



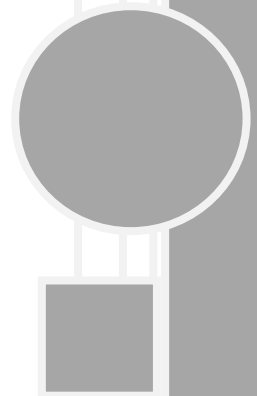
AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT NO 4 AUDIT - FY 2022

Wendwessen Stefanos, CPA
First Assistant County Auditor

ISSUED: 5/30/2024
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Constable Precinct No 4 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 Eddie Brown Jr
Constable Precinct No. 4
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct No 4 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.

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

Wendwessen Stefanos, CPA
First Assistant County Auditor

EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the records and reports of Constable Precinct No. 4 for October 01, 2021 through September 30, 2022.

Summary of Significant Observations:

- None Identified.

Repeat observations from Previous Audits:

- **Special Fund review:** The special fund account is not reconciled by the department nor eligible funds escheated as required by statute.
- **Computer/Manual Receipts:** Inconsistency in applying internal controls for the issuance of manual receipts and the issuance and voiding of computer receipts.

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 Receipt****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 should be 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 should be 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 should be written only during system downtime. Manual receipts should be reviewed by management for accuracy and completeness to ensure receipts are properly posted.

Review

A review of all manual receipts and corresponding computer receipts issued during the audit period revealed the following:

- Six manual receipts in which the manual receipt number was not posted in the computer system.
- One manual receipt was posted to CWR after five business days.
- One manual receipt was issued out of date sequence.

Cause/Effect

These instances occurred because of a lack of supervisory review and clerical oversight. This may result in incomplete records due to a loss of the audit trail between manual receipts and computer receipts. Delays in posting manual receipts and receipts issued out of sequence increase the risk for funds to be lost or misappropriated.

Recommendation

Manual Receipt

Management should:



- Ensure the manual receipt number is listed on the computer receipt and receipts are issued in sequential order.
- Ensure that funds are deposited consistent with LGC 113.
- Periodically review manual receipts with the corresponding computer receipt to verify receipt details match.

Management Action Plan

- The department will review manual receipts weekly for accuracy and errors.

Auditor's Response

- None

Computer Receipt

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 should be 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 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.

Review

A review of all computer receipts deposited, issued, and voided during fiscal year 2022 included:

- Seven instances in which the receipts were created and adjusted by the same person without documented management approval.
- Seven computer receipts were issued and voided by the same person.
- Three check deposit batches totaling \$10,830.85 were deposited six business days after the initial receipt date.

Risks identified during the internal control walkthrough revealed:



- The bookkeeper opens and processes all mail.
- Payments received through the mail are not logged.
- When service papers are received directly from Dallas County courts, the Constable's Office does not confirm that payment for service was received by the courts.
- Deposits are transmitted to the Treasurer's Office once a week.

Cause/Effect

These instances occurred because of 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 may result in the potential for misappropriation of Dallas County funds.

Recommendation

Computer Receipt

Management should implement procedures for computer receipts adjustments that include the following:

- Segregation of duties between the receipting and adjusting of payments and between the opening and processing of mail.
- Requiring supervisory approval to adjust a receipt.
- Supervisory review of receipts is performed periodically to verify adherence to procedures.
- Review the Dallas County courts' case management system to ensure payment for paper service was received prior to serving papers.
- Contact the Treasurer's Office to discuss the feasibility of transmitting deposits on a daily basis.

Management Action Plan

- The back-up cashier or bookkeeper will seek the other or the chief clerk if and when a receipt needs to be voided.
- The individual that receipts on the case will not void the receipt.
- The department will make a diligent effort to ensure that deposit batches are submitted timely after unscheduled building closures and holidays.
- The receiving clerk opens and prepares the financial correspondence for the bookkeeper.



Auditor's Response

- None

Special Funds

Criteria

Property Code § 72 and 76 requires escheating either to the county treasurer (if \$100 or under) or the Texas State Comptroller (if over \$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 of 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 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.

Review

A review of Constable Pct. 4 Special Fund Account activity revealed the following:

- The department did not prepare the fiscal year 2022 special fund reconciliation by the start of the audit.
- Special fund balances over three years old (as of March 1, 2022) totaling \$3,618.53 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 lack of management oversight to complete periodic reconciliations of the special fund. 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 Texas State Comptroller for not following escheatment statutes.



Recommendation

Special Funds

Management should:

- Review and periodically reconcile of the special fund control ledger 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 bookkeeper will run the special fund balance report monthly.
- The chief clerk will review the special fund report at the end of the month to verify special funds are disbursed.
- The bookkeeper will check to ensure that old balances are researched for disbursement to applicable parties, recovery of excess disbursements, or escheating to the County Treasurer's Office or State Comptroller.

Auditor's Response

- None

Property and Evidence Inventory

Criteria

The officer responsible for property and evidence should continue to ensure that all relevant details of property/evidence items are accurately recorded on both the manual and electronic inventory logs 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.

Review

We reviewed a random sample of 20 of 585 items on the Constable Pct. 4 property and evidence inventory list or located in the property and evidence room. The following was identified:

- Three instances in which property was found in the evidence room, that was not recorded on the evidence log that was provided by Constable 4.

**Cause/Effect**

These instances occurred because of inconsistent oversight of the property and evidence room internal controls. This may result in an inability to locate property/evidence related to ongoing criminal cases.

Recommendation

Property Inventory

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

- Ensuring that the property and evidence inventory list is current and complete.
- Maintaining accurate records of all storage room items on the inventory list, including details such as the quantity, location, and serial number for each item.
- Maintaining updated disposal inventory list with the date and manner of which they have been disposed.
- Requiring that all property and evidence funds received are promptly deposited in accordance with Local Government Code (L.G.C.), § 113.022.
- Completing an inventory of the storage room semi-annually or annually and resolving discrepancies in a timely manner.
- Requiring supervisory review and approval of the property list is evidenced by signature and date.

Management Action Plan

- The department will require that all property be logged in on the evidence log prior to it being placed in the Property and Evidence room.
- All items will be placed in the Property and Evidence room by either the chief deputy, assistant chief deputy, or designee assigned to the task.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator