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2022

Travis County Auditor's Office Review of Travis County Constable, Precinct 1 Office

Travis County Auditor's Office
Risk Evaluation and Consulting Division

July 21, 2022

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From: Patti Smith, CPA
Travis County Auditor

Date: July 21, 2022

Subject: Constable, Precinct 1 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 1 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 1 Office is responsible 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 also

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responsible 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's Precinct 1 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's Precinct 1 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's Precinct 1 Office during the period February 1, 2021, to January 31, 2022. This review included examinations of the overall internal controls in place for fee assessments, fixed assets, fleet, accounts receivable, payables, disbursements, general ledger, internal/external reporting, and cash handling.

SUMMARY OF FINDINGS

During our review of the Constable's Precinct 1 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's Precinct 1 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. Manual Receipts

We requested the Manual Receipt Report and selected 48 manual receipts for compliance testing. We noted the following issues:

- The initial Manual Receipt Report provided was incomplete, with gaps in receipts books. The initial report included books 1300 – 1325, 1651 – 1675 & 1701 – 1825

- Missing receipt books 1326 – 1650 & 1676 – 1700

Note: An updated Manual Receipt Report was provided with all receipts books with returned and issued statuses.

- Of the 48 manual receipts selected for testing, 10 receipts were issued, of which receipt number 1626 and 1800 could not be identified in the Civil Serve application.

- Manual receipts were not receipted in Civil Serve in accordance with the Constable Civil Serve Manual Receipt Process procedures.

- There are no reconciliations of receipt books currently in place.

Significance

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."*

The Office's Civil Serve Manual/Field Receipt Procedures, states that:

> "*The Clerk posts the receipt to Civil Serve. The system allows the user to over-ride the default system-assigned number by clicking the pencil icon next to the receipt number field which enables the clerk to enter the number manually. The system requires all manual numbers to include at least 1 alphabetical character so use the letters CN and the precinct number followed by a dash and the manual receipt number."*

Recommendation

We recommend that the manual receipt report be kept up to date as receipt books are issued and turned in. We recommend implementation and enforcement of the Civil Serve Manual/Field Receipt procedures to ensure there is an audit trail for the purpose of accountability and timeliness. In addition, we recommend receipt books be reconciled periodically to ensure all receipts are accounted for properly and meeting statutory timelines.

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2. Collections

During the review of doubtful accounts receivable, we obtained the Accounts Receivable Aging report. The aging report contained 466 invoices, totaling $30,839.88, of which we selected 44 invoices, totaling $3,666.50 for compliance testing. There was no support available that the aging report was being monitored and that collection efforts had been made on the outstanding balances.

Note: The Office Manager stated that going forward quarterly aging reports will be downloaded, and invoices will be sent to entities with outstanding balances. As of April 27, 2022, invoices have been mailed to all entities with outstanding balances.

Significance

There were no records on hand that attempts were made to collect funds with outstanding balances. 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 be implemented, which records each collection attempt. In addition, we recommend this procedure in detail be added to CN1 procedures documentation.

3. Mail Log

We obtained the mail log for the review period. The mail log for this period contained 494 entries totaling $45,661.23. We selected 51 entries totaling $4,066.20 for compliance testing and noted the following:

- 42 (82%) of the 51 were opened, reviewed, and receipted in Civil Serve by the same clerk.
- The civil serve receipt number for one (2%) item was not entered on the mail log.

Significance

Funds received through the mail are vulnerable to theft or misappropriation.

Recommendation

We recommend that CN1 consider revising their Money Received Through Mail procedure. We recommend incorporating the following processes into the Money Received Through Mail procedure:

- Dual verification of incoming mail.
- Clerk who opens the mail should not receipt the mail in the financial system.
- Ensure mail log is filled out completely daily.

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Overall Management Response

Manual Receipts

Constable Precinct One has conducted retraining for all Court Clerks regarding the correct process for tracking, maintaining, and issuing manual/filed receipts in Civil Serve and Odyssey.

1. Manual Receipt Log – will be maintained by Office Manager or Chief Deputy and will include all issued and un-issued booklets in numeric order & track the following data:
    a. Booklet number and receipt number content
    b. Issue date
    c. Deputy/Clerk name
    d. Receiving party's signature
    e. Returned date
    f. Inspect returned booklet to include 3rd copy of all issued receipts and all 3 copies of un-issued receipts.
2. Manual Receipt Tracking:
    a. Civil Server - over-ride the default system-assigned number by clicking the pencil icon and entering the manual receipt number in place of the system assigned number.
    b. Odyssey - over-ride the default system-assigned number by clicking the Manual check box and entering the manual receipt number in place of the system assigned number.
3. Periodic Audits – Accounting will perform a semi-monthly audit of the manual receipt log that will include the following:
    a. Review of issued and returned booklets noted in the log
    b. Run a receipt journal in both Civil Serve and Odyssey to identify issued manual receipts and spot check them to their respective booklets and the mail log.

Collections

Constable Precinct One has assigned one Court Clerk to manage billing and accounts receivable. That clerk will perform the following tasks:

1. Run the Accounts Receivable Aging Report on a quarterly basis.
2. Research all invoices reflected on the report for accuracy
3. Add and maintain status notes in the comment section of each invoice
4. Alert management about invoices that were entered in error, duplicated, or contain errors
5. Run a quarterly A/R statement of accounts in Civil Serve. The report auto-generates a statement of account by party that include all open invoices and an aging detail.
6. Mail statements to all parties.

Mail Log

Constable One agrees with the auditor's recommendation for dual verification of incoming mail. The office has adopted a new procedure that will include:

1. First clerk opens the mail and posts content to the log
2. Second clerk verifies the content
3. Third clerk receipt the money received to either Civil Serve or Odyssey.

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4. The responsibility to review the mail log daily has also been assigned to a specific court clerk.