



# AUDIT REPORT

DALLAS COUNTY

DISTRICT CLERK REGISTRY TRUST - FY2017

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Dallas County Auditor

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# DISTRICT CLERK REGISTRY TRUST - FY2017

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



**DALLAS COUNTY**  
COUNTY AUDITOR

**MANAGEMENT LETTER**

Honorable Felicia Pitre  
District Clerk  
Dallas, Texas

Attached is the County Auditor's final report entitled "**District Clerk Registry Trust - FY2017**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in cursive script that reads "Darryl D. Thomas".

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

Review of District Clerk Registry Trust indicates weaknesses in the control environment that could potentially result in loss of funds.

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### **Summary of Significant Observations**

- Inaccurate reporting of 1099-INT to beneficiaries and the IRS
- Delays in posting bond receipts, disbursements and cancellations to Odyssey

### **Repeat observations from Previous Audits:**

- Disbursements were not posted to corresponding cases timely
- Cancelled checks not consistently voided in AIS

## **INTRODUCTION**

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2016 through September 30, 2017.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

## DETAILS

### **Fund 504 Odyssey Posting Errors and Outstanding Checks**

A review of all District Clerk Registry and Trust Fund 504 disbursements revealed several errors in posting to Odyssey. Errors include: disbursements posted into Odyssey in a different year than when issued, including one disbursement from 2012 totaling \$1,500; disbursements posted after three business days with some exceeding 150 days; disbursements not recorded in Odyssey; incorrect amounts posted to Odyssey; checks issued but not posted into Odyssey; checks that have been outstanding in excess of 6 months without any resolution and instances of stale dated checks not properly voided in Odyssey.

#### **Recommendation**

##### **Fund 504 Odyssey Posting Errors and Outstanding Checks**

- Supervisors should generate a daily Odyssey Transaction Listing report for disbursements and void disbursements and compare the report to the disbursement file received from Accounts Payable and the Treasurer's stale dated check listing/cancellations to confirm all checks and cancelled checks have been posted in the correct amounts and to the correct cases.

#### **Management Action Plan**

Our office will implement this Recommendation.

### **Inaccurate Odyssey Interest and Investment Postings**

Investments and interest amounts are not posted accurately and timely to the Odyssey courts system.

#### **Recommendation**

##### **Inaccurate Odyssey Interest and Investment Postings**

- Investment balances should be reviewed on a periodic basis to safeguard funds and improve reporting accuracy
- Department should periodically reconcile interest amounts earned in Odyssey to official records of banking institutions instead of adding interest just prior to the disposition of a case.

#### **Management Action Plan**

Our office will try to view balances on a more often basis. The issue with this is that we update the system when we get a statement from the bank which for CD's, is maybe once or twice a year. Odyssey would have to be integrated with the banks own software to keep an up to the minute balance of interest earned. This obviously is not going to happen. There will always be timing issues regarding what Odysseys' balance says and what the actual bank balance is at a single point in time. The official bank statement is all we have to go off of when imputing interest in Odyssey.

### **Felony Cash Bond incorrectly posted to Odyssey.**

A review of felony cash bond receipts revealed delays in posting, data entry errors, and unrecorded receipts within the Odyssey courts system.

#### **Recommendation**

##### **Felony Cash Bond incorrectly posted to Odyssey.**

- Develop a process to improve the tracking, recording, and reporting of felony cash bond activity within the Odyssey courts system.
- Reconcile the Daily AIS Bond Report to the Odyssey Registry and Trust Journal to ensure all receipts have been accurately posted.

#### **Management Action Plan**

Our office will look for ways to implement a process to improve tracking, recording and reporting felony cash bond activity. Would welcome a suggestion from the Auditor's Office.

Our office does not run a daily AIS bond report due to other priorities but will implement a reconciliation of the process when we run the report on a weekly basis.

### **Interest on Odyssey does not reflect Form 1099-INT**

Interest on Odyssey does not reflect the interest reported on Form 1099-INT due in part to interest amounts not recorded to Odyssey and deduction of the admin fee prior to reporting 1099-INT amounts.

#### **Recommendation**

##### **Accurately Reporting Form 1099-INT**

Interest earned should be accurately and timely recorded to Odyssey and accurately reported to the IRS in the correct calendar year on Form 1099-INT.

#### **Management Action Plan**

Interest on TexPool 1099's is accurately reported to the IRS because the interest is calculated from a report that comes directly from TexPool. We minus 10% from the Interest earned on the 1099INT form because this is an administrative fee that we receive. This process is done correctly because we are using the data straight from the TexPool report. The 1099 INT's are correct but Odyssey entry will sometimes be different because of timing issues. Entering interest in Odyssey from the 12/31/0000 can be accomplished however from an after the fact standpoint.

cc: Darryl Martin, Commissioners Court Administrator