



# AUDIT REPORT

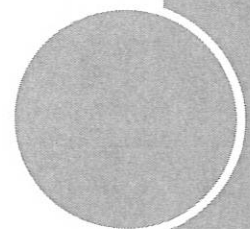
DALLAS COUNTY

JUSTICE OF PEACE 1-2 FY2016 AND FY2017 AUDIT

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Dallas County Auditor

ISSUED: April 09, 2018

RELEASED: May 18, 2018



# JUSTICE OF PEACE 1-2 FY2016 AND FY2017 AUDIT

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This report is intended for the information and use of the agency/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



**DALLAS COUNTY**  
COUNTY AUDITOR

**MANAGEMENT LETTER**

Honorable Judge Valencia Nash  
Justice of Peace Precinct 1, Place 2  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of Peace 1-2 FY2016 and FY2017 Audit**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 1, Place 2 for fiscal years 2016 and 2017. Management made a considerable effort to escheat \$166,905 since the prior audit and reduced the balance of the special fund to \$98,582. However, we have identified processes with differing risk factors for consideration by management.

### **Summary of Significant Observations**

- Checks totaling \$3,168.05 have not been posted to Justice of Peace Accounting System (JPAS).
- Four duplicate refund checks were issued resulting \$818.90 loss.
- 91 cases were deleted from the JPAS system without documentation of supervisory review.
- 30 case jacket were not located in the court or in the County archives.
- A former employee took three boxes of case jackets, but only one box was recovered.

### **Repeat observations from Previous Audits:**

- Deposit delays due to check payment receipting error
- Manual receipts improperly removed from the manual receipts book and unaccounted for.
- Voided computer receipts without retention of customer copies.
- DA dismissals did not reflect the judge's approval on the case jackets.
- Cases with errors and omissions pertaining to posting partial payments, assessing court costs, collections, receipting to fee types and updating JPAS docket screen.
- Count variances for JP filed cases on OCA and OBE report
- Court clerks are authorized to issue and recall warrants without segregation of duties..

## INTRODUCTION

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

- Ensure compliance with statutory requirements
- Evaluate internal controls
- Verification of accuracy and completeness of reporting
- Review controls over safeguarding of assets

This audit covered the period of October 1, 2015 through September 30, 2017.

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.

## DETAILS

### **Deposits**

We reviewed all deposits for delays and identified one check deposit, totaling \$8,795.27, was delayed seven business days. Per the local Government Code, § 113.022 all monies received should be promptly receipted and deposited no later than the fifth day after the day money was received. Per the Uniform Commercial Code 3-114 if a negotiable instrument contains contradictory terms, then words prevail over numbers. This delay occurred because a check from the deposit batch contained contradictory terms and the Bookkeeper receipted the numeric amount to FORVUS instead of the written amount. As a result, staff spent time researching and correcting the deposit error leading to delayed revenue recognition. A replacement check was sent to the Treasurer and the deposit was completed on 6/23/16.

### **Recommendation**

#### **Deposits**

Prior to generating a receipt cash tendered should be counted in the customer's presence and check guaranteed amount (legal written amount) agreed to the numeric amount. Additionally, all monies received should be promptly receipted and deposited consistent with state law, Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004 and procedures recommended by the County Auditor.

### **Management Action Plan**

The Court has a two-step verification acceptance policy that states: the clerk who receives the check must verify both the written and numerical amounts before giving it to the bookkeeper. The bookkeeper must also verify both written and numerical amounts before processing the check.

### **Auditors Response**

None

### **Manual receipts**

We reviewed all 77 manual receipts and identified one instance where the case number on the manual receipt did not agree to the computer receipt, and two instances where the case number was not written on the manual receipt. The amount, tender type, case number, transaction date, payer name, and received by field are written on the manual receipt before issuing to the customer. The bookkeeper made an error when receipting the payment, and there was no secondary review of the manual receipt and subsequent computer receipt. As a result, manual receipts were given to the customer without a complete and accurate case number.

### **Recommendation**

#### **Manual receipts**

Manual receipts should be verified for accuracy, including the amount, tender type, case number, transaction date, received by and payer name fields before issuing to a customer.

### **Management Action Plan**

The Court has a two-step verification process in order to verify that each receipt has the correct case number that coincides with the case before giving the receipt to the customer.

### **Auditors Response**

None

### **Computer Receipt Voids**

We judgmentally selected a sample of 53 out of 70 computer receipt void receipts and identified three computer receipts where the court did not retain the customer's receipt. Supervisory review of computer receipt voids are not evidenced on receipts, which is inconsistent with best practices. The court's bookkeeping procedures states, "Voided transactions cannot be processed without customer's copy of the original receipt." Transactions are voided without notifying the supervisor and performed after the customer has left the court. As a result the customer is not in possession of the latest receipt issued. Additionally, assets can be misappropriated and go undetected without consistent supervisory review of void transactions.

### **Recommendation**

#### **Computer Receipt Voids**

Management should ensure all copies of a voided receipt are retained, clearly marked "void" and affixed with the reason for the void in order to affix responsibility, enhance cash control and prevent potential assertion that monies were paid and there was a refund due. Voided receipts require supervisory approval.

### **Management Action Plan**

The Court's bookkeeping procedure states that there must be a supervisor signature on all voids along with the original receipt. The bookkeeper and the back-up bookkeeper are aware of the policy and have both signed the procedure acknowledging that they understand the procedure for all voids. Disciplinary action will be taken if the following procedure is not followed.

### **Auditors Response**

None

### **Special Fund**

We reviewed special fund activity and identified the department has made considerable efforts to escheat \$166,905 since the previous audit and reduced the special fund balance to \$98,582.65 as of September 30, 2017. We additionally identified 19 posting errors totaling \$3,168.05 have not been researched and corrected; one check disbursement not posted to JPAS. **(Status: The check was posted on 02/23/18)**; seven canceled checks not canceled in JPAS **(Status: The checks were canceled in JPAS between 02/20/18-02/22/18)**. Reviewed a sample of 40 out of 100 special fund check disbursements during our current audit period and identified: one special fund check issued for the wrong amount and one special fund check included the citation fee instead of crediting it to State Officers fee (FT #04). All special fund disbursements and cancelations should be timely and accurately posted to the JPAS; fund balances must be reconciled against control records (GL and bank statement); special fund reports should be periodically reviewed and

disbursements made to the appropriate parties in a timely manner. According to staff, a monthly reconciliation is not completed by the court to timely detect posting errors, court staff have limited time to research cases with older balances, and check disbursements are not consistently reviewed by management. As a result disbursements to parties entitled to funds are delayed; duplicate checks were issued and are possibly unrecoverable losses; and staff have to spend time to research and correct posting errors.

**Recommendation**

**Special Fund**

Management should ensure all checks issued, canceled, or stale dated are posted accurately and timely to JPAS (reconciliation of JPAS to GL) and verified/reviewed by the chief clerk. Management should continue to perform an escheat analysis of special funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.

**Management Action Plan**

The Court has implemented a plan that the bookkeeper must work on the Special Fund daily and have it approved by the Chief Clerk/Supervisor.

**Auditors Response**

None

**System Access - Warrants**

All court clerks are authorized to issue and recall warrants/capias which should be segregated to reduce the potential for unauthorized warrant issuance or recall.

**Recommendation**

**System Access - Warrants**

Management should review the process for issuing and recalling warrants to divide each task among staff and ensure no one employee performs both activities. Management should also review all assignable system rights and roles 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.

**Management Action Plan**

Note: The Court did not submit a specific Action Plan, but stated that: "After further review, the Court finds that all staff needs the ability to issue and recall warrants as all staff are cross trained to assist with all departments, and it is important for all warrants to be cleared immediately upon receiving payment."

**Auditors Response**

We have received the Court's response, "that all staff need the ability to issue and recall warrants as...it is important for all warrants to be cleared immediately upon receiving payment". However, we would also recommend that management approve the issuing and recalling of warrants and actively monitor these activities through JPAS Reports.



### **Court Costs and Fee Assessment/ Compliance**

A review of 52 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 12 cases where errors and omissions pertaining to: posting partial payments, assessing court costs, collections, receipting to fee types, and JPAS docketing. This results in inadequate collection of court costs and fine amounts and incorrect distribution and disbursement of funds.

#### **Recommendation**

##### **Court Costs and Fee Assessment/ Compliance**

Management should implement procedures where cases are reviewed for manual entry errors before disposing the case. 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.

#### **Management Action Plan**

The Court has trained the clerks on how to process and calculate the time payment fee and collection fees associated with the cases. The clerks are aware to docket all information regarding the cases to FORVUS.

#### **Auditors Response**

None

### **FTA Fees**

We reviewed a sample of 50 out of 3,210 cases with Omni hold activity and identified three cases where the Omni hold was waived without payment of the \$30 FTA fee, and two cases where the court released the Omni hold before the case was dismissed. According to Transportation Code, Sec. 706 "A person shall be required to pay an administrative fee of \$30 for each complaint or citation unless the person is acquitted of the charges for which the person failed to appear." Additionally, the court "shall immediately notify the department that there is no cause to continue to deny renewal of a person's driver's license" after payment of the fee and "the dismissal of the charge for which the warrant of arrest was issued or judgment arose." Inconsistent application of the Transportation Code § 706.005 and § 706.006 regarding the clearance of the Omni holds caused a loss of revenue.

#### **Recommendation**

##### **Failure to Appear/Driver's License Renewal Block**

Management should ensure the \$30 failure to appear fee is assessed and collected and the driver's license renewal hold is released in accordance with Transportation Code §706.

#### **Management Action Plan**

All clerks must notify the Chief Clerk/Supervisor if they have to waive/clear the FTA fee from the system.

### **Auditors Response**

None

### **Credit Card Payments**

A review of financial activity associated with credit/debit card refunds, and the associated JPAS postings during fiscal years 2016 and 2017 (October 1, 2015 to September 30, 2017) revealed: 16 credit card refunds where the court did not update the Docket to reflect correct amounts due, requiring intervention from the Treasurer's Office to refund a total of \$1,143.52. In order to minimize incorrect distribution and disbursement of funds 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. Docket screens should be updated with a plea of nolo contendere (when the defendant has not entered a prior plea) and judgment when web or mail payments are accepted by the court as full payment in accordance with Code of Criminal Procedure, Art. 27.14(c).

### **Recommendation**

#### **Online credit card transactions**

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. Docket screens should be updated with a plea of nolo contendere (when the defendant has not entered a prior plea) and judgment when web or mail payments are accepted by the court as full payment in accordance with Code of Criminal Procedure, Art. 27.14(c). Document proposed modifications to the automated posting process and incorporate in technology assessments.

### **Management Action Plan**

When the bookkeeper receives an overpayment for any case type the Chief Clerk must be notified before requesting a credit from the Treasurer's Office.

### **Auditors Response**

None

### **Disposed/Dismissed/Appealed Cases**

We reviewed a sample of 20 dismissed cases, 10 compliance dismissal cases, 10 appealed cases, 10 DA Dismissal cases, 10 cases with Driver Safety Course, and reviewed an IT report for all cases filed and identified: two cases where the DA dismissal date per JPAS did not agree with the DA Dismissal listing provided by DA's office and the DA's stamp and signature could not be verified; one case where the defendant was under 25 but

a driver safety course certificate was not in the case jacket; one case jacket and contents were transferred to the County Clerk's office on appeal, but there is no record posted in the CRIN court system; 15 disposed cases where a plea was not posted to JPAS; and one disposed case where the defendant paid the balance due, but a judgment date was not posted to JPAS.

According to the Code of Criminal Procedure (C.C.P.) Article 45.017 (a) The judge of each court shall keep a docket containing the judgment and sentence of the court, and the date each was given; per C.C.P. 45.051, if the defendant under age 25 is charged with a moving traffic offense, the judge shall require complete a driving safety course; per C.C.P Art. 44, once an appeal has been perfected, the justice court clerk makes copies of all original papers in the case file. The Clerk sends all the original papers and attaches the bond with a certified record to the appellate court; and The JPAS docket screen should be updated with a plea of nolo contendere (when the defendant has not entered a prior plea) and judgment when web or mail payments are accepted by the court as full payment in accordance with C.C.P., Art. 27.14(c). These instances occurred because case jackets were not located at the court or in the County's archives; no process in place to ensure a case is appropriately docketed when payment is received in full; and there is no process in place to ensure appealed case jackets and contents transferred to an appellate court were received by the appellate court. As a result, evidence of DA dismissal and appeals could not be verified, and case docketing fields in JPAS may not reflect accurate and complete information if not appropriately updated.

### **Recommendation**

#### **Disposed/Dismissed/Appealed Cases**

Case jackets with activity within the last two years should be kept at the court. When case jackets are transferred to the County archives, a record of where the case jacket is stored should be documented at court. Management should ensure when cases are set up that the requirements of defendants are outlined (possibly through a checklist) and are reviewed before closing for quality assurance. A process should be developed, in consultation with the records management officer, to outline a procedure for tracking case jackets transferred appellant court and a backup plan for generating court documents for cases that do not reach the appellant court. Lastly, management should ensure staff are trained and follow procedures for docketing cases in JPAS.

### **Management Action Plan**

The traffic clerks will review their list of dismissals with the District Attorney for verification and ensure that all dismissals are signed, as well as all case jackets are signed by the District Attorney and the Judge.

### **Auditors Response**

None

### **Civil Fee Dockets**

We reviewed a sample of 30 out of 86 cases without payment of the filing fee and identified two cases without a valid reason for not collecting filing fees at the time of filing (**Status: On 04/13/18 the court received payment for filing fees on one case**); and two cases where the court posted payment for the filing fee to the wrong case (**Status: On 02/06/18, the court transferred the payments for filing fees to the correct**

**cases).** In accordance with statutes (Local Government Code (LGC) § 118.121, 118.122, 118.123, 118.131, and Chapter 133) and Commissioners Court orders, filing fees should be collected at the time of filing and service fees should be collected at the time of service request for all evictions, civil and small claim cases filed by non-governmental entities and individuals except for those individuals with approved affidavits of indigence on file or those entities listed under Civil Practices and Remedies § 6.001, 6.002, and 6.003. Due to clerical errors and omissions filing fees were applied to the wrong case; and there is no mechanism to prevent clerks from setting up a case without accepting the filing fees or documenting a valid reason for not accepting them. This results in a potential loss of \$122 in filing fees.

**Recommendation**

**Civil Fee Dockets**

Management should ensure that filing fees are collected at the time of filing non-misdemeanor cases except in limited circumstances addressed by statute (Order of indigent, case filed by government entities, etc...) which is documented in FORVUS and the case jacket. This can be achieved through staff training, implementing receipting and docketing checklists, quality assurance reviews of cases, and periodic review of JPAS (Document Direct) reports.

**Management Action Plan**

Before processing any new case, the clerks must receive payment at that time. The case will not be processed without proper payment.

**Auditors Response**

None

**Case Activity Reports**

We compared case filings per JPAS reports with activity reports filed by the court to the Office of Court Administration (OCA) and the Office of Budget and Evaluation (OBE) and identified count variances for non-traffic misdemeanors (35 cases under reported to OCA and 29 cases under reported to OBE), traffic misdemeanors (386 cases over reported to OCA), and peace bonds and driver licenses (32 over reported to OBE). Government Code Section 71.035(b) and Texas Administrative Code Sections 171.1 and 171.2 requires all activity reports to be accurately and timely completed and mailed (or updated via the Internet) to the council (Texas Judicial Council/ OCA) no later than 20 days following the end of the month reported. Internal control for reporting requires that all case numbers should be accounted for, issued consecutively by case type, and properly and timely indexed to the JPAS. Mathematical errors and lack of automated tracking system causes inaccurate statewide court analysis by OCA.

**Recommendation**

**Case Activity Report**

In accordance with statutory guidelines, monthly activity reports should be completed in an accurate and timely manner with copies provided to OCA, OBE, and the County Auditor. Management should re-assess how staff are compiling monthly activity and leverage FORVUS and IT reports to ensure counts are accurate. Activity reports should be corrected if errors are identified, as the accuracy of activity reports may affect staffing levels

or statewide analysis.

**Management Action Plan**

The Court has a two-step verification process for the monthly report submitted. Once the clerks turn in their monthly numbers the Chief Clerk/Supervisor will check the numbers to ensure accuracy in reporting.

**Auditors Response**

None

**D/P Logs Review**

A review of available monthly Defendant/ Plaintiff (D/P) showed 28 cases were deleted during FY2016, and 63 cases were deleted during FY2017. As a best practice, cases should not be deleted from Forvus. However, the chief clerk should approve all cases deletions before they occur and periodically review D/P logs to ensure that deletions were approved. Management does not review D/P reports for deleted cases. Therefore case notes, personal information, receipt records, and actions made by the court were deleted without an explanation or approval by management.

**Recommendation**

**Review of D/P Logs**

The Chief Clerk should approve occurrences where a case deletion is necessary before they are posted by staff. Additionally, the approval should be documented with explanations for 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 Chief Clerk should periodically review Defendant/ Plaintiff (D/P) logs to ensure all were approved.

**Management Action Plan**

The Court has implemented a log sheet for all deleted cases, and no one should delete any case from the system without approval from the Chief Clerk/Supervisor. Failure to comply with the directive will result in disciplinary action.

**Auditors Response**

None

**Missing Case Files**

During the audit 30 case jackets requested for review were not located in the court or in the County's archives. Also, management mentioned that a former employee took home three boxes of case jackets. The date of the occurrence was not provided. Per Dallas County Code Sec. 98-41: All records are the property of the county. No official or employee, by virtue of his position, has any personal or property right to such records even though he may have developed or compiled them. The unauthorized destruction, removal from files, or use of such records is prohibited. The court does not have a comprehensive procedure for categorizing, organizing,

and tracking to allow for the identification of case jackets stored remotely. Additionally, the court has not implemented controls and procedures to ensure case jackets are not removed from the court by employees.

**Recommendation**

**Missing Case Files**

Management should establish policies and procedures for maintaining, monitoring, safeguarding, tracking and transferring records of the court. Records of the court are property of the county and management should control case jackets from inappropriately leaving the court's custody through enforcement of county policies, establishing preventive security controls, monitoring for theft of property, and training staff on fraud prevention. Additionally, management should coordinate with the records management officer regarding records management issues, developing records classification and filing systems, establishing accountability for missing records, and best practices for preparing records for transfer to county archives and for ease in future identification.

**Management Action Plan**

Note: Management did not submit a specific Action Plan but indicated that: "After further review, the Court requested all case jackets from Archives, but they were not located. The Court requested a report from IT Services to assess that all open files are in the Court and can be properly located".

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator