

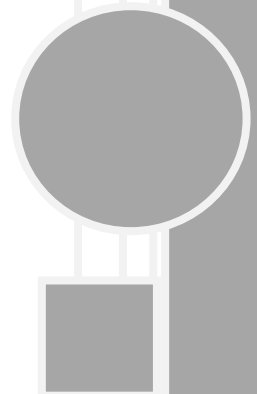


AUDIT REPORT

DALLAS COUNTY
County Clerk Probate - FY2021

Darryl D. Thomas
Dallas County Auditor

ISSUED: 12/7/2022
RELEASED: JANUARY 24, 2023



County Clerk Probate - 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

Honorable John Warren
County Clerk
Dallas, Texas

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

Summary of Significant Observations

- None identified

Repeat Observations from Previous Audits:

- Active Odyssey tills associated to users who were no longer employees in the County Clerk Probate section.
- Delay in posting Special Fund disbursements.
- Computer receipts voided and re-issued more than 30 minutes after original transaction.

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 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****Deposits and Odyssey Tills**

A review of tills, closeouts, and deposits during fiscal year 2021 revealed transactions for six days totaling \$18,822 were deposited in Odyssey two or more days after the initial Odyssey transaction date; four TexFile tills were deposited between seven and 35 days after being opened in Odyssey; six Probate TexFile tills did not have a proper close date; and 30 credit card and TexFile deposits exceeded four or more business days between the computer receipt date and the Treasurer's deposit date.

A review of E-filing transactions during fiscal year 2021 revealed nine E-file submissions were receipted three or more business days after the acceptance date.

All monies including credit card and E-file submissions received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. The eFileTexas.gov inbox should be reviewed daily to accept or reject submitted filings. E-file and credit card tills should be reconciled against daily reports, closed, and added to the appropriate deposit daily with a separate deposit form 98 submitted to the County Treasurer. Lack of management oversight, clerical errors, and inadequate training related to cash management have resulted in delays in revenue recognition and incomplete financial records.

Recommendation

Deposits and Odyssey Tills

Management should:

- Ensure timely posting of Odyssey e-file activity for accuracy.
- Generate the Till Balance Report to ensure all tills have been closed and deposited in a timely manner.

Management Action Plan

- Management will remind financial staff to include notes in the case and or provide written notification of deposit delay for auditing purposes when there are unusual situations that require us to alter business processes that delay deposits.
- Adjustment till process is a management function. Management will put greater effort into cross-train other supervisors on financial functions so the current supervisor has support and processes are not delayed 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.



- Due to these finding appearing on previous audits, management will consider formalizing actions to correct performance when financial business process is not followed, or an explanation has not been provided.

Auditors Response

- None

Computer Voided Receipts

A review of all County Clerk Probate computer receipts voided during fiscal year 2021 revealed four computer receipts totaling \$2,183.20 were voided more than 30 minutes after the original transaction and two voided computer receipts were re-issued 11 or more days after the transaction was voided. Best practices regarding the receipt process indicate that all voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. All monies received should be promptly receipted and deposited properly and timely in accordance with Local Government Code (L.G.C.), § 113.022. Incomplete controls over the receipting and voiding process resulted in delayed revenue recognition and increased the potential that funds could be misappropriated.

Recommendation

Computer Voided Receipts

Management should:

- Develop procedures and documentation incorporating controls such as dual sign-off on voids, receipt corrections, and supervisory review.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Train staff to review payments including tender types, amounts, and check details prior to processing a transaction. Staff should review the case management system to ensure payments tendered for the correct amount and associated to the correct case.
- Ensure voids are processed timely.

Management Action Plan

- Management will review and adjust our business process to comply with voids being completed within 30 minutes of being posted.
- Management will put greater effort into cross-train other supervisors on financial functions so the current supervisor has support and processes are not delayed 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

Financial Set-Up

A limited review of the Odyssey Case Management System financial setup and user access for County Clerk Probate during fiscal year 2021 revealed six active Odyssey tills associated to users who were no longer employees in the County Clerk Probate section. Best practices indicate all set-up related to financial systems should be end-dated or disabled once codes are no longer used to limit potential posting errors. 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 and increased the risk that funds may be misappropriated.

Recommendation

Financial Set-Up

Management should:

- End-date and check mark the inactive box to terminate Odyssey users' accounts.
- De-activate all assigned cashier stations and tills when users are no longer employed in the Probate section.
- Request user access for ex-employees or reassigned 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.

Management Action Plan

- Management will formally request Team Odyssey to close out tills and cashier stations each time an employee ends their employment with the Dallas County Clerk's Office.
- Management will add submitting a request specifically requesting deactivation of tills until the process is automated.

Auditors Response

- None

Special Fund Disbursements

A sample review of 20 Special Fund 501 disbursements issued during fiscal year 2021 revealed one disbursement for \$400 was posted to Odyssey after 12 days of issuance and four disbursements totaling \$298 were not posted to Odyssey. All Special Fund disbursements should be accounted for and issued to the proper payee for the correct amount in a timely manner in accordance with Local Government Code §117.121. 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. Lack of management oversight over the reconciliation of non-integrated financial system to



timely identify and resolve clerical errors has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued.

Recommendation

Special Fund Disbursements

Management should:

- Develop written procedures for the disbursement process.
- 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.

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 on previous audits, management will consider formalizing actions to correct performance when financial business process is not followed or an explanation has not been provided.

Auditors Response

- None

Verifone Credit Card Processing

A sample review of VeriFone credit cards processed during fiscal year 2021 revealed eight VeriFone credit card deposits totaling \$1,874.10 were deposited three or more business days after process date. All credit card transactions should be deposited the next business day in accordance with Local Government Codes 113.022 and 113.021. Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. Inconsistent management oversight and incomplete training of the credit card process have resulted in delayed revenue recognition.

Recommendation

Verifone Credit Card Processing

Management should:



- Establish written policies and procedures for credit card handling responsibilities.
- Generate the Odyssey Till Balance Report daily for each cashier to ensure each till has been closed timely and included in the deposit.
- Provide proper training to staff.

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 on previous audits, management will consider formalizing actions to correct performance when financial business process is not followed or an explanation has not been provided.
- We are in the process of get all the management team members access to Verifone. Once we receive the access, all the credit card tills will be deposited. All will also ensure the staff are selecting the correct tills when taking a payment.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator