



DALLAS COUNTY
COUNTY AUDITOR

Memorandum

To: Honorable Judge Juan Jasso
Justice of Peace, Precinct 5, Place 2

Wanda A. Thomas

From: Darryl D. Thomas
County Auditor

DDT

Subject: Review Performed for Fiscal Year 2015

Date: Issued: September 1, 2017
Released: October 25, 2017

Scope:

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 5, 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 the receipts to the bank deposits
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credit card transactions and processes
- Reviewed case activity to determine if procedures are followed for delinquency
- Reviewed unpaid criminal cases for outstanding warrants of arrest
- Reviewed outstanding warrant reports for appropriateness of active warrants
- 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
- 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:

- 18,388 computer receipts totaling \$2,661,747
- 12,306 class C misdemeanors (includes 3,250 automated traffic filings)
- 1,702 debt / small claims
- 3,931 eviction, repair and remedy, or other tenant cases

FINDINGS:

Cash Management

Receipts - Manual/Computer - 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 62 voided computer receipts and review of 20 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 without a computer receipt attached (*Status: On 08/1/16 both computer receipts were attached to manual receipt*); one deposit delayed by 13 business days (*Status: The deposit was corrected on 12/12/14*); five daily receipt totals did not agree to the Form 98 deposit posted to Oracle DMS (*Status: Four of the Five deposit differences were resolved by the court*); four computer receipts were void, but the court did not retain both the customer and court receipt copies; voided computer receipts not marked "void" and lacked an explanation for voiding; one case was dismissed after the defendant requested an appeal because the court did not timely forward the case to the clerk of the county court; and one Twogether marriage discount was collected by the court despite the court receiving a premarital training certificate over one-year old.

Observations and responses to the Internal Control Questionnaire (ICQ) indicate the court does not post the manual receipt number to the JPAS financial screen when posting manual receipt payments.

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. Two administrative dismissals for inspection expired more than 60 days were approved by the court. One administrative dismissal for an expired registration was approved without obtaining proof the late payment fee was paid to the tax collector. A total of 118 cases were filed and processed by the court for operating a motor vehicle without a valid inspection sticker after statutory repeal of the offense effective March 1, 2015 (*Status: 43 cases were subsequently dismissed*).

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 cancellations not posted to JPAS; six Special Fund checks were posted to the JPAS for the wrong amount (*Status: As of 09/11/16 the court made corrections to three checks*).

A follow-up review of prior years' findings revealed: case balances over three years old totaling approximately \$246,466 (including approximately \$60,096 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 escheating to the County Treasurer or State Comptroller or correction of receipting errors.

Processing/Reporting

Credit Card Transactions – A review of 30 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; and credit card payments not posted using the last five digits of the Transactions ID/Record ID.

Observations and responses to the ICQ indicate customers paying with credit cards are not advised to wait for an official computer generated receipt, but are provided with a POS receipt as proof of payment.

Criminal Fee Dockets – A review of IT Services “JP Warrant Error Report” dated January 25, 2016 revealed: 62 active warrants or capiases outstanding in error for cases marked disposed on the JPAS Docket screen and/or without balances due; and collection and posting errors. The court does not continuously monitor the warrant exception report from IT to identify outstanding warrants on disposed cases.

Time Payment Plans – A review of 17 sampled cases with Time Payment Plans in compliance with the Code of Criminal Procedure, Art. 103.0033 revealed: five payment plan forms without an amount in the monthly payment field; two applications for time to pay were incomplete; and nine cases did not reflect that collection efforts had been attempted on the case jacket and in JPAS (*Status: As of 08/03/16, the case jacket and JPAS has been updated to reflect collection efforts*).

Delinquent Collection Referral – A review of 11 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; and two cases were approved for administrative dismissal without obtaining proof of compliance.

Failure to Appear (FTA) Driver 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: five cases where the Omni Hold was improperly released without explanation or before collection of the court costs and fine; two cases where the Omni Hold was removed without collecting the \$30 fee; and three payment posting errors (*Status: As of 04/20/16, the court corrected the three posting errors*).

A review of 59 dismissed cases revealed: 58 of 59 cases dismissed after the court did not timely process requests for appeals under Code of Criminal Procedure, Article 27.14 (b); and, the \$30 FTA fee waived and DL renewal hold released.

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 no instances of material noncompliance during this Review period. However, as of September 30, 2014 \$21,261 in outstanding Dallas Housing Authority (DHA) receivables, dating to fiscal year 2004, remains unpaid.

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, traffic, and non-traffic misdemeanor cases; JPAS docketing errors. The court also files cases out of date sequence and back dates the "file date" on the JPAS screen.

Other/Miscellaneous

Marriage Licenses – A review of marriage certificate issuance logs for five sampled days, corresponding JPAS receipts, and reports sent to the Office of Budget and Evaluation (OBE) revealed one marriage license was not documented in the marriage license log book.

Observations and responses from the ICQ reveal: requests forms for time off are not consistently signed by management to evidence approval; the chief clerk does not complete request forms for time off or maintain manual attendance records; and.

Computer Systems – A review of 20 sampled deletions on D/P Logs from Document revealed: one case where the defendant was deleted in JPAS, without an explanation, and no other defendant was added; and four cases added to JPAS on 02/02/15 were deleted and refiled as though the cases were filed in 2014.

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

RECOMMENDATIONS:

Cash Management

Receipting and Depositing – 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. Any changes from tender type (for example cash to check or vice versa) should be specifically reviewed and appropriately supported. Compensating controls such as dual sign-off on voids and receipt corrections should be implemented. A funding source should be identified for all missing funds.

Management Response: *Agree. JP 5-2 has made a written procedure book for cash handling and processing receipts. The Bookkeeper, Chief Clerk, and Backup Bookkeeper use the process.*

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 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: *Agree. Dual sign off has been implemented by the Court.*

Special Fund Reconciliation/Disbursements – 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: *Agree. The Court has made and continues to implement the Audit recommendations.*

Processing/Reporting

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. Court staff should ensure customers are provided an official county receipt after the payment is posted to JPAS. 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.

Management Response: *Agree. Payment process posting procedures have been implemented.*

Criminal Fee Dockets – JPAS Docket screens should be updated as warrants or capiases are issued, recalled, and/or returned. Outstanding warrants or capiases should be recalled timely when cases are dismissed or otherwise disposed, payments made in full, time is served, etc. Coordinate with constable’s office to clear inappropriate active warrants or capias. Separation of duties should be established limiting (through system security access) staff assigned to recall warrants. Electronic Dockets should be completed in compliance with Code of Criminal Procedure, § 45.017.

Management Response: *Agree. Warrant and Capias procedures recommendations are to be implemented.*

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. Flag cases (including adding due dates) in JPAS with unpaid balances and generate bills on a predetermined basis taking into consideration court orders reducing fine amounts. Payment plans should be reviewed by the Chief Clerk or a designee to ensure all required fields are completed prior to filing.

Management Response: *Agree. The OCA Policy guidelines are being used in the Court.*

Delinquent Collection Referral – The 30% add-on delinquent collection fee should be assessed and collected in accordance with Commissioners Court orders and Code of Criminal Procedure, § 103.0031 including proportionally prorating partial payments. Proof of compliance should be obtained from defendants on all cases approved for administrative dismissal.

Management Response: *Agree. Delinquent Collection fees and 30% add-on fees are being adjusted as required.*

Failure to Appear (FTA) Driver License (DL) Renewal Block Program – The \$30 failure to appear fee should be assessed and collected 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. Report FTA status code errors to IT Services as identified and manually clear DL holds as necessary.

Management Response: *Agree. Recommendation will be implemented and \$30 fees will be assessed.*

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. 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: *Agree. We are collecting all civil cases as recommended by Internal Audit. The Court is still collecting old DHA eviction cases that are years overdue.*

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 and resubmitted to appropriate parties. The court should complete electronic Dockets in compliance with Code of Criminal Procedure, § 45.017.

Management Response: *Agree. Monthly activity reports are being submitted.*

Other/Miscellaneous

Marriage License – The marriage certificate issuance log book should include the amount paid by the defendant and the log book should be reconciled to JPAS and reviewed by the Chief Clerk.

Management Response: *Marriage license application procedures and training are being provided by the County Clerk and we will follow their procedures.*

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: *Agree. The audit recommendation is being implemented by the Chief Clerk.*

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.

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 payments; coordinating with the constable's office to clear inappropriate active warrants (additionally, court staff should perform ongoing monitoring of the warrant exception report for inappropriate active warrants); and properly documenting and reporting case activity.

Training provided by the Texas Justice Court Training Center should be used by the court for staff as budgetary resources and time constraints allow. 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, Commissioners Court Administrator
Ryan Brown, Director OBE