



AUDIT REPORT

DALLAS COUNTY

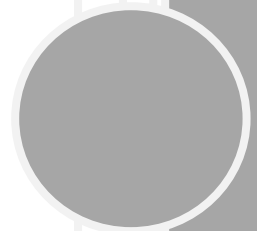
FY2021 CONSTABLE PRECINCT NO 1 AUDIT

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First Assistant County Auditor/Interim County Auditor

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FY2021 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 "**FY2021 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.

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,

Wendwessen Stefanos

Wendwessen Stefanos, CPA
First Assistant County Auditor/Interim County Auditor

EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the records and reports of Constable Precinct No. 1 for the period October 01, 2020 through September 30, 2021.

Summary of Significant Observations:

- **Property & Evidence Inventory:** One property item located in the Property Room was listed as destroyed on the Inventory List.

Repeat observations from Previous Audits:

- **Special Fund review:** The Special Fund account is not reconciled by the department nor escheated as required.
- **Computer/Manual Receipts:** Inconsistency in applying proper procedure for computer and manual receipts void/cancellation.
- **Commission Calculation:** Inconsistency in applying correct interest rate, date, and fees for commission calculation.
- **GPS Review:** Non-compliance with Dallas County policy on vehicle usage outside of County Official business hours.

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:

- Ensure compliance with statutory requirements.
- Evaluate internal controls.
- Verification of accuracy and completeness of reporting.
- Review controls over safeguarding of assets.

This audit covered the period of October 1, 2020 through September 30, 2021.

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

A sample review of 25 service fees for compliance and postings from the Constable Civil System (CCS) IT extract compared to the County-Wide Receiving System (CWR) related to paper service revealed one paper type recorded in CWR does not agree to the paper type posted in 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 Constable Civil System 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.

A lack of consistent supervisory review and clerical data entry errors have resulted in inaccurate posting of approved Constable fee types to the CCS.

Recommendation

Fee Compliance

Management should:

- Ensure 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 posted to the Constable Civil System.
- Post receipts in the CCS with the correct details from CWR including, but not limited to office number, paper type, and case number.
- Properly assess and collect service fees according to state laws, Commissioner Court orders, and Local Government Code § 118.131.

Management Action Plan

- **The department accepts the recommendation.**
- The one paper recorded in CCS as "A" but in CWR as "Q" can be explained as "A" is a general code for all citations, including small claims, and "Q" is more specific to small claim citation. Both fees are the same amount.

Auditor's Response

- None



Manual Receipts

A review of all manual receipts issued during the audit period revealed six manual receipt numbers were not listed on the computer receipt; six manual receipts in which the payer's name differs from the computer receipt; one manual receipt number was incorrectly listed on the computer receipt; one manual receipt amount differs from the computer receipt amount by a total of \$400; and one manual receipt case number was not listed on the computer receipt.

All receipts should be accounted for and properly used to affix responsibility, enhance cash controls, and prevent the assertion that monies were paid and identify refunds due. Manual receipts should be issued in sequential order with reference to the correct manual receipt number, case number, tender type, payment amount, payer name, and payment date. Manual receipts should be reviewed by management for accuracy and completeness to ensure receipts are properly posted in County-Wide Receipting (CWR).

Lack of supervisory review and clerical data entry errors have resulted in improper record keeping and loss of audit trail between manual receipts and computer receipts.

Recommendation

Manual Receipts

Management should:

- Ensure the manual receipt number is accurately listed on the computer receipt.
- Periodically review manual receipts with the corresponding computer receipt to verify procedure adherence.
- Ensure the case number, payer name, and amount on the manual receipt match the computer receipt.

Management Action Plan

- **The department accepts the recommendation.**
- Beginning January 2023, the department significantly decreased our use of manual receipts. All receipts for 2023 to date have been electronic.

Auditor's Response

- None

Computer Receipts and Control Review

A review of 22 computer receipts for the audit period revealed six receipts totaling \$600 were issued and voided by the same user; and one reissued receipt did not include the case



information or breakdown of fees for five Writ of Garnishment citations. Risks identified during the Internal Control Walkthrough revealed: the office does not log checks received through the U.S. mail; cash and checks processed throughout the day are stored in a yellow envelope in the Bookkeeper's desk during the day; the Constable, Chief Deputy, Assistant Chief Deputy, Chief Clerk, Lead Clerk and Bookkeeper have a key to the Bookkeeper's office; and papers received from the courts by mail or walk-ins are received by the Chief Clerk or Bookkeeper who have receipting and deposit responsibilities.

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 a refund is due. Formal approval should be required before voids and 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 and evidenced on a form for all users to ensure that access and functionality are appropriate. As a best practice for proper internal controls: 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 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.

Inconsistent supervisory review over computer receipt voids and improper segregation of clerical receipting duties have resulted in decreased internal controls over receipting, mailed payments, and potential misappropriation of Dallas County funds.

Recommendation

Computer Receipts and Control Review

Management should:

- Implement a formal approval process for voiding computer receipts.
- Comply with Local Government Code, § 113.022.
- Enhance internal controls over receipting to ensure proper segregation of duties related to the assessment and reduction of fees (automatic and manual) and receipting of payments.
- Periodically review user roles to ensure access and functionality are appropriate.
- Ensure check and money order payments received via mail are documented on a check log spreadsheet by a designated Constable staff person who is not involved in the receipting process before providing to the Bookkeeper or back-up clerk to post in CWR.



- Perform monthly reconciliations of the check log to payments posted in CWR to ensure accuracy and completeness.

Management Action Plan

- **The department accepts partial recommendations.**
- The department has implemented a formal approval process for voiding computer receipts and to enhance internal controls over receipting. Due to the influx of documents, maintaining a tracking log of payments received in the mail while ensuring segregation of duties is not ideal for our department. Additional personnel would be required to adhere to this recommendation.

Auditor's Response

- None

Special Fund

A review of the Special Fund (SF) reconciliation and related general ledger activity and a sample review of 25 disbursements for the audit period revealed 33 transactions have account balances over three years old totaling \$42,036.22 that have not been researched for either disbursing to applicable parties, recovery of excess disbursements, or escheated to the County Treasurer or State Comptroller; one special fund check was issued for \$50 less than the total receipted amount; and the department did not reconcile the FY2021 Special Fund account by the start of the audit.

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 SF 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 supervisory review, clerical errors, and untimely review of SF open items for receipts and disbursements have resulted in SF 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:



- Periodically review and reconcile the Special Fund control ledger to the Oracle General Ledger to enhance assurance that all Special Fund deposits and disbursements are properly posted in a timely manner.
- Ensure old outstanding balances are researched for disbursement to applicable parties, recovery of excess disbursements, or escheated to the County Treasurer or State Comptroller.

Management Action Plan

- **The department accepts the recommendation.**
- The current bookkeeper and chief clerk have worked closely to reconcile the Special Fund account. The current overage balance has reduced significantly to \$3,104.09 with an additional reduction in progress of \$1,069.16 being escheated to the State of Texas, \$1,106.22 is being transferred to Treasurer's Office, and \$908.71 is being processed to the Unclaimed Monies Account. Therefore, \$20.00 will be the final overage since these amounts are eligible to be escheated until October 2024.

Auditor's Response

- None

Commissions

A review of commission collections for four sales and ten non-sales made during the audit period revealed three commission calculations were under-collected totaling \$1,193.20 and two commission calculations were over-collected totaling \$209.96.

Dallas County Commissioners Court Orders 2020-0974 and 2019-0965 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 and commission calculation errors have resulted in over/understated revenues, noncompliance with County policies and court orders, and potential liability to Dallas County for overpayments.



Recommendation

Commissions

Management should:

- Timely issue refunds for excess commission collections.
- Maintain a detailed record keeping process for case payments and judgment documents.
- Calculate interest according to the language specified in the judgment, using the judgment date to the date satisfied, unless the judgment states otherwise.
- Ensure calculations are reviewed and verified by another staff member at the precinct, preferably the Chief Deputy or Chief Clerk.

Management Action Plan

- **The department accepts the recommendation.**
- All commission calculations are derived from the use of a worksheet provided by the Auditor's Office. Manual calculations are used for partial collections.

Auditor's Response

- Any template provided by the Auditor's Office would have been an example for informational purposes. The method for correctly calculating commission expenses remains the responsibility of department management.

GPS Review

A review of the GPS Insight reports, CCS service attempts, and Kronos reports for the audit period revealed five instances in which county vehicles were driven outside the corresponding time posted in Kronos; three addresses entered in the CCS for papers served do not match the addresses listed on the Daily Activity Report (DAR)/service returns and GPS activity reports; one service return disposition date did not agree to the CCS and GPS disposition date; and one deputy's DAR disposition time of 10:17 AM does not correspond to the vehicle GPS activity.

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 consistent supervisory review, GPS report and Deputy daily activity monitoring, and Kronos time entry review may increase the risk that vehicles are used inconsistent with Dallas



County Policy 90-129, that time records may not reflect actual hours worked in Kronos and have resulted in inaccurate records maintained for paper service.

Recommendation

GPS Review

Management should:

- Ensure accurate written vehicle records are maintained and compared to Kronos weekly based on actual work times.
- Review Kronos time to ensure time errors are corrected before submission.
- Comply with Dallas County Policy 90-129.

Management Action Plan

- **The department accepts the recommendation.**

Auditor's Response

- None

Property and Evidence Inventory

A sample review of the Property and Evidence (PE) room revealed two items from the PE room could not be located on the department's Inventory List; two items from the Inventory List could not be located in the PE room; and one item located in the PE room was listed as destroyed on the Inventory List.

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. The evidence officer should ensure that all relevant details of property and evidence items are accurately recorded on both the manual and electronic inventory logs kept by the department.

Inconsistent supervisory review and improper record keeping have resulted in location and inventory variances, incomplete record maintenance, and the potential loss of property and evidence items.

Recommendation

Property and Evidence Inventory

Management should:



- Periodically perform a complete and accurate physical inventory of the Property and Evidence room items.
- 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.
- Require supervisory review and approval of the inventory evidenced by signature and date.
- Maintain an updated disposal inventory list with the date and manner of which they have been disposed.

Management Action Plan

- **The department accepts the recommendation.**

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator