



**COMMISSIONERS COURT
COMMUNICATION**

REFERENCE NUMBER CO#142727

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DATE: 03/05/2024

**SUBJECT: RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REVIEW
OF FINANCIAL AND SYSTEM CONTROLS FOR THE
CONSTABLE, PRECINCT 7**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court receive and file the Auditor's Report of the Review of Financial and System Controls for the Constable, Precinct 7.

BACKGROUND

In accordance with the Local Government Code, the Auditor's Office performed a review of the financial and system controls implemented by the Constable, Precinct 7, for the fiscal year ended September 30, 2023. Due to the material internal control over financial transactions, the scope was extended to include October 2023 through January 2024.

FISCAL IMPACT

There is no fiscal impact associated with this item.

SUBMITTED BY:	Auditor Office	PREPARED BY: APPROVED BY:	Kim Trussell Kimberly Buchanan
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Kimberly M. Buchanan, CPA
Tarrant County Auditor



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100 E. Weatherford, Room 506
Fort Worth, Texas 76196-0103

Linda R. Castillo
First Assistant County Auditor

Phone (817) 884-1205
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February 5, 2024

The Honorable Sandra Lee, Constable, Precinct 7
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Review of Financial and System Controls, Constable, Precinct 7

In accordance with the Local Government Code, the Auditor's Office performed a review of the financial and system controls implemented by the Constable, Precinct 7, for the fiscal year ended September 30, 2023. Due to the material internal control weakness over financial transactions, we expanded our scope to include October 2023 through January 2024.


We observed two issues that require management's attention. Specifically:

1. A material internal control weakness exists over financial transactions.
2. The Office of the Attorney General was not always invoiced in a timely manner.

The issues and management's actions plans are described in further detail on the following pages. We also discussed less significant issues with management.

We appreciate the cooperation of your staff during our review. If you have any questions, please do not hesitate to contact me.

Sincerely,


Kimberly M. Buchanan, CPA
Tarrant County Auditor

Attachment: Management's response

Distribution: Warren Mitchell, Chief Deputy
Zena Levine, Office Manager

INTERNAL AUDIT REPORT
REVIEW OF FINANCIAL AND SYSTEM CONTROLS
February 5, 2024

AUDIT ISSUE #1: A material internal control weakness exists over financial transactions.

Background: Local Government Code Sec. 113.022 states that money collected shall be deposited into the county treasury by the 5th business day after the money was received.

CivilServe, a Tyler Technologies software, went live in January 2022. The system replaced KC6M Mainframe used by the Constables to record service activity and financial information for civil papers. In February 2023, the Auditor's Office provided the *CivilServe Constable Financial Activity Guidelines* to the Constables' office managers. The guidelines stated that since *CivilServe* was designed for financial workflows, including receipting, depositing, and disbursing, the system functions should be utilized by the precincts. During the audit period, receipts totaling approximately \$81,000 were recorded into *CivilServe*.

What is the issue: A material internal control weakness exists over financial transactions. Specifically:

1. Funds collected were not always recorded or receipted into *CivilServe* daily. Therefore, receipts were not always deposited into the treasury by the 5th business day after collection of the funds. Deposited funds were manually recorded onto a Microsoft Word document instead of utilizing the *Precinct Deposit* report provided by *CivilServe*.
2. *CivilServe* showed that the Constable had approximately \$28,500 more than the funds deposited and recorded in the County's general ledger. This occurred because disbursements were made for cases originally recorded in the Mainframe system but were not created in *CivilServe* before the disbursement was made. Also, check requests were submitted to the Auditor's Office using a manually prepared Microsoft Word document instead of utilizing the disbursement function in *CivilServe*. Precinct staff began making corrections upon notification of this issue.

Furthermore, segregation of duties does not exist between conflicting financial duties. The Office Manager is generally the sole person who processes receipts, prepares deposits, and performs monthly reconciliations. Although the weekly deposits contained evidence of the Constable or the Chief Deputy's review, the monthly financials remitted to the Auditor's Office did not indicate an independent review.

Why it matters: Local Government Code states that an elected or appointed official is personally liable for the loss of county funds unless the commissioners court indemnifies the official. Funds are vulnerable to loss and theft until receipted into *CivilServe* and deposited into the County treasury.

There is a significant risk that errors or theft will go undetected due to the manual nature of the financial processes.

Recommended actions: All funds collected should be recorded into *CivilServe* when received and deposited into the County treasury no later than the 5th business day after receiving the funds.

Per the guidelines provided by the Auditor's Office, the Office Manager should utilize *CivilServe* functionality for initiating deposits and disbursements. The responsibilities for processing receipts, preparing deposits, and performing reconciliations should be segregated between the Office Manager and Administrative Secretary. Reconciliations should be independently reviewed by the Constable or the Chief Deputy, evidenced by the signatures of the preparer and the reviewer.

INTERNAL AUDIT REPORT
REVIEW OF FINANCIAL AND SYSTEM CONTROLS
February 5, 2024

Furthermore, a case should always be created in *CivilServe* upon receipt of a payment.

Management's action plan: The Constable agrees with the Auditor's recommended actions. Additionally, the Constable will ensure that office staff receive training to fully utilize *CivilServe*, segregate conflicting duties, and implement an independent review of reconciliations.

AUDIT ISSUE #2: The Office of the Attorney General was not always invoiced in a timely manner.

Background: In accordance with the contract between Tarrant County and the Office of the Attorney General (OAG), the Constable's Office invoices the OAG for reimbursement of out-of-county service papers. The contract limits the reimbursement to 66% of the Constable's service fee. Furthermore, Section 4.2.5 of the contract between Tarrant County and the OAG states, "*The OAG may decline to reimburse Contract associated costs which are submitted for reimbursement more than sixty (60) calendar days after the state fiscal year calendar quarter in which such costs are incurred.*"

What is the issue: The OAG was not always invoiced for services provided by the Constable's Office in a timely manner. Specifically:

- Services totaling \$643.50 provided in November 2022 were not invoiced to OAG.
- Services totaling \$1,336.50 provided in December 2022–March 2023 were not invoiced until May 2023.
- Services totaling \$693 provided in May and June 2023 were not invoiced until August 2023.
- Services totaling \$495 provided in August 2023 were not invoiced until October 2023.

Although *CivilServe* has the functionality to capture and invoice IV-D cases to the OAG, the Office Manager is not using this functionality. Instead, a list of billable cases is maintained on an Excel spreadsheet.

Why it matters: Since the OAG could contractually deny payment for services that were billed more than sixty (60) days after the state's fiscal year calendar quarter, the County could incur lost revenue. Although some of the billings complied with the OAG contract, good business practice suggests that services be billed the month after the service was rendered.

Recommended actions: Upon communication of the November 2022 IV-D cases that were not billed to the OAG, Constable staff took corrective action and billed the OAG on November 30, 2023. The County receipted payment from the OAG on January 24, 2024. Furthermore, Constable staff should use the functionality of *CivilServe* to ensure all eligible IV-D cases are billed to the OAG. We also recommend that staff bill the OAG *monthly* for services provided in the previous month.

Management's action plan: The Constable agrees with the Auditor's recommended actions.

*Office of Constable Sandra D. Lee
Tarrant County Precinct 7
1100 East Broad Street Suite 201
Mansfield, Texas 76063
(817) 473-5110*



February 15, 2024

Ms. Kimberly M. Buchanan, CPA
Tarrant County Auditor
100 E. Weatherford Street
Fort Worth, Texas 76196

Dear Auditor Buchanan,

Thank you for conducting a review of our Financial and Systems Control. I would like to thank the Auditor's Office for working diligently to make sure we go about safe-guarding Tarrant County taxpayer dollars. Precinct 7 has received the Audit Report compiled by your office for the periods of October 1, 2022 through January 2024.

We agree with your recommendations for audit issue 1 and 2.


To eliminate the risk of errors, all funds will be recorded into CivilServe when received and deposited into the County treasury no later than the 5th business day after receiving the funds.

We will make sure to create a CivilServe case number before disbursement of any case originating in mainframe. Segregation of duties is critical to effective internal control. Because of our small number of office staff, independent reviews will be conducted by the Constable or Chief Deputy with a signature of preparer and reviewer.

Office staff will use CivilServe to ensure all eligible IV-D cases are billed to the OAG. Staff will bill the OAG monthly for services provided in the previous month.

We welcome the auditors in our office and encourage additional review.

Sincerely,


Sandra D. Lee
Constable Pct. 7