

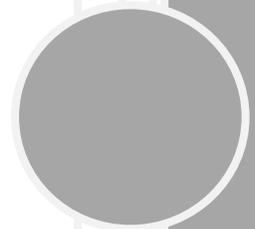


# AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK PROBATE FY2016 - 2017

Darryl D. Thomas  
Dallas County Auditor  
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# COUNTY CLERK PROBATE FY2016 - 2017

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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 FY2016 - 2017**" 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 that reads "Darryl D. Thomas". The signature is written in a cursive, flowing style.

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

A review of County Clerk Probate for fiscal years 2016 and 2017 revealed the significant observations listed below:

### **Summary of Significant Observations**

- The tender type for 32 voided receipts totaling \$849 was changed from cash to check 15 minutes or more after the original transaction
  - The tender type for seven voided receipts totaling \$416 was changed from cash to check 15 hours or more after original transaction.
- One voided cash receipt re-issued for a lower amount more than 30 minutes after original receipt.
- One manual receipt recorded in Odyssey three days after issuance.
- The duplicate (pink) copy of one manual receipt was missing from the receipt book.
- Five manual receipts without explanations for voiding noted were missing the original manual receipt copy.
- 91 deposits processed in excess of three business days after the computer receipt date including:
  - 59 deposits submitted after four business days.
  - 21 deposits submitted after five business days.
  - one deposit submitted 13 days after the original transaction date

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

- Affidavits of Inability to Pay not noted on the Odyssey Event tab.
- Delays in posting Special Fund disbursements.
- Manual receipt numbers were not recorded in the Odyssey Comment field.
- Tills not deposited timely

**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:

- Ensure compliance with statutory requirements
- Evaluate internal controls
- Verification of accuracy and completeness of reporting
- Review controls over safeguarding of assets

This audit covered the period of October 1, 2015 through September 30, 2017.

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

### **501 Special Fund Disbursements**

A sample review of 20 Special Fund 501 disbursements revealed 13 disbursements were posted in Odyssey four or more business days after issuance including one check that was posted 32 business days after disbursement. All Fund 501 disbursements should be accounted for, issued for the correct amount in a timely manner and in accordance with L.G.C., § 117.121; and posted timely and accurately to Odyssey. Lack of supervisory oversight and timely identification of clerical errors have resulted in inaccurate financial records and increases the potential that duplicate disbursements may be issued.

#### **Recommendation**

##### **Posting 501 Special Fund Disbursements to Odyssey**

- All Fund 501 disbursements should be: accounted for; issued for the correct amount and posted timely and accurately to Odyssey.
- Supervisors should generate a daily Odyssey Transaction Listing report for disbursements and compare the report to the disbursement file received from Accounts Payable /Treasurer's Office to confirm all checks have been posted in the correct amounts and to the correct cases.

#### **Management Action Plan**

We agree with the findings. The Assistant Manager and Supervisor will monitor the 501 Special Fund disbursements. After receiving the check numbers from the Trust Department, the Assistant Manager and or the Supervisor will enter the check numbers into Odyssey within two days. The Manager will be included on all e-mails sent to the 501 Special Fund disbursements to Odyssey.

#### **Auditors Response**

None

### **Credits/Waivers**

A sample review of 10 Probate cases and 15 Mental Illness cases granted credit waivers for fees revealed that three Probate cases did not have an *Affidavit of Inability to Pay* noted on the Event tab in Odyssey and five Mental Illness cases receiving credit waivers totaling \$1,095 did not have the credit noted on the Odyssey Event tab.

Texas Rules of Civil Procedure 502.3 state that on filing the petition, the plaintiff must pay the appropriate filing fee and service fees, if any, with the court. A plaintiff who is unable to afford to pay the fees must file a Statement of Inability to Afford Payment of Court Costs. Upon filing the statement, the clerk must docket the action, issue citation, and provide any other customary services. 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. Although Probate did follow Texas Rules of Civil Procedure by posting the credit to the financial tab, best

practices were not followed. Best practices related to docketing credits and waivers in Odyssey indicate that approved *Affidavits of Inability to Pay* and other credit waivers are notated on the Event tab in Odyssey for Probate and Mental Illness cases. In addition to *Affidavits of Inability to Pay*, credit waivers for Mental Illness cases are also issued when a patient is transferred from the initial intake hospital; when a patient is receiving treatment at a state institution; or when a patient is discharged from the hospital before an assessment of their mental health. Lack of management oversight over the updating of the Event tab when *Inability to Pay* and other credit waivers are granted has resulted in inaccurate/incomplete case records.

### **Recommendation**

#### **Credits/Waivers**

Management should:

- Establish written procedures for the processing of credits and waivers.
- Periodically review credit waivers to ensure that the transactions are processed in accordance with the state law and properly docketed on Odyssey.
- Request changes to the Odyssey set-up such that an entry is automatically posted to the Events tab when credits or waivers are entered in Odyssey Financials.

### **Management Action Plan**

Entries into Odyssey for Inability to Pay are posted automatically to the Events tab when created through e-file. Credits and waivers in Mental Illness cases are notated in the comment field during the process. In order to comply with State Law, the existing event of a SPA Letter will be used to indicate whether indigent applicant's fees will be waived.

### **Auditors Response**

None

### **Manual Receipts**

Review of 96 County Clerk Probate manual receipts revealed: four manual receipts were skipped in sequence and were not marked "void"; 16 manual receipt numbers were not posted in the Odyssey financial comment field; four computer receipt numbers were not noted on the manual receipts; the duplicate copy of one manual receipt was missing from the receipt book; one manual receipt was receipted to Odyssey three days after issuance; one receipt was altered instead of voiding and issuing a new manual receipt; and five voided manual receipts without an explanation noted were missing the original manual receipt copy.

Best practices related to manual receipting procedures indicate that manual receipts should be issued in sequential order 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 deposited daily, and timely in accordance with Local Government Code (LGC), § 113.022. The manual receipt number should be entered into the Odyssey Comment field and the computer receipt number should be written on the manual receipt. Manual receipts should not be altered, but properly voided and affixed with a reason for the void. All copies of the manual

receipt should be retained. A lack of department established internal control procedures for the manual receipting process that include the adoption of best practices to reduce the risk associated with manual receipts has resulted in an incomplete audit trail and increases the potential that funds may be misappropriated.

**Recommendation**

**Processing Manual Receipts**

Management should:

- Establish written manual receipt procedures.
- Re-train staff on recommended manual receipt procedures.
- Periodically review receipts for compliance with recommended manual receipt procedures

**Management Action Plan**

We agree with the findings. We will move forward with the audit recommendations.

**Auditors Response**

None

**Computer Receipt Voids and Deposit Delays**

A sample review of 164 voided computer receipts revealed the tender type for 32 voided receipts totaling \$849 were changed from cash to check 15 minutes or more after the original transaction including 7 receipts that were changed from cash to check 15 hours or more after the original receipt was issued; and one voided cash receipt re-issued for a lower amount more than 30 minutes after original receipt. 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; and employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer. Inconsistent management oversight over voiding and depositing procedures may result in inaccurate financial report balances and the misappropriation of funds due to receipt changes after a customer has left with the original receipt.

A review of one day of deposits during each quarter of fiscal years 2016 and 2017, a comparison of deposit dates to computer receipt dates, and a comparison of till open and close dates revealed 61 tills were not deposited in Odyssey in a timely manner including one adjustment till closed and deposited after 112 days; five deposits which include transactions from three or more business days; and 91 deposits processed in excess of three business days after the computer receipt date including: 59 deposits submitted after four business days; 21 deposits submitted after five business days; and one deposit submitted 13 days after the original transaction date. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code (L.G.C.), § 113.022. Tills should be reconciled daily and included in

deposit. Inconsistent management oversight over depositing procedures has resulted in delayed revenue recognition.

**Recommendation**

**Processing Computer Receipt Voids and Depositing Timely**

Management should:

- Establish written procedures for the computer void and deposit processes which emphasize:
  - 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.
  - Deposit controls requiring that funds on hand are compared to the system control totals at the end of each business day. 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 initials on control documents.
- Periodically review transactions to monitor staff compliance with the established written procedures.

**Management Action Plan**

Management is working on a process to tighten oversight over the functional procedures.

**Auditors Response**

None

**Cash Count Variances**

A review of cash counts performed during fiscal years 2016 and 2017 revealed two Probate deposits were received at the Treasurer's Office totaling \$103.88 less than the system control total due to the department receipting the checks for the numeric amount instead of the legal written amount.

Best practices indicate that daily deposits should be re-counted by supervisory personnel with review evidenced by an initial or signature on deposit forms and checks should be entered into Odyssey for the legal written amount. Clerical errors combined with a lack of supervisory oversight of the daily deposit process have resulted in inaccurate financial records. Further, revenue recognition is delayed and additional staff time is expended contacting customers to obtain replacement checks. Amounts paid for copies may ultimately become uncollectible if a replacement check cannot be obtained.

### **Recommendation**

#### **Proper Cash Management**

- At the end of each business day, receipts should be totaled and balanced to the funds on hand and system control totals.
- Deposit amounts should be totaled using both the written and numeric amounts and the results compared to identify any variances.
- Supervisors should reinforce to staff that the written amount is the legally tendered amount for checks.

### **Management Action Plan**

We agree with the findings. The Supervisor will be instructed to be more stringent on the oversight of deposits ensuring totals are based on the legal amount on checks being deposited.

### **Auditors Response**

None

### **E-File Disbursement Activity**

A review of E-filing refund requests and the related Probate case information in Odyssey revealed two cases with refunds due to payers have escrow balances. All valid E-filing refund requests should be promptly disbursed to the payer in accordance with Local Government Code § 117.121 and the disbursements should be timely and accurately posted to the Odyssey. Clerical errors combined with a lack of supervisory oversight of the E-file refund process may result in additional staff time to research and escheat funds not disbursed to parties timely.

### **Recommendation**

#### **Posting E-File Disbursements to Odyssey**

Management should:

- Establish written procedures for the E-filing refund process.
- Train employees to write the check number for reimbursements on the E-filing refund request.
- Periodically, review E-file refund request and Odyssey Escrow balances to ensure payments have been disbursed timely.

### **Management Action Plan**

We agree with the findings. Management will ensure Supervisors are trained in adequately refunding e-file disbursements.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator