



# AUDIT REPORT

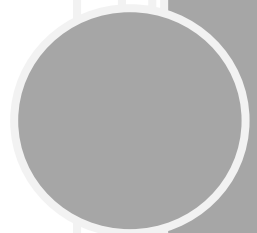
DALLAS COUNTY

CONSTABLE PRECINCT NO 2 AUDIT - FY 2022

Darryl D. Thomas  
Dallas County Auditor

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# Constable Precinct No 2 Audit - FY 2022

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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 No 2 Audit - FY 2022**" 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 in accordance with statutory guidelines on the records and reports of Constable Precinct No. 2 for the period October 1, 2021 through September 30, 2022 **during the term of the Honorable Billy Gipson**. Internal control weaknesses which need consideration by management are:

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

- None identified

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

- **Manual Receipts vs Computer Receipts:** Inconsistency in applying proper procedure on the computer and manual receipts.
- **Computer Voids and Adjustments:** Voids and cancellations performed by the same employee that entered the transactions.

**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 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, 2021, through September 30, 2022.

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

### Manual Receipts

A review of all manual receipts and corresponding computer receipts issued during the audit period revealed two computer receipts totaling \$1,000 were not attached to the manual receipts and one manual receipt number totaling \$75.15 was not listed on the second computer receipt associated with it. **Status:** The two missing computer receipts were attached by the bookkeeper and observed by the auditor on December 8, 2022.

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. Manual receipts should be issued in sequential order and posted in CWR with reference to the correct manual receipt number, case number, tender type, payment amount, payer name, and payment date. Inconsistent supervisory review and clerical oversight have resulted in improper record keeping and a loss of audit trail between manual receipts and computer receipts.

### Recommendation

Manual Receipts

Management should implement procedures to ensure:

- Manual receipts have all corresponding computer receipts attached.
- Manual receipt numbers are listed on all associated computer receipts.
- Receipts are reviewed periodically to verify accuracy and procedure adherence.

### Management Action Plan

- All manual receipts are approved by the Chief Clerk before being issued out
- Manual Receipts will not be held and will be receipted as soon as the CWR system is operational
- All manual receipt numbers will be entered in the note section for reference and a copy of the CWR receipt will be placed in the manual receipt book for auditing.

### Auditors Response

- None

### Computer Receipts

A review of six computer receipts voided during the audit period revealed one computer receipt for \$150 was issued and voided by the same user.



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 to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. 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. Inconsistent supervisory approval for voids and improper segregation of duties may result in an increase in internal controls over receipts and voids and potential misappropriation of Dallas County funds.

### **Recommendation**

Computer Receipts

Management should:

- Comply with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004.
- Implement a formal approval process for voiding and adjusting computer receipts.
- 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.

### **Management Action Plan**

- Supervisory signature on computer receipts is mandatory once completed

### **Auditors Response**

- None

### **Special Fund**

A review of the Special Fund (SF) reconciliation and related general ledger activity for the audit period revealed five entries with account balances over three years old totaling \$2,941.85 have not been researched for either disbursing to applicable parties, recovery of excess disbursements, or escheated to the County Treasurer or State Comptroller.

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 and a lack of timely disbursement of SF open items for recipients has resulted in delayed disbursements to entities/individuals entitled to funds and possible penalties from the State for not following escheatment statutes.



## **Recommendation**

Special Fund

Management should:

- Ensure old outstanding balances are researched for disbursement to applicable parties, recovery of excess disbursements, or escheated to the County Treasurer or State Comptroller
- Timely follow-up on unresolved special fund receipts and balances remaining in excess of 60 days.
- Routinely escheat Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.

## **Management Action Plan**

- The Chief Clerk and Bookkeeper will continue to do research and disburse funds to applicable parties
- The funds that cannot be disbursed, the bookkeeper will start the escheatment process to the State
- Bookkeeper and Chief Clerk will verify and make sure that any money that is disbursed has a corresponding receipt
- Any funds that are disbursed are processed by the bookkeeper and then approved by the Chief Clerk

## **Auditors Response**

- None

## **Property & Evidence Inventory**

A sample review of the Property and Evidence (PE) room revealed four items selected from the PE room could not be located on the precinct's inventory list and the inventory list was not accurately updated with property items currently in the PE room. **Status:** Chief Turner provided a revised PE Inventory List on January 17, 2023, that includes all missing items noted during audit fieldwork.

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 all relevant details of property and evidence items are accurately recorded on both 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 possible loss of property and evidence items.





## **Recommendation**

Property & Evidence Inventory  
Management should:

- Periodically perform a complete and accurate physical inventory of the Property and Evidence room items.
- Maintain accurate records of the department's cumulative Inventory List to ensure all items have been added timely.
- Require supervisory review and approval of the inventory evidenced by signature and date.

## **Management Action Plan**

- Items are handled by supervisors only
- Documentation will have a multi-step check process
- A log will be kept in place of transactions
- Supervision review and approval with date and time

## **Auditors Response**

- None

cc: Darryl Martin, Commissioners Court Administrator