



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable John F. Warren
County Clerk

From: Darryl D. Thomas *Darryl D. Thomas*
County Auditor *WLN*

Subject: Probate - Review for Fiscal Year 2015

Date: *Issued:* September 29, 2017
Released: October 19, 2017

SCOPE:

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the County Clerk Probate section for Fiscal Year 2015 with a cash control procedures walkthrough completed in 2017.

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.

A partial list of the review tests include:

- Reviewed cash handling procedures
- Submitted Internal Control Questionnaire (ICQ) and evaluated responses
- Reviewed internal controls
- Reviewed manual and computer receipts
- Reviewed voided computer receipts
- Reviewed deposit variances
- Reviewed assessed court cost, fine and fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed adjustments, reverse adjustments, charge reductions, reverse charge reductions, reverse charges, waivers, and credits for appropriateness and authorization
- Reviewed credit card payments, E-Filing, and Legal Ease transaction processing, receipting, and depositing for accuracy and timeliness
- Reviewed NSF procedures
- Reviewed Special Fund disbursements
- Reviewed certified copy procedures
- Reviewed collections
- Reviewed court assignments
- Reviewed time and attendance for compliance with County policies

FINDINGS:

Cash Management

Manual Receipts – A review of all manual receipts and all voided manual receipts for proper posting revealed: One manual receipt was skipped in sequence and not marked “void” nor an explanation noted; one voided manual receipt is missing the original customer (white) copy; nine manual receipts without a computer receipt number noted on the manual receipt; A total of 15 manual receipts were reviewed for posting to the Odyssey System and they lacked an entry of a manual receipt

number to the receipt payment comment section in Odyssey; three manual receipts with the duplicate (pink) copy of manual receipt missing from the receipt book; two manual receipts without the payment type specified on the manual receipt.

Responses to the ICQ completed by Probate staff revealed: the numerical sequence of Odyssey and manual receipts is not monitored.

Computer Receipts – A sample review of 28 computer receipts and deposit/closeout procedures revealed: A total of 21 Odyssey deposits had a deposit date which exceeded three business days from the computer receipt date.

A review of all tills without a deposit date revealed: three Odyssey Tills were not deposited in a timely manner.

A review of computer receipt voids revealed: six computer receipts in Odyssey were skipped in sequence; two voided receipts had an insufficient explanation in Odyssey for the void; one cash receipt was voided more than one hour after original receipt.

A review of adjustments revealed: three adjustments had no comment or explanation given in Odyssey as a reason for the adjustment.

Assessments – A sample review of 20 probate cases was conducted to determine if initial filing fees and subsequent costs are assessed and collected in compliance with state laws, commissioner court orders, etc. and revealed: one case did not have an Affidavit of Inability to Pay noted on the events tab in Odyssey, and three cases with a reverse charge performed by non-management personnel.

Credits – Credit (Waiver) – A sample review of 15 credit transactions revealed: Five cases did not have the Affidavit for Inability to Pay noted on the events tab in Odyssey (four cases have the Affidavit for Inability to Pay flagged, but not noted on the event tab in Odyssey).

Responses to the ICQ indicate all employees are assigned roles/rights to enter credits and employees assigned to collection and billing are also responsible for receipting payments.

Disbursements – Special Fund – A sample review of Special Fund 501 account disbursements revealed: Two instances of delays in posting disbursements to Odyssey.

RECOMMENDATIONS:

Cash Management

Receipting / Depositing – All monies received should be promptly and accurately receipted and deposited timely in accordance with Local Government Code (LGC), § 113.022. All receipts should be logged, accurately completed, issued consecutively and maintained in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. Receipts should never 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 in accordance with Records Retention requirements. All voids should be reviewed daily by supervisory personnel at least one level above the employee that voided the payment. Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to missing receipts, receipt deletions, lowered amounts, and payment type changes) to ensure that an explanation is documented and reasonable. All tills should be reconciled and closed daily and included on an Odyssey deposit.

Assigned duties for cash control should be adequately separated for both physical and systemic processing. Access to the safe requiring dual custody (separate individuals with keys than possess knowledge of the safe's combination) and should be limited to supervisors, assistant manager and manager. All financial adjustment transactions should be supported by written advance supervisory approval and associated to a specific till not designated for daily transactions with appropriate

information included in the comment field. Adjustments should be accurately and timely processed in Odyssey with a deposit date entered as soon as practicable.

Management Response: *It is the policy of the Probate Division to use manual receipts sequentially and that the receipts be filled out accurately and completely. It is also the policy of the Probate Division to make daily deposits. The only exception is when the system is down and unable to process deposits. In the event the system is unavailable, the deposit is completed as soon as possible. It is also the policy of the Probate Division to close tills and make deposits daily. The only exception is when the system is down. In addition, for computer receipts/voids, Odyssey assigns the receipt numbers for computer generated receipts. Currently, only management can void receipts. Also, adjustments are done using an adjustment till as soon as discrepancies are discovered.*

Assessments/Credits/Reversals/Charge Reductions – Monitor assessment and collection of court costs and fees to ensure compliance with applicable state laws and Commissioners Court orders. Processing of financial transactions should reflect 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). Non-monetary payments (such as affidavit of inability to pay) should be properly recorded with a credit, and a standardized method of affirming indigence should be documented within the Odyssey system. All corrections should include a complete and valid explanation in the comment field. Adjustments to assessments should be posted to the adjustment till with supervisory review and approval. 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. User roles granted to process manual overrides, charge reductions, credits, and charge reversals should be limited.

Management Response: *It is the policy of the Probate Division to “event” all Affidavits of Inability to Pay that are received and make a copy of that document available in Odyssey. In addition, rights and roles are assigned to the cashier to reverse charges that have been incorrectly entered by non-cashiering clerks.*

Disbursements – Special Fund – All checks issued, canceled, and/or stale dated should be posted accurately and timely to the Odyssey System in accordance with LGC, § 117. Supervisory personnel should review disbursement postings and other disbursement activity for appropriate postings to Odyssey. Case balances should be reviewed on a periodic basis and disbursements made to the appropriate parties in a timely manner.

Management Response: *It is the policy of the Probate Division to enter all information in Odyssey at the time of disbursement. A delay may be due to the clerk not putting the information in Odyssey at the time the payments are disbursed.*

SUMMARY:

The report is intended for the information and use of the department. While internal controls and financial reports were reviewed, all matters of a material weakness may not have been identified. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department.

Priority areas of risk which need to be addressed include: inconsistent control procedures for adjusting court costs, receipting/voiding payments, and closing/depositing tills.

Consideration of all issues and weaknesses should be incorporated by the Clerk 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: Darryl Martin, Commissioners Court Administrator