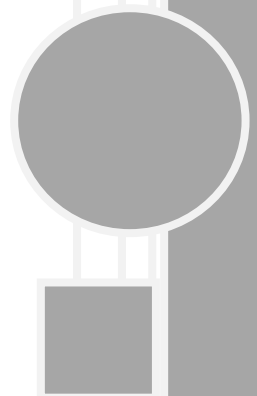




AUDIT REPORT

DALLAS COUNTY
Law Library - FY2021

Darryl D. Thomas
Dallas County Auditor
ISSUED: 9/1/2022
RELEASED: OCTOBER 7, 2022



Law Library - FY2021

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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

Ms. Karen Dibble
Law Book Coordinator
Dallas, Texas

Attached is the County Auditor's final report entitled "Law Library - 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 Law Library for fiscal year 2021 revealed the significant observations listed below:

Summary of Significant Observations:

1. None Identified

Repeat observations from Previous Audits:

1. Computer receipt transactions were voided more than 20 minutes after original transaction.
2. Employees enter their initials in the "Payer" section of the CWR receipts instead of customer information.

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

Copy Cards

A sample review of 139 copy cards issued for fiscal year 2021 revealed one copy card was sold out of sequence. Specific procedures related to the issuance of copy cards indicate that new copy cards should be issued to customers in numerical sequence and the supervisor should account for all used and unused copy cards at least annually and review copy card activity for proper tracking and issuance. Incomplete management oversight related to the issuance of copy cards may result in revenue loss for Dallas County due to cards being lost, stolen or misplaced.

Recommendation

Copy Cards

Management should:

1. Establish and implement written procedures related to the issuance of copy cards.
2. Ensure copy cards are issued in sequential order.

Management Action Plan

- Law Library copy card procedures were shared with assigned auditor on July 1, 2022
- The findings resulted in 99% accuracy which is a great achievement, but management will strive to improve this function by conducting reviews to determine compliance.

Auditors Response

- None

Property Inventory

A review of capital assets revealed two capital assets with purchased price totaling \$32,267.60 is listed in Oracle Fixed Assets but was not physically located at Law Library. **Status:** A request to delete from inventory has been sign by County Auditor and Law Library Director and will be submitted to Commissioner's Court.

Dallas County Code Sec. 90.373 - All department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required. It is the sole responsibility of the elected official/department head to which property is assigned to maintain a proper accounting of all property through proper inventory records. No inventory review has resulted in inaccurate property inventory records and increases the potential for loss or misuse of property inventory.



Recommendation

Property Inventory
Management should:

Perform an annual inventory review and report any discrepancies to the Financial Audit.

Contact the Financial Audit section of the County Auditor's Office to request Oracle Fixed Asset Module list be updated to reflect current property.

Adhere to Dallas County codes related to property inventory.

Management Action Plan

- Under the guidance of the auditor, necessary steps were taken to remove the assets from the library's inventory in order to meet compliance measures (Article III - Personal Property, Division 4., Sec 90-471). Library Management submitted the proper documents to the Budget Office, but it was submitted again by Audit Staff on 8/17/2022. It will be added to the agenda on October 4, 2022.

Auditors Response

- None

Cash Counts: Non-Cash Items and Un-receipted Money

A review of the department's safe on June 16, 2022 revealed two library cards with a total balance of \$14.05 and two envelopes with change totaling \$1.60 were found inside the safe. **Status:** Per management, cards were used to test copy machines after an error/issue with the machine. The department now uses a key to test copy machines. The department deposited \$1.60 on June 16, 2022 on receipt number 1765288.

All monies received should be promptly receipted and deposited consistent with Local Government Code, §113.022. Lack of management oversight have resulted in a delay in revenue recognition and may increase the potential risk that cards may be lost, stolen or misplaced.

Recommendation

Cash Counts: Non-Cash Items and Un-receipted Money
Management should:



- Deposit any overages at the end of each day.
- Dispose of old copy cards.

Management Action Plan

- Under the guidance of the auditor, library management has taken necessary steps to address these issues in order to meet compliance measures.

Auditors Response

- None

Computer Receipt Voids & Financial Set-Up

A review of the CWR financial set-up during fiscal year 2021 revealed one employee was assigned access to the Frank Crowley terminal.

A review of internal control walkthrough, inquiry with Law Library employees, and a sample review of voided computer receipts during fiscal year 2021 revealed 10 computer receipts were voided by the same person who issued original receipt; 15 computer receipts were performed by non-supervisory employees; 12 computer receipt transactions were voided more than 20 minutes after original transaction; five voided receipts totaling \$67.50 were not re-issued including four voided cash receipts totaling \$63.50 and one voided credit card receipt totaling \$4.00; employees enter their initials in the "Payer" section of the CWR receipts instead of customer information; and two computer receipt voids did not note sufficient explanation for voiding the transaction.

Proper internal controls include 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. The County-Wide Receipting (CWR) Administration manual as June 29, 2010 defines the appropriate assignment of Inquiry, Cashier and Supervisor user role. Voids should be performed by supervisory personnel, receipts should be properly voided and an adequate explanation for the void should be recorded to the computer system. Lack of segregation of duties and clerical errors may result in the potential for funds to be misappropriated.

Recommendation

Computer Receipts & Financial Set-Up
Management should:

- Establish business processes or system enforced roles that prevent an employee from having the ability to both enter and void a receipt.
- Develop procedures and documentation incorporating controls such as the processing of voids and receipt corrections within 20 minutes.



- Customer information should be reflected in the "Payer" section of the CWR receipts
- Enter valid and reasonable explanations for voiding and/or adjusting transactions.

Management Action Plan

- Frank Crowley Law Library branch was closed in 2011 and the cash register was removed from that location. This took place before current staff worked for the county and is the first time Audit has flagged the violation. Management submitted Class Security Matrix on 8/18/2022 and employee was removed.
- Library Management amended library policies and voids can be performed only the Director, Assistant Director, or Librarian. Class Security Matrix was submitted and amended access to supervisory positions only, completed 6/24/2022.
- Unfortunately, the lapse in time cannot be controlled as tightly as 20 minutes. The only items being returned are packets of blank documents. Library staff accepts returns on the same day after verifying the packets are in original, re-sellable condition. For the entirety of FY21, there were only 12 returns with an average of 3.75-hour time difference between original and void receipts.
- This issue has been discussed extensively with Audit. Both library and legal privacy issues control customer information. Please contact the Law Library Director for further response.
- Not all transactions require re-issues. If the customer does not want to proceed with a purchase, then only a void/cancellation will be processed and approved by supervisors.
- Receipt Number 1577729 in the amount of \$4.00 was reported to the Treasurer's Office on March 17, 2021 and voided because the customer changed his mind. Documentation was provided to assigned auditor.
- Library Management has issued new standardized explanations for staff to use that are currently in effect.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator