



# AUDIT REPORT

DALLAS COUNTY

CONSTABLE PRECINCT No 5 AUDIT - FY 2023

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County Auditor

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Constable Precinct No 5 Audit - FY 2023

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 No. 5  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Constable Precinct No 5 Audit - FY 2023**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail.

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,

*Timothy J. Hicks*

Timothy J. Hicks, CPA  
County Auditor

## **EXECUTIVE SUMMARY**

A review was performed in accordance with statutory guidelines on the records and reports of Constable Precinct No. 5 for the period October 01, 2022 through September 30, 2023.

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

- None Identified

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

- **Special Fund review:** The special fund account is not reconciled by the department nor are funds escheated as required by statute.
- **Computer Receipts:** Deposit delays that exceed the five business days deposit requirement.
- **Manual Receipts:** Inconsistency in applying proper procedure for processing manual receipts 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, 2022 through September 30, 2023.

The audit procedures may have included interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used may have been reviewed and incorporated as part of the testing of transactions.



## DETAILS

### Manual Receipts

#### Criteria

Per Local Government Code, Sec. 113.022, "a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

Per standard internal control procedures, all receipts are accounted for and properly used to affix responsibility, enhance cash controls, and prevent the assertion that monies were paid and to identify refunds due. Manual receipts are issued in sequential order with the correct case number referenced, payment amount, tender type, payee name, payment date, and the name of the employee who received the funds. Manual receipts are only written during system downtime. Manual receipts are reviewed by management for accuracy and completeness to ensure receipts are properly posted.

#### Review

A review of all 27 manual receipts and corresponding computer receipts issued during fiscal year 2023 revealed:

- One manual receipt was issued out of sequence.
- The case number on one manual receipt totaling \$13,000 did not match the case number on the associated computer receipt.
- The payee's name on one manual receipt totaling \$3,091 did not match the payee's name on the associated computer receipt.
- One manual receipt book that was observed in-use by the department during the FY2022 audit could not be located.

**Status:** Per inquiry with the Constable's Office, the employee who was assigned the receipt book is no longer with the department.

#### Cause/Effect

A lack of consistent supervisory review, clerical oversight, and inconsistent internal controls over manual receipting have resulted in inaccurate record keeping and a loss of audit trail between manual receipts and computer receipts. In addition, missing receipt books and receipts issued out of sequence increase the risk for funds to be lost or misappropriated.



## **Recommendation**

### Manual Receipts

Management should implement procedures to strengthen internal controls related to manual receipts to include:

- Ensuring the manual receipts are used in sequential order and any skipped manual receipts are voided.
- Periodically reviewing manual receipts with the corresponding computer receipt to verify receipt details match.
- Ensuring manual receipt books are returned upon separation from the department.

## **Management Action Plan**

- The Chief Clerk concurs with the findings. She will establish a tracking system for receipt books.

## **Auditor's Response**

- None

## **Computer Receipts**

### **Criteria**

Per Local Government Code (LGC) § 113.022, a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

### **Review**

A review of all 147 computer receipt deposits totaling \$289,047 to identify any delays during fiscal year 2023 revealed:

- Three check receipt batches totaling \$11,982 were deposited between six and eight business days after the initial receipt date, exceeding the five business days deposit requirement.

### **Cause/Effect**

Inconsistent management oversight and untimely follow-up on deposit issues have resulted in delayed revenue recognition.



## **Recommendation**

### Computer Receipts

Management should:

- Ensure funds are deposited timely consistent with Local Government Code, § 113.022.
- Periodically review pending deposit reports.

## **Management Action Plan**

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

## **Auditor's Response**

- None

## **Special Fund**

### **Criteria**

Property Codes § 72 and 76 require escheating either to the County Treasurer (if \$100 or less) or the Texas State Comptroller (if more than \$100).

Per Local Government Code §113.008, an official with special funds shall reconcile all balances and transactions in the statement of activity against the balances of the official's records of each month.

Standard internal control procedures require the separation of duties, documented procedures, and immediate reconciliation and updates for transactions involving cash, including automated deposit reconciliation with the bank. The special fund is 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.

### **Review**

A review of all special fund activity and related general ledgers for fiscal year 2023 revealed:

- The department did not reconcile the fiscal year 2023 special fund balance by the start of the audit.
- Special fund balances over three years old (as of March 1, 2023) totaling \$2,706 have not been researched for either disbursing to applicable parties, recovering excess disbursements, or escheating to the County Treasurer or Texas State Comptroller.
- Four special fund checks totaling \$1,329 were disbursed more than 60 days after the receipted date.
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**Cause/Effect**

These instances occurred because of a lack of management oversight to complete periodic reconciliations of the special fund.

Limited staff training and improper internal control procedures may result in possible special fund ledger variances, disbursement delays to entities and individuals, undetected posting errors, and possible penalties from the Texas State Comptroller for not following escheatment statutes.

**Recommendation**

Special Fund

Management should:

- Review and periodically reconcile the special fund account to the Oracle general ledger.
- Research old balances for disbursement to applicable parties, recovery of excess disbursements, or escheatment to the County Treasurer or Texas State Comptroller.

**Management Action Plan**

- The Chief Clerk concurs with the findings. She will apply the recommendations made by the auditors. All remaining funds in the Special Fund Account have since been escheated to the Texas Comptroller. The Special Fund Account should show a zero balance once remaining funds have been transferred.

**Auditor's Response**

- None

**GPS Odd Hours Review****Criteria**

Per Dallas County Code Sec. 90-147, "County-owned autos may not be taken across the county lines except by express approval by order of the Commissioners Court."

**Review**

A review of GPS reports, CCS service attempts, and Kronos reports from fiscal year 2023 revealed:

- Four instances in which one County vehicle was driven outside of Dallas County without approval from the Commissioners Court.

**Cause/Effect**

Inconsistent supervisory review of GPS reports, deputy daily activity monitoring, and not obtaining prior approval from Commissioners Court may increase the risk of undetected use of



county vehicles inconsistent with Dallas County Code Sec. 90-147. Additionally, Dallas County may be liable if the county-issued vehicle is damaged or stolen.

### **Recommendation**

GPS Odd Hours Review

Management should:

- Ensure vehicles are not driven outside County lines without prior approval from Commissioners Court consistent with Dallas County Code Sec. 90-147.

### **Management Action Plan**

- All future out of county business requiring use of a county vehicle will be placed on the Commissioners Court agenda for briefing.

### **Auditor's Response**

- None

cc: Darryl Martin, Commissioners Court Administrator