



AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK PROBATE - FY 2022

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First Assistant County Auditor

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County Clerk Probate - FY 2022

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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 - FY 2022**" 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,

Wessen Stefanos

Wessen Stefanos
First Assistant County Auditor

EXECUTIVE SUMMARY

A review of County Clerk Probate for fiscal year 2022 revealed the significant observations listed below:

Summary of Significant Observations:

- **Deposits and Odyssey Tills:** 24 Texfile tills totaling \$123,068 have not been deposited with the Treasurer's Office as of August 28, 2023.
- **Deposits and Odyssey Tills:** Credit card tills with transactions in February 2022 totaling \$2,721.20 have not been deposited with the Treasurer's Office.
- **Deposits and Odyssey Tills:** 32 credit card and Texfile tills totaling \$103,759 were deposited between 6 to 75 days after till was opened in Odyssey.
- **Deposits and Odyssey Tills:** 21 Texfile tills totaling \$131,626 were closed in Odyssey between four to 124 days after the initial open date.
- **Financial Setup:** 15 active Odyssey tills were associated to nine users who are no longer employed in the County Clerk Probate section.

Repeat Observations from Previous Audits:

- **Financial Setup:** Active Odyssey tills were associated to users who were no longer employees in the County Clerk Probate section.
- **Special Fund Disbursements:** Delays in posting Special Fund disbursements.
- **Cash Management and Computer/Manual Receipts:** Computer receipts voided and re-issued more than 30 minutes after original transaction.
- **Deposits and Odyssey Tills:** Delays in closing and depositing tills after creation date.

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, 2021 through September 30, 2022.

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

Credits - Inability to Pay

Texas Rules of Civil Procedure 502.3 states "on filing the petition, the plaintiff must pay the appropriate filing fee and service fees, if any, with the court. A plaintiff who is unable to afford to pay the fees must file a Statement of Inability to Afford Payment of Court Costs...Upon filing the statement, the clerk must docket the action, issue citation, and provide any other customary services."

Standard internal controls indicate that in Odyssey the credit for inability to pay should be used to reduce case balances, and the event for inability to pay is noted in the Events tab.

A sample review of 10 out of 861 probate cases granted credit waivers for fees revealed three probate cases totaling \$1,031 did not have an Affidavit of Inability to Pay noted on the Events tab in Odyssey.

Lack of management oversight over the updating of the Events tab when inability to pay and other credit waivers were granted resulted in inaccurate/incomplete case records and increased the potential risk that funds may be misappropriated.

Recommendation

Credits - Inability to Pay

Management should:

- Periodically review credit waivers to ensure that the transactions are processed in accordance with the state law and properly docketed in Odyssey.

Management Action Plan

- Management will remind employees to confirm an AIP (Affidavit of Inability to Pay) is on a case for the party who submits a fee related filing using a waiver account.
- Management will research the requirement for the filing of an AIP if the case is created internally by the Dallas County Probate Court Investigator's Office.
- Management will work on a way to audit the automatic and manual applications of the AIP Credit.

Auditor's Response

- None

Cash Management and Computer/ Manual Receipts

All monies received should be promptly receipted and deposited properly and timely in accordance with Local Government Code (L.G.C.), § 113.022.



Standard internal controls indicate that unidentified funds should be deposited to the overage/shortage account. Receipts should be properly voided with a reason for the void recorded to the computer system and all voided copies retained. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. Manual receipts should be issued in sequential order only during system downtime, reflecting the appropriate case number and amount paid.

A review of all out of balance cash count of County Clerk Probate deposits received at the Treasurer's Office during fiscal year 2022 revealed one deposit received November 09, 2021, was \$41,451.86 less than system control total due to the check not being payable to Dallas County.

Status: Check was removed from deposit.

During an unscheduled cash count on May 30, 2023, cash totaling \$24 from customer's change was located in an envelope in the County Clerk Probate safe.

Status: Funds were deposited September 6, 2023.

A review of all 17 computer receipts voided during fiscal year 2022 revealed:

- 10 computer receipts totaling \$1,063.50 were voided more than 30 minutes after the original transaction;
- two computer receipts were re-receipted a day after being voided;
- two cash receipts were voided and re-receipted for a lower amount totaling \$16.

A review of all five manual receipts issued during fiscal year 2022 revealed:

- one manual receipt was used out of sequence.

Inconsistent management oversight and incomplete controls over the receipting and voiding process has resulted in delayed revenue recognition, increased the potential that funds may be misappropriated, and inaccurate financial records.

Recommendation

Cash Management and Computer / Manual Receipts

Management should:

- Reinforce staff verification of payments/receipts for accuracy of amounts, payment type, case number, and payer prior to processing in Odyssey and/or issuing to a customer.
- 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.



- Periodically review manual receipt books for completeness and proper posting to Odyssey.

Management Action Plan

- When it can be controlled, 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. It should be updated to include processes of addressing unassigned cash.
- Management will determine the need for increased enforcement action when deposits are impacted by avoidable check procedures. Due to the number of people who review deposits, checks not written to Dallas County should not make it into a deposit.
- Management will review manual receipting processes and documentation with employees.

Auditor's Response

- None

Special Fund Disbursements

All special fund disbursements should be accounted for and issued to the proper payee for the correct amount in a timely manner in accordance with Local Government Code §117.121.

Standard internal controls indicate all special fund disbursements, voids, and stale dated checks should be timely and accurately posted to the Odyssey system to maintain accurate financial records.

A review of all seven Probate Special Fund 501 case fee disbursements issued during fiscal year 2022 revealed seven disbursements totaling \$1,760 were posted to Odyssey between six and 13 days after issuance.

Lack of management oversight over the reconciliation of non-integrated financial system 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:

- Develop written procedures for the disbursement process.



- 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.

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.
- Once staffing levels are stabilized, Management will train additional staff to enter check numbers.
- 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 process are not followed or an explanation has not been provided.

Auditor's Response

None

Deposits and Odyssey Tills

All monies including credit card and e-file submissions received should be promptly receipted and deposited in accordance with Local Government Code, § 113.022.

Standard internal controls indicate the Texfile inbox should be reviewed daily to accept or reject submitted filings. Texfile and credit card tills should be closed, reconciled against daily reports, and then added to the appropriate deposit daily with a separate deposit form 98 submitted to the County Treasurer.

A review of all daily tills, closeouts, and deposits during fiscal year 2022 totaling \$5,948,275.58 revealed:

- 13 daily close-outs totaling \$22,885.84 were deposited with the Treasurer's Office between four and 16 business days after being closed in Odyssey;
- credit card tills with transactions in February 2022 totaling \$2,721.20 were not deposited with the Treasurer's Office;
- 24 Texfile tills totaling \$123,068 were not deposited with the Treasurer's Office as of August 28, 2023; 23 Texfile tills were closed and reopened;
- 32 credit card and Texfile tills totaling \$103,759 were deposited between six to 75 days after till was opened in Odyssey;



- 21 Texfile tills totaling \$131,626 were closed in Odyssey between four to 124 days after the initial open date;
- four regular tills have Odyssey deposit dates before the Odyssey till open and close dates.

A sample review of 20 daily e-filing transactions during fiscal year 2022 revealed 11 Texfile submissions totaling \$1,095 were receipted three or more business days after the acceptance date.

Inconsistent management oversight and inadequate training have resulted in delayed revenue recognition and inaccurate financial records.

Recommendation

Deposits and Odyssey Tills

Management should:

- Develop procedures for Texfile responsibilities, which emphasize that Texfile revenues are to be deposited in the accounting period in which the filing is accepted.
- Periodically review the daily Texfile financial activity and ensure timely and accurate posting to Odyssey.
- Generate the Till Balance Report to ensure all tills have been closed and deposited in a timely manner.

Management Action Plan

- We will continue to work with our vendors, county partners and team to resolve the conflicts between the case management system and bank statements.
- We have requested financial training to assist new employees with resolving financial discrepancies.

Auditor's Response

- None

Financial Set-Up

Standard Internal controls 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.

A review of the Odyssey Case Management System financial setup related to tills and user access for County Clerk Probate during fiscal year 2022 revealed 15 active Odyssey tills associated to nine users who are no longer employed in the County Clerk Probate section.



Inconsistent management review of the user access list 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:

- De-activate all assigned cashier stations and tills when users are no longer employed in the Probate 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 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.
- Management can work on a plan to audit tills after deactivation requests are submitted and follow up if the action does not occur when the Service Desk ticket is closed.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator