



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable John F. Warren
County Clerk

From: Darryl D. Thomas
County Auditor

A handwritten signature in blue ink, appearing to read "Darryl D. Thomas", is written over the printed name.

Subject: Review Performed on Criminal Section for Fiscal Years 2012 thru 2013

Date: Issued September 30, 2016
Released December 15, 2016

Scope

A review was performed on the financial records and internal controls of the County Clerk's Criminal Section for fiscal years 2012 thru 2013 with a cash control procedures walkthrough completed in 2015.

Review Procedures

Standard review procedures were followed to test the internal controls against documentation to validate performance of identified processes. A sample (100% of population tested using Automated Command Language {ACL} when feasible) of the total activity was selected for certain review steps based on risk, the dollar value of transactions, the volume of transactions, and noted internal control weaknesses. Testing involved a review of the Mainframe court system (CRIN and JI66 including data extracts provided by IT Services) and the Adult Information System (AIS) as well as corresponding case jackets and On-Base.

A partial list of the review tests include:

- Performed cash control walkthrough and evaluated procedures
- Accounted for numerical sequence of manual and computer generated receipts and traced amounts recorded on the receipts to the bank deposits and a sample to Criminal Receipt system (CRIN) postings
- Performed unannounced cash counts
- Submitted Internal Control Questionnaire (ICQ) and evaluated responses
- Traced cases to judicial and criminal cash assessment records
- Examined special fund and trust fund disbursements to determine if sufficient funds were collected, proper payees paid, in compliance with supporting court orders, and if posting to the mainframe court systems had occurred.
- Reviewed assessed court costs, fines, and fees, credits, and waived amounts for compliance with applicable state laws, Attorney General and District Attorney opinions, and Commissioners Court orders
- Traced judgment NISI through to final judgment and payment or other actions
- Reviewed certified copy requests
- Reviewed credit card transactions

- Reviewed non-sufficient fund (NSF) activity
- Reviewed time and attendance records for proper posting and compliance with County policies and procedures

FINDINGS/OBSERVATIONS

Cash Management

Cash Counts – Five cash counts in the County Treasurer's office related to County Criminal deposits revealed: three cash deposits with shortages totaling \$180 and two cash deposits with overages totaling 20.10. **Status:** *Receipted payments and corresponding deposits were corrected.*

Response: *The division follows standard accounting and system controls and performs daily reconciliation and balancing of collected funds with issuance of correct receipts. Separate cash drawers are maintained and funds are balanced prior to combining with other receipted funds. Daily collections are recounted by supervisor personnel and review is evidenced by initials on the deposit forms as a standard practice.*

Receipts – Manual / Computer and Closeout/Deposits – A sample review of manual and computerized receipts revealed: voided receipts without an explanation for the void noted on the receipt; 113 (17.88%) voided computer receipts without retention of the original copy including ten receipts for checks totaling \$831.10 not replaced and 39 receipts replaced for lower amounts totaling \$198.11; one voided computer receipt not marked void; three voided computer receipts not retained and could not be reviewed for appropriateness (CRIN reflects balances paid in full on the three cases); and one voided computer receipt for a check totaling \$250 not reissued for ten days.

Response: *Business process is to have a second individual review all voided receipts and initial and notate the reason for the void and in the normal course of business for that review to be performed by the supervisor on-site. Ongoing changes to the software system will allow for automation and audit trails to automatically ensure voids have reason comments properly notated.*

A review of all deposits revealed four delays of six or more business days between the mainframe receipt date and the Deposit Management System (DMS) date.

Completion of cash control walkthrough and responses to the ICQ revealed: the duplicate manual receipt copy is not attached to the corresponding computer receipt retained in sequential order; voiding receipts in the mainframe is not restricted to supervisory personnel (cashiers including the employee that issued the original receipt are authorized to void receipts in the mainframe); all cashiers and supervisor have access to the safe which is not under dual control (only one employee is required to open with the combination); and, a mainframe system weakness - an audit trail of original receipt information is not viewable in CRIN if adjustments are processed nor does a standard report specific to adjustments processed exist.

Response: *Business process is to have the supervisor review all voided receipts and initial and notate the reason for the void. Division Management has been attending regular ACMS/Techshare meetings to ensure that a viewable audit trail will exist for processed adjustments. The safe currently in use does not include a dual control (key/combination).*

However, should the existing safe need replacement, Audit recommendation for a physical dual control mechanism would be taken into consideration.

Assessment/Distribution – A comparison of assessed court costs and fees to statutorily approved court costs and fees for misdemeanor cases (M-, MAR, MD, MDW, MPK, and MSX schedules), bond forfeiture cases (MB schedule), and miscellaneous case types (ML, MV, MND, MDT, MCL, and MNS schedules) revealed various assessment and collection errors, including, but not limited to:

- Instances of sheriff fees recorded as clerk fees.
- 10,693 cases without assessment of fee code 57 (.10¢ TCLEOSE Fee) on applicable traffic violations.
- Instances of cases without assessment of fee code 28 (\$25 Child Safety Fee) on applicable traffic violations.
- Instances of cases with assessment of fee code 93 (\$100 EMS Trauma Fund) in error on enhanced public intoxication offenses.
- 318 cases with over or under assessment of fee code 77 (Consolidated State Court Costs).
- Instances of cases with assessment of fee code 77 (Consolidated State Court Costs) on non-applicable parking or disabled parking violations.
- 283 cases without assessment of fee code 10 (\$3 Local Traffic Fee) on applicable traffic violations.
- 274 cases without assessment of fee code 92 (\$30 State Traffic Fine) on applicable traffic violations.
- 134 fine assessments for offense of child no seat belt without 50% allocation of the fine to the State.
- Instances of cases without assessment of fee code 08 (\$5.40 Judicial Salary Fee net of 10% administrative fee) on applicable traffic violations.
- Instances of cases with assessment of fee code 08 (Judicial Salary Fee) on non-applicable parking or disabled parking violations.
- 780 MND (Non-disclosure) cases with underassessment of fee code 36 (Law Library); \$15 rather than \$20.
- 784 MND (Non-disclosure) cases with over assessment of fee code 94 (Non- Disclosure Fee); \$33 rather than \$28.
- 100% of ML (Misdemeanor Occupational Driver License {ODL} cases with fee code 96 (Judicial Salary Fee) for \$40 incorrectly mapped to general ledger account for criminal cases (#23252) rather than civil cases (#23253).
- Over 40% of the bond forfeiture cases with incomplete assessment of civil court costs after final judgment due to most court costs not flagged as standard filing fees for the MB schedule in the CRFE table. In addition, fee code 98 reserved for criminal cases is incorrectly used rather than fee code 66 (\$5 Records Management and Preservation Fee) for civil cases.
- Instances of payments on CRIN exceeding assessments after bond forfeiture fine assessments removed or reduced after entry of judicial action revising original bond forfeiture final judgment.

Response: Business process is to have the Quality Assurance Specialist review all pleas completed by staff and notate mistakes made and recommend corrections that are sent to supervisory staff for final review and corrections made if necessary. Implementation of a new case management system will allow for automation of fee schedules to ensure the correct fees

are being assessed. Supervisory review of random assessments during the interim will curtail errors being made. Review of fee schedules with the auditor's and IT will ensure that the correct fees are assigned to case type. Division management will have staff re-trained on assessing fines and court costs. This process is inclusive of Bond Forfeiture assessments.

A formal request and approval / change management process is not in place for the County Clerk Criminal Section (mainframe) to approve changes to fee schedules and fee transaction as fees and fee schedules are statutorily approved by the Legislature of Commissioners Court. Access to maintain fee schedules and fee codes is not centralized nor limited to IT Services personnel.

Response: *Division management will review current practices and implement a formal request and approval/change process that will assist in updating fee schedules and fee transaction changes according to statute. Management will periodically meet with IT to ensure that all fee schedules captured on the back end are up to date statutorily and perform reviews of random cases to confirm accuracy of fees assessed. Implementation of a new case management system will assist in ensuring that requesting and approving changes to the fee schedules and fee codes are updated accurately and in timely fashion.*

Credit Cards – A sample review of credit card transactions revealed material compliance.

Response: *Management agrees with the recommendation that all credit card submissions should be receipted and deposited on a timely basis, reconciled against the credit card report and verified for accuracy. Division Management has been attending regular ACMS/Techshare meetings to ensure all payment types will be part of the receipting/depositing process in the new system.*

Disbursements / Special Fund and Trust Fund – A sample review of twenty Special Fund disbursements revealed: eight disbursements not posted to CRIN (***Status:*** *Six of the eight disbursements subsequently posted including three after reduction of previously recognized revenue*) including one duplicate disbursement for \$68; eleven disbursements posted to CRIN with the wrong check number; and, eight cases with disbursements cancelled in Oracle without posting of the cancellation to CRIN.

A review of fifty Trust Fund disbursements revealed: two disbursements not posted to AIS; one duplicate disbursement totaling \$276 not recovered from the overpaid party; and, four cash bonds with cancelled disbursements not properly recorded to AIS resulting in the available balance to incorrectly reflect negative amounts.

Response: *This was due to system limitations that does not allow for an integrated financial system and clerical errors resulting from the manual processes. Division Management has been attending regular ACMS/Techshare meetings to ensure a concerted effort is developed to replace manual input and have integration between disbursements and the new case management system. This will allow for accurate verification of available funds and timely, accurate posting to the case system.*

Division management will have staff re-trained on recording items within the Adult Information System. Supervisory review during the interim on random case entries will curtail errors being made. Implementation of a new case management system will assist in ensuring that updates made by staff are accurate in nature.

NSF Checks – A review of NSF procedures, receipts related to NSF items, and the department's NSF check list revealed: six cases with payments returned unpaid by the bank as NSF or stop payment check items were not reversed in CR mainframe system nor was a \$30 NSF fee assessed against the party on the case.

Time and Attendance – A review of time and attendance records revealed: instances of posting errors to Kronos; and, employees take 60 minutes for lunch with no breaks (lunch is recorded as 30 minutes in Kronos).

RECOMMENDATIONS

Cash Management

Cash Counts – Proper cash handling procedures should be reinforced through training emphasizing the rejection of all checks where the written legal amount and numeric amount do not match. At the end of each business day, receipts should be totaled and balanced to the funds on hand and system control totals. Each deposit should be evidenced by dual sign-off on Form 98's.

Receipts – Manual / Computer – All monies received should be promptly receipted and deposited consistent with state law, Local Government Code, § 113.022 and Code of Criminal Procedure, §103.004. The supervisor should periodically review manual receipts books and computer receipts issued for proper usage. Receipts should never be altered, but properly voided. All copies of a void receipt should be retained, clearly marked "void", affixed with a reason for the void (Supervisor or management follow-up should be conducted when a large percentage of voids are processed), and initialed by a supervisor. A dual control process over opening the safe should be considered. Assigned duties for cash control should be adequately separated for both physical and systemic processing.

Assessment/Distribution – Assessment and collection of court costs, fines, filing fees, and/or other miscellaneous fees should be monitored for compliance with applicable state laws, attorney general opinions, DA opinions, judicial orders, Commissioners court orders, and applicable fee schedules. CRFE (criminal fee) and CR98 tables should be updated as appropriate. Supervisory personnel should periodically review assessments, credits, and system edit reports for compliance, appropriateness, accuracy, and completeness including the review of large credits and reversed (deleted) assessments. Proper assessment procedures should be reinforced through training and written procedures manual. Corrections (within statutory guidelines) should be processed for assessment errors including refunds issued as appropriate.

System modifications to further automate the fee assessment process should be considered or documented for future migration to the Adult Case Management System (ACMS). In anticipation of the pending migration from the CR mainframe system, a concerted effort should be made to correct outstanding issues. County Clerk proactive involvement will improve the accuracy of migrated data and impact staff efficiencies during and after implementation.

A formalized change management process should be implemented for requesting and approving changes to fee schedules and fee codes in the mainframe. Process should include the use of standardized request and approval forms, designated approval authorities, and written policies and/or procedures. Fee schedule and fee code maintenances should be centralized.

Credit Cards – All valid funded credit card payments should be promptly and accurately receipted and deposited timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, §103.004.

Disbursements / Special and Trust Fund - All checks issued, canceled, and/or stale dated should be posted accurately and timely to the appropriate system (mainframe and AIS) to maintain accurate financial balances. Supervisory personnel should periodically review disbursement activity for appropriateness, accuracy, and completeness. A management plan including reconciling the General Ledger and bank account should be developed and implemented. In anticipation of the pending migration from the CR mainframe system, a concerted effort should be made to correct outstanding issues. A funding source should be identified for unrecovered overpayments totaling \$344.

NSF Checks – All outstanding NSF checks should be flagged with revenue reversed in the CR mainframe system and applied to the Special Fund 501 fee code 15, and adjusted on the daily deposit. Subsequently, a Special Fund 501 check should be disbursed to Fund 170 Return Item Receivable Account.

Time and Attendance – Actual times worked, meal periods, vacation time, sick time, holiday time, jury duty, compensatory time, overtime, ATO, etc. should be properly and timely posted to the Kronos time attendance system in accordance with Dallas County Code and Commissioners Court orders. Historical edits should be submitted to correct posting errors.

FINDINGS/OBSERVATION AND RECOMMENDATIONS

Findings template numbered 13.CC.01.01 thru 13.CC.01.09 are on file.

Summary

The report is intended for the information and use of the department. While internal controls and financial reports were reviewed, all matters of a material weakness may not have been identified. 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.

Priority areas of risk which need to be addressed include: updating fee assessment schedules and processes; completing an ongoing supervisory review of credits, assessments, assessment reversals, and receipt adjustments; posting disbursements and cancellations and reconciling special and trust fund activity to control records including Oracle General Ledger and corresponding bank statements; and, limiting access to collected funds.

Emphasis on outlined procedures should provide for improved departmental processes. Consideration of all issues and weaknesses should be incorporated by the County Clerk as a self-assessment tool in testing processing functionality of a new criminal courts system. Adherence to and follow-through with the recommendations should improve internal control and compliance with Dallas County policies and procedures.

cc. Darryl Martin, Commissioner Court Administrator