



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable John Warren
County Clerk

From: Virginia A. Porter *Virginia A. Porter*
County Auditor

Subject: Review Performed for Fiscal Years 2008 through 2009

Date: Issued January 28, 2011
Released January 13, 2012

Scope

A review was performed on the financial records and internal controls of the Dallas County Clerk's Office for fiscal years 2008 through 2009.

Review Procedures

Standard review procedures were followed to test the internal controls against documentation to validate performance of the identified processes. A random (100% of population tested using Automated Command Language {ACL} when feasible) sampling of the total activity was selected for certain review steps based on risk, the dollar value of transactions, the volume of transactions, and noted internal control weaknesses. Testing included a review of the Mainframe system (CRIN and JI66 including data extracts provided by IT Services), Adult Information System (limited to ad-hoc reports generated by users and provided to WT), and the Odyssey Civil Courts System (including data extracts provided by IT Services) as well as corresponding case jackets.

A partial list of the review tests include:

- Submitted Internal Control Questionnaires (ICQ's) and evaluated responses
- Evaluated cash control procedures
- Examined special and trust fund disbursements and associated fee dockets
- Reviewed assessed fees, credits, and waived amounts for compliance with applicable state laws and Commissioners Court orders
- Reviewed and analyzed receivable and billing activity
- Reviewed controls and processes related to Access database and the I-Plow collections system
- Reviewed investment activity
- Reviewed responses to bank confirmations

CURRENT FINDINGS/OBSERVATIONS, AND RECOMMENDATIONS

Points for Consideration (PFC) from Phase I and Phase II of the review were provided separately to the elected official. Highest risk observations are included as Attachment A.

Summary

This 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.

Highest areas of risk which need to be addressed include: updating criminal fee assessment schedules and processes, reconciling the subsidiary billing/collection systems to the official courts systems, completing a formal review of the process over credits adjustments, waivers, fee reversals, and receipt adjustments, reconciling special and trust fund activity to control records including Oracle General Ledger and corresponding bank statements, and closing/balancing each till daily.

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

cc: Commissioners Court
Honorable Judge Martin Lowy, LADJ

Dallas County Clerk
FY2008 and FY2009
Points for Consideration – Highest Risk Areas

- COL-02 – A periodic reconciliation of (accounts receivables) the I-Flow collections system and the Mainframe is not performed.
- COL-03 – A formal review process over credit adjustments, waivers, fee reversals, receipt adjustments, and receipt voids is not in place.
- DISB-02 – Formal reconciliations of Funds 501, 502, and 506 are not performed by the County Clerk to system and/or departmental ledger control totals, bank statements, and the Oracle General Ledger.
- DISB-03 – Limited instances of case jackets, court orders, and / or relevant supporting documentation not located / provided during the review.
- GEN-02 & -04 – County Clerk accounts receivable sub-ledgers are not reconciled to the Odyssey Civil Courts system and Mainframe system, periodically, on at least a monthly or quarterly basis.
- GEN-05 – County Clerk staff do not reconcile the bond fines and bond court cost assessments per the Adult Information System (AIS) to bond fine and bond court cost assessments per the Mainframe (CRIN) system, periodically.
- MF-02 – Review of the Mainframe misdemeanor and bond receivable data revealed that approximately 552 court costs credits exceeded court costs assessments by approximately \$45,800 without application to outstanding fine balances. Filtering of outstanding balances greater than \$50,000 revealed one CRIN receivable exception totaling \$3,000,000. **Status:** Exception totaling \$3,000,000 was corrected by IT Services.
- Misd 4 – A formal request and approval / change management process is not in place within County Criminal (Mainframe) to approve changes to fee schedules and fee transaction codes as changes to fees and fee schedules are statutorily approved by the State and County. Access to maintenance fee schedules and fee codes is not centralized and limited to IT personnel.
- Misd 5, 6, 7, 8, & 10 – Two year comparison of assessed fees (100% of population) to statutorily approved fees for County Criminal cases disclosed numerous assessment errors. Fee codes and amounts are not consistently set up and changes are not consistently processed in Forvus accurately, completely, and timely. The correct statutes are not always used including when charges are reduced. Seventy-seven non-disclosure cases were receipted as one amount to Fee Code 94 rather than assessing to each individual fee code.
- Misd 11 – Review of cases with fee assessments in FY2008 and FY2009 that remained outstanding > 30 days as of September 30, 2009, revealed that Fee Code 84, Installment

Payment Plan Fee, for \$25 was not consistently assessed on cases when defendants did not pay their court costs and fine prior to the 31st date after judgment. In addition, instances were noted where Fee Code 70 – Delayed Payment Fines was sometimes incorrectly used in place of or in addition to Fee Code 84 to assess the \$25 fee.

Status: Resolved. County Clerk Criminal Section management submitted a service ticket to IT Services to create an automated assessment and reporting process for the \$25 time payment fee.

- Misd 12 – The \$50 Sheriff's fee (Fee Code 35, SHF) is included as a standard fee in the County Criminal misdemeanor schedules instead of an add-on-fee to be assessed when a warrant is issued for the defendant's arrest.
- FA County Civil (CC)-2 and County Probate (PR)-2 – Access to modify or reverse Odyssey Civil and Probate fee assessments is not restricted to designated individuals and edit reports are not available for supervisory review of this and other maintenance activity.
- FA CC-5 and PR-5 – A review of Odyssey case filing fees and other fees on a sample of fifteen (15) Civil cases and fifteen (15) Probate cases revealed various exceptions.
- Cash Receipts – Walkthrough (County Civil and Probate) PFC #3 and (Trust & Accounting) PFC #2 – There is no system requirement that each till be closed daily. Predefined Odyssey exception reports indicating tills with an open status are not produced and not reviewed by supervisory personnel. There is no procedure requiring the supervisors to ensure that all tills are balanced and included in the deposit, daily.
- Cash Receipts – Walkthrough (County Civil) PFC #13 – The deposit Form 98 is not reviewed by a supervisor after it is prepared by the cashier.