

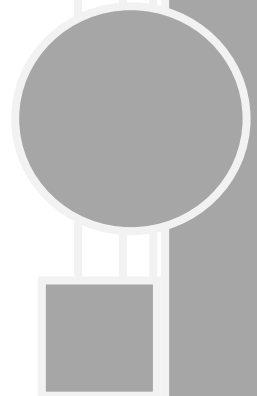


# AUDIT REPORT

DALLAS COUNTY  
County Clerk Vitals - FY2021

Darryl D. Thomas  
Dallas County Auditor

ISSUED: 10/24/2022  
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# County Clerk Vitals - FY2021

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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 - FY2021" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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 year 2021 revealed the significant observations listed below:

### **Summary of Significant Observations**

- Original cash count performed identified a \$150 shortage in department's change fund.
- Management was unaware of the total amount of change fund in their possession. \$150 was found during second cash count.
- 12 computer receipts were voided the next business day.
- Four deposits totaling \$38,791.87 exceeded four or more business days after the initial transaction date.

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

1. Non-supervisory employees processing receipt adjustments.

**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, 2020 through September 30, 2021.

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 Management**

A cash count completed at the County Clerk Vitals department on May 2, 2022 and May 3, 2022 revealed one drawer was short \$0.50 on May 3, 2022 and the change fund totaling \$650 was short \$150. An inquiry with management revealed they were unaware of the total amount of change fund the department should have and did not know the combination of the bottom of the safe in which they believed the funds may be located. **Status:** On May 18, 2022, the Auditor's office was notified by Vitals management the bottom portion of the safe was opened and the funds were located after a third cash count was performed.

According to Local Government Code § 130.902, the commissioners court of a county may set aside from the general fund of the county an amount approved by the county auditor for use as a change fund by any county or district official who collects public funds. The fund may be used only to make change in connection with collections that are due and payable to the county, the state, or another political subdivision of the state that are often made by the official. Change funds should be reconciled daily by comparing the amount of authorized fund balance to actual cash and receipt totals, recounted and verify by two employees when opening and closing for business, and should never be left unattended or unsecured. Lack of management oversight and inconsistent training related to cash management have resulted in a cash shortage and increased the risks that county funds could be lost or misappropriated.

### **Recommendation**

Cash Management

Management should:

- Train staff on the purpose, location and amount of the change fund.
- Verify the change funds daily
- Store key or code combination for the safe in a secure place that is not accessible to anyone who does not have authorized to the cash fund.

### **Management Action Plan**

- Management has implemented a dual verification process for office funds in the office. All deputy clerks are now instructed to count their drawer down throughout the day (i.e. first thing, before and after morning, afternoon breaks, lunch, etc.). Funds are verified throughout the day. Management implemented dual verification in that there will be two people verifying funds.
- The \$150 of the total \$650 change fund was secured in the locked bottom part of the safe, however, to ensure all funds can be regularly accessed and audited by the bookkeeper and management, it has been established that all monies will be locked in the top portion of the safe. There is now two ways the safe may be accessed. A key for the safe was located and identified which is now in one secure location that management may access as required.



## **Auditors Response**

- None

## **Computer Receipt Voids, Adjustments, and Deposits**

A review of all 51 County Clerk Vitals computer receipt voids processed during fiscal year 2021 revealed: 12 computer receipt voids were voided the next business day; 12 computer voids explanation did not give any detail for the reason of the void; one credit card computer receipt totaling \$23.03 was voided after normal business hours.

A review of all deposits processed during fiscal year 2021 revealed four deposits totaling \$38,791.87 exceeded four or more business days after the initial transaction date.

A sample review of 15 adjustments revealed four computer receipt adjustments were not performed by a supervisor; the same employee who entered the original transaction made the adjustment. Four computer receipts were adjusted to correct the receipt amount instead of voiding and re-issuing a new receipt; and three computer receipt adjustments did not have an explanation noted.

All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code § 113.022. Receipts are properly voided with a reason for the void recorded to the computer system and retention of all voided copies. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. Processing of financial transactions should reflect proper segregation of duties. Adjustments to receipts should be made so that both good internal control and audit trails are maintained. A lack of management oversight and incomplete controls over the voiding and adjustment processes resulted in delayed revenue recognition and increased the potential that funds could be misappropriated.

## **Recommendation**

### **Computer Receipt Voids, Adjustments, and Deposits**

Management should:

- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Develop procedures and documentation incorporating controls such as the processing of voids and receipt corrections within 30 minutes and supervisory review.
- Establish business process for entering consistent and detailed reasons for voids or adjustments.
- Establish business process for verifying check information and qualifying information to ensure applicant is qualified to obtain record prior to processing payment.
- Should have a designated back-up to process and submit deposits in a timely manner in the absence of Deputy Clerk.



## **Management Action Plan**

- Dual verification is in place to ensure all payments and transactions are accurate. When receipts are voided information detailing the reason for the void are entered in the system.
- When funds are verified throughout the day this will eliminate error and receipts voided after hours as the error would be verified early on during the day.
- All deputy clerks are instructed to enter the reason for receipt correction when modifications are made.
- When errors are identified on the daily settlement report management will reach out to the appropriate person(s) and ask that the matter be resolved expeditiously because the issue is affecting the deposit.

## **Auditors Response**

- None

cc: Darryl Martin, Commissioners Court Administrator