



# AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT 2 - FY 2018 AUDIT

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Dallas County Auditor  
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# CONSTABLE PRECINCT 2 - FY 2018 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 Billy Gipson  
Constable Precinct No. 2  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct 2 - FY 2018 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".

Darryl D. Thomas  
County Auditor

## EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the records and reports of Constable Precinct 2, Place 1 for fiscal year ended 2018 during which the Honorable Ray Nichols presided. Priority areas of risk which need consideration by management are:

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

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

- Twelve instances where items were not located, records were not agreed to the inventory list, nor were listed.
- One wallet containing \$390 was found in the storage room.

#### **GPS Service Verification**

- Ten vehicles were driven outside of business hours and did not correspond to time worked per Kronos.

#### **Computer Receipts**

- Five instances where computer receipts were issued and canceled by the same CWR users
- Five computer receipts were generated seven business days later, two computer receipts are missing and supervisory approval of receipt adjustments is not performed.

#### **Commission and Interest Calculation**

- We noticed inconsistencies for thirteen cases where commission and interest were not calculated properly, amount paid to plaintiff was overstated, fee was posted to the incorrect general ledger account and supporting documentation was not provided for one case.

#### **Special Fund Reconciliation**

- Balances over three years old totaling \$1,706.66 that have not been researched for either disbursing to applicable parties or escheating to the County Treasurer or State Comptroller. A total of \$210 in overpayment has not been refunded to the appropriate parties
- The delay between the receipt and disbursement dates for one check was 123 business days.

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

- Seventy-four instances where payments received in CWR did not agree to the paper types recorded to Constable Civil System.
- Six protective orders had the \$80 service fee incorrectly charged to the plaintiff and three papers did not have the \$80 fee received prior to providing service.

#### **Law Enforcement Training Fund**

- Two payments made totaling \$179 for deputies employed by another Precinct.

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

- Lack of established inventory control procedures for the evidence/ property items.
- Inconsistency in applying proper procedures on computer and manual receipts.
- Inconsistency in applying correct interest rates and dates for commission calculation.
- Limited staff training on performing Special Fund reconciliation and reviewing of Special Fund balance activities.
- Incomplete data entry into Constable Civil System.

## 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

### **Property/Evidence Room**

A review of the fiscal year 2018 evidence/property room revealed: eight instances where the location of items found in the storage room did not agree to the location recorded on the inventory list, three instances where items found in the storage room could not be located on the inventory list, one item could not be located during inventory, and one wallet containing \$390 was found in the storage room (reference # 0260309051300B).

The property custodian should ensure that all relevant details of property/evidence items are accurately recorded on a list or log 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. Departmental records of inventory items should be properly maintained. Details captured should be sufficient enough to identify evidence/property items added to and removed from the storage room as well as all persons handling the items and entering the room. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code (L.G.C.), § 113.022.

A lack of management oversight, infrequent performance of inventory reviews, property funds not being receipted and deposited, and inadequate internal control procedures has resulted in incomplete or inaccurate records for property and evidence, the potential for property funds being misappropriated or misplaced, untimely disposition of property/evidence items, and the potential for theft or loss of County property seized.

### **Recommendation**

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

Management should develop and implement property/evidence room procedures to provide assurance that:

- 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**

The Property Custodian will perform a complete inventory annually to ensure the Property and Evidence Inventory list is accurate, current and complete. The list will reflect items that have been disposed of with that date and manner of disposal. Old cases will be reviewed for disposition and then updated.

### **Auditors Response**

None

### **GPS Service Verification**

A review of fiscal year 2018 GPS reports revealed that ten vehicles were driven outside of business hours and did not correspond to time worked in Kronos. 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 the use of Dallas County vehicles and resulted in excess claims for vehicle expenditures such as, but not limited to, fuel and maintenance, inaccurate records of vehicle usage, and non-compliance with County policies.

### **Recommendation**

#### **GPS Service Verification**

Management should develop and implement procedures for the use of Dallas County vehicles that ensures:

- County vehicles are not driven on weekends or holidays unless the vehicle is being used to conduct business for Dallas County or the activity has been approved by Commissioners Court.
- Accurate written vehicle records are maintained and compared to Kronos weekly.
- Supervisory review of GPS reports is performed weekly and documented.
- Training is provided to all staff regarding the Dallas County vehicle use policy and evidenced by employee signatures which should be filed and retained by management.

- Consequences are provided to those persons who violate the Dallas County vehicle policy.

### **Management Action Plan**

Staff will follow Dallas County Policy when operating County vehicles. County vehicles will not be used on weekends or holidays unless the vehicle is being used to conduct business for Dallas County, Constable Bill Gipson, or the activity approved by the Commissioner's Court. Supervisory review of GPS is performed and documentation will be recorded as needed. Any violations of the Dallas County Vehicle Policy could result in discipline. Use of vehicle on weekends or holidays will be documented in Kronos.

### **Auditors Response**

None

### **Computer Receipts**

A review of fiscal year 2018 computer receipts revealed: CWR computer receipts 977408 and 1030250 are missing fields that provide details; five computer receipts were generated seven business days after the corresponding form 44-A manual receipt number 019459 was issued; five computer receipts were issued and canceled by the same CWR user (receipts 992074, 1009099, 1075188, 1109263, and 1151670); all CWR users have the same roles and responsibilities, regardless of their job duties; and supervisory approval of receipt adjustments is not performed.

All monies received should be promptly receipted and deposited properly and timely in accordance with Local Government Code (LGC.), § 113.022. 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.

A lack of supervisory oversights, clerical errors, limited training, and untimely fund release until full payment is received has resulted in delayed revenue recognition, a loss of audit trail between manual and computer receipts, and insufficient segregation of duties.

### **Recommendation**

#### **Computer Receipts**

Management should implement deposit and receipting procedures that include:

- Payment details on the computer receipt that lists case information, plaintiff, defendant, and office number.
- Timely processing of manual receipts to computer receipts.
- Proper segregation of duties for receipting.
- Increased staff training for receipting and depositing



- Supervisory approval required for all cancellations or adjustments.

### **Management Action Plan**

All checks/money orders, and or cash will be receipted in a timely manner; same business day of receiving the process. All receipts will be recorded in CWR by either the Lead Clerk or Chief Clerk. The Chief Clerk will approve all cancellations and or adjustments on CWR.

### **Auditors Response**

None

### **Commission and Interest Calculations**

A review of Constable Precinct 2 commissions and interest calculations for fiscal year 2018 revealed: six instances where interest was miscalculated using a wrong end date resulted a net overage of \$10.46; post-judgment interest was not calculated on pre-judgment interest for one case dated 1/23/18; a \$60 posting fee dated 1/22/18 for one case was deposited into the incorrect general ledger account, a credit of \$1,000 was applied to a Writ of Execution dated 10/2/17 but could not be verified because documentation was not provided for one case, commission for one case dated 10/2/17 was over collected by \$50.09, commission for one case was calculated based on the judgment amount plus court costs resulting in the over collection of \$10.16, the amount paid to the plaintiff for one case was overstated by a net amount of \$191 due to a portion of the court costs being added twice and a \$60 posting fee dated 8/9/18 for one case was not collected.

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.

Insufficient staff training, inconsistent record keeping, and clerical errors have caused the use of incorrect end dates in interest calculations, and miscalculation of commission interest and fees resulting in over/understated revenues, incorrect general ledger account postings, loss of payment records, potential liability to Dallas County for defendant overpayment, and improper staff knowledge on fee and interest collections.

### **Recommendation**

#### **Commission and Interest Calculations**

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

- Review of general ledger account codes prior to posting.
- A detailed record keeping process to maintain case payments and judgment documents.

- 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.
- Collection of all posting fees for property sales and immediately receipt payments 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.
- Timely issuance of refunds for excess collections.
- Proper precinct supervisory review and verification of commission and interest calculations.
- Proper staff training to eliminate commission calculation errors.

### **Management Action Plan**

All Writs of Execution will have a folder with all details of the case including copies of receipts. In order to avoid wrong calculations, we have requested a spreadsheet with locked calculations which we received to eliminate this error. A review of the payments and line item accounts will be checked by the Chief Clerk, and then will be submitted for payment after checks have cleared. If payment is received in cash payment to the Plaintiff minus commission will be submitted for disbursement.

### **Auditors Response**

None

### **Special Fund Reconciliation**

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: balances over three years old totaling \$1,706.66 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or State Comptroller; a total of \$210 in overpayment has not been refunded to the appropriate parties as of 4/5/2019; and one check was delayed 123 business days between the receipt and disbursement date.

In order to comply with statutes, stale dated checks and undisbursed funds should be reviewed in accordance with Property Code § 72 and 76, which 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 has 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**

All Special Funds will be reviewed monthly. Those that have a balance under \$100 will be processed on RFP and transferred to the Treasurer to be moved to the General Fund. All old Special Funds that could be moved have been completed and the one outstanding cannot be sent to the State due to insufficient information required by the State of Texas. Special Funds will be disbursed in a timely manner upon completion and clearance of payment.

**Auditors Response**

None

**Fee Compliance/Posting**

A review of fiscal year 2018 Constable fee compliance and posting to determine the completeness and accuracy of data related to paper service revealed: four papers had amounts received in CWR that were not recorded in the "Amount Collected" field of the CCS; sixty-one paper types recorded on CWR receipts do not agree with CCS types entered; one paper type was recorded incorrectly in CWR and CCS; six protective orders had the \$80 service fee incorrectly charged to the plaintiff; two papers had the "Amount Paid to Court" field of the CCS entered incorrectly; four CWR receipts have incorrect office numbers entered two papers have the "Fee Amount Earned" in the CCS entered incorrectly; and three papers did not have the \$80 fee received prior to service.

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 supervisory review, clerical data entry errors, and insufficient staff training regarding proper guidelines on recording and tracking papers served has resulted in overstating and understating the total number of papers served and inaccurate Constable Fees being collected.

## **Recommendation**

### **Fee Compliance/Posting**

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

- Refunds issued promptly for payments received for protective orders.
- 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**

Before posting a copy of the process front page, FORVUS print screen, and checks are reviewed before posting in CWR to ensure accurate coding on both CWR and FORVUS. Morning report is being reviewed to ensure coding is correct, fee is correct, and receipt has been recorded correctly if payment is required. If an error has occurred, the Lead Clerk will correct the error and the Chief Clerk will be notified after completion.

## **Auditors Response**

None

## **Manual Receipts**

A review of fiscal year 2018 manual receipts revealed that two Form 44 receipts (20679 and 20680) were issued out of date sequence and department responses to the Internal Control Questionnaire indicated that once the computer system is operational all manual receipts are not promptly entered. 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.

A lack of supervisory review, clerical errors, untimely computer receipt entry, and insufficient internal controls over manual receipting has resulted in improper record keeping over manual receipts, delayed revenue recognition, and the potential for misplacement or loss of Dallas County official manual receipts and funds.

**Recommendation**

**Manual Receipts**

Management should implement procedures for manual receipts to ensure:

- Receipts are issued in numerical and chronological order
- Receipt books are strictly controlled
- Receipts are promptly entered into the computer receipting system
- Supervisory review is performed periodically to verify procedure adherence

**Management Action Plan**

Ledger has been created and each receipt will be signed out by a Writ Officer which will include sequence of receipt numbers and checked out in sequential order. All receipt books are kept in a locked file and the Chief Clerk and the Lead Clerk will be the only one with access to hand out receipts and return used ones. All written receipts will be recorded in CWR upon receiving monies from the Writ Deputy on the same business day, no exceptions.

**Auditors Response**

None

**Law Enforcement Training Fund**

A review of fiscal year 2018 Law Enforcement Training Fund for Constable Precinct 2 revealed two payments made totaling \$179 for deputies employed at Precinct 5 (invoice 030617 dated 3/6/17 for \$29 and invoice 041118 dated 2/23/18 for \$150). Standard accounting procedures require funds to be disbursed for the correct amount, from the proper funding source, and to the appropriate parties in a timely manner.

A lack of supervisory oversight and review has resulted in improper disbursement procedures for staff training funds and inaccurate records of expenditures maintained in the general ledger.

**Recommendation**

**Law Enforcement Training Fund**

Management should implement procedures to ensure that:

- A reconciliation of the law enforcement training fund is performed semi or annually and reviewed by supervisory personnel evidenced by their signature and date.
- Errors or discrepancies are detected promptly and immediately resolved.

**Management Action Plan**

A spreadsheet of all Training Classes/conferences fees including food, travel, and reimbursement has been established. A monthly general ledger will be run to balance funds against payments made to various vendors and for posted errors. Each training or conference will have a folder with the Briefing, RFP for the Class, Travel and Reimbursement expenditure payments. All payments will be tracked and subtracted from the forward balance for each Fiscal Year. All checks from the State LEOS funds will be recorded and deposited through Financial Audit for each fiscal year and included in the forward balance from the prior fiscal year.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator