



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Felicia Pitre
District Clerk

From: Darryl D. Thomas
County Auditor

A handwritten signature in blue ink, appearing to read "Darryl D. Thomas", is written over the printed name.

Subject: District Clerk Juvenile Section - Review for Fiscal Year 2014

Date: Issued: January 6, 2017
Released: February 23, 2017

A review was performed in accordance with statutory guidelines on the financial records, reports, and internal controls of the District Clerk Juvenile section for fiscal year 2014 during the term of the Honorable Gary Fitzsimmons with cash control procedures walkthrough completed in 2015.

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 Mainframe and JCMS system.

A partial list of the review tests include:

- Performed unannounced cash counts
- Evaluated cash control procedures
- 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 voids and write-offs
- Examined special fund disbursements to determine if sufficient funds were collected, proper payees paid, and if posting to JCMS had occurred
- Submitted Internal Control Questionnaire (ICQ) and evaluated responses
- Reviewed time and attendance records for compliance with County policies
- Examined Mainframe case activity reports
- Reviewed non-sufficient fund (NSF) activity

FINDINGS

Cash Management

Financial Set-Up/System Controls – Responses to the ICQ and inquiries of District Clerk Juvenile staff revealed: the Mainframe system allows the File Desk clerk and other authorized persons the ability to backdate charges up to seven (7) days; Mainframe (MF)/JCMS user rights and roles do not prevent cashiers from voiding system generated receipts; inadequate separation of duties: employees assigned to collection and billing responsibilities are also responsible for receipting payments, assessing charges, and modifying charges; and an event is recorded to the Mainframe system when a customer is determined indigent; however, credits are not recorded against assessments due to limited system functionality.

Receipts- Manual/Computer – Review of manual receipts and manual receipts procedures revealed: instances of voided receipts without the reason for the void noted; manual receipt numbers not entered into the MF/JCMS systems as a reference comment once a computer receipt is issued; four manual receipts with computer receipt issuance delayed from four (4) to 15 business days after manual receipt issuance; and, manual receipts written for social study fees are deposited without computer receipt issuance and are not posted to the MF/JCMS system.

***Response:** The cashier is to verify entries on a daily basis. If an error is detected, it must be reported to the manager to void the payment and re-enter before the close of the business day. This will ensure receipts are correctly entered in order to balance to the Transaction Report by the close of business.*

Review of Mainframe and JCMS computer receipts and deposit/closeout procedures including a sample review of 90 Mainframe and 330 JCMS voided receipts revealed: instances of voided receipts without the reason for the void noted; four (4.44%) voided Mainframe computer receipts are missing from the daily receipts and could not be reviewed; and, eight (8.89%) voided Mainframe computer receipts with replacement receipts issued more than three days after the original date of the voided computer receipt.

Responses to the ICQ, inquiry of District Clerk Juvenile staff and completion of an internal control walkthrough revealed: funds for manual receipts written by the Letot staff for payments received at that facility are not timely transferred to the District Clerk Juvenile section for deposit; only verbal approval is required to post voids/reversals in the Mainframe system; and, access to the safe containing the daily receipts is not under dual control.

***Response:** We have implemented a procedure to monitor the Letot payments being sent by a representative from the Letot Department to be posted. We receive a report listing the PID number and amount paid along with the payment method. We will verify, file mark, initial and enter the payments. We will give the original report and receipt to the representative. We will make a copy for our folder for future reference.*

Assessments – A sample review of initial filing fees/other county charges, write offs/transfers and error/re-entry reports revealed: \$56 clerk fee assessed on adoption cases rather than \$50; six instances of Mainframe correction made more than 30 days after original entry; and, one instance where the incorrect fee code assessment was not corrected.

Numerous issues with missing assessments, duplicated assessments, and inaccurate/incomplete drag report revenue recognition starting January 2014 with e-Filing and continuing through October 2015.

***Response:** The collections department was informed since the audit that a comment must be entered in Techshare and also on the printed receipt. A spot check is completed from the Transaction Report to see if a comment has been entered.*

Central Adoption Registry - \$15 fee authorized under Family Code Sec. 108.006(b) on the filing of a suit requesting the adoption of a child is assessed and collected. However, the fee is not remitted to the Department of State Health Services. Approximately 14,020 payments received totaling \$210,300 collected without evidence of remitting from 1991 forward.

E-Filing – E-filing began January 1, 2014 with numerous delays in posting credit card payments to the Mainframe system noted. A sample review of e-filing transaction payment files during fiscal year 2014 revealed: 44.4% of daily -filings deposited to the Treasurer's office five or more business days from the date of e-file submission; and, 61.1% of daily e-filings receipted to the Mainframe three or more business days after the E-file submission date.

A sample review of four e-filed cases without payment of filing fees revealed: two e-filed cases with fees waived did not have notation of an *Affidavit of Inability to Pay* on the Mainframe system.

A sample review of eighteen e-filed payment transactions during fiscal year 2014 revealed: seventeen (94.4%) e-filed payment transactions receipted to the Mainframe three or more business days after the e-file submission date.

Other/Miscellaneous

Time and Attendance – Review of time and attendance records revealed: full-time regular employees take 50 minutes for lunch with no breaks (County Code Sec. 82-32 (c) states in part that ‘Lunch periods are in addition to the regular eight-hour work period and shall not be combined with breaks’). Lunch defaults to 30 minutes on the KRONOS time and attendance system based on employee’s scheduled hours.

RECOMMENDATIONS

Cash Management

Financial Set-Up/System Controls – 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. Limit voids and reversal rights to supervisor and manager once written documentation providing details for the void or reversal has been reviewed and approved. Consider eliminating the backdating capability to ensure that financial reports and accounting records are more accurately reported.

Receipting/Depositing – All monies received should be promptly receipted and deposited consistent with state law, Local Government Code, § 113.022. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. The supervisor should periodically scan manual receipt books and computer receipts issued for proper usage. Receipts should never be altered, but properly voided. No user should void their own issued receipt without being reviewed/initialed by a supervisor at the next level up. All copies of a void receipt should be retained clearly marked “void” and affixed with a reason for the void. A dual control process (more than one staff member to open) over opening the safe should be considered.

Assessments – Monitor assessment, collection, and prorating of court costs, fines, and fees in compliance with applicable state laws or Commissioners Court orders and applicable fee schedules based on the file date. Assigned duties for handling financial transactions including: creating assessments, receipting payments, and adjusting or writing-off assessments should reflect a proper segregation of duties. Supervisory personnel should periodically review exception reports and transaction logs (especially with respect to credits and write-offs) to ensure that explanation for the change is documented and reasonable.

The impact of creating new fees should be evaluated in a ‘test’ environment prior to implementing changes in ‘production’. Complete end-to-end user testing should occur prior to sign-off and ‘production’ changes.

Central Adoption Registry - \$15 fee authorized under Family Code Sec. 108.006(b) should be remitted to the Department of State Health Services as required by Family Code Sec. 108.006(c).

E-Filing – The eFileTexas.gov inbox should be reviewed daily to accept or reject submitted filings. All e-filing submissions should be promptly receipted and deposited timely in accordance with Local Government Code, § 113.022. E-filing tills should reconciled against eFileTexas.gov daily reports, closed, and added to the appropriate deposit daily with a separate deposit form 98 submitted to the County Treasurer. Policy and procedures manual should be developed for e-file handling responsibilities and current procedures reinforced. Detailed procedures ensure that e-file revenues should be matched in the proper accounting period and balanced timely.

Other/Miscellaneous

Time and Attendance – Actual hours worked, meal periods, vacation time, sick time, holiday time, jury duty, compensatory time, overtime, ATO, etc. should be properly and timely posted to the Kronos time attendance system in accordance with Dallas County Code and Commissioners Court orders.

CURRENT FINDINGS AND RECOMMENDATIONS

Findings template numbered 14.DC.01.01 thru 14.DC.01.07 are on file. Management responses are incorporated within the templates.

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.

Priority areas of risk which need to be addressed include: proper system controls and roles/rights within the Odyssey courts system (mainframe discontinued September 2016); adequate separation of assigned duties for personnel handling financial transactions; complete end-to-end user testing prior to sign-off and 'production' changes; remittance of central adoption registry fees to the Department of State Health Services; and, prompt receipt and deposit of e-filing submissions.

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 improve internal control and compliance with Dallas County policies and procedures.

Cc: Darryl Martin, Commissioners Court Administrator