AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK CIVIL AND CENTRAL RECORDS - FY 2023

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First Assistant County Auditor

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County Clerk Civil and Central Records - FY 2023

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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 and Central Records - FY 2023**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail.

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,

wessen Stefanos

Wendwessen Stefanos, CPA
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EXECUTIVE SUMMARY

A review of the County Clerk Civil and Central Records Division for fiscal year 2023 revealed the following significant observations listed below:

Summary of Significant Observations:

- **Adjustment Tills Not Deposited** - Five adjustment tills, which include six transactions totaling $1,159, have not been included in a daily deposit. This has resulted in disbursement checks being issued from the special fund account without the money corresponding to the refund being in the account. This also resulted in the general ledger for the special fund account being understated.

  Status: Adjustment tills remain undeposited as of June 3, 2024.

- **Deposits** - One Civil Texfile till totaling $4,223 has not been deposited with the Treasurer's Office as of May 15, 2024. This has resulted in delayed revenue recognition on the general ledger.
- **Deposits** - One Civil Texfile till totaling $7,804 was closed in Odyssey on November 29, 2022; however, as of May 15, 2024, a deposit 98 had not been created to deposit funds with the Treasurer's Office. This has resulted in delayed revenue recognition on the general ledger.

Repeat Observations from Previous Audits:

- **Special Fund Disbursements**: The department continues to delay the posting of special fund disbursements.
- **Voided Computer Receipts:** Computer receipts voided more than 30 minutes after initial system entry.
- **Deposits:** There are delays in the deposit of funds.

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, 2022 through September 30, 2023.

The audit procedures may have included interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used may have been reviewed and incorporated as part of the testing of transactions.

DETAILS

Voided Computer Receipts

Criteria

Per Local Government Code § 113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money was received.

Standard internal control procedures related to the receipting process require that all voids are timely and properly voided with a reason for the void recorded to the computer system. Also, all voids are reviewed daily by supervisory personnel at least one level above the employee that voided the payment.

Review

A review of all 24 County Clerk Civil and all three Central Records voided computer receipts totaling $3,245 processed during fiscal year 2023 revealed:

- 19 County Clerk Civil computer receipts totaling $2,515 were voided between 30 minutes to 24 hours after the original transactions were processed.
- Two Central Records computer receipts totaling $23 were voided between 30 minutes to 4 hours after the original transactions were processed.

Cause/Effect

This was due to inconsistent controls over receipt voiding procedures. This has resulted in an increased risk that funds may be misappropriated.

Recommendation

Voided Computer Receipts

Management should:

- Develop procedures and documentation incorporating controls such as the processing of voids and receipt corrections within 30 minutes and supervisory review.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.

Management Action Plan

- The two receipts for Central Records were voided when errors were found. One receipt had the incorrect name; and for the other receipt the documentation that customer requested was not the person customer was searching. Clerks have been informed the importance of voiding transactions in a timely manner.

Auditor's Response

- None

Deposits

Criteria

Per Local Government Code § 113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money was received.

Standard internal control procedures require all tills be reconciled daily and included in an Odyssey deposit through the Odyssey Deposit Management functionality.

Review

A review of all Odyssey tills, closeouts, and deposits during fiscal year 2023 revealed:

- Three deposits totaling $1,424.99 exceeded five or more business days between the computer receipt date and the deposit date.
    - Civil - $1,390
    - Central Records - $34.99
- One Civil Texfile till totaling $4,223 has not been deposited with the Treasurer's Office as of May 15, 2024.
- One Civil Texfile till totaling $7,804 was closed in Odyssey on November 29, 2022; however, as of May 15, 2024, a deposit 98 was not created to deposit funds with the Treasurer's Office.
- One Central Records credit card deposit was $10 less than the Odyssey system report control.

Cause/Effect

This is due to inconsistent management oversight and incomplete controls over the depositing process. This has resulted in delayed revenue recognition on the general ledger.

Recommendation
Deposits

Management should:

- Develop closeout and balancing procedures emphasizing that funds are deposited the next business day after receipt.
- Require supervisory review to ensure all tills are closed and deposited daily.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.

Management Action Plan
- $34.99 was deposited late due to staffing issues.
- The credit card transaction for $10 occurred on July 17th at 4:27pm. The customer had arrived late. A new till had to be opened to accommodate the transaction. The clerk re-opened the till the next business day, July 18th; the $10 transaction shows on the Odyssey report for the 18th.
- Additional staff have trained in completing credit card transactions.

Auditor's Response
- None

Special Fund Disbursements

Criteria
Standard internal control procedures related to special fund disbursements require all special fund disbursements be accounted for, issue to the proper payee for the correct amount in a timely manner, and reference the relevant case information. Additionally, all special fund disbursement checks that are issued, voided, cancelled, or stale dated are timely and accurately posted to the Odyssey case management system.

Review
A review of all eight Special Fund 501 disbursements issued during fiscal year 2023 revealed:

- Seven disbursements totaling $1,435 were recorded to Odyssey between four and 12 days after date of issuance.

Cause/Effect
This is due to inconsistent management oversight related to special fund disbursements. This 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.
- Compare the Odyssey Transaction Listing 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.

Management Action Plan
- None

Auditor's Response
- None

Adjustment Tills Not Deposited

Criteria
Per Local Government Code § 113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received.

Standard internal control procedures require all tills be reconciled daily and included in an Odyssey deposit through the Odyssey Deposit Management functionality.

Review
A review of all five adjustment tills that were not included in a daily deposit during fiscal year 2023 revealed:

- Five adjustment tills, which include six transactions totaling $1,159. have not been included in a daily deposit in order to move funds to the special fund account in the general ledger.

Status: Adjustment tills remain undeposited as of June 3, 2024.

Cause/Effect
The lack of management oversight and training related to the adjustment tills deposit process has resulted in disbursement checks being issued from the special fund account without the money corresponding to the refund being in the account. This also resulted in the general ledger for the special fund account being understated.

Recommendation
Adjustment Tills Not Deposited

Management should:

- Include the adjustment tills totaling $1,159 with a deposit to the Treasurer's office to ensure the funds are properly moved to the special fund account.
- Train employees to closeout adjustment tills and include the tills in an Odyssey deposit.
- Review all tills to ensure tills are closed and deposited daily with the Treasurer's Office.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.

Management Action Plan
- None

Auditor's Response
- None

Cash Count - Department safe

Criteria
Per Local Government Code § 113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money was received.

Standard internal control procedures require all received funds to be receipted. The receipts are to be promptly issued for the amount of funds tendered, correct change given to customers, and any overages including change left by customers are to be deposited to the overage/shortage account.

Review
A review of the County Clerk Civil department's safe during the cash count on February 13, 2024 revealed:

- A total of $46 in cash located in the safe had not been deposited into the overage/shortage account.
    - The funds had been left by multiple customers.
    - The customers did not return to the department to retrieve their funds.

- Two checks totaling $10,795 for appeal bonds were found inside the department's safe.
    - The funds could not be deposited into the registry of the court because entities other than Dallas County were listed as the payees.

Cause/Effect
There is inconsistent management oversight and inadequate training related to cash management. This has resulted in delays in revenue recognition and increases the risk that funds may be misappropriated.

Recommendation
Cash Count - Department Safe

Management should:

- Establish written procedures for proper cash handling, which emphasizes that checks made payable to other entities should be returned to the payer in a timely manner.
- Ensure any funds left by customers are deposited into the overage/shortage account in a timely manner.

Management Action Plan
- None

Auditor's Response
- None

cc: Darryl Martin, Commissioners Court Administrator