

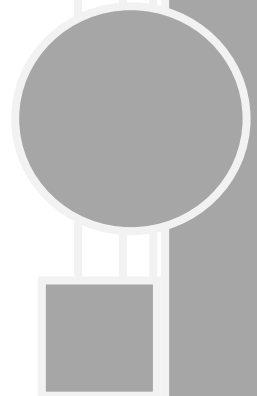


AUDIT REPORT

DALLAS COUNTY
District Clerk Juvenile - FY2021

Darryl D. Thomas
Dallas County Auditor

ISSUED: 7/7/2022
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District Clerk Juvenile - FY2021

TABLE OF CONTENTS

MANAGEMENT LETTER	3
EXECUTIVE SUMMARY	4
INTRODUCTION	5
DETAILS	6

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 - FY2021" 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 2021 revealed no significant observations.

Summary of Significant Observations

- None identified

Repeat Observations from Previous Audits:

- Delay in voiding computer receipts
- Delay in depositing tills.
- 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, 2020 through September 30, 2021.

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****Receipt Adjustments, Reversals, and Charge Reductions**

A sample review of 15 District Clerk Juvenile adjustment and reverse adjustment transactions during fiscal year 2021 revealed six adjustment transactions totaling \$158.50 were not performed by a supervisor or manager. A sample review of 10 reverse charges and charge reduction transactions processed during fiscal year 2021 revealed five transactions totaling \$740 were not performed by a supervisor or manager.

Best practices regarding adjustments, reverse adjustments, reverse charges, 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 and incomplete controls related to the adjustment and reversal process may increase the potential that funds may be misappropriated.

Recommendation

Receipt Adjustments and Reversals

Management should:

- Limit user roles that grant rights to process charge reductions, adjustments, and reversals to supervisors and managers
- 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.

Periodically review charge reduction and adjustment transactions by the appropriate supervisory staff.

Management Action Plan

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 approved for the following clerks (non-supervisory) to have access to reduce charges, reverse, and adjust fees:

Collections Clerks, Trainer

Effective June 2021, management reviews and verifies all fee reductions to ensure accuracy and efficiency.



Auditors Response

- None

Credit Card Transactions

A sample review of 20 credit card transactions during fiscal year 2021 revealed eight credit card transactions totaling \$2,445 were deposited two or more days after being receipted to the system. All credit cards should be deposited in accordance with Local Government Code, § 113.022 and 113.021. Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. Online credit card transactions should be receipted the next business day after the credit card settlement report indicates that the transaction successfully processed. Inconsistent management oversight in credit card processing has resulted in delayed revenue recognition.

Recommendation

Credit Card Transactions

Management should:

- Establish written procedures for processing online credit card transactions in accordance with the local government code and Dallas County policies.
- Provide supervisory review of the daily credit card settlement reports and posting of Odyssey credit card activity for timeliness of processing.
- Ensure staff compliance to established credit card processing policies and procedures.

Management Action Plan

A review of established procedures regarding online credit card transactions will be conducted with staff to ensure accuracy and compliance. Management will perform routine assessments of the eFileTexas.gov financial activity, credit card settlement reports, 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.

Auditors Response

- None

Computer Receipts and Deposits

A review of all 33 District Clerk Juvenile computer receipts voided during fiscal year 2021 revealed eight computer receipts were voided more than one hour after original transaction and one cash receipt was voided and re-issued more than two hours after original transaction for a lesser amount



totaling \$9.74. A review of all District Clerk Juvenile deposits during fiscal year 2021 revealed four Juvenile E-payment tills were deposited five business days after creation date.

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 Receipts 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

A review of established procedures regarding closeout and balancing, voided computer receipts, and closing tills will be conducted with staff to ensure accuracy and compliance. If the department is experiencing issues, funds cannot be deposited the next day, the Manager notifies the auditor's office on why there is a delay.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator