



## DALLAS COUNTY COUNTY AUDITOR

### Memorandum

To: Honorable Felicia Pitre  
District Clerk

From: Darryl D. Thomas *Darryl D. Thomas*  
County Auditor *WKT*

Subject: Civil and Family - Review for Calendar Year 2014 thru Fiscal Year 2015

Date: *Issued:* August 4, 2017  
*Released:* September 14, 2017

### **Scope**

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the District Clerk Civil and Family for calendar year 2014 thru fiscal year 2015 with an internal control procedures walkthrough completed in 2016 during the term of the Honorable Gary Fitzsimmons and Felicia Pitre.

### **Review Procedures**

Standard review procedures were followed to test the internal controls for cash, revenue, and other County assets. A random sampling of the total activity was selected for certain steps based on risk, dollar value of transactions, volume of transactions, and noted internal control weaknesses. Testing involved a review of the Odyssey Case Management system.

A partial list of the review tests include:

- Performed unannounced cash counts
- Accounted for numerical sequence of manual and computer generated receipts
- Traced amounts recorded on the receipts to the bank deposits
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credits, charge reductions, and adjustments
- Examined special and trust fund disbursements to determine if sufficient funds were collected, proper payees paid, and if posting to Odyssey had occurred
- Reviewed trust investments and other registry activity
- Submitted Internal Control Questionnaire (ICQ) and evaluated responses
- Evaluated internal control procedures
- Reviewed certified copies, marriage licenses, and passports for proper fee assessments
- Reviewed credit card activity for accurate and timely posting to Odyssey
- Examined cost billing procedures
- Reviewed time and attendance records for compliance with county policies
- Examined Odyssey case activity reports
- Reviewed non-sufficient fund (NSF) activity

## FINDINGS

### Cash Management

Financial Set-Up/System Controls - A limited review of the Odyssey Case Management financial setup for District Clerk users and a sample review of user's access revealed: Five former employees with the District Clerk Civil Family and /or Trust Accounting still have open tills in Odyssey.

Receipts – Manual/Computer – A review of manual receipts and manual receipt procedures revealed manual receipts numbers are not entered in the comment section in Odyssey once receipted to the system; three manual receipts were skipped in sequential order and not marked void; one manual receipt posted to Odyssey in two separate transactions two hours apart; and three instances of computer receipt not attached to the manual receipt.

A review of computer receipts and deposit/closeout procedures including a review of 941 voided receipts revealed: 36 computer receipts (during the one month sample period) numbers skipped in sequence and not located within Odyssey; instances of no or non-descriptive explanations for voided computer receipts; 750 of 941 voided computer receipts without retention of the hardcopy receipt; and 118 voided cash receipts did not have a new receipt issued.

A sample review of tills, closeouts, and deposits revealed: numerous delays of four or more business days from Odyssey transaction date to the deposit date in Oracle; and seven instances of tills closed in Odyssey but not included in a deposit in a timely manner.

A sample review of adjustment transactions for reverse void, reverse payment, adjustment, reverse miscellaneous payment; and/or reverse adjustment revealed: 10 adjustment transactions without a reason entered in the Odyssey comment field; fifty-one adjustments processed by non-supervisory employees; instances of reversals that were not properly performed or valid; and 7 reversals that were backdated in Odyssey

Fee Assessments – A sample review of manual overrides, initial filing fees/other county charges, reversed charges, charge reductions, and credit revealed: charge reductions or reversed charges consistently used to record adjustments against case assessments rather than recommended credits when parties to a suit file an affidavit of inability to pay; during the time period under review there were four manual overrides of fees by the District Clerk staff. One manual override completed was not authorized by management; instances of charges and reverse charges being backdated; additional court ordered costs and clerk fees are improperly used instead of assessing proper fees when moving cost between parties; fourteen instances in which the proper fees were not assessed; four cases do not have an explanation noted; thirty-two instances of the reversal being completed by a clerk and not a manager or supervisor; and seven cases do not have the credit listed on the event tab in Odyssey.

Responses to the ICQ, inquiry of District Clerk staff, and completion of a cash receipts walkthrough revealed: inadequate separation of duties regarding employees with Odyssey system rights to receipt payments and reduce or reverse assessments; supervisory approval is not required to post charge reductions, charge reversals, or credits; and, a formalized quality assurance process is not in place to verify the accuracy of the fee assessments or adjustments entered on the Odyssey system.

E-Filing – A review of E-filing transactions revealed: E-filing transactions are not receipted or deposited timely; E-filing cashier tills are not closed out nor deposited daily; and fourteen successful e-filing transactions do not have the envelope ID number entered in Odyssey to properly trace the payment.

NSF Checks – A review of NSF procedures, receipts related to NSF items, and department's NSF check list revealed: receipted payments returned unpaid by the bank as NSF items are not reversed in Odyssey and NSF fees are not assessed to the party in Odyssey.

Disbursements - Special Fund – A sample review of 70 special fund disbursements revealed: three disbursements were not posted to Odyssey. **Status:** *Two of the three cases have been posted.* Sixteen disbursements were not posted to Odyssey in a timely manner; District Clerk Trust releases disbursements to customers the same day they are printed by the Treasurer's Office. These disbursements are not honored by the bank if the customer attempts to cash them the same day; and employee walking to Treasurer Office to pick up disbursements with no security.

### **Processing/Reporting**

Collection/Billing – A sample review of 50 cases with balances due, various Odyssey system queries, and procedures for collection/ billing revealed: seventeen cases in which the balance due was incorrect due to an affidavit of inability to pay listed on the case in Odyssey. Eight cases in which the billing of the financial party is not listed on the events tab in Odyssey.

### **Other/Miscellaneous**

Passport and Marriage License (Central, East, and North) – A review of manual and computer receipts for all three passport/marriage license locations revealed: 648 of 2101 voided computer receipts without retention of the original and all copies; 538 of 2101 voided computer receipts without an explanation for void indicated; 35 voided computer receipts were not marked "void". Employees shared username logins (including one of an employee transferred to another County department) and passwords to perform the daily close and issue receipts. **Status:** *On June 19, 2014, the employees received unique usernames from IT Services.*

## **RECOMMENDATIONS**

### **Cash Management**

Financial Set-Up/System Controls – A terminated user's account should be end-dated and the inactive box check-marked with all assigned cashier stations and tills de-activated. Generic usernames and tills, which are no longer necessary as part of day to day operations, should be de-activated in Odyssey. Any codes or user access related to training or testing should be used only in a non-production Test environment. All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions. Passwords should be secured and not shared with resets required no less than every 60 days with minimum password lengths/strengths in accordance with information technology security standards.

Receipting / Depositing – All monies received should be promptly receipted and deposited timely in accordance with Local Government Code, § 113.022. All receipts should be logged, accurately completed, and maintained in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. Receipts should never be altered, but properly voided and affixed (including explanation recorded to computer system) with a reason for the void with retention of all voided copies in accordance with Records Retention requirements. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to receipt deletions, lowered amounts, and payment type changes) to ensure that the explanation for the change is documented and reasonable. All tills should be reconciled and closed daily and included on an Odyssey deposit. Assigned duties for cash control should be adequately separated for both physical and systemic processing. Rights allowing backdating of payments should be removed. Rights allowing backdating of charges should be restricted to limited users if necessitated by a business need.

Assessments – Monitor assessment and collection of court costs and fees in compliance with applicable state laws and Commissioners Court orders. Processing of financial transactions should reflect proper segregation of duties (e.g. users with roles/rights to receipt or void payments should be able to add additional charges, but not modify, reduce, or delete assessments). Non-monetary payments (such as

affidavit of inability to pay) should be properly recorded with a credit, and a standardized method of affirming indigency should be documented within the Odyssey system. All corrections should include a complete and valid explanation in the comment field. Adjustments to assessments should be made that both good internal control and audit trails are maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, and validation. Management should periodically review system reports including the Transaction Listing Report and daily work for accuracy, appropriateness, timeliness, and staff compliance to established policies and procedures. User roles granted to process manual overrides, charge reductions, credits, and charge reversals should be limited.

E-Filing – The eFileTexas.gov inbox should be reviewed daily to accept or reject submitted filings. All e-filing submissions should be promptly receipted and deposited timely in accordance with Local Government Code, § 113.022. E-filing tills should be reconciled against eFileTexas.gov daily reports, closed, and added to the appropriate deposit daily with a separate Form 98 deposit submitted to the County Treasurer.

NSF Checks – A non-docket event and NSF flag should be added to the case once the department is notified of an NSF item by the County Treasurer. Original payment transaction for non-registry funds returned as NSF, stop payment, or account closed should be reversed and applied to Fund 501 overpayment escrow within 30 days after notification if not paid in full with a \$30 NSF fee assessment added. Original payment transactions for Registry/Trust (including Restricted Deposits) funds returned as NSF, stop payment, or account closed should be remitted immediately to the NSF Fund 170 account on notification from the County Treasurer. Registry/Trust (including Restricted Deposits) funds should not be invested or disbursed until “good” funds are available. Departmental NSF tracking list should include all relevant information including applicable case number.

Disbursements - Special Fund – All checks issued, canceled, and/or stale dated should be posted accurately and timely to the Odyssey system. Disbursements should be issued to the proper payee for the correct amount in a timely manner in accordance with state statutes including Local Government Code, § 117. Supervisory personnel should review disbursement postings and other disbursement activity for appropriate postings to Odyssey. Case balances should be reviewed on a periodic basis and disbursements made to the appropriate parties in a timely manner. Fund balances and subsidiary ledgers should be reconciled against control records (GL and bank statements) to safeguard funds and improve reporting accuracy.

### **Processing/Reporting**

Collection/Billing – Established billing procedures should include: supervisory review; bill all receivables due Dallas County; staff follow-up on requested case jackets; and, process assessments, credits, and charge reductions in accordance with statutory authority including orders of the court, Rules of Civil and Family Procedure, etc. Programming changes needed in order to use Odyssey billing/collection functionality without issues should be documented and communicated to IT Services.



## **SUMMARY**

The report is intended for the information and use of the department. While internal controls and financial reports were reviewed, all matters of a material weakness may not have been identified. 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.

Highest areas of risk which need to be addressed include voiding of receipts; posting of charge reductions, credit waivers, and charge reversals; retaining receipts including voided receipts in accordance with Records Retention requirements; timely processing, receipting, and depositing of e-filing transactions; and, proper separation of duties.

Emphasis on outlined procedures should provide for improved departmental processes. Consideration of all issues and weaknesses should be incorporated by the Clerk as a self-assessment tool. Adherence to and follow-through with the recommendations should strengthen internal control and compliance with Dallas County policies and procedures.

cc: Darryl Martin, Commissioners Court Administrator