



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#124660

PAGE 1 OF 6

DATE: 03/07/2017

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE EXIT REVIEW OF THE TARRANT COUNTY CONSTABLE PRECINCT 4**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report for the Exit Review of the Tarrant County Constable Precinct 4.

BACKGROUND:

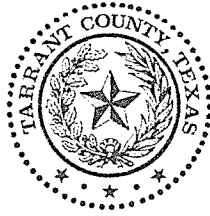
On December 31, 2016, Dub Bransom retired as Constable, Precinct 4. The successor, Constable Jody Johnson assumed office on January 1, 2017. The Auditor's Office conducted selected procedures to provide accountability for the transfer of authority. These procedures primarily included verification of cash, trust balances, assigned County assets, and the removal of the outgoing officeholder's access to County systems. Based on the results of the testing, the transfer of authority appears to be complete.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY
TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
817/884-1205
Fax 817/884-1104

S. RENEE TIDWELL, CPA
COUNTY AUDITOR
rtidwell@tarrantcounty.com

CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
cmaxwell@tarrantcounty.com

February 21, 2017

Constable Joe D. "Jody" Johnson, Precinct 4
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Exit Review for Constable Dub Bransom, Precinct 4

SUMMARY

On December 31, 2016, Dub Bransom retired as Constable, Precinct 4. The successor, Constable Jody Johnson assumed office on January 1, 2017. The Auditor's Office conducted selected procedures to provide accountability for the transfer of authority to the incoming constable. These procedures primarily included verification of cash, trust balances, assigned County assets, and the removal of the outgoing officeholder's access to County systems. Based on the results of our testing, the transfer of authority appears to be complete. However, we observed the following conditions that require management's attention. These conditions existed prior to the new administration assuming office on January 1, 2017. We discussed these conditions with Constable Johnson on February 21, 2017. Attached is his written response.

Observation 1 Segregation of duties was not always 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 support staff had the ability to create and release purchase requisitions as approved, as well as, enter goods receipts. No evidence existed that indicated an independent review was performed of the transactions.

Furthermore, the Constable's user credentials were routinely used on computers assigned to support staff. For the three month period ended December 31, 2016, we observed an instance that indicated the individual approved her own time and attendance in SAP using the Constable's credentials. According to the Tarrant County Electronic Communications Systems Policy, passwords should be protected and kept confidential from others. We performed limited procedures to ensure that other payroll and financial-related transactions were appropriate. Nothing unusual came to our attention.

Without adequate segregation of duties and system related controls, errors and fraud may not be prevented or detected.

Recommendations

To reduce the risk of fraud and errors, no employee should have control over a complete transaction. We also understand the staffing limitations of the Constable's office. Therefore, we recommend whenever possible that the Chief Deputy or Constable approve requisitions.

Furthermore, we recommend that the Constable's Office staff comply with the Tarrant County Electronic Communication Systems Policy regarding the sharing of passwords.

Observation 2 Disposition of property was not in compliance with the Statutes.

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 an opinion provided by the Criminal District Attorney's (CDA) Office,

“Unclaimed, legal firearms seized pursuant to a writ of possession should be disposed of by a purchasing agent's auction, commissioners court action under Texas Local Government Code §263.152, by conversion to law enforcement agency use, or transfer the property to another municipal or county law enforcement agency for the use of that agency.”

Furthermore, the opinion states that once the seized items are converted to county property, they can only be thereafter disposed of by the commissioners court pursuant to §263.152, Local Government Code.

Observations

During our review, we observed that disposition of property was not in compliance with the statutes. Specifically, we observed one gun in the property room that did not have an order converting it to county use and is considered abandoned property. We also observed approximately eight guns and eighteen 30 round gun magazines that were converted to county property and then subsequently traded to a federal licensed gun dealer. The Chief Deputy provided a *Request for Converted Property* signed by a magistrate that indicated that the items were to be traded.

Recommendation

Based on the CDA's opinion, we recommend that the constable discontinue the practice of trading firearms. The Constable should also consult with the CDA to ensure compliance with the Local Government Code related to the seizure, forfeiture, and the disposition of property.

Observation 3 Controls over receipts collected were not always adequate.

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 statutes also state that if this deadline cannot be met, then money must be deposited no later than the 5th business day after the day the money is received.

According to the opinion issued by the CDA 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 controls over receipts collected were not always adequate. Specifically:

- On July 27, 2016, we conducted a surprise cash count and observed that fees charged were not posted as required by Local Government Code. We also observed that checks or money orders were not restrictively endorsed upon receipt. According to staff, checks are endorsed when the deposit is prepared. On December 30, 2016, we observed that staff now had a schedule of fees readily available as required.
- We observed receipts for five days where receipts were not remitted to the Auditor's Office by the 5th business day as required by statute. On December 21, 2016, a manual receipt for \$150 was issued. We observed that the receipt was not entered into the mainframe until December 27, 2016 and deposited with Auditor's Office until December 29, 2016.
- We observed that 4 of the 26 adjustments during the period October 1, 2015 through December 31, 2016 did not contain a reason for the adjustment. The adjustments were typically processed by the same individual who created the initial receipt, and no evidence existed that indicated an independent review of the adjustment.

Without adequate controls over receipts, there is no assurance that fraud will be prevented or detected.


Recommendations

We recommend that the Constable implement procedures that require 1) all checks and money orders be endorsed upon receipt, and 2) deposits be made in accordance with Local Government Code. We also recommend that the Constable implement procedures that require a supervisory independent review of reversals and adjustments made to receipts.

CLOSING REMARKS

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

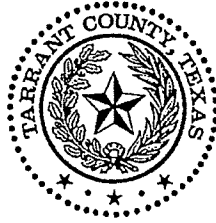
Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachment
Management's response

Audit Team
Kim Buchanan, Audit Manager
Kara Hoekstra, Internal Auditor



JOE D. "JODY" JOHNSON
CONSTABLE, PCT 4
Northwest Sub-Courthouse

6713 Telephone Road, Suite 102
Fort Worth, Texas 76135
817-238-4410

February 27, 2017

S. Renee Tidwell, CPA
County Auditor

Kim Buchanan, Audit Manager
Kara Hoekstra, Internal Auditor

Re: Auditors Report- Exit Review for Constable Dub Bransom, Precinct 4


Dear Ms. Tidwell,

I would like to thank you and your staff on the detailed report of the Constables Office prior to my taking control of it on 1-1-2017. I had the chance to review your observations and recommendations 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 conversion of weapons, this office will not conduct any weapons conversions without prior approval and blessing of the District Attorney's Office and the Commissioners Court.

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

Sincerely,


Jody Johnson