DALLAS COUNTY
COUNTY AUDITOR

Memorandum

To: Honorable John F. Warren
           County Clerk

From: Darryl D. Thomas
           County Auditor

Subject: Truancy Central Center - Review for Fiscal Year 2012 through Partial Fiscal Year 2014
          (March 31, 2014)

Date: Issued   August 10, 2015
           Released January 26, 2016

Scope

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the Central Truancy Court for fiscal years 2012 thru partial 2014 with an internal control procedures walkthrough completed in 2014. Operational functions such as court clerk and bookkeeping activities are under the purview of the County Clerk (clerical / bookkeeping staff budgeted under County Clerk department 4033 during complete audit period and directly supervised by County Clerk). (Judicial appointments, agreements with school districts, and truancy programs effectiveness under the purview of the County Judge were not included in operations / financial review.)

Review Procedures

Standard review procedures were followed to test the internal controls for cash, revenue, and other County assets. A random sampling of the total activity was selected for certain steps based on risk, dollar value of transactions, volume of transactions, and noted internal control weaknesses. Testing involved a review of the Odyssey Case Management system, Constable's warrant system (CW50), and case jackets.

A partial list of the review tests include:
- Performed unannounced cash counts
- Accounted for numerical sequence of manual and computer generated receipts
- Traced amounts recorded on the receipts to the bank deposits
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credits, charge reductions, and adjustments
- Submitted Internal Control Questionnaire (ICQ) and evaluated responses
- Evaluated internal control procedures
- Reviewed credit card activity for accurate and timely posting to Odyssey
- Reviewed non-sufficient fund (NSF) activity
- Examined escrow fund disbursements and associated fee dockets to determine if sufficient funds were collected, proper payees paid, and if posting to Odyssey had occurred

- Reviewed unpaid criminal cases for outstanding warrants of arrest
- Examined Odyssey case activity reports
- Reviewed time and attendance records for proper posting and compliance with County policies and procedures

Partial Statistical Listing

During fiscal year 2012, the truancy court processed:
- 4,449 computer receipts totaling $706,255
- 8,441 class C misdemeanors (failure to attend school and parents contributing to truancy)

During fiscal year 2013, the truancy court processed:
- 4,371 Computer receipts totaling $597,319
- 8,440 class C misdemeanors (failure to attend school and parents contributing to truancy)

During partial (March 31, 2014) fiscal year 2014, the truancy court processed:
- 1,242 Computer receipts totaling $155,485
- 3,720 class C misdemeanors (failure to attend school and parents contributing to truancy)

FINDINGS

Cash Management

Receipts – Computer / Manual – A review of manual receipts and manual receipt procedures revealed: manual receipts numbers not entered in the comment section in Odyssey once receipted to the system; two voided manual receipts without retention of the original receipt; and, four manual cash receipts with delayed postings to the computer from nine to 21 business days.

A sample review of computer receipts, computer receipt procedures, and adjustments revealed: two voided computer receipts without retention of both copies of the original receipt; three computer receipts numbers indicate "No Match Found" in Odyssey; two adjustments not properly processed; entry of adjustments not limited to the supervisor or manager. A comparison of Odyssey transaction receipt dates and Oracle deposit dates revealed eleven delays of four to eight business days.

A review of departmental processes and responses to the ICQ revealed: incomplete controls and a lack of separation of duties over the receipting, balancing, and deposit process; and, access to receipted funds in the safe are not under dual control.

Assessments / Reductions / Waivers / Credits – A sample review of 40 cases with assessments, a sample review of 20 adjustments (reversed charges, charge reductions, waivers and reverse charge reductions), and a sample review of 20 credits revealed: instances of errors in recording assessments, reductions, waivers, and credits; and, entry of reductions, waivers, and credits not limited to the supervisor or manager.

A review of departmental processes and responses to the ICQ revealed: incomplete controls and a lack of separation of duties over the assessment, reduction, waiver, and credit process; defendants do not complete applications for payment plans; and, fine schedules not updated in Odyssey resulting in clerks using the Judge's additional fine category to manually input the correct fine amount.

Credit Cards – A review of 68 settled credit card transactions revealed: transaction ids are not posted to the Odyssey receipt financial comment field and credit card payments are not receipted to Odyssey daily (however, transactions are typically posted weekly on Fridays).

NSF Checks – A review of NSF procedures, a review of one case with a NSF check, and the Treasurer's NSF check list revealed: NSF items are not reversed in Odyssey; and, the $30 NSF fee is not assessed to the party in Odyssey.

Escrow Activity / Disbursement – A review of money in the escrow account and postings to Odyssey revealed: five escrow disbursement checks totaling $900 were not posted to the respective case numbers in Odyssey.

A review of departmental processes and responses to the ICQ revealed: payees and amounts are not reviewed to ensure that payments are made only as authorized and Oracle AP inquiry is not accessed to obtain final disbursement information

Processing/Reporting

Criminal Fee Dockets – A sample review of 80 cases with delinquent time payment plans, final judgments and final dispositions for appropriate warrant issuance and/or recall revealed: three parent cases were delinquent on payment and a capias or show cause notice was not issued; two cases have a warrant issued without assessment of the $50 warrant fee; one closed case with a directive to apprehend not reflected as recalled on CW50 though Odyssey Events tab reflects as returned unexecuted; and, sixteen dismissed with recalled warrants still reflected as outstanding on Odyssey.

Collection/Billing – A sample review of 40 cases with balances due, various Odyssey system queries, and procedures for collection/ billing revealed: billings for defendants on closed older cases are not performed due to Odyssey billing functionality issues; and, four cases with an incorrect amount due on Odyssey.

Case Filings – A review of the systemic sequential assignment of cases within the Odyssey case management system and Odyssey Case Index reports revealed: sixteen (for all truancy courts) case numbers were skipped in sequence, "no match found" comment is shown when case numbers are entered in Odyssey.

Other/Miscellaneous

Time and Attendance – A review of time and attendance records revealed: instances of time recorded to Kronos not reflecting actual time worked.

Access and Security – A review of departmental processes and responses to the inquiry revealed: all employees use the same access code for the key pad on the employee entrance door; the key pad access code on the employee entrance door is not changed timely when employees are no longer employed by Dallas County; the safe combination was not changed when employees transferred from one Truancy Court location to another; and, the cash drawer key was not immediately retrieved when the bookkeeper transferred from one Truancy court to another until three months later.

RECOMMENDATIONS

Cash Management

Receipting / Depositing – 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. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. Voids should require supervisory approval. Access to cash limited to establish proper accountability and strengthen internal control.

All tills should be reconciled and closed daily and included on an Odyssey deposit through the Odyssey Managing Deposit functionality. Roles/rights with Odyssey adjustment functionality should be limited to the supervisor and/or manager for processing financial adjustment transactions in a separate 'adjustment' till.

Policy and procedures manual should be developed for cash handling responsibilities and training of current cash handling procedures reinforced. Controls should be implemented for dual control over the safe in which the cash receipts are stored. All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions. A proper segregation of duties reduces the risk of misappropriated funds

Assessments – Monitor assessment, collection, and prorating of court costs, fines, and fees in compliance with applicable state laws including Code of Criminal Procedure Chapter 102 and Local Government Code Chapter 133 or Commissioners Court orders and applicable fee schedules based on offense date. Adjustments to assessments should be made that both good internal control and audit trails are maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation. Processing of financial transactions should reflect proper segregation of duties (e.g. users with roles/rights to receipt or void payments should be able to add additional charges, but **not** modify, reduce, or delete assessments). Charge reductions and assessment reversals should be limited to correction of errors and fine reductions. User roles granting rights to process manual overrides, charge reductions, credits, and charge reversals should be limited.

Credit Cards – All credit card submissions should be receipted and deposited timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. Settlement reports should be reviewed daily for accepted or rejected credit card payments. Credit card payments should be entered into Odyssey when the credit card transaction appears on the daily settlement report. Credit card payments should be reconciled against the settlement reports and added to the appropriate deposit daily with a separate Form 98 deposit submitted to the County Treasurer.

NSF Checks –NSF fee of $30 should be assessed and added to the appropriate party's Odyssey financial tab. Funds returned as NSF, stop payment, or account closed should be reversed within 30 days after notification if not paid in full. The court's NSF tracking list should be maintained and include all relevant information including applicable case number.

Escrow Fund – All checks issued or canceled should be posted accurately and timely to Odyssey (reconciliation of Odyssey to GL) and verified/reviewed by the supervisor. Access to Oracle

Financials AP Inquiry should be requested for authorized and designated personnel based on job responsibilities.

Processing/Reporting

Criminal Fee Dockets – Outstanding warrants or directives should be recalled timely when cases are dismissed or otherwise disposed, payments are made in full, time is served, community service is performed, time payment plans are implemented/followed, or official notification / verification of a defendant's death is received. Outstanding warrant reports should be periodically reviewed for accuracy. Separation of duties should be established limiting staff assigned to recall warrants with separate user IDs provided for each authorized employee.

Collection/Billing – Established billing procedures should include: supervisory review; bill all receivables due Dallas County; and, process assessments, credits, waivers, and charge reductions in accordance with statutory authority including orders of the court, etc. Flag cases (including adding due dates) in Odyssey with unpaid balances and generate bills on a predetermined basis taking into consideration credits and court orders. Programming changes needed in order to use Odyssey billing/collection functionality without issues should be documented and communicated to IT Services.

Case Assignments – All case numbers are accounted for (with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence, and timely documented), issued consecutively by case type, and properly and timely indexed to Odyssey. Supervisory personnel should test for accurate, proper and complete assignment of case numbers based on established departmental procedures. All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions. Rights to expunge cases should be restricted to the Truancy Court Manager.

Other/Miscellaneous

Time and Attendance – All start times, meal periods, end times, vacation time, sick time, holiday time, jury duty, compensatory time, overtime, ATO, etc. should be properly and timely posted to the Kronos time and attendance system in accordance with the Dallas County Code and Commissioners Court orders.

Access and Security – All office access should be changed and updated immediately when Dallas County employees are terminated or transferred to other Dallas County locations and each staff person should have their own unique key pad code that is not shared for office access.

CURRENT FINDINGS/OBSERVATION AND RECOMMENDATIONS

Findings template numbered 13.TR9-1.01.01 thru 13.TR9-1.01.09 are attached.

Summary
The report is intended for the information and use of the 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.

Highest areas of risk which need to be addressed include: daily processing of accepted credit card payments; separation of duties over the receipt, deposit, assessment, and adjustment processes; posting of charge reductions, credit waivers, and charge reversals; posting disbursements; and, procedures to reduce fines or reverse additional fees without impacting court costs.

Odyssey system updates and other actions required by H.B. No. 2398 (enacted by the 84th Legislature) should be implemented and tested prior to September 1, 2015.

Emphasis on outlined procedures should provide for improved departmental processes. Consideration of all issues and weaknesses should be incorporated by the Truancy court as a self-assessment tool. Adherence to and follow-through with the recommendations should strengthen internal control and compliance with Dallas County policies and procedures.

cc: Honorable Judge Clay Lewis Jenkins
     Darryl Martin, Commissioners Court Administrator
     Ryan Brown, OBE

County Auditor

Dallas County, Texas

Finding Number:	13.TR 9-3.01.01
Date:	June 5, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	**Manual Receipts**
	A review of 29 manual receipts including all (six) voided manual receipts during FY 2012 thru Partial FY 2014 (ending March 2014) revealed:
	
	● Manual receipt numbers are not entered into the Comment field when entering the associated computerized receipt in Odyssey.
	
	● Seven manual receipts (30.4%) without an associated computer receipt attached in the manual receipt book.
	Status: All seven receipts were posted Odyssey
	
	● Two manual receipts were not used in sequence; the receipts were voided with an explanation indicating skipped noted on the receipts.
	
	● Two voided manual receipts without retention of the original receipt and without a reason for the void indicated:
	    ○ One receipt for $25 cash; case subsequently paid in full
	    ○ One receipt for payment type cash with payor name, amount and case number blank
	
	● One voided manual receipt without a reason for the void indicated.
	
	● Four manual receipts with corresponding computer receipt postings to Odyssey delayed nine to 21 business days after the payment was received:
	    ○ Two cash transactions delayed 21 business days
	    ○ Two cash transactions delayed nine (9) business days
	
	Risks identified during walkthrough of department's internal control processes, departmental responses to the Internal Control Questionnaire (ICQ), and/or inquiry of staff revealed:
	
	- Manual receipts number is not referenced in the 'Comments' field of the computer receipt in the Odyssey system when creating the computer receipt for those written when the system is down. (R19)
	
	- All copies of voided receipt are clearly marked "void" along with an explanation as to why the receipt is being voided. However, a review of voided receipts revealed manual receipts used out of sequence, all copies of the voided manual receipt are not retained, and reasons for the voids are not always indicated.
	
	- Duplicate copy of the manual receipt is not retained separately with the second copy of the computer receipt. (R22)

Workpaper Reference: **(or other method by which finding was identified)**	Workpapers 4A.3 and 4A.4 Manual Receipt Books Odyssey Responses to Internal Control Questionnaire (Truancy Central 9-3) dated 6/24/14 Walkthrough 5/23/14 with Truancy Central 9-3 Staff
Condition:	Manual receipts are used when the system is non-operational and when the bookkeeper and

(Describe the current condition)	supervisor are both out of the office. Manual receipts (three part form) are issued by the bookkeeper, supervisor, and/or clerks. The original manual receipt is issued to the customer. Payments associated to manual receipts are later recorded into Odyssey and a computer receipt is generated. The original computer receipt is set aside, but not attached to the corresponding triplicate manual receipt copy retained in numerical order. The duplicate manual receipt copy is attached to the duplicate computer receipt copy retained separately in numerical order. Manual receipt numbers are not entered into Odyssey when the payment is receipted.
Criteria: (Describe the optimal condition)	Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to receipt control procedures require that: • 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 and procedures recommended by the County Auditor. • Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. • Manual receipts should be written only during system downtime reflecting the appropriate case number and amount paid. Once the system is restored, the payments are posted to the system and the manual receipt number is entered into the comment field. One copy of the manual receipt is attached to the computer receipt. • The number of individuals authorized to receipt payments and handle cash is properly segregated and limited. Standard accounting and system control procedures require daily reconciliation and balancing of collected funds with receipts promptly issued for the amount of funds tendered. Separate cash drawers should be maintained by all clerks receipting payments and funds should be balanced prior to combining with other receipted funds.
Cause: (Describe the cause of the condition if possible)	Recommended accounting and system control procedures for receipts not consistently followed.
Effect: (Describe or quantify any adverse effects)	Potential for unaccounted manual receipts/books and loss of County revenues.
Recommendation: (Describe corrective action)	Receipt procedures should include: • All manual receipts accounted for and properly used, include supervisory review, kept in numeric order, have the corresponding computer receipt attached, have the manual receipt number entered into the Odyssey comment field and are posted and deposited daily, and timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. • Receipts not be altered, but properly voided and affixed with a reason for the void with

	retention of all voided copies. • Compensating processes such as dual sign-off on voids, receipt corrections, supervisory review, testing, and validation.						
Responsible Department or Organization:	County Clerk						
Management's Response:	☐ Agree	☐ Disagree	**Respondent:**			**Date:**	
Comments:							
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration		

Finding Number:	13.TR 9-3.01.02
Date:	June 5, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	**Computer Receipts & Closeout/Deposit**
	
	A review of delays between Odyssey deposit date and Oracle DMS 98 approve date, 14 voided computer receipts, a sample review of 6 payment receipt reversals/adjustments, and a sample review of computer receipts issued for FY 2012 thru FY Partial 2014 (ending March 2014) revealed:
	
	Computer Receipts
	• One money order was not receipted on date payment was received; however, the money order was sent with the daily deposit to the County Treasurer.
	   Status: Money order subsequently receipted to the Odyssey system.
	• Three computer receipt numbers indicates "No Match found" in Odyssey when querying.
	• Two (14.3%) of 14 voided computer receipts did not have all copies of the voided computer receipt attached including one voided receipt for $309 cash.
	
	Oracle Deposit Date
	A review of all deposits revealed eleven delays of four to eight days between the Odyssey transaction receipt date and the Oracle DMS deposit date.
	
	Adjustments
	A sample review of six transactions out of 8 adjustments (adjustment, reverse adjustment, or reverse payment) processed from fiscal year 2012 through 3/31/2014 revealed:
	• One 'Adjustment' and one 'Reverse Counter Payment' processed incorrectly rather than use designated adjusting entry types.
	• Two adjustments were not completed by a supervisor.
	
	Other Controls
	• Not all adjustment entries are made in an adjustment till or by the supervisor.
	   Response: The supervisor and manager have an authorization code for an adjustment till. The bookkeeper does not have an authorization code for the adjustment till. The supervisor and manager use the adjustment till.
	
	Risks identified during walkthrough of department's internal control processes, departmental responses to the Internal Control Questionnaire (ICQ), and/or inquiry of staff revealed:
	• Truancy Central office does not log checks/money orders received through the U. S. mail or the drop box. (R04)
	• The supervisor does not recount or verify the change fund (opening till balance) for accuracy at the beginning of each day. (R07)
	• The bookkeeper receipts all payments, reconciles tills, and prepares the 98 deposit.

	There is a lack of segregation of duties and management oversight for each task. (R08)
	• The supervisor does not verify that all tills are included in the daily deposit. (R09)
	• The supervisor does not recount the money for verification unless the tills are out of balance. (R10)
	• The Odyssey Manage till screen is not reviewed by the supervisor regularly to identify tills that have been open longer than a day. Also, the Odyssey deposit screen is not reviewed by the supervisor regularly to identify closed tills that have not been included in a deposit. There is no system requirement that tills be closed and deposited daily. The County's system requirement was to allow the department the ability to close one till while another till remains open for receipting. (R11)
	• Access to the safe containing the daily receipts is not under dual control. (R12)
	• Adjustment till is shared by multiple users (bookkeeper, supervisor, and manager). (R21)
Workpaper Reference: (or other method by which finding was identified)	Workpapers 4B.1AB, 4B.2, 4B.3 and 4B.4 Responses to Internal Control Questionnaire (Truancy Central 9-3) dated 6/24/14 Walkthrough 5/23/2014 with Truancy Central 9-3 staff
Condition: (Describe the current condition)	The bookkeeper informs the customer of the amount due on the case. Cash payments received from the customer are counted by the bookkeeper in presence of the customer. Cash and checks/money order payments are consistently reviewed for correctness prior to the generation of the computer receipt. The bookkeeper accesses Odyssey to generate a computer receipt to the appropriate case number. The payment information is entered by the bookkeeper into Odyssey and two copies of the receipt are printed out. The money is placed in the cash drawer; any change due and one copy of the receipt are given to the customer. If payments with a personal check occur, the bookkeeper writes the <u>customer</u> birth date, phone number, expiration date, license number, a new address if applicable, and the customer fingerprint is placed on the front of the check next to the signature. All checks, money orders and cashier checks are stamped on the back with the deposit information. At the close of business, the tills are reconciled, funds are recounted, and 98 deposits are prepared. The supervisor does not recount the money for verification at the close of business, but observes the bookkeeper. If the bookkeeper is out of the office, the supervisor will perform the bookkeeping duties. The adjustment till is not used when the bookkeeper makes an adjustment. In event of identified error, the receipt is voided in Odyssey and marked void. An explanation for the void is consistently noted in the comment section in Odyssey. The actual computer receipts are marked void and both copies are inconsistently retained and attached together in the stack of receipts. Voiding rights are limited to the supervisor and manager.

Criteria: (Describe the optimal condition)	Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to receipt control procedures require that:
	- All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004 and procedures recommended by the County Auditor. - All receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. - Receipts should not be altered, but properly voided and affixed (including explanation recorded to computer system) with a reason for the void with retention of all voided copies. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. - Employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer. - Tills should be closed and reconciled daily. - Adjustments are processed in a separate till. The adjustment till should be included with other tills as part of the daily deposit when the adjustments will not result in a negative fund balance. COSO standards for internal control include adequate segregation of duties (separation of duties for personnel authorized to receipt payments and update assessments) so no one user has two or more business processes that could result in compromise of the integrity of the process or allow that person to commit fraud. Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. Written procedures should be established for all the responsibilities of County Clerk Truancy personnel in order to strengthen the office's internal control and improve efficiency. These procedures and practice should be periodically reviewed by the appropriate supervisory staff for good internal control purposes.
Cause: (Describe the cause of the condition if possible)	Occasional procedural exceptions. Incomplete or inaccurate application of cash handling/cash control procedures.
Effect: (Describe or quantify any adverse effects)	Prevents potential assertion that monies were paid and refunds due. Delayed revenue recognition and lost interest earnings for the State of Texas and Dallas County. Inherent risks for delayed deposits include non-recovery of funds, checks or cash could be lost or stolen before being receipted.
Recommendation: (Describe corrective	Procedures and documentation should incorporate compensating controls such as dual sign-off on voids, receipt corrections, supervisory review, testing, and

| action) | validation. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer.
• All copies of a void receipt should be retained, clearly marked "void" and affixed with reason for void in order to affix responsibility, enhance cash control and prevent potential assertion that monies were paid and refund due.
• Posting errors should be corrected on a timely basis. Court personnel should make such corrections to the fullest extent possible so that the revenues are accurately posted.
• At the end of the business day, the receipts should be totaled and compared to the funds on hand and system control totals. Corrections should be made such that both good internal control and audit trails are maintained. Receipt and deposit totals should be verified by a supervisor with verification evidenced by signature or initial on control documents which are retained in accordance with Records Retention guidelines.
• All tills should be closed and reconciled within a day from opening the till and included on an Odyssey deposit through the Odyssey Managing Deposit functionality. Adjustment tills may remain open until the till can be added to a deposit form 98 without causing a negative fund balance.
• All payments should be receipted and deposited in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. Closeout and balancing procedures should include deposit of checks the next business day after receipt.
• Cash handling duties should be properly separated. Due to limited staff, compensating processes such as dual sign-off on receipt corrections, till balancing documents, and deposit forms should be implemented along with management review, testing, and validation.

Other control recommendations include:
• Policy and procedures manual should be developed for cash handling responsibilities and training of current cash handling procedures reinforced.
• Controls should be implemented for dual control over the safe in which the cash receipts are stored.
• All financial adjustment transactions, such as returned check, should be associated to a specific till not designated for daily transactions and include appropriate information in the comment field.
• Written supervisory approval should be required prior to processing adjustments to Odyssey. The Transaction Listing Report should be generated and reviewed by management to ensure the accuracy, appropriateness, timeliness, and deposit of adjustments. Management should evidence their review or approval.
• Odyssey adjustment roles/rights should be limited to the supervisor and/or manager.
• All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions. A proper segregation of duties reduces the risk of misappropriated funds. |
| **Responsible Department or** | County Clerk |

Organization:							
Management's Response:	☐ Agree	☐ Disagree	Respondent:			Date:	
Comments:							
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration		

County Auditor

Dallas County, Texas

Finding Number:	13.TR9-3.01.03
Date:	June 6, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	**Fine/Court Costs/Fee Assessments**
	A sample review of fine, court cost, and fee assessments, reversed charges and charge reductions, and credits during FY 2012 thru FY Partial 2014 (ending March 2014) revealed:
	Court costs/Fines/Fees and Other Assessments
	A sample review of 40 cases revealed:
	• One case with additional $2 transaction fee assessed in error.
	• Two cases without assessment of the $25 time payment fee.
	• One case with an Event comment noting "Payment received – Paid in full" without assessment of court costs and fines or payment posted in Odyssey.
	• One instance where case assessment was backdated.
	• One case with all court costs and fees reduced along with a partial reduction of the fine amount. Judge had ordered a reduction of the fine amount only.
	Reversed Charge Reductions, Reversed Charges, Reversed Waivers, Charge/Balance Reductions, and Waivers
	A sample review of 20 transactions revealed:
	• Three (15%) transactions without a comment entered indicating the reason for the reduction or waiver.
	• Twelve (60%) transactions with assessment reductions or waivers entered by non-supervisory staff.
	• Two cases with court costs reduced in error; judge had ordered reduction of the fine amount only.
	• One case jacket could not be located to verify waiver.
	Credits
	A sample review of 20 transactions revealed:
	• Sixteen credits (14 inability to pay credits and two community service credits) improperly posted rather than the use of charge/balance reductions or waivers.
	• Seven credits allocated to court costs and fines rather than fine only; judge had ordered reduction of the fine amount.
	Other Control Points
	• Defendants do not complete applications for payment plans.
	• A mail log is not maintained by the court
	Risks identified during walkthrough of department's internal control processes, departmental responses to the Internal Control Questionnaire (ICQ), and/or inquiry of staff revealed:

	• Odyssey allows assessments to be systematically or manually added to a case based on Odyssey fee table. Currently, court cost, fines, and additional fees are added to the case at time of disposition. Fee assessments (including warrant fees, summons fees, time payment fees, and transaction fees) are manually entered. (R16)
Workpaper Reference: (or other method by which finding was identified)	Workpapers 5B.1, 5B.2, 5C, 5D and a review of transactions listing reports Walkthrough dated 5/23/14 with Truancy Central 9-3
Condition: (Describe the current condition)	Central Truancy court accepts failure to attend school and parents contributing to truancy case filings from Dallas Independent School District (DISD). Truancy Information System (TIS) is the web host for exchange of data and documents between DISD and Odyssey for truancy court filings. DISD sends a data file to allow case upload into Odyssey for Central, South, and North truancy courts. DISD also submits PDF documents supporting the filing (affidavit, complaint and attendance records). The PDF file documents have been sorted by school and name to facilitate court processing. DISD receives an error file (ERF) from Odyssey stating if there are errors, no errors, or no data found. If errors occur, DISD may resubmit cases appearing on this report. The PDF file is moved to a backup folder after an initial retention period. The truancy court generates a file copy for the case jacket but does not store these electronic records.

Odyssey allows assessments to be systematically or manually added to a case based on user rights/roles. Currently, court cost, fines, and additional fees are added to the case at time of disposition. Fee assessments are manually entered for warrant fees, summons fees, time payment fees, and transaction fees.

Odyssey has a configuration fee table of court cost, fines, and additional fees. Systemic assessment of court costs are based on the predefined tables within Odyssey established by offense date ranges. Updates to the tables require a Change Management document to be signed by the County Clerk and provide to IT Services Odyssey support team. Changes are not implemented in Production until testing is successfully complete in the Test environment.

Charge Reductions, waivers, and credits are not consistently used as designed. |
| **Criteria:** (Describe the optimal condition) | Best practices regarding fee assessments/collections are:
• Court costs, fines, and fees should be assessed/collected/prorated in compliance with applicable state laws including Code of Criminal Procedure Chapters 45 and 102 and Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion Nos. GA-0147 and DM-250. Court costs should be assessed based on offense date and offense type.
• Financial transactions for active cases should reflect proper segregation of duties of court clerks on the assessment and reduction of fees (automatic and manual) and receipting of payments. Bookkeeper should be able to add additional charges, but not modify or delete charges.
• Manual distribution of payments should be limited.
• Fee and fee schedule tables should be updated each time a legislative change or a |

Commissioners Court change is made affecting fees

- A credit titled "inability to pay" should be used in Odyssey to record the waived assessments for valid uncontested affidavits of inability to pay. The inability to pay credit should automatically post to the Events tab.
- The fee assessment process should be automated as much as possible with manual overrides restricted in use.
- Formal approval should be required before adjustments are processed to Odyssey.
- Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to adjustments, credits, and manual overrides) to ensure that explanation for the change is documented and reasonable.
- Assigned duties for payment processing and assessment reductions are adequately separated.

Written procedures should be established for all the responsibilities of Truancy Central's personnel in order to strengthen the office's internal control and improve efficiency. (This is especially critical for those responsible for financial activities such as assessing charges, reducing assessments, and/or receipting payments.) These procedures and the employees' adherence to them in the performance of their work should be periodically reviewed by the appropriate supervisory staff in order to effectively maintain good internal control.

Education Code, § 25.093. PARENT CONTRIBUTING TO NONATTENDANCE. (a) If a warning is issued as required by Section 25.095(a), the parent with criminal negligence fails to require the child to attend school as required by law, and the child has absences for the amount of time specified under Section 25.094, the parent commits an offense.

(c)An offense under Subsection (a) is a Class C misdemeanor. Each day the child remains out of school may constitute a separate offense. Two or more offenses under Subsection (a) may be consolidated and prosecuted in a single action. If the court orders deferred disposition under Article 45.051, Code of Criminal Procedure, the court may require the defendant to provide personal services to a charitable or educational institution as a condition of the deferral.

(d) A fine collected under this section shall be deposited as follows:

(1) one-half shall be deposited to the credit of the operating fund of, as applicable:

(A) the school district in which the child attends school;

(B) the open-enrollment charter school the child attends; or

(C) the juvenile justice alternative education program that the child has been ordered to attend; and

(2) one-half shall be deposited to the credit of:

(A) the general fund of the county, if the complaint is filed in the justice court or the constitutional county court; or

(B) the general fund of the municipality, if the complaint is filed in municipal court.

Education Code, § 25.094 (code to be repealed effective 9/1/2015). FAILURE TO ATTEND SCHOOL. (a) An individual commits an offense if the individual:

(1) is 12 years of age or older and younger than 18 years of age;

(2) is required to attend school under Section 25.085; and

(3) fails to attend school on 10 or more days or parts of days within a six-month period in the same school year or on three or more days or parts of days within a four-week period.

(c) On a finding by the county, justice, or municipal court that the individual has committed an offense under Subsection (a) or on a finding by a juvenile court in a county with a population of less than 100,000 that the individual has engaged in conduct that violates Subsection (a), the court may enter an order that includes one or more of the requirements listed in Article 45.054, Code of Criminal Procedure, as added by Chapter 1514, Acts of the 77th Legislature, Regular Session, 2001.

(d) If the county, justice, or municipal court believes that a child has violated an order issued under Subsection (c), the court may proceed as authorized by Article 45.050, Code of Criminal Procedure.

(e) An offense under this section is a Class C misdemeanor.

Code of Criminal Procedure

Art. 45.0491. WAIVER OF PAYMENT OF FINES AND COSTS FOR INDIGENT DEFENDANTS. A municipal court, regardless of whether the court is a court of record, or a justice court may waive payment of a fine or costs imposed on a defendant who defaults in payment if the court determines that:

(1) the defendant is indigent; and

(2) discharging the fine and costs under Article 45.049 would impose an undue hardship on the defendant.

Art. 45.050. FAILURE TO PAY FINE; CONTEMPT: JUVENILES. (a) In this article, "child" has the meaning assigned by Article 45.058(h).

(b) A justice or municipal court may not order the confinement of a child for:

(1) the failure to pay all or any part of a fine or costs imposed for the conviction of an offense punishable by fine only; or

(2) contempt of another order of a justice or municipal court.

(c) If a child fails to obey an order of a justice or municipal court under circumstances that would constitute contempt of court, the justice or municipal court, after providing notice and an opportunity to be heard, may:

(1) refer the child to the appropriate juvenile court for delinquent conduct for contempt of the justice or municipal court order; or

(2) retain jurisdiction of the case, hold the child in contempt of the justice or municipal court, and order either or both of the following:

(A) that the contemnor pay a fine not to exceed $500; or

(B) that the Department of Public Safety suspend the contemnor 's driver 's license or permit or, if the contemnor does not have a license or permit, to deny the issuance of a license or permit to the contemnor until the contemnor fully complies with the orders of the court.

(d) A justice or municipal court may hold a person in contempt and impose a remedy authorized by Subsection (c)(2) if:

(1) the person was convicted for an offense committed before the person 's 17th

birthday;

(2) the person failed to obey the order while the person was 17 years of age or older; and

(3) the failure to obey occurred under circumstances that constitute contempt of court.

(e) A justice or municipal court may hold a person in contempt and impose a remedy authorized by Subsection (c)(2) if the person, while younger than 17 years of age, engaged in conduct in contempt of an order issued by the justice or municipal court, but contempt proceedings could not be held before the person 's 17th birthday.

(f) A court that orders suspension or denial of a driver 's license or permit under Subsection (c)(2)(B) shall notify the Department of Public Safety on receiving proof of compliance with the orders of the court.

(g) A justice or municipal court may not refer a child who violates a court order while 17 years of age or older to a juvenile court for delinquency proceedings for contempt of court.

Art. 45.054. FAILURE TO ATTEND SCHOOL PROCEEDINGS.

(d) An individual commits an offense if the individual is a parent who fails to attend a hearing under this article after receiving notice under Subsection (c) that the individual's attendance is required. An offense under this subsection is a Class C misdemeanor.

(j) A county, justice, or municipal court may waive or reduce a fee or court cost imposed under this article if the court finds that payment of the fee or court cost would cause financial hardship.

Art. 102.072. ADMINISTRATIVE FEE. An officer listed in Article 103.003 or a community supervision and corrections department may assess an administrative fee for each transaction made by the officer or department relating to the collection of fines, fees, restitution, or other costs imposed by a court. The fee may not exceed $2 for each transaction. This article does not apply to a transaction relating to the collection of child support.

Cause: **(Describe the cause of the condition if possible)**	Method of using charge reductions and reversals for grouped fees Clerical error Odyssey system configuration error
Effect: **(Describe or quantify any adverse effects)**	Potential revenue loss for Dallas County and the State of Texas Assessments and non-monetary credits understated inhibiting accurate receivable analysis.
Recommendation: **(Describe corrective action)**	• Court costs, fees, and fines properly assessed/collected and timely deposited on all cases based on state laws, Commissioner Court orders, offense dates, offense types, etc. • Adjustments to assessments should be made that both good internal control and audit trails are maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation. • Credit for inability to pay should be used to reduce the case balance when there is a determination by the court of the defendant's indigency. Credit should automatically post to the Event screen.

	• Entry of non-monetary credits for court approved community service and waiver of court costs and fines in accordance with statute.
	• Charge reductions and assessment reversals limited to correction of errors and fine reductions.
	• Posting errors should be corrected on a timely basis. Court personnel should make such corrections to the fullest extent possible so that the revenue balance is accurately recorded.
	• Processing of financial transactions should reflect proper segregation of duties (e.g. users with roles/rights to receipt or void payments should be able to add additional charges, but **not** modify, reduce, or delete assessments).
	• User roles grant rights to process manual overrides, charge reductions, credits, and charge reversals should be limited. User access requirements should correspond to least rights necessary to perform core job functions.
	• All financial adjustments/corrections should include a complete and valid explanation in the comment field.
	• Policy and procedures manual should be developed for assessment responsibilities and training reinforced.
	• Management should periodically review system reports including the Transaction Listing Report and daily work for accuracy, appropriateness, timeliness, and staff compliance to established policies and procedures. Management should evidence their review or approval.
Responsible Department or Organization:	County Clerk
Management's Response:	☐ Agree ☐ Disagree **Respondent:** **Date:**
Comments:	
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration

County Auditor		Dallas County, Texas

Finding Number:	13.TR 9-3.01.04
Date:	June 6, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	**Credit card Transactions** A review of 68 credit card transactions for Truancy Central 9-3 during FY 2012 thru FY Partial 2014 (ending March 2014) revealed: • Credit card transactions are not posted to Odyssey daily. There are fifty eight delays between settlement date and receipt date ranging from two to 20 days. • No transaction IDs are posted to the financial receipt Comment field in Odyssey; however, 60 of 68 transaction IDs were posted to the cases Event tab in Odyssey. **Risks identified during walkthrough of department's internal control processes, departmental responses to the Internal Control Questionnaire (ICQ), and/or inquiry of staff revealed:** • Credit card transactions are not posted to Odyssey until Friday of each week. (R05) • There are currently no controls in place in the department to ensure that credit card transactions are entered into Odyssey on a timely basis. (R06) • NSF items and credit card chargebacks are not processed adequately, completely, and timely. Customers are sent downtown by the court to pay for NSF items. (R20)
Workpaper Reference: **(or other method by which finding was identified)**	Workpaper 6B Credit Card Settlement Reports Walkthrough dated 5/23/14 with Truancy Central 9-3
Condition: **(Describe the current condition)**	Credit card payments are accepted at the Kiosk machine at the court and through the Dallas County website. Credit card payments are not accepted at the Truancy counter. Defendants paying with credit card must have their case number in order to remit payment online. If the defendant does not have the case number, the defendant can contact the Truancy court for the information. The defendant has the option to pay the full amount or partial amount. After going through two additional screens, the defendant will be redirected to the JPMorgan Chase PayConnexion site after clicking on the 'continue' button. A valid credit or debit car must be entered at this point. A convenience fee (charged and collected by JPMorgan Chase) will display on the payment verification screen where the defendant will have the opportunity to terminate the transaction or make payment. Once the defendant accepts the final amount, a confirmation number is generated by the system for successful transactions and the confirmation can be printed by the defendant. Online Credit/debit card payments processed by 6:59:59 PM are included in the next day business settlement report. Credit card numbers and other information are not stored on Dallas County servers or systems. Once a week, the bookkeeper will run the credit card settlement report for the week and post the payments to each case. The bookkeeper waits 48 hours to post the payment to ensure the funds are available. The transaction ID number is periodically posted in the Event tab. Once the payment is receipted, two computer generated receipts are printed automatically and retained for the courts records. At close out, the bookkeeper will

	include the credit card total with the check total on the Form 98. The credit card settlement report is included in the deposit bag for verification. In event of identified error, the receipt is voided in Odyssey and marked void. An explanation for the void is inconsistently noted in the comment section in Odyssey. The actual computer receipts are marked void and both copies are inconsistently retained and attached together in the stack of receipts. Voiding rights are limited to the Manager and Supervisor.
Criteria: **(Describe the optimal condition)**	Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific cash controls related to internal controls, system security, and statutes regarding e-file control procedures require that: - All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. - Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. - E-Commerce requires information processing controls to test that transactions completed through computerized applications are valid and properly authorized, completely, accurately, and timely processed, and reported. Per Dallas County General Policy for Use of Credit Card Transactions Policy, any customer credit card numbers or security numbers from the back of the credit card received through the mail and used to process credit card transactions must be securely retained for 24 months after the transaction is processed through web access in a locked file cabinet with limited access. After 24 months, the credit card information should be destroyed or redacted. At no time should credit card information be left on desks or other work areas nor be filed in case jackets. According to Local Government Code, § Sec. 130.003. PAYMENT CONDITIONAL. (a) The acceptance of a check or credit card invoice for the payment of a fee or tax does not constitute payment of the fee or tax. The fee or tax is not considered paid until the check is honored by the bank on which the check is drawn or the credit card invoice is honored by the issuer.
Cause: **(Describe the cause of the condition if possible)**	Non-integrated financial system for ecommerce requiring manual intervention
Effect: **(Describe or quantify any adverse effects)**	Delays in posting settled credit card amounts misstate case balances and may result in duplicate payments. Delays credit card reconciliation and revenue recognition. Potential risk of additional fees and warrants being issued on case. Odyssey financial case balances are not reflecting payment made in a timely manner.

Recommendation: (Describe corrective action)	• All credit card submissions should be receipted and deposited timely in accordance with L.G.C., § 113.022 and Code of Criminal Procedure, § 103.004. • Settlement reports should be reviewed daily for accepted or rejected credit card payments. • Credit card payments should be entered into Odyssey when the credit card transaction appears on the daily settlement report • Credit card payments should be reconciled against the settlement reports and added to the appropriate deposit daily with a separate Form 98 deposit submitted to the County Treasurer. • Policy and procedures manual should be developed for credit card processing responsibilities and training of current procedures reinforced. • Credit card transaction ID number should be entered into the Comment field in Odyssey when receipting payments. • Credit card settlement postings should be verified for accuracy of amount, payment type, case number, and payer.					
Responsible Department or Organization:	County clerk					
Management's Response:	☐ Agree	☐ Disagree	**Respondent** :		**Date** :	
Comments:						
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration	

Finding Number:	13.TR9-3.01.05
Date:	June 6, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	A review of the NSF check list and one sampled case with payment returned NSF for Truancy Central 9-3 during FY 2012 thru 2014 (10/2013 to 3/2014) revealed: • One case without reversal of the original payment or assessment of $30 NSF fee. **Risks identified during walkthrough of department's internal control processes, departmental responses to the Internal Control Questionnaire (ICQ), and/or inquiry of staff revealed:** • The bookkeeper does not verify that the customer is not on the Treasurer's NSF check list before accepting personal checks. (**R02**) • NSF checks are not flagged on Odyssey cases. (**R13**) *Status: One NSF check reviewed was flagged in Odyssey.* • The original payment made with the NSF check or credit card chargeback is not reversed in Odyssey. (**R14**) • NSF items and credit card chargebacks are not processed adequately, completely, and timely. Customers are sent downtown by the court to pay for NSF items. (**R20**)
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 7A Treasurer NSF check list Walkthrough 5/23/14 with Truancy Central 9-3 Staff
Condition: (Describe the current condition)	NSF checks are returned by the bank directly to the County Treasurer for accounting and routing to the District Attorney for collection. The Treasurer submits a General Ledger entry to record all returned checks to Fund 170. A photo static copy of each check along with a Treasurer's office form is sent to personnel in the County Clerk Truancy department. This form asks for the name of the clerk who received the check, the date the check was received, and the telephone number of the clerk receiving the check. The bookkeeper will contact the customer and inform them of the NSF check and direct them to the Treasurer office to pay the check amount and an additional $30 NSF fee. Central Truancy court does not reverse the payment in Odyssey nor assess the $30 NSF fee.
Criteria: (Describe the optimal condition)	Best practices regarding NSF check control procedures require that: • Collection efforts should occur to obtain reimbursement of NSF items. • Case management financial reports are available to track outstanding NSF items. Cases with outstanding NSF should be flagged with a NSF comment and an event added to the case. A $30 NSF fee should be assessed on Odyssey to the appropriate party's financial tab. For NSF items not recovered, the original receipt should be reversed in Odyssey and adjustment functionality to move payment to a NSF Returned fee code (Fund 170 and account 48120). An adjustment till should be used. The adjustment till should be included with other tills as part of the daily deposit when the adjustments will not result in a

	negative fund balance.
Cause: (Describe the cause of the condition if possible)	Incomplete application of control procedures
Effect: (Describe or quantify any adverse effects)	Revenue is overstated and uncollected funds remitted to the State. Case balances inaccurately reflect financial assessments as paid. Revenue is recorded for funds that have not and may never be collected. May result in untimely, incomplete, or inaccurate processing and recording of NSF transactions.
Recommendation: (Describe corrective action)	• A non-docket event and NSF flag should be added to the case on Odyssey once the department is notified of NSF item by the County Treasurer. The flag should remain until funds are collected. • NSF fee of $30 should be assessed and added to the appropriate party's Odyssey financial tab. • Funds returned as NSF, stop payment, or account closed should be reversed within 30 days after notification if not paid in full. • Section NSF tracking list should be maintained and include all relevant information including applicable case number. Section NSF list should be reconciled to the Treasurer's Office NSF outstanding list. All discrepancies should be resolved. • All financial adjustment transactions related to previously deposited payments, such as return checks, should be associated to a specific till not designated for routine daily transactions with appropriate information in the comment field. The adjustment till should be included with other tills as part of the daily deposit when the adjustments will not result in a negative fund balance. • Management should implement a formalized, coordinated process with Treasurer's Office for handling NSF items and chargebacks. Document and consider working with IT Services to define necessary Odyssey system modifications / procedures to use the case management system for tracking and reporting of outstanding NSF items.
Responsible Department or Organization:	County Clerk
Management's Response:	☐ Agree ☐ Disagree **Respondent:** **Date:**
Comments:	
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration

Finding Number:	13.TR9-3.01.06
Date:	June 6, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	**Disbursements/Escrow Activity**
	A review of money in the escrow account and postings to Odyssey/Oracle for Truancy Central 9-3 during FY2012 thru partial FY2014 (March 2014) revealed:
	• Five disbursements totaling $900 not posted to Odyssey.
	Risks identified during walkthrough of department's internal control processes, departmental responses to the Internal Control Questionnaire (ICQ), and/or inquiry of staff revealed:
	• Escrow disbursements are not posted to Odyssey.
	• Payees and amounts are not reviewed to ensure that payments are made only as authorized.
	• Oracle AP inquiry is not accessed to obtain final disbursement information. **(R23)**
	• Escrow disbursement information is not posted (check number, check amount, payee, and date) to Odyssey to accurately reduce the escrow balance. **(R24)**
Workpaper Reference: (or other method by which finding was identified)	Workpaper 8A-C
	Money in Escrow Report
	Oracle General Ledger and Request for Payments
	Responses to Internal Control Questionnaire (Truancy Central 9-3)
	Walkthrough 5/23/14 with Truancy Central 9-3 staff
Condition: (Describe the current condition)	Odyssey transactions create a fee code automatically for any excess deposits paid by check (not cash) and create the payer as a recipient associated to the overage. The funds are recorded to an overpayment account. Any hold notation must be manually entered. A report can be generated on user's request to display all overpayments, including the "hold" notations.
	Odyssey's adjustment feature can be used to apply overpayments to subsequent charges on a case. This feature is currently used to move money that has been receipted and deposited from one fee/GL account to another fee/GL account. To move deposited funds to an overpayment fee code/GL account, the clerk must manually add the fee code for overpayment to the case and then use the adjustment feature to move the deposited funds to the overpayment fee code.
	Data source for escrow disbursement activity is: request forms; Odyssey escrow overpayment reports; customer requests; and, Judge's orders to refund fees assessed. The bookkeeper will prepare a request for payment for authorized County Clerk personnel to review and approve prior to submitting to Accounts Payable (AP) in the Auditor's office for processing and check disbursement through Oracle Financials and subsequent check printing by the County Treasurer via a Document Express. The bookkeeper is not posting the disbursement information (check number, check amount, payee, and date) to Odyssey causing financial balances to not accurately reflect the escrow balance; the money in escrow report is overstated. Bookkeeper and supervisor have not requested access to AP

	inquiry in Oracle to obtain final disbursement information.
Criteria: (Describe the optimal condition)	Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to disbursement procedures require that: • All escrow disbursements and cancellations should be timely and accurately posted to Odyssey. Escrow balances must be reconciled against controls records (General Ledger. • Escrow overpayment reports should be reviewed on a periodic basis and disbursements should be made to the appropriate parties in a timely manner. Other control procedures related to escrow fund activity include: • Odyssey set-up provides for the system to be updated with an Oracle check number/amount/date/payee and reduction of the escrow balance in Odyssey. • Court retention of a copy of the RFP to ensure that duplicate payments do not occur. • The application of overpayments to subsequent charges or corrections to deposited funds processed in a separate till, such as an adjustment till. • Use of adjustment feature in Odyssey is limited. Adjustment entries to receipted and deposited funds should impact only the payment column.
Cause: (Describe the cause of the condition if possible)	• Inadequate training for staff • Lack of written procedures as relates to making adjustment entries and recording disbursement in Odyssey • Limited rights in Oracle
Effect: (Describe or quantify any adverse effects)	• Undetected posting errors or incomplete postings resulting in potential for overpayments and unrecoverable losses • Incorrect balances reflected in Odyssey
Recommendation: (Describe corrective action)	Escrow account procedures should include: • All checks issued or canceled should be posted accurately and timely to Odyssey (reconciliation of Odyssey to GL) and verified/reviewed by the supervisor. • Adjustment entries to move deposited funds to overpayment account should impact only the payment column; all increases and decreases should have a net effect of zero. All adjustment entries should occur in a separate till called 'Adjustment Till'. The 'Adjustment Till' should be validated, closed, and included with the current day's transactions on the Deposit Management System (DMS) deposit form. • Rights/roles for processing escrow activity in Odyssey should be requested for authorized and designated personnel based on job responsibilities. • Access to Oracle Financials AP Inquiry should be requested for authorized and designated personnel based on job responsibilities.
Responsible Department or Organization:	County Clerk

Management's Response:	☐ Agree	☐ Disagree	Respondent:		Date:	
Comments:						
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration	

Finding Number:	13.TR9-3.01.07
Date:	June 9, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	**Criminal Fee Dockets – Warrants/Directives & Collections/Billings**
	A sample review of cases with delinquent time payment plans, final judgements and final dispositions for appropriate warrant issuance and/or recall, and balance due during FY 2012 thru FY Partial 2014 (3/31/14) revealed:
	Criminal Fee Dockets – Warrants/Directives
	A sample review of 80 cases revealed:
	• Three (parent contributing to failure to attend school) cases with defendants delinquent on payment plans without issuance of a capias.
	• Seven delinquent child cases without issuance of balance due letters.
	• Sixteen dismissed cases with warrants (not outstanding on the Constable's warrant system – CW50) reflected as outstanding on Odyssey.
	• Two cases with issuance of warrants without assessment of corresponding $50 warrant fees.
	• One closed case with a warrant/directive to apprehend not reflected as recalled on CW50 though Odyssey Events tab shows as returned unexecuted. Financial Balance tab reflects a $50 balance due.
	• One case jacket not available to verify fine amounts assessed on Odyssey.
	Collection/Billing
	A sample review of 40 cases, various queries from Dallas County Information Technology (IT) department, and procedures for collection/billing revealed:
	• Seven instances where mailing of balance due letters were not noted on delinquent cases on the Odyssey Event tab.
	• Three case jackets not available to verify fine amounts assessed on Odyssey.
	• Four cases with an incorrect amount due reflected on Odyssey:
	o $50 directive to apprehend fee not assessed upon issuance which occurred after the case had been previously paid in full
	o $50 warrant fee assessed on case which was dismissed for want of prosecution
	o $25 time payment fee not assessed on two cases
Workpaper Reference: (or other method by which finding was identified)	Workpapers 9A, 9B, 9C, 10B, 10C
	Odyssey ECR Collections Outstanding Balance Due report (from 10/1/2011 to 3/31/2014)
	Dallas County IT query of cases with balances and no due date (received 2/20/14)
	Dallas County IT query of cases with balances and case event for affidavit of inability to pay (received 2/20/14)
Condition: (Describe the current condition)	The court staff schedules a hearing and mail a notice of hearing to the parents and child. Defendant arrives to court and enters a plea. If the defendant pleads not guilty, a pre-trial date is set and the defendant signs for the new date to appear. If the defendant pleads guilty and the judge enters the judgment, the defendant will have a certain amount of

time to comply with the order.

If the defendant does not appear on the first hearing date, the court clerk will prepare a summons and submit to the sheriff (constable during the audit period with Constable Precinct No. 2 still serving summons for the East Truancy – Garland court) for service to the defendant with a new hearing date. A $35 summons fee will be assessed if the defendant is convicted (as defined by Local Government Code § 133.101).

Thirty days are given to pay court cost and fine. On the thirty-first day, the $25 time payment fee is added to the case. A reset date can be scheduled if the defendant needs more time to make the payment. Partial payments are accepted; however, the defendant is not requested to fill out a compliance worksheet, or go through the collection interview process.

Warrants including directives to apprehend are processed by court staff if authorized and signed by the Judge when defendants do not appear or do not comply with the terms of release. The warrant/directive is posted to Odyssey as active, and the case is flagged when issued by the court staff. A warrant is issued by the court when defendants do not satisfy the terms of the judgment including payment of fine and court costs. A child as defined by the meaning assigned by Article 45.058(h) cannot be ordered confined by the judge for non-payment of any part of court costs and fine imposed upon conviction.

Return/recall dates may be incorrectly recorded to Odyssey and the warrants are inconsistently deactivated as warrants and/or directives are returned from law enforcement agencies. When payments are made in full, defendants appear, defendants comply with orders of the court, etc., the court's staff will transmit (systems are not linked to automatically recall the warrant) recall notices to the appropriate law enforcement agency. No log is maintained of recalled warrants.

The bookkeeper and supervisor can process warrants authorized by the judge and recall warrants. The outstanding warrant report in Odyssey does not reflect current warrants issued.

Criteria: **(Describe the optimal condition)**	Information processing controls should be developed and monitored to help ensure that transactions completed through computerized applications are valid, properly authorized, and completely and accurately processed and reported. Management judgment in designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Internal control requires that five core components be present: Control Environment; Risk Assessment; Control Activities, Information and Communication; and Monitoring Activities. Specific controls related to billing procedures, collection efforts, and account controls require that: • Case number(s), amount(s) due, and due date are prominently displayed • Invoices include an accurate breakdown of fees assessed (e.g. filing fees and/or services fees)

	- All available payment options/methods are listed - Invoices are mailed timely (emailed if email address is available) - Automated phone calls (or live call scripts) and delinquent notice mailings (standard collection letters) - Contact information for billing personnel - Accounts receivable sub-ledger is reconciled monthly. Reconciliation is reviewed by management and evidence of review is maintained. - Monitoring the age of receivables (run an aged receivable report on a weekly or monthly basis), and systemically follow-up on any accounts that are past due more than a predetermined number of days. - Use skip tracing or available address search engines. - Referral of uncollected receivables for delinquent collection assistance in a timely manner. - Collection efforts initiated on all closed cases with balances pending. Specific controls related to warrants and directives to apprehend require that: - Warrants / directives are issued in accordance with statute, at the judge's discretion, and within a reasonable time frame to further enhance the court's collections process. All warrants should be recalled when a defendant makes proper disposition of court costs & fines by payments made, jail time served, community service or other disposition. - Warrant reports generated from the Odyssey system are complete and accurate. - Internal control requires separation of assigned duties for personnel authorized to issue and/or recall warrants.
Cause: (Describe the cause of the condition if possible)	Inadequate/inaccurate system reporting Incomplete controls over the billing process
Effect: (Describe or quantify any adverse effects)	Liability to County for persons arrested in error Potential loss of revenue
Recommendation: (Describe corrective action)	- Outstanding warrants or directives should be recalled timely when cases are dismissed or otherwise disposed, payments are made in full, time is served, community service is performed, time payment plans are implemented/followed, or official notification / verification of a defendant's death is received. - Show cause hearings should be set when defendants default on payment plans. - Outstanding warrant reports should be periodically reviewed for accuracy. Separation of duties should be established limiting staff assigned to recall warrants. Billing and collection procedures should include: - Cases (including adding due dates) flagged in Odyssey with unpaid balances and bills generated on a predetermined basis taking into consideration credits and court orders. - The event "collection-financial" added to all cases with balances due. A

	secondary verification of all closed cases should occur. - Collection efforts initiated on all cases with a balance due or balance reconciled and cleared. - Billing functionality within Odyssey pursued to provide for tracking, invoicing, and aging receivables. System users should review Odyssey reports to determine reporting sufficiency including reports required by ISD contracts. In the event the standard reports are insufficient, users should pursue development of an ad-hoc report to meet reporting requirements. Communicate IT query balance report errors and Odyssey billing/collection functionality issues to IT Services.
Responsible Department or Organization:	County Clerk
Management's Response:	☐ Agree ☐ Disagree **Respondent:** **Date:**
Comments:	
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration

Finding Number:	13.TR9-3.01.08
Date:	June 9, 2014
Audit:	Truancy South 9-3 Review
Auditor(s) Assigned:	NH

Finding:	**Case Index Reports**
	A review of the systemic sequential assignment of cases within the Odyssey case management system and Odyssey Case Index reports for FY 2012 thru FY Partial 2014 (March 2014) revealed:
	• Sixteen (for all truancy courts) case numbers were skipped in sequence; "no match found" comment is shown when case numbers are entered in Odyssey.
	o Six in 2012
	o Ten in 2013
Workpaper Reference: (or other method by which finding was identified)	Workpaper 11A1 review of case index report Odyssey
Condition: (Describe the current condition)	Central Truancy court accepts failure to attend school and parents contributing to truancy case filings from Dallas Independent School District (DISD). Truancy Information System (TIS) is the web host for exchange of data and documents between DISD and Odyssey for truancy court filings. DISD sends a data file to allow case upload into Odyssey for Central, South, and North truancy courts. DISD also submits PDF documents supporting the filing (affidavit, complaint and attendance records). The PDF file documents have been sorted by school and name to facilitate court processing. DISD receives an error file (ERF) from Odyssey stating if there are errors, no errors, or no data found. If errors occur, DISD may resubmit cases appearing on this report. Cases automatically uploaded into Odyssey are assigned a system-generated case number. The PDF file is moved to a backup folder after an initial retention period. The truancy court generates a file copy for the case jacket but does not store these electronic records.
	Truancy court employees do not monitor DISD case file uploads for missing or non-sequential case number assignments.
	Case numbers are missing, expunged cases are deleted from the system (Expunged cases will be removed from Odyssey by the Truancy Court Case Manager and will appear as "no match found' when searching), and some case numbers are assigned out of sequence.
Criteria: (Describe the optimal condition)	Best practices for case number assignment include:
	• All case numbers are accounted for; issued consecutively; and properly and timely indexed to Odyssey (unless otherwise prescribed by law).
	• Odyssey case index reports are monitored by Truancy staff to ensure court activity is accurately generated.
	Design of system processing controls include: established court assignment and proper system configuration to assign case numbers sequentially; security restrictions to prevent unauthorized skips in sequence and case deletions; and complete audit trails of all changes and manual case assignments. Consistent project management and testing by user

department and IT Services must be devoted to timely resolution of issues in the Production Environment.

Automated systems include a review of access controls against an authorization matrix that defines "least privilege" access levels and authority for an individual's role to their job function / responsibilities.

Code of Criminal Procedure
Art. 45.055. EXPUNCTION OF CONVICTION AND RECORDS IN FAILURE TO ATTEND SCHOOL CASES. (a) Except as provided by Subsection (e), an individual convicted of not more than one violation of Section 25.094, Education Code, may, on or after the individual's 18th birthday, apply to the court in which the individual was convicted to have the conviction and records relating to the conviction expunged.
 (d) The court shall require an individual who files an application under this article to pay a fee in the amount of $30 to defray the cost of notifying state agencies of orders of expunction under this article.
 (e) A court shall expunge an individual's conviction under Section 25.094, Education Code, and records relating to a conviction, regardless of whether the individual has previously been convicted of an offense under that section, if:
 (1) the court finds that the individual has successfully complied with the conditions imposed on the individual by the court under Article 45.054; or
 (2) before the individual's 21st birthday, the individual presents to the court proof that the individual has obtained a high school diploma or a high school equivalency certificate.

Cause: (Describe the cause of the condition if possible)	Missing case numbers – Inadequate or incomplete system configuration prior to conversion or expunged cases. Incomplete monitoring of case deletions.
Effect: (Describe or quantify any adverse effects)	Cases may be improperly deleted Incorrect case counts on Odyssey case index reports
Recommendation: (Describe corrective action)	Case assignment procedures should include: - All case numbers are accounted for, issued consecutively by case type, and properly and timely indexed to Odyssey. - Supervisory personnel test for accurate, proper and complete assignment of case numbers based on established departmental procedures. - All case numbers accounted for, with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence, and timely documented. - All rights and roles periodically reviewed to ensure users have only the rights necessary to perform their core job functions. - Rights to expunge cases restricted to the Truancy Court Manager.
Responsible Department or Organization:	County Clerk

Management's Response:	☐ Agree	☐ Disagree	**Respondent :**		**Date :**	

Comments:	

Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration

County Auditor

Dallas County, Texas

Finding Number:	13.TR9-3.01.09
Date:	June 9, 2014
Audit:	Truancy Central 9-3 Review
Auditor(s) Assigned:	WH

Finding:	**Time and Attendance**
	A review of time and attendance records during FY 2012 thru FY Partial 2014 (March 2014) revealed:
	• Long lunch taken by two employees not recorded in Kronos.
	• Two instances noted where employee time and attendance manual records do not agree to the Kronos records
	   o Eight hours sick time recorded; employee had previously submitted a leave request to take a partial vacation day off to start vacation.
	   o Vacation leave request submitted for two days without vacation postings to Kronos reflected. The employees out time for one day and both in and out time for the next day were recorded as time worked by the employee's supervisory.
	• Full-time regular employees take 50 minutes for lunch with no breaks. Lunch is recorded as 30 minutes on the Kronos time and attendance system.
	
	Risks identified during inquiry of Truancy Central 9-3 staff revealed:
	• All employees use the same access code for the key pad on the Truancy Court employee entrance door.
	• The key pad access code on the Truancy Court employee entrance door has not been changed since installation.
	• The safe combination is not changed when employees transfer from one Truancy Court location to another.
	• The cash drawer key was not immediately retrieved when the bookkeeper transferred from one Truancy court to another.

Workpaper Reference: (or other method by which finding was identified)	Workpapers 11B, 11B2, 12A-B Kronos time and attendance system Staff inquiry
Condition: (Describe the current condition)	• Web-timestamp functionality is used by nonexempt staff to record start and end times. Annual leave, sick leave, holidays, etc. taken are recorded to the Kronos system based on information available to the supervisor. Oracle DC Employee Self-Service is available for court staff to review hours paid and accrual balances taken / earned / available. • Employees use the employee entrance when they enter the office area of the Truancy Court. The employee entrance is locked using a key pad that only grants access using an access code. The court only has one access code that all the employees use, including custodial staff. • The safe at Truancy Central is locked using a combination lock, which the bookkeeper, supervisor, and manager are the only people who know the combination. The access code and combination to the safe are not changed when employees transfer from one Truancy Court to another.

	• The bookkeeper's cash drawer is locked using a key, which the bookkeeper and supervisor are the only people who have a key to the drawer. Employees are sometimes transferred from one Truancy Court to another. However, the cash drawer key was not immediately retrieved from the previous bookkeeper until three months later. • Access to the safe containing the daily receipts is not under dual control.
Criteria: **(Describe the optimal condition)**	According to Dallas County Code, Section 82.32, **Work hours scheduling:** (b) *Office hours.* An elected official/department head, with the approval of the commissioners court, has the right to establish and schedule reasonable work hours, rules and working conditions in a manner most advantageous to the county in accomplishing its service and work requirements. Compensatory time and overtime are also scheduled by the elected official/department head according to appropriate county policies. County offices, excluding 24-hour operations, are expected to **remain open between the hours of 8:00 a.m. - 4:30 p.m**. and remain open during the noon hour. Employees should verify office hours and work hours with their supervisor. (c) *Breaks and lunch periods.* An elected official/department head may also establish breaks and lunch periods for their employees. **Employees may be granted one break of ten minutes for each four hours worked.** Employees are paid while on break. A lunch period may be 30 minutes or an hour depending on the work schedule approved by the elected/appointed official/department head. **Lunch periods are in addition to the regular eight-hour work period and shall not be combined with breaks.** Employees are not paid during their lunch period; therefore, they should be completely relieved of all duties and be free to leave their post of duty. Sec. 82-175. - Supervisory responsibilities (c) Supervisors are responsible for ensuring employee time records are accurate and that no abuses occur. Only supervisors have the authority to correct employee time record errors or omissions. (d) Supervisors are responsible for recording employee vacation and sick time and for entering time for employees who are working outside their department work area. (e) Supervisors are responsible for checking daily start times, meal periods, end times, vacation time, sick time, compensatory time and overtime to ensure employees are in compliance with their shift work schedule and the county's overtime policies. Supervisors are responsible for promptly documenting actions warranting discipline and for promptly reporting possible fraud to the county auditor.
Cause: **(Describe the cause of the condition if possible)**	Unknown
Effect: **(Describe or quantify any adverse effects)**	Instances of time recorded to Kronos not reflecting actual time worked.
Recommendation: **(Describe corrective**	• All vacation, sick leave, comp time, holiday time, jury duty, and approved time off

action)	should be posted to the Kronos time and attendance system in accordance with the Dallas County Code and Commissioners Court orders. • All office access should be changed and updated immediately when Dallas County employees are terminated or transferred to other Dallas County locations. • Access to the safe and cash drawer should be restricted and changed as Dallas County employees switch location or duties. • Each staff person should have their own unique key pad code that is not shared for office access. • Consider implementing dual control over the safe (more than one staff member required to open) in which the cash receipts are stored. • Develop and implement employee access check in/out procedures for keys, passes, office access, etc.					
Responsible Department or Organization:	County Clerk					
Management's Response:	☐ Agree	☐ Disagree	**Respondent** :		**Date** :	
Comments:						
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration	