

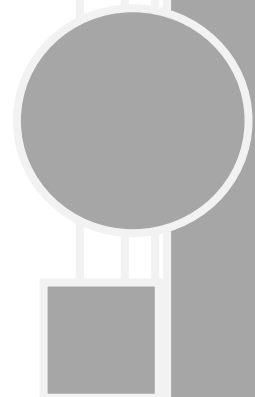


AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT 2 - FY2016 AND FY2017 AUDIT

Darryl D. Thomas
Dallas County Auditor
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CONSTABLE PRECINCT 2 - FY2016 AND FY2017 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 Ray Nichols
Constable Precinct No. 2
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct 2 - FY2016 and FY2017 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". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.

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 fiscal years 2016 and 2017. Priority areas of risk which need consideration by management are:

Summary of Significant Observations:

- Inconsistency in recognizing accurate , complete and proper classification of monetary credits for paper served or attempt to serve by the deputy
- Incomplete data entry into Constable Civil System.
- Inconsistency in applying proper procedure on computer and manual receipt's void/cancellation.
- Limited staff training on performing Special Fund reconciliation and reviewing of special fund balance activities.
- Inconsistency in applying correct interest rate and date for commission calculation.
- Lack of established inventory control procedures of the evidence/ property items.

Repeat observations from Previous Audits:

Similar issues were addressed in the prior audit.

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, 2015 through September 30, 2017.

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 20 office manual receipts and 27 deputy manual receipts (44-A) used during FY16 and FY17 revealed: two computer receipts did not have the pink carbon copy of the office manual receipt attached **(Status: The bookkeeper stapled each of the pink carbon copies to their respective computer receipt)**, nine computer receipts did not have the office manual receipt referenced, three computer receipts did not have the pink carbon copy of the 44-A manual receipts attached **(Status: The bookkeeper stapled each of the pink carbon copies to their respective computer receipt)**, 16 instances where the manual receipt numbers were not referenced on their corresponding computer receipts, one 44-A manual receipt did not contain an explanation for the void, one 44-A receipt did not have the computer receipt attached **(Status: The Bookkeeper stapled the computer receipt to the 44-A manual receipt)**, the check number listed on one 44-A receipt did not match the check number on the computer receipt **(Status: The Bookkeeper manually corrected the hard copy of the computer receipt)**, two 44-A receipts did not list the case number, 10 instances where the delay between the 44-A manual receipt date and the computer receipt date was between four to 34 business days. Best practices regarding manual receipts are when issuing a manual receipt, the white carbon copy should be given to the customer, the pink carbon copy should be stapled to the computer receipt and the yellow copy should be retained with the computer receipt attached. Any time a computer receipt is generated in CWR for either a form 44 or 44-A manual receipt, the notes section of the CWR receipt should be used to reference the manual receipt number. All voided receipts should be properly voided and affixed with a reason for the void. All the appropriate fields of a manual receipt should be filled out and should include, but not limited to, case number, type of tender, amount paid, payee name, plaintiff name, and defendant name. In addition, all manual receipts should be promptly and accurately recorded in CWR no later than two business days once computer system is operational. Staff delays in recording manual receipts occurred because the bookkeeper relies on the completion of the Deputy Return forms and the Return forms are not completed until checks payable to other parties have been received by the deputy. Limited management oversight over manual receipts writing procedure and Deputy delays on returning completed forms resulted in an incomplete record of manual receipts in the CWR system and delays of revenue recognition.

Recommendation

Manual Receipts

Management should develop formal written receipting procedures and hold deputies accountable for returning their receipts incomplete which causes excessive delays. When funds are received and the deputy form is not ready, the funds should be deposited into the Special Fund account pending completion of Deputy Forms. Manual receipts should be reviewed and verified for accuracy, including the amount, tender type, case number, transaction date, and payer name fields before issuing to a customer. Receipts containing errors should be voided with an explanation written on the receipt. All copies of voided receipts should be maintained at the office.

Management Action Plan

This was due to a computer glitch and not being able to input after being printed, the manual receipts were handwritten on the original CWR receipt.

Auditors Response

The receipts with the computer glitch were not included as exceptions. The receipts that were included as exceptions were the ones where a manual receipt number could be entered into the system, but were not.

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Computer Receipts

A review of 60 voided/canceled computer receipts revealed three instances where the computer receipt did not have an explanation noted for cancellation. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness as emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Receipts should not be altered, but properly voided (canceled within CWR) and affixed with a reason for the void with retention of all voided copies. Due to limited management oversight and insufficient internal control over voided receipts, receipts may be misappropriated and errors might not be detected.

Recommendation

Computer Receipts

Management should:

- Ensure that computer receipt void explanations are entered into the canceled reason field in CWR when voiding a receipt.
- Document the steps for computer receipt voids/cancellations and add the procedures to the Precinct 2 CWR receipting manual.
- Enhance cash handling controls to prevent the potential loss of funds or misappropriation of assets.

Management Action Plan

Steps are being followed on voids and cancelled receipts, but due to a glitch in the system, one wrong key that is hit and the need to void/cancel arises and for that reason it is handwritten on the original CWR receipt. Cash handling steps are being followed to prevent loss of funds. Funds are kept locked in the safe until deposited and the deposit is being signed by two people.

Auditors Response

The receipts with the computer glitch were not included as exceptions. The receipts that were included as exceptions were the ones where a reason for the cancellation could be entered into the system, but were not.

Fee Compliance

A review of a data extract from the Constable Civil System to determine the completeness and accuracy of records entered in FY16 and FY17 revealed approximately 49% and 50%, respectively, of the Fee Amount

Earned, Amount Collected, or Amount Paid to Court fields were incomplete or not entered into the Constable Civil System (CCS). A review of 50 computer receipts compared to the Constable Civil System (CCS) revealed one instance where there was a delay of eight business days between the CCS entry date and the CWR receipt date. Management is responsible for designing and implementing internal controls and assessing their effectiveness as emphasized in the Committee of Sponsoring Organization of the Treadway Commission (COSO) framework. Lack of management oversight and inadequate guidelines on recording and tracking paper served in the Constable Civil System resulted in inaccurate data such as overstating/understating the total number of papers served. This information is used to derive staffing requirements and to perform a Constable civil fee analysis.

Recommendation

Fee Compliance

The Constable Office should establish procedures to ensure that data entered into the Constable Civil System is complete and accurate. All data elements including the Fee Amount Earned, Amount Paid to Court, Disposition Code, and Paper Type fields should be accurately entered into the Constable Civil System.

Management Action Plan

Areas where the fee amount earned, amount collected, or amount paid to court fields were incomplete have been corrected and updated accurately. Service fees are being assessed and collected in compliance with applicable State Laws, including Local Government code, 118.131. Current management is following adequate guidelines to assure that guidelines are being followed on recording and tracking papers served.

Auditors Response

None

Special Fund

We reviewed the Special Fund activities (period ending September 30, 2017) and identified a fund balance totaling \$1,706.46, over three years old, that has not been researched for disbursement to applicable parties. One check, # 581000363, for \$150.00 was incorrectly issued and excess disbursements were not recovered. **Status: A reconciliation template and an explanation were provided to the Precinct to demonstrate how Oracle and CWR, combined with the Treasurer's Stale Dated Check List that is already reviewed by the precinct, could be utilized to reconcile the Special Fund account on a monthly basis.** Property Code, §72 and §76, requires escheating either to the County Treasurer (if \$100 or under) or the State of Texas (if over \$100). Reconciliation of the Special Fund should be performed timely and reviewed by management periodically. Without management oversight and periodic completion of Special Fund reconciliation, undetected posting errors may result in potential for overpayment and unrecoverable losses.

Recommendation

Special Fund

Management should perform a reconciliation in a timely manner and resolve outstanding issues accordingly. Old balances should be researched for disbursement to applicable parties, recovery of excess disbursements, or escheating to the County Treasurer or State

Comptroller as stated in the Property Code, § 72 and § 76.

Management Action Plan

None provided

Auditors Response

N/A

Paper Service

We reviewed all cases entered into the Constable Civil System for FY16 and FY17 to determine whether monetary credits were given to the Constable Precinct 2 for papers served or attempted to serve. We noted 185 monetary credits were not given to the office. In addition, Precinct 2 does not require the prepayment of service fees for processing out of county papers with the exception of tax suits, Attorney General IV-D and license suspension cases, pauper oath cases, or other civil suits filed by governmental entities. Local Government Code, § 118.131 and Commissioners Court orders state that service fees collected should be properly credited to the correct precinct. Per Rule 126 of the Texas Rules of Civil Procedures; "no sheriff or constable shall be compelled to execute any process in civil cases coming from any county other than the one in which he is an officer, unless the fees allowed him by law for the service of such process shall be paid in advance; except when affidavit is filed, as provided by law or these rules." The Justice of the Peace Court, the District Clerk office and County Clerk office post payment for service of civil paper to their case filing system and occasionally payments were not posted to the correct law enforcement agency. Fees credited to the wrong law enforcement agency cause the paper service not to be recognized as income by the appropriate office and will not offset constable expenditures. Timely correction is not performed due to the lack of staff oversight and the delay in requesting access to District Clerk and County Clerk systems.

Recommendation

Paper Service

The Precinct should:

- Monitor current procedures affirming proper recording and credit
- Request inquiry access to the Odyssey Civil Courts system for the appropriate staff
- Notify appropriate department to make any necessary corrections upon review
- Examine computerized court records associated with paper served or attempted to verify that fees are properly credited to Precinct No 2
- Contact County Clerk, District Clerk, and/or Justice of the Peace Courts to have proper credit given to their department.
- Enter information into the Constable Civil System accurately and timely.
- Require the prepayment of fees for applicable out of county papers to avoid billing

for them after services have been completed

Management Action Plan

Effective immediately, out of county papers require that the fees are paid up front before the papers are served, except AG papers and Tax papers.

Auditors Response

None

Evidence Room

A review of the evidence/property room revealed one instance where the inventory log was missing details such as the storage location number and the name or badge number of the evidence officer who checked in the item. **(Status: The deputy currently tasked with maintaining the evidence room was able to locate the items and updated the inventory log accordingly.)** The evidence officer should continue to ensure that all relevant details of property/evidence items are accurately recorded on both the manual and electronic inventory logs and consider developing a process to enhance the organization of items stored in the property room 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. Errors or omissions by the officers and a lack of written procedures on how the property/evidence room should be organized may result in incomplete or inaccurate inventory records for the property/evidence room.

Recommendation

Evidence Room Recommendation

Management should adhere to the Code of Criminal Procedures as stated in Article 18.17,18.18,18.181 and 18.83 but not limited to:

- Unclaimed or abandoned property that is not held as evidence and remains unclaimed for 30 days shall be delivered for disposition to a person designated by the purchasing agent. In addition, the law enforcement agency that originally seized the property may request from the purchasing agent to have the property which is scheduled for disposition to be converted to agency use.
- If there is no prosecution or conviction following seizure, the magistrate on the motion of the law enforcement agency that seizes a prohibited weapon, shall order the weapon destroyed or forfeited within a timely manner of being informed that no prosecution will arise from the seizure.

Management Action Plan

None provided

Auditors Response

N/A

Commission Calculation

A sample review of 20 commission calculations for each fiscal year under review revealed: 13 commission calculation errors resulting in the total over collection of \$549.57, three commission calculation errors resulting in the total under collection of \$154.18, the \$150 service fee was incorrectly added to the collection amount to two cases, and there was one case where the commission was collected although payment for the judgment amount was not received by the Constable's office. Dallas County court orders 2014-1308, 2015-1304, and 2016-1099 state that commission calculations should include judgment, interest, and attorney fees collected while excluding any court costs. Inconsistent application of Dallas County Court orders and inadequate staff training resulted in commission calculation errors.

Recommendation

Commission Calculation

Management should establish and implement written procedures to minimize commission calculation errors including:

- Automated commission calculation worksheet with separate files for collections made with or without a sale. Worksheet should contain all variables including the judgment date, judgment amount, judgment credit, attorney fees, interest rate, pre-judgment and post-judgment interest, court costs, service fees (if not combined with court costs), applicable commission percentages and deputy hours spent.
- A bill of costs should be attached to each judgment sheet in order to determine whether or not the service fee has been assessed.
- Calculations should be reviewed and verified by another staff member at the precinct, preferably the chief deputy or chief clerk.
- Refunds should be issued for excess collections.
- Commission should not be calculated on payments that were not collected by the precinct unless the precinct is involved directly.
- Interest should be calculated according to the language specified in the judgment using the judgment date to one day prior to collection/sale, unless the judgment states otherwise.
- If the service fee has been calculated into the court costs on the judgment, or if the court collects the service fee, which may evidence by the "fees collected" stamp, it should not be collected by the precinct.

Management Action Plan

Regarding a bill of costs, a bill of costs is always attached to the Writ of Execution before the Deputy attempts to serve it. It is the law. Regarding refunds, the Deputy collects two separate Cashier's checks, one for the defendant and one for the commission. No refunds are necessary. There is no where on the Court Order stating that the commission cannot be collected when the Deputy did, in fact, put in Deputy time in getting it collected.

Auditors Response

Refunds are necessary when calculations errors occur and/or when collections on fees that were not due or had been paid previously have been collected by the office.

Vehicle GPS

A review of GPS reports for FY16 and FY17 revealed one vehicle was driven outside of business hours and did not correspond to time worked per KRONOS (vehicle B1065). 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 an 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." The lack of knowledge of Dallas County policy may result in misappropriation of Dallas County vehicles in unnecessary expenditures such as, but not limited to, fuel and maintenance and non-compliance with County policies.

Recommendation

Vehicle GPS

Management should ensure that:

- County vehicles are not driven on weekends or holidays unless the vehicle is being used to conduct business for Dallas County.
- In the event that approval is granted by the Constable for an exception to the Dallas County personal use policy, notification is submitted to Commissioners Court for approval.
- Written documentation is kept on file by upper management.

Management Action Plan

The Constable, being an elected official, may approve his deputies to assist other agencies and without getting approval from the Commissioner's Court. Written documentation is kept on file by upper management.

Auditors Response

In this instance, written documentation was not provided.

cc: Darryl Martin, Commissioners Court Administrator