

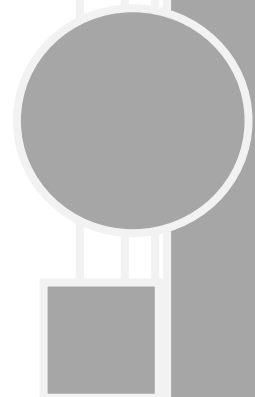


AUDIT REPORT

DALLAS COUNTY

2019 CONSTABLE PRECINCT NO 5 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: March 19, 2020
RELEASED: April 30, 2020



2019 CONSTABLE PRECINCT NO 5 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 "**2019 Constable Precinct No 5 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,

Darryl D. Thomas
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, 2018 through September 30, 2019. We notice that the backlog has significant decreases from the FY18 amounts of 5,606 to current unprocessed paper of 931. Therefore, no current issues are warranted at this time. **Internal Control weaknesses that need consideration by management are:**

Summary of Significant Observations:

- Lack of segregation of duties over Computer receipts cancellation and fee adjustment to the County-Wide Receipting System
- Six cases for cases had no interest collected as stated in the judgement totaling \$828.75
- Three deputy's manual Daily Activity Reports addresses logged did not correspond with the GPS Insight report addresses for vehicles at the times indicated.
- Two deputy's manual Daily Activity Reports could not be located for review.
- Six evidence/property room items did not have citation or service number completed.
- Four evidence/property room items were not entered on the inventory list.
- Property/Evidence from section B4, box 2 had cash \$916 was in the storage and not deposited escrow.
- A complete inventory of the Property/Evidence room has not been performed.
- A total of \$31,367.14 Special Fund balance over three years old have not been escheated.
-

Internal Control Questioners and Walkthrough revealed:

- Papers received from the courts, by mail or the Chief Clerk or Bookkeeper who have receipting and deposit responsibilities receives walk-ins.
- The office does not log checks received through the U.S. mail.
- Carrier picks deposits up once a week.

Repeat observations from Previous Audits:

- 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 and computer receipts.
- Limited staff training on performing Special Fund reconciliation and escheating balances over three year old
- 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, 2018 through September 30, 2019.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

DETAILS

Computer Receipts

A review of all computer cancellations, adjustments, and risks identified during the internal control walkthrough for the audit period revealed: two canceled transactions were voided more than one day after original transaction date, one transaction was receipted outside of business hours of 8:00 AM to 4:30PM, seven receipts were issued and voided by same person, all 34 adjusted receipts for tax suits were performed by the same person who receipted them, papers received from the courts, by mail or walk-ins are received by the Chief Clerk or Bookkeeper who have receipting and deposit responsibilities, the office does not log checks received through the U.S. mail, and deposits are picked up once a week by carrier.

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. All receipts should be accounted for and properly used in order to affirm responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. Formal approval should be required before adjustments are processed. Financial transactions should reflect proper segregation of duties related to the assessment and reduction of fees (automatic and manual) and receipting of payments. Roles and functionality should be reviewed periodically (e.g. quarterly) for all users to ensure that access and functionality is appropriate. The review should be evidenced on a form. Mailed in check payments should be documented by entry on a check log spreadsheet by a designated Constable Staff person who is not involved in the receipting process and provided to the Bookkeeper or her back up clerk to post in CWR. The Chief Clerk should perform monthly reconciliations of the check log to payments posted in CWR to ensure accuracy and completeness. The office should deposit money with the County Treasurer on or before the next regular business day after the date on which money is received. If this deadline cannot be met then the office must deposit the money on or before the fifth business day after the day in which the money is received.

A lack of formal approval procedures and improper segregation of duties relating to computer voids and adjustments, no check log maintained for incoming checks received, and performing deposits weekly have resulted in decreased internal controls over computer receipting and deposits, decreased oversight for each receipting task, delayed deposits, and potential for misappropriation of Dallas County funds.

Recommendation

Computer Receipts

Management should implement computer receipting procedures to include:

- Formal approval procedures prior computer cancellations and adjustments evident by signature or initials sign off and date
- Segregation of duties from receipting, cancellations, and adjustments for computer receipts
- Review user roles and functionality periodically (e.g. quarterly) for all users to ensure

that access and functionality is appropriate evidenced by a form. sign-off.

- Document mailed in check payments by entry on a check log spreadsheet by a designated Constable Staff person who is not involved in the receipting process.
- The Chief Clerk should perform monthly reconciliations of the check log to payments posted in CWR to ensure accuracy and completeness.
- Perform deposits with the County treasurer on or before the next regular business day after the date on which money is received.

Management Action Plan

This Department will make deposits twice a week. On a regular routine basis, we do not receive a large amount of cash and/or monies on a daily basis; however, it would not behoove our Department to make daily deposits.

As it relates to adjustments of check receipts for tax suits, we disagree. When monies are received for tax suits, there are several instances and/or occasions where this department does not receive the full amount of payment. It is our contention that we must input all monies received regardless of the amount and to credit those funds to the proper case accordingly. It is our position that the department's bookkeeper shall receipt both the monies received and any future adjustments. Having to utilize another employee on tax suits creates an unnecessary burden on the current staffing measures. With limited staffing, it is our position that following the auditor's recommendation as it relates to receipting tax suits does not benefit this department in department efficiency.

We concur with all other Auditor recommendations as stated in the Report.

Auditors Response

None

Property/Evidence

A review of 20 items from evidence/property room revealed: six evidence/property items did not have the citation, date, or office information completed; four evidence/property room items were not found on the inventory list, property from section B4, box 2 had cash \$916 was in the storage and not deposited escrow, and a complete inventory of the Property/Evidence room has not been performed.

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 consistent management review, 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

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.
- Reviewing of old cases to determine the status of disposition.
- 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

We concur with the Auditor's recommendations in the Report and will develop and implement Property/Evidence room procedures described.

Auditors Response

None

GPS -Use of County Vehicles

A sample review of paper service along with their related GPS Insight reports and manual Daily Activity Reports for the audit period revealed: three deputy's manual Daily Activity Reports addresses logged did not correspond with the GPS Insight report addresses for vehicles at the times indicated and two deputy's Daily Activity Reports could not be located for review.

Dallas County Code 90-129, Personal Use, "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". Daily Activity report should be reflected on GPS Insight report. A daily activity report should be present for each day a vehicle is driven.

Lack of supervision and monitoring, lack of County policy knowledge, incomplete training and accountability has resulted in possible excess expenditures for fuel and maintenance and other, inaccurate vehicle use records, and noncompliance with Dallas County vehicle use policy.

Recommendation

GPS -Use of County Vehicles

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

- Time permitting, management will make a concerted effort to compare vehicle records to Kronos.
- 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 off and documents maintained in their records.
- Consequences are provided to those persons who violate Dallas County vehicle policy.

Auditors Response

None

Commission Fee & Interest Calculation

A sample review of ten commission and interest for sales and non-sale collections made during the audit period revealed: six cases had no interest collected (one with only 0.77 collected) as stated in the judgement totaling \$828.75.

Dallas County Commissioners Court Orders 2017-1151 and 2018-1015 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.

A lack of supervisory review, insufficient staff training, incomplete record keeping caused miscalculations of interest fees due to use of incorrect rate, 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 Fee & Interest Calculation

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.
- Retaining a copy of the bill of costs for each writ of execution/tax warrant/order of sale.
- Require supervisory review and verification of commission and interest calculations.
- Train staff on commission and interest calculations.

Management Action Plan

We concur with the Auditor's recommendations in the Report.

Auditors Response

None

Special Fund Reconciliation

A review of the Special Fund reconciliation and related General Ledger for the audit period FY19 revealed: balances over three years old totaling \$30,751.14 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or State Comptroller and the account has not been reconciled by the precinct. **Status: The Special Fund account has been reconciled by Internal Audit Staff.**

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.

A lack of Lack of periodic reconciliation of the Special Fund account and limitation of staff training of account 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 Reconciliation

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

We concur with the Auditor's recommendation in the Report.

Auditors Response

None

Manual Receipts

A review of the manual receipts books issued to Constable Precinct 5 during the audit period revealed one 44A manual receipt book was not properly checked out by the Bookkeeper, so it could not be readily located for review. **Status: manual receipt was provided within two days during the audit.** Nine case numbers on

manual receipts were different than the computer receipt. 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. Manual receipt books not being improperly checked out from the Bookkeeper and Deputy clerical errors/oversight resulted in the misplacement or loss of official Dallas County manual receipts and improper record keeping.

Recommendation

Manual Receipts

Management should implement procedures for manual receipts to ensure:

- Receipt books are strictly controlled
- Receipt books are properly checked in/out from the bookkeeper.
- Deputies are recording information correctly on manual receipts that includes any alphabet for the case numbers.

Management Action Plan

We concur with the Auditor's recommendations. Deputies assigned to the writ enforcement section shall always transcribe the entire case or cause number on all 44A receipts. However, the case and/or cause number writs coming out of Dallas County District and/or County Clerk's Office do not always have the alphanumeric letter at the end of their cause/case number.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator