



# AUDIT REPORT

DALLAS COUNTY

TRUANCY COURT 9-1 FY2016

Darryl Thomas  
Dallas County Auditor

ISSUED: February 07, 2018

RELEASED: March 12, 2018

# TRUANCY COURT 9-1 FY2016

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



**DALLAS COUNTY**  
COUNTY AUDITOR

**MANAGEMENT LETTER**

Dallas, Texas

Attached is the County Auditor's final report entitled "**Truancy Court 9-1 FY2016**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in dark ink, appearing to read "Darryl D. Thomas", written in a cursive style.

Darryl Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

Truancy 9-1 has significant control weaknesses as it relates to receipting and adjusting transactions:

### **Summary of Significant Observations**

- Department does not maintain a manual receipt book log indicating which sections have received books
- Department personnel lack adequate training on proper receipting and depositing procedures.
- System rights and roles do not prevent non-supervisory staff from adjusting/waiving charges and assessments.

### **Repeat observations from Previous Audits:**

- All significant observations are repeated from prior audit.

## **INTRODUCTION**

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2015 through September 30, 2016.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

## **DETAILS**

### **Manual Receipts**

A review of all manual receipts (includes all voided and altered manual receipts) revealed: ten manual receipts had delays greater than one day between manual receipts and Odyssey receipts due to the installation of a new computer in the bookkeeping work area; one instance where the manual receipt number was added to the Event comments; and one manual receipt was altered.

Risks identified during walkthrough of department's internal control processes and departmental responses to Internal Control Questionnaire (ICQ) revealed:

- Manual receipts are used by the other clerks when the bookkeeper and supervisor are both out of the office.
- Manual receipt books are kept on the clerk's desk instead of a secure location.
- Multiple receipt books requested at a time, however each set is being used by a different Truancy Court and it is not possible to determine which court has a specific book(s) from the Receipt Books Issuance Log.

### **Recommendation**

#### **Manual Receipts**

- Manual receipts 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 Odyssey financial comment field.
- All manual receipts accounted for and properly used, include supervisory review, kept in numeric order, have the corresponding computer receipt attached, have the receipt number entered into the Odyssey financial comment field and are posted and deposited daily, and timely .
- Receipts are not altered, but properly voided and affixed with a reason for the void with retention of all voided copies.
- The supervisor should periodically review manual receipt books to ensure all issued manual receipts have corresponding valid computer receipts attached.

### **Management Action Plan**

Management now has a log noting which receipt books have been issued to which Courts to enable a thorough review of the manual receipts as needed.

### **Computer Receipts & Closeout/Deposit**

A sample review of computer receipts, computer receipt procedures, and adjustments revealed: one original voided receipt was not retained; adjustment transactions are not entered in a separate adjustment till, but combined with daily transactions; entry of adjustments are not limited to the supervisor or manager; and comparison of Odyssey transaction receipt dates and Oracle deposit dates revealed two deposits delayed exceeded three business days.

### **Recommendation**

#### **Computer Receipts & Closeout/Deposit**

- Computer receipts should be 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.
- All payments should be receipted and deposited in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. Closeout and balancing procedures should include deposit of checks the next business day after receipt.
- Management or supervisor should count opening change fund to verify that it contains the correct balance and should verify daily that all open tills are closed timely and all closed tills are deposited.
- Cash handling duties should be properly separated. Due to limited staff, compensating processes such as dual sign-off on receipt corrections, till balancing documents, and deposit forms should be implemented along with management review, testing, and validation.

Other control recommendations include:

- Policy and procedures manual should be developed for cash handling responsibilities and training of current cash handling procedures reinforced.
- Controls should be implemented for dual control over the safe in which the cash receipts are stored.
- Written supervisory approval should be required prior to processing adjustments to Odyssey. The Transaction Listing Report should be generated and reviewed by management to ensure the accuracy, appropriateness, timeliness, and deposit of adjustments. Management should evidence their review or approval.
- All financial adjustment transactions, such as returned check, should be associated to a specific till not designated for daily transactions and include appropriate information in the comment field.
- Odyssey adjustment roles/rights should be limited to the supervisor and/or manager.
- All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions. A proper segregation of duties reduces the risk of misappropriated funds.

#### **Management Action Plan**

The Supervisor has access to the adjustment till in Court 9-1 (South) and 9-2 (North), not the bookkeepers. The Supervisor and bookkeeper have adjustment tills in 4-B (Garland). Odyssey will not allow any staff to make their own adjustment; the next level up in management has to enter their user ID and password. The adjustments are included in the daily transactions. A void form was created for the next level of management to sign off on all voids and a reason as to why the void was created.

#### **Fine/Court Costs/Fee Assessments**

A sample review of fine, court cost, and fee assessments; reversed charges and charge reductions; and credits revealed: four transactions with proper fees not properly assessed; seven transactions with assessment waivers or charge reversals posted by non-supervisory staff; one credit was backdated when posted in Odyssey; two credits without reason noted in Odyssey's event tab; one payment was backdated when posted in Odyssey.

#### **Recommendation**

##### **Fine/Court Costs/Fee Assessments**



- Court costs, fees, and fines should be properly assessed/collected and timely deposited on all cases based on state laws, Commissioner Court orders, offense dates, offense types, etc.
- Adjustments to assessments should be made that both good internal control and audit trails are maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation.
- Credit for inability to pay should be used to reduce the case balance when there is a determination by the court of the defendant's indigence. Credits should automatically post to the Event screen.
- Full assessment of court costs and fine amounts on Odyssey for defendants considered convicted as defined by Local Government Code, § 133.101.
- Non-monetary credits for court approved community service and waiver of court costs and fines should be added in accordance with statute.
- Charge reductions and assessment reversals should be limited to correction of errors and fine reductions.
- Processing of financial transactions should reflect proper segregation of duties (e.g. users with roles/rights to receipt or void payments should be able to add additional charges, but not modify, reduce, or delete assessments).
- User roles grant rights to process manual overrides, charge reductions, credits, and charge reversals should be limited. User access requirements should correspond to least rights necessary to perform core job functions.
- 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.

### **Management Action Plan**

Clerks do not have rights to waive charges or reversals. They may only document the Judge's decision that he writes on the judgment, file, or the Waiver of Payment of Fines and Costs for Indigent Defendant's. The clerks can only manually enter the appropriate fee codes, Odyssey generates the fee amount.

### **Credit Card Transactions**

Sample review of eight settled (five for Truancy 9-1 and three for Truancy 9-3) credit card deposits during fiscal year 2016 revealed: one instance the credit card transaction was not receipted to Odyssey daily; two credit card transactions with the incorrect Transaction ID posted to Odyssey; three credit card transactions deposit was backdated in Oracle.

### **Recommendation**

#### **Credit Card Transactions**

- All credit card submissions should be receipted and deposited timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004.
- Settlement reports should be reviewed daily for accepted or rejected credit card payments.
- Credit card payments should be entered into Odyssey when the credit card transaction appears on the daily settlement report.
- Credit card payments should be reconciled against the settlement reports and added to the appropriate deposit daily with a separate Form 98 deposit submitted to the County Treasurer.
- Policy and procedures manual should be developed for credit card processing responsibilities and training of current procedures reinforced.
- Credit card transaction ID number should be entered into the receipt Comment field in Odyssey.
- Credit card settlement postings should be verified for accuracy of amount, payment type, case number, and payer.

### **Management Action Plan**

Clerical errors are a training issue that Management will address with bookkeepers and supervisors.

cc: Darryl Martin, Commissioners Court Administrator