



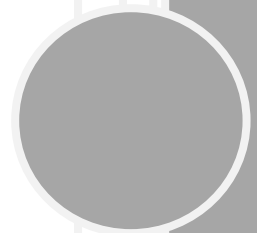
AUDIT REPORT

DALLAS COUNTY

FY2021 CONSTABLE PRECINCT NO 4 AUDIT

Darryl D. Thomas
Dallas County Auditor

ISSUED: 1/9/2023
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FY2021 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 "**FY2021 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.

In 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,

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. 4 for October 01, 2020 through September 30, 2021 during the term of the Honorable Edward Wright. Internal Control weaknesses which need consideration by management are:

Summary of Significant Observations

- None

Repeat observations from Previous Audits:

- **Computer& Manual Receipts:** Inconsistency in applying proper procedure on computer and manual receipt's void/cancellation.
- **Special Fund Review:** Special Fund reconciliation not completed and old balances not researched nor escheated. **Status: The FY21 reconciliation was completed by Internal Audit staff.**
- **Commissions & Interest:** Use of incorrect rate, judgment amount, and/or end date for interest and commission calculations.
- **GPS Review:** Vehicle GPS report verification location errors.

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, 2020 through September 30, 2021.

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 Receipts

A review of all manual receipts issued during the audit period revealed ten manual receipt numbers were not listed on the computer receipt; two manual receipts in which the case number referenced on the manual receipt does not match the computer receipt; and one manual receipt in which the payment type differs from the computer receipt. Risks identified during the internal control walkthrough revealed manual receipts are used by the other clerks when the bookkeeper and supervisor are both out of the office.

All receipts should be accounted for and properly used to affix responsibility, enhance cash controls, and prevent the assertion that monies were paid and 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 receiver's name. Manual receipts should be reviewed by management for accuracy and completeness to ensure receipts are properly posted in County-Wide Receipting (CWR). Lack of supervisory review and clerical oversight have resulted in inconsistent record keeping and loss of audit trail between manual receipts to computer receipting.

Recommendation

Manual Receipts

Management should:

- Ensure the manual receipt number is listed on the computer receipt.
- Periodically review manual receipts with the corresponding computer receipt to verify adherence.
- Ensure the case number and payment type on the manual receipt match the computer receipt.
- Store manual receipts in a secure location with access appropriately restricted.
- Ensure manual receipts are only used when the system is not operational.

Management Action Plan

After reviewing the FY21 Constable Precinct 4 audit, during which Constable Edward Wright served. We are aware of the findings and we do not have a response at this time.

Auditors Response

None

Computer Receipts and Control Review

A review of 15 computer receipts and adjustments for the audit period revealed ten computer receipt adjustments were performed by the same person who receipted them. Risks identified during the Internal Control Walkthrough revealed that the bookkeeper opens and processes all incoming mail; payments received through the mail are not logged; precinct staff do not validate payment collected when service papers are received from the County courts; and deposits 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 to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund 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. As a best practice for proper internal controls, 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 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 supervisory review over computer receipt adjustments, infrequent deposits, and improper segregation of clerical receipting and depositing duties have resulted in decreased internal controls over receipting, deposits, and mailed payments. Additionally, there is potential for misappropriation or loss of funds.

Recommendation

Computer Receipts and Control Review

Management should:

Comply with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004.

- Implement a formal approval process for voiding and adjusting computer receipts.
- Enhance internal controls over receipting to ensure proper segregation of duties related to the assessment and reduction of fees (automatic and manual) and receipting of payments.

Periodically review user roles to ensure access and functionality are appropriate.

Ensure check and money order payments received via email are documented on a check log spreadsheet by a designated Constable staff person who is not involved in the receipting process before providing to the Bookkeeper or back-up clerk to post in CWR.

Perform monthly reconciliations of the check log to payments posted in CWR to ensure accuracy and completeness.

Management Action Plan

After reviewing the FY21 Constable Precinct 4 audit, during which Constable Edward Wright served. We are aware of the findings and we do not have a response at this time.

Auditors Response

None

Special Fund

A review of the Special Fund (SF) reconciliation and related general ledger activity for the audit period revealed nine transactions have account balances over three years old totaling \$2,989.14 have not been researched for either disbursing to applicable parties, recovery of excess disbursements, or escheated to the County Treasurer and the State Comptroller and the department did not reconcile the FY21 SF account by the start of the audit. **Status: The reconciliation was completed by Internal Audit staff.**

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 SF 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 consistent supervisory review, clerical errors, and untimely review of SF open items for receipts and disbursements have resulted in SF 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

Management should:

- Periodically review and reconcile the Special Fund control ledger to the Oracle General Ledger to enhance assurance that all Special Fund deposits and disbursements are properly posted in a timely manner.
- Ensure old balances are researched for disbursement to applicable parties, recovery of excess disbursements, or escheated to the County Treasurer or State Comptroller.

Management Action Plan

After reviewing the FY21 Constable Precinct 4 audit, during which Constable Edward Wright served. We are aware of the findings and we do not have a response at this time.

Auditors Response

None

Commissions

A review of commission collections for eight non-sales made during the audit period revealed two commission calculations were under-collected totaling \$31.81 and one commission calculation was over-collected totaling \$144.46. Risks identified during the Internal Control Walkthrough revealed the writ deputy commission calculations are not reviewed.

Dallas County Commissioners Court Orders 2020-0974 and 2019-0965 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 and commission calculation errors resulted in over/understated revenues, noncompliance with County policies and court orders, and potential liability to Dallas County for overpayments.

Recommendation

Commissions

Management should:

- Issue refunds for excess commission collections.
- Maintain a detailed record keeping process for case payments and judgment documents.
- 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, preferably the Chief Deputy or Chief Clerk.

Management Action Plan

After reviewing the FY21 Constable Precinct 4 audit, during which Constable Edward Wright served. We are aware of the findings and we do not have a response at this time.



Auditors Response

None

GPS Review

A review of GPS Insight reports, CCS service attempts, and Kronos reports for the audit period revealed: 15 instances in which county vehicles were driven outside the corresponding time posted in Kronos, this includes one vehicle driven outside of normal business hours without an explanation; and one deputy's Daily Activity Report and GPS activity for a served process does not correspond with the disposition date recorded in CCS.

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 consistent supervisory review, GPS report and Deputy daily activity monitoring, and Kronos time entry review have increased internal control risk that vehicles are used inconsistent with Dallas County Policy 90-129, that time records may not reflect actual hours worked in Kronos, and have resulted in inaccurate records maintained for paper service.

Recommendation

GPS Review

Management should:

- Ensure accurate written vehicle records are maintained and compared to Kronos weekly based on actual work times.
- Review Kronos time entered to ensure time errors are corrected before submission.
- Comply with Dallas County Policy 90-129.

Management Action Plan

After reviewing the FY21 Constable Precinct 4 audit, during which Constable Edward Wright served. We are aware of the findings and we do not have a response at this time.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator