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2022

Travis County Auditor's Office Review of Travis County Constable, Precinct 3 Office

Travis County Auditor's Office
Risk Evaluation and Consulting Division

November 11, 2022

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From: Patti Smith, CPA
Travis County Auditor

Date: November 11, 2022

Subject: Constable, Precinct 3 Review

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division (REC) of the Travis County Auditor's Office has completed a review of the Constable, Precinct 3 Office. We conducted our review in accordance with the applicable statutes governing the County Auditor's Office, and those relating to County financial and accounting protocols. As a result of our review, we are providing this report detailing our findings and recommendations.

BACKGROUND

A constable's office serves as a law enforcement agency with county-wide jurisdiction in civil and criminal matters. They process and execute civil processes from various courts, including forcible entry and detainer suits, writs of possession, citations, and executions issued from the Justice of the Peace courts. Constables also process and execute misdemeanor traffic and hot check warrants of arrest for the Travis County Justices of the Peace and for other municipalities and counties. Although Local Government Code (LGC) Chapter 86 is the primary Texas statute for this office, there are applicable sections in other statutes, as well.

The financial component of the Constable, Precinct 3 Office is responsible for processing disbursements relating to warrant work for other counties, refunding overpayments, escheating unclaimed property, and posting collections on executions. It also remits funds collected to the appropriate agencies (e.g., the County Treasurer, State of Texas, etc.) and prepares monthly financial statements and bank reconciliations.

The operational component of this office is responsible for receiving and processing the deposit of collections received both at the office and from field units that collect fines and fees. This component also enters/receipts all assessed fees and vehicle donations. This group is responsible

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for managing/monitoring fixed assets, inventory stock, facility work orders, fleet usage, and vehicle maintenance. In addition, all warrants and citations are executed by the operational component of the office.

METHODOLOGY

Our review methodology was based on applying sampling procedures to office records and on verbal and written representations from the Constable Precinct 3 Office. Sampling relates to examining on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the financial statements, records, and controls that might signify material weaknesses or misstatements. Regarding the written and verbal representations made by the Constable Precinct 3 Office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SCOPE

This review scope included an assessment of the adequacy and effectiveness of the overall system of financial controls in place for the Constable Precinct 3 Office during the period June 1, 2021, to May 31, 2022. This review included examinations of the overall internal controls in place for fee assessments, fixed assets, accounts receivable, payables, disbursements, general ledger, internal/external reporting, interlocal agreements, and cash handling.

SUMMARY OF FINDINGS

During our review of the Constable Precinct 3 Office, we noted areas of concern with cash controls.

EXAMINATION TEAM

Angel Candelario, Senior Auditor
Travis Lee, Staff Auditor

CLOSING

This report is intended solely for the information and use of your office and the Commissioners Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Constable Precinct 3 Office during this examination. Please contact us if you have any questions or concerns regarding this report.

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AREAS OF CONCERN

1. Completeness of Receipts

We obtained the Receipt Transaction Report for the review period. There were 398 receipts for a total of $576,492 listed on the report. We selected 36 receipts totaling $13,258 for compliance testing. On average, deposits were made within 1- 4 days of the receipt date. Based on the issues with timely pickups from GARDA the County has been experiencing, we tested the time from when the receipt was deposited in the entity's bank account to the time it was remitted to the Treasurer's Office. Of the 36 receipts, 12 receipts (detailed below) were remitted to the Treasurer between 7-22 business days after the receipt was deposited in the entity's bank account.

Receipt No	Receipt Date	Deposit Date on Bank Statement	# of days between receipt and deposit	Date remitted to Treasurer	# of days between receipt and remittance to Treasurer	# of business days between bank deposit and remittance to Treasurer
1485	6/3/21	6/07/21	3	6/22/21	18	11
1487	6/7/21	6/09/21	1	6/22/21	14	9
1550	7/27/21	7/30/21	2	8/19/21	22	13
1563	8/9/21	8/11/21	1	8/20/21	10	7
1663	11/4/21	11/8/21	3	11/17/21	12	7
1715	1/6/22	1/10/22	3	2/2/22	26	15
1718	1/10/22	1/12/22	1	2/2/22	22	13
1751	2/10/22	2/14/22	3	2/28/22	17	8
1773	3/3/22	3/8/22	4	4/8/22	35	22
1822	4/11/22	4/14/22	2	5/4/22	22	13
1824	4/11/22	4/19/22	4	5/4/22	19	9
1858	5/10/22	5/17/22	6	5/31/22	20	9

Significance

Per Local Government Code Section 113.022 states that:

> *"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."*

Recommendation

We recommend detailed procedures be implemented that requires daily remittance to the Treasurer's Office to meet statutory guidelines.

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2. Collections

During our review of doubtful accounts, we obtained the Accounts Receivable Aging Report. The aging report contained 640 invoices, totaling $49,043. We selected 44 invoices, totaling $3,783 for compliance testing. We noted the office had no support verifying that the aging report was being monitored and/or collection efforts had been made on the outstanding balances.

Significance

There were no records on hand that attempts were made to collect outstanding balances funds. Collection efforts appear to be insufficient which could result in a loss of County funds.

Recommendation

We recommend that a supervisor/lead monitor the aging report monthly and a collection plan/process be implemented to record each collection attempt. In addition, we recommend this procedure, in detail, be added to the Office's policies and procedures.

3. Adjustments/System Control

During our review of adjustments, we identified receipt #1544 had been adjusted by the Senior Clerk after the receipt had been processed for deposit. The system allowed the Senior Clerk to circumvent controls to change the amount of the receipt. In addition, the Senior Clerk appeared to have similar roles and responsibilities as the Office's accounting personnel.

Significance

As noted in the Civil Serve/Soft Code Adjustments Document, *"The system allows users with proper credentials to post adjustments to the GL. Credentials are based on rights and rolls and adjustments are restricted to the Administrator and Accounting rolls."*

Adjustments made without managerial review and approval and/or legal authorization could result in uncollected balances or lost/misappropriated collections.

Recommendation

We recommend that the Office conduct a review of roles and responsibilities of personnel assigned access to CivilServe. In addition, we recommend Constable 3 establish a System Access policy that includes internal periodic review of roles and responsibilities throughout the year.

4. Mail Log

We obtained the mail log for the review period. The mail log contained 310 entries totaling $534,731.66. We selected 20 entries totaling $411,643.18 for compliance testing. During the interview with the clerk that processes mail, she stated that the clerk that opens the mail also receipts the mailed-in payments.

Significance

Funds received through the mail may be vulnerable to theft or misappropriation if not tracked and secured properly.

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Recommendation

We recommend that Constable 3 consider establishing formal mailed-in payment procedures. We recommend incorporating into their mail procedures a requirement that the clerk who opens the mail should not receipt the mail in the financial system. Instead, that clerk should prepare a listing of funds received via that mail; this listing should be utilized by Office accounting personnel to verify that all mailed-in collections were properly receipted.

Overall Management Response

Completeness of Receipts

There were several factors that contributed to the timeliness of remittances including:

1. Armored Car Service – Pick up service was spotty and sporadic due to COVID-19 staffing shortages. Garda later committed to once-a-week service but has not been consistent. This issue has been ongoing since the beginning of the pandemic and has yet to be remedied.
2. Bank Balance – Remittances were held back if remittance exceeded daily available balance. This occurred frequently due to armored car service issues.
3. Training – We experienced employee turnover and remittances were delayed due to staffing and training.

Management is aware of the situation, and we are doing everything possible to ensure that remittances occur no later than the 5th business day after the day the deposit clears the bank. Please keep in mind that Travis County is still experiencing armored car service delays, sometimes up to three weeks and those factors are beyond our control.

Receivable Collections

Monitoring accounts receivable will be assigned to a senior clerk. That person will be responsible for mailing invoices & statements as well as collection attempts by phone and e-mail. Attempts will be posted and tracked in an accounts receivable log. Invoices that are deemed uncollectible will be written off as allowed by law.

Adjustments/System Control

Ashley Morris at ITS is the system administrator for the Constable Civil Serve databases. Management will work with Ashley to conduct an annual review of user groups, rights, and rolls. Adjustments to receipts will be limited to the accounting department and the systems administrator. Corrections for receipting errors will require a void and re-receipt.

Mail Log

CN3 will review its existing mail payment procedures and require that the clerk who opens the mail doesn't receipt mail payments in the financial system.