AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT NO 2 AUDIT - FY 2023

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Constable Precinct No 2 Audit - FY 2023

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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 Deanna Hammond
Constable Precinct No. 2
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct No 2 Audit - FY 2023**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail.

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,

wessen Stefanos

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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, 2022 through September 30, 2023. The first three months of activities occurred **during the term of the Honorable Billy Gipson**.

Summary of Significant Observations:

- None identified.

Repeat observations from Previous Audits:

- **Special Funds:** The special fund account is not reconciled by the department nor are funds escheated as required by statute.

- **Computer/Manual Receipts:** Inconsistency in applying proper procedure for computer and manual receipt voids/cancellations.

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, 2022 through September 30, 2023.

The audit procedures may have included interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used may have been reviewed and incorporated as part of the testing of transactions.

DETAILS

Fee Compliance Review

Criteria
Service fees are assessed and collected in compliance with applicable state laws, including Local Government Code (LGC), Sec. 118.131 and Commissioners Court orders. LGC, Sec. 118.131 states, "the commissioners court of a county may set reasonable fees to be charged for service of process, including service of writs, by the offices of the sheriff and constables."

Per standard internal control procedures, a record of original entry is posted to the Constable Civil System (CCS) for tracking/reporting which includes all required data elements recorded accurately and in a timely manner. Receipts in County Wide Receipting (CWR) should accurately reference the data posted to CCS.

Review
A sample review of 25 postings from the Constable Civil System (CCS) IT extract compared to the County Wide Receipting system (CWR) computer receipts for fee compliance revealed:

- Five paper types recorded on the CCS do not agree to the CWR receipt nor approved fee code type.

Cause/Effect
A lack of consistent supervisory review and clerical data entry errors resulted in inaccurate Constable fee types being posted to CCS.

Recommendation
Fee Compliance Review

Management should:

- Ensure that receipts are entered into CCS with the correct fee type code and details from CWR including, but not limited to office number, paper type, and case number.

Management Action Plan
- Clerical staff entered the wrong paper type.
- Met with staff to ensure errors are mitigated.

Auditor's Response
- None

Manual Receipts

Criteria

Per Local Government Code, Sec. 113.022, a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Per standard internal control procedures, all receipts are accounted for and properly used to affix responsibility, enhance cash controls, and prevent the assertion that monies were paid and to identify refunds due. Manual receipts are issued in sequential order with the correct case number referenced, payment amount, tender type, payee name, payment date, and the name of the employee who received the funds. Manual receipts are only written during system downtime. Manual receipts are reviewed by management for accuracy and completeness to ensure receipts are properly posted.

Review

A review of all 13 manual receipts issued during fiscal year 2023 revealed:

- Two manual receipts totaling $11,446 were posted to CWR between 14 and 31 business days after the original receipt date. This includes one manual receipt in which the manual receipt number was not posted in the computer system.
- One manual receipt totaling $5,692 did not indicate the tender type.
- One voided manual receipt did not have an explanation for voiding and was not reviewed by a supervisor.

Cause/Effect

Inconsistent supervisory review, clerical oversight, and untimely computer receipt entry have resulted in improper record keeping, delayed revenue recognition, and a loss of audit trail between manual receipts and computer receipts.

Recommendation

Manual Receipts

Management should ensure:

- Receipts are entered into the computer system promptly.
- Manual receipts indicate payment method.
- Manual receipt is posted in the computer system.

- Voided manual receipts have an explanation and supervisor's signature.
- Supervisory review of receipts is performed periodically to verify adherence to procedures.

Management Action Plan

- Staff has been advised to not hold manual receipts and post to CWR system as soon as the system is operational.

Auditor's Response

- None

Computer Receipts

Criteria

Per Local Government Code, Sec. 113.022, a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Per standard internal control procedures, all receipts are accounted for and properly used to affix responsibility, enhance cash controls, and prevent the assertion that monies were paid and to identify refunds due. Formal approval is required before adjustments are processed. Financial transactions reflect proper segregation of duties related to the assessment and reduction of fees (automatic and manual) and receipting of payments.

Review

A review of all computer receipts issued, voided, and deposited during fiscal year 2023 revealed:

- Four computer receipts totaling $380 were voided three days after the initial receipt date.
- Two check deposit batches totaling $10,974 were deposited between seven and 12 business days after the initial receipt date.
- Two computer receipts totaling $130 were issued and voided by the same user.
- One computer receipt totaling $80 was voided outside the normal business hours of 8:00 AM to 4:30 PM.
    - Receipt was voided September 14, 2023 at 5:34 PM, but the time worked in Kronos for the employee who voided the receipt was from 8:00 AM to 4:30 PM.

Risks identified during the Internal Control Walkthrough revealed:

- Payments received via mail are logged on an Excel spreadsheet by the bookkeeper who also receipts and deposits the payment.
- Deposits are transmitted to the Treasurer's Office once a week.

Cause/Effect
A lack of formal approval process and a lack of segregation of duties related to computer receipt voids and adjustments decreased internal controls over receipts. This may result in the potential for misappropriation of Dallas County funds.

Recommendation
Computer Receipts

Management should:

- Implement a formal process for voiding and cancelling computer receipts.
- Ensure voids are completed within business hours and reviewed by supervisor.
- Ensure check and money order payments received via mail are documented on a check log spreadsheet by designated Constable's personnel who is not involved in the receipting process before providing to the bookkeeper or back-up clerk to post in CWR.
- Comply with Local Government Code, Sec. 113.022.
- Enhance internal controls over receipting to ensure proper segregation of duties related to the assessment, reduction of fees (automatic and manual), and the receipting of payments.

Management Action Plan
- Supervisory signature on computer receipt is mandatory once completed.
- The department will update the policy for the lead clerk to receive the mail and then pass it on.
- In case of high-volume deposit, the department will assign a deputy to transfer and deliver.

Auditor's Response
- None

Special Fund

Criteria
Property Codes § 72 and 76 require escheating either to the County Treasurer (if $100 or less) or the Texas State Comptroller (if more than $100).

Per Local Government Code §113.008, an official with special funds shall reconcile all balances and transactions in the statement of activity against the balances of the official's records each month.

Standard internal control procedures require the separation of duties, documented procedures, and immediate reconciliation and updates for transactions involving cash, including automated deposit reconciliation with the bank. The special fund is 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.

Review

A review of all special fund activity and related general ledgers for fiscal year 2023 revealed:

- The department did not reconcile the fiscal year 2023 special fund reconciliation by the start of the audit.

  Status: Training was provided to assist the new chief clerk with reconciling the special fund on November 15, 2023. Completed special fund reconciliation was received on November 17, 2023.

- Special fund balances over three years old (as of March 1, 2023) totaling $1,626 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or Texas State Comptroller.

Cause/Effect

These instances occurred because of a lack of management oversight to complete periodic reconciliation of the special fund account.

Limited staff training and improper internal control procedures may result in possible special fund ledger variances, disbursement delays to entities and individuals, undetected posting errors, and possible penalties from the State for not following escheatment statutes.

Recommendation

Special Fund

Management should:

- Review and periodically reconcile the special fund account to the Oracle general ledger.
- Research old balances for disbursement to applicable parties, recovery of excess disbursements, or escheatment to the County Treasurer or Texas State Comptroller.

Management Action Plan

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

Auditor's Response

- None

Commissions and Interests

Criteria

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.

Dallas County Commissioners Court Orders 2022-0989 and 2021-0934 state that "commission calculations should include judgment, interest and attorney fees collected while excluding any court costs."

Review

A review of all commission calculations for one sale and 10 non-sale collections during the audit period revealed:

- One party was over-assessed $36 for commission on a non-sale collection.

Cause/Effect

Lack of management oversight, insufficient staff training, incorrect calculations for commissions, and use of incorrect judgment amounts for interest calculations

resulted in overstated commission collections, non-compliance with County policies and court orders, and refunds due to defendants for overpayments.

Recommendation
Commissions and Interests

Management should:

- Issue refunds for excess commission collections.
- 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.

Management Action Plan
- None

Auditor's Response
- None

GPS Odd Hours Review

Criteria
Per Dallas County Code Sec. 90-129, "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."

Per Dallas County Code Sec. 82-175, supervisors are responsible for ensuring employee time records are accurate and that no abuses occur. Supervisors are responsible for checking daily start times, meal periods, end times, vacation time, sick time, compensatory time and overtime to ensure employees are in compliance with their shift work schedule and the county's overtime policies.

Review
A review of GPS reports, CCS service attempts, and Kronos reports during fiscal year 2023 revealed:

- 12 instances in which three County vehicles were driven outside the corresponding time posted in Kronos.

Cause/Effect
A lack of supervisory review of GPS reports, deputy daily activity monitoring, and Kronos time entry review

may increase the risk that vehicles are used inconsistent with Dallas County Code Sec. 90-129. Additionally, Kronos time records may not reflect actual hours worked.

Recommendation

GPS Odd Hours Review

Management should:

- Ensure accurate written vehicle records are maintained and compared to Kronos weekly based on actual work times.
- Ensure Kronos time is accurate, complete, and reviewed by supervisor. Any Kronos errors should be timely corrected.
- Comply with Dallas County Codes Sec. 82-175 and 90-129.

Management Action Plan

- None

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator