

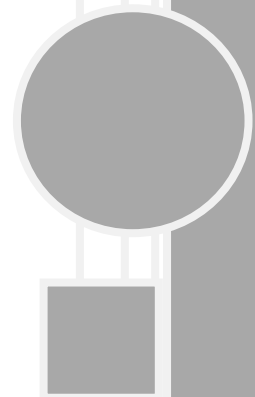


AUDIT REPORT

DALLAS COUNTY

2019 CONSTABLE PRECINCT NO 2 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: July 10, 2020
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2019 CONSTABLE PRECINCT NO 2 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 "**2019 Constable Precinct No 2 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 from October 1, 2018 through September 30, 2019. The first three months of activities occurred during the term of the Honorable Ray Nichols presided . Internal Control weaknesses which need consideration by management are:

Summary of Significant Observations:

None

Repeat observations from Previous Audits:

- Inconsistency in applying proper procedure on computer and manual receipts.
- Inconsistency in applying correct interest rate and date for commission calculation.
- 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

Special Fund Review

A review of the Special Fund reconciliation and related General Ledger and Special Funds disbursement checks for the audit period revealed: account balances over three years old totaling \$2,891.66 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheated. Departmental responses to the Internal Control Questionnaire (ICQ) revealed the following: indicates that unclaimed funds **are** researched for disbursing to the State Comptroller and/or County Treasurer in accordance with unclaimed property statutes. However, per our review of the Special Funds this had not been performed as indicated above. **Status: As of March 25, 2020, the Chief Clerk has taken steps to escheat all items less than \$100 to the County Treasurer and to remit the unfound cash to the general funds with the remaining item lacking enough information to escheat to the State.**

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. All funds received, including Special Fund payments, should be posted to the Constable's Civil System (CCS). The Bookkeeper or Chief Clerk should confirm that the payment is posted to the correct office number and for the correct amount.

A lack of management oversight, no periodic completion of the Special Fund reconciliation, limited staff training, and clerical errors 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 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 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.
- The Bookkeeper or Chief Clerk should confirm that the payment is posted to the correct office number, case number entered, and for the correct amount.

Management Action Plan

- As of 5/4/2020, RFP's have been completed for \$86.81 to the general fund and \$1,330.00 expired unclaimed funds to training fund 203.21358, which leave a balance of \$1,625.51. The plaintiff is deceased who would have received the money, waiting on direction from the Auditors of how to resolve this amount. A \$25.00 refund is in process.

Auditors Response

None

Manual Receipts

A review of all manual receipts issued and voided during the audit period revealed: one voided manual receipt did not indicate a void date and a case number, two manual receipts did not have the case numbers listed. **One transaction occurred prior to 1/1/2019, during the tenure of the previous Constable**, one receipt had a delay between the manual receipt date and computer receipt date by more than three business days. **This transaction occurred prior to 1/1/2019, during the tenure of the previous Constable**, and one manual receipt number was not listed on 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.

A lack of supervisory review, clerical errors/oversight, and insufficient controls of manual receipts had resulted in loss of accounting details, improper record keeping, and delayed revenues.

Recommendation

Manual Receipts

Management should implement procedures for manual receipts to ensure:

- Formal detailed written manual receipting procedures that includes attaching computer receipts and including manual receipt number on computer receipts and related case number in CWR.
- Deputy accountability for returning their receipts timely with complete case information included any alphabet for the case numbers.
- Supervisory review of manual receipts are reviewed for accuracy.
- Training is provided to all staff regarding manual receipt completion process, altered receipts and voided receipts.

Management Action Plan

- Per our SOP, any voids and or cancellations cannot be completed without Chief Clerk signing off and signing into CWR, which will include a reason for the cancellation/voided transaction.

Auditors Response

None

Computer Receipts and Deposits

A review of the computer receipt analysis, all cancellations, and all adjustment for the audit period revealed: one transaction was voided three days after original transaction date, five receipts were issued and voided by same person and all seven adjusted check receipts were performed by the same CWR user totaling \$4,385.50. Risks identified during the Internal Control Walkthrough revealed: the office does not log checks received through the U.S. mail on a list or Excel spreadsheet and the deposit is picked up once a week by carrier, seven adjusted check receipts were performed by the same person who receipted them..

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. Receipts that are re-receipted should be performed the same day as the voided transaction. 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. Best practices 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 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. Roles and functionality should be reviewed periodically evidenced on a form (e.g. quarterly) for all users to ensure that access and functionality is appropriate. 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 segregation of duties, delays in re-receipting corrected payments, no check log maintained for mailed payments, and infrequent deposits have decreased internal controls over receipting and deposits resulting in delayed revenue corrections, possible misappropriation or loss of funds and untimely deposits.

Recommendation

Computer Receipts and Deposits

Management should implement computer receipting and deposit procedures to ensure:

- Re-issued receipts are performed the same day as the voided transaction.
- Formal approval is required before adjustments are processed

- Financial transactions should reflect proper segregation of duties
- Mailed payments received are documented on a check log spreadsheet by a designated Constable staff person who is not involved in the receipting process
- All monies received are promptly receipted and deposited consistent with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004
- Roles and functionality are reviewed periodically evidenced on a form for all users to ensure that access and functionality is appropriate.

Management Action Plan

- All adjusted amounts will be signed off by the Chief Clerk in the upper right hand corner of the letter along with date. The Bookkeeper will process the adjustment with approval from the Chief Clerk to override the payment and will sign computer receipt upon completion. Added to Constable Pct. 2 SOP 5/4/2020. All checks received by mail will be listed on check log daily. Each entry will include date received, name, check number, case, amount and who received the mail (clerk's name). The log will then be given to the bookkeeper and she will verify and sign the log. The log will then be placed in the check log binder for our records.

Auditors Response

None

Fee Compliance Review

A random sample review of 25 Fee Compliance for the audit period revealed: one case on CWR receipt for Summons Citation P1 shows the paper types did not agree to the CCS paper types for Subpoenas & Duces Tecum although the fee charged was correct. **This transaction occurred prior to 1/1/2019, during the tenure of the previous Constable.**

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.

A lack of consistent review and clerical data entry errors regarding paper types served have resulted in inaccurate Constable fee type collected.

Recommendation

Fee Compliance Review

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

- Data entered into the Constable Civil System (CCS) 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.
- 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

- This issue occurred prior to 1/1/2019 under the prior Constable's tenure.

Auditors Response

None

Commissions and Interest

A review of the commissions and interest for sales and non-sales for the audit period revealed: one case paid 10/2/2018 did not have any interest calculated totaling \$53.92 (case CC-15-03890-A). **This transaction occurred prior to 1/1/2019, during the tenure of the previous Constable.**

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. Texas Rules of Civil Procedures 716 Recovery on Bond states, "the purchaser does not pay the purchase money at the expiration of the time given, judgment shall be rendered against all the obligors in such bond for the amount of such purchase money, interest thereon and all costs incurred in the enforcement and collection of the same; and execution shall issue thereon in the name of the plaintiff in the suit, as in other cases, and the money when collected shall be paid to the clerk or justice of the peace to abide the final decision of the cause."

A lack of supervisory review, insufficient staff training, miscalculations of commission fees and interest amounts has resulted in over/understated revenues, noncompliance with County policies and court orders, and potential liability to Dallas County for defendant over payments.

Recommendation

Commissions and Interest

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

- All monies collected for Writs must be payable to Dallas County.
- Require 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.

- Require supervisory review and verification of commission and interest calculations.
- Train staff to eliminate commission and interest calculation errors.

Management Action Plan

- This transaction occurred prior to 1/1/2019 under the prior Constable's tenure.

Auditors Response

None

GPS Review

A sample review of GPS Insight reports, CCS service attempts, Dispatch Log Reports, and Kronos reports for the audit period revealed: 148 Odd Hours Report items for vehicle CB960 used by squad #3 and #226 for the period 2/27/19-9/26/19. **Status:** Per inquiry with the ASC manager, the GPS tracker was broken and the maintenance support was documented.

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 have increased internal control risk resulted in excess vehicles claims for expenditures such as, but not limited to, fuel and maintenance, inaccurate vehicle use records, and non-compliance with County vehicle use policy.

Recommendation

GPS Review

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

- Accurate written vehicle records are maintained and compared to Kronos weekly
- Supervision is evidenced by weekly reviews and sign off 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.

Management Action Plan

- Per the inquiry with the ASC manager, the GPS tracker was broken and the maintenance support was documented.

Auditors Response

None

Property & Evidence Inventory

A sample review of the Property/Evidence room for the audit period revealed: all reviewed inventory items did not have the "Date Logged In" listed on the Property/Evidence inventory log and one inventory item in bin #18 for three Orion televisions and a camera attached to white pole for citation number 9001967 listed on Property/Evidence inventory log did not have the citation number nor the evidence officer name and badge number (used for checking in) listed on the item.

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. (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 this article, 18.18, 18.181, and 18.183. The precinct should review inventory items to determine disposition in accordance with the Code of Criminal Procedures as stated in, but not limited to, Article 18.17, 18.18, 18.181, and 18.183. 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.

A lack of lack of management oversight, no periodic inventory, and limited formal control procedures have resulted in location and inventory variances, incomplete record maintenance, and potential loss of items.

Recommendation

Property & Evidence Inventory

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

- Update and maintain a complete and accurate inventory including items listed for disposal.
- Maintain accurate records of all storage room items on the inventory list, including details such as the quantity, location, date logged in and serial number for each

item.

- Maintain updated disposal inventory list with the date and manner of which they have been disposed.
- Require all property/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.
- Perform semi-annual or annual inventory of the storage room items with discrepancies resolved timely.
- Require supervisory review and approval of the Property/Evidence inventory evidenced by signature and date.

Management Action Plan

- These issues occurred prior to 1/1/2019 under the prior Constable's tenure.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator