

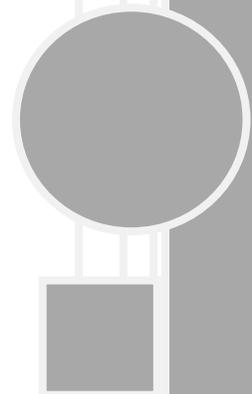


# AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK VITALS - FY2019 AND PARTIAL 2020 (THROUGH MARCH 31)

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: September 02, 2020  
RELEASED: October 02, 2020



# COUNTY CLERK VITALS - FY2019 AND PARTIAL 2020 (THROUGH MARCH 31)

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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 - FY2019 and partial 2020 (through March 31)**" 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,

*Darryl D. Thomas*

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

A review of County Clerk Vitals for fiscal years 2019 and 2020 (through March 31st) revealed the significant observations listed below:

### **Summary of Significant Observations**

- None identified.

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

- Deposits received at the Treasurer's Office not matching the system control total
- 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, 2018 through March 31, 2020.

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 Adjustments**

A sample review of 15 adjustment transactions processed during fiscal years 2019 and partial 2020 as of March 31st revealed one transaction originally receipted by a supervisor was subsequently adjusted by the same employee and three transaction amounts were adjusted instead of voiding and re-issuing the receipts. Specific controls related to the processing of financial transactions should reflect proper segregation of duties and transaction adjustments should be processed by supervisory employees at least one level higher than the employee who initiated the original transaction. Incomplete management oversight and incomplete controls over the adjustment process increased the potential that funds could be misappropriated.

### **Recommendation**

#### **Computer Receipt Adjustments**

Management should:

- Establish business processes or system enforced roles that prevent an employee from having the ability to both enter and adjust a receipt.
- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.

### **Management Action Plan**

In 2020 Vitals business process precludes employees from making adjustments to their own transaction. Corrective action will be taken for anyone who violates this policy.

However, the current business process allows for adjustments of receipts instead of voiding. Because of separation of duties, the supervisor would make the necessary adjustment and document the transactions according to what took place. If the customer happens to come back with the receipt, a sufficient audit trail exists in the system that would show the original change and why. This should avoid the need to void and reissue a receipt as long as there is a separation of duties in place and an audit trail to avoid misappropriation of funds.

### **Auditors Response**

None

### **Cash Count**

A review of cash counts of County Clerk Vitals deposits received at the Treasurer's Office during fiscal year 2019 and partial 2020 as of March 31st revealed one cash deposit received on October 11, 2018 was \$50 more than the system control total due to cashier given incorrect change causing an overage; and one deposit received

on August 12, 2019 was \$25 less than the system control total due to the check missing the routing number. Best practices indicate that daily deposits should be recounted by supervisory personnel with review evidenced by an initial or signature on the deposit forms. Clerical errors combined with an inconsistent 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:

- Emphasize that staff 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.
- Train employees to review checks to ensure necessary elements including bank details are present prior to accepting for payment.

**Management Action Plan**

Management will ensure better staff training on cash and check deposits so that all monies received is promptly and accurately receipted and deposited.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator