




**DALLAS COUNTY
COUNTY AUDITOR**

Memorandum

To: Honorable Judge Steven Seider
Justice of the Peace, Precinct 3, Place 2

From: Darryl D. Thomas 
County Auditor

Subject: Review Performed for Fiscal Years 2013 (April 1, 2013) through FY2014

Date: Issued: June 28, 2016
Released: April 21, 2017

Scope

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 3, Place 2 for the period of April 1, 2013 through September 30, 2014.

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
- 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
- Compared activity reports to actual new cases on the JPAS
- Reviewed credit card activity for accurate and timely posting to the JPAS
- Reviewed 'Justice Fee Exception List' to determine reason for uncollected fees

Partial Statistical Listing

During fiscal year 2013 the justice court processed:

- 17,944 computer receipts totaling \$2,159,386
- 7,326 class C misdemeanors
- 1,592 civil/small claims/debt claims
- 4,658 eviction cases/repair & remedy

During fiscal year 2014, the justice court processed:

- 16,667 computer receipts totaling \$2,121,933
- 7,558 class C misdemeanors
- 1,378 civil/small claims/debt claims
- 4,421 eviction cases/repair & remedy

FINDINGS/Observations

Cash Management

Receipts – Review of 25,361 (April 1, 2013 thru September 30, 2014) computer generated receipts including 65 voided computer receipts and manual receipts revealed: five voided receipts without retention of the original receipt copy including one cash receipt changed from \$71 to \$11.

***Response:** Court has implemented “dual sign-off” procedure on all voided receipts – the Bookkeeper and Chief Clerk must each endorse every voided receipt. The new procedure ensures retention of the original receipt and verifies a detailed explanation for the void.*

The bookkeeper is required to receipt payments to cases under two different JPAS court numbers (3-2 and 3-3) doubling work efforts due to system case consolidation under one court not occurring at the time of redistricting. Responses to the Internal Control Questionnaire (ICQ) indicate separate cash drawers are not maintained when other staff assist or relieve the bookkeeper.

***Response:** Court has implemented use of a “DAILY CASH COUNT SHEET” for each cash drawer (3-2 and 3-3). At the beginning and end of each shift, the entire cash drawer is counted in the presence of a second person and the count manually logged and kept as an internal control measure.*

Assessment / Distribution – Review of 60 computer receipts (534 fee code entries) and corresponding cases for compliance with statutorily required court costs, fines, and fees revealed: partial payments are not consistently prorated in accordance with AG Opinion No. GA-0147; and, court cost assessment, collection, and receipting errors. Responses to the ICQ indicate Fine fields on the Docket screen are not updated on District Attorney’s (DA) dismissals.

***Response:** Current Court Management System (CMS) and accounting software do not allow for automatic proration when payments are made. Court has recommended software upgrade and been informed that upgrades will not be made to the current system with a new CMS being considered; Court has requested and been informed that the next generation CMS will provide automatic proration and accounting of court costs and fines. Court currently updates “Fine” field manually to reflect DA dismissals.*

Disbursement / Special Fund Reconciliation - Review of special fund activity revealed: old case balances over three years old totaling approximately \$226,898 (including approximately \$121,000 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.

***Response:** Court has requested that the Dallas County District Attorney’s office assist in a review and update of all bond activities-- including the taking of bonds and the forfeiture of bonds in a legally correct manner. Court has also developed a process for the timely disbursement of funds going forward.*

Processing/Reporting

Credit Card Transactions – Review of 44 credit card transactions and procedures and an ongoing desk review of daily credit card transactions revealed: delays in receipting online credit card to the JPAS; partial payments are not consistently prorated in accordance with AG Opinion No. GA-0147; and, court cost assessment and receipting errors.

Response: *Online payments by credit card or debit card are not automatically posted with complete accuracy to the Justice of the Peace Accounting System (JPAS) – Court has implemented daily checklist for the review and correct posting of online payments promptly after deposits are prepared each morning.*

Current Court Management System (CMS) and accounting software do not allow for automatic proration when payments are made. Court has recommended software upgrade and been informed that upgrades will not be made to the current system with a new CMS being considered; Court has requested and been informed that the next generation CMS will provide automatic proration and accounting of court costs and fines.

Time Payment Plans – A review of 10 time payment plans revealed: three cases without a completed Collection Compliance form and limited delinquent collection efforts. **Status:** *One of the three cases subsequently paid in full.*

Response: *The court's most recent field audit by the Office of Court Administration (OCA) revealed compliance with the overall Collection Improvement Plan (CIP), which includes the processing of payment plans.*

Delinquent Collection Referral – A review of 15 cases referred to a delinquent collection law firm revealed all 15 cases not properly allocated/prorated to include delinquent collection fees. (**Status:** *All 15 cases with the delinquent collection fee subsequently recorded/receipted in full including one over-collected by \$12.50.*)

Response: *Current Court Management System (CMS) and accounting software do not allow for automatic proration when payments are made. Court has recommended software upgrade and been informed that upgrades will not be made to the current system with a new CMS being considered; Court has requested and been informed that the next generation CMS will provide automatic proration and accounting of court costs and fines.*

Criminal Fee Dockets – A review of IT Services JP Warrant Error Report dated August 25, 2014 revealed one active warrant on the Constables' warrant system with JPAS Docket screen comments reflecting 'State moves to dismiss'. Three court clerks, the bookkeeper, and back-up bookkeeper are authorized to recall warrants.

Response: *Court has the ability to recall warrants within the Court Management System (CMS)—the Constable system is separate from the CMS and there is no automatic link.*

Civil Fee Dockets – A review of 19 civil/small claims/eviction/debt claim cases on the justice fee exception report revealed material compliance.

Response: *Court has implemented a "Case Deletion Log" with dual sign-off (Civil/Eviction Clerk and Chief Clerk) along with an explanation to document that cases are being properly deleted and only for a justifiable reason.*

Birth Certificates - Review of birth certificates revealed: four birth certificate searches without corresponding payments and/or postings to the court's internal tracking log as void.

Response: *BVS system error messages and birth certificate printer malfunctions cause multiple searches to appear without a charge reflected. Court has implemented a protocol for noting on the "Application for Birth Certificate" system malfunctions to document the reason for multiple searches.*

Activity Reports – Comparison of activity reports filed by the court with the Office of Court Administration, the Office of Budget and Evaluation, 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.

Response: *The JPAS Case Index reports are not available to the Chief Clerk without a request to IT Services. Chief Clerk currently has access to the JPAS Case Index reports and will be reviewing routinely to monitor case deletions and any unauthorized changes.*

Other/Miscellaneous

Time and Attendance – Observation of time and attendance during fieldwork January 2015 and review of manual attendance records traced to KRONOS revealed: eight instances where an employee's Web timestamp in time was adjusted to an earlier time; three days where an employee did not use the Web timestamp with in and out times entered to Kronos by another employee; three instances in which KRONOS postings did not agree with manual attendance records; and, employees take 60 minutes for lunch with no breaks (lunch is recorded as 30 minutes in KRONOS).

Response: *Employees engaged in adjusting time fraudulently were terminated. Supervisory access to KRONOS is limited to the Chief Clerk and Bookkeeper; Court personnel are required to change passwords routinely. Court volume does not allow employees to take scheduled breaks. Secured restrooms are not available for court staff's use.*

Court intends to pursue changes to Dallas County policy regarding breaks and lunches to more accurately reflect the necessary and common practices that are followed throughout county departments.

RECOMMENDATIONS

Cash Management

Receipts – 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 reason for void in order to affix responsibility, enhance cash control and prevent potential assertion that monies were paid and refund due.

Cash handling duties should be properly segregated. Separate cash drawers should be maintained by all clerks receipting payments and funds should be balanced prior to combining with other receipted funds. Consider submitting a work order to IT Services to consolidate JP 3-2 and 3-3 cases under one court number on the JPAS.

Assessment / Distribution – Monitor 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. JPAS Docket screen Court Costs and Fine fields should be updated as cases are dismissed including administrative and DA dismissals.

Disbursement / Special Fund Reconciliation – A management plan (including reconciling the court's special fund bank accounts and the County's General Ledger) should be developed and implemented to periodically review the detailed special fund reports in order to correct receipt or disbursement posting errors and 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.

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.

Time Payment Plans – Payment plans should be established and monitored in accordance with Code of Criminal Procedure, Art. 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 Commissioners Court orders and Code of Criminal Procedure, § 103.0031 including proportionally prorating partial payments.

Criminal Fee Dockets – Separation of duties should be established limiting (through system security access) staff assigned to recall warrants.

Civil Fee Dockets – Monitor 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 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.

Birth Certificates – A procedure should be developed and implemented to periodically review the security implication for issuing and voiding certificates. Documents should be retained in a secure location with restricted access and in accordance with records retention requirements.

Activity Reports – Management should periodically review the JPAS Case Index report for appropriateness and accuracy of changes and deletions. All case numbers should be accounted for, with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence.

Other/Miscellaneous

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. Historical edits should be submitted to the Payroll Hotline to reflect correct leave types and time taken on KRONOS. Employees web timestamp entries should not be revised unless an appropriateness reason is verified and documented.

CURRENT FINDINGS/OBSERVATION AND RECOMMENDATIONS

Finding templates numbered 14-JP3.2-01-01 through 14-JP3.2-01-11 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 escheated and/or remitted; prorating of partial payments; and oversight of the receipt issuance process.

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.