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June 12, 2017

Constable Ruben Garcia, Precinct 5  
The Honorable District Judges  
The Honorable Commissioners Court  
Tarrant County, Texas

Re: Auditor's Report – Review of Financial and System Controls

**SUMMARY**

In accordance with Local Government Code, Subchapter A, Sections 112.006, *General Oversight Authority of the County Auditor*, and 115.001, *Examination of Records*, we performed a review of the financial and access controls of the Constable's Office, Precinct 5 (Constable), for the four months ending January 31, 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 then served by the Constable and his deputies, we offer no assurance that all funds collected were accurately recorded and deposited with the Auditor's Office.

As a result of our review, we 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     Deposits were not always made in accordance with Local Government Code.
- Observation 6     The Office of the Attorney General was not invoiced for court papers served in a timely manner.

Attached is the Constable'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 Mainframe is the system used by the Tarrant County Constables to record both case information and financial transactions.

The Constable uses two types of manual receipt books. The small books are used by the deputies in the field, and the large books are used by the administrative staff in the office. 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 the Mainframe system. The manual receipts are pre-numbered in triplicate.

### Observation

During our review, we observed that controls over manual receipt books were not adequate. Although Constable's staff provided a log listing manual receipt books checked out to the deputies, it had not been updated since 2005. Furthermore, we could not verify the sequential order of receipts and whether funds collected in the field were recorded into the Mainframe. The lack of accountability over manual receipts combined with the lack of a master log or a comprehensive list of process papers received and then served by the Constable and the deputies, a *significant material risk* of theft or loss of funds exists.

### Recommendations

To improve controls over the accountability of manual receipts and the recording of payments, we recommend the following:

1. Manual receipt books should be secured with limited access.
2. Administrative staff should maintain a log, i.e. an inventory, listing the numerical sequence of the manual receipt books on hand. When a book is issued to a deputy, the administrative staff should document the date the book was issued and the numerical sequence of the book issued.
3. The deputies should 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, the each deputy should provide a copy of the manual receipt issued for each amount collected and a copy of any voided receipts.
4. The administrative staff should 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 the 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.

**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.

**Recommendation**

Unless statutes specify otherwise, the Constable should record *all* monies collected into Mainframe, including monies owed to other county offices or agencies. Furthermore, all monies collected should be deposited with the Auditor's Office for proper recording into the general ledger.

***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**

Using the Constable's credentials, support staff created and released purchase requisitions, as well as entered goods receipts. There were also two instances where an individual approved her own time and attendance using the Constable's credentials, including the approval of overtime.

Upon inquiry, staff stated that she routinely used Constable's SAP user credentials to conduct purchasing and time approval functions. We observed no evidence indicating an independent review was performed of these transactions.

We performed limited procedures to ensure that other payroll and other financial-related transactions were appropriate, but nothing unusual came to our attention. Without adequate segregation of duties and system related controls, errors and fraud may not be prevented or detected. According to the Tarrant County Electronic Communications Systems Policy, passwords should be protected and kept confidential from others.

## **Recommendations**

To reduce the risk of errors and fraud, no employee should have control over a complete transaction. Therefore, we recommend that either the Chief Deputy or Constable approve requisitions and time entry entered by staff. We also recommend that the Constable's Office staff comply with the Tarrant County Electronic Communication Systems Policy regarding the sharing of passwords.

***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.

## **Observations**

We observed coins, weapons, drugs, and drug paraphernalia in the property safe that were acquired as long ago as 2000. Some of the weapons were not properly documented with case information, such as the case number or the service or writ number, to clearly identify the owner or the origin of the property. According to the Constable's staff, the Medical Examiner's Office previously destroyed the drugs at their facility, but no longer provides this service. Staff is unsure how to properly dispose of drugs and drug paraphernalia.

Furthermore, the Constable's staff does not maintain a list or log of acquired and seized property. As a result, it is impossible to account for the property held by the Constable.

## **Recommendations**

We recommend that the Constable seek the council of the Criminal District Attorney's Office for guidance regarding the disposal of unclaimed or abandoned weapons, drugs and drug paraphernalia, and other property to ensure compliance with the Code of Criminal Procedure, Art.18.17.

Furthermore, we recommend that the Constable create a log to track inventory held in the property room. The log should include the following information at a minimum:

- Description of property
- Model or serial number, if applicable
- Property owner's name
- Date property is seized or acquired

- Case, service, or writ number
- Officer's name
- Disposition date and whether the property was returned to the owner or destroyed
- Date property is returned to the owner or destroyed

***Observation 5 Deposits were not always made in accordance with Local Government Code.***

**Background**

Local Government Code 113.022 and Code of Criminal Procedure 103.004 state that a county officer who receives money “shall” deposit the money with the *county treasurer* on or before the next business day after the money is received. The Tarrant County Auditor has the role of treasurer. The statutes also state that if this deadline cannot be met, then money must be deposited no later than the 5<sup>th</sup> business day after the day the money is received.

According to the opinion issued by the Criminal District Attorney's Office, #99-OP-107, a public officer is strictly liable for the funds, including any losses and shortages, until the money is deposited with the County Auditor.

**Observations**

During our review, we observed deposits were not always made to the Auditor's Office by the 5<sup>th</sup> day after the money was received. Specifically, two out of fifteen deposits, or 13.3%, contained receipts that were deposited after the 5<sup>th</sup> business day. Funds are vulnerable to theft or loss until the funds are deposited with the Auditor's Office. The Constable is liable for any theft or loss of funds.

**Recommendations**

To ensure compliance with Local Government Code, we recommend that the Constable make weekly deposits with the Auditor's Office.

***Observation 6 The Office of the Attorney General was not invoiced for court papers served in a timely manner.***

**Background**

The Tarrant County Constable Offices serve court documents for a variety of civil cases, including cases involving child support. Each Constable is responsible for invoicing the Office of the Attorney General (OAG) for service of these court documents.

Section 4.2.4 of the contract between the OAG and Tarrant County (Court Order 124267) 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.*” Since the state's fiscal year ends August 31, services through August must be submitted for reimbursement no later than October 31.

### **Observation**

During our review, we found that the Constable did not invoice court papers served for the OAG in timely manner. The last payment received from the OAG was recorded on August 8, 2016. As a result, the OAG may decline reimbursement for services not invoiced within the timeframe specified by contract.

Due to the lack of a comprehensive list of service papers received and served by the Constable as described in the Summary of this report, we could not identify the services that have not been invoiced to the OAG.

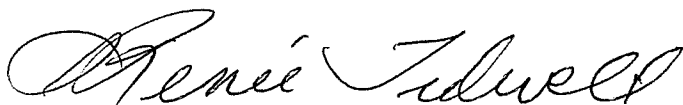
### **Recommendations**

To ensure reimbursement, services provided for the OAG through August should be invoiced no later than October 31. Since good business practice suggests that services should be billed on a timely basis, we recommend that services be billed to the OAG *monthly*.

### **CLOSING REMARKS**

We appreciate the cooperation of the Constable and his 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

*Audit Team:* Kim Trussell, Audit Manager  
Kara Hoekstra, Senior Internal Auditor

**RUBEN GARCIA**

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TO: S. Renee Tidwell, CPA  
County Auditor

DATE: June 14, 2017

SUBJECT: Auditor's Report for Constable Ruben Garcia, Precinct 5

Dear Mr. Tidwell,

I would like to take the opportunity and commend your Audit Team, Kara Hoekstra and Kim Buchanan for their diligence, professionalism and thoroughness.

Our department received the Auditor's Report reference the recent audit to Constable Pct-5 office and have reviewed the observations and recommendations along with Chief Deniz and the Administrative Staff. Be assured that everything was addresses and recommendations implemented so that our department will not have any issues with the Auditors Department.

Respectfully,

Ruben Garcia  
Constable Pct-5