



AUDIT REPORT

DALLAS COUNTY

DISTRICT CLERK CRIMINAL - FY 2023

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County Auditor

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District Clerk Criminal - 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 Felicia Pitre
District Clerk
Dallas, Texas

Attached is the County Auditor's final report entitled "**District Clerk Criminal - 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 District Clerk Criminal for fiscal year 2023 revealed the significant observations listed below:

Summary of Significant Observations

- **Deposits and Odyssey Tills:** 77 daily tills totaling \$125,266 were deposited between four and 198 business days after till was opened in Odyssey.
- **Deposits and Odyssey Tills:** One Conversion Payment till related to online credit card transactions totaling \$4,904 created on 06/13/2023 and closed on 06/22/2023 remains undeposited with Treasurer's Office as of 08/30/2024.
- **Deposits and Odyssey Tills:** One Conversion Payment till related to e-file transactions totaling \$ 17,989 created on 06/23/2023 has not been closed in Odyssey or deposited with Treasurer's Office as of 08/30/2024.

Repeat Observations from Previous Audits:

- **Special Fund Disbursements:** Disbursement was not posted to case management system.
- **Fee Compliance:** Fee assessment errors.

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, 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****Fee Compliance****Criteria**

Per Local Government Code Section 133.102, State Consolidated Fees on Conviction "(a) A person convicted of an offense shall pay as a court cost, in addition to all other costs: (1) \$185 on conviction of a felony, (2) \$147 on conviction of a Class A or Class B misdemeanor, or (3) \$62 on conviction of a non-jailable misdemeanor offense, including a criminal violation of a municipal ordinance, other than a conviction of an offense relating to a pedestrian or the parking of a motor vehicle."

Per Local Government Code Section 134.101, Local Consolidated Fee on Conviction of Felony, "(a) A person convicted of a felony shall pay \$105 as a court cost, in addition to all other costs, on conviction."

Per Local Government Code Section 134.102, Local Consolidated Fee on Conviction of Class A or B Misdemeanor, "(a) A person convicted of a Class A or Class B misdemeanor shall pay \$123 as a court cost, in addition to all other costs, on conviction."

Standard Internal controls require that information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate.

Review

A sample review of 100 District Clerk Criminal cases with assessments created during fiscal year 2023 revealed:

- Five cases were assessed the State Jury fee for \$4 in error, CCDC Technology Fund fee was not assessed.
- Seven felony cases were reduced to a Misdemeanor; however, the court cost related to the felony fee schedule was assessed to the cases in error instead of the Misdemeanor fee schedule. The cases were overstated by \$20 totaling \$140.
- One felony case was assessed court cost related to the Misdemeanor fee schedule in error. The case was understated by \$20.
- Three DWI felony cases were assessed the Consolidated State Fee for the wrong amount. The difference totaling \$45 should have been assessed to 49 Penal Code Co Bat fee.
 - Two DWI felony cases were assessed the Consolidated State Fee for \$185 in error.
 - The fee should have been \$162.50.



- One DWI felony reduced case was assessed the Consolidated State Fee for \$147 in error.
 - The fee should have been \$124.50.
- 20 cases were not assessed the CCDC Technology Fund fee for \$4 in error.

Cause/Effect

This was due to the lack of training after the implementation of Odyssey and the lack of management oversight.

This has resulted in inaccurate fee assessments, and potential revenue loss for Dallas County.

Recommendation

Fee Compliance

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the County Treasurer's Office for inclusion in the next State Quarterly Report.

Management Action Plan

- The leadership team has received the cases in reference and will review with staff and use them as a training opportunity where needed, to address fee assessment issues. The goal is to ensure that all fee assessment is within the statutory guidelines and ensure that management oversight is consistent.

Auditor's Response

- None

Reverse Charges, Charge Reductions, and Reverse Charge Reductions.

Criteria

Standard internal control procedures related to assessment adjustment require that reverse charges and charge reductions be made such that both good internal controls and audit trails are maintained. Processing of financial transactions should reflect proper segregation of duties. Users with roles/rights to receipt or void payments can add additional charges; but not modify, reduce, or delete assessments. All corrections should include a complete and valid explanation in the comment field.

**Review**

A sample review of 15 out of 60 reverse charges, charge reductions, and reverse charge reductions totaling \$140,148 processed during fiscal year 2023 revealed the following internal control weaknesses:

- Eight reverse charges totaling \$15,735 were processed by a non-supervisory employee.
- One charge reduction transaction totaling \$25,000 was backdated in Odyssey.
 - Motion For New Trial was granted on case.
- One reverse charge did not have a comment noted in Odyssey.

Cause/Effect

This was due to inconsistent supervisory review and a lack of segregation of duties related to reverse charges and charge reductions including management granting system roles that allow transactions to be backdated.

This has increased the potential risk that funds may be misappropriated.

Recommendation

Reverse Charges, Charge Reductions, and Reverse Charge Reductions.

Management should:

- Establish written procedures for assessing charges and reducing assessments. The procedures and the employees' adherence to them should be periodically reviewed by the appropriate supervisory staff in order to effectively maintain good internal control.
- Periodically review transaction listing reports to ensure that explanations for the changes are documented and reasonable.

Management Action Plan

- Due to the large number of cases that are assessed fees in District Criminal, clerks can reverse charges and charge reductions.
- During the conversion to Odyssey, the department experienced a lot of different issues as well as worked within a large learning curve. As sections receive more training and support, issues are being addressed and processes are being updated. I agree that explanations for the changes should be documented and reasonable.

Auditor's Response

- None



Credits

Criteria

Per the Code of Criminal Procedure Art. 43.091, "the court may waive payment of all or part of a fine imposed on a defendant if the court determines that the defendant is indigent or does not have sufficient resources or income to pay all or part of the fine."

Per Texas Attorney General Opinion, No DM-407, monies credited should be applied to the fine first and then court costs which should coincide with the state laws, Judge's orders, Commissioner's court orders, and Attorney General Opinions. The quality control process should be implemented with ongoing review by management. Any information processed must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate.

Review

A sample review of 20 out of 2,218 (1%) District Clerk Criminal credits applied to cases during fiscal year 2023 revealed:

- Two cases with a credit applied totaling \$680 could not be verified due to the signed document from the judge not being provided by the department.
- Two cases totaling \$1,504 in which a credit was applied incorrectly to the case fees.
 - Court cost was reduced by the credit instead of the fine.
- One case with a fine amount credited in Odyssey for the incorrect amount.
 - Credit should have been \$500 instead of \$504.

Cause/Effect

This was due to the Odyssey system limitation of applying the credit to the fine first and a lack of training for the employees on the new system.

This has resulted in an incorrect distribution of funds requiring additional staff time to correct errors. Additionally, any payments received would be improperly applied to the fine.

Recommendation

Credits

Management should:

- Train staff on how to properly apply a credit to a case in which the fine is reduced first.
- Ensure proper credits are applied to the correct fee codes.
- Periodically review credits and assessments for appropriateness, timeliness, and completeness.



Management Action Plan

- During the conversion to Odyssey, the department experienced a lot of different issues as well as worked within a large learning curve. As sections receive more training and system support, issues are being addressed and processes are being updated.
- District Clerk Criminal court leaders will take these errors and use them as training examples for court clerks as well as address them with the clerks that created the errors.
- Please note that the clerks follow the orders of the judge of the court. If they are ordered to credit court cost prior to fines, leadership has advised the clerk of the court to follow the judge's order as given.

Auditor's Response

- None

Computer 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 the receipting process require that all voids be reviewed daily by supervisory personnel at least one level above the employee that voided the payment.

Review

A review of all 23 District Clerk Criminal voided computer receipts during fiscal year 2023 revealed:

- Three computer receipts totaling \$306 were voided between two hours and three days after original transaction.
 - One computer receipt was voided two hours after original transaction.
 - Two computer receipts were voided between 23 hours and three days after original transaction.

Cause/Effect

This was due to inconsistent controls over the receipt voiding procedures and management oversight.

As a result, there was a delay in revenue recognition and an increased risk that funds may be misappropriated.



Recommendation

Computer Receipts

Management should:

- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.
- Ensure that voids and receipt corrections are processed within 30 minutes of the original transaction.

Management Action Plan

- The voided receipt timeframe could be for several reasons. Cashiers perform reviews and countdowns to ensure that their funds balance at different intervals throughout the day in conjunction with managers reviewing the deposits at the end of each workday.
- During the Odyssey implementation there were several issues that we could not address within 30 minutes of the original transaction.
- Management will ensure that notes are made in the system or attached to voided receipts so that we will have insight into timeframe issues in the future as well as conduct training with cashier staff and continue to review daily work for accuracy.

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 District Clerk Criminal daily tills, closeouts, and deposits during fiscal year 2023 revealed:



- One Conversion Payment till related to online credit card transactions totaling \$4,904 created on 06/13/2023 and closed on 06/22/2023 remains undeposited with Treasurer's Office as of 08/30/2024.
- One Conversion Payment till related to Texfile transactions totaling \$ 17,989 created on 06/23/2023 has not been closed in Odyssey or deposited with Treasurer's Office as of 08/30/2024.
- Three deposits totaling \$42,305 were deposited with the Treasurer's Office between 11 to 31 business days after the till was closed in Odyssey.
- 77 daily tills totaling \$125,266 were deposited between four and 198 business days after till was opened in Odyssey.

A sample review of 20 Texfile transactions and 10 Texfile deposit batches processed during fiscal year 2023 revealed:

- 14 Texfile submissions totaling \$2,779 were receipted to the case management system between five and 52 days after the acceptance date.
- Nine Texfile batches totaling \$57,491 were deposited with Treasurer's Office between four and 36 days after the acceptance date.
 - Department included multiple tills in one deposit.

Cause/Effect

This was due to the lack of employee training related to the implementation of Odyssey and the lack of management oversight.

This has resulted in delayed revenue recognition to the general ledger.

Recommendation

Deposits and Odyssey Tills

Management should:

- Deposit Conversion Payment Tills.
- Generate the Till Balance Report to ensure all tills have been closed and deposited in a timely manner.
- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.
 - Periodically review the posting of Texfile transactions for accuracy and timeliness of processing.

**Management Action Plan**

- During the conversion to Odyssey, the department experienced a lot of different issues as well as worked within a large learning curve. As this section receives more training and support, issues are being addressed and processes are being updated.
- The two conversion tills are being worked on to be deposited with the needed paperwork required by the Treasurer's Office. We were advised in training that multiple tills could be used in one deposit by Tyler; however, we will review our processes to ensure they coincide with the County's deposit procedures.

Auditor's Response

- None

Special Fund Disbursements**Criteria**

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

Additionally, all special fund disbursement checks that are issued, voided, cancelled, or stale dated should be timely and accurately posted to the Odyssey Case Management system.

Review

A review of all six Special Fund 503 disbursements totaling \$990 issued during fiscal year 2023 revealed:

- One disbursement totaling \$261 was issued without the funds being moved to the special fund account.
- One disbursement totaling \$87 was posted to case management system with an incorrect amount.
- One disbursement totaling \$40 was not posted to the case management system.

Cause/Effect

This was due to inconsistent supervisory review and clerical oversight related to special fund disbursement.

This has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued.

Recommendation

Special Fund Disbursements



Management should:

- Generate a daily Odyssey Transaction Listing report for disbursements.
- Compare the Odyssey Transaction Listing report to the disbursement file received from the Treasurer's Office to confirm all checks have been posted to Odyssey in the correct amounts and to the correct cases.

Management Action Plan

- These issues will be reviewed by the Trust and Criminal managers to ensure that everyone is on the same page with special fund disbursements. We will ensure that we update the Odyssey system with the needed case numbers and correct amounts.

Auditor's Response

- None

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 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 sample review of 20 out of 661 manual receipts posted to Odyssey by the District Clerk Criminal Department during fiscal year 2023 revealed:

- Two cash manual receipts totaling \$203 were receipted in Odyssey between two and three days after the original issuance date.
- Five manual receipt numbers were not entered into the Odyssey Comment field.

A review of all voided manual receipts by the District Clerk Criminal Department during fiscal year 2023 revealed:



- One voided manual receipt did not have a reason noted.

Cause/Effect

This was due to inconsistent management oversight and a lack of written procedures related to the manual receipt process.

This has resulted in delayed revenue recognition, incomplete records maintained, and increased the potential that funds may be misappropriated.

Recommendation

Manual Receipts

Management should:

- Periodically review manual receipt books for completeness and proper posting to Odyssey.
- Reconcile manual receipts to Odyssey receipts to ensure all transactions have been recorded.

Management Action Plan

- During the conversion to Odyssey, the department experienced a lot of different issues as well as worked within a large learning curve. As this section receives more training and support, issues are being addressed and processes are being updated. The Criminal leadership team will conduct additional training regarding manual receipts with the cashiers to ensure that these issues are not continuously seen future audits.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator