

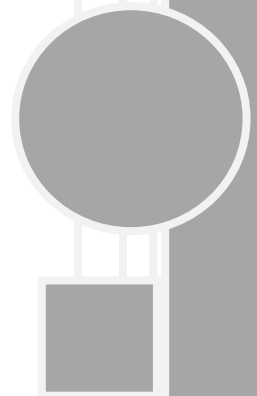


AUDIT REPORT

DALLAS COUNTY
District Clerk Juvenile - FY2020

Darryl D. Thomas
Dallas County Auditor

ISSUED: 10/26/2021
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District Clerk Juvenile - FY2020

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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 - FY2020" 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,

Darryl D. Thomas

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

Review of District Clerk Juvenile for fiscal year 2020 revealed no significant observations.

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, 2019 through September 30, 2020.

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 receipt voids, tills, and deposits during fiscal year 2020 revealed transactions for two days totaling \$982.15 were deposited in Odyssey two or more business days after the initial Odyssey transaction date; six tills were deposited more than five business days after creation date; one new computer receipt was backdated to the original receipt date; and one voided computer receipt was voided the next day after original receipt.

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.
- Ensure all tills are closed and deposited daily
- Review voided computer receipts to verify appropriateness.

Management Action Plan

- Effective January 2019, 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. Clerks have been retrained to verify receipts at the close of business to ensure voids and forms of payment are processed in a timely manner. Staff will continue to email the auditor's office of any uncontrollable issues that may cause a delay in daily deposits.

Auditors Response

- None



Receipt Adjustments and Reversals

A sample review of District Clerk Juvenile adjustment, reverse charge, and charge reduction transactions during fiscal year 2020 revealed five transactions with reverse charges were not performed by a supervisor or manager; one reverse payment was incorrectly performed where the original payment should have been voided; and two cases with charge reductions were not performed by a Supervisor/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). Lack of management oversight, incomplete controls related to the adjustment and reversal process, and clerical error may result in delayed revenue recognition and increased potential that funds may be misappropriated.

Recommendation

Receipt Adjustments and Reversals

- 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 August 1 2019, 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. 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.
- Furthermore, there are only three adjustment tills dedicated to the collection department. One is a Supervisor, a Collections Clerk, and a Collections Lead. In



addition, the District Clerk Felicia Pitre approved for the following clerks (non-supervisory) to have access to reduce charges, reverse, and adjust fees: Collections Clerk, Trainer, Collections Lead, Collections Clerk.

- Effective June 2021, management now review and verify ALL fee reductions to ensure accuracy and efficiency.

Auditors Response

- None

E Filing Deposits

A sample review of daily e-file submissions during fiscal year 2020 revealed four daily e-file submissions totaling \$4,606 were deposited four or more business days after the acceptance 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.

Recommendation

E Filing Deposits

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

- In July, 2021, the Juvenile Division informed the Auditors during the exit conference via Teams that the E-filing tills could not be closed daily.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator