



**DALLAS COUNTY  
COUNTY AUDITOR**

**Memorandum**

**To:** Honorable Judge John Sholden  
Justice of Peace, Precinct 2, Place 1

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

**Subject:** Review Performed for Fiscal Years 2013 through 2014

**Date:** Issued: July 8, 2016  
Released: September 28, 2016

**Scope**

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 2, Place 1 for Fiscal Years 2013 & Fiscal Year 2014 during which the Honorable Judge Gerry Cooper, presided.

**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:

- Accounted for numerical sequence of manual and computer generated receipts
- Reviewed daily receipt transaction log reports
- Reviewed credit card transaction reports
- Traced amounts recorded on the receipts to the bank deposits
- Performed unannounced cash counts
- 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 assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed unpaid criminal cases for outstanding warrants of arrest
- Reviewed outstanding warrant/capias reports for appropriateness
- Traced issuance of bad check actions to the criminal fee dockets to confirm the filing of the cases, collections of assessed fines and costs, or the issuance of arrest warrants
- Reviewed time and attendance records for proper posting and compliance with County policies and procedures
- Reviewed disposition of appeal bonds
- 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 2013, the justice court processed:

- 18,582 computer receipts totaling \$1,682,859
- 4,327 class C misdemeanors (includes 4,055 traffic filings)
- 3,377 civil, small claims and debt Claims
- 3,846 eviction cases

During fiscal year 2014, the justice court processed:

- 17,290 computer receipts totaling 1,706,886
- 4,518 class C misdemeanors (includes 4,292 traffic filings)
- 2,983 civil, small claims and debt claims
- 3,507 eviction cases

## **FINDINGS**

### **Cash Management**

Receipts – Computer / Manual – A review of 35,872 computer receipts including 69 (less than 1% of population) voided computer receipts and approximately 103 manual receipts including five (5) voided manual receipts revealed: one manual receipt issued out of sequence; receipts not marked void or voided without an explanation for the void noted on the receipt; and two un-receipted money orders for appeal bonds located in the safe two years after date of issuance (JPAS Docket screen comments indicate the defendant filed an appeal which was denied).

Responses to the Internal Control Questionnaire (ICQ) indicate: a separate, lockable, cash drawer is not maintained by the back-up bookkeeper; money is not separately balanced prior to combining with the funds controlled by the bookkeeper due to a lack of separate tills within the JPAS; the computer receipt transaction log is reviewed by the bookkeeper rather than the chief clerk; and the combination to the safe is not changed when an employee privy to the combination is terminated.

Court Costs, Fine and Fee Assessment / Distribution – A review of 40 computer receipts (approximately 376 fee code entries) and corresponding cases for compliance with statutorily required court costs, fines, and fees revealed: instances of partial payment posting errors; court cost, fee, and/or fine assessment errors; and receipting errors.

Responses to the Internal Control Questionnaire (ICQ) indicate: Court Costs and Fine amount fields are not updated on the JPAS Docket screen when cases are dismissed; all clerks are authorized to update the Court Costs and Fine fields on the JPAS Docket screen; and referral and exception reports are not regularly reviewed.

Disbursement / Special Fund Reconciliation – A review of special fund activity revealed: nine stale dated checks totaling \$1,642.05 not posted to JPAS; old case balances over three years old totaling approximately \$344,362.43 (including approximately \$311,277 in cash bonds over four years old) remain in the special fund accounts as of October 11, 2014 without research for correction of receipting errors, disbursement to the applicable party and /or escheating to the County Treasurer or State Comptroller.

### **Processing/Reporting**

Credit Card Transactions – A review of 31 credit card transactions and the associated JPAS postings, 15 credit/debit card refunds, related procedures, and an ongoing desk review of daily credit card transactions revealed: fifteen credit card refunds where the court did not update the Docket screen Court Costs and/or Fine fields to reflect the correct amounts due, requiring intervention from the Treasurer's Office to refund \$2,819.10.

Delinquent Collection Referral – A review of 21 cases from the Justice of the Peace Monthly Delinquent Collection Report for adequate collection procedures revealed: instances of partial payments with incorrect allocation (over or under allocated) to delinquent collection fees.

Time Payment Plans – A review of 11 cases on time payment plans revealed material compliance.

Failure to Appear (FTA) Driver License (DL) Renewal Block Program – A review 36 cases from the Fiscal Year to Date FTA Payment History Report revealed: four cases where the DL renewal block was cleared before the case was dismissed, disposed, or paid in full.

Criminal Fee Dockets – A review of 151 warrants or capias on the IT Services JP Warrant Error Report dated October 6, 2014 for validity of warrants/capias active status revealed: 53 warrant or capias reflected as active or outstanding in error on WX50 or WRWI without balances due (13) or with cases marked as dismissed or disposed.

Civil Fee Dockets – A review of 20 civil/small claims/eviction/debt claim cases from the Justice Fee Exception List and 5 cases with writs of execution revealed: two cases where the cost of the suit on the Writ of Execution did not agree to the Bill of Costs at the time of issuance.

Civil Appeals – A sample review of civil/small claims/eviction/debt claim cases appealed to the County Courts at Law revealed: 31 appeal bonds totaling \$17,604 not transferred to the clerk of the County Courts at Law as required by Rules of Civil Procedure. **Status:** *Ten appeal bonds totaling \$4,046 remain in the justice court's special fund; twelve appeal bonds totaling \$8,929 disbursed to either the plaintiff or defendant by the justice court after entry of judgment or dismissal by a County Court at Law; and nine appeal bonds totaling \$5,402 disbursed to the Dallas County Clerk after request made by the Presiding Judge of the County Courts at Law.*

Activity Reports – 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 revealed material compliance except the chief clerk or other designated employee is not assigned to review the JPAS Case Index report for case deletions or unauthorized changes to party information.

### **Other/Miscellaneous**

Birth/Death Certificates & Applications – A review of 42 birth and ten death certificate logs/applications and a selection of JPAS receipts revealed: the court did not retain a log of voided death certificate numbers with justification for voiding (**Status:** *The court created a log of death certificates that are voided along with a reason to justify voiding the renumbered security paper*).

Time and Attendance – Observation of time and attendance during fieldwork, a review of 26 sampled manual time and attendance records and Kronos time and attendance system postings revealed: full-time regular employees take 50 minutes for lunch with no breaks (lunch is recorded as 30 minutes in Kronos); and requests and authorizations for vacation, compensatory, sick, Family and Medical Leave Act (FMLA), and for other types of authorized leave supporting documentation were not retained for calendar year 2013.

## **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. All copies of a voided receipt should be retained, clearly marked “Void” and affixed with sufficient/clear reason for voiding the receipt. The chief clerk should periodically observe the receipt issuance process and affirm proper procedures are followed.

Cash handling duties should be properly segregated. Separate cash drawers should be maintained with collections balanced prior to combining with other receipted funds.

**Response:** *The court has ordered and received separate lockable cash drawers for the back-up bookkeeper and chief clerk. The court requested an increase to the change fund which will allow the back-up bookkeeper and chief clerk to maintain a separate lockable cash drawer.*

Court Costs, Fine and Fee Assessment / Distribution – Continue monitoring assessment, collection, and prorating of court costs, fines, and fees in compliance with applicable state laws, Commissioners Court orders, Attorney General (AG) Opinion No. GA-0147, and applicable fee schedules based on the offense date and offense type for criminal offenses and file date for civil type cases. 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.

### **Processing/Reporting**

Credit Card Transaction – Continue review of daily credit card activity and post payments timely and accurately in compliance with *Dallas County General Policy for Use of Credit Card Transactions* and other recommended procedures.

Delinquent Collection Referral – The 30% add-on delinquent collection fee should be assessed and collected in accordance with Commissioners Court orders and Code of Criminal Procedure, § 103.0031 including proportionally prorating partial payments.

Failure to Appear (FTA) Driver License (DL) Renewal Block Program – Assess and collect the \$30 failure to appear fee and release DL renewal blocks in accordance with Commissioners Court Order No. 2003-2085, dated November 11, 2003, and Transportation Code § 706.

Criminal Fee Dockets – Outstanding warrants or capiases should be recalled timely when cases are dismissed or otherwise disposed, payments made in full, time is served, etc. Separation of duties should be established limiting (through system security access) staff assigned to recall warrants. Warrant exception report developed by IT Services should be reviewed on an ongoing basis with notification to law enforcement agencies to cancel warrants on warrant systems when warrants are recalled or returned (over two years old {OTYO}) by the agency without recall. Cases should not be set for DA dismissals when warrants or capiases are returned OTYO.

*Response: Warrant recalls were issued on 25 cases without existing recalls on file. There are cases that have all of the warrants in the case file, but the agency has not taken them off of their system. A warrant recall policy was implemented on March 28, 2013.*

Civil Fee Dockets – Monitor timing/collection of filing fees and service fees in compliance with applicable state laws and Commissioner Court orders for all civil/small claims/eviction/debt claim cases filed by non-governmental entities and individuals except for those individuals with approved affidavits of indigence on file. Reason for not collecting filing or service fees should be documented on the JPAS and case jacket. Record the file date of a pauper's affidavit in predefined fields on the Docket screen.

Civil Appeals – The justice court must immediately send (upon perfection of the appeal) to the clerk (County Clerk) of the county court a certified copy of all docket entries, a certified copy of the bill of costs, and the original papers in the case together with any money in the court registry in accordance with the Rules of Civil Procedure.

*Response: Checks will be issued to the County Clerk.*

Activity Reports – Continue completion of monthly activity reports in an accurate and timely manner.

### **Other/Miscellaneous**

Birth/Death Certificates & Applications – Birth and Death Certificate procedures should be periodically reviewed by chief clerk for compliance and staff training. Issuance logs should be updated with voided certificate data. Voided certificates should be clearly marked “void” and affixed with a reason for void.

Time and Attendance – Actual time worked and meal periods should be properly and timely posted to the KRONOS time and attendance system in accordance with Dallas County Code. All requests and authorizations for vacation, compensatory, sick, Family and Medical Leave Act (FMLA), and other types of authorized leave documentation should be retained for that fiscal year end plus three (3) years.

### **CURRENT FINDINGS/OBSERVATION AND RECOMMENDATIONS**

Finding templates numbered 14-JP2.1-01-01 through 14-JP2.1-01-09 are on file.

### **Summary**

The 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.

Priority areas of risk which need to be addressed include: clearing old Special Fund balances not timely remitted and/or escheated; monitoring the warrant exception report for inappropriate active warrants; prorating partial payments; and, remitting appeal bonds to the clerk of the County Courts at Law. Processing errors are minimal considering volume and labor intensive recording processes.

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