



# AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK PROBATE - FY 2023

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County Auditor

ISSUED: 7/29/2024

RELEASED: AUGUST 29, 2024

## County Clerk Probate - 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 Probate - 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,

*Timothy J. Hicks*

Timothy J. Hicks, CPA  
County Auditor

## **EXECUTIVE SUMMARY**

A review of County Clerk Probate for fiscal year 2023 revealed the significant observations listed below:

### **Summary of Significant Observations:**

- **Deposits and Odyssey Tills:** 26 Texfile tills totaling \$160,149 have not been deposited with the Treasurer's Office as of May 22, 2024. This has resulted in delayed revenue recognition to the proper general ledger accounts.
- **Deposits and Odyssey Tills:** A follow up review of the fiscal year 2022 undeposited Texfile tills revealed 24 tills totaling \$123,068 for fiscal year 2022 remain undeposited with the Treasurer's Office as of May 22, 2024. This has resulted in delayed revenue recognition to the proper general ledger accounts.
- **Financial Setup:** There were 16 active tills associated to 10 users who are no longer employed with the department or Dallas County. This may lead to limited accountability for the posting of financial transactions to accounts belonging to terminated/transferred employees and increases the risk that funds may be misappropriated.

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

- **Computer and Manual Receipts:** Computer receipts voided and re-issued more than 30 minutes after original transaction.
- **Deposits and Odyssey Tills:** Delays in closing and depositing tills after creation date.

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****Mail Payments****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 related to mail payments require receipts be promptly issued for the amount of funds tendered and any overages, including change left by customers, be deposited to the over/short account.

**Review**

A sample review of 25 out of 3,246 mail log payments totaling \$468,209.52 traced to receipts in Odyssey revealed:

- Four check payments totaling \$138,922.88 and one cash payment totaling \$5 were receipted in Odyssey between two and 28 business days after the entry date on the mail log.

Inquiry of department management and review of procedures relating to cash mail payments listed on the mail log revealed:

- Overage amounts are mailed back to customers instead of receipting to Odyssey as an overpayment.
  - Two cash overpayments totaling \$5 were mailed back to the customers.

**Cause/Effect**

This is due to inconsistent mail payment procedures and a lack of management oversight. This has resulted in delayed revenue recognition and increased the risk of funds being misappropriated.

**Recommendation****Mail Payments**

Management should:

- Ensure payments received through mail be promptly receipted to the Odyssey system.
- Deposit all overage amounts received through the mail into the overpayment account.
- Periodically review mail log payments with corresponding computer receipts.



## **Management Action Plan**

- Management will improve the process for handling mailed-in payments to ensure they are processed promptly.

## **Auditor's Response**

- None

## **Computer and Manual 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 is received.

Standard internal control procedures related to voids require that receipts be voided with a reason for the void recorded to the computer system and all voided copies retained. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment.

Standard internal control procedures require that all manual receipts be accounted for and properly used, include supervisory review, be kept in numeric order, and have the corresponding computer receipt attached. Once the system is restored, the payments are posted to the system and the manual receipt numbers are entered into the Odyssey Comment field.

### **Review**

A review of all 37 voided computer receipts totaling \$1,481.30 processed during fiscal year 2023 revealed:

- 10 computer receipt voids totaling \$517 were voided between 30 minutes and 21 days after the original transaction.
  - Two of the 10 receipt voids were cash payments totaling \$30.
- One voided computer receipt did not have an explanation noted.

A review of all 46 manual receipts issued during fiscal year 2023 revealed:

- One manual receipt in the amount of \$30 was receipted to Odyssey and deposited eight business days after being issued.
- 45 manual receipt numbers were not entered in the receipt's Comment field in the Odyssey system.

**Cause/Effect**

This was due to inconsistent management oversight and a lack of written procedures related to the receipting and voiding process. This has resulted in delayed revenue recognition, incomplete records maintained, and increased the potential that funds may be misappropriated.

**Recommendation**

Computer and Manual Receipts

Management should:

- Develop procedures and documentation incorporating controls such as the processing of voids and receipt corrections within 30 minutes and supervisory review.
- Reinforce staff verification of payments/receipts for accuracy of amounts, payment type, case number, and payer prior to processing in Odyssey and/or issuing to a customer.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Periodically review manual receipt books for completeness and proper posting to Odyssey.

**Management Action Plan**

- Management will evaluate and modify our business processes to ensure that voids are completed within 30 minutes of being posted.
- Management will focus on cross-training additional supervisors in financial functions to provide support and prevent delays when the current supervisor is unavailable.
- Management will work to enhance the financial business process manual, emphasizing the importance of documenting delays, and requesting assistance when best practice deadlines cannot be met.
- Management will be more deliberate in updating the financial business process manual to emphasize documenting delays, requesting assistance when deadlines are missed, and including procedures for handling unassigned cash.

**Auditor's Response**

- None

**Deposits and Odyssey Tills****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 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 daily tills, closeouts, and deposits during fiscal year 2023 revealed:

- New department personnel did not have access to the Probate Texfile reports in order to complete the deposits. Once access was granted, the older reports were no longer available to generate.
- 26 Probate Texfile tills totaling \$160,149 have not been deposited with the Treasurer's Office as of May 22, 2024.
- A follow up review of the fiscal year 2022 undeposited Probate Texfile tills revealed 24 tills totaling \$123,068 for fiscal year 2022 remain undeposited with the Treasurer's Office as of May 22, 2024.
- 20 Probate Texfile tills totaling \$119,856 were deposited between 10 to 46 days after till was closed.

**Cause/Effect**

This is due to inconsistent management oversight and a lack of access to the Chase Paymentech system to generate older reports. This has resulted in delayed revenue recognition to the proper general ledger accounts.

**Recommendation**

Deposits and Odyssey Tills

Management should:

- Resolve all undeposited Probate Texfile tills to ensure funds are deposited to the correct general ledger accounts.
- Contact Chase and the Treasurer's Office to obtain access to the needed reports to deposit the pending Probate Texfile tills.
- Develop procedures for Probate Texfile responsibilities, which emphasize that Probate Texfile revenues are to be deposited in the accounting period in which the filing is accepted.
- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.
- Generate the Till Balance Report to ensure all tills have been closed and deposited in a timely manner.



## **Management Action Plan**

- Management will remind financial staff to include notes in the case or provide written notification of deposit delays for auditing purposes when unusual situations necessitate changes to business processes which causes delay in deposits.
- The adjustment till process is a management responsibility. We are working to deposit all adjustment tills and will make a greater effort to keep them current.
- In response to these findings from previous audits, management will consider formalizing corrective actions for instances when financial processes are not followed or when explanations are not provided.

## **Auditor's Response**

- None

## **Adjustment Tills Related to Special Fund Disbursements**

### **Criteria**

Standard internal control procedures related to special fund disbursements require all special fund disbursements be accounted for, issued to the proper payee for the correct amount in a timely manner, and referenced 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.

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 four Special Fund 501 refund disbursements issued during fiscal year 2023 revealed:

- Four disbursements totaling \$421 were processed through adjustment tills.

**Status:** As of June 6, 2024, they have not been included in a daily deposit in order to move funds to the special fund account in the general ledger.

### **Cause/Effect**

A lack of management oversight and inadequate training related to the depositing of adjustment tills. This has resulted in refunds being issued from the special fund account without the corresponding funds available in the account.



## **Recommendation**

### Adjustment Tills Related to Special Fund Disbursements

Management should:

- Include the adjustment tills totaling \$421 in 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 to the Treasurer's Office.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- 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 that all checks have been posted to Odyssey in the correct amounts and to the correct cases.

## **Management Action Plan**

- The adjustment till process is a management responsibility. We are currently working on depositing all the adjustment tills and will make a greater effort to keep them up to date.

## **Auditor's Response**

- None

## **Financial Set-Up**

### **Criteria**

Standard internal control requires all set-up related to financial systems should be end-dated or disabled once codes are no longer used to limit potential posting errors. All assigned cashier stations and tills are required to be de-activated when users are no longer employed with the department or Dallas County.

### **Review**

A limited review of the Odyssey financial setup and active tills for County Clerk Probate during fiscal year 2023 revealed:

- 16 tills are active and associated to 10 users who are no longer employed with the department or Dallas County.
  - Two active tills are associated to two users who are no longer employed with the department or Dallas County.
  - 14 tills which are associated to eight users who are no longer employed with the department or Dallas County are still active. This is related to follow-up review of 14 tills identified during fiscal year audits 2020 through 2022.

**Cause/Effect**

This occurred due to inconsistent management review of tills and a lack of follow-up with IT services to ensure tills associated to former employees are deactivated. This may lead to limited accountability for the posting of financial transactions to accounts belonging to terminated/transferred employees and increase 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.
- De-activate all assigned cashier stations and tills when users are no longer employed with the department or Dallas County.
- Request user access for ex-employees or reassigned employees be disabled with follow-up occurring to ensure user account was disabled.
- Periodically perform review of accounts to confirm timely deactivation for separated/transferred employees.

**Management Action Plan**

- Management will formally ask Team Odyssey to close out tills and cashier stations whenever an employee leaves their position with the Dallas County Clerk's Office.
- Management will include a request for deactivating tills until the process can be automated.

**Auditor’s Response**

- None

cc: Darryl Martin, Commissioners Court Administrator