

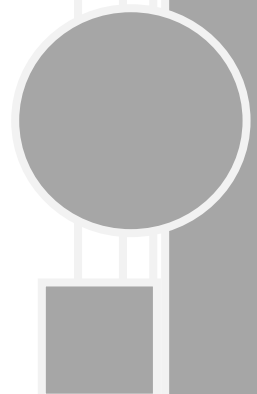


# AUDIT REPORT

DALLAS COUNTY  
DRO Child Support - FY2021

Darryl D. Thomas  
Dallas County Auditor

ISSUED: 10/31/2022  
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# DRO Child Support - FY2021

## TABLE OF CONTENTS

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MANAGEMENT LETTER .....	3
EXECUTIVE SUMMARY.....	4
INTRODUCTION .....	5
DETAILS .....	6

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**

Ms. Angela Igrisan  
Domestic Relations Manager  
Dallas, Texas

Attached is the County Auditor's final report entitled "DRO Child Support - FY2021" 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 DRO Child Support for fiscal year 2021 revealed significant observations listed below:

Summary of Significant observations:

- Department used obsolete individual manual receipts no longer used by the County.
- Manual receipts were used out of sequence.
- As of March 14, 2022, a total of \$102,818 of the court ordered annual fee of \$36 was due to Dallas County.

Repeat Observations from Previous Audit:

- 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 receives and distributes mail and receipt payments received thru the mail.
- Undetermined payee checks are held for 30 days or more before receipting to the holding account.

**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, 2020 through September 30, 2021.

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

### **CWR Financial System**

A review of the system set-up in County Wide Receipting (CWR) revealed two employees have cashier and supervisory rights and one user no longer employed by Dallas County had an active cashier role in CWR. **Status:** On July 7, 2022, DRO Child Support notified Internal Audit that the former employee was removed on June 30, 2022.

Best practices for internal control include adequate segregation of duties between personnel authorized to receipt payments, void payments and prepare deposit, so that no one user performs two or more business process that could result in a compromise of the integrity of the process. Access to the receipting system should be disabled promptly for terminated employees. Lack of management oversight has resulted in an inadequate segregation of duties for employees who were granted CWR system roles which allowed them to concurrently perform cashiering and supervisory duties. This control weakness combined with the active CWR system role assigned to a terminated employee increases the potential that funds may be misappropriated.

#### **Recommendation**

CWR Financial System

Management should:

- Request user access for ex-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.
- Review assigned DRO Child Support system rights and roles to ensure users have only the rights necessary to perform their core job functions.

#### **Management Action Plan**

Agree with recommendations. Auditor's Office form on departmental website no longer has "CLASS" (CWR) as an option to mark on Notice of Separation. The previous version had this option to mark, and the IT department still has this form on their intranet list of forms. We had instructed the Senior Secretary to always utilize the department's form page when completing documents, as that is the most up-to-date form could be found. As there was no box at the time of termination of the employee who was still showing active in CWR, she did not think to add this in the "Other" section. In addition, we were not able to find the CLASS Security Change Request Form on the Auditor's site, if we are supposed to be using this to "delete" users. As the terminated employee had no access to the Dallas County network, there was no risk associated with this finding. We've updated this process.

As we are limited in our staff, and backup for absence coverage is necessary, there may be overlapping roles in CWR. We will work with the Auditor to determine which roles (inquiry, cashier,



supervisor, banking) are necessary to perform primary and backup functions, as well as look at segregation of duties to improve integrity of our process.

### **Auditors Response**

None

### **Manual Receipts**

A review of 120 manual receipts and related procedures revealed individual manual receipts no longer used by the County were used by the department; manual receipts were used out of sequential order; dates were not noted on manual receipts; 39 manual receipts numbers were not noted in the comment field in CWR; and an inability to physically locate one manual receipt which was recorded in CWR. **Status:** After being notified by Internal Audit, management voided the remaining individual manual receipts and will begin using the current Dallas County manual receipt books.

Internal control procedures indicate that all manual receipts should be accounted for and properly used, include supervisory review, kept in numeric order and issued only when the system is down. Once the system is restored, the payments are posted to the system, deposited daily and timely in accordance with Local Government Code, §113.022. All copies of the manual receipt should be retained. Manual receipt numbers should be recorded in the comment field in CWR. Inconsistent management oversight and employee training related to the manual receipt process has resulted in inaccurate financial records and increased the potential risk of funds being misappropriated.

### **Recommendation**

Manual Receipts

Management should:

- Train staff on the manual receipt procedures.
- Periodically review manual receipt books for completeness and proper posting to CWR.
- Use official Dallas County manual receipt books.

### **Management Action Plan**

Agree with recommendations. At some point in the past, triplicate manual receipt books were "out" or not available and we were provided the "Dallas County Receipt" printed individual receipts instead. As of this date, they are out again with no supply to provide departments. We have old books that we have begun re-using during times when the system is down, and will endeavor to utilize in sequential order and have reminded staff of appropriate documentation/processes for these items.

### **Auditors Response**

None



## Edoc Annual Fee Billing

The Dallas County Child Support Office is responsible for receiving child support payments as ordered by the Family and Juvenile Courts. The Child Support Office records, monitors, and disburses these payments in the most timely manner possible to help maintain the standard of living for recipient children.

A review of the billing and collection of the court ordered annual fee of \$36.00 due to the Dallas County Child Support Office for the past 19 years during fiscal year 2021 revealed the Child Support Office does not monitor past due accounts; as of March 14, 2022, a total of \$102,818 was owed to Dallas County; and the only attempt made to collect money owed to the department was to send annual collection letters.

Inquiry of department personnel and requests for reports from the EDOC system revealed department has limited knowledge on how to navigate and generate reports in the EDOC system

In accordance with Commissioner Court Order NO. 2000-039, *Memorandum of Understanding Phase 2: Projects and Accounts Responsibilities*, user departments are responsible for collecting overdue invoices. In accordance with Family Code, § 203.005 (a)(11)(c), The director of a domestic relations office shall attempt to collect all fees in an efficient manner. Systems limitations, combined with inconsistent training, and management oversight related to the monitoring of past due accounts has resulted in an increased potential risk of revenue loss for Dallas County.

### **Recommendation**

Edoc Annual Fee Billing

Management should:

- Contact EDOC company for training and inquire as to how to generate reports in the system.
- Obtain procedures and a training manual from EDOC company on how to operate system.
- Implement procedures for collection of outstanding accounts.

### **Management Action Plan**

Agree with recommendations. Manager will initiate improved efforts toward collecting fees owed Dallas County.

### **Auditors Response**

None

## Computer Receipt Voids

A review of all 26 computer receipts voided during fiscal year 2021 revealed 11 computer receipts were receipted and voided by same user, seven computer receipts were voided between 42 minutes and two days after the issuance of the original receipt, and three voided receipts were re-issued between one hour and one day after the original receipt.





Internal controls procedures related to voids and proper cash handling indicate that receipts should be verified for accuracy, including the amount, tender type, and payer name fields before issuing to a customer. Processing of financial transactions should reflect proper segregation of duties between personnel authorized to receipt payments and personnel authorized to adjust or void payments so that no one user performs two or more business processes that could result in compromise of the integrity of the process. Inconsistent management oversight related to the void process and incomplete controls over the receipting process resulted in inaccurate financial records and may increase the potential risk that funds may be misappropriate.

**Recommendation**

Computer Receipt Voids

Management should:

- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.
- Review voided computer receipts to verify appropriateness.

**Management Action Plan**

Agree with recommendations. Manager was responsible for the 11/26 items due to limited staff in office during the pandemic, creating a need for staff to take on multiple roles. This is no longer the case. However, re-training on proper payment processing will be prioritized and monitored going forward. In an effort to minimize the delay of a "mistake" on our customers, voids were performed after customers were provided a correct receipt and were gone. This practice is being reviewed based on these recommendations, as well as training staff to minimize voids.

**Auditors Response**

None

**Cash Management**

A sample review of 25 (9.84%) out of 254 mail payments to computer receipts recorded during fiscal year 2021 revealed seven payments were recorded to CWR between one and 12 business days after the entry date on the mail log.

Inquiry of DRO Child Support management and a review of the mail log for fiscal year 2021 revealed the department received 393 checks made payable to the Texas Child Support Disbursement Unit (TXCSDU) totaling \$342,944.17. These payments were erroneously sent to their office by the payor and were only logged on the mail log.

Risks identified during the 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; cashier receives and distributes mail, and receipt payments received thru



the mail. Additionally, access to the safe containing the daily receipts is not under dual control and undetermined payee checks are held for 30 days or more before receipting to the holding account.

Proper internal controls related to cash management should include; adequate segregation of duties so no one user has two or more business processes that could result in compromise of the integrity of the process or allow a person to conceal or commit fraud; verification of personal checks against the Treasurer's NSF check list prior to receipting; and limiting safe access to to supervisory personnel under dual control (more than one person required to open safe). All monies received should be promptly receipted and deposited in accordance with Local Government Code, § 113.022. Per Dallas County Code Sec 74-691, official receipts shall be written or generated immediately for all collections made in the official capacity of the various offices of the County. Inconsistent management oversight, lack of segregation of duties, and lack of procedures has increased the potential revenue loss to Dallas County due to misappropriated or uncollectible funds.

**Recommendation**

Cash Management

Management should update or implement new procedures to include:

- Segregation of duties for mail processing.
- Checks received thru the mail be promptly receipted.
- Limiting access to the safe to supervisory personnel under dual control.
- Verification of personal checks against the Treasurer's NSF check list prior to acceptance.
- DRO Child Support Office 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. Consider using the CWR receipting system functionality to process "non-receipt" amounts, which would allow the department to provide an official Dallas County receipt for payments made directly to SDU that are not retained by the county.

**Management Action Plan**

Agree with recommendations. Separations of duties fell apart during COVID-19 and some functions did not re-set on return to office. We have separated what we can, again. Staff will be trained on reviewing Treasurer's Report for Dallas County items. Payments meeting the requirements of Court Order are receipted properly. We will find out more about the "non-receipt" CWR function for the other SDU items.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator