



AUDIT REPORT

DALLAS COUNTY

DISTRICT CLERK CRIMINAL / BOND FORFEITURE - FY 2021 AND FY 2022

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District Clerk Criminal / Bond Forfeiture - FY 2021 and FY 2022

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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 Criminal / Bond Forfeiture - FY 2021 and FY 2022**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

In 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,

Wessen B. Stefanos

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First Assistant County Auditor

EXECUTIVE SUMMARY

A review of District Clerk Criminal for fiscal years 2021 and 2022 revealed the significant observations listed below:

Summary of Significant Observations

- None identified

Repeat Observations from Previous Audits:

- **Special Fund (SF) Disbursements:** SF disbursements were posted with incorrect check information.
- **Special Fund (SF) Disbursements:** Delays in posting SF disbursements.
- **F and FR Schedules:** Fee assessment errors on various schedules.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

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, 2020 through September 30, 2022.

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

Computer Receipts and Closeout/Deposit

All monies received should be promptly receipted and deposited consistent with Local Government Code (LGC) § 113.022.

Standard internal control procedures require that all voids should be reviewed daily by supervisory personnel at least one level above the employee that voided the payment. Receipts should be properly voided with a reason for the void recorded to the computer system and all copies are retained. Additionally, dual control processes (more than one staff member) should be utilized when opening the vault or safe.

A review of 34,227 mainframe computer receipts, including 44 receipts voided during fiscal years 2021 and 2022, revealed:

- The department did not retain all original copies of nine voided receipts.
- Four voided computer receipts were unable to be located.

A comparison of computer receipt dates to deposit dates during fiscal years 2021 and 2022 revealed:

- Two cash deposits totaling \$1,136 and eight check deposits totaling \$29,244.39 were processed more than five business days after the initial computer receipt dates.

A review of the department's responses to the Internal Control Questionnaire (ICQ) and a walkthrough of the processes revealed:

- Payments received by mail, lockbox, and safe are not under dual control.

Incomplete controls related to the receipting process and to accessing the safe may increase the risk of misappropriation. Additionally, inconsistent management oversight over depositing procedures has resulted in delayed revenue recognition.

Recommendation

Computer Receipts and Closeout/Deposit

Management should:

- Retain all receipts, including voided receipts, until the latter of the Records Retention period or audit completion date.
- Review all voided transactions.



- Ensure all deposits are made daily.
- Implement dual control processes (more than one staff member) when opening the vault or safe.

Management Action Plan

- The recommendations for this section have been reviewed with the cashier clerks and changes have been made to rectify issues. Process changes to the computer receipts voids were implemented per the recommendation of the Auditor previously. A void log was created where the supervisor/manager signs off on every void with reason for the void. All logs and voids are kept for review and signed by the cashier. Currently we do not have dual control processes for the safe or drop box. The safe and drop box combinations are only given to 2 other management members, the location of the safe is very constricted and not easily accessible for 2 people. The lockbox envelopes are opened by management (to look for cash payments) in the view of a clerk that does not cashier funds before being logged and given to cashier clerk to receipt. The dual control option will be reviewed when staffing allows for this as of now the District Clerks Office does not have a Collections/Cashier Manager.

Auditor's Response

- None

Fee Assessments- Felony (F) Schedule

Per standard practice, court costs, fines, and fees should be assessed in compliance with applicable state laws, judge's orders, Commissioner's Court Orders, Attorney General Opinions, and Court Orders.

Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate.

A sample review of 98 cases out of 24,517 from the ACL extract of assessments created during fiscal years 2021 and 2022 using the felony schedule revealed:

- 13 cases were assessed using the felony fee schedule instead of the felony reduced fee schedule.
- 40 felony cases were not assessed the Technology fee (FC 56) for \$4 in error.
- Three cases were assessed the State Jury fee (fee code 99) for \$4 in error.
- One case was not assessed the Child Abuse Prevention Fund (FC 09) for \$100 in error.
- One case was assessed the incorrect fee amounts using an old felony fee schedule.

Lack of management oversight, clerical error, and system limitations resulted in inaccurate or incomplete fee assessments and potential revenue loss for Dallas County.



Recommendation

Fee Assessment F-Schedule

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the Treasurer's Office for inclusion in the next State Quarterly Report.

Management Action Plan

- In review of this area, the department agrees that Court Costs, fines, and fees should be assessed in compliance with applicable state laws, judge's orders, Commissioners Court orders, Attorney General Opinions, and Court Orders per the Auditors Office. The 53 cases referenced in this area with issues will be reviewed for corrections. At this time, with the lack of access to the Forvus system DC Criminal leadership was not able to complete a deep dive into most of the issues identified by the audit team. We will make it a point to work with the IT team and review what we can as well as make agreed adjustments.

Auditor's Response

- None

Fee Assessment- Felony Reduced (FR) Schedule

Per standard practice, court costs, fines, and fees should be assessed in compliance with applicable state laws, judge's orders, Commissioner's Court Orders, Attorney General Opinions, and Court Orders.

Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate.

A sample review of 109 cases out of 3,756 cases from the ACL extract of assessments created during fiscal years 2021 and 2022 using the felony reduced schedule revealed:

- Two felony reduced cases were assessed fee code 99 State Jury for \$4 in error.
- Six felony reduced case fees were duplicated in the criminal mainframe system, including two cases converted to Odyssey using the felony fee schedule instead of the felony reduced fee schedule.

Status: As of May 2023, District Clerk Criminal transitioned to the Odyssey Case Management System. The duplicate felony reduced cases fees were eliminated during conversion.



Lack of management oversight, clerical error, and system limitations resulted in inaccurate or incomplete fee assessments and potential revenue loss for Dallas County.

Recommendation

Fee Assessment FR-Schedule

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the Treasurer's Office for inclusion in the next State Quarterly Report.

Management Action Plan

- The two felony reduced cases assessed fee code 99 State Jury for \$4 in error will be addressed and corrected. This is a good improvement over the past Audits. In review of this area, the department agrees that Court Costs, fines, and fees should be assessed in compliance with applicable state laws, judge's orders, Commissioners Court orders, Attorney General Opinions, and Court Orders per the Auditors Office. The transition to Odyssey has assisted in this area as only one assessment was converted to the new system where previously there were duplicated assessments in the mainframe system.

Auditor's Response

- None

Special Fund Disbursements

Standard internal control procedures require all Special Fund disbursements should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information. Additionally, all Special Fund disbursements, voids, cancelations, and stale dated checks should be timely and accurately posted to the criminal mainframe system.

A review of all 353 District Clerk Criminal Special Fund 503 disbursements issued during fiscal years 2021 and 2022 revealed:

- Five disbursements totaling \$50 were posted to the CRIN system with an incorrect check number.
- 326 disbursements totaling \$3,380 were posted into CRIN system between 20 to 109 days after issuance.
- Seven disbursements totaling \$90 were not posted to the CRIN system.
- 13 cancelled disbursements totaling \$130 were not voided in the CRIN system.



Lack of management oversight over the reconciliation of non-integrated financial systems to timely identify and resolve clerical errors has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued or monies not collected.

Recommendation

Special Fund Disbursements

Management should:

- Train employees on procedures for the disbursement process.
- Periodically review case balances, disburse amounts to the appropriate parties/entities, and post amounts to the CRIN system in a timely manner.
- Emphasize that staff enter disbursements referencing the last five numbers of the Special Fund check.

Management Action Plan

- The District Clerk's office agrees that all Special Fund disbursements should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information. Additionally, all Special Fund disbursements, voids, cancelations, and stale dated checks should be timely and accurately posted to the criminal mainframe system. We will review the current process to ensure that standards are consistent with the Auditors Office recommendations for the new Odyssey.

Auditor's Response

- None

E-File Transactions and Deposits

All monies received should be promptly receipted and deposited properly, and timely in accordance with the Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004.

A sample review of 40 Texfile transactions processed during the fiscal years 2021 and 2022 revealed:

- 19 Texfile transactions totaling \$3,579 were receipted to the criminal mainframe system between four and 14 days after the acceptance dates.

A sample review of 20 Texfile deposits revealed:

- Four Texfile batches totaling \$4,368 were deposited five or more days after being received.



Inconsistent management oversight and training have resulted in delayed revenue recognition and inaccurate case balances.

Recommendation

E- File Transactions

Management should:

- Periodically review the posting of Texfile transactions for accuracy and timeliness of processing.
- Ensure staff compliance with established policies and procedures.

Management Action Plan

- E-file transactions in the FORVUS mainframe system were a manual process until the transition to the new Odyssey system in May 2023. System issues such as outages, bad weather closures, and E-file interface issues could have been a key factor in the untimely submission of the cases being receipted. All monies received should be promptly receipted and deposited properly unless there are unpreventable circumstances that may prevent this beyond the control of the Clerk's Office. At this time, due to the lack of access to the Forvus system, DC Criminal leadership was not able to complete a deep dive into most of the issues identified by the audit team. We will make it a point to work with the IT team and review what we can as well as make agreed adjustments.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator