DALLAS COUNTY
COUNTY AUDITOR

Memorandum

To: Honorable John F. Warren
        County Clerk

From: Darryl D. Thomas
        County Auditor

Subject: Truancy East - Review for Fiscal Year 2012 through partial Fiscal Year 2014 (3/31/14)

Date: Issued   March 4, 2016
        Released August 8, 2016

Scope

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the Truancy East Court for fiscal years 2012 thru partial 2014 (3/31/14) 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 as well as case jackets.

A partial list of the review tests include:
- Accounted for numerical sequence of manual and computer generated receipts
- Traced amounts recorded on the receipts to the bank deposits
- Performed unannounced cash counts
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credits, charge reductions, and adjustments
- Reviewed and evaluated responses to the Internal Control Questionnaire (ICQ)
- 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:
- 5,895 computer receipts totaling $1,202,201.50
- 12,014 class C misdemeanors (failure to attend school and contributing to non-attendance)

During fiscal year 2013, the truancy court processed:
- 5,710 computer receipts totaling $1,085,884.75
- 11,499 class C misdemeanors (failure to attend school and contributing to non-attendance)

During Partial fiscal year 2014, the truancy court processed:
- 2,259 Computer receipts totaling $436,826.75
- 7,458 class C misdemeanors (failure to attend school and contributing to non-attendance)

FINDINGS

Cash Management

Manual Receipts – A review of manual receipts and manual receipt procedures revealed: fifteen manual receipts were skipped in sequence, not used; four manual receipts were altered instead of voided and reissued including one altered from $400 cash to $40 cash; and manual receipts are used at times other than Odyssey system downtime when the bookkeeper and/or supervisor are unavailable.

Computer Receipts – A sample review of computer receipts, a complete review of 43 voided computer receipts, computer receipt procedures, and adjustments revealed: four computer receipts were receipted under a non-standard receipt sequence (rationale for configuration of additional Odyssey receipt number pools could not be determined); five (11.6%) voided computer receipts without retention of both copies of void including one voided cash receipt totaling $102 replaced for $52 cash; one deposit held for 23 business days due to two checks totaling $799 reported as missing from the deposit by the Treasurer (**Status**: Resolved when replacement checks were received); three adjustments processed incorrectly; sixteen adjustments and reverse adjustments not entered by the supervisor or manager; and, seven adjustments and reverse adjustments without reasons entered in the Odyssey comment field.

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.

Court Costs / Fines / Fee Assessment – A sample review of 54 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.

Credit Cards – A review of 71 settled credit card transactions revealed: three (4.2%) credit card payments were not posted for approximately one month or more to Odyssey including one payment not receipted for over six (6) months.

A review of departmental processes and responses to the ICQ revealed: credit card transactions are not posted to Odyssey until after a 48 hour (waiting period) period; and controls are not in place to ensure that credit card transactions are entered into Odyssey on a timely basis.

NSF Checks –A review of NSF procedures and a sample review of ten cases with NSF checks on the Treasurer's Office NSF check list revealed: all ten (10) 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: one cash appearance bond totaling $200 not refunded; an undisbursed overpayment for less than $10 deposited to the escrow account rather than recording as clerk fees; and one payment partially receipted in error to the escrow ($74.84 balance due still reflected on the case).

Processing/Reporting

Criminal Fee Dockets – A sample review of 40 active cases and 40 disposed cases for appropriateness of active warrants or directives revealed: instances of errors in recording assessments.

Collection/Billing – A sample review of 20 cases with balances due, various Odyssey system queries, and procedures for collection/billing revealed: one duplicate assessment of the $25 time payment fee. (**Status**: Corrected)

Case Filings - A review of the systemic sequential assignment of cases within the Odyssey case management system and Odyssey Case Index reports and a review of responses to the ICQ revealed: employees are not assigned to monitor Odyssey case index reports.

Other/Miscellaneous

Time and Attendance – A review of time and attendance records revealed: one exempt employee input error in Kronos, entered out time as AM should be PM; one employee requested a full eight (8) hour vacation day, however Kronos indicates only a four (4) hour vacation recorded with another four (4) hours regular time worked entered with a comment stating "4 hour free pass"; full-time regular employees take a one hour lunch with no breaks, lunch is recorded as 30 minutes in the Kronos time and attendance system; and Truancy Court 9-4 shows on the door entrance that the office is open to the public 8:00 AM-4:00 PM.

Access and Security – A review of departmental processes and responses to the ICQ revealed: all employees use the same access code for the key pad on the employee entrance door and the key pad access code is not changed when employees are no longer employed by Dallas County or transfer to another department.

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 – A non-docket event and NSF flag should be added to the case on Odyssey once the court 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. The court's NSF tracking list should be maintained and include all relevant information including applicable case number.

Escrow Activity / Disbursement – 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. Escrow overpayment reports should be reviewed on a periodic basis and disbursements should be made to the appropriate parties in a timely manner. The court should retain a copy of the request for payment (RFP) to ensure that duplicate payments do not occur.

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 issue and 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 Filings - 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, 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. Each employee should affirm bi-weekly time paid and leave balances expended through review of pay slip on Employee Self-Service (ESS) application.

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

Finding templates numbered 13.TR9-4.01.01 thru 13.TR9-4.01.09 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; changing security access to Truancy East and safe combinations immediately as well as when employees are no longer with the County or transfer to other duties or departments.

Actions required by H.B. No. 2398 (enacted by the 84th Legislature) should be implemented.

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

Finding Number:	13.TR9-4.01.01
Date:	July 16, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**Manual Receipts**
	A review of 611 manual receipts including all (22) voided manual receipts and a sample review of 40 manual receipts for proper posting to the Odyssey Courts System (Odyssey) during FY2012 thru partial FY2014 (10/2011 to 3/2014) revealed:
	
	• Fifteen manual receipts were skipped in sequence, not used, and were not marked void.
	• One voided manual receipt without a reason code for the void indicated.
	• One manual receipt without an associated computer receipt attached in the manual receipt book.
	  Status: The manual receipt was posted to Odyssey.
	• One case without the manual receipt number indicated in Odyssey's financial comment field.
	• Four manual receipts were altered instead of properly voided and reissued.
	  - One manual receipt was altered to a lower amount, $400 cash to $40 cash
	
	Departmental responses to the Internal Control Questionnaire (ICQ) and/or inquiry of staff revealed:
	• Manual receipts are used when the bookkeeper and/or supervisor are unavailable.
	• Manual receipts number are used in numerical sequence. However, based on sample testing, manual receipts are sometimes used out of numerical sequence.
	• All receipts are voided rather than altering amounts. However, based on our review, manual receipts are sometimes altered rather than voided.
	• All copies of voided receipt are clearly marked "void" along with an explanation as to why the receipt is being voided. However, based on sample testing, voided computer receipts are <u>not</u> retained and sometimes contain no explanation for the void.

Workpaper Reference: (or other method by which finding was identified)	Workpapers 4A1-2, 4A.3, 4A.4, 4A.5 Manual receipt books Odyssey Inquiry of Truancy 9-4 staff Responses to Internal Control Questionnaire (Truancy North 9-4 A&B)
Condition: (Describe the current condition)	Manual receipts are used when the system is non-operational. Manual receipts (three part form) are used by the bookkeeper, back-up bookkeeper, and supervisor when the system is non-operational and when the bookkeeper is at lunch or otherwise unavailable. The manual receipt books are stored in the bookkeeper's locked drawer. The original manual receipt is issued to the customer. Payments associated to manual receipts are later recorded into Odyssey and two copies of the computer receipt are generated. The original computer receipt is set aside for attachment 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.

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 control procedures should include: • 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. • All manual receipts should be accounted for and properly used, include supervisory review, kept in numeric order, have the corresponding computer receipt attached, and are posted and deposited daily, and timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. • Receipts should 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	

County Auditor

Dallas County, Texas

Finding Number:	13.TR 9-4.01.02
Date:	July 16, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**Computer Receipts & Closeout/Deposit**
	A review of delays between computer receipt date and Oracle deposit date, till close and not recorded with Odyssey deposit date, 43 voided computer receipts, a sample review of 20 payment reversals/adjustments, and a sample review of computer receipts issued for FY2012 thru Partial FY2014 (10/2011 to 3/2014) revealed:
	
	Computer Receipts
	• Four computer receipts were issued under a non-standard receipt sequence. Rationale for additional receipt number pool configuration could not be determined.
	• A review of the 43 voided computer receipts revealed:
	   o Five (11.6%) of 43 voided computer receipts do not have both physical copies of the voided receipt retained including one voided cash receipt totaling $102 replaced for $52 cash.
	   o One voided computer receipt was not marked void on the physical copy.
	
	Tills
	• One Till closed on April 18, 2013 not recorded with an Odyssey deposit date nor included in an Oracle deposit. Credit adjustment was moving funds from one case to another case.
	  Status: Till included with a deposit on July 8, 2014.
	
	Oracle Deposit Date
	A review of all deposits delays between the Odyssey transaction receipt date and the Oracle deposit date revealed:
	• One instance of funds deposited greater than four business days after the Odyssey transaction date. Treasurer reported two checks totaling $799 missing from the deposit which was held for 23 business days.
	  Status: Resolved when replacement checks were received.
	• One check totaling $202 reported missing from the deposit by the Treasurer after approval of the Oracle deposit.
	  Status: Resolved.
	
	Adjustments
	A sample review of twenty transactions (reverse payment, adjustment, and/or reverse adjustment) revealed:
	• One adjustment against assessments/charges processed in error; community service credit should have been applied.
	• Two adjustments against assessments/charges processed in error; prior receipt postings should be adjusted / corrected in an adjustment till.
	• Sixteen adjustments and reverse adjustments were not entered by a supervisor or manager.

- Seven adjustments and reverse adjustments without reasons entered in the Odyssey comment field.

Risks identified during walkthrough of department's internal control processes, departmental responses, and/or Internal Control Questionnaire (ICQ) revealed:
- Truancy East office does not utilize a bank lockbox for U.S. mail deposits. (R02)
- Truancy East office does not log cashier checks/money orders received through the U. S. mail or the drop box.(R03)
- 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. (R05)
- East Truancy Court B was not properly set up with an adjustment till. Court A has to reconcile the adjustment till for court B. (R06)
- 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. (R07)
- Access to the safe containing the daily receipts is not under dual control. (R08)
- Adjustment till is shared by multiple users (bookkeeper, supervisor, and manager). (R11)
- 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. (R13)
- Checklists are not used to document the timely and accurate completion of significant or key daily/weekly/monthly tasks. (R16)
- There is no sign advising customers that an official Dallas County receipt (with an image of an Odyssey computer receipt and manual receipt) should be received for all payments made. (R19)
- There were no formal written and/or updated procedures provided for receipt function and deposit close out other than walkthrough details.
- All adjustment entries are not made in an adjustment till.
- Adjustments are included as part of the deposit. However, based on our review, some adjustments were not included in the daily deposit.
- Bookkeeper issues cash receipts, submits disbursement requests, sends billings on delinquent collections, assesses charges, process waivers and reductions, has cashier rights to enter credits and to make adjustments, and is responsible for the adjustment till.
- Safe combination is not changed when a person having the combination leaves employment with the court or is no longer responsible for cash handling duties. Manager has knowledge of former employees that know the safe combination or have access to keys.

Workpaper Reference: (or other method by which finding was	Workpapers 4B.1A&B, 4B.1C, 4B.2, 4B.3 and 4B.4 Odyssey Transaction Listing Report & Odyssey Receipt Journal Report Inquiry of Truancy East 9-4 staff

identified)	Truancy East 9-4 Responses to Internal Control Questionnaire dated 8/4/14 Internal Control Walkthrough 8/5/14 with Truancy East 9-4 Staff
Condition: **(Describe the current condition)**	There are three counter clerks that receive payments from the customer. Cash payments received are counted in presence of the customer. The clerks hand the bookkeeper the payment and case jacket to post payment to Odyssey and generate a receipt. Cash and check/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 or supervisor into Odyssey and two copies of the receipt are printed out and reviewed for accuracy prior to submitting to the customer. 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, and a new address if applicable. 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 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. The court does not accept personal checks through the U.S. mail. The bookkeeper will attempt to contact the payer via phone to appear in person. If the payer does not appear, the personal check will be returned. Receipts are mailed to customers submitting payment via money orders through the U.S. mail.
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)	Incomplete controls over the receipting process
Effect: (Describe or quantify any adverse effects)	Prevents potential assertion that monies were paid and refunds due and/or misappropriation of funds Delayed revenue recognition Inherent risks for delayed deposits include non-recovery of funds, checks or cash could be lost or stolen before being receipted.
Recommendation: (Describe corrective action)	• Computer receipts should not be altered, but properly voided and affixed with a reason for the void. Explanation should be entered into the comment field in Odyssey when voiding or reversing payments. Voids should require supervisory approval. No user should void their own issued receipt with voided receipts reviewed and initialed by a supervisor at the next level up. All copies of voided receipts should be retained (the latter of Records Retention requirements or audit completion date). • Procedures and documentation should incorporate compensating controls such as dual sign-off on voids, receipt corrections, supervisory review, testing, and validation. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. • 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 daily 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.
- 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.
- 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.
- 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 Organization:	County Clerk					
Management's Response:	☐ Agree	☐ Disagree	**Respondent:**		**Date :**	
Comments:						
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration	

Finding Number:	13.TR9-4.01.03
Date:	July 16, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**Fine/Court Costs/Fee Assessments**
	A sample review of fines, court costs, and fee assessments, manual overrides or manual distributions, reversed charges and charge reductions, and credits during fiscal year 2012 thru partial fiscal year 2014 (March 2014) revealed:
	
	Courts Costs/Fines/Fees and Other Assessments
	A sample review of 54 cases revealed:
	• Fifteen cases (27.8%) cases with the \$25 time payment fee assessed twice.
	  Status: Seven duplicate assessments were reversed.
	• Two (3.7%) cases with the \$5 juvenile case manager (JCM) fee assessed on cases with offenses prior to the effective date.
	• Two (3.7%) with warrant and time payment fees incorrectly assessed.
	  Status: Corrected. Assessments were reversed.
	• One case was charged a duplicate contempt fine.
	  Status: Corrected. Assessment was reversed.
	
	A sample review of 10 cases revealed:
	• One computer receipt with a 'Create' date one day prior to the Odyssey 'Transaction' date.
	
	Reversed Charge Reductions, Reverse Charges, Reverse Waivers, Charge Reductions, and Waivers
	A sample review of 20 transactions revealed:
	• One (5%) reverse charge transaction case without a comment entered indicating the reason for the reversal.
	  Status: Follow-up review indicates the reversal was valid based on Odyssey case information.
	• One (5%) waiver transaction for the wrong court costs amounts.
	  Status: Corrected.
	• Eighteen (90%) transactions with assessment reductions, reversals, or waivers entered by non-supervisory staff.
	
	Credits - Inability to Pay and Community Service
	A sample review of 20 transactions revealed:
	• Four (20%) cases with an "inability to pay" have fee credits entered in error; transactions should have been reverse charges.
	  Status: One of the four errors was corrected.
	• Twelve (60%) inability to pay, community service, or jail time served credits without comments entered in Odyssey indicating the reason for the credit.

	Risks identified during walkthrough of department's internal control processes and/or responses to the Internal Control Questionnaire (ICQ) 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. (R14) • The method of assessing court costs, fine, and additional fees, such as warrant fees, as one charge transaction is causing multiple issues when the fine amount needs to be reduced or waived or when additional fees need to be reversed. The bookkeeper is unable to waive or reduce a portion of the charge transaction systematically without waiving or reducing a portion of all the fee codes in the charge transaction (including court costs). (R15) • The bookkeeper has Odyssey system rights to assess charges, enter credits and adjustments, and receipt payments.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 5B.1, 5B.2, 5C, 5D Odyssey Transactions Listing Report Walkthrough 8/5/14 with Truancy East 9-4 Staff Responses to ICQ
Condition: (Describe the current condition)	East Truancy court accepts failure to attend school and parents contributing to truancy case filings from Garland, Mesquite, and Richardson Independent School Districts. Truancy Information System (TIS) is the web host for exchange of data and documents between DISD and Odyssey for truancy court filings. GISD, MISD, and RISD sends a data file to allow case upload into Odyssey East truancy courts. GISD, MISD, and RISD also submit 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. GISD, MISD, and RISD receive an error file (ERF) from Odyssey stating if there are errors, no errors, or no data found. If errors occur, the districts 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.
	Written procedures should be established for all the responsibilities of Truancy East'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. (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.
	STATUTE NO LONGER VALID AS OF SEPTEMBER 1, 2015 - Education Code, § 25.094. 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. Court Order No. 2012-1392 dated August 28, 2012 authorizing creation of Case Manager Fund and establishment of fee at $5. Code of Criminal Procedure, Art. 102.0174. COURT COSTS; JUVENILE CASE MANAGER FUND. (a) In this article, "fund" means a juvenile case manager fund. (c) The commissioners court of a county by order may create a juvenile case manager fund and may require a defendant convicted of a fine-only misdemeanor offense in a justice court, county court, or county court at law to pay a juvenile case manager fee not to exceed $5 as a cost of court if the court employs a juvenile case manager. A justice court, county court, or county court at law that does not employ a juvenile case manager may not collect a fee under this subsection. (d) The ordinance or order must authorize the judge or justice to waive the fee required by Subsection (b) or (c) in a case of financial hardship. (e) In this article, a defendant is considered convicted if: (1) a sentence is imposed on the defendant; (2) the defendant receives deferred disposition, including deferred proceedings under Article 45.052 or 45.053; or (3) the defendant receives deferred adjudication in county court. (f) The clerks of the respective courts shall collect the costs and pay them to the county or municipal treasurer, as applicable, or to any other official who discharges the duties commonly delegated to the county or municipal treasurer for deposit in the fund.
Cause: (Describe the cause of the condition if possible)	Inadequate segregation of duties Method of using charge reductions and reversals for grouped fees Clerical error Odyssey system configuration error
Effect: (Describe or quantify	Potential revenue loss for Dallas County and the State of Texas Assessments and non-monetary credits understated inhibiting accurate receivable

any adverse effects)	analysis.
Recommendation: (**Describe corrective action**)	• Court costs, fees, and fines should be 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. Credits should automatically post to the Event screen. • Partial payments should be systemically prorated to each state and local court costs / fee before recording amounts to fine or only one court cost. Manually prorating payments should be limited. • Full assessment of court costs and fine amounts on Odyssey for defendants considered convicted as defined by Local Government Code, § 133.101. • Non-monetary credits for court approved community service and waiver of court costs and fines should be added in accordance with statute. • Charge reductions and assessment reversals should be limited to correction of errors and fine reductions. • 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. Procedures for updating fee schedule tables should include: • Fee schedule tables updated each time a legislative change or a Commissioners Court order affects court costs and/or fees. • Document and communicate to the IT Services Odyssey support team updates and corrections needed to the configuration tables in accordance with Change Management procedures.
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 9-4.01.04
Date:	July 16, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**Credit Card Transactions** A sample review of 71 settled credit card transactions revealed: • Three (4.2%) credit card payments were posted approximately one month or more to Odyssey including one credit card payment not receipted for over six (6) months. **Risks identified during walkthrough of department's internal control processes revealed:** • There are no controls in place to ensure that credit card transactions are entered into Odyssey on a timely basis. (R04) • Credit card transactions are not posted to Odyssey until after a 48 hour (waiting period) period. (R18)
Workpaper Reference: (or other method by which finding was identified)	Workpapers 6B and 6C Credit card settlement reports Internal Control Walkthrough 8/5/14 with Truancy East 9-4 Staff
Condition: (Describe the current condition)	Credit card payments are accepted 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 a partial amount. After going through two additional screens, the defendant will be redirected to the JPMorgan Chase Pay Connexion site after clicking on the 'continue' button. A valid credit or debit card 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. Credit/debit card payments processed by 6:59:59 PM are included in the next day business closeout. Credit card number and other information are not stored on Dallas County servers or systems. The bookkeeper waits 48 hours to post the payment to ensure the funds are available. The transaction ID number is posted to the comment field on the computer receipt in Odyssey. Once the payment is receipted, two computer generated receipts are printed out 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. Manager, Supervisor, and Bookkeeper have rights to void transactions.

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 systems for e-commerce 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 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. • 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 receipt comment field in Odyssey. • 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.TR9-4.01.05
Date:	July 16, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**NSF** A review of the NSF check list and ten sampled cases with payments returned NSF for Truancy East 9-4 during fiscal years 2012 thru partial fiscal year 2014 (thru March 2014) revealed: • Ten (100%) cases without reversal of the original payments totaling $1,900 or assessment of the $30 NSF fee. **Risks identified during walkthrough of department's internal control processes revealed:** • The original payment made with the NSF check or credit card chargeback is not reversed in Odyssey. Revenue is overstated when customer credit is not reversed and Fund 170 receivable is not cleared. (R09) • The $30 NSF fee is not assessed on the cases in Odyssey. (R10)
Workpaper Reference: (or other method by which finding was identified)	Workpaper 7A.1 Treasurer NSF check list Internal Control Walkthrough 8/5/14 with Truancy East 9-4 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 Truancy courts. 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's office to pay the check amount and an additional $30 NSF fee. East Truancy court does not reverse the payment in Odyssey nor assess the $30 NSF fee, and a NSF flag is not entered on the case.
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 using the Odyssey 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:	Incomplete application of control procedures

(Describe the cause of the condition if possible)	
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 a NSF item by the County Treasurer. The flag should remain until funds are collected. • $30 NSF fee 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. • NSF tracking list should be maintained and include all relevant information including applicable case number. 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.TR9-4.01.06
Date:	July 16, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**Disbursements/Escrow Activity** A review of six receipted amounts in the escrow account and postings to Odyssey/Oracle for FY2012 thru partial FY2014 (10/2011 to 3/2014): • One case has an appearance bond for $200 in the escrow account that should have been refunded. Odyssey reflects requests for payment created on two occasions; however, a refund was not processed through Oracle Accounts Payable. • One case has an overpayment amount less than $10; overpayment should be moved to clerk fees. • One payment is partially receipted ($74.84 of $152.61) in error to the escrow account; funds should be moved to the appropriate fee codes. **Risks identified during walkthrough of department's internal control processes and/or responses to the Internal Control Questionnaire (ICQ) revealed:** • Disbursements are not posted to Odyssey, but 'escrow' checks are posted once paid.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 8A-C Money in Escrow Report Oracle General Ledger and Accounts Payable Request for Payments Internal control questionnaire Walkthrough with Truancy Court 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.
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 lead clerk or 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.TR9-4.01.07
Date:	July 17, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**Criminal Fee Dockets – Warrants/Directives & Collections/Billings**
	A sample review of a criminal fee dockets for warrants/directives and collections/billings for fiscal year 2012 thru partial fiscal year 2014 (thru March 2014) revealed:
	
	Criminal Fee Dockets – Warrants/Directives
	A sample review of 40 active cases and 40 disposed cases for appropriate warrant issuance and/or recalls revealed:
	• One case with issuance of a directive to apprehend without assessment of the $50 warrant fee in Odyssey.
	• Three cases (7.5%) with duplicate warrant fees assessed.
	  Status: Duplicate warrant fee was reversed for one case on 7/10/14.
	• Two (5%) cases with only one $50 warrant fee assessed; however, two warrants were issued.
	• One case with assessment of the $5 juvenile case manager (JCM) fee for an offense prior to the JCM fee effective date.
	• All clerks have Odyssey system rights to issue warrants or directives once the judge signs off.
	
	Collection/Billing
	A sample review of 20 cases with balances due, various queries created by Dallas County Information Technology (IT) department, and procedures for collection/ billing revealed:
	• One case with duplicate assessment of the $25 time payment fee.
	  Status: Duplicate time payment fee was reversed on 7/9/14.

Workpaper Reference: (or other method by which finding was identified)	Workpapers 9A, 9B, 9C, 9D, 10B, , Transaction listing reports Odyssey ECR Collections Outstanding Balance Due report Dallas County IT query of cases with balances and no due date and case event for affidavit of inability to pay (received 2/20/14)
Condition: (Describe the current condition)	The court staff will schedule hearings and mail a notice of the 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. 4 currently 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 costs and fine. The court clerks inconsistently flag

	cases in Odyssey with an action due of 'Balance Due Letter Sent' or add an event of 'Balance Letter' or 'Payment Received – Balance Due'. 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 lead clerk can process warrants authorized by the judge and recall warrants. However, other clerks may use the bookkeeper's and lead clerk's login id and password to recall warrants. The outstanding warrant report in Odyssey does not reflect current warrants issued. Billing reports are not being utilized on a regular basis where report errors could be corrected by IT Services.
Criteria: **(Describe the optimal condition)**	Best practices on 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. 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. Programming changes needed in order to use Odyssey billing/collection functionality without issues should be documented and communicated to IT Services.
Cause: (Describe the cause of the condition if possible)	Clerical error Inadequate/inaccurate system reporting Incomplete controls over the billing and assessment process
Effect: (Describe or quantify any adverse effects)	Unable to establish clear lines of accountability when using sharing user ids and passwords. Report does not accurately reflect actual outstanding warrants. Potential loss of revenue for the County.
Recommendation: (Describe corrective action)	Warrant and directive to apprehend procedures should include: • Outstanding warrants or directives 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. • Warrants or directives issued timely when defendants do not appear, do not comply with conditions of release, or default on payment terms. • Show cause hearings should be set when defendants default on payment plans. • Outstanding warrant reports periodically reviewed for accuracy. • Separation of duties limiting (through system roles/rights) staff assigned to recall warrants with separate user IDs provided for each authorized employee.

	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.TR9-4.01.08
Date:	July 17, 2014
Audit:	Truancy East 9-4 A & B 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 year 2014 (10/11-3/14) revealed: • Case sequence findings previously reported under North, South, and Central courts. Responses to the Internal Control Questionnaire indicate employees are not assigned to monitor Odyssey case index reports.
Workpaper Reference: **(or other method by which finding was identified)**	Workpaper 11A.1 Review of Odyssey case index reports Response to the Internal Control Questionnaire dated 8/4/14 by 9-4 staff
Condition: **(Describe the current condition)**	East Truancy court accepts failure to attend school and parents contributing to truancy case filings from Garland, Mesquite, and Richardson Independent School Districts (GISD, MISD, and RISD). Truancy Information System (TIS) is the web host for exchange of data and documents between GISD, MISD, RISD and Odyssey for truancy court filings. GISD, MISD, and RISD sends a data file to allow case upload into Odyssey for East truancy courts. GISD, MISD, and RISD also submit 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. GISD, MISD, and RISD receives an error file (ERF) from Odyssey stating if there are errors, no errors, or no data found. If errors occur, GISD, MISD, and RISD 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 GISD, MISD, and RISD 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. 45.0541. EXPUNCTION OF FAILURE TO ATTEND SCHOOL RECORDS. (a) In this article, "truancy offense" means an offense committed under the former Section 25.094, Education Code. (b) An individual who has been convicted of a truancy offense or has had a complaint for a truancy offense dismissed is entitled to have the conviction or complaint and records relating to the conviction or complaint expunged. (c) Regardless of whether the individual has filed a petition for expunction, the court in which the individual was convicted or a complaint for a truancy offense was filed shall order the conviction, complaints, verdicts, sentences, and other documents relating to the offense, including any documents in the possession of a school district or law enforcement agency, to be expunged from the individual's record. After entry of the order, the individual is released from all disabilities resulting from the conviction or complaint, and the conviction or complaint may not be shown or made known for any purpose.
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. Out of sequence issued case numbers – unknown.
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	

Finding Number:	13.TR9-4.01.09
Date:	July 16, 2014
Audit:	Truancy East 9-4 A & B Review
Auditor(s) Assigned:	NH

Finding:	**Time and Attendance** A review of time and attendance records during FY2012 thru Partial FY2014(10/2011 to 3/2014), observation of offices schedules, and Kronos attendance system postings revealed: • One exempt employee with an input error in Kronos. Out time entered as 4:45 AM rather than 4:45 PM. Exempt employee credited with 12 more hours than worked. (no monetary value as Exempt employee not entitled to receive overtime compensation) • One non-employee requested a full vacation day; however, Kronos indicates four (4) hours regular time worked and four (4) hours vacation with a comment stating "4 hour free pass". • Full-time regular employees take a one hour lunch with no breaks; lunch is recorded as 30 minutes in the Kronos time and attendance system. • Truancy Court 9-4 shows on the door entrance that the office is open to the public from 8:00 AM - 4:00 PM. Employees continue to work until 4:30 PM. **Access and Security** • All employees use the same key pad access code to enter the office door. The access code is not changed when employees separate from employment or transfer to another office. **Risks identified during walkthrough of department's internal control processes revealed, inquiry of staff, and departmental responses to the Internal Control Questionnaire (ICQ):** • Truancy East office closes to the public at 4:00 p.m. (R17) *Response: Payments are accepted until all customers are assisted.*
Workpaper Reference: (or other method by which finding was identified)	Workpapers 11B.1, 11B.2, 11B.3-4 and 12A-B Inquiry of Truancy 9-4 staff Truancy East 9-4 Responses to the Internal Control Questionnaire dated 8/4/14 Internal Control Walkthrough 8/5/14 with Truancy East 9-4 Staff
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.

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. According to Dallas County Code, Section 82-132, **Work schedules**: Exempt employees shall report all hours worked and adhere to an established work schedule approved by the elected official/department head. Exempt employees' work schedules **shall average a minimum of 40 hours per week**, including use of accrued leave time. All time worked shall be recorded in the official time and attendance system. According to Dallas County Code, Section 82-134, **Scheduled time off:** Periodically, elected officials/department heads may grant administrative time off for exempt employees. Such time off must be approved by the elected official/department head. In order to approve such leave, the elected official/department head must ensure the e**xempt employee's most current 12-month average weekly work schedule exceeds 40 hours.** For exempt employees whose tenure is less than 12 months, their average weekly hours worked shall be determined by the average hours worked over the number of weeks worked for the county. If this criterion is met, the elected official/department head may, at his/her discretion, approve the time off. Under no

	circumstances will this time be granted on an hour-for-hour basis and the **total amount of time granted shall not exceed 15 work days in a 12-month period except by formal approval by the commissioners court**.
Cause: (Describe the cause of the condition if possible)	Input errors Noncompliance with County policy Lack of effective controls
Effect: (Describe or quantify any adverse effects)	Time used not in accordance with County policies Possible misappropriation of County funds and property Instances of time recorded to Kronos not reflecting actual time worked.
Recommendation: (Describe corrective action)	• All vacation, sick leave, comp time, holiday time, jury duty, meal times, and approved time off should be posted to the Kronos time and attendance system in accordance with the Dallas County Code and Commissioners Court orders. • Individual keypad access codes should be assigned to employees. Upon employee separation or transfer, the employee's access code should be deactivated.
Responsible Department or Organization:	County Clerk
Management's Response:	☐ Agree ☐ Disagree **Respondent**: **Date**:
Comments:	
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration