

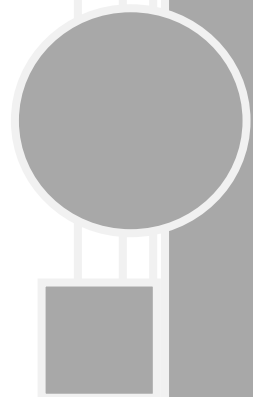


AUDIT REPORT

DALLAS COUNTY

DISTRICT CLERK JUVENILE - FY2019

Darryl D. Thomas
Dallas County Auditor
ISSUED: July 10, 2020
RELEASED: August 19, 2020



DISTRICT CLERK JUVENILE - FY2019

TABLE OF CONTENTS

MANAGEMENT LETTER.....	3
EXECUTIVE SUMMARY	4
INTRODUCTION	5
DETAILS	6
Computer Receipt Voids and Deposits.....	6
Adjustments, Reverse Charges, Charge Reductions	7
Cash Count	8
E-Filing transactions	9

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 - FY2019**" 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 2019 revealed no significant observations. **Due to the social distancing requirements related to Covid-19 and the lower risk assessed for this audit, procedures were completed using electronic means of communication, without in-person review.**

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, 2018 through September 30, 2019.

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 Receipt Voids and Deposits

A review of all District Clerk Juvenile computer receipts voided during fiscal year 2019 revealed seven cash receipts totaling \$503 that were voided between one and five hours after the issuance of the original receipts; receipts associated with one altered money order and one post-dated check were re-issued two or more business days after void; and one cash receipt was voided and re-issued for \$25 less than the original receipt amount.

A sample review receipt deposits during fiscal year 2019 revealed transactions for two days totaling \$756.00 were deposited in Odyssey two or more business days after the initial transaction date. Additionally, 13 Texfile tills were deposited five or more business days after the tills were opened in Odyssey including three tills totaling \$1,445 that were deposited after 10 business days.

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Receipts are properly voided with a reason for the void recorded to the computer system and retention of all voided copies, all voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. All tills should be reconciled daily and included in an Odyssey deposit through the Odyssey Deposit Management functionality. Inconsistent management oversight and incomplete controls over the receipting and depositing have resulted in delays in revenue recognition and increased the potential that funds may be misappropriated.

Recommendation

Computer Receipt Voids and Deposits

Management should:

- Establish closeout and balancing procedures emphasizing that funds are to be deposited the next business day after receipt and requiring managerial review to ensure tills are closed daily.
- Ensure all tills are closed and deposited daily.
- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.
- Establish procedures and documentation incorporating controls such as dual sign-off on voids, and receipt corrections.

Management Action Plan

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, there 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. Management is closely monitoring all checks and money order payments prior to the close of business to ensure accuracy. On June 30, 2020, the Juvenile Division emailed documentation to the Auditor's office showing why the referred payment in the findings was voided and reissued for \$25.00 less. (The payment was posted to the incorrect child)

Auditors Response

None

Adjustments, Reverse Charges, Charge Reductions

A sample review of adjustments, reverse charges and charge reduction transactions processed during fiscal year 2019 revealed one reverse charge transaction did not have a comment noted; one reverse charge transaction was backdated, **Status: Family division employee made the reverse transaction**. The payment on one case was reversed instead of properly voiding the receipt; and eleven adjustments, charge reductions, reverse charge transactions were not performed by a Supervisor or Manager.

Best practices regarding adjustments, reverse charge, and charge reductions for processing financial transactions should reflect proper segregation of duties (e.g. users with roles/rights to receipt or void payments should be able to add additional charges, but not modify, reduce, or delete assessments). All corrections should include a complete and valid explanation in the Comment field. Lack of management oversight, incomplete controls related to the adjustment and reversal process, and clerical error may result in a delay in revenue recognition and a potential that funds may be misappropriated.

Recommendation

Adjustments, Reverse Charges, Charge Reductions

Management should:

- Limit user roles that grant rights to process charge reductions, adjustments, and reversals. User access requirements should correspond to the least rights necessary to perform core job functions.
- Establish written procedures for financial activities such as assessing charges, reducing assessments, collections and/or receipting payments. Procedures should emphasize that all transactions reflect the actual transaction date and include a comment notating the reason for the reversal or adjustment. These procedures and the employees' adherence to them in the performance of their work should be

periodically reviewed by the appropriate supervisory staff in order to effectively maintain good internal control.

Management Action Plan

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 has access to make adjustments and charge reductions. Furthermore, there are only two adjustment tills dedicated to the collection department. One is a Supervisor and a Collections Clerk.

Auditors Response

None

Cash Count

A review of cash counts of District Clerk Juvenile deposits received at the Treasurer's Office during fiscal year 2019 revealed one deposit did not match the system control total due to a money order with white out over the payee line. **Status: One CWR adjustment was processed to correct the deposit.**

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022. Receipts should be verified for accuracy of amount, payment type, case number, and payer. Lack of management oversight and clerical error related to cash management have resulted in delays in revenue recognition and may result in financial losses to Dallas County for unrecoverable amounts paid for services already rendered.

Recommendation

Cash Count

Management should:

- Establish written procedures for proper cash handling, which emphasize checks/money orders are not to be altered.
- 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.

Management Action Plan

One CWR adjustment was processed to correct the deposit.

Auditors Response

None

E-Filing transactions

A sample review of six daily e-file submissions during fiscal year 2019 revealed five daily e-file submissions totaling \$6,559 were deposited four or more business days. 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.

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

On June 30, 2020, the Juvenile Division informed the Auditors during the exit conference that the E-filing tills could not be closed daily.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator