



AUDIT REPORT

DALLAS COUNTY

COUNTY TREASURER - 2ND QUARTER - FY2024

Timothy J. Hicks, CPA
County Auditor

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County Treasurer - 2nd Quarter - FY2024

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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 Pauline Medrano
County Treasurer
Dallas, Texas

Attached is the County Auditor's final report entitled "**County Treasurer - 2nd Quarter - FY2024**" 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 the Dallas County Treasurer during the second quarter of fiscal year 2024 revealed the significant observations listed below:

Summary of Significant Observations:

- **Bank reconciliations:** December 2023 through February 2024 bank reconciliations were not reviewed by a supervisor and 14 bank accounts were not reconciled as of May 23, 2024. This has increased the potential for undetected account fraud, bank errors, or unauthorized withdrawals.

Repeat Observations from Previous Audits:

- **Bank Reconciliations:** Monthly bank reconciliations are not timely completed.

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 January 1, 2024 through March 31, 2024.

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

Bank Reconciliations

Criteria

Per Local Government Code 113.008 (d), "The County Treasurer shall reconcile all balances and transactions for each treasury account in the county depository's statement of activity to the transactions and balances shown on the treasurer's records; and ensure all financial adjustments are made regarding the depository account as required."

Per department procedures, bank reconciliations are to be completed within 45 days of the month's ending activity.

Standard internal control procedures require timely completion of bank reconciliations, including review, research, and matching of reconciliation items by account. Bank reconciliations are reviewed by supervisors for accuracy and completeness with reconciling items clearing periodically.

Review

A review of all 77 bank reconciliations during the second quarter of fiscal year 2024 revealed:

- Bank reconciliations for December 2023 through February 2024 were not reviewed by a supervisor within 45 business days for all 77 accounts.
- 14 bank accounts were not reconciled as of May 23, 2024.

Status: As of July 22, 2024, nine of 14 bank accounts remain unreconciled.

Cause/Effect

This was due to unanticipated position vacancies, a lack of trained backup staff, and inconsistent supervisory review

This has increased the potential for undetected account fraud, bank errors, or unauthorized withdrawals.

Recommendation

Bank Reconciliations

Management should:

- Ensure timely reconciliations of major accounts including supervisory review.
- Perform reconciliations of all bank accounts listed on the active accounts list.
- Cross-train staff to complete additional tasks during employee absences.



Management Action Plan

The nine bank accounts that were not reconciled were the pass-through accounts. Additional staff has been trained to complete the recons for those accounts.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator