



# AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT 5 - FY2018 AUDIT

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# CONSTABLE PRECINCT 5 - FY2018 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 Michael Orozco  
Constable Precinct 5  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct 5 - FY2018 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 written in a cursive style.

Darryl D. Thomas  
County Auditor

## EXECUTIVE SUMMARY

**A review was performed in accordance with statutory guidelines on the records and reports of Constable Precinct No. 5 for October 01, 2017 through September 30, 2018 during the term of the Honorable Beth Villarreal. Internal Control weaknesses which need consideration by management are:**

### **Summary of Significant Observations:**

#### **Fee Compliance/Posting**

- There are 5,606 unprocessed paper services as of 6/14/19.

#### **Manual Receipts:**

- 34 of 44 (78%) manual receipts lack proper receipting procedure.

#### **Computer Receipts**

- Three deposits were delayed more than five business days.
- 12 computer receipts where cancellation or/and fee adjustment were made by the same person.

#### **Special Fund Activity**

- A total of \$31,367.14 Special Fund balance over three years old have not been escheated

#### **Commissions and Interest Calculations:**

- Four instances commission fees were over/under collected for auction sale.
- One instance interest was miscalculated by \$4,806.05.

#### **GPS Insight Review**

- 12 vehicles were driven outside of the business hours or odd hours and did not correspond to time worked in Kronos.
- Five instances where the daily activity report did not locate or show different addressed than the GPS report.

#### **Property/Evidence Room**

- 12 items in the evidence room did not contain proper documentation or incorrect information is documented.
- Three inventory items were not found in the property/evidence room.

#### **County Property Inventory**

- There is no written inventory tracking procedure and/or master inventory list.
- One Radio could not located in the department

#### **Repeat observations from Previous Audits:**

- Limited staff training on performing Special Fund reconciliation and escheating balances over three year old.
- Inconsistency in applying correct interest rate, date and fees for commission calculation.
- Incomplete and inaccurate data entry into the Constable Civil System.
- Inconsistency in applying proper procedure for receipting and voiding manual receipts.
- Lack of established inventory control procedures of the evidence/ property items.

## 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

### **Fee Compliance**

A sample review of fiscal year 2018 Constable Pct. 5 fee compliance and posting related to paper service revealed: there are 5,606 unprocessed warrants as of 6/14/19. 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. Additionally, receipts in CWR should accurately reference the data posted to CCS and capture the entirety of the office numbers. A lack of adequate staff training and management oversight in ensuring timely service and proper guidelines on tracking papers served have resulted in a significant backlog of total number of papers to be served and delayed revenue recognition.

### **Recommendation**

#### **Fee Compliance**

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

- Paper services and warrants are processed timely to prevent backlogs.
- 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. All data elements, including the Fee Amount Earned, Amount Collected, Amount Paid to Court, Disposition Code, and Paper Type fields, should be accurately entered into the Constable Civil System.
- 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**

As it relates to Fee Compliance, this department has and will continue to comply with the directives as outlined in the Auditor's Report recommendations. This audit covered issues discovered and addressed during fiscal year 2018, the last year of my predecessor's term of office. Currently, I have established directives that I have put in place that go directly to the specific issues as addressed in this audit.

### **Auditors Response**

None

## **Manual Receipts**

A review of all manual receipts, voided, and altered receipts for fiscal year 2018 revealed: 33 manual receipts did not have the computer receipt attached; 34 manual receipt numbers are not listed on the computer receipt; two manual receipt case numbers are different than the computer receipts; three manual receipt had delays between the computer receipt date more than two business day; one computer date was manually altered; one manual receipt payment type was not indicated; one manual receipt amount was changed on the computer receipt; one manual receipt did not have a computer receipt issued; two manual receipt amounts were altered; and one voided manual receipt did not have the case number and date indicated. 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.

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. Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. A lack of supervisory review, clerical errors, untimely computer receipt entries, and insufficient internal controls over manual receipting have resulted in inconsistent manual receipting processes, improper record keeping over manual receipts, delayed revenue recognition, 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 have the computer receipt attached
- Receipts are voided rather than altered
- Receipts are entered into the computer system promptly
- Supervisory review of receipts is performed periodically to verify procedure adherence

### **Management Action Plan**

This department concurs with the Auditor's Office recommendations, and will have established a departmental directive to ensure that all manual receipts will:

- Be issued in numerical and chronological order;
- Receipts have the computer receipt attached;

- Receipts are voided rather than altered, and the stated reason as to why it is voided;
- Receipts are entered into the computer system in a timely manner;
- Supervisory personnel will review receipts periodically to ensure procedure compliance.

### **Auditors Response**

None

### **Computer Receipts**

A sample review of computer receipts for fiscal year 2018 revealed: three deposits were delayed more than five business days; one computer receipt was entered with the incorrect payer name; one computer receipt was entered with the incorrect fee type; seven computer receipts were issued and canceled by the same CWR user; five CWR receipts were adjusted by the same user who receipted the transactions; and cash totaling \$39.64 of Tobacco Grant funds (no longer active) from the previous Constable administration has not been receipted as of 6/10/19 [**Status:** Funds were receipted 6/11/19].

All monies received should be promptly receipted and deposited properly and timely in accordance with Local Government Code (L.G.C.), § 113.022. All receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. The responsibilities granted to users in CWR should be restricted based on their job duties and supervisory approval of cancelations and adjustments in CWR should be performed.

Improper internal controls over receipting and deposits and untimely processing of computer receipts have resulted in delays in revenue recognition and the potential for misappropriation.

### **Recommendation**

#### **Computer Receipts**

Management should implement the following deposit and receipting procedures that include:

- Timely processing of manual receipts to computer receipts.
- Enhancement to internal controls over receipting.
- Proper segregation of duties for receipting.
- Increased staff training for receipting and depositing.
- Supervisory approval required for all cancelations or adjustments.



### **Management Action Plan**

As it relates to Computer Receipts, this department has and will continue to comply with the directives as outlined in the Auditor's Report recommendations. This audit covered issues discovered and addressed during fiscal year 2018, the last year of my predecessor's term of office. Currently, I have established directives that I have put in place that go directly to the specific issues as addressed in this audit.

### **Auditors Response**

None

### **Special Fund**

A review and reconciliation of the fiscal year 2018 Special Fund activity and postings to the Constable Civil System (CCS) and Oracle General Ledger revealed that as of 09/30/2018, balances over three years old totaling \$31,367.14 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or State Comptroller and a total of \$70 was deposited into the Special Fund for four cases but disbursed from the General Fund. **Status:** A request to transfer the funds from the Special Fund to the General Fund was submitted by the precinct on 12/7/2018.

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.

A lack of management oversight, 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**

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**

As it relates to the Special Fund, this department has and will continue to comply with the directives as outlined in the Auditor's Report recommendations. This audit covered issues

discovered and addressed during fiscal year 2018, the last year of my predecessor's term of office. Currently, I have established directives that I have put in place that go directly to the specific issues as addressed in this audit.

**Auditors Response**

None

**Commissions and Interest Calculations**

A review of Constable Precinct 5 commissions and interest calculations for fiscal year 2018 revealed: Three commission fees for auction sale cases were over/under collected by (\$1,631.75) and one case had interest miscalculated by \$4,806.05. According to Dallas County Commissioners Court Orders 2016-1099 and 2017-1151, "commission calculations should include judgment, interest and attorney fees collected while excluding any court costs" and the law enforcement agency is entitled to a \$20 posting fee per notice for property sales. Additionally, the 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." The use of incorrect dates for interest calculations, misapplication of interest and fees, and lack of training could result in a loss of County revenue and liability to the County if the defendant is required to pay more than what is required by the law.

Clerical errors and inconsistent calculations have caused miscalculations of commissions, interest, and fees resulting in over/understated revenues and improper staff knowledge on fee and interest collection amounts.

**Recommendation**

**Commissions and Interest Calculations**

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

- Calculation of 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.
- Collections of all posting fees for property sales and immediately receipt payment to the correct account.
- Review the bill of costs for each writ of execution/tax warrant/order of sale to verify the court costs listed in the Deputy's calculations.
- Proper precinct supervisory review and verification of commission and interest calculations.
- Proper staff training to eliminate commission calculation errors.

### **Management Action Plan**

This department concurs with the Auditor's Office recommendations and will have established a departmental directive to ensure that all commissions and calculations will be:

- Calculate all interest according to the language as specified in each writ;
- Collect all posting and mailing fees for real and personal property sales;
- Ensure that any "bill of costs" are included in the calculation of any writ of execution, order of sale, and/or tax warrant;
- Review and verify the commission and interest amounts in each calculation;
- Proper training is essential to offset and to mitigate calculation errors.

### **Auditors Response**

None

### **GPS Insight Review**

A review of fiscal year 2018 GPS Insight reports revealed: twelve vehicles were driven outside of business hours; eleven vehicles on the GPS odd hours report indicated that time used for vehicles did not correspond to time worked in Kronos; one vehicle was driven two times on dates where Sick or FMLA pay codes are listed on Kronos; three daily activity reports could not be located for review; and two daily activity report shows did not show those addresses on the GPS reports for the date indicated. 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 has 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 Insight Review**

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

- County vehicles are not driven on weekends or holidays unless the vehicle is being used to conduct business for Dallas County except as approved by Commissioners

Court.

- Accurate written vehicle records are maintained and compared to Kronos weekly
- Supervision evidence by weekly reviews and sign off is 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.
- Consequences are provided to those persons who violate Dallas County vehicle policy.

### **Management Action Plan**

As it relates to GPS Insight, this department has and will continue to comply with the directives as outlined in the Auditor's Report recommendations. This audit covered issues discovered and addressed during fiscal year 2018, the last year of my predecessor's term of office. Currently, I have established directives that I have put in place that go directly to the specific issues as addressed in this audit.

### **Auditors Response**

None

### **Property/ Evidence Room**

A review of 20 items from evidence/property room revealed: twelve items did not have the evidence or found stated on the Chain of Custody form; eleven evidence/property items did not have the citation, date, or office information completed; two evidence/property room items were not found on the inventory list; one set of property/evidence room items had the incorrect count indicated on the inventory list and was stored in a different location; and three inventory list items were not found in the property/evidence room. 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. A lack of period management oversight, no periodic property inventory completion of the Property/Evidence room, and inadequate internal control procedures have resulted in location and property variances, missing property items, and incomplete County property record maintenance.

### **Recommendation**

#### **Property/ Evidence Room**

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

- The property and evidence inventory list is current and complete.

- All items in the storage room are accurately recorded on the inventory list, including details such as the quantity, location, and serial number for each item.
- Items on the inventory list that have been disposed are updated with the date and manner of disposal.
- Old cases have been reviewed to determine the status of disposition.
- All property and evidence funds received are promptly deposited in accordance with Local Government Code (L.G.C.), § 113.022.
- A complete inventory of the storage room is performed semi-annually or annually and discrepancies are resolved in a timely manner.
- Supervisory review and approval of the property list is evidenced by signature and date.

### **Management Action Plan**

This department concurs with the Auditor's Office recommendations, and will have established a departmental directive to ensure that all found property and/or evidence will be:

- Found property and evidence inventory list is current and complete;
- All items stored are accurately recorded in the inventory login book;
- The original inventory sheet along with a copy of the writ or other order will be attached to the inventory sheet and filed in the property room log book;
- A copy of the inventory sheet along with a copy of the writ or other order will be placed in a clear plastic bag and attached to the property being logged in;
- Older cases will be reviewed to determine the status for disposition;
- All property and/or evidence funds received are promptly deposited in accordance with the Local Government Code;
- A complete inventory of the evidence/storage/property room will be performed on an annual basis and discrepancies will be resolved in a timely manner;
- Under supervisory review and approval of property listed as either evidence and/or found property, supervisory staff will have the reporting deputy place all items listed in either the property/evidence/storage room according to their classification.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator