



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Thomas G. Jones
Justice of Peace, Precinct 1, Place 1

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

Subject: Review Performed for Fiscal Year 2014 and FY 2015

Date: Issued: May 19, 2017
Released: August 21, 2017

Scope

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 1, Place 1 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 the receipts to the bank deposits
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credit card transactions for accurate and timely posting to JPAS
- Reviewed case activity to determine appropriate procedures are followed for delinquency
- Reviewed unpaid criminal cases for outstanding warrants of arrest
- Reviewed outstanding warrant/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:

- 31,286 computer receipts totaling \$4,662,992
- 33,589 class C misdemeanors (includes 7,598 automated traffic filings)
- 2,841 civil/small claims
- 8,477 eviction cases

During fiscal year 2015, the justice court processed

- 28,399 computer receipts totaling \$4,207,337
- 35,784 class C misdemeanors (includes 3,364 automated traffic filings)
- 2,259 civil/small claims
- 8,615 eviction cases

FINDINGS/OBSERVATIONS

Cash Management

Cash Counts – A review of cash handling procedures, cash counts performed and observation of court operations revealed: seven deposit delays due to check payments receipted for the numeric amount versus the guaranteed written legal amount; two deposit delays due to computer receipts issued for three checks without bank routing and account numbers on the magnetic ink character recognition (MICR) lines at the bottom of the checks; and, one \$20 cash deposit shortage.

Receipts – A sample review of 59,685 computer receipts including voided computer receipts and a complete review of 14 manual receipts revealed: one manual receipt recorded to the computer system for \$10 less cash; two voided computer receipts without retention of either the original or carbon copy (*Status: both receipts were replaced for the same amount/payment type*); two voided computer receipts without marking receipt ‘void’, without notating a reason for the void on the receipt and without retention of the original receipt (*Status: one check receipt replaced for an amount \$10 less and one check receipt replaced for the same amount/payment type*); and, three computer receipts partially voided rather complete voiding and reissuance (*Status: all three partially voided/deleted amounts were replaced on other computer receipts for the same amount/payment type*).

Responses to the Internal Control Questionnaire (ICQ) revealed: six court employees with receipting rights in the JPAS; monies not separately balanced prior to combining with the funds controlled by the bookkeeper due to a lack of separate tills within the JPAS; instances where screen prints from the JPAS Financial screen are provided to customers in lieu of receipts; and the combination to the safe is not changed when an employee privy to the combination is terminated.

Court Costs and Fine Assessment – A review of 80 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 various errors and omissions pertaining to: posting partial payments, assessing court costs, collections, receipting to fee types, JPAS docketing, and acceptance of inspection violations after March 1, 2015.

Responses to the Internal Control Questionnaire revealed: all clerks can update the fine and court costs fields on the Docket screen; fine and court costs fields are not updated on the JPAS Docket screen to reflect zero upon dismissal of the case; and credits are not recorded as non-receipt items when defendants serve time and/or perform community service on the financial screen.

Disbursement/Special Fund Reconciliation – A review of Special Fund activity revealed: two duplicate payments totaling \$241.50 not posted to the JPAS; ten Special Fund checks issued on cases with incomplete assessment of court costs or incomplete listing of case numbers; old case balances over three years old totaling approximately \$554,483 (includes approximately \$308,300 in criminal cash bonds over four years old remain in the special fund account as of October 3, 2015 without research for disbursement to the applicable party and/or escheatment to the State Comptroller or Dallas County Treasurer; and, ten checks with incomplete postings of disbursements and/or cancellations to the JPAS.

Processing/Reporting

Credit Card Transactions – A review of 60 credit/debit card transactions and the associated JPAS postings, related procedures, and an ongoing desk review revealed: 76 credit/debit card refunds by the Treasurer's Office for credit/debit card overpayments due to fine reductions granted by the Judge and court costs not updated on the Docket screen; and, instances of collection, assessment, and/or posting errors.

Delinquent Collection Referral – A review of 20 cases referred to a delinquent collection law firm revealed: five cases where the court under collected \$207.83 in collection fees; two cases where the court over collected \$49.95 in collection fees; one case where the court over collected \$55 by collecting a duplicate \$25 time payment fee and \$30 FTA fee; two cases where the \$25 time payment fee and corresponding \$7.50 in collection fees were not collected before the cases were disposed; and, one case where the judge waived \$94.50 in collection fees.

Failure to Appear (FTA) Driver License (DL) Renewal Block Program – A review of 50 cases from the FTA Payment History Report revealed: four cases where the driver's license hold was removed and \$30 FTA fee inappropriately waived; five cases where the court did not assess and collect the \$25 time payment fee; one case where the court did not assess and collect the \$50 warrant fee.

Criminal Fee Docket – A review of IT Services JP Warrant Error Report dated February 2, 2016 revealed: 96 active warrants or capias outstanding in error for cases marked disposed on the JPAS Docket screen and/or without balances due. *Status: 94 warrants or capias no longer active on WX50 as of March 13, 2017. Two warrants on WRWI (Sheriff's mainframe application) are still reflected as active though attempts made by the court to recall one of the two warrants.*

Civil Fee Docket – A review of 30 civil/small claims/debt claims/eviction cases on the Justice Fee Exception report for compliance with Local Government Code (LGC), §118 and Chapter 133 revealed: six cases without collection of filing fees (*Status: five of six cases were subsequently dismissed by the court and Docket screen on the other case is incomplete without indication of service or other court action*); one case without collection filing fees (*Court response: Judge allowed plaintiff to refile a previously dismissed case without assessment of new filing fees; however, constable service fees were required to be paid*).

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: instance of count variances for small claims, debt claims, and eviction cases. *Status: Corrected counts were reported to OCA.*

Other/Miscellaneous

Marriage License – A sample review of marriage license files and corresponding JPAS receipts revealed: the court retained copies of marriage license applications in an unsecure cubicle. *Status: as of 2/16/16, marriage license applications and other identification documents are no longer retained at the court. Applications are tracked using a log. All applications and other confidential documents have been destroyed.*

Time and Attendance – Observation of time, attendance, and office hours during fieldwork revealed: employees take 60 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 and time posted to KRONOS; one exempt employee paid for 80 hours for two different pay periods when time worked and leave taken totaled 3.1 and 4.1 hours less than an 80 hour pay period, respectively; and, instances of leave request forms not retained in accordance with records retention requirements.

D/P Logs – A sample review of 20 D/P Logs from Document Direct revealed: 23 case deletions made reportedly because the incorrect case type was originally entered to the JPAS; and four instances of the court deleting and reusing case numbers (parties in two of the deleted cases re-filed at a later date). Case deletions are not reviewed for appropriateness by the Chief Clerk.

RECOMMENDATIONS

Cash Management

Receipting and Depositing – Receipts should be verified for accuracy of amount before issuing to customer, including the legal (written) amount of checks. All monies received should be promptly and properly (only official Dallas County receipts issued to customers) 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 notating a reason for the void in order to affix responsibility, enhance cash control and prevent potential assertion that monies were paid and refund due. Compensating controls such as dual sign-off on voids and receipt corrections should be implemented.

Cash handling duties should be properly segregated with access limited to those authorized to receipt payments and handle cash. Separate cash drawers should be maintained with collections balanced prior to combining with other receipted funds. The combination to the safe should be changed when employees with knowledge of the combination leave the justice court or are otherwise reassigned.

Court Costs and Fine Assessment – 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 and research items on 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, and/or disburse to the applicable party. 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. Court should implement adequate control(s) in the special fund disbursement process to identify, prevent and correct errors in bookkeepers’ disbursement requests. Duplicate payments should be recovered or a funding source identified.

Processing/Reporting

Credit Card Transactions – Continue to review reports for credit card activity and post payments 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 amounts due to reduce payment errors and staff time to initiate refunds due. 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 – A written policy and procedures manual should be developed (consistent with OCA guidelines) for billing responsibilities with training reinforced. Continue established payment plan procedures and monitor in accordance with Code of Criminal Procedure, Art. 103.0033.

Delinquent Collection Referral – The 30% add-on delinquent collection fee should be assessed and collected in accordance with Commissioners Court Order No. 2013-1709 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 License (DL) Renewal Block Program – The \$30 failure to appear fee should be assessed and collected and DL renewal blocks released in accordance with Commissioners 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.

Criminal Fee Docket – 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. The JPAS docket screen should be updated as each warrant or capias is issued/recalled/returned.

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

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. All case numbers should be accounted for, with reason codes for missing numbers, deleted numbers, or numbers issued out of sequence, and timely documented. Chief Clerk should test for accurate, proper, and complete information provided by court staff.

Other/Miscellaneous

Marriage License – Develop and maintain a comprehensive marriage license issuance log instead of retaining copies of marriage license applications and applicants' identifications. Records Management should be contacted to coordinate the destruction of marriage case files containing 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. Historical edits should be submitted to the Payroll Hotline to reflect correct leave types and time taken on KRONOS.

D/P Logs – D/P logs should be periodically reviewed for authorized changes and deletions. Additionally, the Chief Clerk should ensure explanations for case deletions are documented and are reasonable.

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. 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 remitted and/or escheated; continuous monitoring of manual and computer receipt issuance; ongoing monitoring of the warrant exception report for inappropriate active warrants; and, prorating of partial payments including allocation to delinquent collection fees.

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, Commissioner's Court Administrator
Ryan Brown, OBE