



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Judge Valencia Nash
Justice of Peace, Precinct 1, Place 2

From: Darryl D. Thomas *Darryl D. Thomas*
County Auditor

Subject: Review Performed for Fiscal Years 2014 and 2015

Date: Issued: March 10, 2017
Released: June 27, 2017

Scope

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 1, Place 2 for fiscal years 2014 and 2015.

Review Procedures

Standard review procedures were followed to test the internal controls for cash, revenue, and other county assets. A random sampling of the total activity was selected for certain review steps based on risk, the dollar value of transactions, the volume of transactions, and noted internal control weaknesses. Testing involved a review of the JP Accounting System (JPAS) as well as case jackets.

A partial list of the review tests include:

- Performed unannounced cash counts
- Examined and documented the court's process and procedures
- Examined the court's cash handling internal controls
- Accounted for numerical sequence of manual and computer generated receipts
- Traced amounts recorded on receipts to the bank deposits
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credit card activity for accurate and timely posting to JPAS
- Reviewed case activity to determine if procedures are followed for delinquency
- Reviewed unpaid criminal cases for outstanding warrants of arrest
- Reviewed outstanding warrants/capias reports for appropriateness
- Examined special fund disbursements and associated fee dockets to determine if sufficient funds were collected, proper payees paid, and if posting to the JPAS had occurred
- Reviewed time and attendance records for proper posting and compliance with County policies and procedures
- Compared activity reports to actual new cases on the JPAS
- Reviewed 'Justice Fee Exception List' to determine reason for uncollected fees

Statistical

During fiscal year 2014 the justice court processed:

- 11,374 computer receipts totaling \$1,629,949
- 8,599 class C misdemeanors (includes 7,361 traffic filings)
- 761 civil/small claims
- 2,397 eviction cases

During fiscal year 2015 justice court processed:

- 10,611 computer receipts totaling \$1,553,754
- 6,209 class C misdemeanors (includes 5,874 traffic filings)
- 1,121 civil/small claims/debt claims
- 2,548 eviction cases

FINDINGS/OBSERVATIONS

Cash Management

Receipts - Computer/Manual – The Judge reported six (6) manual receipts were improperly removed from the manual receipt book with \$300 cash not posted to the JPAS subsequently provided to the court by the defendant as evidence of payment. A sample review of computer receipts including voided computer receipts and manual receipts revealed: an additional three (3) manual receipts improperly removed from the manual receipt book and unaccounted for; eight (8) voided computer receipts without retention of both the court and customer copies; three (3) voided computer receipts not marked ‘void’; and, seven (7) computer receipts voided without a written explanation for the void detailed on the receipt.

Management Response: As soon as the court discovered that receipts were missing, immediate action was taken to inform the auditor and sheriff’s department to investigate the improperly removed receipts. Action was taken internally to avoid any additional wrongdoing. As far as the majority of receipts and cash management practices, our policy and procedures for cash management are in compliance with Dallas County and are followed by the bookkeeper.

Assessment / Distribution – A sample review of cases and corresponding computer receipts for compliance with applicable state laws including Code of Criminal Procedure Chapters 45 and 102 and Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion No. GA-0147 revealed errors and omissions pertaining to: posting partial payments, assessing court costs, collections, receipting to fee types, and JPAS docketing. Additionally, six (4.6%) out of 130 cases with DA dismissals did not reflect the judge’s approval on the case jackets. Instances of case jackets for closed cases requested for audit review were not located in the court’s records or in the County’s records archive warehouse.

Management Response: Cases are only sent to archives after we have received clearance that the audit has been completed. A request for case jackets was made of the County’s records archive warehouse; however, the case jackets were not located.

In traffic cases, costs and fines are updated after negotiations from the court assigned prosecutor immediately. Motions to dismiss cases by the prosecutor are submitted to the court for approval and signed by the Judge on the court’s jacket. Our OCA representative who visits annually has indicated compliance with collections and that JP 1-2’s procedure for collections is appropriate.

Disbursement / Special Fund Reconciliation – A review of special fund activity revealed: case balances over three years old totaling approximately \$246,700 (including approximately \$136,300 in cash bonds over four years old) remain in the account as of October 10, 2015; three special fund checks totaling \$183.90 not posted to the JPAS; one stale dated check totaling \$75 not posted to the JPAS.

Management Response: The court has escheated funds and continues to escheat funds to the State Comptroller. \$42,738.58 was escheated to the State Comptroller in August and September 2015 and an additional \$156,160.44 was escheated to the State Comptroller in FY2016 through April 30, 2017.

Processing

Credit Card Transactions – A sample review of credit/debit card transactions and the associated JPAS postings, related procedures, and ongoing desk review revealed: instances of judgment dates and pleas not entered.

Management Response: Our policy is to enter pleas and judgment dates in the system whenever payment is made by the Defendant. Staff has been reminded and retrained that all pleas and judgments must be included in the system even with credit card usage. The bookkeeper will be the final reviewer to ensure compliance.

Time Payment Plans – A review of cases with Time Payment Plans in compliance with the Code of Criminal Procedure, Art. 103.0033 revealed material compliance.

Delinquent Collection Referral – A sample review of cases from the Justice of the Peace Monthly Collection Referral Report for compliance with the Code of Criminal Procedure, Art. 103.0031 revealed: and limited instances of collection fee errors on disposed cases (under and over collecting).

Management Response: We will continue to work with the assistance of the auditor to use the appropriate amounts for fines and costs based on the year of the assessment to ensure the appropriate amounts are collected.

Failure to Appear (FTA) Driver's License (DL) Renewal Block Program – A sample review of cases from the FTA Payment History Report for compliance with Transportation Code, Sec. 706 revealed: material court compliance.

Management Response: FTA fees are removed only instances of system error or in accordance with the court's discretionary authority to remove the fee.

Civil Fee Dockets – A sample review of civil cases from the Justice Fee Exception List for compliance with Local Government Code (LGC), §118 and Chapter 133, Commissioners Court orders, and Texas Rules of Civil Procedure, Rule 145 revealed: instances where Affidavits of Inability to Pay Costs were not posted to the JPAS.

Management Response: Affidavits of Inability to Pay are noted in FORVUS. The bookkeeper will ensure that notations are updated in JPAS to reflect the approval of the Affidavit of Inability to Pay and the reason no fee was collected.

Reporting

Activity Report – Comparison of activity reports filed by the court with the Office of Court Administration (OCA), the Office of Budget and Evaluation (OBE), and Auditor's Office to the mainframe JPAS case records for compliance with Government Code Section 71.035(b) and Texas Administrative Code Sections 171 revealed: instances of count variances for civil, traffic, and non-traffic misdemeanor cases.

Management Response: Activity Reports are gathered by numbers collected and recorded by the clerks for the various departments. A new case management system will help to ensure consistency with both county and state reports. Clerks are required to submit daily files to assist with the accuracy of reports. We have revised our daily reports for accuracy in monthly reports submitted to both the State and County

Other/Miscellaneous

Time & Attendance – Observation of time and attendance, a sample review of manual attendance records, and KRONOS time and attendance postings for compliance with Dallas County policy revealed: employees take 50 minutes for lunch with no breaks but lunch is recorded as 30 minutes in KRONOS; instances of leave type discrepancies between employee time off request forms (vacation or compensatory

time taken) and time posted to KRONOS (sick leave); instances of employees arriving late to work for traffic, late called, etc. with time recorded to KRONOS as sick leave; and instances where employees requested 8 hours off for Jury Duty without indication the supervisor was contacted by the employee after early release or service as a juror.

Management Response: *It is the court's policy to comment on late arrivals and if county time or comp time exists, it can be used to make the staff whole. Use of sick leave was data entry errors by the Chief Clerk. Comments are added to KRONOS when employees call to reflect the reason for unplanned delays. JP1-2 has implemented a new attendance policy to prevent abuse and excessive absences and tardy activity.*

Due to the location of our court, staff is excused after conferring with the Chief Clerk on whether to return to court after jury service.

Systems and Security – All clerks are authorized to issue and recall warrants.

Management Response: *All clerks have personal access codes and automatic computer locking when away from their station to ensure security. All doors to clerk's area are secured by glass and keypad entry.*

RECOMMENDATIONS

Cash Management

Receipts - Computer/Manual – All monies received should be promptly and properly receipted and deposited within five business days in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. Reemphasize retention of all copies of a voided receipt, clearly marking “void”, and affixing a reason for the void. Manual receipt books should be stored in the court's safe, and issued in sequence only when the JPAS system is offline or unresponsive. The chief clerk should periodically observe the receipt issuance process and affirm proper procedures are followed.

Separate cash drawers should be maintained by all clerks receipting payments and funds should be balanced prior to combining with other receipted funds.

Assessment / Distribution – Continue monitoring assessment, collection, and prorating of court costs, fines, and fees in compliance with applicable state laws including Code of Criminal Procedure Chapter 102 and Local Government Code Chapter 133, Commissioners Court orders, Attorney General (AG) Opinion No. GA-0147 and applicable fee schedules based on the offense date. JPAS Docket screen court costs and fine fields should be updated as new court costs are assessed including administrative fees, time payment fees, warrant or capias fees, etc., and as fine amounts are reduced by the Judge or cases are dismissed. JPAS Docket screen posting procedures should include separation of duties limiting (through system security access) staff assigned to add, delete, or modify information on Docket screens. Adjustments to assessments should be made reflecting internal control and audit trails including compensating processes such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation.

Disbursement / Special Fund Reconciliation – A management plan (including reconciling the County's General Ledger and the court's special fund bank account) should be developed and implemented to periodically review the detailed special fund report in order to clear old items on disposed cases in accordance with unclaimed property statutes, Property Code, § 72 and 76. Cash bonds should be forfeited in accordance with Code of Criminal Procedure, § 22.18. All checks issued, canceled, or stale dated posted accurately and timely to JPAS (reconciliation of JPAS to GL) and verified/reviewed by the chief clerk.

Processing

Credit Card Transactions – Payments should be posted in compliance with *Dallas County General Policy for Use of Credit Card Transactions* including reference to the last five digits of the Transaction ID number. The misdemeanor Docket screen should accurately reflect the court costs and fine amount due on any given case. If the court costs and/or fine change (issuance of warrants, time payment fee assessed, fines is reduced by the judge), the fields should be updated so that accurate receivable information is maintained.

Time Payment Plans – Continue to establish and monitor payment plans in accordance with Code of Criminal Procedure, § 103.0033 and guidelines established by OCA.

Delinquent Collection Referral – The 30% add-on delinquent collection fee should be assessed and collected in accordance with Commissioner’s Court orders and Code of Criminal Procedure, § 103.0031 including proportionally prorating partial payments. Collection efforts should be initiated on all cases with a balance due.

Failure to Appear (FTA) Driver’s License Renewal Block Program – The \$30 failure to appear fee should be assessed and collected and DL renewal blocks released in accordance with Commissioner Court Order No. 2003-2085, dated November 11, 2003 and Transportation Code §706. The driver’s license status on the OmniBase website should be verified prior to disposing cases with ‘R’ status in JPAS. Continue to report FTA status code errors to IT Services as identified and manually clear DL holds as necessary.

Civil Fee Dockets – Continue monitoring timing/collection of filing fees and service fees in compliance with applicable state laws and Commissioner Court orders for all eviction, civil and small claim cases filed except for those individuals with approved affidavits of indigence on file. The reason for not collecting filing or service fees should be documented in the JPAS and case jacket.

Reporting

Activity Reports – Monthly activity reports should be completed in an accurate and timely manner with copies (or electronically filed as directed) provided to OCA, OBE, and the County Auditor. Activity reports should be corrected if errors are later identified, as the accuracy of activity reports may affect staffing levels or statewide analysis.

Other/Miscellaneous

Marriage Licenses - Marriage license application procedures should be periodically reviewed and updated by the chief clerk. Records Management should be contacted to coordinate the destruction of MC case files containing copies of marriage license applications and applicant DL numbers.

Time and Attendance - Actual time worked, meal periods, vacation time, sick time, holiday time, jury duty, compensatory time, overtime, ATO, etc. should be properly and timely posted to the Kronos time attendance system in accordance with Dallas County Code and Commissioners Court Orders.

Systems & Security – All assignable system rights and roles should be reviewed to ensure users have only the rights necessary to perform their core job functions, including separating duties limiting (through system security access) staff assigned to recall warrants. The court should periodically review daily D/P logs and test for authorized changes and deletions. The court should establish a policy to ensure all users lock or log off their PC’s when stepping away from their workspace to prevent unauthorized access.

CURRENT FINDINGS/OBSERVATIONS AND RECOMMENDATIONS

Finding templates numbered 15-JP1.2-01-01 through 15-JP1.2-01-11 are on file.

Summary

This report is intended for the information and use of the department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department. Cash handling and compliance weaknesses can be addressed by supervisor review and segregation of duties.

Priority areas of risk which need to be addressed include: clearing of old Special Fund balances not timely escheated and/or remitted; continuous monitoring of manual and computer receipt issuance; and, prorating of partial payment.

Consideration of all issues and weaknesses should be incorporated by the court as a self-assessment tool in testing processing functionality of a new justice court system. Adherence to and follow-through with the recommendations should improve internal control and compliance with Dallas County policies and procedures.

cc: Darryl Martin, Commissioners Court Administrator
Ryan Brown, Director OBE