

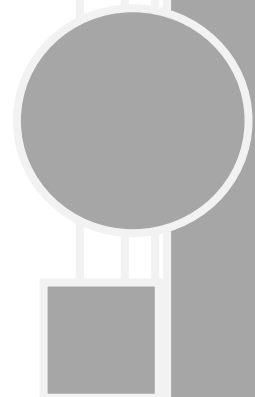


AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT 5 - FY 2016 AND FY2017 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: October 30, 2018
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CONSTABLE PRECINCT 5 - FY 2016 AND FY2017 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 Michael Orozco
Constable Precinct 5
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct 5 - FY 2016 and FY2017 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, which appears to read "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. 5 for fiscal years 2016 and 2017 **during the terms of Honorable Beth Villareal**. Priority areas of risk which need consideration by management are:

Summary of Significant Observations:

- Limited staff training on performing Special Fund reconciliation and escheating balance over three year old.
- Inconsistency in applying correct interest rate, date and fees for commission calculation.

Repeat observations from Previous Audits:

- Incomplete and inaccurate data entry into the Constable Civil System.
- Inconsistency in applying proper procedure for receipting and voiding manual receipts.
- Lack of established inventory control procedures of the evidence/ property items.

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, 2015 through September 30, 2017

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

Fee Compliance

A review of data extracted from the Constable Civil System (CCS) and the receipts posted to CWR to determine the completeness and accuracy of 1,983 receipts for FY16 and 1,710 receipts for FY17 revealed: there were four papers in FY16 and 25 in FY17 where the amount received for paper service was not entered into the Amount Collected field of the CCS, two instances in FY16 and 11 in FY17 where the amount entered in the Amount Collected field of the Constable Civil System was incorrect, six receipts in FY16 and nine in FY17 where the fee for serving papers in tax suits was under collected for a total of \$273.57 **(Status: The Bookkeeper contacted Linebarger regarding the remaining balance of \$5 for receipt 570215. Check# 2018 was mailed on 8/22/18 for the balance due)**, and one receipt referenced the incorrect office number. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness as emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. As a best practice, all data elements in the Constable Civil System should be entered completely and accurately and service fees should be assessed and collected in compliance with applicable state laws, including Local Government Code, § 118.131 and Commissioners Court orders. The lack of management oversight and inadequate guidelines on recording and tracking paper served in the Constable Civil System resulted in errors, omissions, and the overstating/understating of the total number of papers served, which is used to derive staffing requirements and to perform a Constable civil fee analysis. The under collection of fees due for paper service may result in unrecoverable County losses.

Recommendation

Fee Compliance

The Constable Office should establish procedures to ensure that:

- Fees are collected according to the fee schedule established by Commissioners Court orders.
- Data entered into the Constable Civil System is complete and accurate. All data elements, including the Fee Amount Earned, Amount Paid to Court, Disposition Code, and Paper Type fields, should be accurately entered into the Constable Civil System.

Management Action Plan

This department will ensure that all fees collected pursuant to the Texas Rules of Civil Procedure and the procedures set forth by the Dallas County Commissioner's Court. This department will also provide additional training to support staff personnel to ensure that the fees collected are correctly entered into the Dallas County civil computer system.

Auditors Response

None

Special Fund Activity

A review and reconciliation of the Special Fund activity; postings to the Constable Civil System (CCS) for FY16 and FY17; the Oracle General Ledger; and internal control procedures for separation of duties, authorization, funds available for disbursement and proper payee revealed: as of 9/30/2017, old balances totaling to \$31,218.14 over three years old have not been researched for either disbursing to applicable parties, recovering excess disbursements or escheating to the County Treasurer or State Comptroller; as of 9/30/2017, there were 16 receipts, totaling \$720, deposited into the Special Fund but disbursed from the General Fund; and in FY16, there was an overpayment of \$616 from the Special Fund because the check was not reduced by the commission amount due to the precinct (check# 586000425). To comply with statutes, stale dated checks and undisbursed funds should be reviewed in accordance with Property Code, § 72 and 76, which requires escheating either to the County Treasurer (if \$100 or under) or the State of Texas (if over \$100). Additionally, money should be disbursed for the correct amount, to the appropriate parties, and from the correct funding source in a timely manner. Furthermore, reconciliation of the Special Fund should be performed timely and reviewed by management periodically. Ultimately, the lack of management oversight and periodic completion of Special Fund reconciliation led to undetected posting errors resulting in the potential for overpayment and unrecoverable losses.

Recommendation

Special Fund Activity

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.
- Old balances are researched for disbursement to applicable parties, recovery of excess disbursements, or escheating to the County Treasurer or State Comptroller.
- Corrections are made to transfer funds from the Special Fund to the General Fund.

Management Action Plan

This department will periodically review all Special Fund control ledgers to the Oracle General Ledger to ensure that all Special Fund deposits and disbursements are posted correctly. Furthermore, this will cut down on any mathematic errors and/or overages that could result in overpayments.

Auditors Response

None

Manual Receipts

A review of one office (form 44) manual receipt and 101 deputy (44-A) manual receipts used during FY16 and FY17 revealed: although there were no altered receipts identified during this audit, according to the Internal Control Questionnaire responses deputies alter form 44-A manual receipt amounts; one 44-A manual receipt

book contained two receipts issued out of date sequence; one instance where the 44-A manual receipt was incomplete; three instances where the 44-A manual receipt incorrectly referenced the payment method; five instances where the delay between the 44-A manual receipt and the computer receipt date was from nine to 14 business days; 18 form 44-A manual receipts were incorrectly voided (**Status: the voided receipts were corrected on 7/24/2018**); and only 33 computer receipt copies out of 79 44-A manual receipts were retained by the Writ Deputies. Best practices regarding manual receipts include: manual receipts should be issued in numerical and chronological order; all the appropriate fields of a manual receipt should be filled out correctly; receipted funds should be deposited properly and timely; receipts should not be issued until the funds have been received; all copies of voided receipts should be retained, clearly marked void, and the explanation for the void should be documented; and all manual receipts should have a corresponding computer receipt. Lack of management designing and implementing internal control procedures regarding receipts and deposit activities resulted in the inappropriate use of Dallas County resources, insufficient or inaccurate records of issued and voided manual receipts, and decreased internal control over funds collected.

Recommendation

Manual Receipts

Management should:

- Develop a set of written procedures for issuing and filing form 44-A receipts and their corresponding computer receipts.
- Ensure the current Writ Deputy has been properly trained according to the procedures.
- Include a section for the review of manual receipt books once they are returned to the Bookkeeper to ensure that proper procedures have been adhered to.

Management Action Plan

This department will implement additional training procedures with field deputies that are assigned to the writ enforcement section where the collecting of monies in the field and/or auction is a required job function. Section 44A receipts will no longer be voided without a written explanation. This department will implement practical training procedures through proper demonstration of how to prepare and complete a 44A receipt in the field.

Auditors Response

None

Commission Calculations

A review of commission calculations for 16 transactions in FY16 and 20 in FY17 for accuracy and compliance with Commissioners Court approved rates revealed: the total over collection of \$3,125.66 for four cases and the total under collection of \$283.65 for three cases, one check from a plaintiff for posting fees was not deposited once received (**Status: Check# 1260 was voided and replaced by check# 1298. The new check was received on 5/31/2018 and deposited on 6/4/2018**), the posting fee for an auction related to one case was not deducted from the bid amount resulting in the under collection of \$60, and there was one case where \$23,402.07 was issued to the plaintiff instead of the defendant due to over collection on an auction (**Status:**

Confirmation is pending response from Plaintiff's attorney.) Dallas County court orders 2014-1308, 2015-1304, and 2016-1099 state that "commission calculations should include judgment, interest, and attorney fees collected while excluding any court costs" and that there is a \$20 posting fee per notice which the law enforcement agency is entitled to. Additionally, interest should be calculated according to the language specified in the judgment using the judgment date to one day prior to collection/sale, unless the judgment states otherwise. Funds received by the precinct should be deposited properly and timely in accordance with Local Government Code (L.G.C), § 113.022 and proceeds received from the sale of property should be distributed in accordance with Civil Practice and Remedies Code § 34.047. Deputy oversights, omissions, and miscalculations when assessing the interest and/or commission fees, and a lack of training on processing executions and orders of sale, could potentially be a liability to the county if the defendant is required to pay more than what is required by the law and may even result in a loss of County revenue.

Recommendation

Commission Calculations

Management should establish and implement written procedures to minimize and resolve commission calculation errors including:

- Issuing refunds to the appropriate parties for excess collections.
- Calculating 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.
- All posting fees for property sales should immediately be receipted in CWR before depositing with the Treasurer's office.
- Distributing the funds collected by the sale of property to the appropriate parties.
- A bill of costs should be attached to each judgment sheet and can be used by precinct staff during review in order to verify the court costs listed in the Deputy's calculations.

Management Action Plan

This department shall implement additional training procedures with all deputies assigned to the writ enforcement section where the preparation of the execution worksheet is a required job function. By reviewing a deputy's calculations on any given writ/judgment, this will considerably limit human error when calculating judgments.

Auditors Response

None

GPS Service Verification

A review and comparison of 20 disposed papers from the Constable Civil System (CCS) to the Daily Activity Reports (DAR) and GPS Insight data to verify that deputy service dates and times correspond to service information on service returns for FY16 and FY17 revealed: one DAR could not be located, one instance where

the incorrect service address was entered into the CCS, and three instances where a vehicle was driven outside of business hours. Section 90-129 states "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 an 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." The lack of knowledge of Dallas County policies resulted in non-compliance and misuse of Dallas County Resources.

Recommendation

GPS Service Verification

Management should ensure that:

- Papers entered into the Constable Civil System are reviewed and updated once they have been disposed.
- County vehicles are not driven on weekends, holidays, or after business hours unless the vehicle is being used to conduct business for Dallas County.
- In the event that approval is granted by the Constable for an exception to the Dallas County personal use policy, notification is submitted to Commissioners Court for approval.
- Written documentation is kept on file by upper management for exceptions to Dallas County policies.

Management Action Plan

This department shall implement departmental procedures on the usage of assigned county vehicles. Those procedures will include, but not limited to: 1) Home/Remote/Business Storage Requirements; 2) Usage of assigned county vehicles on weekends, holidays, and/or after assigned county hours; 3) Deputies that mark-out with departmental dispatch shall ensure that their mark-out location will be documented on their Daily Activity Report (DAR).

Auditors Response

None

Evidence Room

A review of the property/evidence room revealed: one item that could not be located on the lists of items stored in each location, one item was found in a location different from the one shown on the list for said item, the citation number shown on one Chain of Custody/Evidence Report form is missing from the list of items stored at its location, and the chain of custody section was not completed for one Chain of Custody/Evidence Report form. According to best practices regarding property/evidence storage rooms, the evidence officer should ensure that all relevant details of property/evidence items are accurately recorded on item listings for each location 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. Due to a lack of formal training and annual inventory review, the precinct has inaccurate or incomplete records for property/evidence items.

Recommendation

Evidence Room

Update Evidence/Property room procedures and monitoring plans to include:

- Specific training/supervision/follow-up of physical item, accuracy of data, and notice of deficiencies.

Physical inventory should be completed for all items in the storage room to ensure that:

- All items identified have been reconciled with the item listings for each location.
- Old cases have been reviewed to determine status.
- Items are classified as either evidence, found property, or County property. Each classification should have its own log.
- Any items included on the item listings for each location but not located in the storage room have been identified, researched, and reported to the appropriate staff.

Management Action Plan

This department will update and modernize the Evidence/Property Room as it pertains to specific training and departmental supervision of items to be stored. This department deals with the vast majority of "found property", as compared to "evidence". All items placed in the Evidence/Property Room shall have a completed inventory/property sheet by the receiving deputy listing whether the property to be stored is "found property" or "evidence". Evidence and/or found property shall be placed in a heat-sealed plastic packaging (if applicable) with a copy of the inventory/property sheet completed listing the items contained therein. Command staff personnel shall routinely conduct an accounting of all property stored to ensure that any criminal case has been disposed and the evidence is no longer required by the District Attorney's Office and/or the Courts.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator