



AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK CIVIL AND CENTRAL RECORDS - FY 2022

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First Assistant County Auditor

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County Clerk Civil and Central Records - 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 Civil and Central Records - FY 2022**" 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,

Wessen B. Stefanos

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First Assistant County Auditor

EXECUTIVE SUMMARY

A review of the County Clerk Civil and Central Records Division for fiscal year 2022 revealed the following significant observations listed below:

Summary of Significant Observations

- **Deposits:** Six Texfile tills totaling \$30,158 were not deposited with the Treasurer's Office as of June 2023.
- **Deposits:** Seven Texfile tills totaling \$22,684 were deposited four to 223 days after creation of the tills.

Repeat Observations from Previous Audits:

- **Special Fund Disbursements:** Delays in posting special fund disbursements.
- **Mail Log:** Checks receipted in Odyssey two or more business days after the entry dates on the mail log.
- **Computer Voids:** Computer receipts voided more than 30 minutes after initial system entry.
- **Deposits:** Delays in depositing funds.
- **Financial Set-up:** Tills not deactivated for employee no longer employed by department.

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

Computer Voids

All monies received should be promptly receipted and deposited consistently in accordance with Local Government Code § 113.022.

Standard internal control procedures related to the receipting process require that all voids be reviewed daily by supervisory personnel at least one level above the employee that voided the payment.

A review of all 19 County Clerk Civil and Central Records voided computer receipts processed during fiscal year 2022 revealed:

- Two Central Records computer receipts totaling \$107 were voided 30 minutes to 23 hours after issuance of the original receipts.
- 10 Civil computer receipts totaling \$1,471 were voided 30 minutes to 23 hours after issuance of the original receipts.

Incomplete controls over receipt voiding procedures have resulted in inaccurate financial records and increased the potential that funds could be misappropriated.

Recommendation

Computer Voids

Management should:

- 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 voids for accuracy and staff compliance with established policies and procedures.

Management Action Plan

- When it can be controlled, management will review and adjust business process to comply with voids being completed within 30 minutes of being posted when practical.
- Management will put greater effort into cross-training other supervisors on financial functions so the current supervisor has support and processes are not delayed during 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.

Auditors Response

- None

Deposits

All monies received should be promptly receipted and deposited consistently in accordance with Local Government Code § 113.022.

Standard internal control procedures require all tills be reconciled daily and included in an Odyssey deposit through the Odyssey Deposit Management functionality.

A review of all daily tills, closeouts, and deposits processed for County Clerk Civil and Central Records during fiscal year 2022 revealed:

- Six Texfile tills totaling \$30,158 were not deposited with the Treasurer's Office as of June 2023.
- Seven Texfile tills totaling \$22,684 were deposited between four to 223 days after the creation of the tills.
- One Central Record deposit exceeded five business days between the computer receipt date and the deposit date.

Inconsistent management oversight and incomplete controls over the depositing process have resulted in delayed revenue recognition.

Recommendation

Deposits

Management should:

- Complete deposits for six Texfile tills totaling \$30,158.
- Develop closeout and balancing procedures emphasizing that funds are deposited the next business day after receipt.
- Require managerial review to ensure tills are closed and deposited daily.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.



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 are working on a plan to identify financial training resources outside of the County or department.

Auditors Response

- None

Mail Log

All monies received, including mail payments, be promptly receipted and deposited consistent with Local Government Code, § 113.022.

Standard internal control procedures require the mail log accurately reflect the details of the payments received in Odyssey.

A sample review of 10 out of 47 items listed on the mail log maintained during fiscal year 2022 revealed:

- Two checks totaling \$41.00 were receipted in Odyssey between four and six business days after the entry date on the mail log.

Inconsistent supervisory review of the mail log has resulted in delayed revenue recognition and increased the risk that funds could be lost or misappropriated.

Recommendation

Mail Log

Management should:

- Periodically compare payment details recorded on the mail log to receipts in Odyssey for accuracy, appropriateness, and timeliness.

Management Action Plan

- 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 these findings appearing in previous audits, management will consider formalizing actions to correct performance when financial business processes are not followed, or an explanation has not been provided.

Auditors Response

- None

Special Fund Disbursements

Standard internal control procedures require all special fund disbursements be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information.

Additionally, 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 three Special Fund 501 disbursements issued during fiscal year 2022 revealed:

- Three special fund disbursements totaling \$305 were posted to Odyssey between four and 16 days after the date of issuance.

Lack of management oversight over the reconciliation of non-integrated financial systems has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued.

Recommendation

Special Fund Disbursements

Management should:

- 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.
- Develop written procedures for the disbursement process.

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.



- 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 in previous audits, management will consider formalizing actions to correct performance when financial business processes are not followed, or an explanation has not been provided.

Auditors Response

- None

Financial Set Up

Standard internal control procedures require all set-up related to financial systems be end-dated or disabled once codes are no longer used to limit potential posting errors.

A review of the financial set-up related to Odyssey tills and user access for County Clerk Civil and Central Records during fiscal year 2022 revealed:

- One active Odyssey Civil till was assigned to a user that transferred to another division.

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.

Recommendation

Financial Set Up

Management should:

- Mark the inactive box to terminate/deactivate Odyssey user's accounts. Request user access for ex-employees or reassigned employees be disabled with follow-up occurring to ensure user account was disabled.
- De-activate all assigned tills when users are no longer employed in the section.
- Periodically perform self-review of active accounts confirming timely deactivation for separated/transferred employees.

Management Action Plan

- At this time, there will be no action taken to remove the individual's rights and roles for the Civil Division.

Auditors Response

- None

DALLAS COUNTY



COUNTY AUDITOR

cc: Darryl Martin, Commissioners Court Administrator