

**Travis County Constable, Precinct 1  
Report of Findings and Recommendations  
(Limited Scope)  
#13-07**

**Report Date: March 26, 2013  
Issue Date: July 19, 2013**

TRAVIS COUNTY  
AUDITOR'S OFFICE

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March 26, 2013  
Travis County Constable, Precinct 1  
#13-07

### **Report of Findings and Recommendations**

Danny Thomas  
Constable, Precinct 1

Scheduled as part of our statutory requirements, the Revenue and Internal Controls Auditing Division of the Travis County Auditor's Office has completed an examination of the Constable, Precinct 1 Office. We conducted our examination 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 examination, we are providing this report on our findings and recommendations.

Our examination of this office included an assessment of the adequacy and effectiveness of the overall system of internal controls in place for Constable 1's accounting system during the period November 1, 2012 to January 31, 2013. This included examinations of controls over handling and managing collections, liabilities, receivables, bank reconciliations, fixed assets and user access to the County's financial system. Our work was based on applying sampling procedures to office records and on verbal and written representations from this 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 Constable, Precinct 1's financial statements, financial records and internal controls that might be material weaknesses or misstatements. In regards to the written and verbal representations made by this 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.

Based on our examination, we gave the system of internal controls for this functional area our rating of "Adequate", which indicates an overall solid system of internal controls that outweighs the relative number of minor or more serious examination findings. See Attachment A for an explanation of our grading system for the overall control environment.

Specifically, the control weaknesses we noted related to the timeliness of revenue remission, posting discrepancies and tracking fixed assets. Details of these items, our recommendations and management's responses to these issues can be found in Attachment B. Immediately after the title of each control issue listed in this attachment, we have placed our assessment of the severity

of that particular issue in parenthesis. These items are assessed as having “Most Serious”, “Serious” or “Less Serious” significance.

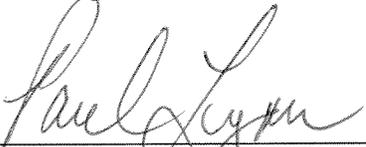
A copy of this office’s financial statement for January 31, 2013 is provided in Attachment C. The express purpose of presenting this statement and the associated findings is to comply with the applicable local government code statutes and to provide internal control feedback to Travis County officials. These financial statements have not currently been audited by Travis County’s external auditors.

These findings and recommendations are intended solely for the information and use of management and Commissioners’ Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Constable, Precinct 1 Office during this examination. Please contact our office if you have any questions or concerns regarding this report.



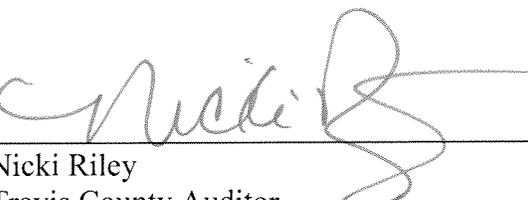
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Examination File

## EXECUTIVE SUMMARY

### **Functional Area:**

Constables serve as a law enforcement agency for Travis County, 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 justice of the peace courts. The constables also process and execute misdemeanor traffic and hot check warrants of arrest for Travis County justice of the peace courts and for other municipalities and counties.

### **Prior Examination Exceptions (#09-03, Dated July 19, 2009):**

The prior examination was an exit examination and we reviewed only the records of the prior administration of this office. No assessment was made of the new constable's records or internal controls. Prior findings related to errors in processing writs of execution and lack of supporting documentation for refunded arrest warrant fees.

### **Current Examination Objective (Period – November 1, 2012 to January 31, 2013):**

The scope of this examination included a review of receipts and disbursements to verify compliance with statutes and internal policies and procedures. In addition, we evaluated controls over internal functions responsible for handling and managing collections, liabilities, receivables, bank reconciliations, fixed assets and user access to the County's financial system.

### **Current Examination Findings:**

- County fines and fees were not remitted to the Treasurer's Office in a timely, statutorily compliant manner (See Comment #1 in Attachment B).
- Posting discrepancies regarding the civil filing fees (See Comment #1 in Attachment B).
- Annual fixed asset inventory had not been performed to ensure compliance with the Travis County Fixed Asset Policy and Procedures Manual (See Comment #2 in Attachment B).

### **Overall Opinion (See Transmittal Letter for Specifics):**

The overall system of internal controls in place for this office was rated "Adequate", indication that an overall system of internal controls outweighs the relative number of minor or more serious findings.

### Internal Controls Rating Key

Rating Designation	Rating Description
Good	Well established internal controls with few, if any, minor exceptions
Adequate	Overall solid system of internal controls outweighs the relative number of minor or more serious findings
Requires Improvement	Weaknesses exist that negatively impact the overall system of internal controls
Requires Significant Improvement	Significant number of weaknesses that negatively impact the overall system of internal controls
Inadequate	Existing overall system of internal control is ineffective

Note: A good internal control system reduces the risk of errors, defalcations, and misappropriations of funds. Weak internal control systems provide an environment in which errors, defalcations, and misappropriations of funds can go undetected.

## ATTACHMENT B

### **1. Revenue Remittance and Posting Discrepancy (Less Serious)**

During the examination period November 1, 2012 through January 31, 2013, we reviewed the civil, criminal, credit card and manual receipts issued by the Constable, Precinct 1 Office. Total funds collected by receipt type during the examination period, and our samples for each, are as follows:

Receipt Type	Population Totals		Sample Totals		
	Number of Items	Total Revenue	Number of Items	% of Population	Sampled Revenue
Civil	162	\$28,779.29	15	9.3%	\$2,550.00
Criminal	101	27,705.00	7	6.9%	1,836.00
Credit Cards	140	37,511.00	8	5.7%	2,100.00
Manual Receipts	38	9,460.00	15	39.5%	3,857.00
<b>Totals</b>	<b>441</b>	<b>\$103,455.29</b>	<b>45</b>	<b>10.2%</b>	<b>\$10,343.00</b>

#### *Civil Receipts:*

Of the 15 civil receipts tested, four (27%) receipts totaling \$700 (27%) were remitted to the Treasurer's Office within one business day of receipt and 11 (73%) receipts totaling \$1,850 (73%) were remitted between two and five business days after receipt.

#### *System-Generated Criminal Receipts:*

Of the 7 criminal receipts tested, three (43%) receipts totaling \$792 (43%) were remitted to the Justice of the Peace, Precinct 1 Office within one business day of receipt and four (57%) receipts totaling \$1,044 (57%) were remitted between two and three business days after receipt.

#### *Criminal Credit Card Receipts:*

For credit card receipts, we compared the date the credit card funds were deposited into the Constable's credit card bank account to the date the funds were remitted to the Justice of the Peace, Precinct 1 Office. Of the 8 credit card receipts tested, six (75%) receipts totaling \$1,562 (74%) were remitted within one business day of receipt and two (25%) receipts totaling \$538 (26%) were remitted on the second business day after receipt.

#### *Manual Criminal Receipts:*

Of the 15 manual receipts tested, eight (53%) receipts totaling \$2,137 (55%) were remitted to the Justice of the Peace, Precinct 1 Office within one business day of receipt and seven (47%) receipts totaling \$1,720 (45%) were remitted between two and three business days after receipt.

#### *Posting Discrepancy:*

Based on an analytical review of Constable, Precinct 1 revenues, we determined that Constable, Precinct 5 Office civil filing fees were being erroneously posted to the Constable, Precinct 1 civil filing fee account.

Significance:

The above items are significant for the following reasons:

- In regards to remitting civil fees to the Treasurer, Section 113.022 of the Texas Local Government Code, “*Time for Making Deposits*”, states the following:

*“A county officer who receives funds shall deposit the funds with the county treasurer on or before the next regular business day after the date on which the funds are received. If this deadline is not met, the officer must deposit the funds, without exception, on or before the seventh business day after the day on which the funds are received.”*

- In regards to remitting criminal fees, Article 103.004 (a) of the Code of Criminal Procedure, “*Disposition of Collected Money*”, states:

*Except as provided by Subsections (b) and (c), an officer who collects recognizances, bail bonds, fines, forfeitures, judgments, jury fees, and other obligations recovered in the name of the state under any provision of this title shall deposit the money in the county treasury not later than the next regular business day after the date that the money is collected. If it is not possible for the officer to deposit the money in the county treasury by that date, the officer shall deposit the money in the county treasury as soon as possible, but not later than the third regular business day after the date that the money is collected.*

- Revenue posting discrepancies result in reduced reliability of system reports and financial information. They also result in a misstatement of revenue in both Constable Offices’ civil filing fees accounts.

Recommendation:

Based on the significance noted above, we recommend the following:

- Collections should be remitted in such a manner that they are timely received by the appropriate party, thereby ensuring compliance with applicable statutes.
- A review of items posted to civil filing fees revenue for FY13 should be conducted to correct any posting discrepancies. The balance in these accounts should be monitored to help ensure that valid, reasonable entries are made and items posted to these accounts are reviewed and addressed in a timely manner.

Management Response:

The coding and posting errors for CN1 have been resolved. We reviewed all the remittances since we started posting into SAP. I have submitted a journal entry to move the CN5 civil fees that were posted into CN1 civil service account to be posted into the CN5 civil service fee account. The discrepancies were from Oct. 2012 to Jan. 2013. The report that contained the discrepancy has been corrected. We will continue to monitor and review fee balances.

## **2. Fixed Assets (Less Serious)**

As of January 31, 2013, there were 48 capitalized fixed assets with a total historical cost of \$463,600.60 and 133 controllable assets with a total historical cost of \$212,761.35 were assigned to the Constable, Precinct 1 Office in the County's Fixed Asset Listing.

### Capitalized Fixed Assets

We examined 13 (27%) capitalized assets with a historical cost of \$198,346.07 (43%) to verify the existence of these assets as well as the accuracy of the record keeping for these items.

There were 3 vehicles verified at the Constable, Precinct 1 Office that were not listed on the Purchasing Agent's SAP Fixed Asset Listing for this Constable. (The SAP cost center is not Constable, Precinct 1). The asset details are as follows:

Tag#	Asset #	Description	SAP Cost Center	Amount
141511	1002655	2010 Dodge Full Size Pursuit Sedan	1490350000	\$20,585.79
141362	1002284	2008 Ford Police Interceptor	1490350000	\$23,488.32
141514	1002626	2010 Ford Police Interceptor	1490350000	\$25,144.32

A 2008 Ford Police Interceptor (Tag #141372, Asset #1002316) was listed on the Purchasing Agent's Fixed Asset Listing for this Constable. However, Sgt. Dedric Knox verified this vehicle is not a Constable, Precinct 1 vehicle. The examiner verified this vehicle was not on-site at this office when testing was performed.

### Controllable Fixed Assets

We examined 21 (16%) controllable fixed assets with a historical cost of \$50,499.32 (24%), verifying the existence of these assets as well as the accuracy of the record keeping for them. We noted one asset verified at the Constable, Precinct 1 Office that was not listed on the Purchasing Agent's SAP Fixed Asset Listing for this Constable. This asset was an Arbitrator Kit (Tag #165977, Asset #1033856).

### Annual Fixed Asset Verification

It was also noted that the Constable, Precinct 1 Office has not performed the required annual fixed asset physical inventory.

### Significance:

A periodic physical inventory of fixed assets helps ensure an accurate fixed asset listing, which helps safeguard office fixed assets, providing accountability and accounting accuracy. All office holders and department heads are required to adhere to the Travis County Fixed Asset Policy and Procedures Manual adopted by the Commissioner's Court. Regarding the performance of the annual asset inventories, Sections 3.8 "Conduct of the Department's Annual Physical Inventory" and 4.3 "Monitoring Physical Inventory" detail the requirements for the annual asset inventories.

### Recommendation:

Based on the significance noted above, we recommend that the Constable, Precinct 1 Office contact the County Purchasing Agent to perform the required annual fixed asset inventory thereby ensuring compliance with the fixed asset policies and procedures. This physical inventory should also assist in determining the status of assets exceptions noted above.

Management Response:

Constable One is in agreement with the recommendations regarding our Fixed Asset Report. Kent Hubbard was contacted from purchasing and he has agreed to come out mid-year as well as May 9, 2013 to correct all fixed asset issues.

The Action plan moving forward is to communicate with the Purchasing Office to insure that we meet with them annually in order to be compliant with fixed assets policies and procedures.

Constable Precinct One will be implementing the new policies immediately.

**Travis County Constable, Precinct 1  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
January 31, 2013**

<b>Assets</b>	
Cash	\$ 2,150
Accounts receivable, net	1,152
	3,302
Total assets	3,302
<b>Liabilities</b>	
Due to third parties	2,425
Other liabilities	877
	3,302
Total liabilities	3,302
Net Assets	\$ -

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not currently been audited by Travis County's external auditors.