



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable John F. Warren
County Clerk

From: Darryl D. Thomas
County Auditor

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

Subject: Truancy West 9-5 - Review for fiscal year 2014 (October 1, 2013 to September 30, 2014)

Date: Issued April 10, 2017
Released May 26, 2017

Scope

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the Truancy West Court for fiscal year 2014 (October 1, 2013 to September 30, 2014) with an internal control procedures walkthrough completed in 2015. 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 the 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

Statistical Listing

During fiscal year 2014 (October 1, 2013 to September 30, 2014), the truancy court processed:

- 17 computer receipts totaling \$2,863
- 29 class C misdemeanors (failure to attend school and contributing to non-attendance)

FINDINGS

Cash Management

Receipts – Computer – A sample review of computer receipts, computer receipt procedures, and adjustments revealed: two instances copies of the Form 98 deposits, computer-generated receipts, and summary of fund documents not retained by the court; and one deposit delay of nine business days in processing through the Treasurer's office. (*Both occurred for the initial first date of computer receipt issuance by the Truancy court*).

Response: Bookkeeper has a policy to retain the Form 98's.

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.

Response: Supervisor and Manager all have user rights to void and refund. Bookkeeper has the right to void, but does not have the right to refund.

Assessments / Reductions / Waivers / Credits – A sample review of 29 cases with assessments and a sample of three (3) adjustments (reversed charges, charge reductions, and reverse charge reductions revealed: five cases with seven receipt numbers that do not begin with a 9-5 designation (*These seven receipts were the first receipts processed by the new Truancy court*); one assessment of a \$35 summons fee without entry of a judgment; one \$50 warrant fee not assessed; and, all transactions with assessment waivers or charge reversals posted by non-supervisory staff.

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; and, only verbal approval is required to post adjustments in Odyssey.

Response: Bookkeeper is responsible for making financial adjustments when necessary, changes are only made when there is a signed order from the judge to do so. User rights will be adjusted in Odyssey limiting access for financial adjustments only to Administration.

Credit Cards – A review of all credit/debit card transactions revealed: credit card transactions not receipted to Odyssey daily; delays ranged from four to 16 business days after the credit/debit card transaction occurred.

Response: Current Cash Management Policy and Procedures state that Credit Card transactions must be posted the next Business day.

Processing/Reporting

Criminal Fee Dockets – A sample review of 10 cases with final judgment rendered, five (5) active cases, time payment plans and active warrants or directives for the appropriateness of warrant/directive status revealed: one case lacked event comments in Odyssey for the date a warrant was returned un-served.

Response: Bookkeeper and supervisor recall warrants. Limited access is already designated. Both have separate User ID's.

Collection/Billing – A review of the procedures for collection/ billing revealed: the court recommends the dismissal of cases where a criminal defendant cannot be located (i.e. bad address on correspondence), but does not actively engage in locating defendants.

Response: Cases with balances are mailed letters that specific need to collect. There is no specified department specifically for collections. There are not enough clerks. This department does not have any additional resources for researching addresses.

Other/Miscellaneous

Time and Attendance – Full-time regular employees take 50 minutes for lunch (employees are allowed to combine their two 10 minute breaks with their 30 minute lunch).

Response: This court has no full time employees. (Court 9-5 closed in March 2017).

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. Voids should require supervisory approval. Receipts should be retained a minimum of three fiscal years plus through the end fiscal year of issuance in accordance with State records retention requirements.

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 / Reductions / Waivers / Credits – Monitor assessment, collection, and prorating of court costs, fees, and fines in compliance with applicable state laws including Code of Criminal Procedure Chapter 102 and Local Government Code Chapter 133 or Commissioner Court orders and applicable fee schedules based on 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. 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.

Processing/Reporting

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

Response: \$25 time payment fee is not assessed to Juvenile cases only to those parent cases. Statute does not allow for time payment fee to be added onto Juvenile cases.

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. Perform due diligence efforts to locate criminal defendants prior to recommending case dismissal for bad address to the District Attorney.

Response: Department does not have a collections clerk or have the resources to conduct ongoing collections.

Other/Miscellaneous

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

CURRENT FINDINGS/OBSERVATION AND RECOMMENDATIONS

Finding templates numbered 14.TR9-5.01.01 thru 14.TR9-5.01.05 are on file.

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.

Priority areas of risk which need to be addressed include: timely and properly receipting and depositing all payments; separation of duties over the receipt, deposit, assessment, and adjustment processes; and, daily processing of accepted credit card payments.

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

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 improve internal control and compliance with Dallas County policies and procedures.

cc: Honorable Judge Clay Lewis Jenkins
Ryan Brown, OBE