

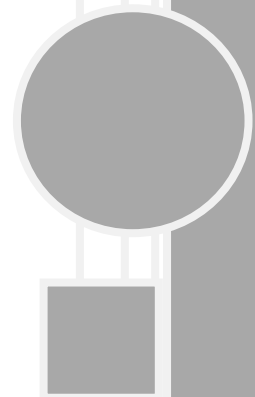


AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT 1 - FY 2018 AUDIT

Darryl D. Thomas
Dallas County Auditor
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CONSTABLE PRECINCT 1 - FY 2018 AUDIT

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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 Tracey Gulley
Constable Precinct No. 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct 1 - FY 2018 Audit**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in blue ink that reads "Darryl D. Thomas". The signature is fluid and cursive.

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A review was performed on the records and reports of Constable Precinct No. 1 for October 01, 2017 through September 30, 2018. We noticed that commission calculation and tracking and recording of evidence room items were improved during this audit period. However, internal control weaknesses which need consideration by management are:

Summary of Significant Observations:

- Special Fund balances over three years old totaling \$8,247.46 has not been escheated to the appropriate parties due to lack of enough information to reimburse the fund.

Repeat observations from Previous Audits:

- Inconsistency in applying proper procedure on computer and manual receipt's void/cancellation.
- Incomplete data entry into Constable Civil System.
- Lack of knowledge to adhere or complies to the Dallas County policy Code 90-129

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, 2017 through September 30, 2018.

Standard review procedures were followed to test the internal controls for cash, revenue, and other county assets. A random sampling of the total activity was selected for certain review steps based on risk, the dollar value of transactions and the volume of transactions. Testing also involved a review of the Constable civil system.

DETAILS

Manual Receipts

A review of all manual receipts issued and voided during the audit period revealed:

- Seven manual receipt numbers are not listed on the computer receipt.
- Two discrepancies between case numbers on the manual and computer receipt.
- One manual receipt with a delay of 22 business days from the computer receipt date.
- Two manual receipts were issued out of date sequence.
- Two manual receipts were voided with no explanation indicated.
- 21 manual receipts were skipped because a new receipt book is issued to each writ deputy. **Status: All receipts were voided by the Bookkeeper on 7/17/2019.**

All monies received should be promptly receipted and deposited consistent with state law, Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004 and procedures recommended by the County Auditor. All receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent the assertion that monies were paid and refunds due. Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. Inconsistent supervisory review, clerical errors, untimely computer receipt entry, and insufficient internal controls over manual receipting have resulted in improper record keeping, delayed revenue recognition, loss of audit trail between manual receipts to computer receipting, and the potential for misplacement or loss of Dallas County official manual receipts.

Recommendation

Manual Receipts

Management should implement procedures for manual receipts to ensure:

- Receipts are issued in numerical and chronological order
- Receipt books are strictly controlled
- Receipts are entered into the computer system promptly
- Supervisory review of receipts is performed periodically to verify procedure adherence

Management Action Plan

The Chief Clerk will review the receipt books weekly for accuracy and will assure that any and all voided receipts will have full explanation. Chief Clerk will sign off on receipt books given to Deputy by the bookkeeper.

Auditors Response

None

Computer Receipts

A sample review of computer receipts and voids for the audit period revealed:

- One voided receipt had a discrepancy between the payer listed on void receipt and the reissued receipt;
- Two voided receipts have the incorrect item number in CWR; and
- 32 voided computer receipts were issued and canceled by the same CWR user.

All monies received should be promptly receipted and deposited properly and timely in accordance with Local Government Code (L.G.C.), § 113.022. The responsibilities granted to users in CWR should be restricted based on their job duties and supervisory approval of cancelations should be performed. Inconsistent supervisory review, minimal separation of duties, and clerical errors in computer receipting has resulted in incompatible duties and responsibilities and an increased risk of revenue misappropriation and errors.

Recommendation

Computer Receipts

Management should implement deposit and receipting procedures that include:

- Requiring supervisory approval for all voids.
- Ensuring the verification of items entered in CWR.

Management Action Plan

The Chief Clerk will receive all voids and sign off on voided receipts. The voids will have sufficient/clear reasons for voiding.

Auditors Response

None

Fee Compliance

A sample review of fee compliance for the period revealed: two papers had a discrepancy between the paper types entered into CWR and the CCS.

Service fees should be assessed and collected in compliance with applicable state laws, including Local Government Code, § 118.131 and Commissioners Court orders.

Best practices recommend a record of original entry should be posted to the CCS for tracking/reporting and accurately include all updates of all required data elements in a timely manner. Receipts in CWR should accurately reference the data posted to CCS and capture the entirety of the office numbers.

Clerical data entry errors when recording papers served have resulted in the incorrect fee types between the CWR and CCS and the inaccurate Constable fee being collected.

Recommendation

Fee Compliance

Management should develop and implement written procedures to ensure fee compliance that includes:

- Service fees are properly assessed and collected according to state laws, Commissioner Court orders, Local Government Code § 118.131, etc.
- Data entered into the Constable Civil System is complete and accurate.
- Receipts are entered into CWR with the correct details from CCS including, but not limited to office number, paper type, and case number.

Management Action Plan

The floor supervisor will receive the numeric list of new papers report every morning for accuracy and the return clerk will review the return report for accuracy every morning. All errors will be taken to the Chief Clerk.

Auditors Response

None

Commission Calculations

A sample review of ten commission calculations made during the audit period revealed:

- Five case files were not located or provided by the precinct.
- Six interest and/or commission calculation errors for a total under collection of \$54.28 .
- One case had interest and commission calculation errors resulting in the over collection of \$2,043.51.

Dallas County Commissioners Court Orders 2016-1099 and 2017-1151 state that "commission calculations should include judgment, interest and attorney fees collected while excluding any court costs". Texas Finance Code, Sec. 304.005 (a) states, "post-judgment interest on a money judgment of a court in this state accrues during the period beginning on the date the judgment is rendered and ending on the date the judgment is satisfied." If partial payments are made, the interest is calculated on the reduced amount of the judgment and commission is based on what was paid rather than the judgment amount. Inconsistent supervisory review, insufficient staff training, and incomplete record keeping caused miscalculations of collection fees, errors with the commission calculations, and use of incorrect judgment amount and/or end date for interest calculations resulting in over/understated revenues, noncompliance with County policies and court orders, and potential liability to Dallas County for defendant overpayments.

Recommendation

Commission Calculations

Management should ensure that written procedures are established and implemented for commission and fee collections that include:

- Maintaining a detailed record keeping process for case payments and judgment documents.

- Calculations for interest according to the language specified in the judgment using the judgment date to one day prior to collection/sale, unless the judgment states otherwise.
- Utilizing the amount collected in commission calculations for partial payments.
- Retaining a copy of the bill of costs for each writ of execution/tax warrant/order of sale.
- Timely issue refunds for excess collections.
- Require supervisory review and verification of commission and interest calculations.
- Train staff to eliminate commission calculation errors.

Management Action Plan

The Chief Clerk and Bookkeeper will verify calculations are correct on the worksheet. We will maintain a detailed record keeping process for case payments and judgment documents.

Auditors Response

None

GPS Service Verification

A review of GPS Insight reports, CCS service attempts, and Kronos reports for the audit period revealed:

- One paper location on GPS Insight does not match the Service Return.
- Seven vehicles were driven outside of business hours without corresponding time worked indicated in Kronos.

Pursuant to section 90-129 of the Dallas County Code, "Except for reasonable travel to and from lunch, county-owned vehicles shall not be used for any personal use including, but not limited to, use for personal errands or dry cleaners, taking and/or picking up children at school or day care or any other non-county use, for travel to and from, after hours, non-county job, etc. or for transporting other employees or individuals for non-county activities such as, but not limited to, travel to and from work." A lack of supervision, training, monitoring, and accountability have increased internal control risk regarding Dallas County vehicle use and resulted in excess vehicles claims for expenditures such as, but not limited to, fuel and maintenance, inaccurate vehicle use records, and non-compliance with County policies.

Recommendation

GPS Service Verification

Management should develop and implement Dallas County vehicle use procedures that ensures:

- Accurate written vehicle records are maintained and compared to Kronos weekly

- Supervision is evidenced by weekly reviews and sign off performed for vehicle use.
- Training is provided to all staff regarding Dallas County vehicle use policy evidenced by employee sign of and documents maintained in their records.

Management Action Plan

The Assistant Chief will review the Daily Activity Sheets on a daily basis for accuracy and will keep the original copy in a secure file cabinet. The Chief Clerk will have a scanned copy saved under each deputy name for each month. The Deputy Chief/Assistant Chief Deputy will review the GPS periodically for accuracy.

Auditors Response

None

Special Fund Review

A review of the Special Fund and related General Ledger activity for the audit period revealed:

- Account balances over three years old totaling \$8,247.46 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheated; the Special Fund account is not reconciled by the department.
- As of 8/8/2019, two FY18 customer overpayments have not been refunded **(Status: Special Fund checks 580001160 and 580001161 were issued on 8/22/19)**.

Property Code § 72 and 76 requires escheating either to the County Treasurer (if \$100 or under) or the State of Texas (if over \$100). Best practices require separation of duties, documented procedures, and immediate reconciliation and updates for transactions involving cash, including automated deposit reconciliation with the bank. The Special Fund should be reconciled timely and reviewed by management periodically to ensure that money is promptly disbursed for the correct amount, to the appropriate parties, and from the correct funding source. Inconsistent management review, no periodic completion of the Special Fund reconciliation, limited staff training, and improper internal control procedures have resulted in Special Fund ledger variances, delayed disbursements to entities/individuals entitled to funds, undetected posting errors, and possible penalties from the State for not following escheatment statutes.

Recommendation

Special Fund Review

Management should ensure that:

- A review and periodic reconciliation of the Special Fund control ledger to the Oracle General Ledger by supervisory personnel is performed to enhance assurance that all Special Fund deposits and disbursements are properly posted in a timely manner.
- Old balances are researched for disbursement to applicable parties, recovery of excess disbursements, or escheating to the County Treasurer or State Comptroller.

Management Action Plan

Special Fund check requests are worked every two weeks. The Bookkeeper will run the Special Fund balance report monthly. The Chief Clerk will review the Special Fund report at the end of the month to verify Special Funds are being worked.

Auditors Response

None

Property/Evidence Inventory

A review of the property/evidence room revealed:

- One item in the room could not be located on the inventory list provided from the department.
- One item had a discrepancy between the quantities listed on chain of custody form and the actual count.

The evidence officer should continue to ensure that all relevant details of property/evidence items are accurately recorded on both the manual and electronic inventory logs and consider developing an to enhance the organization of items stored in the property room in an effort to increase adherence to the Code of Criminal Procedures as stated in, but not limited to, Article 18.17, 18.18, 18.181, and 18.183. Inconsistent management review, no periodic property inventory completion of the property/evidence room, and inadequate internal control procedures have resulted in location and property variances, and incomplete County property record maintenance.

Recommendation

Property/Evidence Inventory

Management should develop and implement property/evidence room procedures to include:

- Ensuring that the property and evidence inventory list is current and complete.
- Maintaining accurate records of all storage room items on the inventory list, including details such as the quantity, location, and serial number for each item.
- Maintaining updated disposal inventory list with the date and manner of which they have been disposed.
- Requiring that all property and evidence funds received are promptly deposited in accordance with Local Government Code (L.G.C.), § 113.022.
- Completing an inventory of the storage room is performed semi-annually or annually and discrepancies are resolved in a timely manner.
- Requiring supervisory review and approval of the property list is evidenced by signature and date.

Management Action Plan

An inventory property sheet and property release sheet has been implemented in order to account for property found or abandoned. A supervisor will review and verify property/evidence listed by each deputy with his/her signature and date entered into the property/evidence room. Our department will adhere to the Code of Criminal Procedures as stated in Article 18 when it relates to unclaimed or abandoned property.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator