



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Tracey Gulley
Constable Precinct No. 1

From: Darryl D. Thomas *Darryl D. Thomas*
County Auditor

Subject: Review of Statutory Reporting and Compliance for October 1, 2013 through September 30, 2015.

Date: Issued: March 17, 2017
Released: May 18, 2017

Scope

A review was performed on the records and reports of Constable Precinct No. 1 for October 01, 2013 through September 30, 2015 during the term of the Honorable John Garrett. A partial compliance report on GPS Tracking and Time and Attendance for FY 14-16 (ended 2/18/2016) was released on August 26, 2016.

Review Procedures

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, the volume of transactions, and noted internal control weaknesses. Testing also involved a review of the Constable civil system.

A partial list of the review tests include:

- Examined Constable Precinct 1's cash handling internal controls
- Accounted for numerical sequence of manual receipts
- Traced amounts recorded in County Wide Receipt (CWR) system to the bank deposits
- Performed unannounced cash counts
- Examined special fund disbursements to determine if sufficient funds were collected, proper payees paid and if posting to the Constable civil system had occurred
- Reviewed assessed fees, commissions, executions and orders of sale for compliance with applicable state laws and Commissioners Court orders
- Reviewed time and attendance records for proper posting and compliance with County policies and procedures
- Reviewed Constable civil return lists for correct postings to the Constable Civil System to determine if appropriate credit was given to the Constable by the District Clerk, County Clerk and Justices of the Peace
- Reviewed Texas Attorney General IV-D billings
- Examined the Evidence/Property Room procedures and log sheets
- Documented warrant processes
- Confirmed requisite bond on file
- Compared paper service/attempt data to Global Positioning System (GPS) vehicle reports
- Reviewed responses to internal control questionnaires (ICQ) completed by staff

Statistical

Fiscal Year 2014

- 19,786 civil papers served per Constable Civil System
- 4,804 writs and orders of sale served per Constable Civil System
- 2,685 criminal papers served per Constable Civil System
- \$2,257,585.18 constable fee revenue collected all sources
- \$9,687.59 constable commission collected

Fiscal Year 2015

- 22,237 civil papers served per Constable Civil System
- 4,027 writs and orders of sale served per Constable Civil System
- 3,729 criminal papers served per Constable Civil System
- \$2,222,154.18 constable fee revenue collected all sources
- \$7,329.72 constable commission collected

FINDINGS

Cash Management

Office Receipts – A review of 7,478 County Wide Receipting (CWR) computer receipts including 128 (1.7%) cancelled/voided receipts revealed: instances of cancelled/voided computer transactions without an explanation for the cancellation; one writ of garnishment without full collection of the service fee (\$80 rather than \$140); cash and checks balanced to the CWR system control totals twice weekly rather than daily; and, incomplete separation of duties - the bookkeeper position is responsible for all funds received at the office.

Management Response: The Chief Clerk will verify daily close outs.

Field Receipts – A review of 90 Form 44-A manual field receipts including two (2) voided receipts (2.2%) written by the writ deputies in the field revealed: one voided Form 44-A manual receipt not marked 'void' and without an explanation for the cancellation; two Form 44-A manual receipts altered to higher amounts rather than properly voiding the receipt and issuing a new receipt; one Form 44-A manual receipt with the incorrect payment type (cash versus cashier's check); one Form 44-A manual receipt issued for a lower amount than received (excess proceeds from a sale were excluded); unused Form 44-A manual receipt books are stored in an unsecure location; and, no examination by the custodian of completed Form 44-A manual receipt books to verify adherence to Dallas County procedures before issuing a subsequent receipt book.

Assessment/Collection – A sample review of 80 office receipts to determine if the amount collected was in compliance with state laws and Commissioners Court orders, and properly recorded to the Constable Civil System (CCS) revealed: nine posting errors to the CCS; however, funds collected for the 80 office receipts were properly deposited.

Disbursements/Special Fund Reconciliation – A review of special fund activity revealed: the bookkeeper is authorized to prepare the preliminary disbursement file and approve checks for printing; balances totaling \$18,830.48 over three years olds have not been researched for disbursing to the applicable party and/or escheating to the County Treasurer or State Comptroller; and, one \$300 overpayment (*Status: Overpayment was recovered*).

Commission Calculations – A sample review of 21 writ collections and commission calculations for compliance with Commissioners Court approved rates revealed: two commission calculations errors resulting in the under-collection of \$469.93; and two assessment/collection errors for posting notices and certified mailing fees.

Management Response: *We will follow the commission calculations form that we received from the Auditor's office.*

Receivables/IV-D Billings – A sample review of two monthly AG IV-D monthly billings revealed: instances of posting errors to the CCS; and, ten cases on monthly billings included as separate billed amounts for both a citation and notice for the same corresponding cases rather than as simultaneous service of one paper for each case.

An extended review of AG IV-D billings for April 2016 through June 2016 revealed: the precinct billed for papers routed from the District Clerk resulting in billings to be overstated by \$45,408. The invoices were subsequently revised and payments totaling \$14,097.60 were received on October 12, 2016.

Management Response: *The bookkeeper has been assigned the AG IV-D billings to ensure accuracy; the bookkeeper's immediate supervisor will review and verify each AG IV-D transaction.*

Processing

Civil Paper Service – Monetary credit for civil paper service is consistently collected / reflected on the Justice of the Peace Accounting System; however, the Odyssey Civil Courts System reflects instances where the Sheriff or other Constable precincts received monetary credit for papers served by Precinct No. 1. Additionally, instances of CCS posting errors were noted.

A sample review of 8,415 disposed papers recorded to the CCS as Paper Type 'J' Notice revealed: 6,350 notices were recorded to CCS when writs of possession with immediate possession bonds filed were received by the Constable although a notice fee is not collected by the justice courts; and, 193 summons received from truancy courts were incorrectly recorded as a notice in the CCS.

Responses to the writ section Internal Control Questionnaire revealed: the County or Constable is not named as an additional insured by warehouseman, haulers/movers, towing companies, etc. **Status:** *One insurance certificate provided by the Precinct reflects the Constable as the policy certificate holder.*

Criminal Paper Service - Management analysis is limited by system summary reports lacking true aging and manual tracking of unsuccessful service attempts. Constable Civil System is not consistently updated for unsuccessful service attempts. Warrants are not timely posted to CCS and often remain stacked in the office.

As of February 19, 2016, there are 85,535 active warrants assigned to Constable Precinct 1.

Management Response: *Warrants are current and not stacked up.*

Evidence Control

Evidence/Property Room – Review of evidence/property room revealed: over 250 previously identified items (first noted in 2007) eligible for destruction, remain in the inventory and the affidavit has not been updated with the required information in order to submit the motion for destruction. Departmental inventories are not completed annually and a periodic review is not performed to determine if items are eligible for turnover to Purchasing for disposal, destruction or agency use.

Management Response: *A Chief Deputy has been assigned as the overseer of the evidence and property room. An inventory check-in and check-out system has been installed in order to account for property submitted to and checked out of the evidence property room.*

Recommendations

Cash Management

Receipting/Depositing - All copies of a void receipt should be retained, clearly marked "void" and affixed with a reason for void. The supervisor should, periodically, scan receipts for proper usage, account for all receipts used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and a refund is due. All monies received should be promptly and accurately receipted, properly secured, and deposited consistent with state law, Local Government Code, § 113.022 and procedures recommended by the County Auditor. At the end of each business day, receipts should be totaled and compared to funds on hand and CWR system control totals. Receipt and deposit totals should be verified by the back-up bookkeeper or chief clerk with compensating processes such as dual sign-off on balancing and deposit documents. Update recordkeeping procedures to include a tracking log of receipt books issued.

Assessment/Collection – Continue to assess service fees in accordance with state laws and Commissioners Court orders. All data elements including the Paper Type, Amount Earned, Amount Collected, etc. should be accurately entered in the CCS.

Disbursements/Special Fund Reconciliation – Continue to maintain a special fund control ledger accounting for all special fund receipts, disbursements, and case balances. The special fund ledger should be periodically reviewed by supervisory personnel. Cash handling duties should be separated. Unclaimed property statutes in accordance with Property Code Chapters 72 and 76 should be followed.

Commission Calculations – The commission calculation should include the judgment, interest, and attorney fees and the approved commission percentages and hourly rates as authorized by Commissioners Court. Calculations should be verified / reviewed by another person such as supervising chief deputy, chief clerk or bookkeeper.

Receivables/AG IV-D Billings – Continue to review and process all eligible IV-D service fees consistent with the maximum rate allowed by Family Code, § 231.202, Local Government Code, § 118.131, and Commissioners Court orders. Billing adjustments should be submitted for items not billed and/or billed in error.

Processing

Civil Paper Service – Examine computerized court records associated with papers served or attempted to verify that the fees are properly credited to Precinct No. 1. All data elements including the Paper Type should be accurately entered in the CCS. Documents without an officer's return required should not be entered in the CCS.

Insurance certificates listing the County or precinct as an additional insured should be requested and retained from all warehouseman, towing companies, movers, etc. used by the precinct.

Criminal Paper Service - To extent feasible with current staffing levels, updates to the Constable Civil System should include recording unsuccessful service attempts. Conduct periodic inventories of papers on hand to report control totals. Develop standard procedures for staff to follow on timelines and number of unsuccessful service attempts. Warrants should remain active until served or recalled by the court.

Evidence Control

Evidence/Property Room – Eligible items should be scheduled for destruction as authorized by statute when departmental use is prohibited or not feasible. Conduct a complete physical inventory of all items annually.

***Management Responses:** This office has established internal controls to assist in disclosing any and all matters of a material weakness. Any disclosure of a material weakness is immediately addressed to ensure compliance with the appropriate law(s), regulations and contract(s) applicable to this office.*

Currently, the top priorities for this office include but are not limited to clearing old special fund balances, establishing evidence and property room inventory controls, AG IV-D billings and the separation of duties regarding receipting, balancing, depositing and disbursing roles.

To address the above, a task force has been established and charged with submitting a bi-monthly written report to the Constable detailing action taken and accomplishments achieved in clearing the old special fund balances.

Additionally, all recommendations made by the audit team have been adopted and incorporated into the policies governing this office.

Current Findings/Observations/Recommendations

Detailed finding templates numbered 15.C1.01.01 through 15.C1.01.09 are on file.

Summary

This report is intended for the information and use of the 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.

Priority areas of risk which need to be addressed include: clearing old special fund balances; evidence and property room inventory controls; accurate AG IV-D billings; and, adequate separation of duties over the receipting, balancing, depositing, and disbursing roles.

Development of written internal procedures should be initiated to ensure compliance with recommended procedures, county policies, and state statutes. Consideration of all issues and weaknesses should be incorporated by the precinct as a self-assessment tool in testing processing functionality of a new constable civil / warrant tracking system.

cc. Darryl Martin, Commissioners Court Administrator
Ryan Brown, Office of Budget and Evaluation