

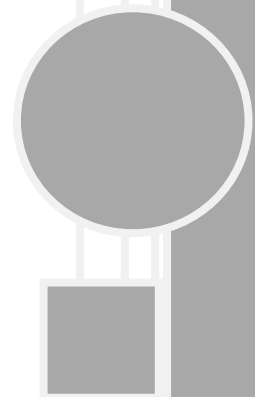


AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT 3 - FY2018 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: August 23, 2019
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CONSTABLE PRECINCT 3 - FY2018 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 Benjamin Joe Adamcik
Constable Precinct No. 3
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct 3 - FY2018 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 No. 3 for fiscal year ending 2018. Internal Control weaknesses which need consideration by management are:

Summary of Significant Observations:

- Inconsistency in applying correct interest rate, date and percentage to calculate commission and fees.
- Inadequate guidelines on recording and tracking paper served in the Constable Civil System resulted in incomplete or incorrect payment record.
- Lack of supervisory review of fee assessments and receipts.
- There are no formal written procedures for tracking and recording property & evidence room inventory items.

Repeat observations from Previous Audits:

- Inconsistency in applying correct interest rate and date for commission calculation.
- Inadequate guidelines on recording and tracking paper served in the Constable Civil System resulted in incomplete or incorrect record.
- Lack of supervisory review of fee assessments and receipts.
- Limited staff training on performing Special Fund reconciliation and escheating old balance.

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

Manual Receipts

A review of manual receipts used during the audit period revealed: two manual receipts did not have the computer receipt attached (**Status: Corrected by the department as of 7/23/19**) a manual receipt number was not listed on the computer receipt; a manual receipt number was entered incorrectly in CWR; and a manual receipt was issued without listing the payment type. 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 appropriate fields of a manual receipt should be filled out correctly including, but not limited to, the case number, payment type, receipt date, amount paid, payee name, plaintiff name, and defendant name. Clerical errors and Deputy oversights have resulted in incomplete or inaccurate manual receipt records and loss of audit trail for manual to computer receipt postings.

Recommendation

Manual Receipts

Management should implement procedures for manual receipts to ensure:

- Receipt books are strictly controlled and properly maintained
- Computer receipt information is verified with the manual receipt information

Management Action Plan

We will try to improve in the areas where we were lacking.

Auditors Response

None

Computer Receipts

A sample review of computer receipt voids and adjustments for fiscal year 2018 revealed: two computer receipts were issued and canceled by the same CWR user; a \$20 overpayment for paper service fees was not refunded to the customer; and two computer receipt adjustments were made without the reason indicated. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code (L.G.C.), § 113.022. The responsibilities granted to users in CWR should be restricted based on their job duties and supervisory approval of cancelations and adjustments should be performed. A lack of supervisory review, clerical errors, and insufficient segregation of duties has increased the risk of revenue misappropriation and errors.

Recommendation

Computer Receipts

Management should implement procedures to ensure that:

- Overpayments greater than \$10 are automatically refunded to the customer
- Internal controls over receipting include limiting voids and adjustments to

supervisors only

Management Action Plan

We will try to improve in the areas where we were lacking.

Auditors Response

None

Special Fund Reconciliation

A review of the Special Fund reconciliation and related General Ledger activity for the audit period revealed: the account is not reconciled to the general ledger by the department and account balances over three years old totaling \$6,442.69 have not been escheated to the County Treasurer's Office or the 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 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 supervisory oversight, no monthly reconciliation of the Special Fund account, and limited staff training have resulted in general 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 monthly 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

We will try to improve in the areas where we were lacking.

Auditors Response

None

Fee Compliance/Posting

A review of fee compliance and the IT extract of Constable Civil System (CCS) postings for the period revealed: a paper service fee was under collected by \$5; 59 papers had discrepancies between the paper types recorded on the CWR receipt and the CCS; five papers were served before the payment was received; ten paper service amounts collected were entered incorrectly in the CCS; and 58 paper service fee amounts received in CWR were not recorded in the "Amount Collected" field of the CCS. 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 errors, and insufficient staff training regarding proper guidelines on recording and tracking papers served have resulted in overstating and understating the total number of papers served and inaccurate Constable civil fee collections.

Recommendation

Fee Compliance/Posting

Management should develop and implement written procedures to ensure:

- 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 are accurate and complete.
- All data elements, including the Fee Amount Earned, Amount Collected, Amount Paid to Court, Disposition Code, and Paper Type fields are entered in 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

We will try to improve in the areas where we were lacking.

Auditors Response

None

Commissions and Interest

A sample review of commission and interest collections for the audit period revealed: two commission fees for property sales were under collected by a total of \$3,000; two cases had commissions collected on service attempts that resulted in a settlement agreement between the Plaintiff and the Defendant; four interest fees were over collected for a total of \$101.22; and a case was over collected by a \$150 service fee. Dallas County Commissioners Court Orders 2016-1099 and 2017-1151 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. A lack of supervisory review, insufficient staff training, incomplete record keeping caused miscalculations of collection fees, errors with the commission rate for property sales, use of incorrect rate, judgment amount, and/or end date for interest calculations resulting in over/understated revenues, noncompliance with County policies and court orders, and potential liability to Dallas County for defendant overpayments.

Recommendation

Commissions and Interest

Management should ensure that written procedures include:

- Maintaining a detailed record keeping process for case payments and judgment documents.
- Ensuring calculations for interest are done according to the language specified in the judgment using the judgment date to one day prior to collection/sale, unless the judgment states otherwise.
- Retaining a copy of the bill of costs for each writ of execution/tax warrant/order of sale.
- Timely issuing refunds for excess collections.
- Requiring supervisory review and verification of commission and interest calculations.
- Training staff to eliminate commission calculation errors.

Management Action Plan

We will try to improve in the areas where we were lacking.

Auditors Response

None

Property/Evidence Room

A review of the property/evidence room revealed: there are no formal written procedures for the property/evidence room; five items on the property log did not have the location listed; an item has a discrepancy between the description on the evidence list and the item located in the storage room; and six items did not have documentation on the chain of custody. 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. A lack of supervisory oversight, infrequent inventory reviews of the Property/Evidence room and inadequate internal control procedures have resulted in location and property variances, incomplete County property record maintenance, and possible loss of County property.

Recommendation

Property/Evidence Room

Management should develop and implement property/evidence room procedures to include:

- Updating the property and evidence inventory list with current and complete items.
- Maintaining accurate records of all storage room items on the inventory list, including the description, serial number, location, disposition data, and any other pertinent details for each item.
- Completing an inventory of the storage room semi-annually or annually with discrepancies resolved timely.
- Requiring supervisory review and approval of the property/evidence list indicated by signature and date.

Management Action Plan

We will try to improve in the areas where we were lacking.

Auditors Response

None

Vehicle GPS

A review of GPS Insight reports and related Kronos records for the audit period revealed: an entry in Kronos did not correspond to vehicle activity in GPS Insight; a vehicle was used for training outside of Dallas County without prior approval from Commissioners Court; a vehicle location on the return date could not be verified in GPS Insight; and a paper service attempt return date did not correspond to the date on the GPS Insight report. Dallas County Code 90-129, Personal Use, "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". Dallas County Code 90-147 states that County-owned autos may not be taken across the county lines except by express approval by order of the Commissioners Court. Rule 16 of the Texas Rules of Civil Procedure, "every officer or authorized person shall endorse on all process and precepts' coming to his hand...the time and place the process was served and shall sign the returns officially." A lack of supervision, improper staff training, minimal monitoring, and non-accountability have increased internal control risk regarding Dallas County vehicle use and resulted in unauthorized travel for training, inaccurate vehicle use records, incomplete service returns, and non-compliance with County policies.

Recommendation

Vehicle GPS

Management should develop and implement procedures that ensures:

- County vehicles are not driven unless the vehicle is being used to conduct business for Dallas County except as approved by Commissioners Court.
- Accurate written vehicle records are maintained and compared to Kronos weekly
- Supervision of vehicle usage is performed and evidenced by weekly reviews and sign off
- All process service attempts, including date, time, and location, are documented on the paper returned to the court.

Management Action Plan

We will try to improve in the areas where we were lacking.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator