

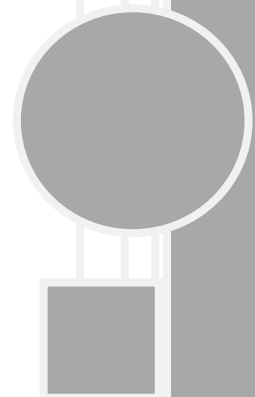


# AUDIT REPORT

DALLAS COUNTY

2019 CONSTABLE PRECINCT NO 4 AUDIT

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: May 12, 2020  
RELEASED: July 22, 2020



# 2019 CONSTABLE PRECINCT NO 4 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 Edward Wright  
Constable Precinct No.4  
Dallas, Texas

Attached is the County Auditor's final report entitled "**2019 Constable Precinct No 4 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.

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. 4 for October 01, 2018 through September 30, 2019. **The first three months of activities occurred during the term of the Honorable Roy Williams, JR.** Internal Control weaknesses which need consideration by management are:

### **Summary of Significant Observations**

- The precinct did not maintain nor provide a complete inventory listing for the storage items.
- Several squad vehicles were driven outside of the precinct office hours and weekends with no corresponding time worked recorded in Kronos.

### **Repeat observations from Previous Audits:**

- The precinct did not maintain nor provide a complete inventory listing for the storage items
- Vehicle GPS report verification location errors and odd hour uses versus Kronos time.
- Special Fund reconciliation not completed and old balances not researched nor escheated.
- Inconsistency in applying proper procedure on computer and manual receipt's void/cancellation.
- Use of incorrect rate, judgment amount, and/or end date for interest and commission calculations.

## 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

### **Property & Evidence**

A sample review of Property/Evidence items for the audit period revealed: the precinct did not maintain nor provide a complete inventory listing of items stored, all ten items selected for review from the room were not maintained on a list, three items on property sheets could not be located in the room and two items were missing the citation/service number.

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, no physical inventory performed, and inadequate internal control procedures have resulted in location and property variances, incomplete record maintenance, and the potential for loss of property/evidence items.

### **Recommendation**

#### **Property & Evidence**

Management should develop and implement Property/Evidence procedures to include:

- Perform a complete and accurate physical inventory semi-annually or annually.
- 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.
- Maintain updated disposal inventory list with the date and manner of which they have been disposed.
- Require supervisory review and approval of the inventory evidenced by signature and date.

### **Management Action Plan**

We have developed a policy for the Property Room and will address the noted audit issues.

### **Auditors Response**

None

### **GPS Insight Review**

A review of GPS Insight reports, CCS service attempts, and Kronos reports for the audit period revealed: 150 occurrences for squad #402 where vehicle 4039 was driven outside of precinct office hours with no corresponding time worked indicated in Kronos, 54 occurrences where vehicles were driven on the weekend with no time entered in Kronos (52 for squad #402 and two for squad #434), seven service return addresses do not agree with GPS Insight report. **Six of these instances occurred prior to 1/1/2019, under the tenure of the previous Constable**, six precinct Daily Activity Report paper service addresses do not match with GPS Activity report, seven occurrences for squad #434 where the vehicle was driven outside of precinct office hours with no time indicated in Kronos, and 12 vehicles were driven after business hours when time in Kronos indicated sick, comp, vacation, holiday time. **Nine of these instances occurred prior to 1/1/2019, under the tenure of the previous Constable.**

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, 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."

A lack of supervision, training, monitoring, and accountability have increased internal control risk regarding Dallas County vehicle use and resulted in excess vehicles claims for expenditures such as, but not limited to, fuel and maintenance, inaccurate vehicle use records, and non-compliance with County policies.

### **Recommendation**

#### **GPS Insight Review**

Management should develop and implement Dallas County vehicle use procedures that ensures:

- Accurate written vehicle records are maintained and compared to Kronos weekly
- Supervision is evidenced by weekly reviews and sign off performed for vehicle use.
- Training is provided to all staff regarding Dallas County vehicle use policy evidenced by employee sign of and documents maintained in their records.

### **Management Action Plan**

The GPS Insight indicated malfunction during each occurrence where the vehicle was shown to be driven outside of duty hours while officers KRONOS entry indicated off duty.

### **Auditors Response**

None

### **Special Fund Review**

A review of the Special Fund reconciliation and related General Ledger for the audit period revealed: 25 transactions have account balances over three years old totaling \$6,975.76 that have not been researched for

either disbursing to applicable parties, recovering excess disbursements, or escheated. **These instances occurred prior to 1/1/2019, under the tenure of the previous Constable, Status:** Precinct 4 has started forwarding items less than \$100 to the Treasurer's Office and researching other items. Account is not reconciled by the department. **Status:** Precinct 4 has started performing the reconciliation after being trained by the auditors. One disbursement amount paid was short by \$40. **This instance occurred prior to 1/1/2019, under the tenure of the previous Constable,** and four disbursements were made more than 90 days after the last receipted amount. **These instances occurred prior to 1/1/2019, during the tenure of the previous Constable.** Departmental responses to the Internal Control Questionnaire (ICQ) revealed unclaimed funds are not researched for disbursing to the State Comptroller and/or County Treasurer in accordance with unclaimed property statutes.

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 management oversight, no periodic completion of the Special Fund reconciliation, limited staff training, and improper internal control procedures 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 escheat statutes.

### **Recommendation**

#### **Special Fund Review**

Management should ensure that:

- A review and periodic reconciliation of the Special Fund control ledger to the 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 respectfully ask for training in this area.

### **Auditors Response**

None

### **Manual Receipts**

A review of all manual receipts issued during audit period revealed: six computer receipts were not attached to the corresponding manual receipts in the receipt book. **These instances occurred prior to 1/1/2019, during**



**the tenure of the previous Constable**, 15 manual receipt numbers were not listed on the computer receipts. **Seven of these instances occurred prior to 1/1/2019, during the tenure of the previous Constable**, one case number on a manual receipt was different than the computer receipt. **This instance occurred prior to 1/1/2019, during the tenure of the previous Constable**, and one transaction had a delay between manual receipt date and computer receipt date more than three business days. **This instance occurred prior to 1/1/2019, during the tenure of the previous Constable**. Risks identified during the receipting internal control walkthrough revealed manual receipts are used by the other clerks when the bookkeeper and supervisor are both out of the office and the bookkeeper shreds the yellow receipt copy of the office manual receipts.

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 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. Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies.

A lack of supervisory review, clerical errors, untimely computer receipt entry, and insufficient internal controls over manual receipting have resulted in improper record keeping, delayed revenue recognition, loss of audit trail between manual receipts to computer receipting, and the potential for misplacement or loss of Dallas County official manual receipts.

### **Recommendation**

#### **Manual Receipts**

Management should implement procedures for manual receipts to ensure:

- Computer receipt is attached to manual receipt in receipt book
- Manual receipt number is listed on the computer receipt
- Case number on the manual receipt match the computer receipt
- Receipts are entered into the computer system promptly
- Supervisory review of receipts is performed periodically to verify procedure adherence

### **Management Action Plan**

Issues identified on manual receipts such as computer receipts not being attached to corresponding manual receipts and manual receipts not listed on computer receipts cannot be resolved at this point because it is beyond our control to look up purged receipts. This issue and all other issues such as clerical errors, computer-generated receipts versus had receipts, and other mentioned issues concerning this area should be corrected before next audit.

## **Auditors Response**

None

### **Computer Receipts and Deposits**

A review of all computer cancellations and adjustments and risks identified during the receipting internal control walkthrough for the audit period revealed: two canceled transactions were voided three business days after original transaction date, all six voided receipts were issued and voided by the same person. **Two of these instances occurred prior to 1/1/2019, during the tenure of the previous Constable**, and all 44 adjusted receipts for tax suits were performed by the same person who receipted them. Departmental responses to the Internal Control Questionnaire and observations revealed the Bookkeeper is responsible for receipting, deposit preparation, and SF disbursements preparations and approval. Risks identified during the internal control walkthrough revealed the bookkeeper opens and processes all mail, payments received through the mail are not logged, and the deposit are delivered to the Treasurer's Office by Loomis Armored Car Services every Friday.

All monies received should be promptly receipted and deposited consistent with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. All receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. 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. Roles and functionality should be reviewed periodically (e.g. quarterly) for all users to ensure that access and functionality is appropriate. The review should be evidenced on a form. Mailed in check payments should be documented by 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 back up 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 and improper segregation of duties relating to computer voids and adjustments, no check log maintained for incoming checks received, and performing deposits weekly have resulted in decreased internal controls over computer receipting and deposits, decreased oversight for each receipting task, delayed deposits, and potential for misappropriation of Dallas County funds.

## **Recommendation**

### **Computer Receipts and Deposits**

Management should implement computer receipting procedures to include:

- Formal approval procedures prior computer cancellations and adjustments evident by signature or initials signoff and date
- Segregation of duties from receipting, cancellations, and adjustments for computer receipts

- Review user roles and functionality periodically (e.g. quarterly) for all users to ensure that access and functionality is appropriate evidenced by a form sign-off.
- Perform deposits with the County treasurer on or before the next regular business day after the date on which money is received.

### **Management Action Plan**

These are tasks performed by our Writ Officers. Moving forward, our office will comply as much as possible with the Local Government Code. Our office will create a log sheet documenting all mailed in checks posted to CWR. Also, a deposit will be made to the County Treasurer within the fifth business day of receiving the money.

### **Auditors Response**

None

### **Fee Compliance**

A sample review of fee compliance for the period revealed: one paper type recorded on CWR receipts do not agree with CCS type entered. **This instance occurred prior to 1/1/2019, during the tenure of the previous Constable.** Risks identified during the internal control walkthrough revealed when service papers are received from the County courts, precinct staff assumes that the payment has already been paid to the court.

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.

Lack of supervisory review and clerical data entry errors have resulted in inaccurate Constable civil fee type entered on the CCS.

### **Recommendation**

#### **Fee Compliance**

Management should develop and implement written procedures to ensure fee compliance that includes:

- 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 is complete and accurate that includes the Fee Amount Earned, Amount Collected, Amount Paid to Court, Disposition Code, and Paper Type fields.
- Verify payments have been received or request the courts provide evidence of payment and that credit for service has been given to the office when papers are

received.

**Management Action Plan**

Our office will comply as much as possible with the Local Government Code. Service fee interest is assessed, calculated and collected according to Commissioner's Court orders, the Local Government Code, and State Laws. This task will be performed with greater attention.

**Auditors Response**

None

**Commissions and Interest**

A sample review of commissions and interest for sales and non-sale collections made during the audit period revealed: one writ case commission amount was under calculated by \$61.28 and one writ case had interest under calculated by \$23.53. Risks identified during the internal control walkthrough revealed: The writ deputy calculations are not reviewed.

Dallas County Commissioners Court Orders 2017-1151 and 2018-1015 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, and use of incorrect rate, judgment amount, and/or end date for interest calculations has resulted 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 are established and implemented for commission and fee collections that include:

- Calculations for interest according to the language specified in the judgment using the judgment date to one day prior to collection/sale, unless the judgment states otherwise.
- Require supervisory review and verification of commission and interest calculations.
- Train staff on commission and interest calculations.

**Management Action Plan**

Our office will review worksheet and implement procedures concerning the collection of fees and interest.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator