



AUDIT REPORT

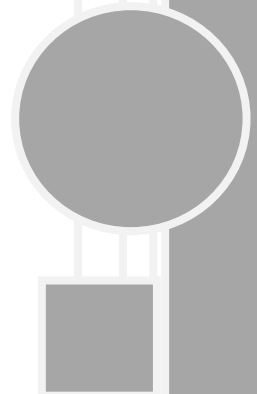
DALLAS COUNTY

SOUTHWESTERN INSTITUTE OF FORENSIC SCIENCE - FY 2023

Timothy J. Hicks, CPA
County Auditor

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Southwestern Institute of Forensic Science - 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

Dr. Jeffrey Barnard
Director of Southwestern Institute of Forensic Sciences
Dallas, Texas

Attached is the County Auditor's final report entitled "**Southwestern Institute of Forensic Science - 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,

Timothy J. Hicks

Timothy J. Hicks, CPA
County Auditor

EXECUTIVE SUMMARY

A review of the Southwestern Institute of Forensic Sciences (SWIFS) for fiscal year 2023 revealed:

Summary of Significant Observations:

- **Outstanding Receivables**

Per the Oracle Receivables Aging by General Ledger Account report, the total outstanding balance was \$2,043,218 as of September 30, 2023. This includes \$187,760 (9.19%) of receivables that were outstanding more than 90 days.

Per the manual billings list provided by the department, the total outstanding balance was \$5,315 which includes \$3,670 (69.05%) of receivables outstanding for more than 90 days.

- **Pauper's Escrow**

\$6,008 in unclaimed funds had not been transferred to the General Fund and \$220 was stolen from the department's Evidence Registrar room.

Repeat Observations from Previous Audits:

- **Outstanding Receivables:** Receivables outstanding more than 90 days.
- **Pauper's Escrow:** Unclaimed funds are not transferred to the General Fund.
- **Internal Control - Deposit Management:** Funds were not reconciled against the system receipt control total.

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 may have included interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used may have been reviewed and incorporated as part of the testing of transactions.

**DETAILS****Internal Control - Deposit Management****Criteria**

Per Local Government Code, § 113.022, a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Standard internal control procedures related to deposit management require that funds on hand are reconciled to the system receipt total daily with evidence of supervisory review.

Review

A review of the department's responses to the Internal Control Questionnaire (ICQ) dated February 20, 2024 identified the following control risks:

- Funds were not reconciled against the system receipt control total on a daily basis.

Cause/Effect

These instances occurred due to a lack of management oversight and written procedures related to safeguarding of funds.

This has increased the potential that funds could be lost, stolen, or misappropriated.

Recommendation

Internal Control - Deposit Management

Management should:

- Comply with Local Government Code § 113.022.

Reconcile funds against system control totals and turn in all funds on hand to management for safekeeping on a daily basis until the deposit is prepared and submitted.

Management Action Plan

- Because of the limited receipting currently performed by SWIFS, some cashiers may receipt only one day each week (and sometimes less).
- Our policy is for cashiers to generate a drawer balance report and balance their "drawer" any day they receipt. Any variance must immediately be reported to a supervisor or manager.



- All drawer balance reports must be turned in along with funds on hand to the designated deposit clerk during the weekly deposit process. Any variance between receipt totals and funds presented must immediately be reported to a supervisor or manager.
- Since funds are secured in a locked drawer between deposits, we do not believe it will be beneficial to remove funds from secure storage and handle more than is necessary. Moreover, we want receipting ("cashier") staff to be fully and solely accountable for funds handling in advance of the deposit to ensure clear accountability for the security of the funds.

Auditor's Response

- None

Outstanding Receivables

Criteria

Per Commissioner Court Order No. 2000-039, user departments are responsible for collecting overdue invoices.

Review

A review of Southwestern Institute of Forensic Sciences (SWIFS) accounts receivables as of September 30, 2023 revealed:

- The Oracle Receivables Aging by General Ledger Account report had a total outstanding balance of \$2,043,218 which includes \$187,760 (9.19%) of receivables that were outstanding more than 90 days.
- The manual billings list provided by the department had an outstanding balance of \$5,315 including \$3,670 (69.05%) of receivables that were outstanding more than 90 days.

Cause/Effect

This occurred due to statutory limitations associated with suspending service on delinquent accounts to collect past due receivables.

This has resulted in receivable balances that have been outstanding more than 90 days. In addition, this has increased the potential for losses to Dallas County for uncollectible amounts due on services already rendered.

Recommendation

Outstanding Receivables

Management should:



- Develop high-level corrective action plan, assignments, and periodic follow-up to address outstanding receivables.
- Seek guidance from the District Attorney's Civil Division regarding statutory authority to write-off the uncollectible receivables.
- Continue researching old outstanding items and notifying respective customers in writing of the balances due.
- Determine threshold for referring uncollectible accounts to the District Attorney Civil Division or a third-party collector.

Management Action Plan

- We accept the data generated by the Auditor's Office staff and offer updated information from Oracle Fusion. As of September 25, 2024, Oracle shows \$39,218 in receivables older than 90 days and total receivables of \$1,844,656.
- The total amount includes invoices that were delayed due to billing problems in Fusion that could not be corrected in time for routine billing.
- We plan to resume standard collection activities when the business office returns to full staffing (current staff temporarily reassigned to cover for extended leave of an accounting employee).

Auditor's Response

- None

Pauper's Escrow

Criteria

Per Texas Health and Safety Code Sec. 694.002, if any cash remains after the county has paid the costs of disposing of the body under Subsection (c), the county shall place the cash in trust. A person having a claim to the money in trust must exercise the right to collect the money not later than the first anniversary of the date of disposition of the pauper's body. (e) A county may create a fund to be used by the county to pay the costs incurred in disposing of the bodies of deceased paupers and administering the county's body disposition activities. If money placed in a trust under Subsection (d) is not claimed by the first anniversary of the date of disposition of the pauper's body, the county may transfer the money to the fund created under this subsection.

Per *SWIFS County Disposition Property Policy and Procedures*, any cash remaining after removal of county cremation expenses is to be released to the next of kin. If there is no family, then the cash is considered unclaimed. The cash is to be held in trust for one year. If no family has been identified or family has not claimed the money after one year, the remaining cash will



be transferred into the general fund coding to cover costs incurred from future county cremations.

Per Local Government Code Sec. 113.022, a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Review

A review of the Deceased Pauper's Escrow Account as of February 15, 2024 for funds removed from persons cremated under the Dallas County Indigent and Unclaimed Disposition Program revealed:

- \$6,008 in unclaimed funds deposited on December 6, 2022 have not been transferred to the General Fund.
- Indigent funds totaling \$1,351 collected after the last deposit on July 11, 2023 have not been deposited with the County Treasurer's Office.
- \$220 was stolen from a secured cabinet located in the departments Evidence Registrar room.

Status: Per inquiry with the department March 11, 2024, incident was reported to the Dallas County Marshal's Office and the case is still under investigation.

Cause/Effect

This occurred due to non-adherence to the department's written procedures as it relates to the transfer and deposit of unclaimed funds from escrow to the General Fund.

This has resulted in a delay in the utilization of funds to offset Dallas County's costs for indigent disposition. In addition, funds not deposited timely to the escrow account during the one year holding period may result in the unavailability of funds to distribute to the deceased persons family members upon request and increases the risks that funds may be lost or misappropriated.

Recommendation

Pauper's Escrow

Management should:

- Ensure funds are recognized and deposited to an escrow account in a timely manner and then transferred to the General Fund if unclaimed after one year.



- Comply with Texas Health and Safety Code Sec. 694.002 and Local Government Code Sec. 113.022.
- Ensure department policies and procedures are followed and enforced.

Management Action Plan

- For clarity, the "\$6,008 in unclaimed funds" was not deposited on December 6, 2022, but was transferred to the custody of the Purchasing Agent's representatives that day. After processing (which includes cleaning and disposal of non-negotiable currency), the actual deposit to the escrow account was made on March 20, 2023 (Deposit Warrant dated March 16, 2023) in the amount of \$6,007.50.
- For our purposes, the "deposit date" is the date all negotiable currency is submitted by the Purchasing Department to the County Treasurer for deposit, not the date an estimated amount of currency is transferred from SWIFS to the Purchasing Department for further processing and then submitted to the County Treasurer.
- Based on this, the transfer of funds from the holding account to the General Fund was not due at the time of the audit; however, there has been a subsequent delay in requesting the transfer, which is scheduled for the week of October 14, 2024.
- SWIFS and Purchasing typically schedule unclaimed funds transfers twice each year. The transfer of unclaimed funds accumulated since the last exchange on July 11, 2023 ultimately was executed in August 2024; the scheduled transfers were delayed due to building temperature issues (first during a freeze with no heat and then during late spring with no air conditioning). Unclaimed funds on hand were transferred from SWIFS to Purchasing on August 13, 2024. Later that month, \$1,251.50 was deposited to the escrow account and \$2,644.98 was deposited to the General Fund.
- The \$220 missing from the unclaimed decedent's property bag was not stolen from a secured cabinet in Evidence Registration, but was removed from the decedent's property bag while it was placed with the decedent's remains in the refrigerated cooler in the morgue.
 - This matter was referred to the County Marshal Service for investigation and was reported to the Dallas County District Attorney's Office.
 - An internal investigation by the department identified an employee believed to be responsible for the missing funds. During the investigation, the employee resigned.
- To further limit the opportunity for theft of decedents' property, SWIFS instituted new protocols for property storage pending release, and new procedures for property release. Additionally, security technology improvements have been initiated and remain in progress.

DALLAS COUNTY



COUNTY AUDITOR

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator