in Oracle five days after receipting in Odyssey. Specific controls related to computer receipt procedures indicate that the original copy of a voided computer receipt

should be retained with a reason for the void noted. All voids should be reviewed daily by supervisory personnel at least one level above the employee that voided the payment. Employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer. All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004 and procedures recommended by the Dallas County Auditor. Inherent risks for delayed deposits may include delayed revenue recognition and non-recovery of funds due to checks or cash being lost or stolen before being deposited. Lack of written procedures for the computer receipt void process and a lack of management oversight has resulted in delayed revenue recognition and increases the potential that funds may be misappropriated.

Recommendation

Computer Receipts

Management should establish written procedures for the computer receipt and deposit process which emphasize:

- All payments should be receipted and deposited. Closeout and balancing procedures should include deposit of checks the next business day after receipt.

Management Action Plan

The Truancy Court Manager has established a process for computer receipts and closeout deposits. The Management team oversees all void transactions, not the bookkeepers. All voids are approved for the next level of Management to sign off on and convey a reason as to why the void was needed. The form consists of the defendant's name, case number, error and correction date, receipt number, type of tender, amount, reason for the transaction and the Management teams signature. The Odyssey Case Management system will prompt the Management team individual to input their distinctive user name and password to initiate the process, passwords are not shared. The voided receipt should be marked "Void", receipts should not be altered. The original receipt should be stored with the daily deposit receipts. The voided receipt and a copy of the original receipt should be affixed to the voided form and kept in a designated area for all written records of the "Void" transactions. The Void forms are being scanned and attached to the appropriate case in Odyssey.

Auditors Response

None

Escrow Activity

A review of Odyssey escrow balances and Requests for Payments (RFP) recorded to the general ledger revealed two case disbursements totaling \$1,000 are not posted in Odyssey. Specific control procedure regarding escrow fund activity indicates: that all escrow disbursements should be timely and accurately posted to Odyssey. Escrow balances must be reconciled against controls records (General Ledger). Odyssey should be updated with disbursement information including an Oracle check number/amount/date/payee, thereby reducing the escrow balance in Odyssey. A lack of written procedures and limited rights in Oracle has resulted in inaccurate case balances and could lead to duplicate payments and unrecoverable losses.

Recommendation

Posting Disbursements in Odyssey

Management should:

- Establish escrow account procedures that emphasize that all checks issued or canceled should be posted accurately and timely to Odyssey and verified/reviewed by the lead clerk or supervisor.
- Periodically reconcile Odyssey disbursements to the general ledger
- Request access to Oracle Financials AP Inquiry for authorized and designated personnel based on job responsibilities.

Management Action Plan

The Truancy Court Manager requested that the IT department install an Odyssey Test on her system and is currently working in Odyssey Test to implement an overpayment and escrow process for Truancy Court.

Auditors Response

We appreciate the Truancy Court's prompt attention to this audit finding and working with IT to implement the change. However, as of August 2, 2018, the disbursement of check # 120696660 for \$1,000 has still not been posted to Odyssey.

cc: Darryl Martin, Commissioners Court Administrator