



AUDIT REPORT

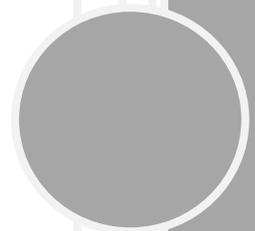
DALLAS COUNTY

Department of Unincorporated Area Services - FY2021

Darryl D. Thomas
Dallas County Auditor

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Department of Unincorporated Area Services - 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

Mr. Luis Tamayo
Director of Planning and Development
Dallas, Texas

Attached is the County Auditor's final report entitled "Department of Unincorporated Area Services - 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

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County Auditor

EXECUTIVE SUMMARY

A review of Department of Unincorporated Services for fiscal year 2021 revealed the significant observations listed below:

Summary of Significant Observations:

- None Identified

Repeat observations from Previous Audits:

- None Identified

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

Fee Compliance

A review of all Unincorporated Area Services fees during fiscal year 2021 revealed three cases totaling \$1,040.80 were not assessed fees in accordance with the fee schedule. Fees should be assessed and collected in compliance with applicable state laws, including Local Government Code, and Commissioners' court orders. All monies received should be promptly receipted and deposited consistent with Local Government Code, Sec.113.022. Lack of consistent supervisory review, and clerical errors has resulted in inaccurate/incomplete financial records and potential loss of revenue.

Recommendation

Fee Compliance

Management should:

- Develop and implement written procedures for service fees.
- Ensure service fees are properly assessed and collected according to state laws and Commissioners' court orders.
- Ensure Proper staff training for accurate fee assessments.
- Ensure Supervisory review of amounts assessed daily.

Management Action Plan

- The Planning Department has provided CLASS access and training for the Unincorporated Services Area manager staff person. We expect to do the same for the Planning and Development Platting manager to serve as supervisor as this position is filled. In the meantime, the Assistant Director is providing review of amounts assessed. We understand the need for supervisory review and this is heightened as the payment processing system changes as the County implements its new online payment processing system. We will be documenting this transition as we receive training in this new system. Finally, Planning and Development is at the final testing stages of our implementation of a new permitting system. As a part of the new permitting system, all fees will be automatically calculated according to approved court orders and state regulations. These fees will be available online via the permitting portal we well as documented internally. The permitting system will work in conjunction with the County's new payment system so that there is no staff intervention in assessing fees.

Auditors Response

- None



Computer Void Receipts

A review of all computer void receipts during fiscal year 2021 revealed two new receipts issued two or more days after void and two receipt voids totaling \$225 were not completed by a supervisor. Internal control procedures related to voids and proper cash handling indicate that receipts should be voided with a reason for the void recorded to the computer system and retention of all voided copies; receipts should be verified for accuracy, including the amount, tender type and payer name fields before issuing to a customer; and system roles should enforce a segregation of duties such that employees cannot issue and void receipts. Compensating controls should be implemented for voids performed by non-supervisory employees. Inconsistent management oversight, improper controls related to receipt voids, and incompatible user system roles have resulted in inadequate segregation of duties that increase the potential that funds may be misappropriated.

Recommendation

Computer Void Receipts

Management should:

- Develop computer void process that includes file maintenance of voided receipts
- Develop procedures for computer receipting that includes ensuring voids are processed the same day
- Modify system rights to limit receipt void capabilities to supervisory employees

Management Action Plan

- Planning and Development's new permitting system will handle voided permits by fully documenting the process. Any void will be processed immediately. Intake staff will not be able to void a permit – this will be available only to a supervisory staff member.

Auditors Response

- None

ICQ Review

A review of Unincorporated Area Services Internal Control Questionnaire responses during fiscal year 2021 review revealed one person is responsible for all funds received in the office; user access does not prevent cashier from voiding computer receipts; and duties for fee assessment, receipting, and deposit preparation are not adequately segregated.

A review of the Internal Control Walkthrough and financial setup for user access & roles/rights revealed a lack of segregation of duties and management oversight for each task as the Administrative Assistant for the Fire Marshall does the UAS fee assessments, receipts all payments, reconciles and prepares the deposit, and processes computer voids. The accounting systems related to user access &



roles/rights from the audit queries revealed three active terminals associated with UAS are being used by Fire Marshall staff who receipts on their behalf.

Dallas County code Sec. 74-691 and 693 official receipts shall be written or generated immediately for all collections made in the official capacity of the various office of the county. Deposits are to be made intact with the County treasurer using prescribed forms in accordance with the schedule as provided by state statues or other schedules that may be promulgated for the various offices. Standard controls procedures require that tills should be closed daily; only one default user should be associated to a cashier drawer for accountability; cashier drawers should not be established as an "Unassigned" or shared by multiple cashiers; voids in CWR should have reasonable explanations noted; and supervisory personnel should periodically review exception reports and transaction logs (especially with respect to receipt deletions, lowered amounts). Reconciliations should be reviewed and signed off by management. Management should review user access lists, periodically, to assess expected/necessary levels of control access are valid.

Inconsistent supervisory review, lack of accounting procedures for proper segregation of duties, and users with incompatible system rights, roles, and duties have increased internal control risks relating to fee assessments, receipting, and deposit preparation with potential for misappropriation of revenue.

Recommendation

ICQ Review

Management Should:

- Segregate duties for receipting, deposit preparation, and fee assessments with mitigating controls due to staff size that includes hands on supervisory review and approval evidenced by signature and date sign-off.
- Provide user access requirements that correspond to least rights necessary to perform core job functions
- Limit user access lists to assess necessary levels of control-access

Management Action Plan

- Planning and Development has established a hierarchy of duties to segregate intake and receipting from deposits and fee assessment (to be automated though the permitting software). Supervisory sign-off is now required for any voids or over-rides and users are limited via access controls in software.

Auditors Response

- None

DALLAS COUNTY



COUNTY AUDITOR

cc: Darryl Martin, Commissioners Court Administrator