



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable John F. Warren
County Clerk

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

Subject: Civil - Review for Fiscal Years 2010 thru 2012

Date: Issued July 8, 2014
Released September 2, 2014

Scope

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the County Clerk Civil for fiscal years 2010 thru 2012 with a cash control procedures walkthrough completed in 2012.

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:

- Performed unannounced cash counts
- Accounted for numerical sequence of manual and computer generated receipts
- Traced amounts recorded on the receipts to the bank deposits
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credits, charge reductions, and adjustments
- Examined special and trust fund disbursements to determine if sufficient funds were collected, proper payees paid, and if posting to Odyssey had occurred
- Reviewed trust investments and other registry activity
- Submitted Internal Control Questionnaire (ICQ) and evaluated responses
- Evaluated cash control procedures
- Reviewed certified copies, marriage licenses, and passports for proper fee assessments
- Reviewed credit card activity for accurate and timely posting to Odyssey
- Examined cost billing procedures
- Reviewed time and attendance records for compliance with county policies
- Examined Odyssey case activity reports
- Reviewed non-sufficient fund (NSF) activity

FINDINGS

Cash Management

Financial Set-Up/System Controls – A limited review of the Odyssey Case Management financial setup for County Clerk users and a sample review of user's access revealed: eighteen tills and ten cashier stations at County Courts node for Civil is associated to users that are no longer active employees of Dallas County or the County Civil section; two generic Civil cashier stations; one generic Civil user name; two employees with roles allowing modification of roles and assignment of roles to users normally restricted to Information Technology (IT) Services; and system access for seven former employees is not disabled timely.

Reponses to the ICQ completed by County Clerk Civil staff revealed: logins and system access passwords may not be sufficiently controlled.

Receipts – Manual/Computer – A review of manual receipts and manual receipt procedures revealed: manual receipts numbers are not entered in the comment section in Odyssey once receipted to the system; and the Fiscal Year 2010 manual receipt book(s) could not be located for review.

A review of computer receipts and deposit/closeout procedures revealed: voided computer receipts are not retained and do not consistently contain a reason for the void in the Odyssey comment field; and twenty computer receipts numbers skipped in sequence and not located within Odyssey. As of December 23, 2013, the County Clerk Civil section had six roles that allowed the backdating of payments and five roles that allowed the backdating of charges.

A sample review of tills, closeouts, and deposits revealed: eight delays between the Odyssey transaction receipt date and the Odyssey deposit date that exceeded three business days from transaction date to Odyssey deposit date; eleven delays between Odyssey deposit date and Oracle DMS date that exceeded five business days; forty-three cashier tills closed between February 25, 2008 through October 16, 2012 without an Odyssey deposit date as of May 7, 2013; and instances of adjustment transactions without a reason for the adjustment entered to the Odyssey comment field. Other instances of adjustment tills without Odyssey deposit dates and not included as part of a deposit were noted.

Risks identified during a walkthrough of the cash handling processes revealed: no requirement that each open till be closed and included in the daily deposit; no verification or sign-off by supervisory personnel that all open tills are closed; adjustment transactions are not reviewed or formally approved by management; access to the safe is not under dual control; and system access to void computer receipts is completed without secondary approval required.

Assessments – A review of manual overrides, initial filing fees/other county charges, reversed charges, charge reductions, and credit revealed: 88 out of 1364 adjustments without an explanation in the Odyssey comment field; five adjustment transactions were backdated; and twenty-nine transactions created with a generic user id; instances of all case party fee assessments incorrectly reduced proportionally by a reversal or reduction amount intended for only one fee code; and a formalized quality assurance process is not in place to verify the accuracy of the fee assessments or adjustments entered on the Odyssey system.

Electronic Transactions – A review of E-filing and Legal Ease transactions revealed: delays in receipting / depositing E-filing and Legal Ease transactions; and E-filing transactions are not consistently receipted in E-filing till.

NSF Checks – A review of NSF procedures, receipts related to NSF items, and department's NSF check list revealed: cases with NSF checks not consistently flagged in Odyssey; unrecovered NSF items for filing fees are not reversed in Odyssey nor moved to the Special Fund 501 account for disbursing to the

NSF Fund 170 account; unrecovered NSF items for restricted deposits are not disbursed from the Special Fund 501 account to the NSF Fund 170 account; and one case with two unrecovered NSF money orders totaling \$580 disbursed to a party on the case.

Disbursements–Special and Trust Fund – A review of Special and Trust fund disbursement activity revealed: instances of duplicate and overpayments totaling \$32,571; instances of Special and Trust fund disbursements not posted to Odyssey; instances of Trust fund check numbers not properly posted in Odyssey; instances of Trust fund disbursements not timely posted to Odyssey; and, instances of cancellations not posted in Odyssey.

Investments–Trust/Registry Fund – A review of investment activity and a sample selection for bank confirmation revealed: numerous instances of interest earned not recorded to the corresponding Odyssey Invested tab; instances of investment balances on the investment listing report provided by the Trust section reflecting the prior year's balance; and instances of unrecorded investments and withdrawals.

Processing/Reporting

Collection/Billing – A review of cases with balances due, various Odyssey system queries, and procedures for collection/ billing revealed: customer billings not generated for cases with balances due; and 13 (37.14%) out of 35 cases with balances due in error including credits not recorded to Odyssey financial tabs for affidavits of inability to pay.

Case Assignments – A review of the systemic sequential assignment of cases within the Odyssey case management system and Odyssey Case Index reports revealed: multiple Odyssey user roles with rights to modify file dates and override system generated case numbers; eleven case numbers were deleted in Odyssey; six case numbers were deleted and redirect to a new case number when searching; and 1,109 cases were not sequentially assigned based on the Odyssey file date.

Other/Miscellaneous

Time and Attendance – A review of time and attendance records revealed: instances of Kronos posting errors for time worked and leave taken; and instances of personal holidays taken for years not approved.

RECOMMENDATIONS

Cash Management

Financial Set-Up/System Controls – A terminated user's account should be end-dated and the inactive box check-marked with all assigned cashier stations and tills de-activated. Generic usernames and tills, which are no longer necessary as part of day to day operations, should be de-activated in Odyssey. All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions. Passwords should be secured and not shared with resets required no less than every 60 days with minimum password lengths/strengths in accordance with information technology security standards.

Receipting / Depositing – All monies received should be promptly receipted and deposited timely in accordance with V.T.C.A., L.G.C. § 113.022. All receipts should be logged, accurately completed, 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 employee that voided the payment. Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to receipt deletions, lowered amounts, and payment type changes) to ensure that the explanation for the change 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. Rights allowing backdating of payments should be removed. Rights allowing backdating of charges should be restricted to limited users if necessitated by a business need. A dual control process over opening the safe should be considered.

Assessments – Monitor assessment and collection of court costs and fees in compliance with applicable state laws and Commissioners Court orders. 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). Non-monetary payments (such as affidavit of inability to pay) should be properly recorded with a credit, and a standardized method of affirming indigency 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 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, and validation. 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.

E-Filing – The eFile Texas.gov inbox should be reviewed daily to accept or reject submitted filings. All e-filing submissions should be promptly receipted and deposited timely in accordance with V.T.C.A., L.G.C. § 113.022. E-filing tills should be reconciled against eFile Texas.gov daily reports, closed, 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 once the department is notified of an NSF item by the County Treasurer. Original payment transaction for non-registry funds returned as NSF, stop payment, or account closed should be reversed and applied to Fund 501 overpayment escrow within 30 days after notification if not paid in full with a \$30 NSF fee assessment added. Original payment transactions for Registry/Trust (including Restricted Deposits) funds returned as NSF, stop payment, or account closed should be remitted immediately to the NSF Fund 170 account on notification from the County Treasurer. Registry/Trust (including Restricted Deposits) funds should not be invested or disbursed until “good” funds are available. Departmental NSF tracking list should include all relevant information including applicable case number.

Disbursements – Special and Trust Fund – All checks issued, canceled, and/or stale dated should be posted accurately and timely to the Odyssey system. Disbursements should be issued to the proper payee for the correct amount in a timely manner in accordance with state statutes including V.T.C.A., L.G.C., § 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. Fund balances and subsidiary ledgers should be reconciled against control records (GL and bank statements) to safeguard funds and improve reporting accuracy. All overpayments or duplicate payments should be recovered.

Investments – Trust/Registry Fund – Investments should be made in accordance with V.T.C.A., L.G.C., § 117, Property Code § 142, Education Code 54, and Government Code 2256 and orders of the court with investment practices reflecting maximum security as well as maximum earnings. All investment activity should be posted accurately and timely to the Odyssey system to maintain accurate investment balances reconciling to reports of financial institutions. A management plan including annual verification of all investment bank balances and un-invested funds should be developed and implemented.

Processing/Reporting

Collection/Billing – Established billing procedures should include: supervisory review; bill all receivables due Dallas County; staff follow-up on requested case jackets; and, process assessments, credits, and

charge reductions in accordance with statutory authority including orders of the court, Rules of Civil Procedure, etc. Programming changes needed in order to use Odyssey billing/collection functionality without issues should be documented and communicated to IT Services.

Case Assignments – All case numbers should be timely, accurately, and sequentially assigned based on random court assignment. All case numbers should be accounted for, with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence, and timely documented. System roles which allow modification to file dates or overriding of assigned judge assignments or system generated case numbers should be restricted to limited users if necessitated by a business need.

Other/Miscellaneous

Time and Attendance – Historical edits should be completed to correct posting errors and personal days not approved by Commissioners Court.

CURRENT FINDINGS/OBSERVATION AND RECOMMENDATIONS

Findings template numbered 12.CC.01.01 thru 12.CC.01.11 are attached.

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.

Highest areas of risk which need to be addressed include: inconsistent control procedures for receipting, disbursing, and depositing as well as lack of annual verification of investment bank balances.

Emphasis on outlined procedures should provide for improved departmental processes. 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 strengthen internal control and compliance with Dallas County policies and procedures.

cc: Darryl Martin, Commissioners Court Administrator



Finding Number: 12.CC.01.01
Date: May 6, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	Financial related Setup/System Controls A limited review of Odyssey Case Management System financial setup for County Clerk Civil and a sample review of users access revealed: • Ten Civil cashier stations at the County Courts node associated to users currently no longer active employees of Dallas County or the County Civil section. • Two generic Civil cashier stations (CCOLS and EFILING) exist. • Eighteen Civil tills at the County Courts node associated to users currently no longer active employees of Dallas County or the County Civil section. • System access for 7 former employees not disabled timely. • One generic Civil user name "CMANAGER" is active. Status: "CMANAGER" was disabled as of May 2, 2014. • As of 12/23/13, there are two County Clerk employees assigned to roles normally assigned to Dallas County IT Services, including one role allowing the modification of roles and the assignment of roles to users. The roles are CentralAdmin, CentralAdmin Reports, CentralFinAdmin, CentralFinAdmin Reports, CentralSysAdmin, and LocalAdmin. • As of 12/23/13, there are two County Clerk employees assigned to a DCLRK HR ADMIN SYSTEM ADD USERS that allows the user to add and modify users. Departmental responses to the Internal Control Questionnaire (ICQ) and inquiry of County Clerk Civil staff revealed: - Logins and system access passwords may be shared with management and County administrators.
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 1C, 1D to 1D-3, and 1D-9 IT query of Cashier Station and Tills as of January 28, 2013 Odyssey User Access exception list from Dallas County Auditor's Accounting System section Responses to Internal Control Questionnaire (Civil) Discussions with County Clerk Civil staff Kronos and Oracle Payroll system
Condition: (Describe the current condition)	The County Clerk submits requests to the County Information Technology (IT) department when updates to Odyssey setups with financial impact are needed. Changes to Production are consistently tested in a separate non-Production environment. County Clerk management sign-off on a change management document prior to updates moved to Production by IT. Supervisors and County Clerk Civil management submit signed access requests to IT when a new employee is hired or when a promoted/transferred employee needs access / additional access rights to Odyssey. Once the appropriate rights / roles are determined (some users were granted rights in excess of job function description requirements), a new User Name is created in Odyssey and a temporary password is assigned to the user. The



	new user is required to sign-on to Odyssey to create a new password. The system functionality does not enforce password duration policies for minimum or maximum age restricting users from changing passwords too frequently nor forcing users to change passwords regularly. When an employee separates from employment, management remits a notice of separation (NOS) form to Human Resources and Payroll. The form indicates all system access that should be terminated. Payroll forwards a copy of the NOS to IT Services. User access to Odyssey for separated employees is disabled when the Odyssey system administrator team is notified of the NOS.
Criteria: (Describe the optimal condition)	General accounting standards require that information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. 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 internal control include adequate segregation of duties 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. 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. Control objectives include: • Cashier stations and tills should be restricted to authorized users who receipt payments per job description. No cashier station or tills should be recycled once they are deactivated. • Only one default user should be associated to a till for accountability. Tills should not be established as an "unassigned" till or shared by multiple cashiers. • All setup related to financials should be end-dated or disabled once codes are no longer used to limit potential posting errors. • Management should review user access lists, periodically, to assess expected/necessary levels of control-access are valid and test for principle of least privilege. • Terminated users should be removed timely (access disabled) by comparing weekly Termination report from HR to user access lists to affirm only authorized individuals have system access. • System functionality/setup (and departmental policy) should include mandatory password changes, periodically, at least every 60 days, with minimum eight character length including alpha, numeric, and special characters/symbols.
Cause: (Describe the cause of the condition if possible)	High level system security access matrix. Limited management review of the user access lists.



Effect: (Describe or quantify any adverse effects)	Risks – posting errors (accidental or intended)				
Recommendation: (Describe corrective action)	• A terminated user's account should be end-dated and the inactive box check-marked. All assigned cashier stations and tills should be de-activated. • User access for ex-employees or reassigned employees should be requested to be disabled with follow-up occurring to ensure user account was disabled. (Periodically perform self-review of active accounts confirming timely deactivation for separated / transferred employees) • The ability to re-assign tills to other users when opening a till instance should be restricted to ensure the one-to-one relationship between a till and a cashier. Only a supervisor should have the rights to open or sign on to another user's till. • Code(s) related to financial transactions that are no longer necessary as part of day to day operations should be de-activated in Odyssey and unavailable to users. • The name entered on the change request to add user to Odyssey should be the name used for payroll (in Kronos and the Oracle Payroll systems). • 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. (Generic or system roles should not be available for use since access / functionality will not be limited according to principle of least privilege) • Passwords should be secured and not shared with resets required no less than every 60 days with minimum password lengths/strength in accordance with information technology security standards. Procedures should be in place to require document changing passwords if logins are shared due to business necessity.				
Responsible Department or Organization:	County Clerk Civil				
Management's Response:	☐ Agree	☐ Disagree	Respondent:		Date:
Comments:					
Disposition:	☒ Audit Report		☐ Oral Comment	☐ Deleted From Consideration	



Finding Number: 12.CC.01.02
Date: May 6, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	Manual Receipts A review of manual receipts (only 23 manual receipts on-hand) for proper handling and proper posting to the Odyssey Courts System (Odyssey) during fiscal years 2010 thru 2012 revealed: • Fiscal year 2010 manual receipt book(s) were missing and could not be located for review • Three manual receipts are blank and missing the original and duplicate copy. Two of the three receipts have an 'X' marked through the third copy. • One manual receipt referenced the wrong computer receipt number • Four manual receipts did not have the computer receipt number written on the receipt • All manual receipts lacked entry of a manual receipt number to the comment section in Odyssey. • One manual receipt (separate sequence) was not part of the manual receipt book and was loose within the manual receipt book attached to a 98 report. Departmental responses to the Internal Control Questionnaire (ICQ) and inquiry of County Clerk staff revealed: - All copies of voided receipt are clearly marked "void" along with an explanation as to why the receipt is being voided. However, based on review, voided receipts were not marked 'void', missing the original and second copy, and do not contain a reason for voiding.
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 4A.1-2, 4A.3, 4A.4 Conversation with County Clerk Civil Supervisor Responses to Internal Control Questionnaire
Condition: (Describe the current condition)	When the Odyssey case management system is not operational, manual receipts (three part form) are issued by the Civil office. The manual receipt books are stored in the safe, and the book currently in use is located in the lead cashier's locked drawer. One manual receipt book is used at a time. The original manual receipt is issued to the customer. Once Odyssey is functional again, the manual receipt payments are entered into Odyssey and one computer receipt is generated. The civil cashier will write the computer receipt number on the triplicate (yellow) manual receipt in the receipt book and retain the duplicate (pink) copy. The computer receipt is mailed to the customer. No log is maintained by Dallas County IT Services of Odyssey system downtime.
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 the receipting process include: • Receipts should be written for all money received. This includes any return checks or



	associated fees, whether received in person or through the mail. No money should ever be accepted without immediately issuing an official county receipt • 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 V.T.C.A., L.G.C. § 113.022. • Manual receipts should be issued in sequential order and manual receipt books should be controlled and access to cash limited to establish proper accountability and strengthen internal control. The supervisor should periodically review manual receipt books to ensure all issued manual receipts have corresponding valid computer receipt numbers noted.				
Cause: (Describe the cause of the condition if possible)	unknown				
Effect: (Describe or quantify any adverse effects)	Limits tracing/verification asserted but unrecorded payments.				
Recommendation: (Describe corrective action)	• Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. Voided receipts should be reviewed and initialed by a supervisor. • Cashier supervisor or management should periodically review manual receipts for proper usage. • Funds received by court personnel should be receipted with a computer generated receipt or a manual receipt if the Odyssey system is "down". Once Odyssey is operational, any money receipted on manual receipts should be posted in full. In order to readily verify that the posting has been made, a computer generated receipt should be attached to the triplicate copy of the manual receipt (which is retained in numeric sequence). The manual receipt number should be noted in the comment field of the computer receipt in Odyssey. • Written procedures for the receipting function should be reviewed at least annually and updated as needed. • Manual receipt books should be retained the latter of Records Retention requirements or audit completion date.				
Responsible Department or Organization:	County Clerk				
Management's Response:	☐ Agree	☐ Disagree	Respondent:		Date:
Comments:					
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.CC.01.03
Date: May 7, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:**Computer Receipts & Closeout/Deposit**

A review of tills opened/not closed and closed/not recorded with an Odyssey deposit date, delays between computer receipt date and Odyssey deposit date, delays between Odyssey deposit date and Oracle DMS 98 approve date, and 916 voided computer receipts, and a sample review of computer receipts issued during fiscal years 2010 thru 2012 revealed:

Tills

- Forty-three cashier tills were closed between 2/25/2008 and 10/16/2012 without being included on Odyssey deposit screen:
 - Nine till reports cannot be re-generated or an error is received when submitting the report.
 - Ten tills with transactions at time of conversion from the mainframe to Odyssey.
 - Three tills with voided LegalEase transactions.

As of 12/23/13, there were two Financial roles at County Courts node with the ability to re-open deposits. They are as follows: CC FIN2-Reopen Tills and Reopen Deposit and CC FIN3 – Deposits.

Computer Receipts

- Twenty computer receipt numbers skipped in sequence and not located within Odyssey for sample months:
 - Six receipts in January 2010
 - Fourteen receipts in May 2011
- Twelve voided computer receipts without explanations in the comment section in Odyssey
- As of 12/23/2013, seven County Clerk Case Manager roles allow the backdating of charges (five roles) and the backdating of payments (six roles). They are: CC Civil 2(Cashier Functions), CC Civil3 (File Desk Supervisor), CC Civil4 (Cashier Supervisors), CC Civil9 (Civil Manager), CC Mgr Superuser, CC Backdate Payments, and CC Trust2 – County Clerk Trust Manager.
- Six checks located during the cash count were not receipted to Odyssey for more than five business days.

Odyssey Deposit Dates

A sample review of eight deposits revealed delays between the Odyssey transaction receipt date and the Odyssey deposit date:

- 10/30/2009 deposit of \$42,913 included 28 receipts (totaling \$623) with delay of six business days after date of receipt until Odyssey deposit date.
- 5/25/2011 deposit of \$10,051 included one receipt (totaling \$221) with delay of three



business days after date of receipt until Odyssey deposit date.

Approved DMS 98 deposits

A daily reconciliation of receipted transactions revealed delays of five or more business days between Odyssey deposit date and the Oracle DMS 98 deposit approved date:

- Seven E-filing deposits exceeded five business days:
 - Five E-filing deposits were delayed ten to twenty-eight days
 - Two E-filing deposits were delayed five to six days
- Three Legal Ease deposits exceeded five business days:
 - One Legal Ease deposit were delayed twenty-five days
 - Two Legal Ease deposit were delayed one hundred fifty days
- One check deposit were delayed five business days

Adjustments

- Eight out of 33 adjustment transactions (24.2%) did not reflect a reason entered to Odyssey comment field for processing either: reverse void, reverse payment, adjustment, reverse miscellaneous payment, and/or reverse adjustment.
- One payment reversed instead of void original receipt and generating a new receipt. Other instances of one-sided adjustment entries were noted.
- Instances of identified adjustment tills without Odyssey deposit dates and not included as part of a deposit form 98.

Departmental responses to the Internal Control Questionnaire (ICQ) and inquiry of County Clerk Civil staff revealed:

- All copies of a voided computer 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 not retained and do not consistently contain a reason for the void in the Odyssey comment field.
- The safe combination is not changed when persons having knowledge of the combination leave employment with the County.

Risks identified during walkthrough of department's cash handling processes revealed:

- No requirement that each open till be closed and included in the daily deposit by the next business day. No verification or sign-off by supervisory personnel that all open tills are closed. (R04)
- The opening till balance of the supervisor is not recounted or verified for accuracy. (R03)
- The Accounting clerk's adjustment entries are not reviewed by management. Normally, adjustment function is limited to management. (R09)
- Approval is not required to post adjustments to cases in Odyssey. (R10)
- Verbal approval is the only requirement to post adjustments to cases in Odyssey. No evidence of authorization or review of adjustments exists. (R08)
- Access to the safe containing the daily receipts is not under dual control. (R05)
- County Clerk Civil office does not log checks received through the U.S. mail. (R01)



	Voided computer receipts are <u>not</u> retained. A formal review process of receipt voids is <u>not</u> in place. System access to void computer receipts is completed <u>without</u> secondary approval required.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 4B.1, 4B.2, 4B.3, 4B.4 Query of tills from Dallas County IT department (dated 4/12/2013) Query of Odyssey setup from Dallas County IT department (dated 1/28/2013 & 12/23/2013) Odyssey Transaction Listing report Odyssey Receipt Journal report Walkthrough 12/14/12 & 12/17/12 with County Clerk Civil Manager and Process Support Supervisor Responses to Internal Control Questionnaire (Civil)
Condition: (Describe the current condition {processes at time of review were <u>prior to mandated eFiling</u> })	The County Clerk Civil file desk accepts case filings which involve civil lawsuits and JP appeal cases. Payments processed by the file desk are made in-person, by mail, or online. For in-person payments, the attorney or customer will approach the file desk counter to file a case or request additional case action. For new filings, the file desk clerk will determine the type of case and index the case in Odyssey with the standard filing fees automatically assessed to the case. The file desk clerk will inform the attorney/customer of the amount due. The customer will give the clerk cash, check, or money order. If cash, the file desk clerk will count the money in front of the customer to verify the amount given. If check or money order, the case number is written on the check. The file desk clerk will receipt the amount collected to the case in Odyssey. One computer receipt is generated; the computer receipt and any change due are given to the customer. Receipt numbers are automatically generated in Odyssey. The clerk will process all documents and scan into Odyssey. Voided computer receipts are not retained by the file desk. Reasons for voiding computer receipts are inconsistently entered in the comment field in Odyssey. Case filings and credit card payments processed through the e-File Texas.gov portal are processed / receipted in a separate till. Electronic filings are processed as if pleadings were received over the counter, but with an added benefit not available at the counter. Once the electronic pleading has been officially accepted, an envelope ID number (tracking #) is assigned to the submission and the file marked image is stored directly in Odyssey. To make a payment utilizing the online site, the customer must enter the applicable case number and their debit/credit card number. An account is set up along with a pre-authorized payment with their debit/credit card. The filing fee codes are already indicated on the site. An on-line confirmation is generated for the customer from e-FileTexas.gov. The file desk is assigned multiple e-File Texas queues to review daily with designated staff assigned to process them. The e-file clerks sign into the site to accept or reject the e-file documents submitted by the filer. A filing can be rejected due to incorrect formatting, document restriction such as vacation letter, security level issue, or cannot be processed completely through the process. The accepted e-file debit/credit card payments are automatically transmitted to an Odyssey e-filing till by case number because they are preauthorized.



	Formatting issues are being addressed for those filings that do not completely generate fees to Odyssey requiring manual input by the Process Support Supervisor. For unposted fees, the Process Support Supervisor will post the fees to Odyssey using a regular till that includes transactions only related to e-file. A separate e-file deposit form 98 is completed by the Process Support Supervisor. At the end of each business day, each cashier closes out of their till and balances the day's funds to the till balance report. The lead cashier will enter fund totals into Oracle DMS form 98 and print 98 out. Management will verify all totals. Once verified, the funds are sealed in separate tamper proof bags. Overnight, the funds are secured in a safe. Access to the safe is restricted to authorized personnel, but the safe is not under dual control. Loomis will pick up the deposits each day and deliver to the Treasurer's office.
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 the receipting process include: • All monies received should be promptly receipted and deposited properly, and timely in accordance with V.T.C.A., L.G.C. § 113.022. • 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. • Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to receipt deletions, lowered amounts, and payment type changes) to ensure that the explanation for the change is documented and reasonable. • Employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer. • Tills should be closed, daily. • Assigned duties for cash control are adequately separated. Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. Controls should be developed for terminating employees with department safe access that include updating the safe combination. Written procedures should be established for all the responsibilities of County Clerk Civil section financial 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:	Inconsistent management oversight and/or training for receipting process



(Describe the cause of the condition if possible)	Lack of dual control over opening the safe Incomplete controls over the receipting process Rights granted to allow users the ability to backdate payments
Effect: (Describe or quantify any adverse effects)	Prevents potential assertion that monies were paid and refunds due and/or misappropriation of funds Delay in recognizing revenue / discrepancy with receivable reports Refunds issued prior to available 'good' funds deposited
Recommendation: (Describe corrective action)	• Computer receipts should not be altered, but properly voided and affixed with a reason for the void. 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 reconciled and closed daily 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 V.T.C.A., L.G.C. § 113.022. Closeout and balancing procedures should include deposit of checks the next business day after receipt. • All shortages or overages should be accurately recorded on the 98 form. If shortage or overage exists, a detailed reconciliation should be completed identifying the discrepancy. • 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. • Rights allowing backdating of charges and payments should not be granted to users. • County Clerk Civil should request that IT remove the ability to backdate payments from users. • Policy and procedures manual should be developed for cash handling responsibilities and training of current cash handling procedures reinforced. • Management should periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures. • The eFile Texas.gov inbox should be reviewed daily to accept or reject submitted



	filings Other control recommendations include: • All funds received in the mail or drop box should be independently logged and compared to activity recorded to the Odyssey system by a supervisor. • A dual control process (more than one staff member to open) over opening the safe should be considered. • The combination to the safe should be changed as necessary to prevent unauthorized access. • Written supervisory approval 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.				
Responsible Department or Organization:	County Clerk Civil				
Management's Response:	☐ Agree	☐ Disagree	Respondent:		Date:
Comments:					
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration				



Finding Number: 12.CC.01.04
Date: May 7, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	Initial Filing Fees A sample review of manual overrides on standard fee schedule assessments, initial filing fees/other county charges, reversed charges and charge reductions, and credits during fiscal years 2010 thru 2012 revealed: <u>Manual Overrides</u> - No manual system overrides were performed during the review period. <u>Initial Filing Fees and Other Assessments</u> A sample review of 50 Civil cases revealed: - One case citation fee was credited to the incorrect law enforcement agency in Odyssey <u>Reversed Charges, Reversed Charge Reductions, and Charge Reductions</u> - Explanations for adjustments are not consistently entered into the Odyssey comment field: 35 of 355 (9.9%) FY2010 transactions without an explanation recorded to the Odyssey comment field. 38 of 500 (7.6%) FY2011 transactions without an explanation recorded to the Odyssey comment field. 15 of 509 (2.9%) FY2012 transactions without an explanation recorded to the Odyssey comment field. - Five transactions were backdated. - Twenty-nine transactions were created in FY2010 using a generic user id 'CMANAGER' (Civil Manager). User id was not used for adjustments in FY2011 or FY2012. Status: 'CMANAGER' was disabled as of May 2, 2014. A sample review of 40 'Charge Balance/Reductions' or 'Reversed Charges' revealed: - Three (7.5%) cases with <u>all</u> fee assessments reduced proportionally by a reversal or reduction amount intended for only one fee code - Ten (25%) transactions are on the Odyssey Transaction Listing report but not reflected on the case within Odyssey. Follow-up review revealed the cases were deleted and the case number was reused for an unrelated new case. Status: Civil section currently does not reuse case numbers. <u>Credits – Credit (Waiver)</u> A sample review of fifteen 'Credit' transactions (2419 inability to pay credits recorded during the review period) revealed: - One case filed by government entity; clerk should have used credit option on Odyssey and not inability to pay option
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	<u>Other Control Points</u> A formalized quality assurance process is not in place to verify the accuracy of fee assessments or adjustments entered on the Odyssey system.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 5A, 5B, 5C, 5D Query from Dallas County IT of manual overrides and manual distribution in Odyssey system (dated 4/8/2013) Odyssey Transaction Listing reports Walkthrough on 12/14/12 and 12/17/12 with County Clerk Civil Manager and Process Support Supervisor
Condition: (Describe the current condition)	The County Clerk Civil file desk accepts case filings which involve civil lawsuits and JP appeal cases. Payments processed by the file desk are made in-person, by mail, or online. For in-person payments, the attorney or customer will approach the file desk counter to file a case or request additional case action. For new filings, the file desk clerk will determine the type of case and index the case in Odyssey with the standard filing fees automatically assessed to the case. The file desk clerk will inform the attorney/customer of the amount due. The customer will give the clerk cash, check, or money order. If cash, the file desk clerk will count the money in front of the customer to verify the amount given. If check or money order, the case number is written on the check. The file desk clerk will receipt the amount collected to the case in Odyssey. One computer receipt is generated; the computer receipt and any change due are given to the customer. Receipt numbers are automatically generated in Odyssey. The clerk will process all documents and scan into Odyssey. Voided computer receipts are not retained by the file desk. Reasons for voiding computer receipts are inconsistently entered in the comment field in Odyssey. Case filings and credit card payments processed through the e-File Texas.gov portal are processed / receipted in a separate till. Electronic filings are processed as if pleadings were received over the counter, but with an added benefit not available at the counter. Once the electronic pleading has been officially accepted, an envelope ID number (tracking #) is assigned to the submission and the file marked image is stored directly in Odyssey. To make a payment utilizing the online site, the customer must enter the applicable case number and their debit/credit card number. An account is set up along with a pre-authorized payment with their debit/credit card. The filing fee codes are already indicated on the site. An on-line confirmation is generated for the customer from e-FileTexas.gov. The file desk is assigned multiple e-File Texas queues to review daily with designated staff assigned to process them. The e-file clerks sign into the site to accept or reject the e-file documents submitted by the filer. A filing can be rejected due to incorrect formatting, document restriction such as vacation letter, security level issue, or cannot be processed completely through the process. The accepted e-file debit/credit card payments are automatically transmitted to an Odyssey e-filing till by case number because they are preauthorized. Formatting issues are being addressed for those filings that do not completely generate fees to Odyssey requiring manual input by the Process Support Supervisor. For unposted fees, the Process Support Supervisor will post the fees to Odyssey using a regular till that



	includes transactions only related to e-file. A separate e-file deposit form 98 is completed by the Process Support Supervisor. Court costs are not required to be paid at the time of filing by governmental entities. Customers may file an affidavit of inability to pay if they are indigent and do not have the resources to afford costs. The defendant or the clerk may contest an affidavit of inability to pay. If contested, the judge will grant or deny the request. If granted or not contested, the clerks will credit the filing fees on the financial tab using designated credit for inability to pay and an affidavit of inability to pay comment is entered on the event tab. If a citation, notice, or other process is issued on a case and is to be served by a Dallas County law enforcement agency, the file desk clerk will enter an assessment on Odyssey and post payment with financial credit given to the intended serving agency (constable precinct or sheriff). If papers are transferred to another agency, an adjustment is made in Odyssey to move the assessment and financial credit to the agency that ultimately serves the process. Adjustments (including charge reductions, reversed charges, and credits) are entered against existing assessments in Odyssey without formal approval or supervisory review required. Odyssey has a configuration fee table of court costs and fees. Systemic assessment of court costs are based on predefined tables within Odyssey established by file or service request date. Updates to the tables require a Change Management document to be signed by the County Clerk and provided to IT Services Odyssey support team. Changes are implemented in Production after testing in the Test environment by clerk staff.
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 control, segregation of duties, technical security and other require that: • Court costs and fees should be assessed in compliance with statute and Commissioners Court orders. • Fee and fee schedule tables should be updated each time a legislative change or a Commissioners Court change is made affecting fees • A credit titled "inability to pay" should be used in Odyssey to record the waived assessments for valid uncontested affidavits of inability to pay. The inability to pay credit should automatically post to the Events tab. • The fee assessment process should be automated as much as possible with manual overrides restricted in use. • Formal approval should be required before adjustments are processed to Odyssey. • Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to adjustments, credits, and manual overrides) to ensure



that explanation for the change is documented and reasonable.

- Assigned duties for payment processing and assessment reductions are adequately separated.

Written procedures should be established for all the responsibilities of the County Clerk's Civil section 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.

According to Rules of Civil Procedure, Rule 145. Affidavit of Indigency

(a) *Affidavit*. In lieu of paying or giving security for costs of an original action, a party who is unable to afford costs must file an affidavit as herein described. A "party who is unable to afford costs" is defined as a person who is presently receiving a governmental entitlement based on indigency or any other person who has no ability to pay costs. Upon the filing of the affidavit, the clerk must docket the action, issue citation and provide such other customary services as are provided any party.

(b) *Contents of the Affidavit*. The affidavit must contain complete information as to the party's identity, nature and amount of governmental entitlement income, nature and amount of employment income, other income, (interest, dividends, et.), spouse's income if available to the party, property owned (other than homestead), cash or checking account, dependents, debts, and monthly expenses. The affidavit shall contain the following statements: "I am unable to pay court costs. I verify that the statements made in this affidavit are true and correct." The affidavit shall be sworn before a notary public or other officer authorized to administer oaths. If the party is represented by an attorney on a contingent fee basis, due to the party's indigency, the attorney may file a statement to that effect to assist the court in understanding the financial condition of the party.

(c) *IOLTA Certificate*. If the party is represented by an attorney who is providing free legal services, without contingency, because of the party's indigency and the attorney is providing services either directly or by referral from a program funded by the Interest on Lawyers Trust Accounts (IOLTA) program, the attorney may file an IOLTA certificate confirming that the IOLTA funded program screened the party for income eligibility under the IOLTA income guidelines. A party's affidavit of inability accompanied by an attorney's IOLTA certificate may not be contested.

(d) *Contest*. The defendant or the clerk may contest an affidavit that is not accompanied by an IOLTA certificate by filing a written contest giving notice to all parties and, in an appeal under Texas Government Code, Section 28.052, notice to both the small claims court and the county clerk. A party's affidavit of inability that attests to receipt of government entitlement based on indigency may be contested only with respect to the veracity of the attestation. Temporary hearings will not be continued pending the filing of the contest. If the court finds at the first regular hearing in the course of the action that the party (other than a party receiving a governmental entitlement based on indigency) is able to afford costs, the party must pay the costs of the action. Reasons for such a finding must be



	contained in an order. Except with leave of court, no further steps in the action will be taken by a party who is found able to afford costs until payment is made. If the party's action results in monetary award, and the court finds sufficient evidence monetary award to reimburse costs, the party must pay the costs of the action. If the court finds that another party to the suit can pay the costs of the action, the other party must pay the costs of the action. (e) <i>Attorney's Fees and Costs.</i> Nothing herein will prejudice any existing right to recover attorney's fees, expenses or costs from any other party.
Cause: (Describe the cause of the condition if possible)	Lack of management oversight and/or training Incomplete controls over the assessment process Inadequate segregation of duties Method of using charge reductions and reversals for grouped fees
Effect: (Describe or quantify any adverse effects)	Misapplication of funds Potential revenue loss for Dallas County and the State of Texas Assessments and non-monetary credits understated inhibiting accurate receivable analysis.
Recommendation: (Describe corrective action)	• Court costs and fees should be properly assessed, collected, and timely deposited on all cases based on state laws and Commissioners Court orders. • 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 valid affidavit of inability to pay filed in accordance with Rule 145. Credit should automatically post to the Event tab. • 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. • Financial transactions should not be backdated. • Generic user ids should not be used to add, delete, or modify case or financial transactions. County Clerk Civil staff should continue to document and communicate to the IT Services Odyssey support team updates and corrections needed to the configuration tables in order to reduce errors on charge balance reductions intended for only one fee.

County Auditor



Dallas County, Texas

Responsible Department or Organization:	County Clerk Civil					
Management's Response:	☐ Agree	☐ Disagree	Respondent:		Date:	
Comments:						
Disposition:	☒ Audit Report		☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.CC.01.05
Date: May 5, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	E-Filing Transactions A review of e-filing and Legal Ease transactions during fiscal years 2010 thru 2012 revealed: E-Filing - E-filing transactions are not consistently receipted or deposited within three business days. . - A review of 166 (100%) failed e-filing credit card transactions revealed: 166 failed transactions (100%) receipted 11 or more business days later with 10 receipted over 60 days later. 14 (8.4%) failed transactions totaling \$554 have not been receipted. - Eight (4.8%) e-filing receipts were back dated; transaction date (7/15/11) and create date (7/18/11) totaling \$253. 66 (39.8%) failed transactions deposited three or more business days after receipted. - A review of 13 sampled e-filing deposits revealed: 34 e-file transactions totaling \$620 were receipted on 8/5/11 to a regular till instead of a till designated for e-file transactions. - A review of 20 sampled successful e-filing credit card transactions revealed: 10 (50%) successful transactions receipted to Odyssey three or more business days after the e-filing submission and process dates. Legal Ease - A review of 17 sampled Legal Ease transactions revealed: - The approval number was not entered in the comment field when one Legal Ease transaction for \$75 was receipted in Odyssey. - Seven (41.2%) Legal Ease transactions deposited three or more business days after receipted. - One (5.9%) Legal Ease transaction for \$140 was receipted before the Legal Ease date (date approval is received from bank).
Workpaper Reference: (or other method by which finding was identified)	Workpapers 6C, 6D, 8B Download of e-filing transactions Legal Ease forms in Civil/Central Record
Condition: (Describe the current condition)	Documents related to new and existing cases can be filed by a customer registered with an authorized Electronic Filing Service Provider (EFSP) using a State supported system. To make a payment utilizing the online site, the customer must identify the case number and enter a valid credit card number. The customer is provided with an on-line receipt. The filer's credit card is typically pre-authorized for the total amount due (filing fees, convenience fee). The State's contract vendor manages the portal, authorization and card collections/settlement activity. The file desk is assigned multiple e-File Texas queues to



	review daily with designated staff assigned to process them. The e-file clerks sign into the site to accept or reject the e-file documents submitted by the filer. A filing can be rejected due to incorrect formatting, document restriction such as vacation letter, security level issue, or cannot be processed completely through the process. The accepted e-file debit/credit card payments are automatically transmitted to an Odyssey e-filing till by case number because they are preauthorized. Computer receipts are generated within Odyssey but they are not mailed to the customer. Daily, financial records are emailed by eFile Texas.gov to designated staff. Each record within the daily Excel file references: an EnvelopeID; Location, Case Number, Order Number, Payment Authorization Number, Court Fee, Submitted Date, Accepted Date, Capture Date, and Card Type. Case filings and credit card payments processed through the e-File Texas.gov portal are processed / receipted in a separate till. Electronic filings are processed as if pleadings were received over the counter. The eFile Texas.gov report is reconciled to ePay account #630 deposits. A separate Form 98 deposit for the e-filing transactions is created. Receipts and deposits for e-filing transaction are not consistently processed or closed out daily. The customer establishes a Legal Ease account with Frost bank and maintains adequate funds. Frost Bank provides an access number to their customers. When services is requested, the customer will fill out a Legal Ease form and provide the access number to the clerks in County Clerk civil or central records sections. Staff verifies the account and availability of funds through the Frost bank system online. The supervisor will run the report for the day (if any); the cashier will receipt all 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 V.T.C.A., L.G.C. § 113.022. • Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. • Separate e-filing tills are maintained for receipting e-filing payments. Tills are closed, daily. • Failed e-filing transactions should be receipted within three business days after 'good' funds are deposited at the depository bank. • 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. • Fees or other money belonging to a County shall be deposited with the Treasurer by the



	office who collects the money (V.T.C.A., L.G.C., § 113.021).		
Cause: (Describe the cause of the condition if possible)	Inconsistent management oversight and/or training. Receipts and deposits not processed timely for e-filing transactions. Non-integrated financial systems for e-commerce requiring manual processing.		
Effect: (Describe or quantify any adverse effects)	Additional staff time to research and resolve unprocessed activity. Delays in posting settled credit card amounts misstate case balances and may result in duplicate payments. Delays in depositing e-file credit card and legal ease funds negatively impact fund reconciliation and revenue recognition.		
Recommendation: (Describe corrective action)	• The 3rd party official inbox should be reviewed daily to accept or reject submitted filings. • All e-filing submissions should be receipted and deposited timely in accordance with V.T.C.A., L.G.C., § 113.022 and 113.021. • E-filing and Legal Ease tills should be reconciled against 3rd party official jurisdiction reports, closed, 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 e-filing and Legal Ease handling responsibilities and training of current procedures reinforced. • Management should periodically review 3rd party official jurisdiction reports, postings of Odyssey e-filing/Legal Ease activity, e-filing/Legal Ease tills, Frost bank account and the County Clerk Civil's e-Pay bank account for accuracy, timeliness of processing, and staff compliance to established policies and procedures.		
Responsible Department or Organization:	County Clerk		
Management's Response:	☐ Agree	☐ Disagree	Respondent:
Comments:	Date:		
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration		



Finding Number: 12.CC.01.06
Date: May 7, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	NSF A review of procedures related to NSF items and receipts related to NSF items during fiscal years 2010 thru 2012 revealed (deposit types include checks, money orders, or credit cards): A sample review of ten cases with receipted payments returned unpaid (non-sufficient funds {NSF}, account closed, etc.) by the bank revealed: - Five (50%) out of ten cases with NSF checks not flagged in Odyssey. Status: Four were flagged after notified by auditor. The remaining one is for miscellaneous payment and cannot be flagged in Odyssey. - All (100%) ten cases with the original receipt transactions for NSF check items <u>not</u> reversed in Odyssey and transferred to Fund 501 and without a \$30 NSF fee assessed on the financial tab of the responsible party in Odyssey. Status: Seven NSF items reflect a one-sided entry in an adjustment till. All ten items remain without reimbursement to Fund 170. No NSF fee has been assessed to any of the cases. - One case with two money orders totaling \$580 returned NSF. The Civil section subsequently disbursed \$580 to a party on the case without 'good' funds being available. Review of an additional NSF item revealed one Registry receipt reversed without posting of the disbursement to the Registry 'Uninvested' tab. Restricted Deposits are processed through Special Fund 501 rather than Trust/Registry Fund 506. Risks identified during walkthrough of the department's cash handling processes: - NSF checks are not flagged on Odyssey cases to alert all parties to the case including the judge that an NSF is outstanding on the case. Fees may not be recovered on a timely basis for NSF checks. (R06) - Original receipt transactions for NSF check items are <u>not</u> reversed in Odyssey. Revenue is overstated by recording funds that have not and may never be collected. (R07) - A formal coordinated process is not in place between the County Clerk's office and the Treasurer Department to handle and process NSF items and credit card chargebacks adequately, completely, and timely. (R08)
Workpaper Reference: (or other method by which finding was identified)	Workpaper 9 Treasurer NSF check list Odyssey adjustment tills Walkthrough on 12/14/12 & 12/17/12 with County Clerk Civil Manager and Process Support Supervisor
Condition: (Describe the current condition)	All NSF checks for the County Clerk's Civil section are returned by the bank directly to the County Treasurer for accounting and routing to the appropriate office for collection. At that time, the Treasurer submits a General Ledger entry to record all returned checks to Fund 170. A photo static copy of each check along with a Treasurer's office form is sent to personnel in the County Clerk's Civil section. The supervisor in the Civil section will contact the customer and inform them of the NSF check and request reimbursement. The Civil section 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)	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 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. • Registry and Restricted deposits returned as NSF items should not be invested nor disbursed unless the NSF check is immediately repaid. Cases with outstanding NSF should be flagged with a NSF comment and an event added to the case. \$30 NSF fee should be assessed on Odyssey to the appropriate party's financial tab. Case fee payments: the original receipt should be reversed and applied to Fund 501 overpayment fee (in lieu of a new fee code for NSF returned items) in a separate adjustment Till if the NSF item is not recovered. 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. A Fund 501 check should be issued to Fund 170 (or the credit card chargeback account if a credit card item at the direction of the County Treasurer) and the disbursement should be posted to Odyssey financials. Miscellaneous payments: the original receipt should be reversed and manually adjusted on the deposit form 98 to Fund 170 Account 48120 (in lieu of a new fee code for NSF returned items) in a separate adjustment Till if the NSF item is not recovered. 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. Restricted Deposit payments: A Fund 501 check should be issued to Fund 170 (or the credit card chargeback account if a credit card item at the direction of the County Treasurer) and the disbursement should be posted to Odyssey Restricted Deposit tab. Registry Deposit payments: A Fund 506 check should be issued to Fund 170 (or the credit card chargeback account if a credit card item at the direction of the County Treasurer) and the disbursement should be posted to Odyssey Registry Uninvested tab.
Cause: (Describe the cause of the condition if possible)	Incomplete application of control procedures
Effect: (Describe or quantify any adverse effects)	Revenue is overstated and uncollected funds remitted to the State. Case balances inaccurately reflect financial assessments as paid. Revenue is recorded for funds that have not and may never be collected. May result in untimely, incomplete, or inaccurate processing and recording of NSF transactions.
Recommendation: (Describe corrective action)	- A non-docket event and NSF flag should be added to the case on Odyssey once the department is notified of NSF item by the County Treasurer. The flag should remain until funds are collected. - \$30 NSF fee assessment should be added to the appropriate party's Odyssey financial tab. - Non-registry/non-restricted deposit funds returned as NSF, stop payment, or account closed should be reversed and applied to Fund 501 overpayment escrow within 30 days after



	notification if not paid in full. Subsequently, a Fund 501 check should be disbursed to Fund 170. - Payments returned as NSF, stop payment, or account closed for Registry/Trust funds (includes Restricted Deposits) should be remitted immediately to Fund 170 on notification from the County Treasurer. Registry/Trust funds (including Restricted Deposits) should not be invested or disbursed until "good" funds are available. - Departmental NSF tracking list should be maintained and include all relevant information including applicable case number. Department NSF list should be reconciled to the Treasurer's outstanding 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 the 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. Request creation of a new fee code, NSF Returned Check, for recording transfer of original receipt for filing fees and miscellaneous payments.		
Responsible Department or Organization:	County Clerk Civil		
Management's Response:	☐ Agree	☐ Disagree	Respondent: _____ Date: _____
Comments:			
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration



Finding Number: 12.CC.01.07
Date: May 8, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:**Disbursements**

A review of special fund 501 and trust fund 506 disbursements (including all wire transfers) during fiscal years 2010 thru 2012 revealed:

Special Fund – Refunds and Restricted Deposits

A review of 1211 Special Fund 501 disbursement lines and cancellations for Refund and Restricted Deposit activity revealed:

- 33 (2.7%) disbursement entries totaling \$42,972.20 not posted to Odyssey
- 14 (1.2%) disbursement entries with an incorrect check number or no check number posted to Odyssey
- 17 cancellations not posted to Odyssey (seven of the 17 cancellations were replaced with the replacement checks also not posted)
- Three disbursements totaling \$55,522.40 issued from Fund 506 for Restricted Deposit activity (funds were initially deposited to Fund 501)
- Three overpayments totaling \$95.23 to case parties
- Two duplicate payments totaling \$1400 to case parties
- One FY11 disbursement totaling \$42 not posted to Odyssey

Status: Posted May 2014 after notification by Audit.

Trust Fund

A review of 2172 Trust/Registry Fund 506 disbursement lines (including 1 wire transfer) revealed:

- 38 cases (1.7%) with Fund 506 disbursements totaling \$50,147,468.57 not timely posted to Odyssey including instances of postings delayed for twenty months. In addition, one FY2009 disbursement was not posted until FY2012.
- One duplicate disbursement totaling \$5,947.82 not posted
- One disbursement totaling \$25,125.89 not posted and without funds available to disburse
- One disbursement to invest totaling \$4300 not posted
- Two disbursements totaling \$2,583.31 not posted
- 27 (1.2%) disbursement entries with an incorrect check number or no check number posted to Odyssey
- Three disbursements exceeding available funds by \$2.53 with excess disbursement not posted
- Two disbursement amount posting errors totaling \$.03 net
- Two disbursements posted to Invested tabs reducing investment balances by \$21,972.64 without evidence of County check issuance

A review of all voided/cancelled/stale dated Trust/Registry Fund 506 disbursements revealed:



	• Ten out of 32 (31.3%) disbursements and corresponding cancellations/voids totaling \$22,535,108.48 were not entered to Odyssey • Four out of 32 (12.5%) cancellations/voids totaling \$46,503.53 not posted to Odyssey • Four out of 32 (12.5%) cancellations/voids totaling \$576,983.78 and corresponding replacement checks not posted to Odyssey • One cancelled check in amount of \$23.66 was correctly voided in Odyssey; however, the check was re-entered a second time as a disbursement in error
Workpaper Reference: (or other method by which finding was identified)	Workpapers 10, 11, 11b.2 Discoverer reports Odyssey Case Management System
Condition: (Describe the current condition)	Fund 501 (Special Fund) Disbursement: When a court related overpayment is receipted, cashiers create an assessment for an overpayment fee code in Odyssey (assessment required so that payment can be receipted to the appropriate fee codes - includes the overpayment fee code). If the payment is receipted at the file desk, a refund request will be completed and reviewed by the file desk supervisor. If valid, the supervisor includes refund information in an email to Trust & Accounting to process the refund. The Trust & Accounting section includes the required refund information on the Fund 501 pre-disbursement file. Once the file is approved, a check is generated through Oracle to the approved payee. Trust & Accounting will receive (and provide to the Civil section) a final disbursement file from the County Treasurer. Designated staff within the Civil section will post the disbursed checks to the appropriate cases in Odyssey. Other Special Fund checks issued on civil cases include credit card chargebacks or refunds of previously receipted payments. The payment in Odyssey will be reversed by the Civil section and the payment will be reapplied to a refund fee code in Odyssey. The adjusting transactions will be processed in a designated adjustment till which is not consistently closed or included in a deposit. Trust & Accounting Department includes the required refund information on the Fund 501 pre-disbursement file. Once the file is approved, a check is generated through Oracle to the approved payee. Trust & Accounting will receive (and provide to the Civil section) a final disbursement file from the County Treasurer. Designated personnel within the Civil section inconsistently post the disbursed checks to the appropriate cases in Odyssey. County Clerk's office does not reconcile Odyssey Special Fund activity to the general ledger nor to the bank. However, reconciliations are prepared by the Trust and Accounting section between the GL and bank. The County Clerk's office relies on the County Treasurer for bank reconciliations. No standard procedures are established to conduct annual review of case balances and resolve as appropriate. Unrestricted deposits including cash bonds are also deposited into Fund 501. A court order is required to disburse these funds. In addition, Fund 501 is used as a pass-through account for Registry funds on condemnations for investment and return of investment by the County Treasurer.



	Fund 506 (Trust Fund) Disbursement: Payments made into the registry of the court consist of: funds of minors or incapacitated persons, funds tendered in an interpleader action, funds paid in satisfaction of a judgment, cash bonds, and any other funds tendered to the clerk for deposit into the registry of the court. Registry activity is recorded to a separate financial grouping on Odyssey. Disbursements from the registry can only be processed under an order of the court of proper jurisdiction. The court clerk will send the case jacket and order of the court to the Trust & Accounting section for processing a disbursement. Trust & Accounting section includes the required disbursement information on the Fund 506 pre-disbursement file. Trust & Accounting will forward the orders and other supporting documentation to the Internal Audit section for approval. After Internal Audit approval, Accounts Payable will forward the electronic file to the County Treasurer for processing. The County Treasurer's office sends a confirmation file to the department for final approval prior to printing the checks. Once the file is approved, checks are generated through Oracle to the approved payee. Trust & Accounting will receive a final disbursement file from the County Treasurer. Designated staff within Trust & Accounting will post the disbursed checks to the appropriate cases in Odyssey. If disbursement is for investment, additional information will be recorded to the case's registry investment tab.
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 special/trust fund control procedures, banking safeguards and accounting recognition require that: • All special/trust fund checks accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information. • All special/trust fund disbursements and cancellations timely and accurately posted to the Odyssey courts system. • Automated process developed where possible to limit manual/duplicate data entry. • Case balances reviewed on a periodic basis and disbursements made to the appropriate parties in a timely manner. • Assigned cash handling duties are separated. • Fund balances and subsidiary ledgers reconciled against control records (GL and bank statements) to safeguard funds and improve reporting accuracy. • Supervisory verification of all cash transactions (receipts or disbursements) evidenced on subsidiary reconciliations. In accordance with V.T.C.A., L.G.C., Sec. 117.121. DISBURSEMENT OF FUNDS. (a) Money may be paid from the registry fund only on checks or drafts signed by a clerk on the written order of the court with proper jurisdiction, except that the clerk may make a payment without court order for unpaid court costs from a cash bond deposited in connection with an appeal after the appellate court issues its mandate in the appeal if the costs remain unpaid for 45 days after the mandate is issued. (b) All checks or drafts issued for the disbursement of the registry fund must be submitted



	to the county auditor for the auditor's countersignature before delivery or payment. The county auditor may countersign the checks only on written evidence of the order of the judge of the court in which the funds have been deposited, authorizing the disbursement of the funds. (c) Notwithstanding Subsections (a) and (b), a disbursement under an order of a court in which registry funds have been deposited may be made by electronic transfer if: (1) the designated recipient of the money submits to a clerk a written request for the transfer; (2) the clerk gives written approval for the transfer; and (3) a county auditor countersigns the approval. (d) A clerk may charge a reasonable fee, subject to the approval of the recipient of the money, for an electronic transfer of a disbursement from a registry fund. In accordance with V.T.C.A., L.G.C., Sec. 117.122. INTEREST. (a) The interest derived from money on deposit in the registry fund shall be paid as earned as follows: (1) a sum equal to 10 percent of the interest shall be paid into the general fund of the county to reimburse the county for the expenses of maintaining the registry fund; and (2) the remaining 90 percent of the interest shall be credited to the registry fund. (b) For each withdrawal, a clerk shall pay out the original amount deposited in the registry of the court and 90 percent of the interest earned on that amount at the time and in the manner directed by the court with proper jurisdiction. In accordance with V.T.C.A., L.G.C., Sec. 117.125. TRANSFER OF MONEY. (a) In the absence of a contrary order from a court having jurisdiction over the registry fund, a clerk may transfer money deposited in the fund into a separate account. (b) A clerk shall transfer all money deposited in a registry fund under Section 887, Texas Probate Code, into a separate account. (c) Money transferred into a separate account under this section must be: (1) transferred into an account authorized for investment under Chapter 2256, Government Code, by a local government or investment pool; and (2) invested according to the investment officer designated under Section 2256.005, Government Code, by the investing entity of which the county is a member. (d) A transfer of money into a separate account under this section is exempt from the requirements prescribed by Section 117.121 for disbursements from registry funds. (e) An investment of money transferred from a registry fund under this section is subject to the limitations, policies, and standards of care provided by Chapter 2256, Government Code.
Cause: (Describe the cause of the condition if possible)	Clerical error Non-integrated financial systems
Effect: (Describe or quantify any adverse effects)	Incorrect disbursement information reflected on cases Financial records are not accurately stated Potential for duplicate payments and/or lost monies Limited reconciliation:



	• Undetected posting errors resulting in potential for overpayment or duplicate payment and unrecoverable losses. • Additional staff time to research and correct posting errors.				
Recommendation: (Describe corrective action)	• Establish segregation of responsibilities as relates to receipting, depositing, and disbursing. • Post all checks issued, canceled, or stale dated accurately and timely to the Odyssey case management system to maintain accurate financial balances. • Issue disbursements in accordance with V.T.C.A., L.G.C., § 117. • Verify available funds prior to processing disbursement requests. • Supervisor review of disbursement postings and other disbursement activity. • Correct all posting errors. • Void return checks with incorrect information, stop payment checks, and stale dated checks in the Odyssey system and the General ledger before issuing a new check. • Recover over/duplicate payments or identify funding source such as errors and omissions. A management plan including reconciling GL and bank account should be developed and implemented.				
Responsible Department or Organization:	County Clerk				
Management's Response:	☐ Agree	☐ Disagree	Respondent:		Date:
Comments:					
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.CC.01.08
Date: May 7, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	Collection/Billing A review of 35 cases with balances due, various queries from Dallas County Information Technology (IT) department, and procedures for collection/billing in place during fiscal years 2010 thru 2012 revealed: • No customer billing is generated for cases with balance due amounts; no collection efforts are performed by County Clerk Civil or County Clerk Trust & Accounting. • 13 (37.14%) out of 35 cases with balances due in error: ○ One (2.85%) case without a receipt recorded for an e-filing charge leaving a balance due reflected ○ Nine (25.71%) cases with filed affidavits of inability to pay without credits recorded against filing fee assessments ○ Two (5.7%) cases with duplicate assessments added to the cases ○ One (2.85%) case with duplicate assessments for a rejected e-file transaction not removed
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 14A, 14B and 14C Odyssey ECR Collections Outstanding Balance Due report Dallas County IT query of cases with balances and no due date Dallas County IT query of cases with balances and case event for affidavit of inability to pay Conversation with County Clerk Trust
Condition: (Describe the current condition)	When a case is closed, the court clerks are responsible for adding the event "collection-financial" to the case. The Trust section runs a daily report that shows the cases that have the event "collection-financial" added. If the courts do not add the event "collection-financial" to the case, no collection efforts are initiated for that case. Customers may file an affidavit of inability to pay if they are indigent and do not have the resources to afford costs. The defendant or the clerk may contest an affidavit of inability to pay. If contested, the judge will grant or deny the request. If granted or not contested, a credit waiver for the inability to pay is inconsistently posted to the financial tab. In-house developed billing functionality in Odyssey (since 2012) is not available to the County Clerk. IT Services has not scheduled testing with the County Clerk after Odyssey upgrades. The functionality has not worked at an acceptable level for user sign-off to occur.
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 billing procedures, collection efforts, and accounting controls include: • 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 ○ Accounts receivable sub-ledger is reconciled monthly. Reconciliation is reviewed by management and evidence of review is maintained. ○ Referral of uncollected receivables for delinquent collection assistance in a timely manner • Invoices include an accurate breakdown of fees assessed (e.g. filing fees and/or services fees) ○ Invoices are mailed timely (emailed if email address is available) • Collection efforts initiated on all closed cases with balances pending ○ Automated phone calls (or live call scripts) and delinquent notice mailings (standard collection letters) ○ Use skip tracing or available address search engines A credit titled "inability to pay" should be used in Odyssey to record the waived assessments for valid uncontested affidavits of inability to pay at the time of filing in accordance with Rules of Civil Procedure, Rule 145. The inability to pay credit should automatically post to the Events tab. General accounting standards require that information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Staff training should be periodically renewed. 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 internal control include adequate segregation of duties 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. According to Rules of Civil Procedure, Rule 145. Affidavit of Indigency (a) <i>Affidavit</i>. In lieu of paying or giving security for costs of an original action, a party who is unable to afford costs must file an affidavit as herein described. A "party who is unable to afford costs" is defined as a person who is presently receiving a governmental entitlement based on indigency or any other person who has no ability to pay costs. Upon the filing of the affidavit, the clerk must docket the action, issue citation and provide such other customary services as are provided any party. (b) <i>Contents of the Affidavit</i>. The affidavit must contain complete information as to the party's identity, nature and amount of governmental entitlement income, nature and amount of employment income, other income, (interest, dividends, et.), spouse's income if available to the party, property owned (other than homestead), cash or checking account, dependents, debts, and monthly expenses. The affidavit shall contain the following statements: "I am unable to pay court costs. I verify that the statements made in this
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	affidavit are true and correct.” The affidavit shall be sworn before a notary public or other officer authorized to administer oaths. If the party is represented by an attorney on a contingent fee basis, due to the party’s indigency, the attorney may file a statement to that effect to assist the court in understanding the financial condition of the party. (c) <i>IOLTA Certificate</i>. If the party is represented by an attorney who is providing free legal services, without contingency, because of the party’s indigency and the attorney is providing services either directly or by referral from a program funded by the Interest on Lawyers Trust Accounts (IOLTA) program, the attorney may file an IOLTA certificate confirming that the IOLTA funded program screened the party for income eligibility under the IOLTA income guidelines. A party’s affidavit of inability accompanied by an attorney’s IOLTA certificate may not be contested. (d) <i>Contest</i>. The defendant or the clerk may contest an affidavit that is not accompanied by an IOLTA certificate by filing a written contest giving notice to all parties and, in an appeal under Texas Government Code, Section 28.052, notice to both the small claims court and the county clerk. A party’s affidavit of inability that attests to receipt of government entitlement based on indigency may be contested only with respect to the veracity of the attestation. Temporary hearings will not be continued pending the filing of the contest. If the court finds at the first regular hearing in the course of the action that the party (other than a party receiving a governmental entitlement based on indigency) is able to afford costs, the party must pay the costs of the action. Reasons for such a finding must be contained in an order. Except with leave of court, no further steps in the action will be taken by a party who is found able to afford costs until payment is made. If the party’s action results in monetary award, and the court finds sufficient evidence monetary award to reimburse costs, the party must pay the costs of the action. If the court finds that another party to the suit can pay the costs of the action, the other party must pay the costs of the action. (e) <i>Attorney’s Fees and Costs</i>. Nothing herein will prejudice any existing right to recover attorney’s fees, expenses or costs from any other party.
Cause: (Describe the cause of the condition if possible)	Incomplete controls over the billing and assessment process
Effect: (Describe or quantify any adverse effects)	Potential revenue loss for the State of Texas and Dallas County Individuals not billed Overstated receivables Non-monetary credits understated inhibiting accurate receivable analysis
Recommendation: (Describe corrective action)	Policy and procedures manual should be developed for billing responsibilities with training reinforced. - Processing of financial transactions should reflect strong segregation of duties (e.g. users with roles/rights to receipt or void payments should be able to add additional charges, but <u>not</u> modify, reduce, or delete assessments). - User roles granting 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. Verify accuracy/timeliness of Odyssey entries.



	- Courts should verify the event "collection-financial" is added to all cases with balances due. A secondary verification of all closed cases should occur. - Adjustments to assessments should be made reflecting both good internal control and audit trails maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation. Collection efforts should be initiated on all cases with a balance due or balance reconciled and cleared. - 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. Pursue technology changes within Odyssey. - Expand functionality for in-house tracking. - Expand payment type set-up to include a credit for inability to pay. The designated credit should be used to reduce the case balance when there is a valid affidavit of inability to pay filed in accordance with Rule 145.			
Responsible Department or Organization:	County Clerk Civil			
Management's Response:	☐ Agree	☐ Disagree	Respondent:	Date:
Comments:				
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration			



Finding Number: 12.CC.01.09
Date: May 7, 2013
Audit: County Clerk Civil 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 FY2010 through FY2012 revealed: - Multiple Odyssey user roles (clerks, supervisor, and non-Civil positions) including two roles (CentralAdmin and CentralAdmin Reports) normally assigned to Dallas County IT Service with right to modify case file dates. - Multiple users (clerks and supervisor positions) with right to override system generated case numbers Civil – ‘CC’ - Eleven case numbers were deleted in Odyssey - Six case numbers were deleted and redirect to a new case number when searching: - One case was transferred, and five cases were for writs of garnishment after judgment cases 1,109 cases were not sequentially assigned based on the Odyssey file date: 294 cases in FY10 265 cases in FY11 550 cases in FY12 - Four cases were entered in Odyssey without the standardized format of a separating dash (-) between ‘CC’ and the year
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 15A.1, 15A.2, and 1D-8 to 1D-8.2 Case Index Report Odyssey case management system File Desk Supervisor electronic log of voided cases Production Query of roles/right dated 01/28/13 Responses to Internal Control Questionnaire
Condition: (Describe the current condition)	System parameters include random case assignments. System processing controls include algorithms for random court assignment. Exceptions/manual overrides are allowed for downtime or end of the month/year processing (e.g. file stamped on September 30th but not entered to Odyssey until October). Civil section maintains a manual log to issue case numbers. Once Odyssey is operational, the clerks manually enter the case numbers and information into Odyssey. Odyssey will automatically issue the next available case number. Cases can be locked on Odyssey only permitting authorized personnel to view case, as a result the case number will not show up on the case index report and a “no match found” comment will appear when the case number is entered in Odyssey.



Criteria: (Describe the optimal condition)	Local Rules of the Civil courts of Dallas County require: • All Civil cases are filed in random order (Rule 1.01) 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 judicial case assignments include: • Design of system processing controls established with algorithms for random 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. • Adequate segregation of duties for override of system judicial assignments so no one user has two or more business processes that could result in compromise of the integrity of the process. • 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.
Cause: (Describe the cause of the condition if possible)	Limited review/update system security access matrix Incomplete monitoring of case deletions and incomplete / undocumented reasons for deletions Data entry error – missing dashes
Effect: (Describe or quantify any adverse effects)	Unused case numbers Potential for non-compliance with Local Rules Cases may be improperly deleted Users with more rights than needed Potential for forum shopping Inability to determine appropriateness of case deletions
Recommendation: (Describe corrective action)	• All case numbers should be timely, accurately, and sequentially assigned based on random court assignment. • Supervisory personnel should test for accurate, proper, and complete assignment of case numbers based on Local Rules and established departmental procedures. • All case numbers should be accounted for, with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence, and timely documented. • Management should submit written authorization to IT Services to correct improperly configured case numbers. • All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions.
Responsible Department or Organization:	County Clerk Civil

County Auditor



Dallas County, Texas

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



Finding Number: 12.CC.01.10
Date: May 8, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	Time and Attendance A review of time and attendance during fiscal years 2010 thru 2012 revealed: • Four instances where three employees have 8 hours of regular time entered as well as sick or vacation hours entered on the same day including two entries posted to the wrong day. • Three instances where two employees used additional personal holidays that were not approved for the year under review. • Ten instances where seven employees clocked out then clocked back in, resulting in 0.4 to 0.5 hours of comp time recorded in Kronos. • Eight instances noted where two employees have multiple time entry errors posting the time with A.M. rather than P.M. or vice versa.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 15B.1
Condition: (Describe the current condition)	Time stamp functionality is used by non-exempt staff and online time entry functionality is used by exempt staff. Annual leave, sick leave, holidays, etc. taken are recorded to the Kronos system by the supervisor based on information available to them. The employee submits request to leave to supervisor for review and approval. Biweekly time sign-off / approval are updated by supervisor in accordance with official direction.
Criteria: (Describe the optimal condition)	Sec. 82-741. - Designated holidays. Each year during the budget process, the county commissioners court reviews and adopt holidays for the employees of the county. Employees of the county will observe the holidays designated by official action of the county commissioners court 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 <u>shall average a</u>



	<u>minimum of 40 hours per week</u>, 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 <u>exempt employee's most current 12-month average weekly work schedule exceeds 40 hours</u>. 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 <u>total amount of time granted shall not exceed 15 work days in a 12-month period except by formal approval by the commissioners court.</u>		
Cause: (Describe the cause of the condition if possible)	Data entry error Inaccurate application of county time and attendance policies		
Effect: (Describe or quantify any adverse effects)	Accrual balances not accurately reflected in Kronos		
Recommendation: (Describe corrective action)	All vacation, sick leave, comp time, holiday time, jury duty, 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. Each employee should affirm bi-weekly time paid / leave balances expended through review of pay slip on Employee Self-Service (ESS) application. Historical edits should be completed to correct posting errors.		
Responsible Department or Organization:	County Clerk Civil		
Management's Response:	☐ Agree	☐ Disagree	Respondent: _____ Date: _____
Comments:			
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration		



Finding Number: 12.CC.01.11
Date: November 21, 2013
Audit: County Clerk Civil Review
Auditor(s) Assigned: NH

Finding:	Trust Investments – Civil and Probate An annual fiscal year reconciliation of the investment listing provided by the County Clerk Trust section to the Odyssey Investment Summary report and bank confirmations for a sample selection during fiscal years 2011-2012 revealed: <u>FY2011</u> • Fifty-three out of fifty-seven investments per bank confirmations not updated with interest earned on the corresponding Odyssey Invested tab during the year. • One Odyssey investment balance totaling \$27,450.33 not confirmed by the bank. Additional follow-up revealed the monies had been withdrawn and combined with funds under a consolidated case. Status: Invested tab adjusted with backdated transaction reflecting ‘Bank Charge’ for \$27,450.33. • Four case balance totals on the investment listing report provided by the Trust section reflect the amount from the prior year versus the balance for FY2011. • One disbursement to invest with a date recorded to Odyssey after the date recorded for the ‘External Investment’. \$23,356.65 balance is on both the Uninvested and Invested tab as of September 30, 2011. <u>FY2012</u> • Sixty out of sixty-five investments per bank confirmations not updated with interest earned on the corresponding Odyssey Invested tab during the year. • One Odyssey investment balance totaling \$3,984.20 confirmed as \$901.15 by the bank. Additional follow-up revealed a withdrawal totaling \$3,492.66 from FY2011 had not been posted to the Invested tab. Status: Invested tab adjusted with transaction reflecting ‘Registry Disb. To Person’ for \$3,492.66. • Eight Tex Pool investments totaling \$7,753,947.08 012 not posted to the Odyssey Invested tab. Status: Odyssey updated in FY2013 by Trust section after notification from Audit. Five transactions were entered as “External Investment” under Invested section rather than “Deposit (To Account)”. Refer to template 12.CC.01.07 for additional findings related to Registry/Trust activity.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 13 – County Clerk trust investments Files – Annual review of trust investments for CAFR - FY2010, FY2011, and FY2012 FY2010, FY2011 and FY2012 bank confirmations Odyssey Investment Summary reports KPMG – audit FY2010 and F2011
Condition:	Payments made into the registry of the court consist of: funds of minors or incapacitated



(Describe the current condition)	persons, funds tendered in an interpleader action, funds paid in satisfaction of a judgment, cash bonds, and any other funds tendered to the clerk for deposit into the registry of the court. Registry activity is recorded to a separate financial grouping on Odyssey. Disbursements from the registry are only processed under an order of the court of proper jurisdiction. The court clerk sends the case jacket and order of the court to the Trust & Accounting section to initiate processing a disbursement. Trust & Accounting section includes the required disbursement information on the Fund 506 pre-disbursement file initiating the electronic approvals and check printing process. Trust & Accounting will submit the orders and other supporting documentation to the Internal Audit section as support for approval. The County Treasurer's office sends a confirmation file to the department for final approval prior to printing the checks. Once the file is approved, checks are generated through Oracle to the approved payee. Trust & Accounting will receive a final disbursement file from the County Treasurer for manual posting of the disbursed checks to the appropriate cases in Odyssey decreasing the corresponding case party's un-invested section and adding the investment information under the Odyssey 'Invested' tab. Registry funds are invested (in accordance with V.T.C.A., L.G.C., § 117, Subchapter E) in interest bearing accounts through: financial institutions; TexPool (an interlocal investment pool authorized under Government Code, § 2256.016); and the Texas Tomorrow Fund (authorized under Property Code, § 142.004 and Education Code, Chapter 54, Subchapter F). Fund 506 checks are issued/invested to each "separate account" on behalf of the individual per court order. Trust clerks manually post registry disbursements for investments to Odyssey as a decrease under the 'Uninvested' section and an increase under the 'Invested' section. Interest is recorded to Odyssey when the Trust section receives bank statements from the financial institution indicating interest earned. Interest is not consistently recorded to Odyssey unless the Trust section receives a bank statement from the financial institution indicating interest earned. At the end of each fiscal year, a comparison of the investment listing report provided by the Trust section and the Odyssey Investment Summary report is prepared. Bank confirmations are sent to financial institutions from a selected sample for verification of the account balances. The Trust department is sent information of discrepancies found between the reports and/or confirmations. County Clerk's office does not reconcile Trust Fund activity to the general ledger or to the Fund 506 Trust/Registry bank account. No standard procedures are established to conduct an annual review of invested or uninvested balances and resolve as appropriate.
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 trust investment funds control procedures and reporting require that: • Investments are made in accordance with statutory guidelines and court orders at best available yields with funds fully insured using checklists or reconciliation forms.



- All trust fund checks should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information as referenced on order of court of jurisdiction.
- Assigned cash handling duties (including investment responsibilities) are separated for manual and Odyssey courts management system functions and incorporate supervisor review.
- Fund balances (including invested and uninvested) and subsidiary ledgers must be reconciled against control records (Odyssey, GL and bank statements) to safeguard funds and improve reporting accuracy.

In accordance with V.T.C.A., L.G.C., Sec. 117.121. DISBURSEMENT OF FUNDS.

(a) Money may be paid from the registry fund only on checks or drafts signed by a clerk on the written order of the court with proper jurisdiction, except that the clerk may make a payment without court order for unpaid court costs from a cash bond deposited in connection with an appeal after the appellate court issues its mandate in the appeal if the costs remain unpaid for 45 days after the mandate is issued.

(b) All checks or drafts issued for the disbursement of the registry fund must be submitted to the county auditor for the auditor's countersignature before delivery or payment. The county auditor may countersign the checks only on written evidence of the order of the judge of the court in which the funds have been deposited, authorizing the disbursement of the funds.

(c) Notwithstanding Subsections (a) and (b), a disbursement under an order of a court in which registry funds have been deposited may be made by electronic transfer if:

(1) the designated recipient of the money submits to a clerk a written request for the transfer;

(2) the clerk gives written approval for the transfer; and

(3) a county auditor countersigns the approval.

(d) A clerk may charge a reasonable fee, subject to the approval of the recipient of the money, for an electronic transfer of a disbursement from a registry fund.

In accordance with V.T.C.A., L.G.C., Sec. 117.122. INTEREST. (a) The interest derived from money on deposit in the registry fund shall be paid as earned as follows:

(1) a sum equal to 10 percent of the interest shall be paid into the general fund of the county to reimburse the county for the expenses of maintaining the registry fund; and

(2) the remaining 90 percent of the interest shall be credited to the registry fund.

(b) For each withdrawal, a clerk shall pay out the original amount deposited in the registry of the court and 90 percent of the interest earned on that amount at the time and in the manner directed by the court with proper jurisdiction.

In accordance with V.T.C.A., L.G.C., § 117.125. TRANSFER OF MONEY. (a) In the absence of a contrary order from a court having jurisdiction over the registry fund, a clerk may transfer money deposited in the fund into a separate account.

(b) A clerk shall transfer all money deposited in a registry fund under Section 887, Texas Probate Code, into a separate account.

(c) Money transferred into a separate account under this section must be:



- (1) transferred into an account authorized for investment under Chapter 2256, Government Code, by a local government or investment pool; and
- (2) invested according to the investment officer designated under Section 2256.005, Government Code, by the investing entity of which the county is a member.
- (d) A transfer of money into a separate account under this section is exempt from the requirements prescribed by Section 117.121 for disbursements from registry funds.
- (e) An investment of money transferred from a registry fund under this section is subject to the limitations, policies, and standards of care provided by Chapter 2256, Government Code.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
- (4) include:
 - (A) a list of the types of authorized investments in which the investing entity's funds may be invested;
 - (B) the maximum allowable stated maturity of any individual investment owned by the entity;
 - (C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
 - (D) methods to monitor the market price of investments acquired with public funds;
 - (E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
 - (F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

- (1) understanding of the suitability of the investment to the financial requirements of the entity;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of the investment if the need arises to liquidate the investment before



maturity;

(5) diversification of the investment portfolio; and

(6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

In accordance with V.T.C.A., § 2256.016. **AUTHORIZED INVESTMENTS: INVESTMENT POOLS.** (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

(2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

(3) the maximum stated maturity date any investment security within the portfolio has;

(4) the objectives of the pool;

(5) the size of the pool;



	(6) the names of the members of the advisory board of the pool and the dates their terms expire; (7) the custodian bank that will safekeep the pool's assets; (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation; (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment; (10) the name and address of the independent auditor of the pool; (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios. (c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity: (1) investment transaction confirmations; and In accordance with Property Code, § 142.004. INVESTMENT OF FUNDS. (a) In a suit in which a minor or incapacitated person who has no legal guardian is represented by a next friend or an appointed guardian ad litem, any money recovered by the plaintiff, if not otherwise managed under this chapter, may be invested: (1) by the next friend or guardian ad litem in: (A) the Texas tomorrow fund established by Subchapter F, Chapter 54, Education Code; or (B) interest-bearing time deposits in a financial institution doing business in this state and insured by the Federal Deposit Insurance Corporation; or (2) by the clerk of the court, on written order of the court of proper jurisdiction, in: (A) the Texas tomorrow fund established by Subchapter F, Chapter 54, Education Code; (B) interest-bearing deposits in a financial institution doing business in this state and insured by the Federal Deposit Insurance Corporation; (C) United States treasury bills; (D) an eligible interlocal investment pool that meets the requirements of Sections 2256.016, 2256.017, and 2256.019, Government Code; or (E) a no-load money market mutual fund, if the fund: (i) is regulated by the Securities and Exchange Commission; (ii) has a dollar weighted average stated maturity of 90 days or fewer; and (iii) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share (b) If the money invested under this section may not be withdrawn from the financial institution without an order of the court, a next friend or guardian ad litem who makes the investment is not required to execute a bond with respect to the money. (c) When money invested under this section is withdrawn, the court may: (1) on a finding that the person entitled to receive the money is no longer under the
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	disability, order the funds turned over to the person; or (2) order management of the funds under another provision of this chapter. (d) Interest earned on an account invested by the clerk of the court shall be paid in the same manner as interest earned on an account under Chapter 117, Local Government Code. (e) If money is invested under Subsection (a)(2)(E), the court may waive any bonding requirement.		
Cause: (Describe the cause of the condition if possible)	Inconsistent receipt of statements from financial institutions Clerical error Incomplete management review		
Effect: (Describe or quantify any adverse effects)	Financial records/investment balances are not accurately stated. Limited reconciliation: • Undetected posting errors resulting in potential for overpayment or duplicate payment and unrecoverable losses. • Additional staff time to research and correct posting errors.		
Recommendation: (Describe corrective action)	• All investment activity posted accurately and timely to the Odyssey case management system to maintain accurate investment balances reconciling to reports of financial institutions. • Investments made in accordance with V.T.C.A., L.G.C., § 117, Property Code § 142, Education Code 54, and Government Code 2256 and orders of the court with investment practices reflecting maximum security as well as maximum earnings. • Verification of available funds (including interest earned and allowable unpaid court costs) prior to processing disbursement/investment requests. • Supervisor review of Registry/Trust Fund deposit, disbursements, and investment activity including tests for compliance, accuracy and banking confirmation. • Fund balances and Odyssey records should be reconciled against control records (GL and bank statements) to safeguard funds and improve reporting accuracy with any correcting entries processed timely. A management plan including annual verification of all investment bank balances and un-invested funds should be developed and implemented.		
Responsible Department or Organization:	County Clerk Trust		
Management's Response:	☐ Agree	☐ Disagree	Respondent:
Comments:	Date:		
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration		