

## TARRANT COUNTY

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August 24, 2017

Constable Michael Campbell, Precinct 8  
The Honorable District Judges  
The Honorable Commissioners Court  
Tarrant County, Texas

Re: Auditor's Report – Review of Financial and System Controls, Constable Precinct 8

### SUMMARY

In accordance with Local Government Code, Subchapter A, §115.001, *Examination of Records*, and §112.006, *General Oversight Authority of the County Auditor*, we performed a review of the financial, property, and access controls of the Constable's Office, Precinct 8 (Constable) for the nine month period ended June 30, 2017. Our review was limited in scope due to the manual nature of serving process papers. The Constable receives process papers from various sources, including Constable 1, out of county agencies, and attorneys. Since the Constable does not maintain a master log or a comprehensive list of process papers received and served by the Constable and his deputies, we offer no assurance that all funds collected were recorded and deposited with the Auditor's Office.

We also observed the following six conditions requiring management's attention:

- Observation 1 Controls over the accountability of manual receipts and the recording of payments were not adequate.
- Observation 2 Certain receipts collected by the deputies were not recorded into Mainframe.
- Observation 3 Segregation of duties was not adequate.
- Observation 4 Disposition of seized and held property was not performed in accordance with the Code of Criminal Procedure.
- Observation 5 Staff had not initiated disbursement of money held in trust after the disposition of a case.
- Observation 6 The fee schedule was not posted as required by the Government Code.

We discussed our observations and recommendations with the Constable. Attached is management's written response.

## **OBSERVATIONS AND RECOMMENDATIONS**

### ***Observation 1 Controls over the accountability of manual receipts and the recording of payments were not adequate.***

#### **Background**

The Constable uses manual receipt books that are pre-numbered in triplicate. When deputies collect funds in the field, a manual receipt is provided to the payer. The deputies are responsible for providing a copy of the manual receipts issued while in the field, along with the funds collected, to the administrative staff for recording into Mainframe. The Mainframe is the system used by the Tarrant County Constables to record both case information and financial transactions.

#### **Observation**

While we observed that unused manual receipt books were secured with limited access, the Constable's Office does not maintain a log listing manual receipt books assigned to their deputies. Furthermore, two out of seven manual receipt books used during FY2015 and FY2016 could not be located. We also noted skipped receipts with triplicates fully intact were not always voided. A significant material risk of theft or loss of funds exists due to the lack of accountability over manual receipts combined with the lack of a master log or a comprehensive list of process papers received and served. Prior to the issuance of this report, management stated that procedures were implemented to maintain a log of manual receipt books on hand and issued to each deputy.

#### **Recommendations**

We recommend that the deputies issue receipts in sequential order. Any voided receipts should be clearly marked on the original face of the receipt. When deputies return funds to the designated administrative staff for deposit, each deputy should provide a copy of the manual receipt issued for each amount collected and a copy of any voided receipts.

We also recommend that the administrative staff reconcile the manual receipts to the funds collected by each deputy and then prepare the total deposit. Administrative staff should account for the beginning and ending receipt number issued by each deputy. Upon entering the collected funds into Mainframe, administrative staff should also enter the manual receipt numbers.

### ***Observation 2 Certain receipts collected by the deputies were not recorded into Mainframe.***

#### **Background**

The Constable's Office does not have a separate checking account. Funds collected are deposited with the Tarrant County Auditor's Office and recorded into the general ledger. The Auditor's Office disburses money on the Constable's behalf upon receipt of proper documentation.

## **Observation**

During our review, we found that payments collected on behalf of the Tarrant County Tax Office for NSF checks were not recorded into Mainframe. These payments are mostly *cash*. Rather, only the constable fee is recorded into Mainframe, and then the cash or money orders are remitted to the Tax Office Motor Vehicle Division. As a result, loss of funds owed to the Tax Office could occur.

## **Recommendations**

Unless statutes specify otherwise, the Constable's Office should record *all* monies collected into Mainframe, including monies owed to other county offices or agencies, and then deposit with the Auditor's Office for proper recording into the general ledger. A *weekly* email should be sent to the Tax Office, possibly on the same day the funds are deposited with the Auditor's Office, indicating the persons and respective amounts collected on behalf of the Tax Office for NSF checks. Last, a check request should be provided to the Auditor's Office for disbursement to the Tax Office for the NSF amounts collected by the Constable's Office.

### ***Observation 3 Segregation of duties was not adequate.***

## **Background**

Lack of segregation of duties occurs when a few employees are required to perform incompatible duties. In situations where it is impossible to separate duties due to the small number of employees, additional controls should be implemented. A lack of separation of duties or other mitigating controls increases the risk that errors and fraud may not be prevented or detected.

## **Observations**

During our review, we observed that administrative staff had the ability to create and release purchase requisitions as approved, as well as enter goods receipts. Staff indicated that procedures were in place to obtain approval prior to the release of a purchase requisition. However, evidence of approval was not always documented and retained.

## **Recommendation**

To reduce the risk of errors and fraud, no employee should have complete control over a transaction. However, we understand the small staff size of the Constable's Office. The Auditor's Office has requested Information Technology create a report that shows who initiated and approved purchase requisitions for management's approval. Until the report is available, we recommend a hardcopy of all purchase requisitions be retained indicating management's approval.

***Observation 4 Disposition of seized and held property was not performed in accordance with the Code of Criminal Procedure.***

**Background**

During the course of normal duty, a peace officer may seize items such as weapons, ammunition, drugs, and drug paraphernalia. When this occurs, the peace officer who seized the property shall retain custody of the property until further orders are received from a magistrate. The Code of Criminal Procedure provides guidance for the disposition of seized, forfeited, and unclaimed property held by the peace officer.

According to Article 18.17 of the Code of Criminal Procedure, all unclaimed or abandoned property remaining "... *unclaimed for a period of 30 days shall be delivered for disposition to a person designated by the municipality or the purchasing agent of the county in which the property was seized.*" Additionally, it is required the authorized person mail notice of the upcoming disposition of the unclaimed or abandoned property to the last known address of the owner. The property will be disposed if not claimed within 90 days.

**Observation**

We observed drugs, drug paraphernalia, and other abandoned property that had no case information or other information to clearly identify the owner or origin of the property. According to staff, typically an order from the Justice of the Peace for destruction of the property is obtained and any drugs and drug paraphernalia are taken to a crematory. The last destruction occurred on January 21, 2015.

**Recommendation**

We recommend the Constable's Office implement procedures for compliance with Article 18.17 and seek the council of the Criminal District Attorney's Office for guidance if necessary.

***Observation 5 Staff had not initiated disbursement of money held in trust after the disposition of a case.***

**Background**

The Constable's Office records collected trust funds and service fees into Mainframe. Since the Constable does not have a checking account, all amounts collected for trust funds and service fees are remitted to the Auditor's Office for deposit into the Tarrant County consolidated cash account. The Auditor's Office disburses money on the Constable's behalf upon receipt of proper documentation.

**Observation**

During our review, we observed that staff had not initiated the disbursement of trust funds after the disposition of a case. Specifically, a partial payment collected on a writ of execution totaling \$550 related to one case from 2016 has not been disbursed to the plaintiff. The Constable's Office had returned the writ papers back to the court marked "nulla bona", indicating that nothing of value could be seized

for the judgment. During our review, a check request was submitted to the Auditor's Office. *No further recommendations required.*

***Observation 6 The fee schedule was not posted in accordance with Government Code.***

**Background**

The Constable's fee schedule is approved annually by Commissioners Court. Fees must be set before October 1<sup>st</sup> in order to go into effect on January 1<sup>st</sup> of the following year.

Texas Government Code Section 603.008 states "*a county judge, clerk of a district or county court, sheriff, justice of the peace, constable, or notary public shall keep posted at all times in a conspicuous place in the respective offices a complete list of fees the person may charge by law.*"

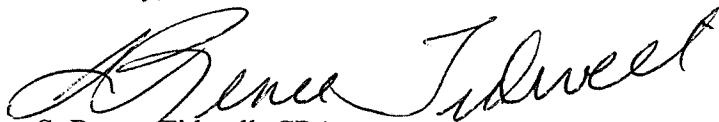
**Observation**

During our surprise cash count on July 19, 2017, we observed that a current copy of the fee schedule was not posted. Subsequent to our review but prior to issuance of the report, the Constable's Office posted a current copy of the fee schedule. *No further recommendation is necessary.*

**CLOSING REMARKS**

We appreciate the cooperation of Constable Office's staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



S. Renee Tidwell, CPA  
County Auditor

*Attachment*

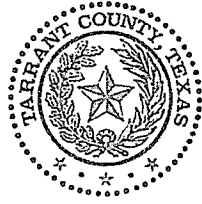
Management's response

*Distribution:*

Arnold Holmes, Chief Deputy

*Audit Team*

Kimberly Buchanan, Audit Manager  
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**TARRANT COUNTY**  
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**MICHAEL R. CAMPBELL**  
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September 6, 2017

S. Renee Tidwell, CPA  
Tarrant County Auditor

Kim Buchanan, Audit Manager  
Kara Hoekstra, Senior Internal Auditor

Ref: Auditors Report – Review of Financial and System Controls, Precinct 8  
(dated 8/24/2017)

Dear Ms. Tidwell,

I had a chance to review your observations and recommendation with your Audit team as well as reviewing them with my own staff. I agree with all of your recommendations, and have already implemented changes to correct the way certain jobs and duties are performed.

In regards to the Property Room, this office will not conduct any weapons or drugs destruction without prior approval of the District Attorney's Office and the Commissioners Court.

I would like to commend your Audit Team on the diligence and professionalism, and look forward to working with your office in any way we can.

Sincerely,

*Michael R. Campbell*  
Michael R. Campbell  
Constable of Pct. 8