



DALLAS COUNTY
COUNTY AUDITOR

REPORT ON INTERNAL CONTROL & COMPLIANCE

TO: Angela Igrisan
Director – Domestic Relations Office

FROM: Darryl D. Thomas *Darryl D. Thomas*
County Auditor *WLA*

SUBJECT: Review of Statutory Reporting and Compliance – Domestic Relations Office
for Fiscal Years 2013- 2015

ISSUE DATE: August 2, 2017

RELEASE DATE: September 13, 2017

SCOPE:

As part of ongoing reviews of county offices and compliance with statutory regulations, we have reviewed specific accounts and processes of the Domestic Relations Office (DRO) Child Support for the period Fiscal Years 2013-2015. We were not able to review data to evaluate collections, delinquencies, enforcement, and contract performance due to the Attorney General not granting access to state systems and/or files/reports.

PROCEDURE:

Standard review processes were applied to data from the department in order to evaluate internal controls and reporting accuracy within the department. A random sampling of total activity was selected for certain procedures, while others were reviewed in their entirety. Transactions were evaluated based on risk, dollar value of transactions, volume of transactions and noted internal control weaknesses. Review steps included, but were not limited to, the following:

- Requested DRO complete Internal Control Questionnaire (ICQ)
- Performed surprise cash count
- Reviewed flowcharts of departmental processes
- Reviewed cash receipts, voided receipts, and altered receipts
- Reviewed bank reconciliation for accounts assigned to DRO
- Requested independent confirmation of child payments received/submitted
- Reviewed disbursements
- Reviewed undelivered checks inventory
- Reviewed Holding Account disbursements
- Reviewed deposits and recordings to General Ledger (GL)
- Traced deposits to bank statements
- Reviewed time and attendance activity

FINDINGS:

Cash Management

Receipts – A sample review of manual and computer receipts procedures revealed: three checks totaling \$290 and one returned NSF check of \$3,000 (dating back to June, 2002, and being held in a safe) were held in excess of five business days. *(Status: the \$3,000 personal check was posted by their office and forwarded to the recipient in 2002 within five days of receipt. She returned it to their office when it came back NSF to her financial institution. They removed the “credit” for the payment of the \$3,000 item from their child support records and attempted to obtain certified funds for replacement from the paying party, who never responded to their attempts. At the time, the only way to ‘collect’ on such an item, should someone wish to pursue from a legal standpoint, was to retain the original NSF item as evidence. They did not feel comfortable destroying the instrument, but will now, since the child support account (with the \$3,000 removed) has now been transferred to the Attorney General’s office for enforcement).* In addition, seven receipt voids were not performed by a supervisor.

Departmental responses to the ICQ revealed: a photocopy on letterhead is used as a receipt for non-County funds received and sent to the SDU; employees, who receive money in other sections of the office do not submit a report of collections to the main cashier; a copy of the Form 98 is not copied or scanned before sending to the Treasurer's Office; the Form 98 returned from the Treasurer's Office is not matched with the deposit reports; five DRO personnel with access to the safe including non-supervisory personnel; and access to funds is not limited to the cashier and the supervisor.

Risks identified during walkthrough of department’s internal controls revealed: personal checks received onsite and by mail are not verified as to whether the customer is on the Treasurer’s NSF check list before acceptance; the cashier receipts payments, picks up, and distributes the mail ; DRO Child Support office does not utilize a bank lockbox for U.S. mail deposits; DRO Child Support office takes possession of payments ordered to be mailed directly to the Texas Child Support Disbursement Unit (TxCSDU) ; DRO Child Support office processes payments received after 3:30 p.m. in the next business day’s receipts; there is no system requirement that terminals be closed and deposited daily; the Senior Secretary posts SDU payments, prints and mails manual checks;

Risks identified during walkthrough of department’s internal controls revealed that the undetermined payee checks are held 30 days or more before receipting to holding account.

Other

Employee Separation – A review of employee separation process revealed that the office locks are not changed each time an employee separates from the DRO Child Support Office employ or department.

Departmental responses to the ICQ revealed: the combination to the safe is not changed when persons with knowledge of the combination leave the County or transfer to other departments.

RECOMMENDATIONS:

Cash Management

Receipts – Receipts should be verified for accuracy of amount before issuing to customers. All monies received should be promptly receipted and deposited consistent with State Law, Local Government Code, § 113.022. All terminals should be closed daily and funds deposited. Each section should provide the main cashier a report of funds received. Funds should be balanced to the control total prior to combining with other funds.

Cash handling duties should be properly separated or with limited staff, compensating controls developed such as dual sign-off on receipt corrections and deposit forms along with management review, testing, and validation.

A dual control process (more than one staff member to open) over opening the safe and access limited to supervisory personnel should be considered. Assigned duties for cash control should be adequately separated for both physical and systemic processing.

Department should not take possession of funds ordered to be sent directly to TxCSDU unless an official Dallas County receipt is issued for each payment received in accordance with court order 5332/000112, dated February 6, 2007.

***Management Response:** All Dallas County monies are deposited in accordance with LGC 113.022; child support funds are researched and sent to the SDU Unit daily. Staff has been re-trained on proper handling of voided receipts. We only accept payments for the SDU Unit sent to us in error, as administratively ordered by the Court. Small staff size makes it difficult to separate the safe and other duties; we continue to look for ways to improve. We are already following the balancing and deposit recommendations. We will review and consider the mechanics of issuing an official Dallas County receipt.*

Employee Termination – All office access should be changed and updated immediately when Dallas County employees are terminated or transferred to other Dallas County locations. The combination to the safe should be changed when employees with knowledge of the combination leave DRO or otherwise reassigned. Each staff person should have their own unique key pad code that is not shared for office access. Consider implementing dual control over the safe (more than one staff member required to open) in which the cash receipts are stored.

***Management Response:** We have very little turnover in our department and we obtain the office keys back from terminating employees and we actively manage staff with access to the safe and cash to the best that our equipment allows.*

SUMMARY:

This report is intended for the information and use of the department. While internal controls and financial reports were reviewed, all matters of a material weakness may not have been identified. 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.

Emphasis on outlined procedures should provide for improved departmental processes. Adherence to and follow-through with the recommendations should strengthen internal control and compliance with Dallas County policies and procedures.

cc: Darryl Martin, Commissioners Court Administrator
Honorable Mary Brown, Presiding Family District Judge