AUDIT REPORT

DALLAS COUNTY

FY2023 DRO CHILD SUPPORT

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FY2023 DRO Child Support

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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

Angela Igrisan
Domestic Relations Director
Dallas, Texas

Attached is the County Auditor's final report entitled "**FY2023 DRO Child Support**" 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

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EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the records and reports of DRO Child Support for fiscal year 2023.

Summary of Significant Observations:

- None identified.

Repeat Observations from Previous Audit:

NSF (Returned) Checks:

- Personal checks received onsite and by mail are not verified as to whether the customer is on the Treasurer's NSF check list before acceptance.

Computer Receipt Voids:

- Computer receipts are receipted and voided by the same user.
- Voided receipts were re-issued at least one day after the original 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, 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

Cash Management

Criteria
Standard cash management procedures include two or more authorized individuals physically accessing the safe to ensure the security of assets does not remain with a single individual.

Review
On October 4, 2023, a walkthrough was performed. The following was identified:

- Access to the safe containing the daily receipts and payments is not under dual control.

Cause/Effect
The department has not implemented dual control procedures for accessing the safe.

When one unaccompanied person handles the safe it increases the risk of loss of safe contents or misappropriation.

Recommendation
Cash Management

Management should take the following corrective actions:

- Create a written procedure for two authorized individuals to access the safe at a time.
- Ensure both parties are aware of the business need for accessing the safe and that one observes the activities of the other.
- Train employees to notice deviations from the procedure, such as an unaccompanied person accessing the safe.

Management Action Plan
The department agrees with the recommendations. Manager implemented dual sign-off of opening/closing of safe with staff and will update policy.

Auditor's Response
None

NSF (Returned) Checks

Criteria
The Domestic Relations Office (DRO) Policies and Procedures for Child Support Accounting state:

- The senior secretary is tasked with receiving the "Bad Check Monthly Report" from the Treasurer's Office and listing NSF and returned checks.
- The senior secretary utilizes Accurint, Odyssey, and TXWEB to look up the payor's driver's license, date of birth, address, and contact information to complete the Treasurer's Return Check form.

Standard cash management internal control procedures include verifying personal checks against the Treasurer's NSF check list prior to receipting payments.

Review

A walkthrough was performed on October 4, 2023. The following was identified:

- Personal checks received onsite and by mail are not verified as to whether the customer is on the Treasurer's NSF check list before receipting payment.

Two NSF checks originating from the DRO and listed on the Treasurer's NSF check list (dated 8/08/2023) were reviewed. The following was identified:

- One Treasurer's Return Check form was not fully completed by DRO for the return of a $400 check.

Cause/Effect

This occurred because the department did not consistently follow their policies and procedures. It could be difficult to recoup a replacement check.

Recommendation

NSF (Returned) Checks

Management should implement the following corrective actions:

- Compare personal checks against the Treasurer's NSF check list to prevent the receipt of NSF checks.
- Ensure the senior secretary monitors and reviews the NSF checklist monthly.
- Adhere to the DRO's Policies and Procedures for Child Support Accounting by documenting the name, address, driver's license, date of birth, and contact information of the check signer on the Treasurer's Return Check Form.

Management Action Plan

The department agrees with the recommendations. The manager has again reminded staff regarding NSF list and cooperation with information. The manager will review responses going to Treasurer for completeness.

Auditor's Response
None

Computer Receipt Voids

Criteria
According to Local Government Code (LGC) Section 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.

The Domestic Relations Office (DRO) Policies and Procedures for Child Support Accounting state:

- Only the manager and fiscal monitor are allowed to cancel or void a receipt.
- When a receipt is voided, a reason is documented as to why it was voided in system.
- The accounting clerk scans the voided receipt and places it in the electronic file for review.

Standard internal control procedures related to receipting payments include segregating the duties of recording transactions from the responsibilities of approving and voiding transactions.

Review
All 19 computer receipts voided during fiscal year 2023 were reviewed. The following were identified:

- Five computer receipts were voided by clerks with supervisory privileges in County-wide Receipt (CWR) who were not the manager or fiscal monitor.
- Four computer receipts were voided by the same person who receipted the transaction.
- One computer receipt was voided, then reissued after nine business days for the same check.
- One $250 cash computer receipt was voided. Only $225 was reposted to CWR.

Cause/Effect
This occurred because of a lack of management oversight, non-compliance to LGC 113.022, and elevated user access privileges given to the clerks.

A lack of management oversight and segregation of duties may result in inaccuracies, an incomplete audit trail, deposit delays, and present opportunities for misappropriation.

Recommendation
Computer Receipt Voids

Management should implement the following corrective actions:

- Update the Policies and Procedures for Child Support Accounting to document the approval process for voiding transactions when the fiscal monitor or manager are out of the office.
- Train staff on the department's voiding practices and to seek authorization to void from approved personnel.
- Ensure void duties are appropriately segregated and reviewed by a supervisor or manager.
- Review staff's CWR user privileges and determine whether the requisite level of access is appropriate for job duties.
- Review CWR DC6, DC7, and DC11 reports for compliance against the DRO's policies and procedures.
- Document accurate void reasons in CWR that account for actions taken by personnel and provide a complete audit trail.
- Post transactions to CWR consistent with LGC 113.022.

Management Action Plan
The department agrees with the recommendations. Manager has informed staff to obtain supervisor's approval for voids going forward and that transactions will be posted day/next day of receipt. Policies being updated.

Auditor's Response
None

Receipt Postings to CWR

Criteria
According to Local Government Code (LGC) 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.

The Domestic Relation Office Policies and procedures for Child Support Accounting by Position state:

- The senior secretary opens the mail and documents payments on the Currency Spreadsheet.
- The senior secretary gives all mailed payments to cashiers for entry.
- The cashier posts spousal payments or annual fees to the EDOC system.
- The cashier posts social study, fines, and probation fees to CWR.

Review

Twenty-five out of 1,338 payments recorded on the DRO Currency Log and subsequently posted to the state's E-DOC system or CWR were reviewed. The following was identified:

- Seven payments totaling $2,236.14 were not deposited within five business days.

Cause/Effect

This occurred because the department did not adhere to LGC 113.022 and does not have a formal policy to address the timeliness of cashiers posting payments to EDOC and CWR.

As a result, payors may not receive timely credit for payments made to their cases which could affect the parties of cases. Additionally, posting delays affect the financial recognition of revenue.

Recommendation

Receipt Postings to CWR

Management should implement the following corrective actions:

- Post payments to CWR on the same business day they are received, or if that is not possible by the next business day in compliance with LGC 113.022.
- Update the DRO Accounting Policy to provide guidance to cashiers in timely posting electronic and mailed in payments.
- Ensure back-up cashiers are available to post payments to CWR when employees are out of the office.

Management Action Plan

The department agrees with the recommendations. Transactions will be posted the day/next day of receipt.

Auditor's Response

None

cc: Darryl Martin, Commissioners Court Administrator