



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Judge Bill Metzger
Justice of Peace, Precinct 2, Place 2

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

Subject: Review Performed for Fiscal Year 2015

Date: *Issued:* September 29, 2017
Released: November 16, 2017

SCOPE:

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 2, Place 2 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 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 payments to court logs and JPAS

Statistical

During fiscal year 2015 the justice court processed:

- 12,107 computer receipts totaling \$1,294,652.78
- 2,044 class C misdemeanors (includes 1,614 traffic filings)
- 744 civil/small claims/debt claims
- 2,861 eviction cases

FINDINGS/OBSERVATIONS:

Cash Management

Receipts - Computer/Manual – A review of receipt continuity, review of the daily deposit and accompanying Form 98 report, testing of voiding procedures for proper posting to the Justice of the Peace Accounting System (JPAS), a complete review of 44 voided computer receipts and sample review of 10 manual receipts including five 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: one daily receipt total did not agree to the Form 98 deposit posted to Oracle DMS due to a difference between the legal and numeric amount of a check, and the deposit exceeded five business days from the computer receipt date (*Status: The deposit was resolved after six business days*); two computer receipt voids where the court did not retain the customer’s receipt; and one computer receipt was not marked “void”, did not contain an explanation for voiding the receipt.

Responses to the Internal Control Questionnaire (ICQ) indicate: collections from more than one source are grouped together on a single receipt; checks are not restrictively endorsed upon receipt; each cashier (bookkeeper/back-up bookkeeper) does not maintain a separate drawer for receipted funds; computer receipts are issued by the bookkeeper and five alternate back-up bookkeepers; the Chief Clerk does not review the JKDS prior to daily closeout; and manual receipt books are not secured within a lockable drawer or safe.

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, receipting to fee types, and JPAS docketing. Instances of case jackets requested for audit review could not be located at the court or in archives.

Responses to the Internal Control Questionnaire (ICQ) indicate: the fine and fee amounts are not updated to reflect zero upon dismissal of the case by the DA; and credits are not recorded as non-receipt items on the financial screen when defendants serve time and/or perform community service.

Disbursement / Special Fund Reconciliation – A review of Special Fund activity revealed: case balances over three years old totaling approximately \$81,019 (including approximately \$61,150 in cash bonds over four years old) remain in the account as of October 3, 2015 with limited research for disbursement to the applicable party and/or escheating to the County Treasurer or State Comptroller or correction of receipting errors; check disbursement and subsequent cancellation were not posted to JPAS; and instances where case files could not be located at the court or in archives.

Responses to the Internal Control Questionnaire (ICQ) indicate Special Fund checks do not reference the receipt as well as the applicable case number and style.

Processing

Credit Card Transactions – A review of 30 sampled credit/debit card transactions, 28 credit/debit card refunds, 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: 28 credit/debit card refunds processed 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 were not posted to JPAS with the transaction or record ID; two payments were untimely posted to JPAS six days and 45 business days respectively after they were made; and one case with an incorrect date posted to the JPAS docket screen.

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 cases where the time payment fee was not collected and one case where the judgement date was not posted to JPAS.

Delinquent Collection Referral – A review of 10 sampled cases from the Justice of the Peace Monthly Collection Referral Report in compliance with the Code of Criminal Procedure, Art. 103 revealed: errors allocating and receipting payment to fee types; two disposed cases where the Omni hold remains on the defendant's license; and instances of case jackets requested for audit review could not be located at the court or in archives.

Failure to Appear (FTA) Driver's License (DL) Renewal Block Program – A sample review of 25 cases from the FTA Payment History Report in compliance with Transportation Code, Sec. 706 revealed: four 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; instances of collection and JPAS docketing errors; and instances of case jackets requested for audit review could not be located at the court or in archives.

Criminal Fee Dockets – A review of 58 warrants or capias on the IT Services JP Warrant Error Report dated March 13, 2017 for validity of warrants/capias active status revealed seven cases without a balance due or marked inactive (disposed) have active warrants/ capias and require additional research.

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: two cases where Affidavits of Inability to Pay Costs were not posted to the JPAS and three cases where the bookkeeper incorrectly posted filing fee to the wrong case number (*Status: On 3/21/17 the court transferred three payments for filing fees to correct cases*).

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 for compliance with Government Code Section 71.035(b) and Texas Administrative Code Sections 171 revealed: instances of count variances for non-traffic misdemeanors, traffic misdemeanors, small claims, and debt claims cases.

Other/Miscellaneous

Birth Certificates – A review of birth certificate activity for five sampled days and corresponding JPAS receipts for compliance with Texas Administrative Code, Rule §181.28 revealed: the court does not maintain a copy of the applicant's form of identification used to obtain a birth record.

Systems and Security – Observation, inquiries of court staff, and responses to the Internal Control Questionnaire revealed: all employees are authorized to recall warrants/capias; employees do not log out of Forvus when leaving their desk; computer transaction logs are not reviewed; JP accounting system exception reports are not regularly reviewed; the court does not monitor JPAS Case Index reports for skipped or deleted case numbers; and court staff deletes cases without management review and approval.

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. Reemphasize retention of all copies of a voided receipt, clearly marking "void", and affixing a reason for the void. The Chief Clerk should periodically observe the receipt issuance process and affirm proper procedures are followed.

Separate cash drawers should be maintained by all clerks receipting payments and funds should be balanced prior to combining with other receipted funds.

Assessment / Distribution – 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. Credits should be recorded as non-receipt items (NR code) on the JPAS financial screen when defendants serve time or perform community service

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 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 reviewed by the Chief Clerk.

Processing

Credit Card Transactions – Payments should be timely 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.

Time Payment Plans – The court should monitor payment plans in accordance with Code of Criminal Procedure, § 103.0033 and guidelines established by OCA, and update the JPAS Docket screen as new court costs are assessed and judgement rendered.

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 and partial payments should be posted to the correct fee types. The court should ensure the Omni hold is lifted by the state once a defendant's case is disposed.

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.

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. Report FTA status code errors to IT Services as identified and manually clear DL holds as necessary.

Civil Fee Dockets – Monitor the 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.

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. Ensure the correct file date is entered on the docket screen and utilize case numbers in sequential order. The Chief Clerk should review the accuracy and completeness of information provided by court staff.

Other/Miscellaneous

Birth Certificates – Birth Certificate application procedures should be periodically reviewed and updated by the chief clerk. The court should make a copy of the customer's identification and retain with the birth certificate application. Verify the number of birth certificates issued and birth record searches performed corresponds to the amount of money collected and birth certificate security paper issued and remaining. Ensure clerks are performing birth record searches and issuing birth certificates under their login.

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 Chief Clerk should approve occurrences where a case deletion is necessary before they are posted by staff, which should be documented. The Chief Clerk should periodically review exception reports, transaction logs, and daily D/P logs and test for unauthorized changes and deletions. The court should review case Index reports for skipped or deleted case numbers, and make revisions to Case Activity Reports when omissions and errors are detected. The court should establish a policy to ensure all users lock or log off their PC's when stepping away from their workspace to prevent unauthorized access.

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; properly assessments, collection, and prorating of court costs, fines, and fees; and implementing strong system and security controls.

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