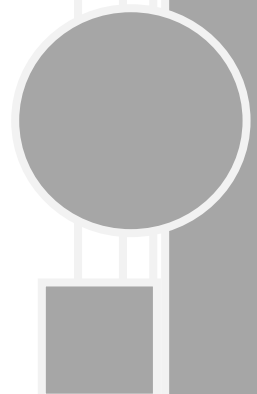




AUDIT REPORT

DALLAS COUNTY
FY2021 Constable Precinct No 5 Audit

Darryl D. Thomas
Dallas County Auditor
ISSUED: 8/4/2022
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FY2021 Constable Precinct No 5 Audit

TABLE OF CONTENTS

MANAGEMENT LETTER	3
EXECUTIVE SUMMARY	4
INTRODUCTION	5
DETAILS	6

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 "FY2021 Constable Precinct No 5 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. 5 for October 01, 2020 through September 30, 2021. We have identified priority areas of risk which need consideration by management.

Summary of Significant Observations:

- **Computer Receipts:** 3 of 3 (100%) receipts with inconsistent application of proper procedures for receipt adjustment, cancellation and voiding in the County-Wide Receipting System (CWR).
- **Special Fund Review:** The department did not reconcile the special fund account by the start of the audit. Thirteen transactions have account balances over three years old totaling \$9,743.46 that have not been researched for either disbursement to applicable parties, recovery of excess payments, or escheated to the State.

Repeat observations from Previous Audits:

- **Manual Receipts:** Inconsistency in applying proper procedure for receipting and voiding manual and computer receipts.
- **Computer Receipts:** Inconsistency in applying proper procedure for receipt adjustment, cancellation and voiding in the County-Wide Receipting System.
- **Commission Calculation:** :Inconsistency in applying correct interest rate, date and fees for commission calculation.

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. 1. Ensure compliance with statutory requirements
2. 2. Evaluate internal controls
3. 3. Verification of accuracy and completeness of reporting
4. 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 three manual receipts in which the payer's name does not match the computer receipt; two manual receipts in which the case number referenced on the manual receipt differs from the computer receipt; two manual receipts were issued out of sequence; one manual receipt number was not listed on the computer receipt, this includes the computer receipt not being attached to the manual receipt retained in the receipt book.

All receipts should be accounted for and properly used to affix responsibility, enhance cash control, and prevent the assertion that monies were paid and refunds due. When manual receipts are issued to customers, the white receipt copy should be given to the customer, the pink copy should be attached to the department's computer receipt when payment is receipted in CWR, and the yellow copy should remain within the manual receipt book with the second computer receipt attached. 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. Receipts skipped in sequence should be marked "Void" with an explanation written on the receipt. Manual receipts should be reviewed by management for accuracy and completeness to ensure receipts are properly posted. A lack of supervisor review, clerical errors, oversight in manual receipts available, and inconsistent internal controls over manual receipting have resulted in inconsistent record keeping, use of manual receipts out of date sequential order, and a loss of audit trail between manual receipts to computer receipting.

Recommendation

Manual Receipts

Management should:

- Ensure case numbers and payor's name on the manual receipt match the computer receipt.
- Issue receipts in numerical and chronological order.
- Attach the computer receipt to the triplicate manual receipt in receipt book.
- Ensure the manual receipt number is listed on the computer receipt.
- Write "Void" on manual receipts that are skipped in sequence along with an explanation and management's approval written on the receipt.
- Periodically review manual receipts to verify procedure adherence.

Management Action Plan

- We concur with the recommendations provided by the Auditor's Office. Command staff will continue to make a monthly effort to review manual receipts on payments collected by writ officer(s) to verify and coincide with computer receipts. This will ensure procedure adherence and compliance with the recommendation.



Auditors Response

- None

Fee Compliance

A sample review of 20 precinct service fees for compliance and postings from the Constable Civil System (CCS) IT extract compared to the County-Wide Receipting System (CWR) computer receipts related to paper service revealed two receipts in which the paper type posted on the CCS does not agree with CWR nor the approved fee code types.

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. Additionally, receipts in CWR should accurately reference the data posted to CCS and capture the entirety of the office numbers. A lack of consistent supervisory review and clerical data entry errors have resulted in inaccurate Constable fee types posted to the CCS.

Recommendation

Fee Compliance

Management should:

Ensure data entered into the Constable Civil System is complete and accurate. All data elements, including the Fee Amount Earned, Amount Collected, Amount Paid to Court, Disposition Code, and Paper Type fields, should be accurately posted to the Constable Civil System.

Post receipts in the CCS with the correct details from CWR including, but not limited to office number, paper type, and case number.

Properly assess and collect service fees according to state laws, Commissioner Court orders, and Local Government Code § 118.131.

Management Action Plan

- We concur with the auditor's findings. We reviewed the recommendations. We will take action to make the recommended changes.



Auditors Response

- None

Computer Receipts

A review of three computer voids and adjustments for the audit period revealed two computer receipts were issued and voided by the same user; and one computer receipt was created and adjusted by the same user without support of approval.

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. Lack of consistent supervisory review over computer receipt voids and adjustments and improper segregation of clerical receipting duties have resulted in improper internal controls over receipting and deposits and potential for misappropriation of Dallas County funds.

Recommendation

Computer Receipts

Management should:

- Implement a formal approval process for voiding, adjusting, and cancelling 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.

Management Action Plan

This office will review the recommendations of the audit team. A plan will be established to determine the best method to use in order to implement the recommended changes.

Auditors Response

- None

Deposit and Internal Control Review

Risks identified in the Internal Control Walkthrough during the audit period revealed papers received from the courts, by mail or walk-ins are received by the Chief Clerk or Bookkeeper who have receipting



and deposit responsibilities; and the Constable's office does not log checks received through the U.S mail.

Best practices require segregation of duties and documented procedures. Roles and functionality should be reviewed periodically and evidenced on a form for all users to ensure that access and functionality are appropriate. Best practices 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. A lack of consistent supervisory review and segregation of duties for payments received in the mail have resulted in improper internal controls over mailed payments, and potential misappropriated or loss of funds.

Recommendation

Deposit and Internal Control Review

Management should:

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

- We concur with the recommendations. We will review the current process of receiving incoming checks and money orders.
- We understand the intake check/money order documenting process is essential, but due to limited staffing it is rather difficult at this time to solely designate a staff person who is not involved in the receipting process. Our office consists of four clerks plus the Chief Clerk. Three of the clerks are involved in the receipting process. In addition to this, two clerks tend to daily clerical duties such as answering the telephone, data input, filing, in person customer service, etc. and on and given day one of both of the clerks are out of the office the job of receiving checks/money orders as recommended becomes rather difficult at this point.



- We will evaluate the Precinct #5's check/money order intake process in order to find a viable solution to comply with the audit team's recommendation.

Auditors Response

- None

GPS Odd Hours Review

A review of GPS Insight and Kronos reports for the audit period revealed one vehicle was driven outside the corresponding time posted in Kronos.

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 supervisory review, GPS report monitoring, and Kronos time entry review may increase the risk that vehicles are used inconsistent with Dallas County Policy 90-129 and that time records may not reflect actual hours worked in Kronos.

Recommendation

GPS Odd Hours 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 errors are corrected before submission.
- Comply with Dallas County Code Sec. 90-129

Management Action Plan

- This office concurs with the review. An internal review of the finding was conducted to find an explanation for the GPS odd hours results. The findings are listed as follows: The vehicle in question was authorized to attend a lawful function previously approved by the command staff; The GPS discrepancy occurred when the deputy's daily activity report did not accurately reflect his Kronos time.
- This office will immediately begin the process of reconciling daily activity reports with all KRONOS times on a bi-weekly basis. The process will be undertaken by the Assistant Chief Deputy/Chief Deputy



Auditors Response

- None

Commissions

A sample review of commission collections for four sales and nine non-sales made during the audit period revealed one commission calculation was over-collected totaling \$233.26.

Dallas County Commissioners Court Orders 2021-0934 and 2020-0974 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 consistent supervisory review and calculation errors resulted in overstated 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 one day prior to collection/sale, 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

- Precinct #5 received an additional payment after we had levied and sold vehicle (\$17K judgement credit) since the total amount of judgement had not been satisfied after the sale. That is why receipt #19999 dated 11/10/2022, was written in the amount of \$11,708.31 shows our commission collected from that payment was \$694.34. The amount of \$11,015.97 shows on line 49420 Special Fund P5 and check #586000659 dated 11/14/2020 was sent to Plaintiff Attorney because the Constable commission came out of the amount actually collected of \$233.26. We collect commission on payments when we collect, and plaintiffs are responsible for commission on any judgement credit they may bid at a sale. That is how the current Writ Officer was instructed to collect commissions by the previous Chief Deputy. However, this process will certainly be re-



evaluated. Any changes deemed not to be in accordance with Dallas County policy will be immediately corrected.

Auditors Response

- None

Special Fund Review

A review of the Special Fund (SF) reconciliation and related general ledger activity for the audit period revealed thirteen transactions have account balances over three years old totaling \$9,743.46 have not been researched for either disbursing to applicable parties, recovery of excess disbursements, or escheated to the State; and the department did not reconcile the SF account by the start of the audit.

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 segregation 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 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 Review

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

Precinct #5 agrees with the recommendations:

- The Special Fund balance was approximately \$9,743.46 during the audit.



- Reducing the Special Fund is a work in progress. Since completion of the most recent audit, we have managed to disburse funds totaling \$5,009.78 from the Special Fund account. This brings the Special funds account down to \$4,733.68.
- If we are unable to locate applicable parties to disburse held funds, we will escheat all remaining funds to the Dallas County treasurer/State Comptroller.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator