




DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Honorable Judge Katy Hubener
Justice of Peace, Precinct 4, Place 2

From: Darryl D. Thomas 
County Auditor

Subject: Review Performed for Fiscal Year 2015

Date: Issued: *October 25, 2017*
Released: *December 5, 2017*

SCOPE:

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 4, 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/postings in 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 and marriage license payments to court logs and JPAS

Statistical

During fiscal year 2015 the justice court processed:

- 15,289 computer receipts totaling \$1,536,577.68
- 4,446 class C misdemeanors (includes 3,717 traffic filings)
- 1,186 civil/small claims/debt claims
- 3,483 eviction cases

FINDINGS/OBSERVATIONS:

Cash Management

Receipts - Computer/Manual – Receipts - Computer/Manual – A complete review of 66 voided computer receipts and sample review of 20 manual receipts including one voided manual receipt, a review of receipt continuity, review of the daily deposit and accompanying Form 98 report, 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: two daily receipt totals did not agree to the Form 98 deposit posted to Oracle DMS (*Status: Both deposits were resolved within 3 business days*); one deposit was delayed 12 business days from the computer receipt date; One cash shortage occurred because a clerk returned money to a customer for an issued birth certificate; eight computer receipt voids where the court did not retain the customer’s receipt; and five computer receipt were not marked “void”; and six computer receipt voids did not contain an explanation for voiding the receipt.

Responses to the Internal Control Questionnaire (ICQ) indicate: checks are not restrictively endorsed upon receipt.

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.

Disbursement / Special Fund Reconciliation – A review of Special Fund activity revealed: case balances over three years old totaling approximately \$1,053.63 (including approximately \$682.50 in cash bonds over four years old) remain in the account as of September 30, 2015 and require research for disbursement to the applicable party and/or escheating to the County Treasurer or State Comptroller; check disbursements and subsequent cancellations were not posted to JPAS; and instances of collection, assessment, posting, and refund errors.

Processing

Credit Card Transactions – A review of 30 sampled credit/debit card transactions, 10 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: 10 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; one payment was not posted to JPAS with the transaction or record ID; one payment was untimely posted to JPAS eight business days after they were made; and instances of collection errors and allocation errors when receipting payments to fee types.

Time Payment Plans – A review of 10 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 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; and two cases were disposed without collecting the remaining collection fees owed.

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: one

case with an incorrect offense code reported to the state; and one case jacket requested for audit review could not be located at the court or in archives.

Criminal Fee Dockets – A review of 12 active cases on the IT Services JP Warrant Error Report dated June 19, 2017 for validity of warrants/capias active status revealed one case with an active warrant in JPAS that was processed and served by the Constable.

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 that did not have a valid reason for not collecting filing fees at time of filing.

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, and small claims cases.

Other/Miscellaneous

Birth Certificates and Marriage Licenses – A review of birth certificate and marriage license activity for five sampled days and corresponding JPAS receipts for compliance with Texas Administrative Code, Rule §181.24-28 revealed: the court does not maintain a copy of the applicant's form of identification used to obtain a birth record (*Status: The clerks started making copies of applicant's identification on 07/03/17.*); two applications were not initialed by the clerk, and certificates were issued by a clerk in the Bureau of Vital Statistics system using another clerk's login account; and one instance where the marriage ID and receipt number was not recorded on the marriage log.

Systems and Security – A sample review of 10 deletions from Document Direct Defendant/ Plaintiff docketing (D/P) logs revealed three cases were deleted without management approval.

Observation, inquiries of court staff, and responses to the Internal Control Questionnaire revealed: all employees are authorized to recall warrants/capias; confidential data is readily available versus safely secured in locked filing cabinets or locked desk drawers; and an employee is not assigned to monitor JPAS Case Index reports for skipped or deleted case numbers (*Status: The Chief Clerk began reviewing the reports in July 2017.*).

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.

Checks should be restrictively endorsed upon receipt.

Management Response: *The drawer is counted at least three times a day and at the end of the day. The drawer is counted to make sure that there have been no errors. It is also counted when there is a change in receipters. Hard copies of the payments made online are printed the next day from FORVUS receipt and added to the case jacket. Separate cash drawers exist for all clerks receipting payments. Each person has a drawer that also has a key to it, effective February, 2015.*

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

Management Response: Agree

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. The court should continue efforts to clear old items on disposed cases in accordance with unclaimed property statutes, Property Code, § 72 and 76, and cash bonds 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.

Management Response: Agree. The Special Fund Report is reviewed daily.

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.

Management Response: Agree. Clerks do not generate the device detail reports. These reports are done by the Bookkeepers and the Chief Clerks only. We do not accept credit card payments by mail.

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.

Management Response: Agree

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. Collection efforts should be initiated on all cases with a balance due. Cases should be flagged (including adding due dates) in JPAS with unpaid balances and generate bills on a predetermined basis taking into consideration court orders reducing fine amounts.

Management Response: Agree

Failure to Appear (FTA) Driver's License Renewal Block Program – The JPAS docket screen should be updated with a Texas DPS offense code that agrees to the defendant's offense.

Management Response: *Agree*

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

Management Response: *Case JM1620034L is not a disposed case and it does have an active warrant.*

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.

Management Response: *Agree*

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.

Management Response: *Agree*

Other/Miscellaneous:

Birth Certificates and Marriage licenses – Birth certificate and marriage license 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. Clerks should log out of the Bureau of Vitals Statistic's System after use. The chief clerk should review certificate logs for accuracy and completeness of transactions.

Management Response: *Agree*

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. Security measures should be clearly identified and utilized. These measures should include accurately positioning security cameras, securing cash handling areas with locked doors, prohibiting public access to

cash handling areas, and properly securing confidential records in locked drawers. Access to records containing social security numbers or other confidential information should be limited specific personnel.

Management Response: Agree

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: review of cases for collection, posting, and allocation errors; securing confidential records; and logging off proprietary systems after use.

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