

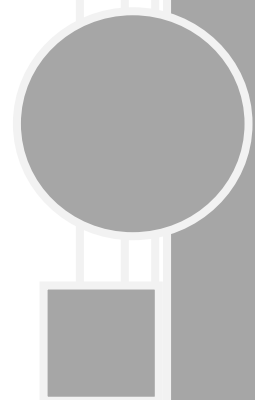


AUDIT REPORT

DALLAS COUNTY

DISTRICT CLERK JUVENILE FY2017

Darryl D. Thomas
Dallas County Auditor
ISSUED: December 19, 2018
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DISTRICT CLERK JUVENILE 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 Juvenile 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 blue ink, reading "Darryl D. Thomas".

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

Review of District Clerk Juvenile for fiscal year 2017 revealed the significant observations listed below:

Summary of Significant Observations

- GL account mapping was not properly set up in Odyssey for social study fees.

Status: GL mapping has been corrected.

- Reversals and charge reductions performed by non-supervisory personnel.
- Delays in depositing Adjustment Tills exceeded three months.

Repeat observations from Previous Audits:

- Manual receipts were not entered in the Odyssey Comment field.
- Delays in depositing tills.
- Delays in receipting E-File transactions.
- Reversals and charge reductions performed by non-supervisory personnel.

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, 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

Manual Receipts

A review of 34 manual receipts issued during fiscal year 2017 and manual receipt procedures revealed: one manual receipt altered to a lower amount from \$105 to \$100 instead of properly voiding and six manual receipt numbers were not entered into the comment field or event tab in Odyssey. Eight manual receipts were issued for social study fees and not receipted to Odyssey due to the general ledger account code not being properly mapped during the integration of Odyssey, the funds were deposited accordingly.

Internal control practices regarding receipts indicate manual receipts are 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 numbers are entered into the comment field. Additionally, all manual receipts are to 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 Local Government Code, § 113.022. Receipts are not to be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. A lack of supervisory oversight and a general ledger mapping error during conversion resulted in a delay in revenue recognition and increased the potential for a loss of Dallas County revenue through the misappropriation of funds.

Recommendation

Manual Receipts

Management should:

- Establish written procedures for processing manual receipts.
- Periodically review manual receipt books for completeness and proper posting to Odyssey.
- Train staff to enter manual receipt number in the Odyssey Comment field.

Management Action Plan

Effective March 2017, the Social Study fee was integrated into the Odyssey DMS to allow a computer receipt to be generated instead of using manual receipts. However, within the same month of March 2017, it was discovered that the Social Study fees were not properly mapped to the correct General Ledger account during the integration of Odyssey. This discrepancy caused the District Clerk to issue manual receipts until the General Ledger account mistake was resolved. Effective August 2017, written procedures for processing manual receipts were established. A meeting and refresher training session were conducted with the clerks regarding the procedures for manual receipts. During this refresher training session, the clerks were advised to void a manual receipt with discrepancies instead of altering payment amounts. This training session also highlighted the importance of using the comment section and/or as secondary reinforcement to create an event in Odyssey on the Event Tab to ensure the manual receipt number is captured in

the Odyssey DMS. Management will verify manual receipt books and computer generated receipts more frequently to ensure accuracy and processes are completed timely. Clerks were refreshed on manual receipt practices as well as trained on how to event a payment if the clerk forgets to add the receipt, trace, or case number in the comment section.

Auditors Response

None

Computer Receipt, Adjustments/Deposit and Cash Count

A review of Odyssey computer receipt and deposit closeout procedures including 45 receipts voided during fiscal year 2017 revealed: ten receipts were voided one hour or more after the original transaction; one voided E-file receipt was re-issued five days after the original transaction; and four voided receipts were re-issued the next business day.

A cash count of District Clerk Juvenile deposits received at the Treasurer's Office revealed: one check was receipted using the numerical amount instead of the legal written amount including funds deposited totaling \$5 less than the system control total. **Status:** The amount was corrected and the funds were deposited.

A sample review of tills, adjustments, and deposits revealed: four adjustment tills were not deposited on a timely basis including three tills that were deposited more than three months after the tills were created; two adjustments were processed by non-supervisory personnel; and one reverse adjustment was backdated.

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Daily collections and change funds should be recounted by supervisory personnel with review evidenced by initial or signature on deposit forms. Receipts should be verified for accuracy of amount, payment type, case number, and payer before issuing to a customer. Checks should be receipted for the legal written amount. Lack of management oversight, clerical errors and inadequate training related to cash management have resulted in delays in revenue recognition and increased the potential that funds may be misappropriated.

Recommendation

Computer Receipt, Adjustments/Deposit and Cash Count

Management should:

- Establish written procedures for proper cash handling, which emphasize that checks are to be receipted for the written legal amount and the elements of a complete financial instrument.
- Total and balance the funds on hand to the system receipt control totals at the end of each business day. Receipt tapes for check totals should be calculated using the written legal amount and verified against the receipt control total. Receipt and deposit totals should be verified by supervisory personnel.
- Periodically review Odyssey Till Reports to ensure all tills are closed timely.

Management Action Plan

Effective January 2017, we are now more efficient with our deposits. If we are having issues that we cannot deposit the funds the next day we notify the auditor's office on why there is a delay. Effective August 2017, staff members were retrained on the proper way to void receipts with an emphasis that all voided receipts must contain the reason for the void and the voided receipt must be initialed by a Manager/Supervisor immediately. Furthermore, effective October 2017, a Supervisor/Manager login is required to execute any voids in the Odyssey DMS. Effective June 2018, staff members were trained to cease holding deposits for Adjustment Tills. They were instructed to only process Adjustment Tills when all monies have been collected for the different fee types. The District Clerk has approved the clerks in the findings category to have Adjustment Tills. Management will continue to audit the adjustment transactions to ensure compliance. Manager/Supervisor has to authorize all voided system generated receipts by entering their username and passcode in the Odyssey DMS. A Manager/Supervisor is required to authorize all manual voided receipts before the clerks can proceed and repost payments promptly. Management will conduct a refresher training session in February 2019 that emphasizes on verifying the written legal amount on a check is the amount that is due before posting.

Auditors Response

None

Reverse Charges Posting Errors

A sample review of reverse charges, charge reductions, and credits during fiscal year 2017 revealed: five cases did not have an explanation noted, five reversals/charge reductions were not processed by the supervisor or manager, and three reverse charges were backdated in Odyssey.

A sample review of credits revealed: two cases were incorrectly credited for charges that should have been reversed and two cases with credits that were backdated in Odyssey.

Best practices related to reverse charges and charge reductions indicate adjustments to assessments should be made that both good internal control and audit trails are maintained; processing of financial transactions should reflect proper segregation of duties; and all corrections should include a complete and valid explanation in the comment field. Fees incorrectly assessed to a case should be properly reversed. Incomplete internal controls over the assessment and reduction process and an inadequate segregation of duties increases the potential that funds may be misappropriated.

Recommendation

Reverse Charges Posting Errors

Managements should:

- Establish written procedures for personnel responsible for financial activities such as assessing charges, reducing assessments, and/or receipting payments.

- Periodically review employees' adherence to the established procedures.
- Review user roles and limit rights to process charge reductions and charge reversals.

Management Action Plan

Effective May 2018, staff members were trained to put an explanation for ALL reversals and/or charge reductions. In this training, clerks were instructed to never backdate reversals, credits, adjustments, or payments. Effective January 2019, the District Clerk's office has approved on the Manager, Supervisor, and trainers (non-management/supervisory roles) to execute charge reversals. The District Clerk Juvenile Collections Manual has also been updated.

Auditors Response

None

E-Filing Transactions

A sample review of e-filing transactions during fiscal year 2017 revealed 49 daily e-file submissions were receipted and deposited four or more business days after the acceptance date; one e-file transaction was receipted and deposited twice; 19 e-file transactions were receipted three or more business days after the e-file submission date; and one e-file transaction did not have the trace number noted in Odyssey. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code, § 113.022. E-filing tills should be reconciled against the eFileTexas.gov reports, closed, and added to the appropriate deposit daily with a separate deposit form 98 submitted to the County Treasurer. Inconsistent management oversight and inconsistent training have resulted in delayed revenue recognition and inaccurate case balances, which may cause duplicate payments requiring additional staff time to research and refund.

Recommendation

E-Filing Transactions

Management should:

- Develop written procedures for e-filing responsibilities, which emphasize that e-file revenues are to be deposited in the accounting period in which the filing is accepted.
- Periodically review the daily eFileTexas.gov financial activity, posting 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.

Management Action Plan

Effective September 2016, the Juvenile Division implemented Odyssey DMS and, as a result, there was a delay in daily transactions and work assignments. Since January 2017, the Manager runs a report to identify all Affidavits of Inability to Pay to reflect a zero balance in the Odyssey DMS. Effective August 2017, the clerks have been trained as well as training materials have been updated to ensure that trace numbers are entered into the comment section. In September 2017, the issues with new Court filing fees were established; therefore, we were able to cease manually accepting electronically filed documents. Also effective September 2017, filing fees were correct when an envelope is accepted and transitions into the Odyssey DMS.; moreover, this no longer caused a delay in processing deposits. In addition to the implementation of the Odyssey DMS, the clerks enter all Affidavit of Inability to Pay as an Event. Effective January 2018, the manager ensures that all Affidavits of Inability to Pay reflect a zero balance by running weekly reports.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator