



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER 0

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DATE: 5/12/2009

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE TARRANT COUNTY EXIT REVIEW FOR CONSTABLE, PRECINCT 2**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's report of the Tarrant County Exit Review for Constable, Precinct 2.

BACKGROUND:

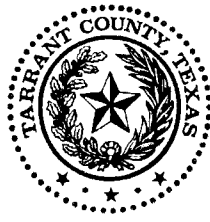
Effective December 31, 2008, David Harris retired as Constable, Precinct 2, and on January 1, 2009, Robert McGinty assumed that office. The administrative secretary who performed bookkeeping duties retired on December 19, 2008. The Auditor's Office performed a limited review of the Constable's books and records to provide accountability over the transfer of authority.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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April 23, 2009

The Honorable District Judges
The Honorable Commissioners Court
The Honorable Robert J. McGinty, Constable, Precinct 2
Tarrant County, Texas

RE: Auditor's Report – Exit Review for Constable, Precinct 2

SUMMARY

Effective December 31, 2008, the Honorable David Harris retired as Constable, Precinct 2, and on January 1, 2009, Honorable Robert J. McGinty assumed office. Furthermore, the Administrative Secretary, who performed bookkeeping duties, retired on December 19, 2008. Therefore, the Auditor's Office performed a limited review of the books and records as of December 31, 2008. The objective of the review was to provide accountability over the transfer of authority to the incoming Constable. Although we satisfied most of our objectives, we found that segregation of duties was not adequate between certain tasks. Consequently, we made recommendations to address this issue.

BACKGROUND

Constables are elected from the precincts for a term of four years. It is the Constable's duty to execute and return all process, warrants, summons, and judgment enforcement documents as directed by law officials. A Constable may seize and sell real and personal property upon lawful order of a court, returning the proceeds according to law. Constables are Texas Peace Officers.

Constable fees and fines are collected by the Justice of the Peace offices, the District Clerk's Office, and the County Clerk's Office, in addition to those collected by the Constable. Constable, Precinct 2 revenues totaled approximately \$479,000 during fiscal year 2008.

OBSERVATION

Segregation of duties was not adequate between certain tasks.

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 increases the opportunity for fraud.

According to an opinion provided by the District Attorney's Office dated November 9, 1999,

...a public officer is strictly liable to account for and pay over to the county auditor all public money that officer receives...Strict liability means that the officer is responsible to pay collected funds over to the Auditor regardless of the situation.

Furthermore, the opinion states that all shortages must be made up or paid by the public officer who collected the fees unless the Commissioners Court votes to indemnify the officer.

Constable, Precinct 2 is staffed with 12 authorized positions, including 10 law enforcement officers and 2 clerks.

Observation

During our review, we found that the same clerk has the ability to accept payments, reconcile daily cash receipts, prepare the deposit, and prepare the bank reconciliation and monthly financial reports. Although we believe these tasks to be incompatible, we understand the staffing limitations of the Constable's Office. As a mitigating control, only the Constable and his deputy are authorized to sign disbursement checks. However, we found no evidence indicating that management reviewed the financial reports, including the monthly bank reconciliations.

Recommendation

We understand that staffing limitations do not always allow for incompatible duties to be segregated. Since the Constable is ultimately liable for public funds collected by his office, we recommend procedures be implemented to prevent and detect erroneous and unauthorized transactions. Specifically, the Constable should review all financial reports, including the monthly bank reconciliation and financial reports, to verify the accuracy and appropriateness of the transactions. These reports should be reviewed by the Constable prior to submission to the Auditor's Office each month. The Constable should sign and date the reports as evidence of his review.

Management's Position

We met with the Constable on May 4, 2009 to discuss the observation and recommendations. The Constable stated that he or his deputy review and verify the monthly reports. However, he stated that they will sign and date the reports as evidence of review.

CLOSING REMARKS

We appreciate the cooperation of Constable McGinty and his staff and look forward to working with them in the future. In addition, we express gratitude to Constable Harris for the cooperation extended to the Auditor's Office during his term.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Team:

Kim Trussell. Audit Manager
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Gavin Winans. Auditor

Distribution:

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