AUDIT REPORT

DALLAS COUNTY

UNINCORPORATED AREA SERVICES - FY2023

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

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Unincorporated Area Services - FY2023

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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

Luis Tamayo
Director of Planning and Development
Dallas, Texas

Attached is the County Auditor's final report entitled "**Unincorporated Area Services - FY2023**" 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

500 Elm Street, Suite 4200 Dallas, Texas 75202 TEL: 214-653-6472
FAX: 214-653-6440

EXECUTIVE SUMMARY

A review of Unincorporated Area Services (UAS) for fiscal year 2023 revealed the significant observations listed below:

Summary of Significant Observations:

- None Identified

Repeat observations from Previous Audits:

- The division has no segregation of duties.
    - The UAS manager receipted and deposited all funds received in the office and released permits to approved applicants.

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

Internal Control Questionnaire and Walkthrough Review

Criteria
Standard internal control procedures require that segregation of duties related to fee collection, receipting, deposit preparation, and review should be adequately maintained.

Review
A review of Unincorporated Area Services (UAS) internal control questionnaire responses and observations made during the walkthrough revealed:

- The division has no segregation of duties.
    - The UAS manager receipted and deposited all funds received in the office and released permits to approved applicants.
- Deposits were not reviewed by a second employee.

Status: During fiscal year 2023, the entire UAS staff was comprised of one manager. There was a vacant position assigned to the division. As of August 2023, UAS filled the vacant position.

- There were no written procedures for the receipt voiding process. However, no voids occurred during fiscal year 2023.

Cause/Effect
Limited staff and lack of compensating controls may increase the risk for financial losses due to errors and omissions.

Recommendation
Internal Control Questionnaire and Walkthrough Review

Management should:

- Segregate duties for fee collection, receipting, deposit preparation, and permit issuance.
- Document procedures related to voiding receipts.

- Develop controls for supervisory review over deposits.

Management Action Plan

- The Development Coordinator will be responsible for issuing permits to approved applicants, handling payments during intake, and requiring secondary approval when recording payments.
- We have incorporated a secondary sign off approval for our 98 warrants. Authorized personnel for this sign-off include the Development Coordinator, the DUAS Manager, the Director and the Assistant Director of Planning and Development.
- We have established standard operating procedures for deposits and voiding payments.

Auditor's Response

CWR Rights and Roles

Criteria
Standard internal control procedures indicate that user's rights and roles in financial systems should be end-dated or disabled once the user is no longer employed by the department.

Review
A review of assigned rights and roles in County Wide Receipting (CWR) revealed:

- Two users no longer employed with UAS had active Inquiry, Supervisor, and Cashier roles assigned in CWR.

Status: Division sent CWR security form to the service desk on December 19, 2023 to remove access for the terminated employees.

Cause/Effect
Inconsistent supervisory review and the assignment of incompatible system rights, roles, and duties have increased the internal control risks relating to receipting and deposit preparation.

Recommendation
CWR Rights and Roles

Management should:

- Remove users who are no longer employed with UAS.

Management Action Plan

The two users who were previously employed with DUAS and held active roles as Inquiry, Supervisor, and Cashier in CWR have now been removed from the system.

Auditor's Response

cc: Darryl Martin, Commissioners Court Administrator