

**Travis County Constable, Precinct 4
Report of Findings and Recommendations
(Limited Scope)
#13-11**

**Report Date: April 2, 2013
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TRAVIS COUNTY
AUDITOR'S OFFICE

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April 2, 2013
Travis County Constable, Precinct 4
#13-11

Report of Findings and Recommendations

Maria Canchola
Constable, Precinct 4

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 4 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 4'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 4'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 weakness we noted related to the timeliness of revenue remission. Details of this item, our recommendation and management's response to this issue can be found in Attachment B. Immediately after the title of each control issue listed in this attachment, we

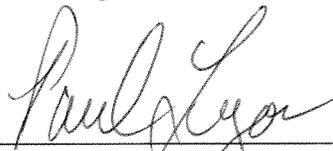
have placed our assessment of the severity of that particular issue in parenthesis. This item is assessed as having “Most Serious”, “Serious” or “Less Serious” significance.

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.

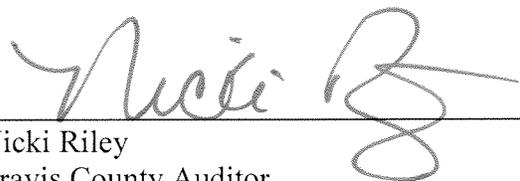
These findings and recommendations are intended solely for the information and use of management and Commissioners’ Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Constable, Precinct 4 Office during this examination. Please contact our office 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 (#11-17, Dated November 23, 2011):

No prior examination significant findings.

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).

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 (Less Serious)

During the examination period of November 1, 2012 through January 31, 2013, we reviewed the civil, criminal, credit card and manual receipts issued by the Constable, Precinct 4 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	55	\$7,146.63	4	7.3%	\$350.00
Criminal	242	70,295.36	11	4.6%	2,983.00
Credit Cards	213	98,731.63	15	7.0%	4,282.20
Manual	63	27,453.39	15	23.8%	5,656.20
Totals	573	\$203,627.01	45	7.8%	\$13,271.40

Civil Receipts:

Of the 4 civil receipts tested, one (25%) receipt totaling \$70 (20%) was remitted to the Treasurer's Office within one business day of receipt and three (75%) receipts totaling \$280 (80%) were remitted 5 business days after receipt.

System-Generated Criminal Receipts:

Of the 11 criminal receipts tested, three (27%) receipts totaling \$738 (25%) were remitted to the Justice of the Peace, Precinct 4 Office within two to three business days of receipt. Seven (64%) receipts totaling \$1,731 (58%) were remitted between 4 to 13 business days after receipt. Also, one (9%) receipt totaling \$514 (17%) was remitted directly to the Treasurer on the 5th business day after receipt.

Criminal Credit Card Receipts:

For credit card receipts tested, 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 4 Office. Of the 15 credit card receipts tested, two (13%) receipts totaling \$517 (12%) were remitted within one business day of receipt, three (20%) receipts totaling \$761 (18%) were remitted 3 business days after receipt and nine (60%) receipts totaling \$2,770.20 (65%) were remitted between 4 to 17 business days after receipt.

Manual Criminal Receipts:

Of the 15 manual receipts tested, two (13%) receipts totaling \$559 (10%) were remitted to the Justice of the Peace, Precinct 4 Office within one business day of receipt, three (20%) receipts totaling \$1,449.10 (26%) were remitted from 2 to 3 business days after receipt and nine (60%) receipts totaling \$3,134.10 (55%) were remitted between 4 to 13 business days after receipt.

Writs of Execution:

Also, during the examination period, the Constable, Precinct 4 Office executed five writs of execution. This included processing four receipts totaling \$43,969.72 and five plaintiff

disbursements totaling \$44,331.85. Of the four execution receipts, two (50%) commissions totaling \$2,894.97 (96%) were deposited with the Treasurer's Office on the third and fifth business days after receipt, and two (50%) commissions totaling \$110 (4%) were deposited with the Treasurer's Office between 14 to 15 business days after receipt.

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.

Recommendation:

Collections should be remitted in such a manner that they are timely received by the appropriate party, thereby ensuring compliance with applicable statutes.

Management Response:

Management understands the importance of compliance with Section 113.022 of the Texas Local Government Code, "*Time for Making Deposits*", and Article 103.004 (a) of the Code of Criminal Procedure, "*Disposition of Collected Money*". The delays in disbursement are mostly due to coping with credit card lag time (4 days from date of receipt to date of deposit) and the fact that we are short staffed. In order to correct the problem, our new accounting clerk will be absorbing all remittance responsibilities and we hope to deposit all funds to the treasurer no later than the third business day from the date collected for both civil and criminal collections. Please keep in mind that Credit Card transactions go through a payment delay and are not considered "collected" until the monies are transferred from the vendor to our credit card account which typically takes four business days from the date of receipt.

**Travis County Constable, Precinct 4
Statement of Fiduciary Assets and Liabilities
Agency Fund
January 31, 2013**

Assets	
Cash	\$ 13
Accounts receivable, net	<u>2,073</u>
Total assets	<u>2,086</u>
Liabilities	
Due to third parties	47
Other liabilities	<u>2,039</u>
Total liabilities	<u>2,086</u>
Net Assets	<u><u>\$ -</u></u>

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.