



# DALLAS COUNTY COUNTY AUDITOR

## Memorandum

To: Honorable Judge Sara Martinez  
Justice of Peace, Precinct 5, Place 1

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

Subject: Review Performed for Fiscal Year 2015

Date: Issued: September 14, 2017  
Released: October 17, 2017

### **Scope:**

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 5, Place 1 for Fiscal Year 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 compliance with county policies and procedures
- Compared activity reports to actual new cases on the JPAS
- Compared marriage license payments to court logs and JPAS
- Reviewed 'Justice Fee Exception List' to determine reason for uncollected fees

### **Statistical**

During Fiscal Year 2015 the Justice Court processed:

- 9,620 computer receipts totaling \$1,426,063.90
- 9,539 class C misdemeanors (includes 8,972 traffic filings)
- 1,329 civil/small claims/debt claims
- 1,802 eviction cases

## **FINDINGS/OBSERVATIONS:**

### **Cash Management**

Receipts - Computer/Manual – A review of receipts continuity, review of the daily deposit and accompanying Form 98 reports, testing of voiding procedures for proper posting to the Justice of the Peace Accounting System (JPAS), a complete review of 42 voided computer receipts and review of 10 sampled manual receipts including one void manual receipt, 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: one manual receipt was skipped in sequence; two deposits delayed by seven or more business days because the court receipted five checks for numeric instead of the written (legal) amount (*Status: The deposits were corrected by the court*). There were a total of 10 void computer receipts where the court did not retain the customer copy and court receipts did not contain the reason for void and were not marked “void”.

Observations and responses to the Internal Control Questionnaire (ICQ) indicate separate tills are not maintained by the bookkeeper and backup bookkeeper; on March 07, 2017 a total of 67 checks and money orders received in the mail between 1/17/17 and 3/4/17, totaling \$9,641.30, had not been receipted to JPAS; deposit bags are not secured in the safe until retrieval from the armed courier; and all clerks can issue manual receipts without segregation of duties.

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 (LGC) 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.

Observations and responses to the Internal Control Questionnaire (ICQ) indicate the fine field on the JPAS Docket Screen is not updated when the fine is reduced by the Judge as indicated on a court order.

Disbursement / Special Fund Reconciliation – A review of Special Fund activity revealed: errors and omissions regarding assessing court costs, collections, refunds, and receipting to fee types; Special Fund checks and cancelations not posted to JPAS (*Status: The court posted all but one check and there was a subsequent cancellation*); five Special Fund checks were issued to the JPAS for the wrong amount; two Special Fund checks should not have been refunded; and two Special Fund checks were issued to payees with misspelled names.

A follow-up review of prior years’ findings revealed: case balances over three years old totaling approximately \$15,517 (including approximately \$10,054 in criminal cash bonds over four-years old) remain in the Special Fund account as of October 3, 2015 without Court staff having done research for disbursement to the applicable party, and/or escheating to the County Treasurer or State Comptroller, or correction of receipting errors.

### **Processing**

Credit Card Transactions – A review of 20 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: assessment, collection, and receipting errors when posting to fee types; credit card payments not posted using the last five digits of the Transactions ID/Record ID; eight 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 two credit card payments posted to JPAS six business days after the transaction was made.

Time Payment Plans – A review of 10 sampled cases with Time Payment Plans in compliance with the Code of Criminal Procedure, Art. 103.0033 revealed: two payment plan applications were filed without a

case number; one plea sheet was signed without stating the offense and case number and payment plan applications do not state the specific payment terms of the defendant, including the due date.

Delinquent Collection Referral – A review of 10 sampled cases from the JP Collection Referral Report for compliance with the Code of Criminal Procedure, Art. 103.0031 revealed: collection and receipting errors when posting to fee types.

Observations and responses to the Internal Control Questionnaire (ICQ) indicate future referral reports are not reviewed for criminal cases on a regular basis to determine if the case should be referred for collection and/ or the driver's license hold should be issued.

Failure to Appear (FTA) Driver's License (DL) Renewal Block Program – A review of 25 sampled cases from the FTA Payment History Report in compliance with Transportation Code, Sec. 706 revealed: one case where the court incorrectly allocated part of a payment to FTA fees before full satisfaction of the fine.

Civil Fee Dockets – A review of 15 sampled 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 three cases were filed prior to obtaining full payment of court costs.

### **Reporting**

Activity Report – A 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 Sections 171 revealed count variances for civil cases (*Status: The OCA report was corrected on 5/16/17 for civil cases*).

### **Other/Miscellaneous**

Marriage License – A review of marriage certificate issuance logs for five sampled days and corresponding JPAS receipts for compliance with Texas Administrative Code, Rule §181.25 revealed one marriage license number was skipped on the marriage license log.

Systems and Security – A review of 20 sampled deletions on D/P Logs from Document revealed: two cases were deleted in JPAS without management review.

Observations and responses from the ICQ reveal all clerks have the ability to issue and recall warrants/capiases.

## **RECOMMENDATIONS:**

### **Cash Management**

Receipts - Computer/Manual – Receipt amounts should be verified for accuracy before issuing to customer. All monies received should be promptly receipted and deposited consistent with state law, LGC, § 113.022 and Code of Criminal Procedure, §103.004. Receipts should never be altered, but properly voided. All copies of a void receipt should be retained clearly marked "void" and affixed with a reason for the void. Compensating controls such as dual sign-off on voids and receipt corrections should be implemented.

Separate cash drawers should be maintained by the bookkeeper and backup and funds should be balanced prior to combining with other receipted funds. Deposit bags should be stored in the safe until retrieved by the courier. Manual receipts should be sequentially issued only by the bookkeeper or backup when JPAS is nonoperational.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

Assessment / Distribution – Monitor 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 when 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:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

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 should be posted accurately and timely to JPAS (reconciliation of JPAS to GL) and verified/reviewed by the Chief Clerk.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

## **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. Payments should be receipted to JPAS within five business days and to the correct fee types for the appropriate amounts. Court costs, fees, and fines should be properly assessed/collected and timely deposited on all cases based on state laws, Commissioners Court orders, and Attorney General Opinions and applicable fee schedules based on the offense type for criminal offenses and file date for civil type cases. The Misdemeanor Docket screen should accurately reflect the court costs and fine amount due on any given case. When 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. Transaction fees should be collected once per transaction, and all court costs, fine, and fees due collected before disposing of the case.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

Time Payment Plans – Establish and monitor payment plans in accordance with Code of Criminal Procedure, § 103.0033 and guidelines established by OCA. Collection efforts should be initiated on all cases with a balance due. Payment plans should be reviewed by the Chief Clerk or a designee to ensure all



required fields are completed prior to filing. Payment plan applications should indicate the specific payment terms of the defendant including due dates for clarity.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

**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. Payments should be posted to the correct fee types.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

**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:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

**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, debt claims, and small claim cases filed by non-governmental entities and individuals except for those individuals with approved affidavits of indigence on file. The reason for not collecting filing or service fees should be documented on the JPAS and case jacket. Collection of unpaid court costs and service fees should be pursued with assistance through the District Attorney.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

### **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. Corrected activity reports should be resubmitted to appropriate parties. Ensure the file date and offense date are entered on the docket screen and utilize case numbers in sequential order.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

### **Other/Miscellaneous**

**Marriage License** – Marriage License application procedures should be periodically reviewed and updated by the chief clerk. The court should include a column on the marriage license log for the Application ID and ensure the marriage license log is filled out completed for each marriage license issued. The marriage certificate issuance log book should be reconciled to JPAS and reviewed by the Chief Clerk.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

**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 ensure explanations for deletions or changes to case information are documented and reasonable.

**Management Response:** *The Court has addressed the findings and made the necessary corrections, if applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.*

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

cc. Darryl Martin, Commissioners Court Administrator  
Ryan Brown, Office of Budget and Evaluation