



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Gary Fitzsimmons
District Clerk

From: Virginia Porter *Virginia Porter*
County Auditor

Subject: Civil and Family - Review for Fiscal Years 2010 thru 2012

Date: Issued January 15, 2014
Released March 4, 2014

Scope

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the District Clerk's Civil, Family, and Trust and Accounting sections for fiscal years 2010 thru 2012 with a cash control procedures walkthrough completed in 2012. Certain review steps were extended through July 2013.

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 cash 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: nineteen cashier stations and twenty-six tills at District Clerk node(s) associated to users that do not currently receipt payments and/or are no longer active employees of Dallas County; five cashier stations, related to training, testing, and support, are active in the Production environment; system access for former employees is not disabled timely; and, a credit specifically for 'affidavit of inability to pay' has not been established within Odyssey.

Responses to the ICQ and inquiry of District Clerk staff revealed: employees do not change their system passwords periodically; user logins and passwords were shared with an immediate supervisor; and, testing occurs within both the Production and Test environments.

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; and the Civil/Family file desk does not accept cash payments when the system is inoperative.

A review of computer receipts and deposit/closeout procedures including a sample review of 8119 voided receipts voided during FY10 through FY12 revealed: 103 computer receipts (during a three month sample period) were skipped in sequence and could not be located in Odyssey; instances of non-descriptive or invalid explanations for voided computer receipts; 18 computer receipts backdated (during a three month sample period). As of January 28, 2013, the District Clerk had eight roles that allowed backdating of charges, payments, credits, and charge reductions with 132 (including one Information Technology employee) active employees with system rights to one of these roles.

A sample review of tills, closeouts, and deposits revealed: numerous delays between the Odyssey transaction receipt date and the Odyssey deposit date with the majority of long delays (19 business days) related to Texas Online E-filing credit card transactions; five cashier tills created between June 14, 2007 and July 21, 2011 remained open as of April 16, 2013; and sixteen cashier tills (includes two tills for testing entered to Production and seven tills with no activity) closed between March 17, 2008 and April 8, 2013 without an Odyssey deposit date as of April 16, 2013.

Responses to the ICQ, inquiry of District Clerk staff, and completion of a cash receipts walkthrough revealed: collections cashiers were advised not to close-out their till by the Collections Supervisor; there is no requirement that each open till be closed and included in the daily deposit by the next business day; voided computer receipts are not retained and there is no formal review process of voids; system access to void computer receipts is completed without secondary approval required; checks are not deposited the following business day after receipt; verbal approval is the only requirement to post adjustments to cases in Odyssey; and, access to the safe is not under dual control.

Passport and Marriage License Receipts – A review of manual and computer receipts revealed: thirty-three manual receipts were missing at the East Passport location; two voided manual receipts without all copies retained; and, instances of deposit code distributions not matching accounting breakdown on receipts.

Assessments – A review of manual overrides, initial filing fees/other county charges, reversed charges, charge reductions, and credit revealed: manual system overrides on 319 Civil cases and 5389 Family cases; three out of 16 manual overrides without valid explanations and court costs in excess of statutorily authorized amounts; 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 (3196 charge/balance reductions or reversed charges with an affidavit of inability to pay referenced in the comment field); 7959 adjustments without an explanation in the Odyssey comment field; three out of ten credit waivers entered although the judgments ordered the party to pay court costs; and, instances of 'Additional Court Ordered Costs' (ADD) recorded to only clerk fees without assessment of all standard case filing fees. As of January 28, 2013, nine active Case Manager Roles at the District Court node in Odyssey allowed manual distribution.

Reponses 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; and, E-filing cashier tills are not closed out nor deposited daily.

NSF Checks –A review of NSF procedures, receipts related to NSF items, and department's NSF check list revealed: ten of ten sampled 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; instances of cases with NSF checks not flagged in Odyssey; variances between the Treasurer's and District Clerk's outstanding lists; and, NSF check list maintained manually in an Excel spreadsheet (outside of Odyssey system) does not contain corresponding case numbers for reference.

Disbursements - Special and Trust Fund – A review of Special and Trust fund disbursement activity revealed: instances of Special and Trust fund disbursements not posted to Odyssey; instances of Trust fund check numbers not properly posted in Odyssey; instances of Trust fund disbursements not timely posted to Odyssey; and, instances of cancellations not posted in Odyssey.

Investments – Trust/Registry Fund – A review of investment activity and a sample selection for bank confirmation revealed: numerous instances of interest earned not recorded to the corresponding Odyssey Invested tab; instances of interest earned recorded as an External Investment; one cash bond duplicated on two different party's Uninvested tabs; instances of posting errors on various Invested tabs; and, two Trust/Registry deposits ordered to be invested but were not (**Response:** taxpayer identification numbers were not provided).

Special Review – An expanded review (thru July 2013) of voided computer cash receipts and corresponding charge reductions or credits revealed: **DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION**

An expanded review (thru July 2013) of voided miscellaneous payments for copies revealed: **DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION**

Processing/Reporting

Vault Inventory – An inventory of the District clerk vault revealed: two cases with non-cash inventory items located in the vault, but not on the inventory log maintained by Trust section; and, one case with two inventory items on the inventory log, but not located in the vault.

Collection/Billing – A review of 42 cases with balances due, various Odyssey system queries, and procedures for collection/ billing revealed: 13 of 42 (30.95%) cases with balances due in error; and, two of 42 (4.76%) cases with an affidavit of inability to pay contested without a balance due date added to the case for Collections to bill the customer.

Case Assignments – A review of the systemic sequential assignment of cases within the Odyssey case management system and Odyssey Case Index reports revealed: 19 missing Civil case numbers, 46 missing Tax case numbers, and 16 missing Family case numbers; instances of back-dated 'Filed' dates; one duplicate use of a Family case number; incomplete list of deleted case numbers maintained by File Desk Supervisor without complete explanations for deletion; instances of standardized case format not used; and, multiple user roles with rights to modify case file dates, override system assigned judge assignments, and override system generated case numbers.

Other/Miscellaneous

Time and Attendance – A review of time and attendance records revealed: one employee used 30.1 hours of approved time off (ATO) while not averaging a 40 hour work week over a floating 12 month period.

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. Codes related to financial transactions that 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 V.T.C.A., L.G.C. § 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. A dual control process over opening the safe should be considered.

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 Texas Online 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 V.T.C.A., L.G.C. § 113.022. E-filing tills should be reconciled against Texas Online jurisdiction reports, closed, and added to the appropriate deposit daily with a separate Form 98 deposit submitted to the County Treasurer.

NSF Checks - A non-docketable 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 within 30 days after notification if not paid in full with a \$30 NSF fee assessment added. Original payment transactions for Registry/Trust funds returned as NSF, stop payment, or account closed should be reversed immediately on notification from the County Treasurer. Registry/Trust 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 and Trust 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 V.T.C.A., L.G.C., § 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.

Investments – Trust/Registry Fund – Investments should be made in accordance with V.T.C.A., L.G.C., § 117, Property Code § 142, Education Code 54, and Government Code 2256 and orders of the court with investment practices reflecting maximum security as well as maximum earnings. All investment activity should be posted accurately and timely to the Odyssey system to maintain accurate investment balances reconciling to reports of financial institutions. A management plan including annual verification of all investment bank balances and uninvested funds should be developed and implemented.

Special Review – All monies received should be promptly receipted and deposited properly and timely in accordance with V.T.C.A., L.G.C. § 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 misappropriated. 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. Corrections should be made such that both good internal control and audit trails are maintained including compensating controls such as dual sign-off on voids, receipt corrections, supervisory review, testing, and validation. Assigned duties for cash control should be adequately separated for both physical and systemic processing. 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. A funding source should be identified for all misappropriated funds.

Processing/Reporting

Vault Inventory – An annual inventory of the safekeeping items should be completed. Inventory logs should be updated accurately and timely when safekeeping items are deposited and released per court order.

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 Procedure, etc. Programming changes needed in order to use Odyssey billing/collection functionality without issues should be documented and communicated to IT Services.

Case Assignments – All case numbers should be timely, accurately, and sequentially assigned based on random court assignment. All case numbers should be accounted for, with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence, and timely documented. System roles which allow modification to file dates or overriding of assigned judge assignments or system generated case numbers should be restricted to limited users if necessitated by a business need.

Other/Miscellaneous

Time and Attendance – Historical edits should be completed for use of ATO inconsistent with County policy.

CURRENT FINDINGS/OBSERVATION, RECOMMENDATIONS, AND RESPONSES

Finding templates numbered 12.DC.01.01 thru 12.DC.01.14 are attached with management responses incorporated.

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; posting disbursements, cancellations, and interest earned and reconciling special and trust fund activity to control records including Oracle General Ledger and corresponding bank statements with annual verification of all investment bank balances and uninvested funds; 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.



Finding Number: 12-DC.01.01
Date: September 9, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: NH

Finding:	Financial related Setup/System Controls A limited review of Odyssey Case Management System financial setup for District Clerk users and a sample review of user's access revealed: • Nineteen cashier stations and twenty-six tills at the District Clerk node(s) associated to users currently not receipting payments and/or no longer active employees of Dallas County. • Five cashier stations at the District Clerk node (s) active in the Production instance. Descriptions of the cashier stations indicate the stations should only be used for training, testing, and support which are normally active in a non-production environment. • Instances of users with rights to cashier can also reduce or waive assessments. • The 'Credit' for 'affidavit of inability to pay' not established within Odyssey. In most instances, assessments are reduced on the case via a 'Charge/Balance Reduction' (understates assessments and contravenes financial analysis). In other limited instances, a non-descript 'Credit/Waiver' is entered. Response: <i>We will get with IT to come up with a Credit for affidavit of inability to pay.</i> • Tender method called "NCO Collections" active (but not used) and accessible by District Clerk staff. (Contract for external delinquent case collection was terminated during the review period). • System access for thirteen former employees not disabled timely and one active login for a former employee. ○ User accounts disabled a year or more after the person left Dallas County. ○ Two disabled accounts not associated with a current or prior County employee. Response: <i>Employees are properly separated from Dallas County. It is our understanding, that documents are forwarded to Payroll, then to IT to deactivate users from County systems. Apparently, there is a breakdown somewhere. This manager has had to verify the deactivation of former employees on at least two separate occasions within the past six years. Even after submitting corrections to IT Services, a handful of separated employees still appeared as active users on County systems.</i> Departmental responses to the Internal Control Questionnaire (ICQ) and inquiry of District Clerk staff revealed: - Employees do <u>not</u> log out of Odyssey when leaving their desk. - Employees do <u>not</u> change their system passwords periodically (for example every 60 days). Response: <i>The Odyssey Case Management system does not prompt users to change their passwords. We have inquired about this feature with IT Services. Clerks have been instructed to properly log off Odyssey DMS upon taking breaks and leaving for the day.</i>
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	- Employees shared user logins and passwords with their immediate supervisor. - Testing occurs within both the Production and Test environments (sample review in other steps confirmed test transactions were recorded to the Production environment). Response: <i>Testing is not supposed to be done in Production. Supervisors and subject matter experts conducting testing are made aware of this well in advance. Any testing done in the Production environment would have been made in error.</i>
Workpaper Reference: (or other method by which finding was identified)	Workpaper 1D to 1D-6 IT query of Payment Transaction Type, Cashier Station, Tender Method, and Tills as of January 28, 2013 Odyssey User Access exception list from Dallas County Auditor's Accounting System section Responses to Internal Control Questionnaire (Civil/Family & Trust/Accounting) Discussions with District Clerk staff Kronos and Oracle Payroll system
Condition: (Describe the current condition)	The District Clerk submits change requests to the County Information Technology (IT) department when updates to Odyssey setup are needed which impact financial transactions. Changes to Production are consistently tested in a separate non-Production environment. However, test transactions are infrequently entered to the Production system. District Clerk management sign-off on a change management document prior to updates moved to Production by IT. Supervisors and District Clerk management submit signed access requests to IT when a new employee is hired or when a promoted/transferred employee needs access / additional access rights to Odyssey. Once the appropriate rights / roles are determined (some users were granted rights in excess of job function description requirements), a new User Name is created in Odyssey and a temporary password is assigned to the user. The new user is required to sign-on to Odyssey to create a new password. The system is incapable of enforcing password duration policies for minimum or maximum age to restrict users from changing passwords too frequently and/or to force users to change passwords regularly. When an employee separates from employment, management remits a notice of separation (NOS) form to Human Resources and Payroll. The form indicates all system access that should be terminated. Payroll forwards a copy of the NOS to IT Services. User access to Odyssey for separated employees is disabled when the Odyssey system administrator team is notified of the NOS. Assessments are consistently reduced by the clerks via a 'Charge / Balance Reduction' when an affidavit of indigency is filed rather than entering a credit adjustment.
Criteria: (Describe the optimal condition)	Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Best practices for internal control include adequate segregation of duties (separation of



	duties for personnel authorized to receipt payments and update assessments) so no one user has two or more business processes that could result in compromise of the integrity of the process or allow that person to commit fraud. Automated systems include a review of access controls against an authorization matrix that defines "least privilege" access levels and authority for an individual's role to their job function / responsibilities. Control objectives include: • Cashier stations and tills should be restricted to authorized users who receipt payments per job description. No cashier station or tills should be recycled once they are deactivated. • Only one default user should be associated to a till for accountability. Tills should not be established as an "unassigned" till or shared by multiple cashiers. • A credit should be applied to reduce case balance when an affidavit of inability to pay is filed in accordance with Rules of Civil Procedure, Rule 145. • All setup related to financials should be end-dated or disabled once codes are no longer used to limit potential posting errors. • Management should review user access lists, periodically, to assess expected/necessary levels of control-access are valid. • Terminated users should be removed timely (access disabled) by comparing weekly Termination report from HR to user access lists to affirm only authorized individuals have system access. • System functionality/setup (and departmental policy) should include mandatory password changes, periodically, at least every 60 days, with minimum eight character length including alpha, numeric, and special characters/symbols.
Cause: (Describe the cause of the condition if possible)	High level system security access matrix. Limited management review of the user access lists.
Effect: (Describe or quantify any adverse effects)	Risks – posting errors (accidental or intended)
Recommendation: (Describe corrective action)	• A terminated user's account should be end-dated and the inactive box check-marked. All assigned cashier stations and tills should be de-activated. • User access for ex-employees or reassigned employees should be requested to be disabled with follow-up occurring to ensure user account was disabled. • The ability to re-assign tills to other users when opening a till instance should be restricted to ensure the one-to-one relationship between a till and a cashier. Only a supervisor should have the rights to open or sign on to another user's till. • Code(s) related to financial transactions that are no longer necessary as part of day to day operations should be de-activated in Odyssey and unavailable to users. • The name entered on the change request to add user to Odyssey should be the name used for payroll (in Kronos and the Oracle Payroll systems). • Any codes or user access related to training or testing should not be setup in Production but used only in a Test environment.



	• All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions. A proper segregation of duties reduces the risk of misappropriated funds. • Passwords should be secured and not shared with resets required no less than every 60 days with minimum password lengths/strength in accordance with information technology security standards.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	Maria Sanchez & George Vent	Date: 2/26/2014 & 1/21/2014
Comments:	All employees will be deactivated immediately from all Odyssey functions after leaving Dallas County. Refer to Finding section for additional responses..				
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.DC.01.02
Date: July 18, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG

Finding:	Manual Receipts A sample review of 637 manual receipts issued or skipped including 24 voided manual receipts and a review of 20 manual receipts for proper posting to the Odyssey Courts System (Odyssey) during fiscal years 2010 thru 2012 revealed: • Usage of manual receipts not limited to when the system is down. Manual receipts were written as part of day to day operation such as to receipt payments for repayment of NSF checks. • Twenty-two voided manual receipts without a reason for void reflected. • One voided manual receipt contains a reason that appears to be inappropriate ('paid by mail no receipt needed'). • All twenty manual receipts sampled for posting to Odyssey lacked entry of a manual receipt number to the comment section in Odyssey. Departmental responses to the Internal Control Questionnaire (ICQ) and inquiry of District Clerk staff revealed: - Civil/Family file desk does <u>not</u> issue manual receipts when the Odyssey system is inoperative. Parties wishing to pay by cash are instructed to return later. <i>Response: This will be corrected going forward.</i> - Civil/Family file desk does <u>not</u> have written procedures for the receipt function. <i>Response: To be corrected going forward.</i> - All copies of voided receipt are clearly marked "void" along with an explanation as to why the receipt is being voided. However, based on sample testing, voided receipts do not contain a reason for voiding.
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 4A1, 4A3, 4A4, conversation with File Desk Supervisor and Accounting Cashier Supervisor Responses to Internal Control Questionnaire (Civil/Family & Trust/Accounting)
Condition: (Describe the current condition)	When the Odyssey case management system is not operational, manual receipts (three part form) are issued by the Trust/Accounting section. The manual receipt books are located in the safe, except during business hours they are kept at the cashier's desk. Each cashier has their own manual receipt book. The original manual receipt is issued to the customer. Once Odyssey is functional again, the manual receipt payments are entered into Odyssey and one computer receipt is generated. The cashier attaches a copy of the computer receipt to the yellow copy and pink copy. Manual receipts are also used to collect funds for hot checks; however, these manual receipts are not posted to Odyssey by Trust/Accounting. They are taken to the County Treasurer's office for processing and deposit via Countywide Receipting (CWR). Trust/Accounting keeps a binder with all the hot checks receipted.



	If a manual receipt is voided, the cashier writes "void" on the receipt without notating an explanation for the void. All three copies of the manual receipt remain attached in the manual receipt book. Civil/Family File Desk section does not issue manual receipts. When Odyssey is inoperative, only checks, money orders, and cashier checks are collected (cash payments are not accepted). The checks, money orders, and/or cashier checks collected at the File Desk counter are treated like mailed in payments. <i>Response: The previous File Desk supervisor erred. A review of manual receipt journal revealed that the last set of receipts was checked out by the File Desk Supervisor's predecessor in 2003. Manual receipts were infrequently used since the implementation of Odyssey in 2005. Our previous File Desk Supervisor was promoted in 2007. It is our belief that the previous File Desk Supervisor was not properly trained as to the use of manual receipts. This has been corrected going forward.</i>
Criteria: (Describe the optimal condition)	Best practices regarding receipt control procedures require that: • Receipts should be written for all money received. This includes any return checks or associated fees, whether received in person or through the mail. No money should ever be accepted without immediately issuing an official county receipt • Manual receipts should be written only during system downtime reflecting the appropriate case number and amount paid. Once the system is restored, the payments are posted to the system and the manual receipt number is entered into the comment field. One copy of the manual receipt is attached to the computer receipt. • All manual receipts should be accounted for and properly used, include supervisory review, kept in numeric order, have the corresponding computer receipt attached, and are posted and deposited daily, and timely in accordance with V.T.C.A., L.G.C. § 113.022.
Cause: (Describe the cause of the condition if possible)	Unknown
Effect: (Describe or quantify any adverse effects)	Prevents potential assertion that monies were paid and refunds due.
Recommendation: (Describe corrective action)	• Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. • Funds received by court personnel should be receipted with a computer generated receipt or a manual receipt if the Odyssey system is "down". Once Odyssey is operational, any money receipted on manual receipts should be posted in full. In order to readily verify that the posting has been made, a computer generated receipt should be attached to the triplicate copy of the manual receipt (which is retained in numeric sequence). The manual receipt number should be noted in the comment field of the computer receipt in Odyssey. • Written procedures for the receipting function should be reviewed at least annually and



	updated as needed.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	Maria Sanchez & George Vent	Date: 2/26/2014 & 1/16/2014
Comments:	Manual Receipts will have an explanation as to why they were used from this point forward. Although the majority of time they are used because Odyssey receipting is down. Receipts are not altered in the Trust/Accounting/Collections Department. Any mail-in funds will always be receipted with an Odyssey generated receipt. We can wait until the system is back up before receipting these mail-in checks or money orders. Repayments of NSF checks are always a non-Odyssey receipt function. This is why Manual receipts are always used. Refer to Finding and Condition sections for additional responses.				
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.DC.01.03
Date: July 18, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG

Finding:	Computer Receipts & Closeout/Deposit A review of tills opened/not closed and closed/not recorded with an Odyssey deposit date, delays between computer receipt date and Odyssey deposit date, and 8119 voided computer receipts, and a sample review of computer receipts issued during fiscal years 2010 thru 2012 revealed: Tills • Five cashier tills created between 6/14/2007 and 7/21/2011 open and not closed as of 4/16/2013. ○ One open till is a Mainframe till. The till should have been closed after District Clerk go-live in October 2005 and not used by District Clerk staff. ○ One till opened 7/21/2011 includes transactions dated 3/08/12. ○ Three tills have financial transactions per data query. • Sixteen cashier tills closed between 3/17/2008 and 4/08/2013 without an Odyssey deposit date as of 4/16/2013. ○ Two tills were for testing (entered to Production) with receipt being deleted in one test till. ○ Seven tills were open and closed but included no activity. ○ One till is related to receipting wire transfers ○ Six tills with financial transactions per data query. • As of 1/28/13, there were six Financial roles at District Court node with the ability to re-open deposits. They are as follows: DCLRK-Manage Deposit-Financial, DCLRK Accting Financial, DCLRK Cashier Mgr Financial, DCLRK FinadminNew, Dclrk Mgr Super User Financial, and DCLRK Trust Mgr Financial. Computer Receipts • 103 computer receipts numbers skipped in sequence (during three month sample period) and not located within Odyssey. • 18 payments backdated (during three month sample period) with the receipt date prior to the create date. ○ As of 1/28/2013, District Clerk has 8 Case Manager roles that allow the backdating of charges and the backdating of payments, credits, and charge reductions. They are DCLRK Accting, DCLRK Accting Mgr, DCLRK Cashier, DCLRK Cashier Mgr, DCLRK Cashier Trust-acct, DCLRK Coll Cashier, DCLRK Court Mgr Family, DCLRK OAG and Linebarger File, and DC Backdate Civil and Family. ○ As of 1/28/2013, there were 132 (including one Information Technology employee) active employees with access to one of the roles allowing backdating of charges and payments. These employees do not have the role RestrictCM that would deny them the ability to backdate charges and
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payments.

- 118 of 8119 computer receipts voided without an explanation entered in Odyssey comment field.
- Seven voided computer receipts with non-descriptive explanations:
 - Two explanations were the word "Yes"
 - One explanation is a personal email message
 - One explanation is a link to website
 - One explanation was the word "Till"
 - Two explanations were the word "AppEnabler"

Odyssey Deposit Dates

- A sample review of eight deposits revealed numerous delays between the Odyssey transaction receipt date and the Odyssey deposit date:
 - Majority of longest delays relate to Texas Online E-filing credit card transactions.
 - 3/9/2010 deposit of \$1,144,155.80 included 577 receipts (totaling \$28,776) with delays of two to ten business days after date of receipt until Odyssey deposit date.
 - 7/9/2010 deposit of \$69,266.11 included 1000 receipts (totaling \$47,685.25) with delays of two to 19 business days after date of receipt until Odyssey deposit date.
 - 6/20/2011 deposit of \$41,542.50 included 36 receipts (totaling \$4,611) with a delay of 2 business days after date of receipt until Odyssey deposit date.
 - 11/09/2010 deposit of \$123,451.42 included 77 receipts (totaling \$14,917) with delays of two to three business days after date of receipt until Odyssey deposit date.
 - 11/07/2011 deposit of \$46,355.92 included 41 receipts (totaling \$5,946) with a delay of 2 business days after date of receipt until Odyssey deposit date.
 - 3/05/2012 deposit of \$53,626.46 included 75 receipts (totaling \$10,960) with delays of two to four business days after date of receipt until Odyssey deposit date.
 - 5/10/2012 deposit of \$460,254.56 included 76 receipts (totaling \$7,946) with a delay of 2 business days after date of receipt until Odyssey deposit date.
 - 8/7/2012 deposit of \$132,668.30 included 227 receipts (totaling \$56,838.28) with delays of two to three business days after date of receipt until Odyssey deposit date.

Response: "Note in regard to deposits, going forward there are ongoing technical issues with the e-filing portal. We have noted that on some occasions, moneys do not come over to Odyssey for two days or longer. Some are caused by filer error, others are initiated by clerk error and yet others are system errors. Our office is [sic] attempted to keep a log of these issues as they come up."

Adjustments

- 17 adjustment transactions without a reason entered to Odyssey comment field for



processing either a: reverse void, reverse payment, adjustment, reverse miscellaneous payment, and/or reverse adjustment.

Departmental responses to the Internal Control Questionnaire (ICQ) and inquiry of District Clerk staff revealed:

- Cashiers can close-out their tills. However, cashiers in the Trust & Accounting section indicated they were specifically advised not to close-out their till by the Collections Supervisor as the Collections Supervisor would close-out their till.
- Trust/Accounting section does not process all adjustment entries in the adjustment till.
- Voiding of computer receipts is not restricted to supervisory personnel.
- All copies of a voided computer receipt are clearly marked "void" along with an explanation as to why the receipt is being voided. However, based on sample testing, voided computer receipts do not consistently contain a reason for the void in the Odyssey comment field.
- Voided computer receipts are only retained for 30 days by the Civil/Family file desk.
- Civil/Family file desk indicated that backdating computer receipts is not applicable to their section.
- Civil/Family file desk did not provide updated written procedures for receipt function.
- Trust/Accounting section procedures related to the closeout/deposit function were last updated in 2010.

Risks identified during walkthrough of department's cash handling processes revealed:

- No requirement that each open till be closed and included in the daily deposit by the next business day. No verification or sign-off by supervisory personnel that all open tills are closed. (R03)

Response: *Going forward, our new File Desk Supervisor will implement procedures to ensure the closing of tills.*

- Trust & Accounting cashiers do not close-out their individual tills, but the close-out is completed by the Collections Supervisor. There is no control document maintained (with dual sign-off) to support funds presented by the cashiers to the Collections Supervisor are the same amount presented by the Collections Supervisor to the Trust Clerk. (R17)
- Functionality in Odyssey is not consistent across all departments. It is possible to back date transactions for District Clerk Civil & Family case activity. Rights/roles are not periodically reviewed for all personnel for all systems to ensure that access and functionality are appropriate. (R13)

Response: *The District Clerk's Office does not have an up-to-date list of what the rights and roles are and which users are assigned to said roles. Rights and roles are assigned on an as needed basis based on tasks that need to be performed. Rights and roles are "all over the place" and need to be revamped by IT Services. Issues were discovered during the implementation of Odyssey Imaging on or about February 2013 and thus reported to IT Services. Prior to that, IT had initiated discussions to streamline rights and roles, but to our knowledge, this project was never completed. The department has not received an update on status.*



	- Voided computer receipts are <u>not</u> retained. A formal review process of receipt voids is <u>not</u> in place. System access to void computer receipts is completed <u>without</u> secondary approval required. (R20) - Daily balancing documents are <u>not</u> retained by the Trust Clerk after the deposit has been accepted by the County Treasurer. (R18) - Checks are not deposited the following business day after receipt, but are included in the subsequent days' deposit (e.g. receipted on Monday, deposited on Wednesday). (R19) - The Civil/Family file desk supervisor does <u>not</u> recount or verify the accuracy of the opening till balances (change funds). (R04) - Closing of tills for Civil/Family file desk begins at 2:00 PM versus 4:00 PM and not adequately securing funds may result in the misappropriation of funds. (R06) <i>Response: After the 2 p.m. till is closed, another till is opened for the next business day. The staggering of tills is necessary to give the clerks ample amount of time to close out while still being able to assist customers until the office officially closes. Without the staggering of tills, all clerks would have to close their tills at the end of business hours and work beyond business hours to close out for the day. Our only other option would be to close our doors early or compensate staff for working beyond an 8-hour day.</i> - Verbal approval is the only requirement to post adjustments to cases in Odyssey. No evidence of authorization or review of adjustments exists. (R08) - Access to the safe containing the daily receipts is not under dual control. (R05) - District Clerk –Civil/Family section does not log checks received through the U.S. mail or the drop box. (R02) - Transactions related to wire transfers (such as TexPool) are entered into tills that are not reconciled, closed, or submitted as memo 98. Tills remain open for multiple years. (R15)
Workpaper Reference: (or other method by which finding was identified)	Workpapers 4B1ai, 4B1c, 4B2, 4B3, 4B4 Workpapers 4B1ai -1 to 4B1ai-12 Query of tills from Dallas County IT department (dated 4/16/2013) Query of Odyssey setup from Dallas County IT department (dated 1/28/2013) Odyssey Transaction Listing report Odyssey Receipt Journal report Walkthrough on 10/24/12 with District Clerk Trust & Accounting Supervisor and Collections Supervisor Walkthrough on 10/23/12 with District Clerk Civil/Family File Desk Supervisor Follow-up in August 2013 with Collections Cashiers and Trust Clerk Responses to Internal Control Questionnaire (Civil/Family & Trust/Accounting)
Condition: (Describe the current condition)	The District Clerk Civil/Family file desk accepts case filings which involve civil lawsuits and family cases. Payments processed by the file desk are made in-person, by mail, or online (if the document is filed through Texas.gov). For in-person payments, the attorney or customer will approach the file desk counter to file a case or request additional case



action. For new filings, the file desk clerk will determine the type of case and index the case in Odyssey with the standard filing fees automatically assessed to the case. The file desk clerk will inform the attorney/customer of the amount due. The attorney or customer will give the file desk clerk cash, check, or money order. The file desk clerk will verify the amount presented and receipt the amount collected to the case in Odyssey. One computer receipt is generated; the computer receipt and any change due are given to the customer. Receipt numbers are automatically generated in Odyssey. The file desk clerk will process all documents and scan into Odyssey. Computer receipts voided by the file desk are retained for only 30 days. Reasons for voiding computer receipts are consistently entered in the comment field in Odyssey.

Between 2:00 PM to 4:00 PM, each file desk cashier will reconcile their till and balance the day's funds to the Odyssey Till Balance and Transaction report. The individual file desk cashier tills are verified by the file desk supervisor (FDS) prior to being included as a deposit. The FDS or lead clerk will open a deposit in Odyssey under Managing Deposit screen. The FDS or lead clerk will run a Till Balance and Transaction report for all Cashiers and reconcile the funds to the report, but the FDS will not verify the change fund balances on hand. The review is evidenced by the FDS or lead clerk with a check mark indicated on the Till Balance and Transaction report. Balanced funds are held in the safe overnight for safekeeping. The Civil/Family file desk section takes their monies to Trust/Accounting section the next business day. The monies and reports are delivered to the Trust Clerk each morning at approximately 9:30 AM. The funds are reviewed for accuracy and recounted by the Trust Clerk. If there is a discrepancy in the file desk deposit, the Trust Clerk will contact the FDS to recheck and make any necessary corrections.

Texas Online E-filed credit card payments are processed/receipted in a separate till. Payments are not posted to Odyssey until the funds are deposited in the designated depository bank account. Daily, Trust & Accounting prints the jurisdiction close-out report from the Texas Online website and also prints a CashPro report from the depository bank website. The Texas Online report is reconciled to the depository bank deposits. When funds have been deposited at the depository bank, the Texas Online jurisdiction close-out report is given to the a cashier who posts the payments and associated trace reference number to the Odyssey case using an e-filing till. Hard copy customer receipts are system generated, but are not mailed to the customer. A separate deposit form 98 is generated referencing the depository account number.

The Trust/Accounting section also processes payments. Collection cashiers receipt payments for registry accounts, cash bonds, court costs, and copies of records. Computer receipts that are voided are not retained by Trust/Accounting. Prior to the end of each day, the collection cashiers will reconcile their individual till and balance the day's funds to the Odyssey Till Balance and Transaction report, but have been instructed not to close-out their till. The collection cashiers will provide collected funds and the Odyssey Till Balance and Transaction report to the Collections Supervisor for verification. The Collections Supervisor will reconcile funds presented to the till reports and verify change fund balances. Balanced funds and change funds are held in the safe overnight for safekeeping.



	The Collections Supervisor will deliver the receipted monies and reports to the Trust Clerk each morning at approximately 9:00 AM. The funds are reviewed for accuracy and recounted by the Trust Clerk. If there is a discrepancy, the Trust Clerk will contact the Collections Supervisor to recheck and make any necessary corrections. The Trust/Accounting department combines all funds and makes one deposit for both the File Desk and Trust sections. Clerks and supervisors verify funds match the deposit. Once verified, the funds are sealed in separate tamper proof bags. The prior business day's receipted cash will be available for deposit, but checks will be held one additional business day due to additional steps completed by the Trust Clerk in recording check information to an Excel file. Loomis will pick up the deposits each day and deliver to the Treasurer's office. Balancing reports and adding machine tapes are discarded by the Trust Clerk after confirmation of the deposit by the County Treasurer.
Criteria: (Describe the optimal condition)	Best practices regarding receipt control procedures require that: • All monies received should be promptly receipted and deposited properly, and timely in accordance with V.T.C.A., L.G.C. § 113.022. • All receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. • Receipts should not 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. 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. • Employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer. • Tills should be closed, daily. • Assigned duties for cash control are adequately separated. Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. Written procedures should be established for all the responsibilities of District Clerk's financial personnel in order to strengthen the office's internal control and improve efficiency. These procedures and practice should be periodically reviewed by the appropriate supervisory staff for good internal control purposes.
Cause: (Describe the cause of the condition if possible)	Inconsistent management oversight and/or training for receipting process Lack of dual control over opening the safe Incomplete controls over the receipting process Rights granted to allow users the ability to backdate payments.
Effect: (Describe or quantify)	Prevents potential assertion that monies were paid and refunds due and/or misappropriation of funds



any adverse effects)	Delay in recognizing revenue / discrepancy with receivable reports Refunds issued prior to available 'good' funds deposited.
Recommendation: (Describe corrective action)	• Computer receipts should not be altered, but properly voided and affixed with a reason for the void. Voids should require supervisory approval. No user should void their own issued receipt with voided receipts reviewed and initialed by a supervisor at the next level up. All copies of voided receipts should be retained (the latter of Records Retention requirements or audit completion date). • Procedures and documentation should incorporate compensating controls such as dual sign-off on voids, receipt corrections, supervisory review, testing, and validation. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. • Posting errors should be corrected on a timely basis. Court personnel should make such corrections to the fullest extent possible so that the revenues are accurately posted. • At the end of the business day, the receipts should be totaled and compared to the funds on hand and system control totals. Corrections should be made such that both good internal control and audit trails are maintained. Receipt and deposit totals should be verified by a supervisor with verification evidenced by signature or initial on control documents which are retained in accordance with Records Retention guidelines. Control documents presented to the Trust Clerk should be signed-off on by both the cashiers and the cashier's supervisor. • All tills should be reconciled and closed daily and included on an Odyssey deposit through the Odyssey Managing Deposit functionality. Adjustment tills may remain open until the till can be added to a deposit form 98 without causing a negative fund balance. • All payments should be receipted and deposited in accordance with V.T.C.A., L.G.C. § 113.022. Closeout and balancing procedures should include deposit of checks the next business day after receipt. • Rights allowing backdating of charges and payments should not be granted to users. • District Clerk should request that IT remove the ability to backdate payments from users. <i>Response: Due to technical issues with the new e-filing portal, backdating may be unavoidable.</i> • Wire transfer payments should be receipted into a till that is reconciled, closed, and submitted to Treasurer's office as a memo 98. • Policy and procedures manual should be developed for cash handling responsibilities and training of current cash handling procedures reinforced. • Management should periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures. Other control recommendations include: • All funds in the mail or drop box should be independently logged and compared to activity recorded to the Odyssey system by a supervisor.



	• A dual control process (more than one staff member to open) over opening the safe should be considered. • Written supervisory approval required prior to processing adjustments to Odyssey. The Transaction Listing Report should be generated and reviewed by management to ensure the accuracy, appropriateness, timeliness, and deposit of adjustments. Management should evidence their review or approval.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	Maria Sanchez	Date: 2/26/2014
Comments:	Refer to Finding and Recommendation sections for responses.				
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.DC.01.04
Date: July 19, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG

Finding:**Initial Filing Fees**

A sample review of manual overrides on standard fee schedule assessments, initial filing fees/other county charges, reversed charges and charge reductions, and credits during fiscal years 2010 thru 2012 revealed:

Manual Overrides

- District Clerk performed manual system overrides on 319 Civil and 5389 Family cases. Approximately, 2167 (319 Civil and 1848 Family) manual overrides are related to process service fee assessments on citations, notices, etc. (note: the process service fee changes were not available in Production.)

A sample review of sixteen cases with manual overrides revealed:

- 6.25% (one manual override) processed when a credit waiver should have been entered.
- 6.25% (one manual override) of standard fees without a valid explanation recorded to Odyssey comment field:
 - \$5 Appellate Fee on Family case changed to \$15
- 12.5% (two manual overrides) of standard fees with no explanation recorded to Odyssey comment field:
 - \$45 State Judicial Salary Fee on Family case changed to \$55 (Twenty-five additional Family cases were identified with the same change not in compliance with statute)
 - \$15 Facility Fee on Family case changed to \$25
- 6.25% (one manual override) processed for court ordered costs where clerk entered \$665 assessment for 'Additional Court Ordered Costs' (ADD) without assessing all standard case filing fees.

As of 1/28/2013, there were nine active Case Manager roles at District Court node in Odyssey allowing Civil manual distribution, Family Distribution, and Manual Distribution – Miscellaneous by the department. They are as follow: DCLRK Accting, DCLRK Accting Mgr, DCLRK Coll Cashier, DCLRK Coll Cashier Mgr, DCLRK Court Mgr Family, DCLRK Process, DCLRK Process Mgr, DCLRK Records Tracking, and DCLRK Registry Cashier.

Initial Filing Fees and Other Assessments

A sample review of 30 Civil and 30 Family cases revealed:

- 1.67% (one case) with affidavit of inability to pay filed not properly credited. A case balance still exists.

Status: After notification from auditor, District Clerk processed a 'Charge/Balance Reduction' to reduce assessments.



	<u>Reversed Charges, Reversed Charge Reductions, and Charge Reductions</u> • Explanations for adjustments are not consistently entered into the Odyssey comment field: ○ 1,878 of 22,207 (8.46%) FY2010 transactions without an explanation in the Odyssey comment field. ○ 3,189 of 23,497 (13.57%) FY2011 transactions without an explanation in the Odyssey comment field. ○ 2,892 of 21,018 (13.76%) FY2012 transactions without an explanation in the Odyssey comment field. • 'Charge/Balance Reductions' or 'Reversed Charges' are consistently used to record adjustments against case assessments rather than recommended credits when parties file affidavits of inability to pay. ○ 2063 transactions in FY2010 with affidavit of inability to pay referenced in the charge reduction or reversed charge comment field. ○ 838 transactions in FY2011 with affidavit of inability to pay referenced in the charge reduction or reversed charge comment field. ○ 295 transactions in FY2012 with affidavit of inability to pay referenced in the charge reduction or reversed charge comment field. A sample review of 20 'Charge Balance/Reductions' or 'Reversed Charges' revealed: • 5% (one case) with reason noted for the reversal was "reversing valid charges because cannot bill under \$15". <u>Credits – Credit (Waiver)</u> A sample review of ten 'Credit' transactions revealed: • 'Credit (Waiver)' used to record offsetting adjustment to assessments when affidavits of inability to pay are filed rather than 'Credit – Affidavit of Inability to Pay'. • Three 'Credit (Waiver)' adjustments entered although the judgments indicate the person is to pay court costs. <u>Other control points:</u> • 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. (R08) • A formalized quality assurance process is not in place to verify the accuracy of fee assessments or adjustments entered on the Odyssey system by the File Desk, court clerks, and/or Trust & Accounting staff.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 5A, 5B, 5C, and 5D Workpaper 5A-1 Query from Dallas County IT of manual overrides and manual distribution in Odyssey system (dated 4/8/2013) Odyssey Transaction Listing reports



Condition: (Describe the current condition)	Walkthrough on 10/23/12 and 10/24/12 and follow-up conversations in August 2013. The District Clerk Civil/Family file desk accepts case filings which involve civil lawsuits and family cases. Payments processed by the file desk are made in-person, by mail, or online (if the document is filed through Texas.gov). For in-person payments, the attorney or customer will approach the file desk counter to file a case or request additional case action. For new filings, the file desk clerk will determine the type of case and index the case in Odyssey with the standard filing fees automatically assessed to the case based on the appropriate filing fee schedule. For requests after initial case filings, the file desk clerk will determine if an additional fee is required for the action and process transactions to Odyssey by adding new case assessments based on Odyssey fee schedules and rules defined for District Civil and Family cases. The file desk clerk will inform the attorney/customer of the amount due. The attorney or customer will give the file desk clerk cash, check, or money order. The file desk clerk will verify the amount presented and receipt the amount collected to the case in Odyssey. One computer receipt is generated; the computer receipt and any change due are given to the customer. The file desk clerk will process all documents and scan into Odyssey. Other case filings are electronically filed by the Attorney General or law firms representing governmental entities in delinquent property tax suits. Court costs are not required to be paid at the time of filing for these case types. Customers may file an affidavit of inability to pay if they are indigent and do not have the resources to afford costs. The defendant or the clerk may contest an affidavit of inability to pay. If contested, the judge will grant or deny the request. If granted or not contested, the clerks consistently reduce the filing fees on the financial tab using a charge reduction and an affidavit of inability to pay comment is entered on the event tab. If a citation, notice, or other process is issued on a case and is to be served by a Dallas County law enforcement agency, the file desk clerk will enter an assessment on Odyssey and post a payment with financial credit given to the intended serving agency. If papers are transferred to another agency, an adjustment is made in Odyssey to move the assessment and financial credit to the agency that ultimately serves the process. Adjustments (including charge reductions, reversed charges, and credits) are entered against existing assessments in Odyssey without formal approval or supervisory review required. Charge reductions and credits are not consistently used as designed. 'ADD' fee code is frequently used by the District Clerk when the judge orders court costs assessed against the respondent on cases filed by the Attorney General. The 'ADD' amount is recorded as Clerk Fees rather than prorated or fully applied to all filing fees. Odyssey has a configuration fee table of court costs and fees. Systemic assessment of court costs are based on predefined tables within Odyssey established by file or service request date. Updates to the tables require a Change Management document to be signed by the District Clerk and provided to IT Services Odyssey support team. Changes are
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	implemented in Production after testing in the Test environment by clerk staff. Manual override of standard fee schedules occurs when process service fees are not timely updated. Formal approval and supervisory review is not in place to review manual overrides for appropriateness.
Criteria: (Describe the optimal condition)	Best practices regarding internal control, segregation of duties, technical security and other require that: • Court costs and fees should be assessed in compliance with statute and Commissioners Court orders. • Fee and fee schedule tables should be updated each time a legislative change or a Commissioners Court change is made affecting fees • A credit titled "inability to pay" should be used in Odyssey to record the waived assessments for valid uncontested affidavits of inability to pay. The inability to pay credit should automatically post to the Events tab. • The fee assessment process should be automated as much as possible with manual overrides restricted in use. • Formal approval should be required before adjustments are processed to Odyssey. • Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to adjustments, credits, and manual overrides) to ensure that explanation for the change is documented and reasonable. • Assigned duties for payment processing and assessment reductions are adequately separated. Written procedures should be established for all the responsibilities of District Clerk's personnel in order to strengthen the office's internal control and improve efficiency. (This is especially critical for those responsible for financial activities such as assessing charges, reducing assessments, and/or receipting payments.) These procedures and the employees' adherence to them in the performance of their work should be periodically reviewed by the appropriate supervisory staff in order to effectively maintain good internal control. According to Rules of Civil Procedure, Rule 145. Affidavit of Indigency (a) <i>Affidavit</i>. In lieu of paying or giving security for costs of an original action, a party who is unable to afford costs must file an affidavit as herein described. A "party who is unable to afford costs" is defined as a person who is presently receiving a governmental entitlement based on indigency or any other person who has no ability to pay costs. Upon the filing of the affidavit, the clerk must docket the action, issue citation and provide such other customary services as are provided any party. (b) <i>Contents of the Affidavit</i>. The affidavit must contain complete information as to the party's identity, nature and amount of governmental entitlement income, nature and amount of employment income, other income, (interest, dividends, et.), spouse's income if available to the party, property owned (other than homestead), cash or checking account, dependents, debts, and monthly expenses. The affidavit shall contain the following statements: "I am unable to pay court costs. I verify that the statements made in this affidavit are true and correct." The affidavit shall be sworn before a notary public or other officer authorized to administer oaths. If the party is represented by an attorney on a



	contingent fee basis, due to the party's indigency, the attorney may file a statement to that effect to assist the court in understanding the financial condition of the party. (c) <i>IOLTA Certificate</i>. If the party is represented by an attorney who is providing free legal services, without contingency, because of the party's indigency and the attorney is providing services either directly or by referral from a program funded by the Interest on Lawyers Trust Accounts (IOLTA) program, the attorney may file an IOLTA certificate confirming that the IOLTA funded program screened the party for income eligibility under the IOLTA income guidelines. A party's affidavit of inability accompanied by an attorney's IOLTA certificate may not be contested. (d) <i>Contest</i>. The defendant or the clerk may contest an affidavit that is not accompanied by an IOLTA certificate by filing a written contest giving notice to all parties and, in an appeal under Texas Government Code, Section 28.052, notice to both the small claims court and the county clerk. A party's affidavit of inability that attests to receipt of government entitlement based on indigency may be contested only with respect to the veracity of the attestation. Temporary hearings will not be continued pending the filing of the contest. If the court finds at the first regular hearing in the course of the action that the party (other than a party receiving a governmental entitlement based on indigency) is able to afford costs, the party must pay the costs of the action. Reasons for such a finding must be contained in an order. Except with leave of court, no further steps in the action will be taken by a party who is found able to afford costs until payment is made. If the party's action results in monetary award, and the court finds sufficient evidence monetary award to reimburse costs, the party must pay the costs of the action. If the court finds that another party to the suit can pay the costs of the action, the other party must pay the costs of the action. (e) <i>Attorney's Fees and Costs</i>. Nothing herein will prejudice any existing right to recover attorney's fees, expenses or costs from any other party.
Cause: (Describe the cause of the condition if possible)	Lack of management oversight and/or training Incomplete controls over the assessment process Inadequate segregation of duties Method of using charge reductions, manual overrides, and 'ADD' fee codes
Effect: (Describe or quantify any adverse effects)	Misapplication of funds Potential revenue loss for Dallas County and the State of Texas Assessments and non-monetary credits understated inhibiting accurate receivable analysis.
Recommendation: (Describe corrective action)	• Court costs and fees properly assessed, collected, and timely deposited on all cases based on state laws and Commissioners Court orders. • Legal review for appropriateness of the 'ADD' fee code without assessing all standard case filing fees should be initiated. <i>Response: File Clerk utilized the Add fee code to make adjustments to initial filing fees when needed. For example, a case was erroneously filed as a Divorce without Children but it was later discovered that the case involved children requiring an adjustment to the initial court costs collected. However, it is the Trust and Billing department that makes the actual adjustment. Going forward, the File Desk will forward a detailed explanation to Trust/Collections when adjustments are needed.</i> • 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, testing, and validation. • District Clerk should submit a request to IT Services for expanding the payment type setup to include a credit for inability to pay. The designated credit should be used to reduce the case balance when there is a valid affidavit of inability to pay filed in accordance with Rule 145. • 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). • User roles grant rights to process manual overrides, charge reductions, credits, and charge reversals should be limited. User access requirements should correspond to least rights necessary to perform core job functions. • All corrections should include a complete and valid explanation in the comment field. • Policy and procedures manual should be developed for assessment responsibilities and training reinforced. • 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. Management should evidence their review or approval. Fee schedule tables • Fee schedule tables should be updated each time a legislative change or a Commissioners Court order affects court costs and/or fees. • District Clerk staff should continue to document and communicate to the IT Services Odyssey support team updates and corrections needed to the configuration tables in accordance with Change Management procedures. • The cost benefit of implementing system modifications to further automate the fee assessment process should be considered.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	Maria Sanchez	Date: 2/26/2014
Comments:	Refer to Recommendation section for response.				
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.DC.01.05
Date: September 6, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: NH

Finding:	E-Filing A review of E-filing transactions during fiscal years 2010 thru 2012 revealed: • E-filing transactions are not consistently receipted or deposited within three business days. • A sample review of 50 out of 287 failed e-filing credit card transactions revealed: ○ 32 failed transactions (64%) receipted 21 or more business days later with one transaction receipted two years later. ○ 37 failed transactions (74%) deposited three or more business days after receipted with nine being deposited over 37 business days later. ○ One failed transaction for \$321 not receipted nor deposited (funds left pending in e-Pay bank account). • E-filing cashier tills are not closed out nor deposited daily. • A review of 20 sampled successful e-filing credit card transactions revealed: • 11 (55%) cases with a delay between e-filing submission and process dates to Odyssey receipt dates of three or more business days including two receipted 25 and 26 business days later.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 6C, 6D, and 6F Download of e-filing transactions
Condition: (Describe the current condition)	Documents related to new and existing cases can be filed by a customer registered with an authorized Electronic Filing Service Provider (EFSP) using a State supported system. The filer's credit card is typically pre-authorized for the total amount due (filing fees, convenience fee). The State's contract vendor manages the portal, authorization and card collections/settlement activity. These funds are guaranteed for settlement with Dallas County. The e-filing clerk will review the Texas Online inbox to accept or reject submitted filings. The filer's credit card information and amount entered at filing is submitted for processing through the banks. When funds have been deposited into the District Clerk's bank account for e-Pay, the Texas Online jurisdiction report is printed out and given to the Civil cashiers to post the payments to the cases in Odyssey using the e-filing till. The Trust department will create a separate Form 98 deposit for the e-filing transactions. Receipts and deposits for e-filing transaction are not consistently processed or closed out daily.
Criteria: (Describe the optimal condition)	Best practices for internal controls, system security, and statutes regarding e-file control procedures require that: • All monies received should be promptly receipted and deposited properly, and timely in accordance with V.T.C.A., L.G.C. § 113.022. • Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. • Separate e-filing tills are maintained by the cashiers receipting e-filing payments. Tills



	are closed, daily. - Failed e-filing transactions should be receipted within three business days after 'good' funds are deposited at the depository bank. - E-Commerce requires information processing controls to test that transactions completed through computerized applications are valid and properly authorized, completely, accurately, and timely processed, and reported. - Fees or other money belonging to a County shall be deposited with the Treasurer by the office who collects the money (V.T.C.A., L.G.C., § 113.021).				
Cause: (Describe the cause of the condition if possible)	Inconsistent management oversight and/or training. Receipts and deposits not processed timely for e-filing transactions. Non-integrated financial systems for e-commerce requiring manual processing.				
Effect: (Describe or quantify any adverse effects)	Additional staff time to research and resolve unprocessed activity. Delays in posting settled credit card amounts misstate case balances and may result in duplicate payments. Delays in depositing credit card funds negatively impact credit card reconciliation and revenue recognition.				
Recommendation: (Describe corrective action)	- The 3rd party official inbox should be reviewed daily to accept or reject submitted filings. - All e-filing submissions should be receipted and deposited timely in accordance with V.T.C.A., L.G.C., § 113.022 and 113.021. - E-filing tills should be reconciled against 3rd party official jurisdiction reports, closed, and added to the appropriate deposit daily with a separate Form 98 deposit submitted to the County Treasurer. - Policy and procedures manual should be developed for e-filing handling responsibilities and training of current procedures reinforced. - Management should periodically review 3rd party official jurisdiction reports, postings of Odyssey e-filing activity, e-filing tills, and the District Clerk's e-Pay bank account for accuracy, timeliness of processing, and staff compliance to established policies and procedures. <i>Response: The new (effective November 2013) e-filing portal operates in a completely different manner. Filing codes in the portal are mapped to filing codes and charges in Odyssey. Acceptance of documents and filing codes within the portal will update Odyssey on the day of acceptance (pending no technical or clerical issues).</i>				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	Maria Sanchez & George Vent	Date: 2/26/2014 & 1/21/2014



Comments:	In reference to E-filing cashier tills not closed out nor deposited daily we will work towards preventing this for future tills and deposits. With Texas On-line, a delay between e-filing submission and process dates to Odyssey receipt dates was a regular occurrence, We will prevent this with TexFile once all the problems have been resolved. Once the problems have been worked out with the new E-filing, a policy and procedures section will be written by the Accounting department detailing all the steps necessary to reconcile a daily E-file report. Management will continue to review all aspects of E-filing. Refer to Recommendation section for an additional response.		
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration



Finding Number: 12.DC.01.06
Date: November 2, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG

Finding:	NSF A review of procedures related to NSF items, receipts related to NSF items, and department's NSF check list during fiscal years 2010 thru 2012 revealed: A sample review of ten cases with receipted payments returned unpaid (non-sufficient funds {NSF}, account closed, etc.) by the bank revealed: • All ten cases with original receipt transactions for NSF check items <u>not</u> reversed in Odyssey and without a \$30 NSF fee assessed on the financial tab of the responsible party in Odyssey. • Two (20%) cases with NSF checks not flagged in Odyssey. Status: Once notified by audit staff, the department added flags to the two cases. Reconciliation of the District Clerk's NSF list to Treasurer's NSF list revealed: • Seventeen NSF checks on District Clerk's list, but not Treasurer's outstanding NSF list. • Two NSF checks on the Treasurer's outstanding NSF list, but not on the District Clerk's NSF list. • All items on the Treasurer's outstanding NSF list from FY2008 and prior is not on the District Clerk's NSF list. • A \$63 difference exists between one item on the Treasurer's list and the District Clerk's list. Risks identified during walkthrough of the department's cash handling processes: - Original receipt transactions for NSF check items are <u>not</u> reversed in Odyssey. Revenue is overstated by recording funds that have not and may never be collected. (R09) - Payment plans (established by the Trust & Accounting Supervisor for periods of 60 to 90 days) related to NSF checks maintained manually in an Excel spreadsheet (outside of Odyssey system). Corresponding case numbers are not recorded to the Excel spreadsheet (R14)
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 4A4, 8, and 8A Reconciliation of departmental NSF list to Treasurer's NSF list Walkthrough on 10/24/12 with District Clerk Trust & Accounting Supervisor Walkthrough on 10/23/12 with District Clerk Civil/Family File Desk Supervisor
Condition: (Describe the current condition)	All NSF checks for the District Clerk's office are returned to the Trust & Accounting section by the Treasurer's department. The Supervisor in the Trust & Accounting section records: the name, the check date, and amount on the Hot Check List to an Excel spreadsheet used to monitor the status of NSF checks. The Supervisor notifies all sections via email to add an NSF issuer to the Hot Check List that is referenced by each section when accepting checks. The case should be flagged in Odyssey indicating that an NSF check is outstanding on the case, but neither the \$30 fee nor payment reversal are recorded to business management system. If an NSF check or credit card chargeback is related to a Criminal case, the case is not flagged in the Mainframe CR Criminal system due to the lack of a flagging mechanism. The Supervisor sends a notification letter to the NSF check issuer as soon as the NSF check is received in Trust & Accounting. The notification letter advises the issuer to pay the NSF check plus a \$30 NSF fee with cash, cashier's check or money order. The Supervisor will setup a payment plan of 60 days and up to 90 days for larger amounts. The payment plan process is established at the review of the District Clerk's office to improve collections on NSF items. The payment plan is not maintained in Odyssey; it is maintained manually in an Excel spreadsheet. If payment has not been



	received in 30 days, a second notification letter is sent requesting payment. If payment is not received within 15 days of the second letter, a third and final letter is sent advising the issuer that if payment is not received, the District Attorney will pursue collection in court. If no payment is received, the NSF check along with any correspondence, collection notes, and complaint form is sent to the District Attorney for collection. As the original payment made with the NSF check or credit card chargeback is not reversed on business management system, when a payment is received, a pre-numbered three-part manual receipt is prepared with the white copy given to the issuer and the NSF log is updated reflecting that the NSF has been paid. The pink copy goes to the Supervisor while the yellow copy stays in the receipt book. The payment and a copy of the manual receipt are taken to the Treasurer's department. The Treasurer's department issues a receipt acknowledging the funds. The receipt from the Treasurer's department is filed in Trust & Accounting by the Supervisor in a binder. Funds received by the Treasurer for NSF items are included on a deposit form 98 and deposited to Fund 170. The Trust & Accounting Supervisor is notified by the Treasurer department when credit card chargebacks are received. Most credit card chargebacks are related to DC - Criminal and the Trust & Accounting Supervisor is not notified until a 503 check is requested to reimburse the 669 bank account. The Treasurer's office notifies DC Criminal of the chargeback. The chargebacks are investigated by the Supervisor who then sends a Chargeback Reimbursement Request form to the section that receipted the original credit card payment. The Chargeback Reimbursement Request is completed by the Supervisor in the section that processed the credit card payment and it is approved by the Manager of the section. If a receipt containing the customer's signature is located, the receipt and any related documentation are returned for disputing the chargeback to the credit card company that issued the chargeback. If documentation cannot be located on a timely basis, the payment made with the credit card is reversed in Odyssey (or the Mainframe Criminal CR system) by the Supervisor. Reversed payments are transferred to the special fund (escrow) allowing a check to be disbursed to reimburse the chargeback account and a \$30 fee is assessed.
Criteria: (Describe the optimal condition)	Best practices regarding NSF check control procedures require that: • Collection efforts should occur to obtain reimbursement of NSF items. • Case management financial reports are available to track outstanding NSF items. • Registry deposits returned as NSF items should not be invested nor disbursed unless the NSF check is immediately repaid. Cases with outstanding NSF should be flagged with a NSF comment and an event added to the case. \$30 NSF fee should be assessed on Odyssey to the appropriate party's financial tab. Original receipt should be reversed and applied to Fund 503 overpayment fee code in a separate Till if the NSF item is not recovered. The adjustment till should be included with other tills as part of the daily deposit when the adjustments will not result in a negative fund balance. A Fund 503 check should be issued to Fund 170 (or the credit card chargeback account if a credit card item at the direction of the County Treasurer).
Cause: (Describe the cause of the condition if possible)	Incomplete application of control procedures Reliance on Excel files without complete details including related case number.
Effect: (Describe or quantify any)	Revenue is overstated and uncollected funds remitted to the State. Case balances inaccurately reflect financial assessments as paid.



adverse effects)			
Recommendation: (Describe corrective action)	- A non-docketable event and NSF flag should be added to the case on Odyssey once the department is notified of NSF item by the County Treasurer. The flag should remain until funds are collected. - \$30 NSF fee assessment should be added to the appropriate party's Odyssey financial tab. - Non-registry funds returned as NSF, stop payment, or account closed should be reversed within 30 days after notification if not paid in full. - Payments returned as NSF, stop payment, or account closed for Registry/Trust funds should be reversed immediately on notification from the County Treasurer. Registry/Trust funds should not be invested or disbursed until "good" funds are available. - Department NSF list should be reconciled to the Treasurer's outstanding NSF outstanding list. All discrepancies should be resolved. - Departmental NSF tracking list should include all relevant information including applicable case number. - All financial adjustment transactions related to previously deposited payments, such as return checks, should be associated to a specific till not designated for routine daily transactions with appropriate information in the comment field. The adjustment fill should be included with other tills as part of the daily deposit when the adjustments will not result in a negative fund balance. Document and consider working with IT Services to define necessary Odyssey system modifications / procedures to use the case management system for tracking and reporting of outstanding NSF items.		
Responsible Department or Organization:	District Clerk		
Management's Response:	☒ Agree	☐ Disagree	Respondent: George Vent Date: 1/21/2014
Comments:	District Clerk NSF list is generated from the County Treasurer's NSF list. Juvenile department was probably included with these. We will ask for updated list from the Treasurer which will include checks prior to 2008. NSF Payments from this point forward will be reversed in Odyssey from now on if not paid within 30 days. We will never disburse funds either through investment or to individual payees if there are not "good" funds available in our 503 & 504 accounts. Miscellaneous payments cannot be tied into a case number if an NSF check is received for these payments.		
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration



Finding Number: 12.DC.01.07
Date: September 9, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: NH

Finding:	Disbursements A review of special fund 503 and trust fund 504 disbursements (including all wire transfers) during fiscal years 2010 thru 2012 revealed: <u>Special Fund</u> • 2 out of 40 sampled cases (5%) without available funds in the special fund account prior to disbursement. Funds are in the general fund account (prepaid services fees). Adjustment entry not made to move funds from prepaid services to fund 503. • 2 out of 40 sampled cases (5%) without the special fund 503 disbursement posted in Odyssey. The cases' financial tabs still reflect available funds for disbursement to the party. <u>Trust Fund</u> A review of 50 Trust/Registry fund 504 disbursements revealed: • 5 cases (10%) without the fund 504 check number properly posted in Odyssey (check number is posted in the comment field). • 34 cases (68%) without earned bank interest posted for invested funds. • 5 cases (10%) with disbursements not timely posted to Odyssey: ○ Three disbursements with delayed postings to Odyssey. ○ One disbursement correction not posted for 453 days after check issuance. ○ One check totaling \$20,549.13 not posted to the corresponding case. (One additional unposted disbursement was identified as part of a separate review step) A complete review of all 74 voided/cancelled/stale dated Trust/Registry fund 504 disbursements revealed: • 12 out of 74 cancelled checks (16.21%) and corresponding disbursements not posted to Odyssey. (Unable to verify one additional cancellation since the case was locked from viewing on Odyssey) • Three cases with disbursements for administrative fees cancelled and reissued multiple times with various posting errors to the related cases. • One disbursement posted and voided in Odyssey with the wrong check number. • One cancelled check not posted to in Odyssey (Original receipted payment was returned as an NSF item by the bank. Trust & Accounting is researching). A review of all Trust/Registry fund 504 disbursements to the Dallas County Wire Transfer account revealed: • 91 out of 135 (67.4%) disbursements to the Dallas County Wire Transfer account without check numbers posted to Odyssey (check number is posted in the comment field) check number field. • One disbursement to the Dallas County Wire Transfer account not posted for TexPool
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	investment. Status: Corrected December 2013 after identification by audit. • One disbursement to the Dallas County Wire Transfer account posted to the case with the wrong check number. • One disbursement to the Dallas County Wire Transfer account not posted until four months after issuance.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 9, 10, 10b, 10c, 10-1, 12A.6 Discoverer reports Odyssey Case Management System
Condition: (Describe the current condition)	Fund 503 (Special Fund) Disbursement: When a court related overpayment is receipted, cashiers create an assessment for an overpayment fee code in Odyssey (assessment required so that payment can be receipted to the appropriate fee codes - includes the overpayment fee code). If the payment is receipted at the file desk, a refund request will be complete and reviewed by the file desk supervisor. If valid, the supervisor includes refund information in an email to Trust & Accounting to process the refund. District Clerk Trust & Accounting Department includes the required refund information on the Fund 503 pre-disbursement file. Once the file is approved, a check is generated through Oracle to the approved payee. Trust & Accounting will receive a final disbursement file from the County Treasurer. Designated staff within Trust & Accounting will post the disbursed checks to the appropriate cases in Odyssey. Other Special Fund checks issued on civil and family cases include credit card chargebacks or refunds of previously receipted payments. The payment in Odyssey will be reversed by Trust & Accounting and the payment will be reapplied to a refund fee code in Odyssey. The adjusting transactions will be processed in a designated adjustment till. District Clerk Trust & Accounting Department includes the required refund information on the Fund 503 pre-disbursement file. Once the file is approved, a check is generated through Oracle to the approved payee. Trust & Accounting will receive a final disbursement file from the County Treasurer. Designated staff within Trust & Accounting will post the disbursed checks to the appropriate cases in Odyssey. District Clerk's office does not reconcile Special Fund activity to the general ledger nor to the bank. The District Clerk's office relies on the County Treasurer for bank reconciliations. No standard procedures are established to conduct annual review of case balances and resolve as appropriate. Fund 504 (Trust Fund) Disbursement: Payments made into the registry of the court consist of: funds of minors or incapacitated persons, funds tendered in an interpleader action, funds paid in satisfaction of a judgment, cash bonds, and any other funds tendered to the clerk for deposit into the registry of the court. Registry activity is recorded to a separate financial grouping on Odyssey. Disbursements from the registry can only be processed under an order of the court of proper jurisdiction. The court clerk will send the case jacket and order of the court to the Trust & Accounting section for processing a disbursement. Trust & Accounting section



	includes the required disbursement information on the Fund 504 pre-disbursement file. Trust & Accounting will scan the orders and other supporting documentation and email to the Internal Audit section for approval. After Internal Audit approval, Accounts Payable will forward the electronic file to the County Treasurer for processing. The County Treasurer's office sends a confirmation file to the department for final approval prior to printing the checks. Once the file is approved, checks are generated through Oracle to the approved payee. Trust & Accounting will receive a final disbursement file from the County Treasurer. Designated staff within Trust & Accounting will post the disbursed checks to the appropriate cases in Odyssey. If disbursement is for investment, additional information will be recorded to the case's registry investment tab. Funds invested through TexPool are disbursed to the Dallas County Wire Transfer account for processing the investment.
Criteria: (Describe the optimal condition)	Best practices regarding special/trust fund control procedures, banking safeguards and accounting recognition require that: • All special/trust fund checks should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information. • All special/trust fund disbursements and cancellations should be timely and accurately posted to the Odyssey courts system. • Automated process should be developed where possible to limit manual/duplicate data entry. • Case balances should be reviewed on a periodic basis and disbursements made to the appropriate parties in a timely manner. • Assigned cash handling duties are separated. • Fund balances and subsidiary ledgers must be reconciled against control records (GL and bank statements) to safeguard funds and improve reporting accuracy. • Supervisory verification of all cash transactions (receipts or disbursements) evidenced on subsidiary reconciliations. In accordance with V.T.C.A., L.G.C., Sec. 117.121. DISBURSEMENT OF FUNDS. (a) Money may be paid from the registry fund only on checks or drafts signed by a clerk on the written order of the court with proper jurisdiction, except that the clerk may make a payment without court order for unpaid court costs from a cash bond deposited in connection with an appeal after the appellate court issues its mandate in the appeal if the costs remain unpaid for 45 days after the mandate is issued. (b) All checks or drafts issued for the disbursement of the registry fund must be submitted to the county auditor for the auditor's countersignature before delivery or payment. The county auditor may countersign the checks only on written evidence of the order of the judge of the court in which the funds have been deposited, authorizing the disbursement of the funds. (c) Notwithstanding Subsections (a) and (b), a disbursement under an order of a court in which registry funds have been deposited may be made by electronic transfer if: (1) the designated recipient of the money submits to a clerk a written request for the transfer; (2) the clerk gives written approval for the transfer; and (3) a county auditor countersigns the approval. (d) A clerk may charge a reasonable fee, subject to the approval of the recipient of the



	money, for an electronic transfer of a disbursement from a registry fund. In accordance with V.T.C.A., L.G.C., Sec. 117.122. INTEREST. (a) The interest derived from money on deposit in the registry fund shall be paid as earned as follows: (1) a sum equal to 10 percent of the interest shall be paid into the general fund of the county to reimburse the county for the expenses of maintaining the registry fund; and (2) the remaining 90 percent of the interest shall be credited to the registry fund. (b) For each withdrawal, a clerk shall pay out the original amount deposited in the registry of the court and 90 percent of the interest earned on that amount at the time and in the manner directed by the court with proper jurisdiction. In accordance with V.T.C.A., L.G.C., Sec. 117.125. TRANSFER OF MONEY. (a) In the absence of a contrary order from a court having jurisdiction over the registry fund, a clerk may transfer money deposited in the fund into a separate account. (b) A clerk shall transfer all money deposited in a registry fund under Section 887, Texas Probate Code, into a separate account. (c) Money transferred into a separate account under this section must be: (1) transferred into an account authorized for investment under Chapter 2256, Government Code, by a local government or investment pool; and (2) invested according to the investment officer designated under Section 2256.005, Government Code, by the investing entity of which the county is a member. (d) A transfer of money into a separate account under this section is exempt from the requirements prescribed by Section 117.121 for disbursements from registry funds. (e) An investment of money transferred from a registry fund under this section is subject to the limitations, policies, and standards of care provided by Chapter 2256, Government Code.
Cause: (Describe the cause of the condition if possible)	Clerical error Lack of management oversight Non-integrated financial systems.
Effect: (Describe or quantify any adverse effects)	Incorrect disbursement information reflected on cases Financial records are not accurately stated Potential for duplicate payments and/or lost monies Limited reconciliation: • Undetected posting errors resulting in potential for overpayment or duplicate payment and unrecoverable losses. • Additional staff time to research and correct posting errors.
Recommendation: (Describe corrective action)	• Segregation of responsibilities should be established as relates to receipting, depositing, and disbursing. • All checks issued, canceled, or stale dated posted accurately and timely to the Odyssey case management system to maintain accurate financial balances. • Disbursements issued in accordance with V.T.C.A., L.G.C., § 117. • Verification of available funds prior to processing disbursement requests. • Supervisor review of disbursement postings and other disbursement activity.



	A management plan including reconciling GL and bank account should be developed and implemented.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	George Vent	Date: 1/21/2014
Comments:	Checks will be posted immediately from this point forward. In reference to the three cases with disbursements for administrative fees cancelled and reissued multiple times with various posting errors, these were data entry errors but the Balance was correct. Segregation of duties is being used for the issuance of all checks for special funds 503 & 504. Collections deposit the funds and Trust and Accounting disburses the funds. Before any checks are disbursed, a supervisor reviews each check to make sure there is a court order to disburse the funds and that the funds are available to be disbursed. The 503 & 504 accounts are reconciled each month by the Dallas County Treasurer's office. Each month we receive a reconciliation of both accounts. Funds.				
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.DC.01.08
Date: September 19, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: NH

Finding:	Vault Inventory An inventory of the District Clerk vault on September 18, 2013 revealed: - Two cases with non-cash inventory items located in the vault, but not on the inventory log maintained by the Trust section. Status: District Clerk log was updated. - One case with two inventory items (two \$500 Mercantile Bank checks) on the inventory log, but not located in the vault.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 12B Vault Inventory logs
Condition: (Describe the current condition)	The District Clerk Trust section safe keeps items per court orders for civil and family cases. Items consist of stock certificates, bonds, letters of credit, passports, checks, guns, titles of property, etc. District Clerk Trust management maintains a vault inventory log for each court. The log consists of the case number, name of party, items to be deposited in the vault registry. An event is created in Odyssey when items are deposited into the vault registry; and an additional event is created in Odyssey when the item is released from the vault. The items are kept in a locked cabinet located in the locked vault in the Trust department. Items are in envelopes with the case numbers, party name, and items written each envelope. A judge will grant release of inventory items through a court order.
Criteria: (Describe the optimal condition)	Best practices regarding vault inventory procedures require that: - Departmental inventory records of court ordered trust safekeeping items should be properly maintained. Detail captured should be sufficient to identify safekeeping items added to and removed from the vault and all persons handling the items. - Safekeeping items should be properly secured with dual control access to the vault limited to supervisory personnel. - Safekeeping items should be properly tagged. - An annual physical inventory of safekeeping items should be completed by two employees; one should be the Trust & Accounting Supervisor or Manager.
Cause: (Describe the cause of the condition if possible)	Oversight Inventory logs not updated
Effect: (Describe or quantify any adverse effects)	Safekeeping items could be misplaced or misused
Recommendation: (Describe corrective action)	- An annual inventory of the safekeeping items should be completed. - Inventory logs should be updated accurately and timely when safekeeping items are deposited and released per court order. - Proper segregation of responsibilities as relates to recordkeeping, access to the vault and locked cabinet, and release of safekeeping items. - Supervisor review of inventory postings including deposits and releases. - A dual control process (more than one staff member to open) over opening the vault should be considered. - Development of an Odyssey report for safekeeping items should be considered.



Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	George Vent	Date: 1/21/2014
Comments:	Vault inventory log has been corrected and Trust staff has been told to document any new vault deposits on the inventory log immediately. An annual inventory will be conducted on the vault items going forward. These two checks have been missing for a while. Trust inventoried twice after Audit inventoried but could not find. These two checks were stale-dated and Mercantile Bank is no longer in business. Both checks were in one envelope for one case and the court case has been closed for a long time.				
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration



Finding Number: 12.DC.01.09
Date: 11-2-13
Audit: District Clerk - Passport and Marriage License Review
Auditor(s) Assigned: JG

Finding:	Passport and Marriage License (Central, East, and North) A sample review of manual and computer receipts for all three passport/marriage license locations during fiscal years 2010 thru 2012 revealed: • Thirty-three manual receipts (7.16%) missing at the East Passport location. • Instances of deposit code distributions not matching accounting breakdown on receipts (e.g. passport application or photo fees listed as overage on deposit form). • Seven voided manual receipts (77.8%) without a reason for the void written on receipt including: • Two voided manual receipts without all copies retained. Status: One of the two receipts was traced to a corresponding computer receipt. • One transmittal total did not match the daily journal Status: Subsequently reconciled. All funds were accounted for.
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 14A, 14BC, & 14E
Condition: (Describe the current condition)	When the mainframe (FORVUS) computer system is down or there is a Passport fair, manual receipts (three part form) are used. The manual receipt books are located in the safe, except during business hours they are kept at the cashier's desk. Each cashier has their own manual receipt book. The original manual receipt is issued to the customer. Once the mainframe is functional again, the manual receipt payments are entered into the Passport application on the mainframe and one computer receipt is generated. The cashier attaches the computer receipt to the yellow and pink manual copies in the receipt book. The County Clerk has cross deputized Passport clerks for issuance of marriage licenses. When applicants come to the Passport office for <u>marriage licenses</u>, they are directed to apply for the license on the Kiosk computer located in the hallway. Once the applicant fills out the application online and receives a reference number, the applicant will give the reference number to the deputized clerk. The clerk will search the AiLis computer system for the reference number and print a copy of the application for the applicants to verify the correctness of the information. Payment for the required marriage license fee (payment tender type should be cash or money order) is processed by the Passport clerk. The Passport clerk verifies the fee corresponds to the type of marriage license. A receipt is generated from the AiLis computer system. The marriage license is printed from the AiLis computer system on special paper for marriage licenses and a gold County seal is embossed on the license. The original receipt, any change due, and license are provided to the requestor. Deposit account information is prepared by the Passport clerks and transmitted on manual deposit forms. Funds and manual deposit forms are submitted to the County Treasurer via a armored courier for processing. County Treasurer staff key in manual deposit information to the Deposit Management System (DMS) for posting revenue to the identified general ledger and bank accounts.
Criteria: (Describe the optimal condition)	Best practices regarding receipt control procedures and processing through business management systems require that: • All manual receipts are accounted for and properly used, kept in numeric order, have the corresponding computer receipt attached or noted, and are posted and deposited properly, and timely in accordance with V.T.C.A., L.G.C. § 113.022. • Accounting and system control procedures require daily reconciliation and balancing of



	collected funds, including supervisory review. - Manual receipts should be stored in a secure location and used in sequential order. The supervisor should periodically review manual receipt books to ensure all issued manual receipts have corresponding valid computer receipt numbers attached. - Receipts should be written for all money received. This includes any return checks or associated fees, whether received in person or through the mail. No money should ever be accepted without immediately issuing an official county receipt. Passport applications are processed in accordance U.S. Department of State guidelines. According to Texas Administrative Code, RULE §181.25: a) The bureau shall furnish application forms for a marriage license to each county clerk in the format as prescribed by the State Registrar. (b) The application form shall contain at a minimum the items and information prescribed in the Texas Family Code, §2.004. (c) When reproduced locally by the county clerk, the form shall be identical in content, format, and size as prescribed by the bureau.
Cause: (Describe the cause of the condition if possible)	Clerical error
Effect: (Describe or quantify any adverse effects)	Prevents potential assertion that monies were paid and refunds due Inability to verify if funds were paid / received
Recommendation: (Describe corrective action)	- Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. - Funds received by Passport personnel should be receipted with a computer generated receipt or a manual receipt if the Mainframe system is "down". Once the Mainframe is operational, any money receipted on manual receipts should be posted in full. In order to readily verify that the posting has been made, a computer generated receipt should be attached to the triplicate copy of the manual receipt (which is retained in numeric sequence). - At the end of the business day, the receipts should be totaled and compared to the funds on hand and system control totals. Corrections should be made such that both good internal control and audit trails are maintained. Receipt, accounting, and deposit totals should be verified by a supervisor with verification evidenced by signature or initial on control documents which are retained in accordance with Records Retention guidelines. Deposit Form 98's should be signed-off on by both the Passport clerk and the supervisor. - Written procedures should be updated for the receipting and depositing functions. The procedures should be reviewed at least annually and updated as needed.
Responsible Department or Organization:	District Clerk Passport section
Management's Response:	☐ Agree ☐ Disagree Respondent: _____ Date: _____
Comments:	
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration



Finding Number: 12.DC.01.10
Date: November 2, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG

Finding:	Collection/Billing A review of 42 cases with balances due, various queries from Dallas County Information Technology (IT) department, and procedures for collection/billing in place during fiscal years 2010 thru 2012 revealed: • 30.95% or 13 of 42 cases with balances due in error: ○ One case with funds recorded to escrow should be moved and applied to the charge. • Status: Corrected. ○ Twelve cases with filed affidavits of inability to pay without credits recorded against filing fee assessments. • 4.76% or two of 42 cases with affidavits of inability to pay contested. A balance due date was not added to the cases in order for Collections to bill the customer. • 2.38% or one of 42 cases with a contested affidavit of inability to pay without indication of a ruling reflected on Odyssey. • One \$8 issuance fee assessment error on Attorney General (AG) tab. AG was properly billed for \$5.28 (66% of \$8). • 'Charge Balance/Reductions' or 'Reversed Charges' are used to record adjustments against case assessments rather than recommended credits when defendants file affidavits of inability to pay.
Workpaper Reference: (or other method by which finding was identified)	Workpapers: 15B and 15C Odyssey ECR Collections Outstanding Balance Due report Dallas County IT query of cases with balances and no due date Dallas County IT query of cases with balances and case event for affidavit of inability to pay
Condition: (Describe the current condition)	When a case is closed, the court clerks are responsible for adding the event "collection-financial" to the case. The Accounting section runs a daily report that shows the cases that have the event "collection-financial" added. If the courts do not add the event "collection-financial" to the case, no collection efforts are initiated for that case. Customers may file an affidavit of inability to pay if they are indigent and do not have the resources to afford costs. The defendant or the clerk may contest an affidavit of inability to pay. If contested, the judge will grant or deny the request. If granted or not contested, the Accounting section inconsistently reduces the filing fees on the financial tab using a charge reduction. If the affidavit of inability to pay was denied by the judge, collection efforts start and the customer is billed. Trust & Accounting uses an Access database (ARData) to enter case/billing information and generate invoices.



	In-house developed billing functionality in Odyssey continues (since 2012) to be tested by Trust & Accounting, but has not worked to an acceptable level for user sign-off to occur. Issues have not been resolved with bulk billing on the 15 th of each month.
Criteria: (Describe the optimal condition)	Best practices regarding billing procedures, collection efforts, and accounting controls include: • Case number(s), amount(s) due, and due date are prominently displayed • Invoices include an accurate breakdown of fees assessed (e.g. filing fees and/or services fees) • All available payment options/methods are listed • Invoices are mailed timely (emailed if email address is available) • Automated phone calls (or live call scripts) and delinquent notice mailings (standard collection letters) • Written billing procedures with staff properly trained on the billing process • Contact information for billing personnel • Accounts receivable sub-ledger is reconciled monthly. Reconciliation is reviewed by management and evidence of review is maintained. • Monitoring the age of receivables (run an aged receivable report on a weekly or monthly basis), and systemically follow-up on any accounts that are past due more than a predetermined number of days. • Use skip tracing or available address search engines. • Referral of uncollected receivables for delinquent collection assistance in a timely manner. • Collection efforts initiated on all closed cases with balances pending. • Secondary review of <u>all</u> closed cases for unbilled outstanding charges. • A credit titled "inability to pay" should be used in Odyssey to record the waived assessments for valid uncontested affidavits of inability to pay at the time of filing in accordance with Rules of Civil Procedure, Rule 145. The inability to pay credit should automatically post to the Events tab. Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Best practices for internal control include adequate segregation of duties (separation of duties for personnel authorized to receipt payments and reduce or waive assessments) so no one user has two or more business processes that could result in compromise of the integrity of the process or allow that person to commit fraud. According to Rules of Civil Procedure, Rule 145. Affidavit of Indigency (a) <i>Affidavit</i>. In lieu of paying or giving security for costs of an original action, a party who is unable to afford costs must file an affidavit as herein described. A "party who is unable to afford costs" is defined as a person who is presently receiving a governmental entitlement based on indigency or any other person who has no ability to pay costs. Upon the filing of the affidavit, the clerk must docket the action, issue citation and provide



	such other customary services as are provided any party. (b) <i>Contents of the Affidavit.</i> The affidavit must contain complete information as to the party's identity, nature and amount of governmental entitlement income, nature and amount of employment income, other income, (interest, dividends, et.), spouse's income if available to the party, property owned (other than homestead), cash or checking account, dependents, debts, and monthly expenses. The affidavit shall contain the following statements: "I am unable to pay court costs. I verify that the statements made in this affidavit are true and correct." The affidavit shall be sworn before a notary public or other officer authorized to administer oaths. If the party is represented by an attorney on a contingent fee basis, due to the party's indigency, the attorney may file a statement to that effect to assist the court in understanding the financial condition of the party. (c) <i>IOLTA Certificate.</i> If the party is represented by an attorney who is providing free legal services, without contingency, because of the party's indigency and the attorney is providing services either directly or by referral from a program funded by the Interest on Lawyers Trust Accounts (IOLTA) program, the attorney may file an IOLTA certificate confirming that the IOLTA funded program screened the party for income eligibility under the IOLTA income guidelines. A party's affidavit of inability accompanied by an attorney's IOLTA certificate may not be contested. (d) <i>Contest.</i> The defendant or the clerk may contest an affidavit that is not accompanied by an IOLTA certificate by filing a written contest giving notice to all parties and, in an appeal under Texas Government Code, Section 28.052, notice to both the small claims court and the county clerk. A party's affidavit of inability that attests to receipt of government entitlement based on indigency may be contested only with respect to the veracity of the attestation. Temporary hearings will not be continued pending the filing of the contest. If the court finds at the first regular hearing in the course of the action that the party (other than a party receiving a governmental entitlement based on indigency) is able to afford costs, the party must pay the costs of the action. Reasons for such a finding must be contained in an order. Except with leave of court, no further steps in the action will be taken by a party who is found able to afford costs until payment is made. If the party's action results in monetary award, and the court finds sufficient evidence monetary award to reimburse costs, the party must pay the costs of the action. If the court finds that another party to the suit can pay the costs of the action, the other party must pay the costs of the action. (e) <i>Attorney's Fees and Costs.</i> Nothing herein will prejudice any existing right to recover attorney's fees, expenses or costs from any other party.
Cause: (Describe the cause of the condition if possible)	Incomplete controls over the billing process Method of using charge reductions
Effect: (Describe or quantify any adverse effects)	Potential revenue loss for the State of Texas and Dallas County Individuals not billed Overstated receivables Assessments and non-monetary credits understated inhibiting accurate receivable analysis.
Recommendation: (Describe corrective action)	- Flag cases (including adding due dates) in Odyssey with unpaid balances and generate bills on a predetermined basis taking into consideration credits and court orders. - Courts should verify the event "collection-financial" is added to all cases with balances



	due. A secondary verification of all closed cases should occur. • Collection efforts should be initiated on all cases with a balance due or balance reconciled and cleared. • Adjustments to assessments should be made reflecting both good internal control and audit trails maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation. • A request to IT Services to expand the payment type setup to include a credit for inability to pay. The designated credit should be used to reduce the case balance when there is a valid affidavit of inability to pay filed in accordance with Rule 145. • Processing of financial transactions should reflect strong 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). • User roles granting rights to process manual overrides, charge reductions, credits, and charge reversals should be limited. User access requirements should correspond to least rights necessary to perform core job functions. • Policy and procedures manual should be developed for billing responsibilities with training reinforced. • Continue to pursue billing functionality within Odyssey to provide for tracking, invoicing, and aging receivables.				
Responsible Department or Organization:	District Clerk Civil/Family				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	George Vent	Date: 1/21/2014
Comments:	From this point forward, we will use recommended credits instead of the Charge Balance Reductions. Collection efforts are initiated on all cases that have a balance due. Our office can run a report that tells us which cases have a balance due. An SOP will be developed once the configuration is corrected to let us bill strictly from Odyssey. Once Odyssey only billing is configured completely, we should be able to drastically reduce billing errors.				
Disposition:	☒ Audit Report ☐ Oral Comment ☐ Deleted From Consideration				



Finding Number: 12.DC.01.11
Date: November 3, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG

Finding:	Time/Attendance A review of time and attendance during fiscal years 2010 thru 2012 revealed: • Labor Day holiday not recorded on the day of the official County holiday. Holiday hours entered on a regular County work day in October with comment code. • One employee used 19.5 and 10.6 hours of approved time off (ATO) while not averaging a 40 hour work week over a floating 12 month period in FY11 and FY12.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 16B1, 16B2, & 16B7
Condition: (Describe the current condition)	Time stamp functionality is used by non-exempt staff and online time entry functionality is used by exempt staff. Annual leave, sick leave, holidays, etc. taken are recorded to the Kronos system by the supervisor based on information available to them. The employee submits request to leave to supervisor for review and approval. Biweekly time sign-off / approval is updated by supervisor in accordance with official direction.
Criteria: (Describe the optimal condition)	Sec. 82-741. - Designated holidays. Each year during the budget process, the county commissioners court reviews and adopt holidays for the employees of the county. Employees of the county will observe the holidays designated by official action of the county commissioners court Sec. 82-742 – Observance. Employees in regular, full-time positions are eligible to receive eight hours of pay for a holiday. Regular, full-time employees working ten-hour shifts must use another form of accrued leave to be paid for the additional two hours. Part-time, temporary, extra help and seasonal employees are not eligible for paid holidays. Holidays will be observed as follows: (1)Holidays that fall on Saturday will be observed on the Friday preceding the holiday; (2)Holidays that fall on Sunday will be observed on the Monday following the holiday; and (3)If an employee's regular day off falls on a holiday, the employee will be given another day off as soon as possible to compensate for the missed holiday. Those accrued holiday hours shall be entered into the county's official time and attendance system. Sec. 82-175. - Supervisory responsibilities (c) Supervisors are responsible for ensuring employee time records are accurate and that no abuses occur. Only supervisors have the authority to correct employee time record errors or omissions. (d) Supervisors are responsible for recording employee vacation and sick time and for entering time for employees who are working outside their department work area.



	(e) Supervisors are responsible for checking daily start times, meal periods, end times, vacation time, sick time, compensatory time and overtime to ensure employees are in compliance with their shift work schedule and the county's overtime policies. Supervisors are responsible for promptly documenting actions warranting discipline and for promptly reporting possible fraud to the county auditor. According to Dallas County Code, Section 82-132, Work schedules: Exempt employees shall report all hours worked and adhere to an established work schedule approved by the elected official/department head. Exempt employees' work schedules <u>shall average a minimum of 40 hours per week</u>, including use of accrued leave time. All time worked shall be recorded in the official time and attendance system. According to Dallas County Code, Section 82-134, Scheduled time off: Periodically, elected officials/department heads may grant administrative time off for exempt employees. Such time off must be approved by the elected official/department head. In order to approve such leave, the elected official/department head must ensure the <u>exempt employee's most current 12-month average weekly work schedule exceeds 40 hours</u>. For exempt employees whose tenure is less than 12 months, their average weekly hours worked shall be determined by the average hours worked over the number of weeks worked for the county. If this criterion is met, the elected official/department head may, at his/her discretion, approve the time off. Under no circumstances will this time be granted on an hour-for-hour basis and the <u>total amount of time granted shall not exceed 15 work days in a 12-month period except by formal approval by the commissioners court</u>.				
Cause: (Describe the cause of the condition if possible)	Inaccurate application of county time and attendance policies				
Effect: (Describe or quantify any adverse effects)	Vacation leave balances not reduced for ineligible use of ATO.				
Recommendation: (Describe corrective action)	All vacation, sick leave, comp time, holiday time, jury duty, and approved time off should be posted to the Kronos time and attendance system in accordance with the Dallas County Code and Commissioners Court orders. Each employee should affirm bi-weekly time paid / leave balances expended through review of pay slip on Employee Self-Service (ESS) application. Historical edits should be completed for use of ATO inconsistent with County policy. Posted time should be verified prior to approval of ATO.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	George Vent	Date: 1/21/2014
Comments:					
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		



Finding Number: 12.DC.01.12
Date: November 3, 2013
Audit: District Clerk Civil/Family
Auditor(s) Assigned: JG

Finding:	Special Review An expanded review of credits, charge reductions, and voided receipts in Odyssey for February 2009 thru July 2013 revealed: DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION Office policy does not require retaining hard copy documentation supporting voids. CASE ASSESSMENTS: <u>Charge / Balance Reductions</u> DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION • <u>Credit Waivers</u> DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION <u>Reverse Charge</u> DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION <u>Test Transaction</u> DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION <u>MISCELLANEOUS CASH PAYMENTS – COPIES</u> DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION ○ <u>Voided Under Other Odyssey User ID's</u> DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION <u>Other</u> DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION ●
Workpaper Reference: (or other method by which finding was identified)	Workpapers 5d & 11A Workpapers 20A, 20B, 20C, 20D, 20E Odyssey Transaction Listing and Receipt Journal reports Special issue folder Queries of District Clerk staff
Condition: (Describe the current condition)	Customers may file an affidavit of inability to pay if they are indigent and do not have the resources to afford costs. The defendant or the clerk may contest an affidavit of inability to pay. If contested, the judge will grant or deny the request. If granted or not contested, the clerks consistently reduce the filing fees on the financial tab using a charge reduction and an affidavit of inability to pay comment is entered on the event tab.



	DETAILS REDACTED DUE TO ONGOING CRIMINAL INVESTIGATION Customers desiring copies of court records are directed to the window of the Records section. Records clerk will give the customer a request for court records form to complete. The customer will complete the form and return to the Records section window. Records clerk will look up the requested information and inform the customer how many copies and the amount that will be due. If the customer agrees, the Records clerks will complete a work order. The customer will be given the work order and directed to go to the Collections section across the hallway to pay for the copies. Upon receiving the work order and payment from the customer, the Collections cashier will receipt the miscellaneous payment in Odyssey. Two Odyssey computer receipts are printed (three for credit card payments). One receipt is for the customer and the other receipt is for the Records section and is attached to the work order. The Collections does not retain Odyssey computer receipts (unless related to credit card transactions). The customer returns to the Records section and provides the paid computer receipt attached to the work order in order to obtain their copies. The Records section clerk will give the copies to the customer. Voided computer receipts are not retained by the District Clerk. No supporting backup is separately maintained and no evidence of second level approval is collected.
Criteria: (Describe the optimal condition)	Best practices for internal controls, segregation of duty and system security regarding receipt control procedures require that: • All monies received should be promptly receipted and deposited properly, and timely in accordance with V.T.C.A., L.G.C. § 113.022. • All receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. • Receipts should not 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. 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. • Employees receipting money should verify that money tendered is accurately receipted prior to providing computer receipts to the customer. The department should hold custodians financially liable for all funds under their control. • Tills should be reconciled and closed, daily. • Passwords should be strictly guarded with access designed for separation of duties. Other controls regarding assessment and adjustment transactions require that: • Formal approval should be required before adjustments are processed to Odyssey. • Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to adjustments, credits, and manual overrides) to ensure that explanation for the change is documented and reasonable. • Assigned duties for payment processing and assessment reductions should be adequately separated (separation of duties for personnel authorized to receipt payments



	and update assessments) so no one user has two or more business processes that could result in compromise of the integrity of the process or allow that person to commit fraud. • Password reset should be immediately requested if business emergency requires any employee “borrow” or use another’s password Written procedures should be established for all the responsibilities of District Clerk’s personnel in order to strengthen the office’s internal control and improve efficiency. (This is especially critical for those responsible for financial activities such as receipting and depositing funds as well as those who assess fees.) These procedures and the employees’ adherence to them in the performance of their work should be periodically reviewed by the appropriate supervisory staff in order to effectively maintain good internal control. In accordance with Dallas County Code, Chapter 74, Section, 1018, Network and Internet/Intranet, sharing of usernames and/or passwords is not permitted.
Cause: (Describe the cause of the condition if possible)	Lack of management oversight and/or training Incomplete controls over the receipting and adjustment process Inadequate segregation of duties Sharing of user system access. Recommended accounting procedures for computer receipts not consistently followed.
Effect: (Describe or quantify any adverse effects)	Prevents potential assertion that monies were paid and refunds due. Misappropriation of funds Loss of County and State funds. Odyssey system does not accurately reflect payments submitted by customers.
Recommendation: (Describe corrective action)	• All receipts should be accounted for, in order to affix responsibility, enhance cash control and prevent potential assertion that monies were paid and refund due. • Corrections should be made such that both strong internal control and audit trails are maintained including compensating controls such as dual sign-off on voids, receipt corrections, supervisory review, testing, and validation. • Computer receipts should not be altered, but properly voided and affixed with a reason for the void. Voids should require supervisory approval which is clearly evidenced. No user should void their own issued receipt with voided receipts reviewed and initialed by a supervisor at the next level up. • All copies of voided receipts should be retained (the latter of Records Retention requirements or audit completion date), clearly marked “void” and affixed with reason for void. • Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. • All payments should be receipted and deposited in accordance with V.T.C.A., L.G.C. § 113.022. • Policy and procedures manual should be developed for cash handling responsibilities and training of current cash handling procedures reinforced. • Processing of financial transactions should reflect proper segregation of duties (e.g. cashier role should be able to add additional charges, but not modify, reduce, or delete assessments).



	• Passwords should be secured and not shared with resets required no less than every 60 days with minimum password lengths/strength in accordance with technology security standards. • Adjustments to assessments should be made that both strong internal control and audit trails are maintained including compensating controls such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation. • User roles granted rights to process manual overrides, charge reductions, credits, and charge reversals should be limited. User access requirements should correspond to least rights necessary to perform core job functions. • 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. Management should evidence their review or approval. A funding source should be identified for all misappropriated funds.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	George Vent	Date: 1/21/2014
Comments:	Charge balance reductions and credit waivers will not be initiated by anyone who handles cash from this point forward. Voids and reversed charges for anyone who handles cash will now be required to get the transaction approved through their supervisor. If a supervisor needs to void or reverse a transaction, then they will need to report this to the Manager. All voids and reversed charges from this point forward will be documented with a hard copy receipt with an explanation written on the receipt as to why the transaction was voided or reversed. We now have in place an Excel spreadsheet to also record all voids and reversed charges. Passwords will not be shared by anyone within the Trust/Accounting/Collections department.				
Disposition:	☒ Audit Report		☐ Oral Comment		☐ Deleted From Consideration



Finding Number: 12.DC.01.13
Date: December 4, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG

Finding:	Trust Investments An annual fiscal year reconciliation of the investment listing provided by the District Clerk Trust section to the Odyssey Investment Summary report and bank confirmations for a sample selection during fiscal years 2010-2012 revealed: <u>FY2010</u> • Twenty-two out of thirty-nine investments per bank confirmations not updated with interest earned on the corresponding Odyssey Invested tab during the year. <i>Response: Monthly statements are <u>not</u> provided by banks for interest earned on certificates of deposit.</i> • One out of thirty-nine investments per bank confirmations with interest earned over recorded (as an 'External Investment' on December 31, 2009) to the corresponding Odyssey Invested tab (for period ending August 31, 2010). • One out of thirty-nine investments per bank confirmations with investment amount on Odyssey Invested tab not matching initial confirmed amount. <i>Status: District Clerk recorded \$441.55 entry as 'Bank Charge' on 4/14/2011 to adjust.</i> • Instances of 'Interest' earned incorrectly recorded as an 'External Investment' on Odyssey Invested tab. • Variances between listing provided by District Clerk and Odyssey Investment Summary report (amounts are duplicated on District Clerk listing when bank change occurs) • One \$161,000 cash bond recorded on two different Uninvested party tabs. <i>Status: District Clerk corrected November 19, 2010 after advised by Internal Audit.</i> <u>FY2011</u> • Thirty-two out of thirty-nine investments per bank confirmations not updated with interest earned on the corresponding Odyssey Invested tab during the year. • <i>Response: Monthly statements are <u>not</u> provided by banks for interest earned on certificates of deposit.</i> • One out of thirty-nine investments per bank confirmations with interest earned over recorded to the corresponding Odyssey Invested tab for period ending August 31, 2011. • Instances of 'Interest' earned incorrectly recorded as an 'External Investment' on Odyssey Invested tab. • \$23,468,638.65 'External Investment' entry error recorded to Odyssey Invested tab in September 2011. <i>Status: Corrected November 2011.</i> <u>FY2012</u>
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	• Thirty-five out of forty-two investments per bank confirmations not updated with interest earned on the corresponding Odyssey Invested tab during the year. Response: <i>Monthly statements are <u>not</u> provided by banks for interest earned on certificates of deposit.</i> • One Invested tab on Odyssey with the full \$1,874.69 bank account balance incorrectly entered twice as 'Interest' earned. Status: <i>One entry reversed September 2012 and one entry reversed December 2012.</i> • \$73,100.89 incorrectly recorded as 'Interest' earned on one case party because \$72,956.18 investment amount listed under the wrong case party in August 2012. Status: <i>Corrected October and December 2012.</i> • One Invested tab on Odyssey with the full \$400.29 bank account balances incorrectly entered as 'Interest' earned in September 2012. Status: <i>Corrected October 2012.</i> • Instances of 'Interest' earned incorrectly recorded as an 'External Investment' on Odyssey Invested tab. • \$2,831.50 listed in error as a separate investment on the Invested tab after being combined in 2010 with a larger TexPool investment. Status: <i>Corrected December 2012 after advised by Internal Audit.</i> A review of 15 randomly selected court orders received by the Trust & Accounting during Fiscal Years 2010-2012 revealed: • One case with funds in the Registry that should have been invested per the court order. Response: <i>Tax payer identification number was <u>not</u> provided.</i> A review of 20 randomly selected balances from the Odyssey Un-Invested Funds report revealed: • One case with funds in the Registry that should have been released per the court order. Status: <i>Check issued in October 2011, but disbursement <u>not</u> posted to Odyssey.</i> • One case with funds in the Registry that should have been invested per the court order. Response: <i>Tax payer identification number was <u>not</u> provided.</i> \$294,832.05 withdrawn from TexPool in July 2010 not re-invested with TexPool until March 2013.
Workpaper Reference: (or other method by which finding was identified)	Workpapers 12 – District Clerk trust investments Files – Annual review of trust investments for CAFR - FY2010, FY2011, and FY2012 FY2010, FY2011 and FY2012 bank confirmations Odyssey Investment Summary reports KPMG – audit FY2010 and FY2011
Condition: (Describe the current condition)	Payments made into the registry of the court consist of: funds of minors or incapacitated persons, funds tendered in an interpleader action, funds paid in satisfaction of a judgment, cash bonds, and any other funds tendered to the clerk for deposit into the registry of the court. Registry activity is recorded to a separate financial grouping on Odyssey. Disbursements from the registry are only processed under an order of the court of proper jurisdiction. The court clerk sends the case jacket and order of the court to the Trust &



	Accounting section to initiate processing a disbursement. Trust & Accounting section includes the required disbursement information on the Fund 504 pre-disbursement file initiating the electronic approvals and check printing process. Trust & Accounting will scan the orders and other supporting documentation and email to the Internal Audit section as support for approval. The County Treasurer's office sends a confirmation file to the department for final approval prior to printing the checks. Once the file is approved, checks are generated through Oracle to the approved payee. Trust & Accounting will receive a final disbursement file from the County Treasurer for manual posting of the disbursed checks to the appropriate cases in Odyssey decreasing the corresponding case party's un-invested section and adding the investment information under the Odyssey 'Invested' tab. Unless a court order specifies where/how the funds are to be invested, the District Clerk Trust section will make the investment determination in accordance with statutory guidelines. Registry funds are invested in interest bearing accounts through various financial institutions or TexPool (see V.T.C.A., L.G.C. Chapter 117, Property Code Chapter 142, Education Code Chapter 54, and Government Code section 2256.016-2256.019) if a taxpayer identification number is provided. Trust fund checks are issued to financial institutions on behalf of the individual or business and invested. Interest is not consistently recorded to Odyssey unless the Trust section receives a bank statement from the financial institution indicating interest earned. At the end of each fiscal year, a comparison of the investment listing report provided by the Trust section and the Odyssey Investment Summary report is prepared. The Trust section sorts the file and deletes zero cases before providing the file to Internal Audit. Bank confirmations are sent to financial institutions from a selected sample for verification of the account balances. The Trust department is sent information of discrepancies found between the reports and/or confirmations. District Clerk's office does not reconcile Trust Fund activity to the general ledger or to the Fund 504 Trust/Registry bank account. The District Clerk's office relies on the County Treasurer for bank reconciliations. No standard procedures are established to conduct an annual review of invested or uninvested balances and resolve as appropriate.
Criteria: (Describe the optimal condition)	Best practices for internal controls and reporting regarding trust investment funds control procedures require that: • Investments are made in accordance with statutory guidelines and court orders at best available yields with funds fully insured using checklists or reconciliation forms. • All trust fund checks should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information as referenced on order of court of jurisdiction. • All trust fund disbursements and cancellations should be timely and accurately posted to the Odyssey case management system. • Invested and uninvested balances should be reviewed on a periodic basis to safeguard funds and improve reporting accuracy affirming interest with official records of banking institution. • Assigned cash handling duties (including investment responsibilities) are separated for



manual and Odyssey courts management system functions.

- Fund balances and subsidiary ledgers must be reconciled against control records (GL and bank statements) to safeguard funds and improve reporting accuracy.
- Supervisory verification of all cash transactions (receipts or disbursements) should be evidenced on subsidiary reconciliations.

In accordance with V.T.C.A., L.G.C., Sec. 117.121. DISBURSEMENT OF FUNDS.

(a) Money may be paid from the registry fund only on checks or drafts signed by a clerk on the written order of the court with proper jurisdiction, except that the clerk may make a payment without court order for unpaid court costs from a cash bond deposited in connection with an appeal after the appellate court issues its mandate in the appeal if the costs remain unpaid for 45 days after the mandate is issued.

(b) All checks or drafts issued for the disbursement of the registry fund must be submitted to the county auditor for the auditor's countersignature before delivery or payment. The county auditor may countersign the checks only on written evidence of the order of the judge of the court in which the funds have been deposited, authorizing the disbursement of the funds.

(c) Notwithstanding Subsections (a) and (b), a disbursement under an order of a court in which registry funds have been deposited may be made by electronic transfer if:

(1) the designated recipient of the money submits to a clerk a written request for the transfer;

(2) the clerk gives written approval for the transfer; and

(3) a county auditor countersigns the approval.

(d) A clerk may charge a reasonable fee, subject to the approval of the recipient of the money, for an electronic transfer of a disbursement from a registry fund.

In accordance with V.T.C.A., L.G.C., Sec. 117.122. INTEREST. (a) The interest derived from money on deposit in the registry fund shall be paid as earned as follows:

(1) a sum equal to 10 percent of the interest shall be paid into the general fund of the county to reimburse the county for the expenses of maintaining the registry fund; and

(2) the remaining 90 percent of the interest shall be credited to the registry fund.

(b) For each withdrawal, a clerk shall pay out the original amount deposited in the registry of the court and 90 percent of the interest earned on that amount at the time and in the manner directed by the court with proper jurisdiction.

In accordance with V.T.C.A., L.G.C., § 117.125. TRANSFER OF MONEY. (a) In the absence of a contrary order from a court having jurisdiction over the registry fund, a clerk may transfer money deposited in the fund into a separate account.

(b) A clerk shall transfer all money deposited in a registry fund under Section 887, Texas Probate Code, into a separate account.

(c) Money transferred into a separate account under this section must be:

(1) transferred into an account authorized for investment under Chapter 2256, Government Code, by a local government or investment pool; and

(2) invested according to the investment officer designated under Section 2256.005, Government Code, by the investing entity of which the county is a member.



- (d) A transfer of money into a separate account under this section is exempt from the requirements prescribed by Section 117.121 for disbursements from registry funds.
- (e) An investment of money transferred from a registry fund under this section is subject to the limitations, policies, and standards of care provided by Chapter 2256, Government Code.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
- (4) include:

(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds;

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and

(F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

- (1) understanding of the suitability of the investment to the financial requirements of the entity;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of the investment if the need arises to liquidate the investment before maturity;
- (5) diversification of the investment portfolio; and
- (6) yield.

(e) The governing body of an investing entity shall review its investment policy and



investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

In accordance with V.T.C.A., § 2256.016. **AUTHORIZED INVESTMENTS: INVESTMENT POOLS.** (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

- (1) the types of investments in which money is allowed to be invested;
- (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
- (3) the maximum stated maturity date any investment security within the portfolio has;
- (4) the objectives of the pool;
- (5) the size of the pool;
- (6) the names of the members of the advisory board of the pool and the dates their terms expire;
- (7) the custodian bank that will safekeep the pool's assets;
- (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk



of market price fluctuation;

(9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;

(10) the name and address of the independent auditor of the pool;

(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

In accordance with Property Code, § 142.004. INVESTMENT OF FUNDS. (a) In a suit in which a minor or incapacitated person who has no legal guardian is represented by a next friend or an appointed guardian ad litem, any money recovered by the plaintiff, if not otherwise managed under this chapter, may be invested:

(1) by the next friend or guardian ad litem in:

(A) the Texas tomorrow fund established by Subchapter F, Chapter 54, Education Code; or

(B) interest-bearing time deposits in a financial institution doing business in this state and insured by the Federal Deposit Insurance Corporation; or

(2) by the clerk of the court, on written order of the court of proper jurisdiction, in:

(A) the Texas tomorrow fund established by Subchapter F, Chapter 54, Education Code;

(B) interest-bearing deposits in a financial institution doing business in this state and insured by the Federal Deposit Insurance Corporation;

(C) United States treasury bills;

(D) an eligible interlocal investment pool that meets the requirements of Sections 2256.016, 2256.017, and 2256.019, Government Code; or

(E) a no-load money market mutual fund, if the fund:

(i) is regulated by the Securities and Exchange Commission;

(ii) has a dollar weighted average stated maturity of 90 days or fewer; and

(iii) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share

(b) If the money invested under this section may not be withdrawn from the financial institution without an order of the court, a next friend or guardian ad litem who makes the investment is not required to execute a bond with respect to the money.

(c) When money invested under this section is withdrawn, the court may:

(1) on a finding that the person entitled to receive the money is no longer under the disability, order the funds turned over to the person; or

(2) order management of the funds under another provision of this chapter.

(d) Interest earned on an account invested by the clerk of the court shall be paid in the same manner as interest earned on an account under Chapter 117, Local Government Code.



	(e) If money is invested under Subsection (a)(2)(E), the court may waive any bonding requirement.				
Cause: (Describe the cause of the condition if possible)	Inconsistent receipt of statements from financial institutions Clerical error Incomplete management review Lack of taxpayer identification number/Uninvested funds				
Effect: (Describe or quantify any adverse effects)	Financial records/investment balances are not accurately stated. Funds not invested in accordance with court order. Limited reconciliation: • Undetected posting errors resulting in potential for overpayment or duplicate payment and unrecoverable losses. • Additional staff time to research and correct posting errors.				
Recommendation: (Describe corrective action)	• All investment activity posted accurately and timely to the Odyssey case management system to maintain accurate investment balances reconciling to reports of financial institutions. • Investments made in accordance with V.T.C.A., L.G.C., § 117, Property Code § 142, Education Code 54, and Government Code 2256 and orders of the court with investment practices reflecting maximum security as well as maximum earnings. • Verification of available funds (including interest earned and allowable unpaid court costs) prior to processing disbursement/investment requests. • Supervisor review of Registry/Trust Fund deposit, disbursements, and investment activity including tests for compliance, accuracy and banking confirmation. A management plan including annual verification of all investment bank balances and uninvested funds should be developed and implemented.				
Responsible Department or Organization:	District Clerk Trust & Accounting				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	George Vent	Date: 1/21/2014



Comments:	We now only use 'Interest' earned when we receive an updated statement instead of external investment to record strictly interest. In reference to amounts duplicated on District Clerk listing when bank change occurs, we will get with IT to see if this issue can be fixed. Bank Statements are always immediately recorded in Odyssey when they are received from the financial institution. However, bank statements for CD's may only occur once during the time the funds were invested. This is usually done once the CD matures. This is what causes the difference in balances between Audit bank confirmations and Odyssey balances. A bank would have to send us a statement every month to have comparable balances between Odyssey and Audit bank confirmations and this will not always occur. The Trust Department always shops the highest interest rate we can get when it comes to investing funds and these funds are always 100% FDIC insured.		
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration



Finding Number: 12.DC.01.14
Date: December 17, 2013
Audit: District Clerk Civil/Family Review
Auditor(s) Assigned: JG/TM

Finding:**Case Index Reports**

A review of the systemic sequential assignment of cases within the Odyssey case management system and Odyssey Case Index reports for FY2010 through FY2012 revealed:

Multiple Odyssey user roles (clerks and supervisor positions) including DCLRK CASHIER with rights to:

- Modify case file dates
- Override system assigned judge assignments
- Override system generated case numbers

Civil – ‘DC’

- Twelve missing FY2010 ‘DC’ case numbers
Status: List maintained by File Desk Supervisor contained complete, incomplete, or no explanation for missing numbers. One response indicates case was entered twice with a case 25 sequence numbers later retained rather than the originally filed number.
- Five missing FY2011 ‘DC’ case numbers
Status: List maintained by File Desk Supervisor contained incomplete explanations or no reasons noted for missing numbers.
- Two missing FY2012 ‘DC’ case numbers
Status: List maintained by File Desk Supervisor indicates one case filed twice (no reference to the other case number) due to Texas.gov and one case without a reason noted for the missing number.
- Instances of ‘DC’ Odyssey ‘Filed’ dates back-dated without explanation, secondary approval, or support.
- One case number assigned with a ‘Filed’ date approximately seven weeks after the sequence was initiated.
- One FY2010 ‘DC’ case number without standardized format of separating dash (-) between ‘DC’ and year.
- One FY2010 ‘DC’ ‘Filed’ date entered as 1/21/2009 rather than 1/21/2010.

Tax – ‘TX’

- One missing FY2010 ‘TX’ case number
Status: List maintained by File Desk Supervisor without a reason noted for the missing number.
- Forty-five missing FY2011 ‘TX’ Land Bank case numbers
Status: List maintained by File Desk Supervisor does not reference the missing numbers.
- Thirty ‘TX’ case numbers without standardized format of a separating dash (-) between ‘TX’ and year.
- One ‘TX’ case number without standardized format of a separating dash (-) between



	year and sequence. • Twenty-five FY2011 'TX' 'Filed' dates entered as 4/29/2010 rather than 4/29/2011. • One duplicated FY2010 'TX' case number without party information. <i>Status: Case status marked 'Closed'.</i> Family – 'DF' • Eleven missing FY2010 'DF' case numbers <i>Status: List maintained by File Desk Supervisor contained complete, incomplete, or no explanations noted for case missing numbers. Two responses indicate "case was used for testing". Three responses reference duplicate case filings, however, the latter case numbers were retained with the originally assigned case number deleted.</i> • Four missing FY2011 'DF' case numbers <i>Status: List maintained by File Desk Supervisor contained complete, incomplete, or no explanations noted for case missing numbers.</i> • One missing FY2012 'DF' case number <i>Status: List maintained by File Desk Supervisor indicates "DA told clerk that it was a new case"</i> • Instances of 'DF' Odyssey 'Filed' dates back-dated. • One duplicated 'DF' FY2010 case number <i>Status: Attorney General filed case status was marked 'Closed' without events recorded.</i> Department's response to the Internal Control Questionnaire (ICQ) indicates case numbers are reused.
Workpaper Reference: (or other method by which finding was identified)	Workpaper 16A review of FY2010 thru FY2012 Odyssey Case Index reports Odyssey case management system File Desk Supervisor electronic log of voided cases Production Query of roles/right dated 1/28/2013 Responses to Internal Control Questionnaire
Condition: (Describe the current condition)	System parameters include random case assignments including tax cases. System processing controls include algorithms for random court assignment. Exceptions/manual overrides are allowed for downtime or end of the month/year processing (e.g. file stamped on September 30th but not entered to Odyssey until October). Supervisor approval not required for overrides. While the File Desk Supervisor maintains a log of most voided cases, unexplained anomalies occur and may go undetected without ongoing department reviews due to various system rights granted to multiple users. While delinquent tax cases are randomly assigned to courts, the cases are heard by the designated judge for the tax court.
Criteria: (Describe the optimal condition)	Local Rules of the Civil and Family courts of Dallas County require: • All Civil cases are filed in random order (Rule 1.01) • All Family cases are docketed numerically in order of filing and assigned in random order (Rule 1.01). Design of system processing controls established with algorithms for random court assignment and proper system configuration to assign case numbers sequentially; security



	restrictions to prevent unauthorized skips in sequence and case deletions; and complete audit trails of all changes and manual case assignments. Consistent project management and testing by user department and IT Services must be devoted to timely resolution of issues in the Production Environment. Best practices for internal control include adequate segregation of duties for override of system judicial assignments so no one user has two or more business processes that could result in compromise of the integrity of the process. Automated systems include a review of access controls against an authorization matrix that defines "least privilege" access levels and authority for an individual's role to their job function / responsibilities.				
Cause: (Describe the cause of the condition if possible)	Incomplete system security access matrix. Incomplete monitoring of case deletions and incomplete / undocumented reasons for deletions. Missing dashes/duplicate case numbers – data entry error				
Effect: (Describe or quantify any adverse effects)	Unused and duplicate case numbers. Potential for non-compliance with Local Rules. Cases may be improperly deleted. Users with more rights than needed. Potential for forum shopping. Inability to determine appropriateness of case deletions.				
Recommendation: (Describe corrective action)	• All case numbers should be timely, accurately, and sequentially assigned based on random court assignment. • Supervisory personnel should test for accurate, proper, and complete assignment of case numbers based on Local Rules and established departmental procedures. • All case numbers should be accounted for, with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence, and timely documented. • Management should submit written authorization to IT Services to correct improperly configured case numbers. • All rights and roles should be periodically reviewed to ensure users have only the rights necessary to perform their core job functions.				
Responsible Department or Organization:	District Clerk				
Management's Response:	☒ Agree	☐ Disagree	Respondent:	Maria Sanchez	Date: 2/26/2014
Comments:					
Disposition:	☒ Audit Report	☐ Oral Comment	☐ Deleted From Consideration		