

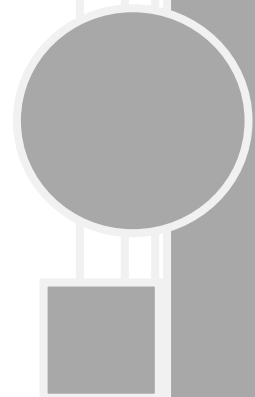


# AUDIT REPORT

DALLAS COUNTY

DISTRICT CLERK JUVENILE -FY2018

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: August 16, 2019  
RELEASED: September 09, 2019



# DISTRICT CLERK JUVENILE -FY2018

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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 -FY2018**" 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**

- None identified

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

- 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, 2017 through September 30, 2018.

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, Voids, Adjustments, and Deposits**

A review of Odyssey computer receipt and deposit closeout procedures including 60 receipts voided during fiscal year 2018 revealed seventeen receipts were voided one hour or more after the original transaction and one voided receipt was re-issued the next business day.

A sample review of tills, adjustments, charge reductions/reverse charges, and deposits revealed eight adjustment tills were not deposited the next business day, including two tills that were deposited more than two months after the tills were created and twelve adjustments, charge reductions/reverse charges were processed by non-supervisory personnel.

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. 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. Lack of management oversight, clerical errors and incomplete internal and system controls over the receipting/adjustment process related to cash management have resulted in delays in revenue recognition and increased the potential that funds may be misappropriated.

### **Recommendation**

#### **Computer Receipts, Voids, Adjustments, and Deposits**

Management should:

- Review Odyssey Till Reports to ensure all tills are closed daily.
- Determine the feasibility of establishing system roles that prevent non-supervisory personnel from adjusting receipts.
- Establish written procedures for personnel responsible for financial activities such as assessing charges, reducing assessments, and/or receipting payments.

### **Management Action Plan**

- Management will continue to notify the Auditor's office via email of any issues that will delay deposit processing. In addition, we resolved our biggest issue with delaying deposits by ensuring that appointed attorneys have a waiver account; therefore, this alleviates chargebacks and refund requests.
- Effective August 1, 2019, staff members were trained that voids are not only expected to be processed the same day, it has been recommended that voids have to be processed within one hour. The District Clerk Juvenile Division expressed to the audit team that there would be certain circumstances in which voids will not be

processed within a one-hour period. For example, Sandra Gray and Carla Gilkey are the only two supervisors that can approve voids; however, there will be times that they will not be available due to staff meetings and/or there could be only one supervisor on duty. The District Clerk's Office is dedicated and committed to ensuring that all voids are processed within one hour when feasible. The Juvenile Division has implemented a void log as documentation to ensure accuracy as well as why/when voids are processed outside of the one-hour time frame.

- Effective January 10, 2019, the District Clerk has approved only managers, supervisors, and trainers (non-management/supervisory roles) to have access to charge reductions, reversing, and/or adjusting fees. Management will continue to audit the adjustment transactions to ensure compliance. On August 1, 2019, the District Clerk Juvenile Division informed the audit team that due to the heavy workload of adjustments and charge reductions, this process would cause a hardship if limited to only supervisors/managers. Only two collection clerks are the only non-supervisor employees that have access to make adjustments and charge reductions. Furthermore, there are only two adjustment tills dedicated to the collection department.

#### **Auditors Response**

None

#### **E-Filing Transactions**

A sample review of e-filing transactions during fiscal year 2018 revealed all 20 daily e-file submissions reviewed were receipted and deposited four or more business days after the acceptance date and two e-file transactions were receipted three or more business days after the e-file submission date. All monies received should be promptly receipted and deposited 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 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**

- As technology continues to evolve we will encounter technical difficulties with the Odyssey DMS and the E-filing website. However, when we have an occurrence of any technical issues we will email the Auditor's Office with the ticket number submitted to the IT department as well as a summary of the issue we are trying to resolve. The District Clerk's office will also document the case numbers, which are having the technical difficulties so that Auditor's will be informed of the issue at the time of review.

**Auditors Response**

None

**Financial Setup/System Controls**

A limited review of Odyssey Case Management System financial setup for District Clerk Juvenile revealed one active till associated to a user no longer employed by Dallas County. Best practices indicate all set-ups related to financial systems should be end-dated or disabled once codes are no longer used to limit potential posting errors. Inconsistent management review of the user access lists may lead to limited accountability for the posting of financial transactions to accounts belonging to terminated/transferred employees and increased risk that funds may be misappropriated.

**Recommendation**

**Financial Setup/System Controls**

Management should:

- End-date and check mark the inactive box to terminate Odyssey user's accounts. All assigned cashier stations and tills should be de-activated when users are no longer employed in the Juvenile section.
- Request user access for ex-employees or reassigned employees be disabled with follow-up occurring to ensure user account was disabled. (Periodically perform self-review of active accounts confirming timely deactivation for separated / transferred employees).



**Management Action Plan**

- Effective August 2019, both designated individuals are responsible for submitting an Odyssey deactivation form to IT when users are no longer employed in the District Clerk Juvenile Division. Every quarter management will perform a review of active accounts to ensure separated/ transferred employees are deactivated in a timely manner.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator