



AUDIT REPORT

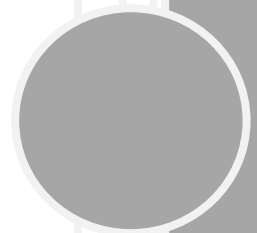
DALLAS COUNTY

COUNTY TREASURER - 2ND QUARTER - FY2023

Wessen Stefanos
First Assistant County Auditor

ISSUED: 8/3/2023

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County Treasurer - 2nd 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 - 2nd 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,

A handwritten signature in black ink that reads "Wessen B. Stefanos". The signature is written in a cursive style with a large initial 'W'.

Wessen B. Stefanos
First Assistant County Auditor

EXECUTIVE SUMMARY

A review of the Dallas County Treasurer during the second quarter of fiscal year 2023 revealed the significant observations listed below:

Summary of Significant Observations:

- None identified

Repeat Observations from Previous Audits:

- 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 January 1, 2023 through March 31, 2023.

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 second quarter of fiscal year 2023 revealed 56 CWR deposits totaling \$303,432.65 were approved in excess of 5 business days after the initial system entry date (of these, 47 were JP Court deposits totaling \$148,373.29) and 29 deposits totaling \$114,434.10 were not processed or adjusted as of 7/12/2023 (of these, 27 were JP Court deposits totaling \$111,418.10).

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.
- Ensure all deposits are adjusted and deposited daily.
- 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

- Run DC13 pending deposit report three times a week to review pending deposits.
- Departments will be notified to have all discrepancies resolved immediately.
- All adjustments will be done in a timely manner.
- The departments will be notified timely in accordance with Dallas County code 74-692

Auditors Response

- None



Check Stock

A review of the check issuance log for continuity of check stock numbers issued during the second quarter of fiscal year 2023 revealed three check stock numbers for Fund 130 were used out of numerical sequence.

Operational practices and review steps relevant to application interfaces should include procedural controls that provide reasonable assurance that no duplicate checks are generated/printed and bank account coding information is correct. Information processing controls should include the use of record counts, batch techniques, control totals, or some other type of logging. Inconsistent supervisory review of the check issuance log, clerical errors in maintaining check stock sequence, and a lack of automated controls have resulted in printing of check stock out of numerical sequence and increased the potential for lost or unaccounted check stock.

Recommendation

Check Stock

Management should:

- Compare and reconcile check registers for each fund to business application control registers/files for total number of checks printed, total number of check stock used, and the total amount.
- Sort the check issuance log by check stock numbers and then by check numbers to identify any skips in the numerical sequence.
- Review the check issuance log at least bi-monthly to ensure that it contains accurate and complete explanations for voided or skipped check stock numbers and check numbers.

Management Action Plan

- Registers will be compared for fund to business application control registers/files for total number of checks printed, total number of check stock used, and the total amount.
- Check issuance log will be sorted by check stock and by check number to identify skips in the numerical sequence.
- Check issuance log will be reviewed by Chief Deputy once a week to ensure that it contains accurate and complete explanations for voided or skipped check stock numbers and check numbers.

Auditors Response

- None

DALLAS COUNTY



COUNTY AUDITOR

cc: Darryl Martin, Commissioners Court Administrator