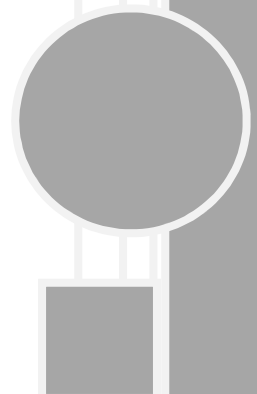




AUDIT REPORT

DALLAS COUNTY
FY2020 Constable Precinct No 1 Audit

Darryl D. Thomas
Dallas County Auditor
ISSUED: 12/20/2021
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FY2020 Constable Precinct No 1 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 "FY2020 Constable Precinct No 1 Audit" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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 on the records and reports of Constable Precinct No. 1 for October 01, 2019, through September 30, 2020. Priority areas of risk that need consideration by management are:

Summary of Significant Observations:

- **GPS Review:** 16 County vehicles were used during non-working hours without explanation or Dallas County business.
- **Property & Evidence Inventory:** One property item was released without documented supervisory review and approval for which the item was not logged on the department property room release sheet; cash totaling \$907.16 was found in the storage room that had not been deposited (**Status: Found cash was receipted on 9/10/2021 on reset 91116**); and 40 pieces of foreign currencies were found in the storage room without being deposited (**Status: Found foreign currencies were determined to have expired as a non-circulating legal tender with no value per the bank's evaluation and were shredded on 9/30/2021 as we observed it.**).

Repeat observations from Previous Audits:

- **Special Fund review:** The Special Fund account is not reconciled by the department nor escheated as required. However, Court management is in the process of seeking a legislative change to clean up old and unclaimed funds.
- **Computer/Manual Receipts:** Inconsistency in applying proper procedure for computer and manual receipt's void/cancellation.
- **Commission & Interest Calculation:** Miscalculation of Commissions and Interest for sales and non-sales.
- **Fee Compliance Review:** Incomplete data entry into Constable Civil System.
- **GPS Review:** Non-compliance with Dallas County policy Code 90-129 Use of County Vehicles.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

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 requirements2. Evaluate internal controls3. Verification of accuracy and completeness of reporting4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2019, through September 30, 2020.

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**Fee Compliance/Posting**

A random sample review of 20 fee transactions from the CWR compared to the CCS and approved fee types and Attorney General (AG) reimbursements for the audit period revealed: five paper types recorded on the CWR system and approved by court order do not agree to the CCS record and one AG reimbursement request totaling \$5,280 was overpaid \$52.80 due to billing service fee amount without referencing a case/cause. **Status: The precinct credited the January 2021 AG Billing by reducing the number of charged citations from 47 to 46 by the gross amount of \$80.00 and net amount of \$52.80.**

Service fees should be assessed and collected in compliance with applicable state laws, including Local Government Code, § 118.131 and Commissioners Court orders. This also includes services for which payment is requested are fully and satisfactorily performed in accordance with the Texas Family Code; that the county has made expenditures equal to or exceeding the charges for which partial reimbursement is claimed; that the rate of payment is reasonable and necessary to assure the quality of such payments; that the fees and costs comply with Chapters 110 and 231.02 of the Texas Family Code and by Sections 51.317, 51.318(b)(2) and 51.319(2) of the Texas Government Code. Best practices recommend a record of original entry should be posted to the Constable Civil System 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.

A lack of supervisory and reporting reviews prior to posting and submissions, clerical errors, incorrect fee types, and AG billing errors have resulted in inaccurate approved Constable fee types being posted, noncompliance with approved Dallas County Constable fee amounts, inaccurate and overstated revenues for AG reimbursements, need for billing corrections, and potential penalties and refunds due to the Office of Attorney General.

Recommendation

Fee Compliance/Posting

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

- Correctly entered Constable Civil System (CCS) and CWR approved fee types and compared for accuracy
- Documented supervisory review of fee code records
- Detailed review of AG billing and supporting documents prior to submission to OAG for reimbursement



Management Action Plan

- The Chief Clerk & Bookkeeper will review each other's work for accuracy.

Auditors Response

- None

Special Funds Review

A review of the Special Fund (SF) reconciliation and related General Ledger and a sample review of 25 disbursements for the audit period revealed: three SF receipts totaling \$337.75 were disbursed more than 60 days; one case was receipted more than a year ago on 10/19/2018 totaling \$160.00 and the amount has not been disbursed to the applicable party; one case was overpaid more than a year ago on 2/12/2019 totaling \$80.00 and the excess disbursement amount has not been recovered; and the SF balances over three years old totaling \$41,846.22 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or State Comptroller. **Status: Precinct 1 performs a SF reconciliation and has started forwarding items less than \$100.00 to the Treasurer's Office and is researching other items.**

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 consistent oversight and timely follow up of outstanding receipts and disbursements has resulted in ledger variances, delayed disbursements to entities/individuals entitled to funds, undetected posting errors, and possible penalties from the State for not following escheat statutes.

Recommendation

Special Funds 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 so that deposits and disbursements are properly and timely posted.



- Old balances are researched and disbursed to applicable parties, recovery of excess disbursements are obtained or resolved, or escheated to the County Treasurer or State Comptroller.

Management Action Plan

- Special Fund 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. The Bookkeeper will check to ensure that old balances are researched for disbursement to applicable parties, recovery of excess disbursement, or escheating to the County Treasurer or State Comptroller. The Chief Clerk will confirm that the payment is posted to the correct office number, case number entered, and for the correct amount.

Auditors Response

- None

Cash Count Review

A review of the cash count performed on 8/26/2021 revealed: six check payments totaling \$800 were received by the court with check dates between 7/29/2021 and 8/19/2021 and we were unable to determine when the checks were received in the precinct. **Status: The six checks were receipted on 8/26/2021 on reset #90600.**

Local Government Code, Sec. 113.022. TIME FOR MAKING DEPOSITS. (a) A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. As a best practice, one person should open all the mail, record the check information received, restrictively endorse the checks, while another person posts the payment.

Inconsistent supervisory review of payments received and deposit information, lack of check log maintained of checks received through the mail, and untimely posting of payments received has resulted in delayed deposits and revenues and provides the potential for lost case payments.

Recommendation

Cash Count Review

Management should implement the following procedures:



- Log checks and money orders received through the mail on a Check Log by a staff person not involved in the receipting and deposit process before providing them to the Bookkeeper to receipt in CWR.
- Designate a staff person not involved in the receipting and deposit preparation to open the mail, record the check information received, restrictively endorse the checks.
- Process and receipt payments promptly to CWR in accordance with LGC 113.022.
- Supervisor review of receipting and check log throughout the week

Management Action Plan

- Cash and checks that are processed throughout the day are locked in a designated drawer of the Bookkeeper's desk. The drawer is locked when the bookkeeper is away from her desk or at lunch. Bookkeeper's office is locked during lunch hour and at the close of business. All monies are locked in the safe after close of business. The locks on the door of the four management offices are the same and that is the reason why the Chief Deputy, Assistant Chief and Chief Clerk have a key to the bookkeeping office. This is standard installation from Dallas County. Papers/documents with payments attached are given to the bookkeeper or designated backup cashier (Chief Clerk or Clerk III) when bookkeeper is unavailable. Daily process is verified at close of business by backup cashier(Chief Clerk or Clerk III).

Auditors Response

- None

Computer Receipt Voids

A review of all computer voids for the audit period revealed: one voided receipt was voided more than one day after the original receipt; two voided receipts were re-issued more than one day after the original receipt was voided; 14 transactions were receipted, voided, and reissued by the same CWR user; and the one check receipted on 2/7/2020 for \$140 was lost and the Auditor's Office not notified to verify the out of balance amount. **Status:** Payer resent payment on receipt 1472658 dated 2/14/2020. Responses to the Internal Control Questionnaire indicates the Auditor's Office is notified within 24 hours of out-of-balance conditions as required by Dallas County Code 74-692.

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 affix 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. Dallas County Code Sec. 74-692 Out of balance conditions, The county Auditor's Office will be notified immediately (within one day) of any out of balance conditions for purposes of identifying and substantiating any shortages which may subsequently require indemnification.

Inconsistent supervisory approval for voids, incomplete review of check details prior to receipting, and no notification of Auditor's Office for out-of-balance amounts to computer receipt voids have resulted in increased voided and re-issued receipting, decreased internal control processes, the potential for lost revenues and non-compliance with Dallas County Code Sec. 74-692.

Recommendation

Computer Receipt Voids

Management should implement the following receipting procedures that include:

- Verifying check payment amount, payment type, case number, and payer for accuracy prior to receipting in CWR
- Enhancement to internal controls over void receipting
- Implementing a formal approval process for voiding and cancelling computer receipts

Management Action Plan

- Only the Chief Clerk and Bookkeeper will be receipting. The opposite will void the receipt if needed to be voided. The individual that receipts the case will not void the receipt.

Auditors Response

- None

Manual Receipts Review

A review of all manual receipts issued and voided during the audit period revealed: one receipt payer name does not match the name on the computer receipt, four manual receipt numbers are not listed on the computer receipts, and one manual receipt has a different case number indicated on the computer receipt.

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 controls, and prevent the assertion that monies were paid and identify refunds due.



Inconsistent supervisory review and clerical input errors have resulted in incorrect record keeping, 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 Review

Management should implement procedures for manual receipts to ensure:

- Receipts entered reflect accurate data as listed on the official court documents
- Supervisory review of receipts is performed periodically to verify accuracy

Management Action Plan

- The Chief Clerk will review manual receipts weekly for accuracy. We have implemented a memo to the Bookkeeper and writ deputy to ensure they are following the guidelines regarding manual receipts. Cash and checks that are processed throughout the day are locked in a designated drawer of the bookkeeper's desk. The drawer is locked when the bookkeeper is away from her desk or at lunch. Bookkeeper's office is locked during lunch at the at the close of business. All monies are locked in the safe after close of business. The locks on the doors of the four management offices are the same and that is the reason why the chief Deputy, Assistant Chief and Chief Clerk have a key to the bookkeeping office. This is standard installation from Dallas County. Papers/documents with payments attached are given to the bookkeeper or designated backup cashier (Chief Clerk or Clerk III) when bookkeeper is unavailable. Daily process is verified at close of business by backup cashier (Chief Clerk or Clerk III). Deposits are verified by designated backup cashier (Chief Clerk or Clerk III).

Auditors Response

- None

GPS Review

A review of GPS Insight reports, CCS service attempts, and Kronos reports for the audit period revealed: one Daily Activity Report could not be located for review on the GPS Activity report and 16 County vehicles were used during non-working hours without explanations or related Dallas County business.



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."

Inconsistent supervisory review and periodic monitoring of County Vehicle use and Deputy daily activity, lack of deputy adherence to Dallas County Vehicle policy, need for increased policy training and accountability, and lack of Kronos time entries based on actual time worked, review, and signoff by supervisor has resulted in 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, non-compliance with County policies, and inaccurate worked times entered in Kronos based on daily schedule rather than actual time worked.

Recommendation

GPS Review

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

- Accurate vehicle records are maintained
- Supervisory review of Deputy daily activity and comparisons to GPS insight with variance explained and documentation retained.
- Deputy adherence to Dallas County Vehicle policy with increased policy training and accountability
- Supervisory review and periodic monitoring of County Vehicle use with documented records maintained for special County use
- Kronos time entries are based on actual time worked, review, and signoff by supervisor

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Management Action Plan

- The Deputy Chief/Assistant Chief Deputy will review the GPS periodically for accuracy. They will review the Daily Activity Report and compare it to GPS. The deputies have a signed memo on the policy regarding the use of county cars. Any violations of this policy will result in disciplinary actions up to and including termination.

Auditors Response

- None



Property & Evidence Inventory

A review of the Property/Evidence room revealed: one property item was released without documented approval and not logged on the department's property room release sheet; cash totaling \$907.16 and 40 pieces of foreign currencies were found in the storage room that had not been deposited.

Status: The found cash was receipted on 9/10/2021 on reset 91116 and the foreign currencies were determined to have expired as a non-circulating legal tender with no value per the bank's evaluation and was shredded by the Treasurer's Office on 9/30/2021 as we observed it.

Dallas County Code 90-373 states that all department heads and elected officials are responsible for maintaining property to their department, proper inventory records, and making appropriate reports as required. Code of Criminal Procedures as stated in, but not limited to, Article 18.17 DISPOSITION OF ABANDONED OR UNCLAIMED PROPERTY (a)-(g) and h) If the abandoned or unclaimed personal property is money, the person designated by the municipality, the county purchasing agent, or the sheriff of the county, as appropriate, may, after giving notice under Subsection (b) or (c) of this article, deposit the money in the treasury of the municipality or county giving notice without conducting the sale as required by subsection (d) of article 18.18, 18.181, and 18.183.

A lack of consistent supervisory review and inadequate internal control procedures have resulted in location and property variances, incomplete property/evidence record maintenance, and the potential for loss of property/evidence items.

Recommendation

Property & Evidence Inventory

Management should develop and implement Property/Evidence procedures to include:

- Perform a complete and accurate physical inventory semi-annually or annually.
- Maintain accurate records of all storage room items on the inventory list, including details such as the quantity, location, and serial number for each item.
- Review the inventory details for any monetary items and deposit those immediately to Special Funds to disburse where applicable to the defendants or to unclaimed funds.
- Maintain updated disposal inventory list with the date and manner of which they have been disposed.
- Require supervisory review and approval of the inventory evidenced by signature and date.
- Require all property and evidence funds received to be promptly deposited in accordance with Local Government Code (L.G.C.), § 113.022 and Code of Criminal Procedure Art. 18.17. (h) DISPOSITION OF ABANDONED OR UNCLAIMED PROPERTY.



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. We will maintain accurate records of all items on the inventory list, including details such as quantity, location and serial number for each item. We will maintain an inventory list with the date of which items have been disposed. All property/evidence funds received will be promptly deposited in accordance with Local Government code and Code of Criminal Procedure. We will perform an annual inventory of the storage room items with discrepancies resolved timely.

Auditors Response

- None

Commissions and Interest

A sample review of 10 property sales and review of all non-sales commission and interest collections for the audit period revealed: two commission fees for property sales were over-collected by a total of \$1,662.42 due to the payees; one commission fees for non-sales collection were over-collected by a total of \$67.69; and three interest amounts were under collected for a net amount of (\$764.91) and on interest payment was over collected by 77.84 due to the payee.

Dallas County Commissioners Court Orders 2019-0965 and 2018-1015 state that "commission calculations should include judgment, interest and attorney fees collected while excluding any court costs". Per the Texas Finance Code, Sec. 304.005 (a), "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, and use of incorrect rate, judgement amount, and/or end date for interest calculations have resulted in miscalculated commissions, incorrect interest amounts, understated revenues, and potential liability to the County for payee overpayments.

Recommendation

Commissions and Interest

Management should ensure that written procedures are established and implemented for commission and interest collection that include:



- Ensuring calculations for interest are done according to the language specified in the judgment using the judgment date to one day prior to collection/sale, unless the judgment states otherwise.
- Timely issuing refunds for excess collections.
- Require sign off of supervisory review and verification of commission and interest calculations per Deputy's calculated Execution Worksheets for Judgments on Sales and Non-sales.
- Training staff on commission and interest calculations.

Management Action Plan

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

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator