



AUDIT REPORT

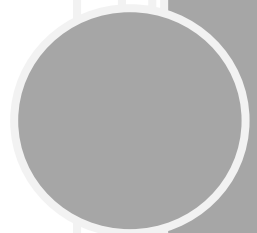
DALLAS COUNTY

COUNTY TREASURER - 1ST QUARTER - FY2023

Darryl D. Thomas
Dallas County Auditor

ISSUED: 3/2/2023

RELEASED: MAY 3, 2023



County Treasurer - 1st Quarter - FY2023

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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 - 1st Quarter - FY2023**" 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 the Dallas County Treasurer during the first quarter of fiscal year 2023 revealed the significant observations listed below:

Summary of Significant Observations:

1. None identified

Repeat Observations from Previous Audits:

1. Deposits remain pending in excess of 5 business days.

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, 2022 through December 31, 2022.

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

Pending Deposits

A review of the Oracle and the County-Wide Receipting (CWR) pending deposit reports during the first quarter of fiscal year 2023 revealed 73 CWR deposits totaling \$1,237,623.23 were approved in excess of 5 business days after the initial system entry date. Of these, 67 were JP Court deposits totaling \$198,303.37.

Chapter 113 of the Local Government Code requires the County Treasurer to receive all money belonging to the county and transmit the original receipt to the auditor. Best practices require separation of duties, documented procedures, and immediate reconciliation and updates for transactions involving cash, including automated deposit reconciliation with the bank. Section 74-692 of the Dallas County Code requires that the County Auditor's office be notified immediately (within one day) of any out of balance condition involving money. Cash control procedures should include verification and deposit of funds payable to the county with follow-up of all exceptions. Inconsistent supervisory review and untimely follow-up on deposit issues resulted in inaccurate deposit balances and delayed revenue recognition.

Recommendation

Pending Deposits

Management should develop cash deposit procedures to include:

- More frequent review of pending deposit reports.
- Timely communication of all unresolved deposits to departments for immediate resolutions.
- Comply with Dallas County Code 74-692 by reporting deposit issues pending more than ten business days to the County Auditor.

Management Action Plan

- Treasurer's Office concurs with the recommendations and will follow the recommendations in the future.
- The Treasurer's Office would like to give a full picture of what transpired during the Odyssey implementation period. It is out of the norm for our office to have this number of pending deposits as cited in this report.



- During this period a new credit card process was implemented for the JP's that neither the Auditor's Office nor the Treasurer's Offices were part of this new process. Due to issues that arose at "go live" in October, the departments were unable to access the bank reports they needed to attach to their 98's for approval.
- Basically, it was a Tyler Technology issue that Odyssey did not work. More than several JP's were not properly trained prior to or during the initial few months of the new process.
- The JP's were doing training up until January and February of 2023. We had one JP that came to our office in January complaining about the new process, he stated he was not going to accept any more credit card payment until a solution was found.
- In the process of trying to assist the JP's, our office should have communicated the issues/problems to the Auditor's Office. The Treasurer's Office trust the Auditor's Office sees this situation as anomaly.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator