

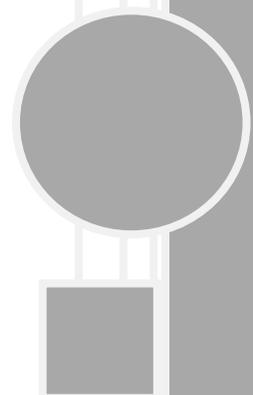


# AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK CIVIL - FY2018

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: March 18, 2019  
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# COUNTY CLERK CIVIL - FY2018

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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**

Honorable John Warren  
County Clerk  
Dallas, Texas

Attached is the County Auditor's final report entitled "**County Clerk Civil - FY2018**" 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 blue ink, appearing to read "Darryl D. Thomas".

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

A review of the County Clerk Civil Division for fiscal year 2018 revealed the following significant observations listed below:

### **Summary of Significant Observations**

- 13 Civil receipts were voided more than 30 minutes after issuance of original receipt.
- One Central Records manual receipt entered in Odyssey 22 business days after the issuance date on the manual receipt.

### **Repeat Observations from Previous Audits:**

- Cash count variances.
- Inaccurate Odyssey transaction type entries for payments received through the mail.
- Delays in posting special fund disbursements.
- Computer receipts voided more than 30 minutes after initial system entry.
- Manual receipts numbers not entered in the Odyssey Comment field.
- Manual receipts voided without an explanation noted.

**Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.**

## 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, 2017 through September 30, 2018.

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

### **Computer Receipt Voids and Deposits**

A review of all 35 County Clerk Civil and Central Records computer receipts voided during fiscal year 2018 revealed 15 transactions were voided more than 30 minutes after issuance of the original receipt, including one transaction voided five days after issuance and one \$346 cash transactions voided the next business day and re-issued for \$65 less than the original receipt amount.

A sample review of tills, closeouts, and deposits revealed transactions for eight days totaling \$49,472 had a deposit date in Odyssey two or more business days after the Odyssey transaction date; nine tills were closed in Odyssey but not included in a deposit in a timely manner; one Texfile till was closed then re-opened and deposited three months later; and four Texfile adjustment tills were not deposited at the time of review. **Status:** Tills were deposited in February 2019.

Best practices regarding the receipt process indicate that all voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code (L.G.C.), § 113.022. Inconsistent management oversight over voiding and depositing procedures and incomplete controls over the receipting and voiding process resulted in delayed revenue recognition and increased the potential that funds could be misappropriated.

### **Recommendation**

#### **Computer Receipts Voids and Deposits**

Management should:

- Develop procedures and documentation incorporating controls such as dual sign-off on voids, receipt corrections, supervisory review.
- Develop closeout and balancing procedures emphasizing that funds are deposited the next business day after receipt and requiring managerial review to ensure tills are closed daily.
- Ensure all tills are closed and deposited daily.
- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.

### **Management Action Plan**

Management will review and adjust our business process to comply with voids being completed within 30-minutes of being posted. Management will add comments explaining delays in voiding transactions. Management will put greater effort into cross training other Supervisors on financial functions so the current Supervisor has support and processes are not delayed the times she is unavailable. Management will continue to communicate proactively with the County Clerk Trust and County Auditor's Offices if our deposits are

delayed. Management will also develop checks and balances to ensure issues causing delayed deposits or adjustments are resolved as quickly as possible and the deposit is completed.

**Auditors Response**

None

**Manual Receipts**

A review of all 27 manual receipts (9 Civil and 18 Central Records) issued during fiscal year 2018 revealed 10 manual receipt numbers were not entered in the Odyssey Comment field; four voided Civil manual receipts did not have an explanation noted; One Central Records manual receipt was entered in Odyssey for \$1 less than the manual receipt amount; One Central Records manual receipt entered in Odyssey 22 business days after the manual receipt date; and two Central Records manual receipts were skipped in sequence. **Status:** Management voided skipped receipts on February 12, 2019.

Internal control procedures indicate that all manual receipts should be accounted for and properly used, include supervisory review, kept in numeric order, have the corresponding computer receipt attached, posted and deposited daily in accordance with Local Government Code, § 113.022. Once the system is restored, the payments are posted to the system and the manual receipt numbers are entered into the comment field. Manual receipts are not altered, but properly voided and affixed with a reason for the void with retention of all voided copies. Inconsistent supervisory enforcement of recommended manual receipting control procedures has resulted in an incomplete audit trail and increased the potential for the misappropriation of funds.

**Recommendation**

**Manual Receipts**

Management should:

- Periodically review manual receipt books to ensure all issued manual receipts are accurately posted and corresponding manual receipt numbers are documented in the financial tab in Odyssey.
- Reinforce and retrain staff on proper internal control procedures regarding manual receipts.
- Establish written procedures for processing manual receipts.

**Management Action Plan**

Management will retrain clerks and ensure voided manual receipts have comments that explain the reason for the void. Management will establish a review system to ensure manual receipts are cross-referenced with Odyssey and Odyssey is cross-referenced with the manual receipt. An updated and more comprehensive financial manual will be created.

### **Auditors Response**

None

### **Financial Set-Up**

A limited review of the Odyssey Case Management System financial set-up and user access for County Clerk Civil and Central Records during fiscal year 2018 revealed four active tills associated to users no longer employees in the County Clerk Civil and Central Records sections. **Status:** Management de-activated the tills.

Best practices indicate all set-up related to financial systems should be end-dated or disabled once codes are no longer used to limit potential posting errors. Limited management review of the user access lists may lead to limited accountability for the posting of financial transactions to accounts belonging to terminated/transferred employees and increased the risk that funds may be misappropriated.

### **Recommendation**

#### **Financial Set-Up**

Management should:

- End-date and check mark the inactive box to terminate Odyssey user's accounts. All assigned cashier stations and tills should be de-activated when users are no longer employed in the Civil section.
- Request user access for ex-employees or reassigned employees be disabled with a follow-up occurring to ensure user account was disabled. (Periodically perform self-review of active accounts confirming timely deactivation for separated / transferred employees).

### **Management Action Plan**

Management will submit requests for all financial access to be closed out upon the employee's separation. Management will set up a tickler system to confirm the action has taken place. The business process to close out separated employees will be added to an updated financial manual.

### **Auditors Response**

None

### **Special Fund Disbursements**

A sample review of Special Fund 501 disbursements issued during fiscal year 2018 revealed three disbursements were posted to Odyssey four or more business days after issuance including one disbursement that was posted with the incorrect payee. One disbursement was not posted to Odyssey. **Status:** Disbursement was posted on February 11, 2019. One case did not have the funds properly moved to overpayment/escrow in Odyssey. **Status:** Adjustment corrected on February 20, 2019. All Special Fund disbursements should be accounted for, issued to the proper payee for the correct amount in a timely manner, posted timely and accurately to Odyssey and issued in accordance with Local Government Code § 117.121. Lack of management oversight over the reconciliation of non-integrated financial systems to timely identify and resolve clerical

errors has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued.

**Recommendation**

**Special Fund Disbursements**

Management should:

- Generate a daily Odyssey Transaction Listing report for disbursements and compare the report to the disbursement file received from the Treasurer's Office to confirm all checks have been posted to Odyssey in the correct amounts and to the correct cases.
- Develop written procedures for the disbursement process.

**Management Action Plan**

The financial supervisor and other managers will do periodic checks to confirm financial business processes are being followed. An updated and more comprehensive financial manual will be created.

**Auditors Response**

None

**Cash Count Variance and Mail Log**

A review of cash counts of County Clerk Civil deposits received at the Treasurer's Office during fiscal year 2018 revealed one deposit was received \$5 less than the system control total due to a check receipted for the numeric amount of \$175 instead of the legal written amount of \$170. **Status:** Customer brought in \$5 cash to cover the difference between the legal amount and the system total.

A sample review of the mail log maintained during fiscal year 2018 revealed two checks were delayed two business days between entry on the mail log and receipting in Odyssey and six check payments were incorrectly posted to Odyssey with the incorrect transaction type.

All monies received including mail payments should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. Checks are receipted for the legal written amount and the mail log should accurately reflect the details from mail payments. Lack of management oversight, clerical errors, and inadequate training related to cash management have resulted in delays in revenue recognition and may result in financial losses to Dallas County for unrecoverable amounts paid for services already rendered.

### **Recommendation**

#### **Cash Count Variance and Mail Log**

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. Review should include tracing entries on the mail log to receipting in Odyssey.
- Establish written procedures for proper cash handling, which emphasize that checks are to be receipted for the written legal amount and the elements of a complete financial instrument are present.
- Total and balance the funds on hand to the system receipt control totals at the end of each business day. Receipt tapes for check totals should be calculated using the written legal amount and verified against the receipt control total. Receipt and deposit totals should be verified by supervisory personnel.

### **Management Action Plan**

All clerks and management will be reminded of the importance of taking time to examine (versus just looking) at each form of payment given to them. Management will review to ensure the business process established as a result of FY 2017 Audit is being followed. The changed business process was the mail clerk follows up with the clerk receiving the check to confirm where the check went or any delays in entry. In addition, a review will occur to determine if the business process needs to be adjusted. An updated and more comprehensive financial manual will be created.

### **Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator