

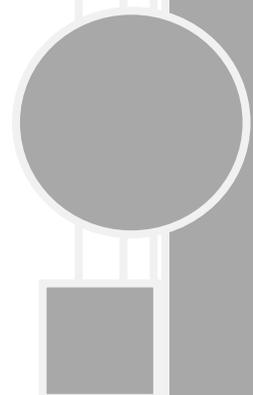


AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK VITALS - FY2018

Darryl D. Thomas
Dallas County Auditor
ISSUED: June 12, 2019
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COUNTY CLERK VITALS - 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 Vitals - 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", is written in a cursive style.

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A review of the County Clerk Vitals divisions for fiscal year 2018 revealed the significant observations listed below:

Summary of Significant Observations

- None

Repeat Observations from Previous Audits:

- Deposits received at the Treasurer's Office not matching the system control total
- Searches of the Bureau of Vital Statistics (BVS) system were performed under a different user name than the user that issued the AiLIS system receipt
- None supervisory employees processing receipt adjustments
- Transaction originally receipted and subsequently adjusted by the same employee

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

Cash Count

Cash counts of deposits received at the Treasurer's Office during fiscal year 2018 for County Clerk Vitals revealed two checks were receipted using the numerical amount instead of the legal written amount including funds deposited totaling \$28 more than the system control total. Best practices indicate that daily deposits should be recounted by supervisory personnel with review evidenced by an initial or signature on the deposit forms. Checks should be entered into AiLIS for the legal written amount. Clerical errors combined with a lack of supervisory oversight of the daily deposit process 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

Management should:

- 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.
- 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

Management accepts the audit recommendations to ensure oversight and verification of the deposit. Also, ensure better staff training as recommended by Audit

Auditors Response

None

Birth Certificates

A sample review of birth certificate transactions processed during fiscal year 2018 revealed two birth certificate searches per the Vitals Remote Certificate Monthly Transaction Report without corresponding payments or postings to the court's internal tracking log as being voided and 15 birth certificate searches on the Bureau of Vital Statistics (BVS) system report were performed under a different user name than the user that issued the AiLIS system receipt. Specific controls related to the issuance of birth certificates indicate that system security is enforced by requiring each employee to enter their own unique user ID and password to access the Texas Bureau of Vital Statistics remote system. Customers are charged for birth certificate record searches. Employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer.

Birth certificates searched multiple times due to clerical or system error may result in a potential loss of \$1.83 per birth certificate search if amounts are not charged to customers. Additionally, employees sharing Bureau of Vital Statistics log-in credentials results in an inability to affix individual accountability for birth certificates searched and issued.

A review of the continuity County Clerk Vitals certificate paper issued during fiscal year 2018 revealed one box of JWL amendment certificate paper (1,000 sheets) was skipped in sequence. Best practices related to certificate paper storage and usage indicates that all certificate paper is accounted for and properly used in sequential order. A lack of supervisory oversight and record-keeping related to certificate paper sequence could result in missing or lost certificate paper.

Recommendation

Birth Certificates

Management should:

- Periodically review employee compliance with established procedures for the issuance of birth certificates.
- Require that each employee use their own log-on ID for accessing the Bureau of Vital Statistics records.
- Enter the birth certificate numbers in the comment field in AiLIS.
- Establish written procedures related to the storage and usage of certificate paper.

Management Action Plan

As part of the customer service process, to improve efficiency one clerk will perform a search in the BVS to assist the clerk working the front desk and helping the customer. Management policy is that once a clerk leaves the BVS system, they must log off. The box of security paper that was skipped in sequence may have been shared with other sub-stations. Our supplies are stocked off-site. Management will improve the logging of security paper supplies to maintain proper control over those assets.

Auditors Response

None

Computer Receipt Adjustments

A sample review of 15 transaction adjustments processed during fiscal year 2018 revealed two adjustments were not performed by the supervisor and one transaction originally receipted by the bookkeeper was subsequently adjusted by the same employee. Specific controls related to the processing of financial transactions should reflect proper segregation of duties and transaction adjustments should be processed by supervisory employees. A lack of management oversight and incomplete controls over the adjustment process increases the potential that funds could be misappropriated.

Recommendation

Computer Receipt Adjustments

Management should:

- Determine the feasibility of establishing system roles that prevent non-supervisory personnel from adjusting receipts.
- Establish business processes or system enforced roles that prevents an employee from having the ability to enter and adjust a receipt.

Management Action Plan

We agree with the audit finding that three transactions may have been performed by the bookkeeper/non-supervisory position. The bookkeeper should be performing adjustments as part of their rights and roles, but not for their own transactions. Management agrees with the audit recommendation and will ensure transactions are processed with the proper segregation of duties and management oversight.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator