



CITY OF DALLAS

Dallas City Council

Mayor

Michael S. Rawlings

Mayor Pro Tem

Dwaine R. Caraway

Deputy Mayor Pro Tem

Adam Medrano

Council Members

Tennell Atkins

Rickey D. Callahan

Mark Clayton

Kevin Felder

Jennifer S. Gates

Sandy Greyson

Scott Griggs

Philip T. Kingston

Lee M. Kleinman

B. Adam McGough

Omar Narvaez

Casey Thomas, II

Office of the City Auditor

Audit Report

**AUDIT OF COURT INFORMATION SYSTEM – CASH
MANAGEMENT / COLLECTIONS PROCESSES**

(Report No. A17-012)

September 29, 2017

City Auditor

Craig D. Kinton

Table of Contents

	Page
Executive Summary	1
Audit Results	
Section I	
Citation Accountability Processes	
Systematic Processes to Ensure Accountability over Citations Do Not Exist	5
Paper Citation Process Is Not Efficient	9
Section II	
Cash Management / Collections Processes	
Duties Are Not Appropriately Segregated for Certain Personnel with Access to Cash	11
Department of Court and Detention Services' Reviews of User Access and Transaction Logs Do Not Comply with Established Procedures and Were Not Effective	15
Certain Cash Management / Collection Procedures and Work Instructions Are Not Followed	18
Appendices	
Appendix I – Background, Objective, Scope and Methodology	21
Appendix II – Major Contributors to This Report	28
Appendix III – Management's Response	29

Executive Summary

The Department of Court and Detention Services' (CTS) cash management / collection processes for fines and fees is an important component of the City of Dallas' (City) Municipal Court system. The CTS provides administrative and clerical support for the Dallas Municipal Court and is responsible for processing criminal and civil citations issued to individuals found in violation of certain traffic laws, City ordinances, and Texas State laws and collecting the associated fines and fees. For Fiscal Years (FY) 2014, FY 2015, and FY 2016, the CTS collected revenue of \$51 million in total from fines and fees.

The Office of the City Auditor's (Office) internal control design assessment of the City's citation accountability process and detailed testing of internal controls over certain cash management / collections processes for fines and fees showed:

- City departments responsible for issuing and tracking citations do not have systematic processes to ensure: (1) issued electronic citations (e-citations) and paper citations are properly accounted for in the Incode Court Case Management and the Content Management System (Incode System); and, (2) unissued and / or voided paper citations and the associated citation books are properly accounted for, retained, and ultimately destroyed.

About Citations

A citation is a writ for an individual to appear in court. The City of Dallas (City) issues both paper and electronic citations (e-citations).

Paper Citations: Paper citations are handwritten citations primarily issued by the Dallas Police Department (DPD) Patrol divisions, the Department of Code Compliance (CODE), and Animal Care Services (ACS) which was part of CODE during the audit scope.

E-citations: The DPD uses electronic devices (e-writers) to issue citations. E-writers are mainly used by Traffic officers and certain Patrol officers.

Source: Department of Court and Detention Services (CTS) and DPD

As a result, the City is unable to readily determine whether: (1) all valid issued citations are delivered to CTS for adjudication; and, (2) paper citations are misused, lost, or stolen. Missing citations may contribute to the erosion of the community's confidence in CTS¹. Because each issued paper citation includes personally identifiable information, there is an increased risk of identity theft which could result in financial and / or reputational issues for the City.

¹ According to *City of Dallas Community Survey: Finding Report*, the Dallas citizens' satisfaction rate for the "Municipal Courts (Services)" for FY 2009, FY 2011, FY 2013, FY 2014, and FY 2016 are 43 percent, 50 percent, 46 percent, 45 percent, and 60 percent, respectively. Except for FY 2013 and FY 2014, the City conducted the *City of Dallas Community Survey* every other year (see Appendix I, Table VII, Summary of City of Dallas Community Survey Finding Reports for Municipal Courts).

- The City uses an inefficient paper method to issue most citations. Unlike e-citations, issuing paper citations involves a labor-intensive process. In addition, designing and implementing appropriate internal controls over paper citations is more challenging.

As a result, the City may incur unnecessary costs to: (1) issue and process paper citations; and, (2) monitor to ensure internal controls over paper citations are functioning as intended.

Similar issues were reported in the *Audit of Municipal Court Fines and Fees Collection Processes* (Report No. A09-007) issued by the Office on March 20, 2009. The City subsequently implemented certain audit recommendations, including partially addressing a recommendation to implement a procedure for centralized control and reconciliation of citations, by using an e-citation process. During FY 2014, FY 2015, and FY 2016, e-citations accounted for approximately 40 percent of the citations issued.

On December 4, 2015, the Office issued the *Audit of Access Controls for the Court's Information Systems* (Report No. A16-004) which identified pervasive security risks and incompatible user access in the Incode System². The CTS has not fully implemented these recommendations. In addition, opportunities to improve the internal controls over cash management / collections processes for fines and fees were identified during the current audit. Specifically:

- Certain CTS personnel have Incode System user access that is not appropriate for their job duties which increases the risk that a cash misappropriation could occur and remain undetected
- The CTS' "ad hoc" user access and transaction logs reviews did not comply with CTS procedures (see textbox on page 15). In addition, the CTS procedures did not include the methodology and documentation requirements for the: (1) user access reviews; (2) transaction logs reviews (including the sample selection); and, (3) the associated results for each review.

Without specific procedures that include the methodology and documentation requirements, the risk is increased that: (1) unauthorized users have access to the Incode System; (2) incompatible duties are not appropriately segregated; and, (3) invalid transactions are not identified and corrected timely.

² Incode System: The CTS implemented the Incode System in October 2013 to automate the CTS workflow process that includes uploading the citation (e-citations and paper citations) information, scheduling court dates, maintaining the court dockets, scheduling officers, notifying judiciary, updating case status, issuing warrants, and processing fines and fees. The Incode System was implemented as an off-the-shelf product with the assistance of the vendor, Tyler Technologies.

- The CTS did not consistently comply with CTS' requirements to: (1) change the vault combination timely when an employee resigned; (2) verify the accuracy of the change fund; (3) conduct surprise till audits and verify vault cash; and, (4) adequately document the closeout summaries, which are designed to account for all monies collected daily, whether in cash, checks, money orders, or credit cards.

Without compliance with these cash management / collection procedures and work instructions, CTS cannot effectively reduce financial risk and properly safeguard cash. Independent surprise audits and daily verifications of vault cash are particularly important in an environment such as CTS' where duties are not properly segregated.

We recommend the City Manager and the Directors of CTS and the Department of Communication and Information Services improve the City's citation accountability and cash management / collection processes by implementing the recommendations included in this report.

The objective of the audit was to evaluate the internal controls over cash management / collections processes for fines and fees. The audit period covered October 1, 2013 through June 30, 2016; however, certain other matters, procedures, and transactions outside the period were reviewed to understand and verify information during the audit period. The audit was limited to an internal control design assessment of the City's citation accountability process and detailed testing of internal controls over certain cash management / collections processes for fines and fees.

Management's response to this report is included as Appendix III.

Audit Results

SECTION I – Citation Accountability Processes

Systematic Processes to Ensure Accountability over Citations Do Not Exist

The City of Dallas (City) departments responsible for issuing and tracking citations do not have systematic processes to ensure: (1) issued electronic citations (e-citations) and paper citations are properly accounted for in the Incode Court Case Management and the Content Management System³ (Incode System); and, (2) unissued and / or voided paper citations and the associated citation books are properly accounted for, retained, and ultimately destroyed. As a result, the City is unable to readily determine whether:

- All valid issued citations are delivered to the Department of Court and Detention Services (CTS) for adjudication

Missing issued citations may contribute to the erosion of the community's confidence in CTS⁴.

- Paper citations are misused, lost, or stolen

Because each issued paper citation includes personally identifiable information (PII), there is an increased risk of identity theft which could result in financial and / or reputational issues for the City.

An analysis of certain citations⁵ issued in Fiscal Year (FY) 2014, FY 2015, and FY 2016 showed significant gaps in the citation number sequence as follows: 16,704 criminal citations, 1,360 e-citations, and 2,850 civil citations. For example, criminal citations include gaps in number sequences ranging from one to 85,852 citations. Citation books include a specific number of citations, e.g., 20 per book. Individual citations within each citation book are numbered in sequential order. Therefore, if issued, unissued, and voided citations are reconciled, all numbers in the sequence would be included. The City departments responsible for issuing and tracking

³ Incode System: The CTS implemented the Incode System in October 2013 to automate the CTS workflow process that includes uploading the citation (e-citations and paper citations) information, scheduling court dates, maintaining the court dockets, scheduling officers, notifying judiciary, updating case status, issuing warrants, and processing fines and fees. The Incode System was implemented as an off-the-shelf product with the assistance of the vendor, Tyler Technologies.

⁴ According to *City of Dallas Community Survey: Finding Report*, citizens' satisfaction rate for the "Municipal Courts (Services)" for FY 2009, FY 2011, FY 2013, FY 2014, and FY 2016 are 43 percent, 50 percent, 46 percent, 45 percent, and 60 percent, respectively. Except for FY 2013 and FY 2014, the City conducted the *City of Dallas Community Surveys* every other year (see Appendix I, Table VII, Summary of City of Dallas Community Survey Finding Reports for Municipal Courts).

⁵ See Appendix I, Table V, Missing Citations Summary Number Sequence FY 2014 through FY 2016.

citations, however, do not perform this reconciliation. Instead, CTS only tracks issued citations that are received for processing.

Electronic Citations

The CTS, the Department of Communication and Information Services (CIS), and the Dallas Police Department (DPD) do not ensure all issued e-citations are completely: (1) uploaded from the electronic handheld devices (e-writers) into the Brazos Electronic Citation Software System (Brazos System); and, (2) transferred from the Brazos System to the Incode System (see text box). Specifically:

- The DPD and CTS do not use available information and Brazos System reports to ensure that:
 - The DPD officers timely synchronize e-writers to upload issued e-citations into the Brazos System as required in DPD Standard Operating Procedure 307, *Issuance of Complete / Correct Citations and Accountability* (SOP 307)
 - The DPD supervisors approve the e-citations in the Brazos System daily as required in DPD SOP 307
 - All issued e-citations are transferred from the Brazos System to the Incode System
- The CIS does not monitor to ensure the Brazos System vendor, Tyler Technologies, checks the error queue daily to identify and correct any issued e-citations that were not successfully uploaded from the e-writers to the Brazos System

Brazos System

In October 2013, the Dallas Police Department (DPD) implemented the Brazos Electronic Citation Software System (Brazos System). The Brazos System interfaces with electronic devices (e-writers), used by City employees authorized to write citations, (e.g., traffic citations), and the Incode System. Specifically, when:

- E-writers are synchronized with the Brazos System: (1) e-citations are uploaded into the Brazos System; and, (2) a new block of numbered e-citations is downloaded into the e-writers
- E-citations in the Brazos System are approved by DPD supervisors and are then transferred to the Incode System

Source: Department of Communication and Information Services (CIS)

Paper Citations⁶

The Department of Code Compliance (CODE) and DPD do not ensure all paper citations are: (1) written in a sequential order and within available citation ranges; and, (2) reconciled to completely account for issued, unissued, and voided citations⁷. Additionally, CTS' does not have a reconciliation process to ensure CTS records all issued citations received from City departments.

Completed / Used Citation Books

Although CODE and DPD have "Record Retention Schedules" that require the departments to retain completed / used citation books for three and two years, respectively, the departments do not have formal (written, approved, and dated) policies and procedures that specify the requirements for retaining and destroying completed / used citation books, and the practices vary among City departments. For example:

- The CODE inspectors are required to return completed citation books to their supervisors before requesting and receiving new citation books
- The CODE supervisors review completed / used citation books for completeness and sign and date the front cover to document that their review was completed
- The CODE destroys completed / used citation books after verification of correction plus three years
- The DPD officers are allowed to destroy citation books one year after completion which conflicts with the DPD's Record Retention Schedule of two years
- The DPD officers' destruction of completed citation books is based on an honor system

The DPD SOP 307, states: *"Officers will turn all citations in at the end of their shift with their activity sheet. Sector Sergeants will review citations written by their Sector*

⁶ The same finding for paper citations was reported in the *Audit of Municipal Court Fines and Fees Collection Processes* (Report No. A09-007) issued on March 20, 2009.

⁷ This issue is also applicable to e-citations; however, compared to paper citations, the risk of not verifying the completeness of total voided e-citations submitted for a supervisory review is low. According to DPD: (1) voided citations cannot be deleted from e-writers; and, (2) all voided e-citations will be listed for supervisory review once the e-writers are synchronized with the Brazos System.

Officers. If the Sector Sergeant is off, the citations will be reviewed by the Sergeant covering that sector. The citations will not be left for the following day”.

The Federal Information System Controls Audit Manual issued by the United States Government Accountability Office (FISCAM) requires the entity to have policies and procedures in place to reasonably assure that all authorized source documents and input files are complete and accurate, properly accounted for, and transmitted in a timely manner for input to the computer system. Among these, management should establish procedures to reasonably assure that all inputs into the application have been processed and accounted for, and any missing or unaccounted for source documents or input transactions have been identified and investigated. Finally, procedures should be established to reasonably assure that all source documents (paper or electronic form) have been entered and accepted to create a valid transaction.

Administrative Directive 4-09, *Internal Control* (AD 4-09), requires each department to establish and document a system of internal control procedures specific to its operations, mission, goals, and objectives. The AD 4-09 requires each department to establish the internal controls in accordance with *Standards for Internal Control in the Federal Government by the Comptroller General of the United States* (Green Book). According to the Green Book, management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Recommendation I

We recommend the City Manager ensures City departments responsible for the citation accountability processes develop and implement formal (written, approved, and dated) policies and procedures that define roles, responsibilities, and accountability among departments to ensure:

- Issued e-citations and paper citations are properly accounted for in the Incode System
- Unissued and / or voided paper citations and the associated citation books are properly accounted for, retained, and ultimately destroyed

Please see Appendix III for management’s response to the recommendation.

Paper Citation Process Is Not Efficient

The City uses an inefficient paper method to issue most citations (see textbox). Unlike e-citations, issuing paper citations involves a labor-intensive process. In addition, designing and implementing appropriate internal controls over paper citations is more challenging. As a result, the City may incur unnecessary costs to: (1) issue and process paper citations; and, (2) monitor to ensure internal controls over paper citations are functioning as intended (see textbox on page 11 for a discussion of the relevant internal controls).

Background

During FY 2014, FY 2015, and FY 2016, the City issued a total of 460,080 citations of which:

- 274,093, or 60 percent, were paper citations
- 185,987, or 40 percent, were electronic (e-citations)

Approximately 100 percent of e-citations are issued by the DPD Traffic Unit.

Source: Office's analysis based on CTS data

For example, of the 274,093 paper citations issued during FY 2014, FY 2015, and FY 2016, DPD's seven Patrol divisions issued 222,047, or approximately 81 percent. After DPD officers issue paper citations, the:

- The DPD Sector Sergeants review and initial approval on each issued paper citation
- The DPD Records Division collects copies of the issued paper citations from each of the seven Patrol Divisions, counts the number of citations issued, and hand-delivers the copies to the CTS Records Division daily
- The CTS Records Division:
 - Counts the paper citations received from the DPD Records Division
 - Reconciles CTS' count with the DPD Records Division's count
 - Manually sorts the copies of the paper citations (from all issuing departments) by type, i.e. criminal citations, civil citations, jail arrest, etc.
 - Scans the copies of the paper citations into two different software systems⁸

⁸ The CTS Records Division scans copies of issued paper citations into two different information technology systems due to Incode System limitations that create performance issues if too many individuals have access. The CTS personnel have asked CIS multiple times to help solve the information technology system limitations or create a system interface to eliminate the need to scan the paper citations twice; however, the issue remains unresolved.

- Enters relevant information for each issued paper citation into the Incode System

In contrast, the e-citations process is more automated as follows: (1) DPD Traffic and Patrol officers use e-writers to issue citations; (2) the individual receiving the e-citation receives a printed copy; (3) DPD Traffic and Patrol officers synchronize the e-writers to upload the issued e-citations into the Brazos System at the end of each shift; (4) DPD Traffic and Patrol supervisors approve the e-citations in the Brazos System daily; and, (5) issued e-citations are transferred from the Brazos System to the Incode System.

The Green Book states efficient operations produce the intended results in a manner that minimizes the waste of resources.

Recommendation II

We recommend the City Manager ensures CTS and the other citation issuing departments conduct a more in-depth cost-benefit analysis (personnel and system costs, including costs related to internal control implementation) to determine whether transitioning to a more complete e-citation process is more cost effective and improves internal controls. This cost-benefit analysis may also include a utilization study of current e-writers. If the e-citation process is considered more beneficial, we recommend the City Manager develops an implementation plan including the associated budget.

Recommendation III

We recommend the Director of CIS, in consultation with CTS, ensures an information technology solution is implemented to eliminate the duplicate scanning of paper citations.

Please see Appendix III for management's response to the recommendation.

SECTION II – Cash Management / Collections Processes

Duties Are Not Appropriately Segregated for Certain Personnel with Access to Cash

Certain CTS personnel have Incode System user access that is not appropriate for their job duties which increases the risk that a cash misappropriation could occur and remain undetected. These CTS personnel either have Incode System Administrator Level user access or access to process cash payments and enter noncash transactions, thereby creating an opportunity to misappropriate cash payments and conceal the fraud. Specifically:

Administrator Level Access⁹

- Two Collection Supervisors and a Collection Manager have Incode System Administrator Level user access to the Cash Collection module which allows them to:
 - Receive cash payments from the customers
 - Update customer accounts in the Incode System to reflect cash and noncash transactions
 - Void or refund cash payments
 - Review and close batch transactions in the Incode System for cash payments processed

Access to Receive Cash Payments and Process Non-Cash Credits

⁹ A computer system administrator can change security settings, install software and hardware, access all menus in the computer system, and make changes to other user accounts.

Segregation of Duties
<p>Divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the following responsibilities so that no single individual controls all key aspects of a transaction or event:</p> <ul style="list-style-type: none">• Authorizing• Processing• Recording• Reviewing• Handling any related assets
<p>Source: Green Book</p>

- Collection Correspondence Cashiers at the Municipal Court (Court), Clerks, Senior Court Specialists, and a Confirmation Supervisor at the Dallas City Marshal's Office can receive cash payments and apply non-cash credits, such as community service, work release, and jail-time served
- The Dallas City Marshal's Office's Confirmation Supervisor can receive cash, checks, and money orders and dismiss citations

The CTS Collections Division does not have other compensating controls to: (1) mitigate the risks associated with the segregation of duties' violations noted above; and, (2) prevent or detect the misappropriation of cash payments. For example, CTS does not have procedures aimed at detecting the use of high risk transactions, such as voids, refunds, citation dismissals, and warrant deactivation. Specifically, CTS does not have procedures that require periodic review of:

- Voided transactions (Note: The Incode System does not have the capability to produce a report that shows all transactions voided during a specific timeframe.)
- Refunds
- Individuals closing and reconciling batches of transactions
- Individuals accessing and changing Incode System settings, such as payment method type, in the operator maintenance module
- Cleared warrants and corresponding payments

The CTS does have security cameras positioned to monitor CTS personnel as they conduct cash handling / collection activities. The purpose of the security cameras is to deter inappropriate behavior and to provide a means of investigating if cash misappropriations were suspected. The security cameras, however, are not useful in monitoring the high risk transactions noted above.

These segregation of duties violations are due to the following:

- The CTS did not segregate some incompatible personnel duties when designing user profiles¹⁰ for cash and citation processing in the Incode System

¹⁰ User profiles are designed through the "Incode Profile Liability Matrix" (CTS-FRM-926) which describes cash processing and citation processing access privileges for CTS and Dallas City Marshal Office personnel.

- The CTS has not compared user profiles designed by the CTS to the user profiles established in the Incode System
- The Incode System requires a user to have administrator level access rights to void cash payments

According to the Green Book, management:

- Limits access to resources and records to authorized individuals; and, assigns and maintains accountability for their custody and use. Management may periodically compare resources with the recorded accountability to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.
- Designs an overall risk response and specific actions for responding to fraud risks. It may be possible to reduce or eliminate certain fraud risks by making changes to the entity's activities and processes. These changes may include stopping or reorganizing certain operations and reallocating roles among personnel to enhance segregation of duties.

Recommendation IV

We recommend the Director of CTS ensures that:

- The Incode System user access is further segregated to reduce the risk that a cash misappropriation could occur and remain undetected
- Additional internal controls are implemented to mitigate the risk if duties cannot be segregated

Recommendation V

We also recommend the Director of CTS ensures that:

- The CTS personnel duties are appropriately segregated in the CTS-FRM-926
- The CTS users' actual access to the Incode System is aligned with any segregation of duties changes made to the CTS-FRM-926
- The CTS periodically monitors that segregation of duties is appropriate by comparing the user profiles in the aligned CTS-FRM-926 to the user profiles established in the Incode System

**An Audit Report on –
Courts Information System – Cash Management / Collections Processes**

- Collection Supervisors and the Collection Manager can void cash payments without Incode System Administrator Level access to the Incode System or implement additional internal controls to mitigate these risks

Please see Appendix III for management's response to the recommendation.

Department of Court and Detention Services' Reviews of User Access and Transaction Logs Do Not Comply with Established Procedures and Were Not Effective

The CTS' "ad hoc" user access and transaction logs reviews did not comply with CTS procedures (see textbox). In addition, the CTS procedures did not include the methodology and documentation requirements for the: (1) user access reviews; (2) transaction logs reviews (including the sample selection); and, (3) the associated results for each review. Specifically:

- The Original CTS-PRO-906¹¹, *Incode User Access Auditing* - Required User Access and Transaction Logs reviews twice per fiscal year; however, CTS only completed one of each
- The Revised CTS-PRO-906 - Requires periodic reviews which does not comply with Administrative Directive 2-24, *Computer Security* (AD 2-24) that requires annual reviews of access and security

Original CTS-PRO-906

The original CTS-PRO-906 required CTS management to perform Incode user access reviews twice per fiscal year as follows:

- A review of a list of the templates (a group of Incode System functions assigned to specific personnel positions) and the personnel positions to which they were assigned to ensure: (1) terminated employees do not have access; (2) templates are commensurate with employee positions; (3) functions within templates are based on current job practices; and, (4) employees do not have capabilities that allow internal control conflicts where such functions should be separated
- A review of transaction logs of cleared warrants and settlement transactions for any anomalous activity

To document the user access reviews, CTS also required CTS personnel to complete a review log (CTS-FRM-922, *Incode System User Access Review Log*) and store the log in the CTS Administrative Office.

Source: CTS

Without specific procedures that include the methodology and documentation requirements, the risk is increased that: (1) unauthorized users have access to the Incode System; (2) incompatible duties are not appropriately segregated; and, (3) invalid transactions are not identified and corrected timely.

User Access and Transaction Logs Reviews

Rather than performing a user access review and a review of transaction logs twice per fiscal year, CTS performed one "ad hoc" user access review in April 2016 and one "ad hoc" review of transaction logs in June 2016. These "ad hoc" reviews,

¹¹ The original CTS-PRO-906 was effective February 20, 2015 to June 27, 2016. The revised CTS-PRO-906 was effective June 28, 2016.

however, were not effective in lowering the risks of inappropriate user access and transactions. Specifically:

- April 2016 “Ad-Hoc” User Access Review

The review identified 161 of 437 users, or approximately 37 percent, as terminated employees with active Incode System user identifications (IDs). Subsequently, CTS requested the Incode System vendor, Tyler Technologies, remove Incode System access for these 161 users. The CTS, however, did not verify Tyler Technologies completed the request. As of November 3, 2016, two of the 161 users were still active in the Incode System.

The review was an "overhaul" of all CTS personnel's access in the Incode System to correct security violations and incompatible users' access identified in the *Audit of Access Controls for the Court's Information Systems* (Report No. A16-004) issued on December 4, 2015.

- June 2016 “Ad-Hoc” CTS Transaction Logs Review

This review did not include a required review of user IDs and cleared warrants. According to CTS, the review included judgmental samples of CTS transactions. The samples were not randomly selected; therefore, CTS did not obtain a statistically relevant estimate of the true presence of errors in the total population of CTS transactions.

In addition, CTS did not formally document the:

- Dates these “ad-hoc” reviews were performed and the responsible division managers
- Methodology and justification for the selection of the judgmental samples of CTS transactions

The AD 2-24 requires the: (1) department director ensures access rights to resources are reviewed and are appropriately applied, on an annual basis; (2) managers and supervisors evaluate all information systems for security risks, identify and implement corrective measures, and perform audits to ensure effectiveness of control; and, (3) data owners review access privileges annually for owned data, perform a risk analysis of data at least annually, select appropriate controls for information, and implement and use any access control methods and security measures that the City has provided, including system and application specific controls.

Recommendation VI

We recommend the Director of CTS updates the Revised CTS-PRO-906 by including the methodology and documentation requirements for the:

- User access reviews to ensure inappropriate user access issues are identified and timely corrected
- Transaction logs reviews to ensure: (1) the sample selection is statistically valid and produces a relevant estimate of the true presence of errors in the total population of CTS transactions; and, (2) errors and anomalies are identified and timely corrected

Recommendation VII

We recommend the Director of CTS ensures:

- Incode System user access and transaction logs reviews are conducted in accordance with the updated Revised CTS-PRO-906 at least once per year, including formally and consistently documenting the:
 - User access review methodology
 - Transaction logs reviews methodology, including the sample selection
 - Results of the Incode System user access and transaction logs reviews
 - Actions taken to investigate and correct errors and anomalies identified

Please see Appendix III for management's response to the recommendation.

Certain Cash Management / Collection Procedures and Work Instructions Are Not Followed

The CTS has cash management / collection procedures and work instructions (see textbox) in place to reduce financial risk and safeguard cash; however, CTS did not consistently comply with the stated requirements. Specifically, the CTS:

- Collections, Correspondence and Bonds Division personnel did not change the vault combination in a timely manner. The vault combination change request was not sent to the Department of Equipment and Building Services (EBS) until approximately five months after a CTS employee, who was authorized to access the vault cash, terminated employment (CTS-PRO-602, *Safekeeping and Delivery of Monies Collected*).
- Collections, Correspondence and Bonds Division personnel did not verify the change fund for five of 30 randomly selected days, or approximately 17 percent (CTS-PRO-604, *Change Fund Verification*)
- Finance and Accounting Division personnel did not conduct till and vault audits at the Main Court House (2014 Main Street) and the Dallas City Marshal's Office (1600 Chestnut Street) for ten out of twelve randomly selected months, or approximately 83 percent (CTS-WKI-106, *Verification of Cash-Vault and Cashier Till Audit*)
- Collections, Correspondence and Bonds Division personnel did not adequately document the closeout summaries, which are designed to account for all monies collected daily, whether in cash, checks, money orders, or credit cards. Specifically, 41 of 507 end of the day closeout documents judgmentally selected, or approximately eight percent, did not have a Closeout Summary

CTS Cash Management / Collection Procedures and Work Instructions

The CTS-PRO-602, *Safekeeping and Delivery of Monies Collected*, requires the Division Manager to ensure the vault combination is updated within three to five working days when there is a change in manager, supervisor, or team leader.

The CTS-PRO-604, *Change Fund Verification*, states only authorized personnel, supervisors, and divisional manager may access the vault for the daily verification and counting of change fund.

The CTS-WKI-106, *Verification of Cash-Vault and Cashier Till Audit*, states CTS Accounting Division personnel will audit three cashier tills from either of CTS locations (2014 Main Street or 1600 Chestnut Street) on a weekly basis and at random intervals throughout the selected day. They are also responsible for auditing the vault at 2014 Main Street on a weekly basis and the vault at 1600 Chestnut Street monthly. The results of these audits will be reported to the Executive Team (Director and Assistant Directors) monthly.

The CTS-WKI-504, *End of Day Closeout, Discrepancies, Disciplinary Action*, states the Closeout Summary should list the sum of monies, in detail, of cash, money orders, checks, and credit cards. This verification is to be signed and dated by supervisor / lead and clerk after verification.

Source: CTS

attached (CTS-WKI-504, *End of Day Closeout, Discrepancies, Disciplinary Action*).

Without compliance with these cash management / collections procedures and work instructions, CTS cannot effectively reduce financial risk and properly safeguard cash. Independent surprise audits and daily verifications of vault cash are particularly important in an environment such as CTS' where duties are not properly segregated.

According to CTS, the:

- Vault combination was not changed timely because the master agreement, which CTS previously had with Securitex (the company which was used for vault combination changes), had expired. Therefore, vault combination changes had to be processed through EBS and there was no standard process in place.
- Vault cash verifications were not conducted due to the absence of an assigned schedule for coordinators, Senior Court specialists (supervisors), and the manager
- Till and vault audits were not conducted between July 2015 and April 2016 due to limited CTS personnel resources and staff transition
- Closeout Summaries were not consistently completed because there is a compensating control to account for all monies collected daily, whether in cash, checks, money orders, or credit cards

Recommendation VIII

We recommend the Director of CTS improves compliance and oversight of cash management / collections processes for fines and fees by requiring the CTS:

- Collections, Correspondence and Bonds Division personnel to update the vault combination timely when a manager, supervisor or team leader change occurs
- Collections, Correspondence and Bonds Division personnel to develop and implement a change fund verification schedule for personnel assigned to verify and count the change fund on daily basis
- Finance and Accounting Division personnel to conduct till and vault audits

**An Audit Report on –
Courts Information System – Cash Management / Collections Processes**

- Collections, Correspondence and Bonds Division personnel to evaluate the need for Closeout Summaries, update the CTS-WKI-504 accordingly, and consistently follow the updated CTS-WKI-504

Please see Appendix III for management's response to the recommendation.

Background, Objective, Scope and Methodology

Background

Department of Court and Detention Services

The City of Dallas' (City) Department of Court and Detention Services (CTS) is the Official Clerk of the Court of Record. The Dallas Municipal Court is divided into 13 Municipal Courts. The CTS is responsible for:

- Overseeing Municipal Court administrative and clerical functions, the Dallas City Marshal's Office, the City Detention Center, and the incarceration of City of Dallas (City) prisoners at the Dallas County Lew Sterrett Justice Center Facility
- Processing civil cases, citations, and requests for court programs, providing courtroom support, collection of fines and fees, warrant enforcement, contract compliance, and financial services, responding to information requests, confirming warrants for the Dallas Police Department (DPD) and other regional law enforcement agencies, and preparing court dockets ¹²

Among CTS' divisions, the Records Division manually registers citations in the Incode Court Case Management and the Content Manager System (Incode System) and manages court records. The Collections, Correspondence and Bonds Division collects fines and fees, processes payments, and manages cash deposits and balances. The CTS provides service in person, by mail, and internet. The Finance and Accounting Division posts payments in the City's accounting system and conducts cashier till audits and vault audits.

Revenue and Citations

For Fiscal Years (FY) 2014, FY 2015, and FY 2016, CTS collected approximately \$51 million in fines and fees.

As shown in Table I and IV below, from FY 2014 through FY 2016, the City issued 460,080 citations of which 407,951 citations, or approximately 89 percent, were issued by DPD. Of these 407,951 citations, 222,047, or 54 percent, were paper citations; and 185,904, or approximately 46 percent, were electronic citation (e-citations).

¹² Source: CTS background information is an excerpt from the CTS website.

Table I

**Total Citations Summary
 FY 2014 through FY 2016
 (Unaudited)**

Department	FY 2014	FY 2015	FY 2016	Total	Average Percentage ¹
Animal Care Services	1,230	2,030	4,831	8,091	2
Code Compliance	5,918	10,878	14,261	31,057	6
Dallas Police Department	148,949	137,192	121,810	407,951	89
Others ²	3,657	3,738	5,586	12,981	3
Totals	159,754	153,838	146,488	460,080	100

Source: CTS

Notes: ¹ Rounded

² Others include City departments, such as the: (1) Dallas City Marshal's Office; (2) Department of Dallas Fire-Rescue (DFR); (3) Department of Dallas Water Utilities (DWU); and, (4) Department of Public Works (PBW) as well as other agencies, such as Dallas Area Rapid Transit (DART) and Veterans Affairs Police Department (VAPD)

Table II

**Paper Citations Summary
 FY 2014 through FY 2016
 (Unaudited)**

Department	FY 2014	FY 2015	FY 2016	Total	Average Percentage ¹
Animal Care Services	1,230	2,030	4,831	8,091	3
Code Compliance	5,918	10,878	14,261	31,057	11
Dallas Police Department	81,090	69,265	71,692	222,047	81
Others ²	3,654	3,726	5,518	12,898	5
Totals	91,892	85,899	96,302	274,093	100

Source: CTS

Notes: ¹ Rounded

² Others include City departments, such as the Dallas City Marshal's Office, DFR, DWU, and PBW as well as other agencies, such as DART and VAPD

Table III

**Electronic Citations Summary
 FY 2014 through FY 2016
 (Unaudited)**

Department	FY 2014	FY 2015	FY 2016	Total	Average Percentage ¹
Dallas Police Department	67,859	67,927	50,118	185,904	99.96
Others ²	3	12	68	83	0.04
Totals	67,862	67,939	50,186	185,987	100.00

Source: CTS

Notes: ¹ Rounded

² Others include City departments, such as the Dallas City Marshal's Office, DFR, DWU, and PBW as well as other agencies, such as DART and VAPD

Table IV

**Dallas Police Department's Citations Summary
 FY 2014 through FY 2016
 (Unaudited)**

Fiscal Year	Paper Citations		Electronic Citations		Total Citations
	Number	Percentage ¹	Number	Percentage ¹	Number
2014	81,090	54	67,859	46	148,949
2015	69,265	50	67,927	50	137,192
2016	71,692	59	50,118	41	121,810
Totals	222,047	54	185,904	46	407,951

Source: CTS

Note: ¹ Rounded

Table V

**Missing Citations Summary Number Sequence
 FY 2014 through FY 2016**

Citation Type	Definition	Gaps ¹
C	Criminal citations	16,704
E	Electronic citations	1,360
J	Jail arrest citations	24,531
H	Civil citations	2,850
V	Quality of life citations	1,426
X	Outside handwritten arrest tickets mostly from Dallas Area Rapid Transit for public intoxication	23
Z	Outside complaints from the City of Dallas Prosecutor's Office	130

Source: Auditor's analysis is based on data provided by CTS and the Department of Communication and Information Services

Note: ¹ Citations which are not written in a sequential order. Criminal citations may include a gap in number sequence of one to 85,852 citations.

Budget

Table VI below, shows for FY 2014, FY 2015, and FY 2016, the CTS Municipal Court Services authorized Full-Time Equivalent employees (FTEs), the adopted operating and revenue budgets, and performance measures.

Table VI

**Budget Summary for CTS' Municipal Court Services
 FY 2014 through FY 2016**

Fiscal Year	FTEs	Adopted Operating Budget	Adopted Revenue Budget	Adopted Budget Performance Measures	
2014	145	\$10,033,215	\$13,779,457	Percent of traffic and ordinance cases heard within 45 days of request	99.5 percent
				Percent of payments not requiring an office visit	50 percent
				Average wait time	Seven minutes
2015	102	8,525,026	12,213,568	Percent of traffic and ordinance cases heard within 30 days of request	95 percent
				Percent of defendants responding within the first 21-day deadline	40 percent
				Average window wait time	Five minutes
				Customer satisfaction survey score	88 percent
2016	93	7,198,341	14,771,233	Percent of defendants responding within the first 21-day deadline	42 percent
				Average window wait time	Five minutes
				Customer satisfaction survey score	90 percent
				Cost per case disposed	\$38.31

Citizen Satisfaction with “Municipal Court (Services)”

While the City’s citizens’ satisfaction rating with the “Municipal Courts (Services)” improved between FY 2014 and FY 2016, from 45 percent to 60 percent, “Municipal Courts (Services)” continues to have significant improvement opportunities (see Table VII below).

Table VII

**Summary of City of Dallas Community Survey
Finding Reports for “Municipal Courts (Services)”**

Fiscal Year	2009	2011	2013	2014	2016
Citizens’ Satisfaction Rating Percentages	43	50	46	45	60

Source: City of Dallas Community Survey: Finding Reports

Note: Except for FY 2013 and FY 2014, the City conducted the *City of Dallas Community Survey* every other year

Objective, Scope and Methodology

This audit was conducted under authority of the City Charter, Chapter IX, Section 3 and in accordance with the FY 2015 Audit Plan approved by the City Council. This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was to evaluate the internal controls over cash management / collections processes for fines and fees. The audit period covered October 1, 2013 through June 30, 2016. We also reviewed certain related transactions and records before and after that period.

To achieve the audit objective, we performed the following procedures:

- Interviewed personnel from the following: Animal Care Services, Department of Code Compliance (CODE), Department of Communication and Information Services, CTS, and DPD, as well as Tyler Technologies

**An Audit Report on –
Courts Information System – Cash Management / Collections Processes**

- Reviewed applicable CTS', CODE's, and DPD's policies and procedures, City's administrative directives, Federal Information System Controls Audit Manual by the United States Government Accountability Office, and the Standards for Internal Control in the Federal Government by the Comptroller General of the United States
- Reviewed judgmentally selected:
 - Security Authorization Requests for CTS' hired, terminated, and transferred employees
 - Surprise till and vault audits performed by CTS' Finance and Accounting Division
 - Vault fund verification performed by CTS' Collections, Correspondence and Bonds Division
 - Change orders processed by CTS' Collections, Correspondence and Bonds Division
- Traced judgmentally selected closeout documents prepared by cashiers to deposits reported on bank statements
- Observed physical security at CTS' Collections, Correspondence and Bonds Division, and systems access at CTS and DPD
- Evaluated the design of internal controls for paper and e-citation processes
- Conducted an analysis to identify citations which are not in sequential order

Major Contributors to This Report

Anatoli Douditski, CIA – Auditor
Bisola Macfoy, CFE – Auditor
Sandra McCall, CPA – Auditor
Thandee Kywe, CPA, CFE, CGFM – Audit Manager
Mamatha Sparks, CISA, CIA – Audit Manager
Carol A. Smith, CPA, CIA, CFE, CFF – First Assistant City Auditor
Theresa Hampden, CPA – Quality Control Manager

Management's Response

Memorandum

RECEIVED

SEP 20 2017

City Auditor's
Office



CITY OF DALLAS

DATE: September 19, 2017

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Court and Information System – Cash Management / Collections Processes

Our responses to the audit report recommendations are as follows:

Recommendation I

We recommend the City Manager ensures City departments responsible for the citation accountability processes develop and implement formal (written, approved, and dated) policies and procedures that define roles, responsibilities, and accountability among departments to ensure:

- Issued e-citations and paper citations are properly accounted for in the Incode System
- Unissued and / or voided paper citations and the associated citation books are properly accounted for, retained, and ultimately destroyed

Management Response / Corrective Action Plan

Agree Disagree

Court & Detention Services (Courts) will continue its current practice of reconciling all paper citations received and ensure they entered the court case management system. This daily procedure will also ensure that Communication and Information Services (CIS) monitor the error queue daily to ensure successful uploading of e-citations from the e-writers to the Brazos system and finally into the court case management system. In addition, both Police and Code will begin the entry of paper citation books issued into the court case management system and develop their individual departmental policies and procedures

Simultaneously, Courts and Police will research existing ticket accountability systems of other agencies. Ultimately, Courts will develop a comprehensive citywide formalized system and create an Administrative Directive for ticket accountability. This policy will not only address paper citations, but also e-citations, from uploading of citations through the records retention schedule and account for those unissued and voided. Upon completion

**An Audit Report on –
Courts Information System – Cash Management / Collections Processes**

of the policy. Courts will determine if additional resources will be necessary to ensure complete accountability.

Implementation Date

CIS – daily monitor the queue of uploading of e-citations into the Brazos system and then into the court case management system – November, 2017
DPD/Code to pilot ticket accountability in the Court Case Management System for paper citations – November 1, 2017
DPD/Code develop written procedures for paper citations ticket accountability – November, 2017
Research ticket accountability for paper and e-citations systems – March 1, 2018
Develop a formal policy for both paper and e-citations ticket accountability – September, 2018
Implement ticket accountability for both paper and e-citations for all citation issuing departments – December, 2018

Responsible Manager

CTS – Assistant Director
DPD – Assistant Chief
Code – Assistant Director
CIS – Sr. IT Manager

Recommendation II

We recommend the City Manager ensures CTS and the other citation issuing departments conduct a more in-depth cost-benefit analysis (personnel and system costs, including costs related to internal control implementation) to determine whether transitioning to a more complete e-citation process is more cost effective and improves internal controls. This cost-benefit analysis may also include a utilization study of current e-writers. If the e-citation process is considered more beneficial, we recommend the City Manager develops an implementation plan including the associated budget.

Management Response / Corrective Action Plan

Agree Disagree

CTS and the other citation issuing departments will perform an in-depth cost-benefit analysis (personnel and system costs, including costs related to internal control implementation) to determine whether transitioning to a more complete e-citation process is cost effective and improves internal controls. Furthermore, if the analysis reveals the current technology is too cost prohibitive to expand, the study will examine both the utilization of our current devices, and an outline of possible future solutions utilizing cell phone based e-citation applications.

Implementation Date

March 1, 2018

**An Audit Report on –
Courts Information System – Cash Management / Collections Processes**

Responsible Manager
CTS – Assistant Director
DPD – Assistant Chief
CIS – Sr. IT Manager

Sincerely,



Jon Fortune
Assistant City Manager

An Audit Report on –
Courts Information System – Cash Management / Collections Processes

Memorandum

RECEIVED

SEP 01 2017

City Auditor's
Office



CITY OF DALLAS

DATE: 9/1/17

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Court and Information System – Cash Management / Collections Processes

Our responses to the audit report recommendations are as follows:

Recommendation III

We recommend the Director of CIS, in consultation with CTS, ensures an information technology solution is implemented to eliminate the duplicate scanning of paper citations.

Management Response / Corrective Action Plan

Agree Disagree

CIS will consult with CTS to develop functional requirements, identify potential solutions and implement the chosen solution to eliminate duplicate scanning of paper citations. The implementation date below includes the projected time to solicit bids, review the bids, select a vendor, and implement the solution. After implementation, time has been included to demonstrate the sustainability of the solution. If an in-house solution is determined to satisfy the technology solution, the time to implement the solution may be reduced since the RFP procurement process will not be required.

Implementation Date

Develop Requirements – October 31, 2017

Select Solution – January 31, 2018

Solicit Bids/Implement Solution – February 1 - October 31, 2018

Demonstration of Sustainability – November 1, 2018 - April 30, 2019

Responsible Manager

Sr. IT Manager

Sincerely,

"Dallas, the City that Works: Diverse, Vibrant and Progressive."

Page 1 of 2

An Audit Report on –
Courts Information System – Cash Management / Collections Processes

RECEIVED

William Finch

William Finch
Director, CIS

Jody Puckett

Jody Puckett
Assistant City Manager

Gloria Lopez Carter

Gloria Lopez Carter
Director, CTS

Jon Fortune

Jon Fortune
Assistant City Manager

Memorandum

RECEIVED

SEP 20 2017

City Auditor's
Office



CITY OF DALLAS

DATE: September 19, 2017

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Court and Information System – Cash Management/Collections Processes

Our responses to the audit report recommendations are as follows:

Recommendation IV

We recommend the Director of CTS ensures that:

- The Incode System user access is further segregated to reduce the risk that a cash misappropriation could occur and remain undetected
- Additional internal controls are implemented to mitigate the risk if duties cannot be segregated

Management Response / Corrective Action Plan

Agree Disagree

The Auditor's Office has correctly identified that of the nearly 400 system users, there are several instances of staff who have been set up with the incorrect authorized template profiles. In the short term, Courts will work with CIS to correct these known errors. To reduce future instances of these anomalies going forward, CTS will need to work with CIS in verifying that IT staff correctly add/modify/delete users when authorized requests are submitted by CTS, CTJ, or ATT. Whenever a new profile is set up, Courts will ensure that the profile was entered correctly by CIS. All other future profile anomalies that occur throughout the year will be addressed through the annual audit of user profiles.

Users are assigned to one of thirty-three different user access profile types. Each profile type has limitations as to what the user can and cannot do. The thirty-three access types not only limit the misappropriation of cash, but other critical functions in the system.

In instances where advanced access levels are given to higher level supervisors or managers so they may perform their job, a significant number of preventative mitigating controls are in place to inhibit theft. These preventative mitigating controls include, but are not limited to: building access limitations, end of day reconciliations to system

"Dallas, the City that Works. Diverse. Vibrant and Progressive."

Page 1 of 6

generated receipts, mid-day till audits, physical access controls to cash, system cash handling limitations, comprehensive camera recording systems, and segregation of work assignment duties.

While we have preventative mitigating controls, the City Auditors recommends that periodic audits, or "detective mitigating controls", are put in place to ensure that CTS' preventative mitigating controls are working. CTS agrees with this recommendation and will work in the coming months to develop what those detective mitigating controls look like and how they will be put in place.

The granting of profile access types is controlled by an extremely narrow approval team consisting of top level department staff. On multiple occasions since the 2013 implementation of the new Municipal Court Case Management System, a full review of users' access levels has been conducted to ensure that staff were appropriately set up in accordance to this approval process.

Implementation Date

Correction of user issues identified by AUD – December, 2017
Develop detective controls – December, 2017
Full user review conducted – April, 2018
Correction of issues identified during the full review – June, 2018

Responsible Manager

CTS – Assistant Director and City Marshal

Recommendation V

We also recommend the Director of CTS ensures that:

- The CTS personnel duties are appropriately segregated in the CTS-FRM-926
- The CTS users' actual access to the Incode System is aligned with any segregation of duties changes made to the CTS-FRM-926
- The CTS periodically monitors that segregation of duties is appropriate by comparing the user profiles in the aligned CTS-FRM-926 to the user profiles established in the Incode System
- Collection Supervisors and the Collection Manager cannot void cash payments without Incode System Administrator Level access to the Incode System or implement additional internal controls to mitigate these risks

Management Response / Corrective Action Plan

Agree Disagree

Users are assigned to one of thirty-three different user access profile types. Each profile type has limitations as to what the user can and cannot do. The thirty-three access types

"Dallas, the City that Works: Diverse, Vibrant and Progressive."

not only limit the misappropriation of cash, but other critical functions in the system. Courts agrees that a few of the identified conflicts can be completed with a simple modification, while others cannot due to operational needs. The simple modification will require Courts to contact the software vendor to address the profile change and update the change for those users. Going forward it would then be corrected.

For those that cannot be changed due to operational needs, the City Auditor recommends that periodic audits, or “detective mitigating controls”, are put in place to ensure that Courts’ preventative mitigating controls are working. Courts agrees with this recommendation and will work in the coming months to develop what those detective mitigating controls look like and how they will be put in place.

In instances where advanced access levels are given to higher level supervisors or managers, so they may perform their job, numerous preventative mitigating controls are in place to inhibit theft. These preventative mitigating factors include, but are not limited to: building access limitations, end of day reconciliations to system generated receipts, mid-day till audits, physical access controls to cash, system cash handling limitations, comprehensive camera recording systems, and segregation of work assignment duties.

While an administrative cash rights profile is needed to conduct a void and while other system and external mitigating controls exist, Court and Detention Services agrees that it is ideal if this configuration was improved. To that end, the Municipal Court’s Case Management Software was edited by its developers at Tyler Technologies to allow cash collection supervisors and managers the ability to void, without needing administrative rights. This software change was implemented by the Municipal Courts on July 31, 2017.

Implementation Date

Identify which profile recommendations can/cannot be made – November, 2017
Make profile adjustments that can be made – December, 2017
Develop detective controls for adjustments that cannot be made and update policy – December, 2017
Start ongoing mitigating controls – April, 2018

Responsible Manager

CTS – Assistant Director

Recommendation VI

We recommend the Director of CTS updates the Revised CTS-PRO-906 by including the methodology and documentation requirements for the:

- User access reviews to ensure inappropriate user access issues are identified and timely corrected
- Transaction logs reviews to ensure: (1) the sample selection is statistically valid and produces a relevant estimate of the true presence of errors in the total population of CTS transactions; and, (2) errors and anomalies are identified and timely corrected

Management Response / Corrective Action Plan

Agree Disagree

CTS will commit to updating policy CTS-PRO-906 with additional detail that further explains the methodology used for the review. Additionally, the policy will be expanded to include documentation requirements so follow up audits more clearly track corrections made.

In regards to sample selection size, CTS will update our policy to explain the methodology as to how our sample sizes are selected based on a combination of the sample group's total population and risk.

Finally, the review audit conducted in policy CTS-PRO-906 will change from its current frequency of "periodic" to "annual".

Implementation Date

Revise policy - February, 2018

Responsible Manager

CTS – Assistant Director

Recommendation VII

We recommend the Director of CTS ensures:

- Incode System user access and transaction logs reviews are conducted in accordance with the updated Revised CTS-PRO-906 at least once per year, including formally and consistently documenting the:
 - User access review methodology
 - Transaction logs reviews methodology, including the sample selection
 - Results of the Incode System user access and transaction logs reviews
 - Actions taken to investigate and correct errors and anomalies identified

Management Response / Corrective Action Plan

Agree Disagree

As discussed in Recommendation VI, CTS will commit to auditing once per year, instead of its current requirement of "periodic" reviews. Additionally, the CTS policy will be expanded to explain the rationale used in what exactly staff should look for in the reviews, how to select the sample set of cases, the documentation to show which errors were found during the access and transaction log reviews, and the specific steps users will need to

"Dallas, the City that Works: Diverse, Vibrant and Progressive"

**An Audit Report on –
Courts Information System – Cash Management / Collections Processes**

take to investigate and correct errors. In short, the policy is currently based heavily off of institutional knowledge and needs to be written in a way where a person unfamiliar with the municipal court could read it, understand it, and perform it.

Implementation Date

Revise Policy – February, 2018
Conduct review of the policy – April, 2018
Correct issues – June, 2018

Responsible Manager

CTS – Assistant Director

Recommendation VIII

We recommend the Director of CTS improves compliance and oversight of cash management / collections processes for fines and fees by requiring the CTS:

- Collections, Correspondence and Bonds Division personnel to update the vault combination timely when a manager, supervisor or team leader change occurs
- Collections, Correspondence and Bonds Division personnel to develop and implement a change fund verification schedule for personnel assigned to verify and count the change fund on daily basis
- Finance and Accounting Division personnel to conduct till and vault audits
- Collections, Correspondence and Bonds Division personnel to evaluate the need for Closeout Summaries, update the CTS-WKI-504 accordingly, and consistently follow the updated CTS-WKI-504

Management Response / Corrective Action Plan

Agree Disagree

With respect to vault combination changes, changes are regularly made quickly when employees who previously had access to the vault are reassigned or end employment with the City. In the instance notated by the Auditor's Office, there was a failure in quickly changing the combination due to the expiration of a purchasing master agreement for a locksmith. Other controls, such as access badge removal, computer system removal, camera systems, and daily vault reconciliations ensured that no misdoings occurred during this time. Going forward, CTS agrees to ensure similar circumstances do not arise by reviewing master agreements regularly to ensure locksmith services are available.

In regards to change fund verification and third party mid-day till and vault audits, CTS will evaluate this policy to determine if it should be discontinued or done less frequently (either quarterly or bi-annually).

**An Audit Report on –
Courts Information System – Cash Management / Collections Processes**

Finally, CTS will evaluate the need for the redundant close out summary described in CTS-WKI-504. This nightly reconciliation process is a duplication of a more primary close out summary and may not be needed going forward.

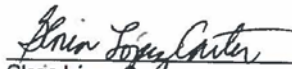
Implementation Date

Review locksmith Master Agreement - ongoing
Evaluate the need and/or frequency of till and vault audits – December, 2017
Evaluate the need for duplicate closeout summary in policy CTS-WKI-504 – December, 2017

Responsible Manager

CTS – Assistant Director

Sincerely,



Gloria López Carter
Director



Jon Fortune
Assistant City Manager