

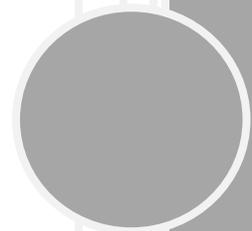


AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK TRUANCY 9-1 FY2017

Darryl D. Thomas
Dallas County Auditor
ISSUED: September 10, 2018
RELEASED: October 15, 2018



COUNTY CLERK TRUANCY 9-1 FY2017

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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 Truancy 9-1 FY2017**" 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".

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A review of County Clerk Truancy 9-1 for fiscal year 2017 revealed the repeat observations listed below:

Summary of Significant Observations

- None noted.

Repeat observations from Previous Audits:

- Delays in posting manual receipts to Odyssey.
- Delays in posting credit card transactions to Odyssey.

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, 2016 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

Receipts

A review of 20 manual receipts for proper posting to the Odyssey system revealed one manual receipt had a two-day delay between issuance and posting to the Odyssey system. In addition, a review of three computer receipt adjustments/reversals for proper posting to the Odyssey system revealed one case had a reverse adjustment that was not performed by a supervisor. Specific controls related to receipting indicate that all monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. Manual receipt payments should be posted to the system and the manual receipt number entered into the comment field. Formal approval should be required before adjustments are processed to Odyssey. Financial transactions should reflect proper segregation of duties related to the assessment and reduction of fees (automatic and manual) and receipting of payments. The bookkeeper should be able to add additional charges, but not modify and delete charges. Lack of managerial oversight and inappropriate system roles granted to non-supervisory employees have resulted in delayed revenue recognition and increases the risk that funds could be lost or misappropriated.

Recommendation

Receipts

- All manual receipts should be promptly receipted and deposited.
- Reduction of fees/assessment should have supervisory approval and should be performed by supervisor, when possible.

Management Action Plan

The Truancy Court Manager has established adjustments, reversals, and void processes. The Truancy Court Manager started doing this process after an audit finding and will therefore adhere to the current business process. The void, reversal and waiver forms (adjustments) are being scanned and attached to the appropriate case in Odyssey. The Truancy Court Manager has established a written Manual Receipt process. The Truancy Court Manager completed an Odyssey User form for Truancy Court 9-1. The designated court currently has an additional clerk for bookkeeping purposes when either the Supervisor or bookkeeper is out of the office.

Auditors Response

None

Credit Card

A review of 20 credit cards transactions revealed four individual credit card transactions were posted to Odyssey between two and five business days from date on settlement report. Specific controls related to receipt control procedures requires that all monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code § 113.022 and Code of Criminal Procedure § 103.004. Lack of supervisory oversight has resulted in delayed credit card reconciliation. Additionally, delays in posting settled credit card amounts misstate case balances and may result in duplicate payments or the assessment of additional fees.

Recommendation

Credit Card

Management should:

- Develop a policy and procedures manual for the processing of credit card transactions.
- Periodically review credit card settlement reports and corresponding Odyssey entries to ensure transactions are receipted and deposited timely.

Management Action Plan

The Truancy Court Manager has required the Management team to periodically check the settlement report versus the date the credit card payment transaction is entered in Odyssey. The Truancy Court Manager has established a written process for Credit Card payments. The Truancy Court staff members are aware that credit card payments should be viewed daily and entered in Odyssey.

Auditors Response

None

ICQ

A review of the Truancy 9-1 South's Internal Control Questionnaire revealed employees are not required to report conflicts of interest when they are related to parties involved in court order actions. Per Dallas County Code Sec. 74-741 and 742, it is possible that the private financial interests and investments holdings of county officials and employees and their families could constitute a conflict of interest in the performance of their official duties. In order to avoid potential conflicts of interest or the appearance of conflicts of interest, no officer or employee of the county shall use in any matter their public office or position for personal gain including the acceptance or dispensing of any special favors, privileges or benefits.

Limited knowledge of Dallas County policies related to employee disclosures of conflicts of interest could result in potential damage to the public reputations for the Truancy Court and Dallas County. Current process does not uphold the county objective of transparency.

Recommendation

ICQ

Management should:

- Educate employees on the Dallas County Conflict of Interest policy.
- Establish a formal process for employee reporting of conflicts of interests.

Management Action Plan

The Truancy Court Manager has distributed the County Clerk handbook, including updates, to the Truancy Division, under the advisement of Mr. John F. Warren, County Clerk. All employees signed an official document based on their acceptance of the County Clerk handbook and the acknowledgement of their responsibility to read all the information disclosed. The official Policy Acknowledgement was administered by Mr. John F. Warren and the employees signed copy was submitted to the Human Resources department. The Truancy Court Manager has retained a copy for accurate record keeping. All Truancy Court personnel continue to adhere to the Dallas County Code and Mr. John F. Warren's County Clerk's Policies and Procedures. Since the August, 2018 audit finding, the Truancy Court Manager has communicated the Internal Auditor's recommendation regarding Conflict of Interest.

Auditors Response

None

Fees/Charges/Cost

A review of 10 charge reductions and reversals revealed nine reversals/waiver/adjustments were not performed by a supervisor and two reverse charges did not have a reason noted in the comment section of the financials. A review of 20 cases with credits revealed seven cases did not have "Inability to Pay" or "Community Service" noted in the Odyssey events tab. Best practices regarding fee assessments and collections include recording the proper non-monetary credit to the financial tab, proper segregation of duties and system rights for department personnel; non-monetary credits noted in the events tab; and formal approval required before adjustments are processed to Odyssey. Due to inadequate segregation of duties, there may be a potential revenue loss for Dallas County. Lack of supervisory review and training has resulted in misstated non-monetary credits inhibiting accurate receivable analysis.

Recommendation

Fees/Charges/Cost

To improve internal controls for charge reversals/reductions and non-monetary credits management should:

- Limit user roles granting rights to process manual overrides, charge reductions,

credits, and charge reversals. User access requirements should correspond to least rights necessary to perform core job functions.

- Emphasize that all financial adjustments/corrections are to include a complete and valid explanation in the comment field.
- Establish written procedures for all of the responsibilities of Truancy Court personnel in order to strengthen the office's internal control and improve efficiency. (This is especially critical for those responsible for financial activities such as assessing charges, reducing assessments, and/or receipting payments.) Employees' adherence to these procedures should be periodically reviewed by the appropriate supervisory staff.

Management Action Plan

The Truancy Court Manager has established adjustments, reversals, and void processes. The Truancy Court manager started doing this process after an audit finding and will therefore adhere to the current business process and implement segregation of duties regarding financial activities for the Truancy personnel. The void, reversal, and waiver forms (adjustments) are being scanned and attached to the appropriate case in Odyssey. The Truancy Court Manager has addressed the Supervisors regarding inputting appropriate comments in Odyssey. An "Inability to Pay" is based on the Judge's discretion for a credit, involving indigent defendants. All non-monetary credit will be recorded in the financial and events tab. After an audit finding, the management team views the Transaction Listing Report (TLR) for credit, disbursements, reversals, and adjustments once a week to address any oversights and clerical errors.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator