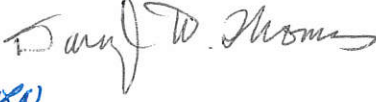





# DALLAS COUNTY COUNTY AUDITOR

## Memorandum

To: Honorable Judge Norris Rideaux  
Justice of Peace, Precinct 4, Place 1

From: Darryl D. Thomas   
County Auditor 

Subject: Review Performed for Fiscal Years 2014 and 2015

Date: Issued: August 18, 2017  
Released: September 22, 2017

### **Scope:**

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 4, 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 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
- Compared birth certificate, death certificate, and marriage license payments to court logs and JPAS

### **Statistical**

During fiscal year 2014 the justice court processed:

- 15,829 computer receipts totaling \$1,525,175
- 3,374 class C misdemeanors (includes 697 traffic filings)
- 2,284 civil/small claims

- 3,643 eviction cases

During fiscal year 2015 justice court processed:

- 15,191 computer receipts totaling \$1,521,251
- 2,668 class C misdemeanors (includes 760 traffic filings)
- 2,331 civil/small claims/debt claims
- 3,601 eviction cases

## **FINDINGS/OBSERVATIONS:**

### **Cash Management**

Receipts - Computer/Manual – A review of receipts continuity, review of the daily deposit and accompanying Form 98 report, testing of voiding procedure for proper posting to the Justice of the Peace Accounting System (JPAS), a complete review of 191 voided computer receipts and sample review of 174 manual receipts including four void manual receipts, in compliance with V.T.C.A., L.G.C. § 113.022 and Vernon’s Ann., C.C.P., § 103.004 and procedures recommended by the County Auditor revealed: manual receipt numbers not posted to the JPAS financial screen; manual receipts posted to JPAS after a delay of one or more days; four deposits were delayed by five or more business days; six daily receipt totals did not agree to the Form 98 deposit posted to Oracle DMS (*Status: Four deposits were remediated and agreed to Form 98 deposit*); nine void transactions where the customer’s computer receipt was not retained; and eight cases were inappropriately deleted after plaintiff’s payment was voided.

Responses to the Internal Control Questionnaire (ICQ) indicate: Chief Clerk does not review the JKDS screen in JPAS prior to daily closeout; and the Chief Clerk does not review all voided computer and manual receipts for accuracy, completeness, and compliance with office policy (*Status: As of July 2016, staff submits a request form to the Chief Clerk that is reviewed and signed prior to voiding computer receipts*).

Assessment / Distribution – A review of 40 sampled 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, and receipting to fee types.

Disbursement / Special Fund Reconciliation – A review of Special Fund activity revealed: case balances over three years old totaling approximately \$208,693 (including approximately \$170,211 in cash bonds over four years old) remain in the account as of October 10, 2015; errors and omissions regarding assessing court costs, collections, and receipting to fee types; Special Fund checks and cancelations not posted to JPAS, six Special Fund checks were disbursed, but should not have been written resulting in \$122.40 over disbursed to defendants.

### **Processing**

Credit Card Transactions – A review of 60 sampled credit/debit card transactions and the associated JPAS postings, related procedures, and ongoing desk review in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004 revealed: 10 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; two payments not posted to cases specified by the defendant, but posted to another case filed against the defendant; four payments were not posted to JPAS using the transaction or record ID; nine payments were untimely posted to JPAS 11 business days after they were made; and, instances of collection, assessment, JPAS docketing and/or posting errors.

Time Payment Plans – A review of cases with Time Payment Plans in compliance with the Code of Criminal Procedure, Art. 103 revealed no instances of material noncompliance.

Delinquent Collection Referral – A review of 20 sampled cases from the Justice of the Peace Monthly Collection Referral Report in compliance with the Code of Criminal Procedure, Art. 103 revealed: two cases the court under allocated \$23.70 in collection fees; one case could not be located by the court; and JPAS docketing errors.

Failure to Appear (FTA) Driver's License Renewal Block Program – A sample review of 56 cases from the FTA Payment History Report in compliance with Transportation Code, Sec. 706 revealed: six cases where the Omni Hold was released without satisfying the balance due; five cases where the Omni Hold was released without collection of the \$30 fee; and instances of collection and JPAS docketing errors.

Criminal Fee Dockets – A review of IT Services "JP Warrant Error Report" dated November 9, 2015 revealed: four active warrants or capias outstanding in error for cases marked disposed on the JPAS Docket screen and/or without balances due.

Civil Fee Dockets – A review of 28 sampled civil cases from the Justice Fee Exception List in compliance with Local Government Code (LGC) §118 and Chapter 133, Commissioners Court orders, and Texas Rules of Civil Procedure, RULE 145 revealed: two cases without a reason for not collecting filing fees at time of filing, and three cases could not be located at the court.

### **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 in compliance with Government Code Section 71.035(b) and Texas Administrative Code Section 171 revealed count variances for civil, traffic, and non-traffic misdemeanor cases.

### **Other/Miscellaneous**

Birth Certificates/ Death Certificates/ Marriage Licenses – A review of birth, death, and marriage certificate activity for 10 sampled days for proper billing and recording revealed: birth certificate applications were verified on the Bureau of Vitals Statistic's System by a clerk using a different clerk's account; one payment was posted to a death certificate case, but no death certificate was issued; birth certificate and marriage licenses payments applied to a prior year case in JPAS; and one marriage license could not be verified on the Together website.

Systems and Security – A sample review of 10 D/P Logs from Document Direct revealed: nine cases deletions made by the court without management review and justification (cases were deleted and the case number was re-used for new parties, cases were deleted because they were duplicate filings, and an instance where a case was filed out of case number sequence).

Responses to the Internal Control Questionnaire (ICQ) indicate: all clerks are authorized to issue and recall warrants; and the chief clerk does not review JPAS exception reports, JPAS Case Index reports, and monitor the APS ticket uploads (*Status: As of 06/10/16, the chief clerk reviews JPAS exception and Case Index Reports and monitors APS ticket uploads*).

## **RECOMMENDATIONS:**

### **Cash Management**

Receipts - Computer/Manual – All copies of a voided receipt should be retained, clearly marked “void” and affixed with a reason for voiding. Partially voided receipts should be completely voided and the balance should be receipted to a new receipt. Also, receipts should be used in sequential order in order to affix responsibility, enhance cash control, and prevent potential assertion that monies were paid and refund due. At the end of the business day, receipt and deposit totals prepared by the Bookkeeper should be verified by the Chief Clerk as evidenced by a signature or initial on control documents, retained in accordance with Records Retention guidelines.

**Management Response:** *JP 4-1 concurs with the overall objective of the finding. To strengthen the issuance and posting of manual receipts by the bookkeeper, all manual receipts will require Chief Clerk/Designee approval to insure, but not limited to, accuracy, correctness, and consistency after entering into JPAS.*

Assessments Fines & Fees – Monitor assessments, 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.

**Management Response:** *JP 4-1 concurs with the overall objective of the finding. JPAS system limitations are critical to the functionally needed to eliminate corrections of manual recording elements of the receipts by clerks to the JPAS. Nevertheless, all corrections are being processed as noted in audit findings.*

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.

**Management Response:** *JP 4-1 concurs with the overall objective of the finding. In accordance with the findings, the bookkeeper will continue addressing the “Special Fund” on a regular basis by reviewing in order to clear outstanding issues.*

### **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.

**Management Response:** JP 4-1 generally concurs with the findings.

**Auditor's Response:** There were some specific areas within the finding where JP 4-1 did not concur. We have reviewed those items and provided additional clarity on the issue to JP 4-1.

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

**Management Response:** JP 4-1 did not concur with the overall objective of the finding.

**Auditor's Response:** The objective was to ensure that the court assesses and collects Linebarger fees in compliance with the county's contract with Linebarger and state statutes. Our findings reflect allocation errors that impact Linebarger fees. The firm is to be allocated 23.077% of each payment made or 30% of total court costs and fine.

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.

**Management Response:** JP 4-1 generally concurs with the finding.

**Auditor's Response:** There were some specific areas within the finding where JP 4-1 did not concur. We have reviewed those items and provided additional clarity on the issue to JP 4-1.

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.

**Management Response:** JP 4-1 concurs with the overall objective of the finding. However, once we have submitted a recall, sometimes there is a delay in clearing the warrant(s) from the report due to system inadequacy. We will continue to review the "Warrants on Disposed Cases Report" weekly.

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.

**Management Response:** JP 4-1 generally concurs with the finding.

**Auditor's Response:** There were some specific areas within the finding where JP 4-1 did not concur. We have reviewed those items and provided additional clarity on the issue to JP 4-1.

## **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. 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.

**Management Response:** *JP 4-1 concurs with the overall objective of the finding. Through concentrated efforts in staff training to improve tracking and recording of monthly reporting of data, we anticipate more accurate reporting in the future.*

#### **Other/Miscellaneous**

**Birth Certificates/ Death Certificates/ Marriage Licenses** – Certificate and license application procedures should be updated to include written procedures, periodic review by the Chief Clerk for compliance, and staff training. Records Management should be contacted to coordinate the destruction of MC case files containing copies of marriage license applications and applicant DL numbers. Payments should be applied to the appropriate case in JPAS and the receipt comment field should document the file number of the certificate issued to establish an audit trail.

**Management Response:** *JP 4-1 concurs with the overall objective of the finding.*

**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.

**Management Response:** *JP 4-1 concurs with the overall objective of the finding. As of June, 2016, JP 4-1 has modified its process to include a review and approval of ALL JPAS refunds, void receipts, and drag and transfers prior to action.*

#### **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.

Highest areas of risk which need to be addressed include: clearing of old Special Fund balances not timely escheated and/or remitted; and review of JPAS exception and case index reports.

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 strengthen internal control and compliance with Dallas County policies and procedures.

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