

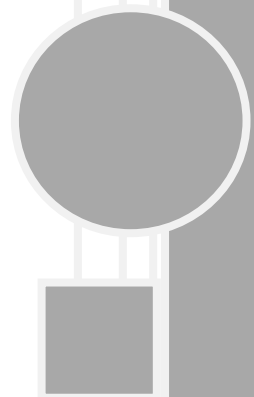


AUDIT REPORT

DALLAS COUNTY

2019 CONSTABLE PRECINCT NO 3 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: July 10, 2020
RELEASED: August 19, 2020



2019 CONSTABLE PRECINCT NO 3 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 "**2019 Constable Precinct No 3 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 fluid and cursive, with 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. 3 for fiscal year ending 2019. There are no significant internal control weaknesses observations for the audit period.

Summary of Significant Observations:

None

Repeat observations from Previous Audits:

- Lack of segregation of duties for receipting and lack of formal approval procedures for receipts cancellations and adjustments.
- Limited staff training on performing Special Fund reconciliation and escheating old balances.
- Insufficient controls of manual receipts over clerical errors and oversight.
- Non-compliance with Dallas County policy and in accurate vehicle use records.

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

Computer Receipts and Deposits

A sample of ten adjustments for the audit period revealed seven receipts were issued, voided, or re-issued by the same user without supervisory approval and all ten sampled adjusted receipts were performed by the same person who receipted them. This represents a risk since amounts adjusted downwards could result in a loss of revenue to Dallas County. Also, risks identified during the Internal Control Walkthrough revealed the precinct 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.

Formal approval should be required before voids and 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. Mail in check payments should be document by an 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 backup. Mailed in check payments should be documented by entry on a check log and provided to the Bookkeeper or her backup 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. 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 formal approval procedures, infrequent deposits, and improper segregation of duties relating to and adjustments and no check log maintained for incoming checks received have resulted in decreased internal controls over computer receipting and deposits, delayed deposits, decreased oversight for each receipting task, and potential for misappropriation of funds.

Recommendation

Computer Receipts and Deposits

Management should implement computer receipting and deposit procedures to ensure:

- Formal approval obtained before adjustments are processed evidenced by supervisory signoff and date
- Segregation of duties from receipting, cancelations, and adjustments for computer receipts
- Document mailed-in check payments by entry on a check log spreadsheet by a designated Constable Staff person who is not involved in the receipting process.
- Deposits remitted to the County Treasurer on or before the next regular business day after the date on which money is received.

Management Action Plan

Due to the limited number of staffing for clerks, Constable 3 does not require the

Bookkeeper (which is the position she has been hired for) to require approval when receipting as she is acting in a Supervisory CLERK III position. Other steps are taken to monitor and review bookkeeping actions such as weekly audit of receipting and deposits such as review of DC98, 28, 24, 8 or 6 reports which reviewed in depth and are available for audit review if requested. Additionally, ALL funds received are receipted daily which allows for a daily list of all check and money received to be printed and reviewed as needed to address any issues. During the period of Constable Ben Adamcik's term, there has never been any concern or issue with Theft as it relates to payments for civil process. Additionally, these recommendations are not productive to a small staffed agency.

Auditors Response

None

Special Fund Review

A review of the Special Fund reconciliation and related Oracle General Ledger and Special Funds disbursement checks for the audit period revealed account balances over three years old totaling \$6,442.69 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or State Comptroller. Departmental responses to the Internal Control Questionnaire (ICQ) revealed that unclaimed funds **are** researched for disbursing to the State Comptroller and /or County Treasurer in accordance with unclaimed property statutes. However, per review of the Special Funds this procedure had not been performed as indicated.

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, and limited staff training 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

For this audit to state Constable 3 has "not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or State Comptroller." is incorrect and unfair. Our office has regularly checked for Stale Dated checks for the purposed of being reissued. The majority of the \$6,442.69 are funds from the prior administration which used a different account and records have not be available to correctly address these funds. An RFP was prepared on July 9, 2020 for those under \$100 for transfer to the General Fund. Some headway has been made on transactions greater than \$100.

Auditors Response

None

Property/Evidence Room

A review of the Property/Evidence room for the audit period revealed one property item was not tagged with Officer's name or badge number during check in, two property items selected from the storage room were missing the citation number on the inventory list, one property item located in the storage room was not recorded on the list, four items were missing citation/service number and Officer's name or badge number on the inventory list, and six property items log in dates were missing the month and day on the inventory list.

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 (a)-(g) and 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 article 18.18, 18.181, and 18.183.

A lack of supervisory oversight, infrequent inventory reviews of the storage room, and limited internal control procedures have resulted in location and inventory variances, incomplete inventory record maintenance, and possible loss of Property/Evidence items.

Recommendation

Property/Evidence Room

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, and serial number for each item.
- Review old cases to determine the status of disposition.
- Require all Property/Evidence funds received to be promptly deposited in accordance with Local Government Code (LGC.), § 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 inventory evidenced by signature and date.

Management Action Plan

No response received

Auditors Response

N/A

Manual Receipts

A review of all manual receipts issued and voided during the audit period revealed two case numbers on manual receipts are different than the computer receipts and two manual receipt numbers are not listed on the computer receipts.

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 and clerical errors/oversight have resulted in loss of accounting details and improper record keeping.

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.
- Supervisory review of manual receipts are reviewed for accuracy.

Management Action Plan

These are valid errors and the issue of completeness and accuracy has been addressed with both Writ Officer and Bookkeeper. Although these are issues that do need addressed, they are not critical errors nor is there any written requirement to include these entries.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator