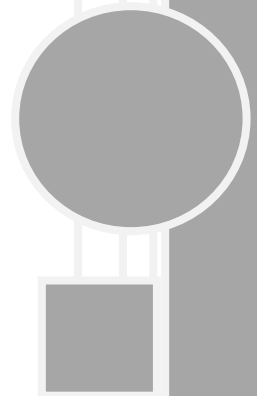




AUDIT REPORT

DALLAS COUNTY
County Clerk Recording - FY2021

Darryl D. Thomas
Dallas County Auditor
ISSUED: 7/7/2022
RELEASED: AUGUST 4, 2022



County Clerk Recording - 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 Recording - 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 Recording for fiscal year 2021 revealed the significant observations listed below:

Summary of Significant Observations

- None Identified

Repeat Observations from Previous Audits

- Delays in depositing transactions.
- Non-supervisory employees with system roles to adjust/reverse receipts

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****Computer Receipts and Deposits**

A sample review of computer receipt voids and adjustments issued during fiscal year 2021 revealed two voids were performed by non-supervisory employees and three adjustments were performed by non-supervisory employees. A comparison of computer receipt dates to deposit dates during fiscal year 2021 revealed eight deposits exceeded four or more business days after the initial transaction date.

All funds should be promptly receipted and deposited consistent with Local Government Code (LGC), § 113.022. Receipts are properly voided with a reason for the void recorded to the computer system. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. Processing of financial transactions should reflect proper segregation of duties. Adjustments to assessments should be made so that both good internal control and audit trails are maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation. Inconsistent management oversight and lack of segregation of duties over the receipting and adjustment process may result in delayed revenue recognition and increases the potential that funds could be misappropriated.

Recommendation

Computer Receipts and Deposits

Management should:

- Establish business processes or system enforced roles that prevent employees from having the ability to both enter and void receipts.
- Establish business processes or system enforced roles that prevent non-supervisory employees from having the ability to perform adjustments.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Ensure deposits are made the next business day.

Management Action Plan

- There is an open case number with our vendor to have the Voids Report updated to add "voided by".
- All adjustments were made during the early stages of the new system transition. At the time, we were not aware changing the payment method or fee adjustment was not allowed. This was addressed on the Partial Audit for Fiscal Year 2020 and has since been corrected. Staff no longer makes any corrections. No plan necessary.
- Document any delay that may occur for the deposits and email to the Auditors/Treasurer's Office.

DALLAS COUNTY



COUNTY AUDITOR

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator