



## DALLAS COUNTY COUNTY AUDITOR

### Memorandum

**To:** Honorable Gary Fitzsimmons  
District Clerk

**From:** Virginia A. Porter *Virginia A. Porter*  
County Auditor

**Subject:** Review Performed for Fiscal Years 2008 through 2009

**Date:** Issued May 9, 2011  
Released January 13, 2012

### **Scope**

A review was performed on the financial records and internal controls of the Dallas County District Clerk's Office for fiscal years 2008 through 2009.

### **Review Procedures**

Standard review procedures were followed to test the internal controls against documentation to validate performance of the identified processes. A random (100% of population tested using Automated Command Language {ACL} when feasible) sampling of the total activity was selected for certain review steps based on risk, the dollar value of transactions, the volume of transactions, and noted internal control weaknesses. Testing included a review of the Mainframe system (CRIN and JI66 including data extracts provided by IT Services), Adult Information System (limited to ad-hoc reports generated by users and provided to WT), and the Odyssey Civil Courts System (including data extracts provided by IT Services) as well as corresponding case jackets.

A partial list of the review tests include:

- Submitted Internal Control Questionnaires (ICQ's) and evaluated responses
- Evaluated cash control procedures
- Examined special and trust fund disbursements and associated fee dockets
- Reviewed assessed fees, credits, and waived amounts for compliance with applicable state laws and Commissioners Court orders
- Reviewed and analyzed receivable and billing activity
- Reviewed controls and processes related to Access database and the I-Plow collections system
- Reviewed investment activity
- Reviewed responses to bank confirmations

## **CURRENT FINDINGS/OBSERVATIONS, AND RECOMMENDATIONS**

Points for Consideration (PFC) from Phase I and Phase II of the review were provided separately to the elected official. Highest risk observations are included as Attachment A.

### **Summary**

This 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: updating criminal fee assessment schedules and processes, reconciling the subsidiary billing/collection systems to the official courts systems, completing a formal review of the process over credits adjustments, waivers, fee reversals, and receipt adjustments, reconciling special and trust fund activity to control records including Oracle General Ledger and corresponding bank statements, closing/balancing each till daily, and securing/limiting access to collected funds.

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

cc: Commissioners Court  
Honorable Judge Martin Lowy, LADJ

Dallas County District Clerk  
FY2008 and FY2009  
Points for Consideration – Highest Risk Areas

- COL-02 – A periodic reconciliation of: Accounts Receivable (AR) data and the Odyssey Civil Courts system financial data; and the Felony collection databases (System 1 – New Probationers and System 3 – Confinements) and the Mainframe is not performed.
- COL-03 – A formal review process over credit adjustments, waivers, fee reversals, receipt adjustments, and receipt voids is not in place.
- COL-04 – A second level review process is not in place to verify that all court costs are accurately and completely posted to both Odyssey Civil Courts system and AR Data (collections database for District Clerk – Trust Collections).
- COL-06 – Segregation of duties conflict exists within Trust Collections and Trust Accounting. Collections staff bill, receive payments, and post payments. Accounting staff receive payments, prepare deposits, and have access to post payment adjustments in Odyssey.
- COL-07 – The Trust Collections cash vault does not require a key and combination or dual combination to open.
- DISB-01 – Formal reconciliations of Funds 503 and 504 are not performed by the District Clerk to system and/or departmental ledger control totals, bank statements, and the Oracle General Ledger.
- DISB-02 – Limited instances of case jackets, court orders, and / or relevant supporting documentation not located / provided during the review.
- GEN-02 – The Access (AR DATA and Felony Collections) collection databases are not reconciled to the Odyssey Civil Courts system and Mainframe system, periodically, on at least a monthly or quarterly basis.

**Response:** The new criminal collections system currently downloads Forvus information. This is a fairly new system and adjustments are continually being made to ensure that the system is performing as needed.

- GEN-03 – District Clerk staff do not reconcile the bond fines and bond court cost assessments per the Adult Information System (AIS) to bond fine and bond court cost assessments per the Mainframe (CRIN) system, periodically.

**Response:** Bond information including but not limited to bond fines and bond court costs should be entered into both AIS and the Mainframe systems. This is the responsibility of the Lead Bond Forfeiture (BF) Clerk who manually enters all BF case information. The Lead BF Clerk has over 25 years of experience and is well trained in the BF Department. The BF Chief Clerk should perform routine checks in order to ensure all BF case data

coincides. The reconciliation of data entered into AIS and the Mainframe would assist in ensuring that bond fines and bond court costs are complete and accurate.

- MF-02 – Review of the Mainframe felony and bond receivable data revealed that approximately 135 court costs credits exceeded court costs assessments by approximately \$82,096 without application to outstanding fine balances. Filtering of outstanding balances greater than \$50,000 revealed eight CRIN felony receivable exceptions totaling \$48,519,250 and two CRIN bond receivable exceptions totaling \$250,000. **Status:** Exceptions exceeding \$50,000 were corrected by IT Services.

**Response:** Ongoing training and system checks are being done to ensure there is a minimum of missing or invalid data. Mainframe system is to be replaced in 18-24 months by new Adult Case Management System (ACMS) which will have the controls in place to prevent entry of incorrect or invalid data or blank date fields. As noted in the review, exceptions exceeding \$50,000 were corrected by IT Services and will continue to be until a more permanent fix is in place.

- OD-03 – Comparison of ACL files to Odyssey Civil Courts system report titled ‘GASB 34’ revealed ‘charge reductions’, administrative writ assessments, backdated assessments, and IV-D payments recorded to the Attorney General of Texas financial tab affect the accuracy of the ‘GASB 34’ report. Programming errors in the compilation of the ‘GASB 34’ report ignore ‘charge reductions’ overstating case balances.
- Felony 1 – A formal request and approval / change management process is not in place within District Criminal (Mainframe) to approve changes to fee schedules and fee transaction codes as changes to fees and fee schedules are statutorily approved by the State and County. Access to maintenance fee schedules and fee codes is not centralized and limited to IT personnel.

**Response:** Fee schedules and code changes are currently completed by specific management members of the District Clerk Criminal Office with access. The access does place “limits” on these functions as well as controls. Due to turnover of management members in the District Clerk Criminal Division, the new management team is reviewing the different policies as well as implementing new procedures.

- Felony 3a – Access to modify or delete fee assessments is not restricted to designated individuals and edit reports are not available for supervisory review of this and other maintenance activity.

**Response:** Forvus system does not compensate such reports to review monthly log of backdating or daily tracking of overriding fees. District Clerk Criminal management team is working to complete some update training for clerks. Mainframe system is to be replaced in 18-24 months by new ACMS system which will have additional controls and edit reporting tools in place.

- Felony 5, 6, and 7 – Two year comparison of assessed fees (100% of population) to statutorily approved fees for District Criminal felony cases (F-, FR, FRD, and FDW schedules) disclosed various assessment errors. Fee codes and amounts are not

consistently set up and changes are not consistently processed in Forvus accurately, completely, and timely. The correct statutes are not always used including when felony charges are reduced to misdemeanor offenses.

**Response:** Fee schedules and code changes are currently completed by specific management members of the District Clerk Criminal Office with access. The access does place "limits" on these functions as well as controls. Due to turnover of management members in the District Clerk Criminal Division, the new management team is reviewing the different policies as well as implementing new procedures. Mainframe system is to be replaced in 18-24 months by new ACMS system which will have the controls in place to prevent entry of incorrect or invalid assessments or dates or blank date fields.

- Felony 8 – Review of cases with fee assessments in FY2008 and FY2009 that remained outstanding > 30 days as of September 30, 2009, revealed that Fee Code 84, Installment Payment Plan Fee, for \$25 was not consistently assessed on cases when defendants did not pay their court costs and fine prior to the 31<sup>st</sup> date after judgment. In addition, instances were noted where the \$25 fee was added at time of judgment rather than on or after the 31<sup>st</sup> date.

**Response:** Management is working with IT to ensure that on the 31<sup>st</sup> day the \$25 TPF is automated and applied to those cases with a balance for court costs and fines.

- Felony 9 – The \$50 Sheriff's fee (Fee Code 35, SHF) is included as a standard fee in the District Criminal felony reduced schedule instead of an add-on-fee to be assessed when a warrant is issued for the defendant's arrest.
- FA District Civil (DC)-2 – Access to modify or reverse Odyssey Civil and Family fee assessments is not restricted to designated individuals and edit reports are not available for supervisory review of this and other maintenance activity.
- FA District Family (DF)-5 – A review of Odyssey case filing fees and other fees on a sample of fifteen (15) Family cases revealed various exceptions including inconsistent application and use of the 'ADD' fee code.
- Cash Receipts – Walkthrough (District Criminal – Felony) PFC #4 – Cash and checks are stored overnight in a locked room. The locked room has a drop ceiling and is not as secure as a safe / vault. The room used to store cash and checks overnight is not under dual access control. The Criminal Support Supervisor, Cashier Supervisor, and two cashiers have keys to the locked room.

**Response:** A safe is now used to store cash and checks overnight.

- Cash Receipts – Walkthrough (District Civil & Family and Trust & Accounting) PFC #3 – There is no system requirement that each till be closed daily. Predefined Odyssey exception reports indicating tills with an open status are not produced and not reviewed by supervisory personnel. There is no procedure requiring the supervisors to ensure that all tills are balanced and included in the deposit, daily.