



AUDIT REPORT

DALLAS COUNTY

TRUANCY COURT 9-4 FY2016

Darryl D. Thomas
Dallas County Auditor

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TRUANCY COURT 9-4 FY2016

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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 "**Truancy Court 9-4 FY2016**" 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,

A handwritten signature in cursive script, reading "Darryl D. Thomas".

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

Summary of Significant Observations

- A review of escrow activity revealed two disbursements totaling \$457 issued in 2016 have not been posted to Odyssey.
- Four cash transactions were re-issued for \$146 less than the original receipt amount including two transactions that were voided 15 minutes or more after the original receipt.
- One case with fine amount assessed for \$200 more than the statutory limit.

Repeat observations from Previous Audits:

- Assessment reductions or waivers entered by non-supervisory staff .

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, 2015 through September 30, 2016.

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

Computer Receipts & Closeout/Deposit

A sample review of computer receipts including 23 voided computer receipts revealed: four voided computer receipts do not have both copies of void retained by the court; four cash transactions were re-issued for \$146 less than the original receipt amount including two transactions that were voided 15 minutes or more after the original receipt; for one of these receipts, the \$50 cash difference between the original and re-issued receipt was kept in the safe with no evidence of being returned to defendant. Overpayments should be receipted to escrow and a request for payment sent to the Auditor's Office to issue a refund. Also, one void with no explanation noted. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. There appears to be a lack of supervisory review over voids. This may result in a misappropriation of funds.

A sample review of six payment adjustments/reversals revealed: four adjustments/reverse adjustments were not entered by the Supervisor or Manager; two reverse payments/adjustments were not properly performed; two reversals/adjustments not valid; and one reverse adjustment does not have a comment indicated on Odyssey. Adjustments should be entered by supervisory staff. There appears to be a lack of training on performing adjustments/reversals. This may result in delayed revenue recognition.

Recommendation

Computer Receipts & Closeout/Deposit

- Computer receipts void explanations should be entered into the comment field in Odyssey when voiding or reversing payments. No user should void a receipt they issued. Voids should require supervisory approval, with voided receipts reviewed and initialed by a supervisor at the next level up. All copies of voided receipts should be retained (the latter of Records Retention requirements or audit completion date).
- Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer.
- Odyssey adjustment roles/rights should be limited to the supervisor and/or manager.
- All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions.

Management Action Plan

The Truancy Court Manager started doing this process after the finding and will therefore adhere to the business process for de-activating till access.

Auditors Response

None

Fine/Court Costs/Fee Assessments

A sample review of manual overrides, initial filing fees/other county charges, reversed charges, charge reductions, reverse charge reductions, and credits revealed: five cases with partial payment inaccurately prorated including four payments applied to fine amounts prior to satisfying all court cost due. Court costs, fines and fees should be prorated in compliance with applicable state laws. This appears to be caused by a lack of supervisory oversight. As a result, there is a potential revenue loss for Dallas County and the State of Texas.

One case with fine amount assessed for \$200 more than the statutory limit. According to the Education Code, the fine for first time offenders is not to exceed \$100. As a result this may cause additional staff time to research and refund overpayment. Four charge reductions/waivers were not performed by a Supervisor or Manager. There did not appear to be any supervisory oversight of these transactions.

Recommendation

Fine/Court Costs/Fee Assessments

- Court costs, fees, and fines should be properly assessed/collected and timely deposited on all cases based on state laws, Commissioner Court orders, offense dates, offense types, etc.
- Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to adjustments, credits, and manual overrides) to ensure that explanation for the change is documented and reasonable.
- Partial payments should be systemically prorated to each state and local court costs / fee before recording amounts to fine or only one court cost. Manually prorating payments should be limited.
- Charge reductions and assessment reversals should be limited to correction of errors and fine reductions.
- User roles grant rights to process manual overrides, charge reductions, credits, and charge reversals should be limited. User access requirements should correspond to least rights necessary to perform core job functions.
- All financial adjustments/corrections should include a complete and valid explanation in the comment field.

Management Action Plan

Clerks do not have rights to waive charges or reversals. They may only document the Judge's decision that he writes on the judgment, file or the Waiver of Payment of Fines and Costs for Indigent Defendants. The clerks can only manually enter the appropriate fee codes, Odyssey generates the fee amount. After a finding the management team views and requires the Supervisory staff to view the Transaction Listing Report (TLR) for credit, disbursements, reversals and adjustments once a week to address any oversights and clerical errors.

Auditors Response

None

Credit Card Transactions

A review of credit card transactions and settled credit card deposits revealed: two of five (40%) credit card payments are missing the transaction ID number in comment field when posted to Odyssey. Posting the transaction ID numbers is necessary to ensure complete financial records and an accurate audit trail. This appears to be caused by clerical error resulting in incomplete financial records.

Recommendation

Credit Card Transactions

- Supervisors should review credit card postings to ensure credit card transaction ID numbers are entered into the receipt comment field in Odyssey.

Management Action Plan

The Supervisor and management team will review postings to ensure the information is accurate.

Auditors Response

None

Escrow Activity

A review of escrow activity revealed two disbursements totaling \$457 issued in 2016 have not been posted to Odyssey. All escrow disbursements should be accurately posted to Odyssey. This appears to be due to a lack of training and management oversight. This may result in undetected posting errors or incomplete postings resulting in a potential for overpayments and unrecoverable losses.

Recommendation

Escrow Activity

Escrow account procedures should include:

- Access to Oracle Financials AP Inquiry should be requested for authorized and designated personnel based on job responsibilities.
- Periodic reconciliations of Odyssey to the GL verified/reviewed by the lead clerk or supervisor.

Management Action Plan

The Management team will revise the policy and procedures manual for the Escrow Activity.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator