



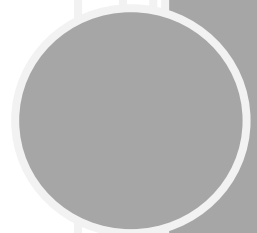
# AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT NO 5 AUDIT - FY 2022

Darryl D. Thomas  
Dallas County Auditor

ISSUED: 3/31/2023  
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# Constable Precinct No 5 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 Michael Orozco  
Constable Precinct 5  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct No 5 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.

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, 2021 through September 30, 2022. Internal Control weaknesses which need consideration by management are:

### **Summary of Significant Observations:**

- **Special Fund Review:** Two Special Fund checks totaling \$4,093.48 were disbursed more than 60 days after the receipted date.

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

- **Special Fund review:** The Special Fund account is not reconciled by the department nor escheated as required.
- **Manual Receipts:** Inconsistency in applying proper procedure for receipting manual and the associated computer receipt 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. 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 Receipts

A review of all manual receipts and corresponding computer receipts issued during the audit period revealed two manual receipts in which the payer's name was different than the name indicated on the computer receipt and one manual receipt in which the case number referenced differs from the computer receipt.

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. Manual receipts should be issued in sequential order and posted in CWR with reference to the correct manual receipt number, case number, tender type, payment amount, payer name, and payment date. Manual receipts should be reviewed by management for accuracy and completeness to ensure receipts are properly posted. Lack of supervisory review and clerical oversight have resulted in inconsistent record keeping and a loss of audit trail between manual receipts and computer receipts.

#### **Recommendation**

Manual Receipts

Management should:

- Ensure the case number and payer's name on the manual receipt match the computer receipt.
- Periodically review manual receipts with the corresponding computer receipt to verify adherence.

#### **Management Action Plan**

The Chief Clerk concurs with the findings. She will apply the recommendations made by the auditors.

#### **Auditors Response**

None

### Computer Receipt Deposits and Internal Control Review

A review of all computer receipt deposits for continuity and delays during the audit period revealed two check receipt batches exceeded the five business days deposit requirement. 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.



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. 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 and evidenced on a form for all users to ensure that access and functionality are appropriate. 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. Inconsistent management oversight, untimely follow-up on deposit issues, and improper segregation of clerical receipting duties have resulted in inaccurate deposit balances and delayed revenue recognition.

**Recommendation**

Computer Receipt Deposits and Internal Control Review  
Management should:

- Comply with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004.
- Ensure check and money order payments received via mail 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.
- Periodically review pending deposit reports.

**Management Action Plan**

The Chief Clerk concurs with the findings. She will apply the recommendations made by the auditors.

**Auditors Response**

None

**Special Fund Review**

A review of the Special Fund (SF) reconciliation and related general ledger activity and a sample review of 25 disbursements for the audit period revealed ten transactions have account balances totaling \$4,733.98 have not been researched for either disbursing to applicable parties, recovery of excess disbursements, or escheated to the State; two SF checks totaling \$4,093.48 were disbursed more than 60 days after the receipted date; and the department did not reconcile the FY2022 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 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 oversight, 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, and possible penalties from the State for not following escheatment statutes.

### **Recommendation**

Special Fund Review

Management should:

- Ensure old balances are researched for disbursement to applicable parties, recovery of excess disbursements, or escheated to the County Treasurer or State Comptroller.
- 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.
- Routinely escheat Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.

### **Management Action Plan**

The Chief Clerk concurs with the findings. She will apply the recommendations made by the auditors. The special funds account is now \$2,705.71 as of March 24, 2023.

### **Auditors Response**

None

## **Commissions**

A sample review of commission collections for three sales and eight non-sales made during the audit period revealed three commission calculations were over-collected totaling \$866.97.

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.
- 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**

We concur with the findings. The writ deputy spoke with the auditor and received proper guidance in regards to collecting commission on judgment, interest, and attorney fee.

The Auditor's Office sent the Dallas County Commissioners Court Orders 2\_021-0934 and 2020- 0974, the writ deputy fully understands the importance of collecting commissions. The writ deputy will ensure that: Calculate interest according to the language specified in the judgment, using the judgment date to the date satisfied, unless the judgment states otherwise.

Writ deputies calculate commission on payments they collect, and plaintiffs are responsible for commission on any judgement credit they may bid at a sale(s).

Writ deputies will take recommendation and apply calculations according to the language specified in the judgement using judgement date to one day prior to the collection/sale, unless the judgement states otherwise. If Writ deputies take partial payment, they will add the full amount of interest for judgement with last payment/pay off.

### **Auditors Response**

None



## Property & Evidence

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. The evidence officer should ensure all relevant details of property and evidence items are accurately recorded on both manual and electronic inventory logs kept by the department. Lack of supervisory review and improper record keeping have resulted in location and inventory variances, incomplete record maintenance, and possible loss of property and evidence items.

### **Recommendation**

Property & Evidence  
Management should:

- Perform a complete and accurate physical inventory of the Property and Evidence room items semi-annually or annually.
- Maintain accurate records of the department's cumulative inventory list to ensure items have been added timely, including items listed for disposal. Additionally, include details such as the quantity, location, and serial number for each item.
- Require supervisory review and approval of the inventory evidenced by signature and date.

### **Management Action Plan**

We concur with the findings. The item listed as missing was not missing. The item had been returned to the owning law enforcement agency. The issue was a documentation oversight and not a missing item error.

The pellet gun was not placed in the evidence/property room in accordance with departmental policy. The deputy responsible for this was counseled and given a verbal warning about following department policy. The evidence/property policy regarding the seizure of recovered property was discussed with all deputies. This isolated incident will not be repeated.

There will be an audit conducted semi-annually of the evidence/property room.

### **Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator