



AUDIT REPORT

DALLAS COUNTY

DISTRICT CLERK PASSPORTS - FY 2023

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First Assistant County Auditor

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District Clerk Passports - FY 2023

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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 Passports - FY 2023**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail.

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,

wessen Stefanos

Wendwessen Stefanos, CPA
First Assistant County Auditor

EXECUTIVE SUMMARY

A review of District Clerk Passports Central, North and East locations for fiscal year 2023 revealed the following:

Summary of Significant Observations

- None Identified

Repeat Observations from Previous Audits

- Computer receipts were issued and voided by same user.
- Computer receipt voids were not processed timely.
 - Internal controls are not consistently followed when voiding receipts, which increases the risk that funds may be misappropriated.

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, 2022 through September 30, 2023.

The audit procedures may have included interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used may have been reviewed and incorporated as part of the testing of transactions.

**DETAILS****Passport Central Computer Receipt Voids****Criteria**

Per Local Government Code §113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money is received.

Standard internal control procedures related to voids and proper cash handling require that receipts be voided with a reason for the void recorded to the computer system and all voided copies retained. All receipts should be verified for accuracy, including the amount, tender type, and payer name fields before issuing to a customer. System roles should enforce segregation of duties such that the same employee cannot issue and void receipts. Compensating controls should be implemented for voids performed by non-supervisory employees.

Review

During fiscal year 2023, Passport Central issued 13,279 computer receipts totaling \$1,613,059. A review of all 59 voided computer receipts originally issued for \$9,347 during fiscal year 2023 revealed internal control weaknesses related to the entry and voiding of receipts:

- 10 computer receipts (16.95%) totaling \$1,421 were issued and voided by the same user.
- 20 computer receipt voids (33.90%) totaling \$2,901 were voided between one hour and seven hours after issuance of the original receipt.

Cause/Effect

This was due to inconsistent supervisory oversight of voided transactions and inadequate training.

This has increased the potential that funds may be misappropriated and delayed revenue recognition.

Recommendation

Passport Central Computer Receipt Voids



Management should:

- Periodically review non-supervisory voids to ensure voids are appropriate.
- Periodically review system reports and daily work for accuracy, timeliness, and staff compliance to established policies and procedures.
- Consider requesting additional staff for proper segregation of duties.
- Establish compensating controls for review of voids at passport locations without a full-time supervisor on staff.

Management Action Plan

- Regularly review the assigned rights and roles in the Passports system to ensure that users possess only the necessary privileges to perform their core job functions (conducted quarterly).
- Evaluate staffing levels periodically to ensure sufficient personnel are available to segregate duties effectively.
- Modify system roles to restrict void capabilities to supervisory and designated clerk personnel only.
- Implement compensatory controls for void reviews at passport locations lacking a full-time supervisor.
- Conduct quarterly reviews of non-supervisory voids to verify their appropriateness.
- Update written procedures for cash handling and receipts, emphasizing the verification of receipt accuracy (amount, payment type, and payer) before issuance to customers.
- Bi-annually, request the disabling of user access for former employees, followed by verification to ensure successful account deactivation.

Auditor's Response

- None

Passport East Computer Receipt Voids

Criteria

Per Local Government Code §113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money is received.

Standard internal control procedures related to voids and proper cash handling require that receipts be voided with a reason for the void recorded to the computer system and all voided



copies retained. All receipts should be verified for accuracy, including the amount, tender type, and payer name fields before issuing to a customer. System roles should enforce segregation of duties such that the same employee cannot issue and void receipts. Compensating controls should be implemented for voids performed by non-supervisory employees.

Review

During fiscal year 2023, Passport East issued 11,170 computer receipts totaling \$1,285,879. A review of 70 Passport East voided computer receipts originally issued for \$8,565.06 during fiscal year 2023 revealed internal control weaknesses related to the entry and voiding of receipts:

- 12 computer receipts (17.14%) totaling \$2,222 were issued and voided by the same user.
- 18 computer receipt voids (25.71%) totaling \$2,151 were voided between one hour and 24 hours after issuance of the original receipt.

Cause/Effect

This was due to inconsistent supervisor oversight of voided transactions and inadequate training.

This has increased the potential that funds may be misappropriated and delayed revenue recognition.

Recommendation

Passport East Computer Receipt Voids

Management should:

- Periodically review non-supervisory voids to ensure voids are appropriate.
- Periodically review system reports and daily work for accuracy, timeliness, and staff compliance to established policies and procedures.
- Consider requesting additional staff for proper segregation of duties.
- Establish compensating controls for review of voids at passport locations without a full-time supervisor on staff.

Management Action Plan

- Regularly review the assigned rights and roles in the Passports system to ensure that users possess only the necessary privileges to perform their core job functions (conducted quarterly).
- Evaluate staffing levels periodically to ensure sufficient personnel are available to segregate duties effectively.



- Modify system roles to restrict void capabilities to supervisory and designated clerk personnel only.
- Implement compensatory controls for void reviews at passport locations lacking a full-time supervisor.
- Conduct quarterly reviews of non-supervisory voids to verify their appropriateness.
- Update written procedures for cash handling and receipts, emphasizing the verification of receipt accuracy (amount, payment type, and payer) before issuance to customers.
- Bi-annually, request the disabling of user access for former employees, followed by verification to ensure successful account deactivation.

Auditor's Response

- None

Passport North Computer Receipt Voids**Criteria**

Per Local Government Code §113.022, all monies received should be promptly receipted and deposited with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited without exception on or before the fifth business day after the day on which the money is received.

Standard internal control procedures related to voids and proper cash handling require that receipts be voided with a reason for the void recorded to the computer system and all voided copies retained. All receipts should be verified for accuracy, including the amount, tender type, and payer name fields before issuing to a customer. System roles should enforce segregation of duties such that the same employee cannot issue and void receipts. Compensating controls should be implemented for voids performed by non-supervisory employees.

Review

During fiscal year 2023, Passport North issued 14,665 computer receipts totaling \$1,829,456. A review of 41 Passport North voided computer receipts originally issued for \$4,933 during fiscal year 2023 revealed internal control weaknesses related to the entry and voiding of receipts:

- 12 computer receipts (29.27%) totaling \$1873 were issued and voided by the same user.
- 12 computer receipt voids (29.27%) totaling \$937 were voided between one hour and 8 hours after issuance of the original receipt.

**Cause/Effect**

This was due to inconsistent supervisor oversight of voided transactions and inadequate training.

This has increased the potential that funds may be misappropriated and delayed revenue recognition.

Recommendation

Passport North Computer Receipt Voids

Management should:

- Periodically review non-supervisory voids to ensure voids are appropriate.
- Periodically review system reports and daily work for accuracy, timeliness, and staff compliance to established policies and procedures.
- Consider requesting additional staff for proper segregation of duties.
- Establish compensating controls for review of voids at passport locations without a full-time supervisor on staff.

Management Action Plan

- Regularly review the assigned rights and roles in the Passports system to ensure that users possess only the necessary privileges to perform their core job functions (conducted quarterly).
- Evaluate staffing levels periodically to ensure sufficient personnel are available to segregate duties effectively.
- Modify system roles to restrict void capabilities to supervisory and designated clerk personnel only.
- Implement compensatory controls for void reviews at passport locations lacking a full-time supervisor.
- Conduct quarterly reviews of non-supervisory voids to verify their appropriateness.
- Update written procedures for cash handling and receipts, emphasizing the verification of receipt accuracy (amount, payment type, and payer) before issuance to customers.
- Bi-annually, request the disabling of user access for former employees, followed by verification to ensure successful account deactivation.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator