



AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK REGISTRY TRUST - FY 2023

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First Assistant County Auditor/Interim County Auditor

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County Clerk Registry Trust - FY 2023

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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 Registry Trust - FY 2023**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail.

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,

Wendwessen Stefanos

Wendwessen Stefanos, CPA
First Assistant County Auditor/Interim County Auditor

EXECUTIVE SUMMARY

A review of the County Clerk Trust and Registry investments for fiscal year 2023 revealed the significant observations listed below:

Summary of Significant Observations

- **Fund 501 Errors Posting to Odyssey:** 19 duplicate disbursements were issued resulting in overpayments totaling \$25,456.
- **Fund 501 Errors Posting to Odyssey:** 34 disbursements totaling \$132,609.96 were not posted to Odyssey. This may result in duplicate payments.
- **Fund 502 Fusion to AIS Integration:** Disbursement sequence numbers for Fund 502 checks issued after May 2023 were posted to AIS twice. This results in inaccurate AIS system records.

Repeat observations from Previous Audits:

- All findings were repeated.

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, 2022 through September 30, 2023.

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

Fund 501 Odyssey Posting Errors

Criteria

Standard internal control procedures require all disbursements be accounted for, issued to the proper payee for the correct amount, and reference the relevant case information. In addition, all disbursements and cancellations should be timely and accurately posted to the Odyssey case management system.

Review

A comparison of all 1,526 Fund 501 Civil and Probate bond disbursements postings to Odyssey revealed:

- 537 disbursements totaling \$986,855.32 posted to Odyssey between six and 121 days after issuance.
- Five disbursements totaling \$2,350 were posted to Odyssey with the incorrect check number.
- Two disbursements were posted to Odyssey for \$93 more than the issuance amount.
- One disbursement was posted to Odyssey for \$154 less than the issuance amount.
- 34 disbursements totaling \$132,609.96 were not posted to Odyssey.
- 19 disbursements were issued for duplicate amounts resulting in overpayments totaling \$25,456.
 - 11 disbursements reflecting \$12,563 in overpayments have cleared the bank.
 - Seven disbursements totaling \$12,393 were cancelled.
 - One disbursement of \$500 remains negotiable.

Status: One disbursed overpayment totaling \$900 was returned to Dallas County on September 19, 2023.

Cause/Effect

Inconsistent management oversight related to the reconciliation of a non-integrated financial system and clerical errors have resulted in inaccurate financial records and overpayments.

Recommendation

Fund 501 Odyssey Posting Errors



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.
- Record all registry transactions to Odyssey and associate transactions with the correct party in a timely manner.
- Correct all posting errors and unrecorded items in Odyssey.
- Contact parties to collect overpaid funds.
- Void the duplicate disbursements that remain negotiable.

Management Action Plan

To ensure checks are properly disbursed and check information is being entered in the benchmark standard of three business day, Accounting and Trust will no longer process a check request until confirmed the previous check request numbers have been entered into Odyssey.

Auditor's Response

Fund 502 Fusion to AIS Integration

Criteria

Standard internal control procedures require that all Fund 502 disbursements should be issued, cancelled, or stale dated accurately and timely in the AIS system to maintain accurate financial balances. Additionally, information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate.

Review

A review of Fund 502 disbursements and cancellations associated with County Clerk misdemeanor cash bonds posted to the Adult Information System (AIS) revealed:

- Disbursement sequence numbers for Fund 502 checks issued after May 2023 are posted to AIS twice.
 - AIS is reflecting negative balances for bond amounts.



Status: County Clerk is working with IT services to resolve the issue.

Cause/Effect

A system integration issue between Oracle Fusion and the Adult Information System (AIS) resulted in the reporting of inaccurate financial information in AIS.

Recommendation

Fund 502 Fusion to AIS Integration

Management should:

- Periodically review case balances, disbursements, and cancellations to ensure amounts are properly posted to AIS.
- Continue to work closely with IT services to resolve the negative balances in AIS.

Management Action Plan

The County Clerk's Office has been working with IT services to resolve the interface issue between Oracle Fusion and the Adult Information System (AIS).

Auditor's Response

Fund 506 Odyssey Posting Errors

Criteria

Standard internal control procedures indicate all disbursements be accounted for, issued to the proper payee for the correct amount, and reference the relevant case information. In addition, all disbursements and cancellations should be timely and accurately posted to the Odyssey case management system.

Review

A review of all Fund 506 disbursements issued during fiscal year 2023 revealed:

- 36 disbursements totaling \$3,418,016.41 were posted to Odyssey between six and 25 days after issuance.
- Three cancelled disbursements totaling \$5,127.88 were not voided in Odyssey.
- Two disbursement numbers were incorrectly entered in Odyssey.

Cause/Effect

The lack of reconciliation of non-integrated financial systems and clerical errors have resulted in inaccurate financial case information and increased the potential for duplicate payments.

Recommendation

Fund 506 Odyssey Posting Errors



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.
- Review Odyssey case balances periodically for verification/confirmation of the actual available balance.
- Timely record all registry transactions in Odyssey and associate with the correct party.
- Correct all posting errors and unrecorded items in Odyssey.

Management Action Plan

To ensure check numbers are being entered in the service level standard of three business day, Accounting and Trust will no longer process check request until confirmed the previous check request numbers have been entered into Odyssey. Management will further coach staff moving forward to ensure voided entries are entered in Odyssey ASAP.

Auditor's Response

Outstanding Checks

Criteria

Standard internal control procedures require all trust fund voids, cancellations, and stale dated checks be timely and accurately posted to the Odyssey case management system as soon as a change in disbursement status is received by the department. Disbursements with a status of negotiable that exceeds six months should be investigated and resolved.

Review

A review of all outstanding disbursements for Fund 501, 502, and 506 as of September 30, 2023 revealed:

- 49 disbursements totaling \$915,063.83 remain outstanding over six months without investigation and/or resolution.
- Eight disbursements totaling \$4,617 were not voided in Odyssey.
- Two 501 disbursements were cancelled in Odyssey between 12 and 143 days after the stale dated court order date of March 21, 2023.



Cause/Effect

Inconsistent supervisory review of postings, incomplete integrated financial systems, and clerical errors have resulted in inaccurate disbursement information and increased the potential for duplicate payments.

Recommendation

Outstanding Checks

Management should:

- Generate a daily Odyssey Transaction Listing report for disbursements/void disbursements and compare the report to the disbursement file received from Accounts Payable and the Treasurer's stale dated check list.
- Confirm all disbursements and canceled checks have been posted in the correct amounts and to the correct cases.

Management Action Plan

Division management will be advised to follow the Audit recommendations.

Auditor's Response

Investment Interest and Postings to Odyssey

Criteria

Standard internal control procedures related to Registry and Trust investment accounts require interest amounts be updated in the Odyssey case management system with the earned interest indicated on the monthly bank statement.

Review

A review of civil and probate investment account balances for fiscal year 2023 revealed:

- Interest amounts totaling \$121,687.12 were not updated in Odyssey for 232 civil accounts and 95 probate accounts.
- Eight civil and one probate accounts totaling \$83,618.54 were not closed in Odyssey.
- Two civil accounts were triplicated on the department's investment report for a total of \$29,564.46.
- 16 probate accounts were duplicated on the department's investment report for a total of \$453,516.33.
- Department report and Odyssey balance reflect \$334.12 more than the bank confirmation balance for one probate account.



Cause/Effect

Delays in updating earned interest amounts, clerical errors, and limited reconciliation have resulted in inaccurate financial records and increased the potential for duplicate payments.

Recommendation

Investment Interest and Postings to Odyssey

Management should:

- Periodically review Odyssey investment/case balances for verification/confirmation of the actual available balance.
- Pursue an automated process where possible to limit manual or duplicate data entry.
- Update Odyssey balances with current interest amounts.

Management Action Plan

Management will follow the Audit recommendations.

Auditor's Response

cc: Darryl Martin, Commissioners Court Administrator