

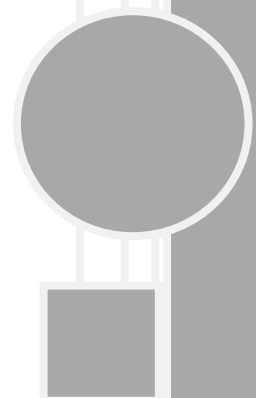


# AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE PRECINCT 2, PLACE 1 FY2018

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: June 03, 2019  
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# JUSTICE OF THE PEACE PRECINCT 2, PLACE 1 FY2018

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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 Margaret O'Brien  
Justice of Peace, Precinct 2, Place 1  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace Precinct 2, Place 1 FY2018**" 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,

A handwritten signature in blue ink that reads "Darryl D. Thomas".

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 2, Place 1 for fiscal year 2018 during which the Honorable Judge Brian Hutcheson presided. Priority areas of risk which need consideration by management are:**

### **Summary of Significant Observations:**

#### **Cash Count**

- Seven money orders and cashier checks totaling \$3,801.50 issued to the County Clerk, dates ranges from 5/15/2017- 1/18/2019 have not been deposited as of 03/04/2019.

#### **Cases Deletion**

- 123 cases were deleted without management review and approval.

#### **Disposed Cases**

- 21 of 90 (23%) disposed cases had incomplete docket record.

#### **Computer Receipts**

- 13 of 35 (37%) computer receipts voided without supervisor approval and not appropriately marked void.
- Five receipts were voided and the case numbers were subsequently reused for different case

#### **Civil Fees**

- 4 of 12 (33%) cases for a non-government entity that the court didn't collect fees at the time of filing and two case jackets are not located.

#### **Warrants**

- 42 cases without a balance due or marked inactive (disposed) have an active warrant.

#### **Manual Receipts**

- Two manual receipts where the amount were altered instead of void.
- Special Fund balance is \$380,318.85, of which \$364,705.70 is for cases older than three years.

#### **Special Fund**

- A difference of \$26,982.93 resulted from incomplete JPAS records. This is the difference between the bank balance and the JPAS fund balance.

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

1. Balance over three years old remain in the Special Fund balance account.
2. Cases without a balance due or marked inactive (disposed) have an active warrant
3. Cases with errors and omissions pertaining to posting partial payments, assessing court costs, collections, receipting to fee types and updating JPAS docket screen.
4. Cases were deleted without documentation of supervisory review. Per the court's responses to ICQ noted Criminal cases on referral report and JPAS exception report are not regularly reviewed for accuracy.
5. Online credit card transactions were not posted to JPAS properly and court did not update docket screen to reflect the correct amount due.

## 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:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2017 through September 30, 2018.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

## DETAILS

### **Case Deletions**

We reviewed all monthly Defendant/Plaintiff (D/P) Reports and identified 123 cases were deleted (of those, 116 are eviction cases) without management review. There are no means to determine if financial activity was recorded to the deleted cases. As a best practice, management should not permit the deletion of cases and periodically review D/P Reports to ensure that case deletions do not occur. There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases. D/P Reports are not monitored to detect case deletions. Assets can be misappropriated and not be detected when cases are deleted from JPAS. Deleting cases can result in the loss of receipt records, case notes, docketing information, and other actions posted by the court without an audit trail.

### **Recommendation**

#### **Case Deletions**

Management should implement policies and procedures that include:

- Not permitting staff to delete cases.
- Routinely monitoring D/P Reports for case deletions and communicating with staff when they occur.
- Reviewing circumstances surrounding each case deletion to understand the effect and impact.
- Working with Dallas County IT to limit system rights and roles based on the user's core job duties.

### **Management Action Plan**

None provided

### **Auditors Response**

None

### **Cash Count**

We performed a cash count on 03/04/2019 and identified seven money orders and cashier's checks totaling \$3,801.50 issued to the County Clerk have not been deposited. The dates on the checks range from 5/15/2017 to 1/18/2019. Per Local Government Code § 113.022, "the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received". Per Texas Rules of Civil Procedure Rule 143a, when an "appeal shall be deemed not perfected and the county clerk shall return all papers in said cause to the justice of the peace having original jurisdiction and the justice of the peace shall proceed as though no appeal had been attempted." The court did not dispose funds returned from the County Clerk in a timely manner. As a result, \$3,801.50 has not been disbursed to the appropriate parties.

**Recommendation**

**Cash Count**

Management should implement policies and procedures that include:

- Proceeding as though no appeal had been attempted, in accordance with TRCP Rule 143a, when unperfected appealed cases are returned by the County Clerk.
- Ensuring the appellant's contact information is updated at the time the appeal bond is received and preserving mail correspondence with the appellant's return address.
- Training staff to timely identify and report check and money order issues.
- Working to resolve check deposit issues with other departments as appropriate.

**Management Action Plan**

None provided

**Auditors Response**

None

**Disposed Cases**

We reviewed 90 disposed cases and identified: 11 cases were disposed without a plea, and a judgement or dismissal date; six dismissed cases do not have a judge's signature approving the dismissal; two cases in which the court costs were not updated in JPAS to reflect the Judge's orders; one case in which the DA's signature supporting case dismissal could not be located in the case file; one case file requested for audit review was not located in the court's records or in the County's archives. 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 Code of Criminal Procedure (C.C.P.), Art. 27.14(c). Per C.C.P. Art 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. The court should docket credit for waivers, community service, and time served, with the authorized approver's signature and date, consistent with C.C.P. Chapter 45. Per Dallas County Code Sec. 98-6 (a) Elected officials who designate themselves as the records management officer for their office will cooperate with the Commissioners Court and the county records management officer on records management issues. The court has not implemented comprehensive internal controls to ensure a case is appropriately docketed and that sufficient approval is documented for case dismissals. The court stores paper records in files and utilizes a manual system for categorizing and tracking case jackets stored remotely. The court does not utilize document imaging or other electronic means to maintain case records. As a result, assets may be misappropriated when waivers are granted without sufficient approval and when disposed cases are not reviewed by the court for completeness of supporting documentation. Missing case jackets increase the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

**Recommendation**

**Disposed Cases**

Management should implement policies and procedures that include:

- Docketing cases as events occur, such as: the assessment of additional court costs (including administrative fees, time payment fees, warrant or capias fees, etc.), fine amounts reduced by the Judge, and judgements rendered by the court are supported by the Judge's signature or initials.
- Reviewing case records and dockets for accuracy and completeness before disposing the case.
- Transitioning the court to Electronic Document Imaging System used to electronically upload case contents to the Court Management System.
- Maintaining, safeguarding, tracking and transferring records of the court. Files and records should be classified and inventoried before moving files off-site for ease in latter identification.
- Communicating Records Management issues to the Records Management Officer.

**Management Action Plan**

None provided

**Auditors Response**

None

**Special Fund**

We reviewed the Special Fund activities (period ending September 30, 2018) and noted the Justice of the Peace Accounting System (JPAS) fund balance is \$380,318.85, of which \$364,705.70 is for cases older than three years; and Special Funds totaling \$26,982.93 (the difference between the \$406,839.78 Adjusted Bank balance and the JPAS fund balance) were deposited in the bank but never posted to a payee's case in JPAS. Additionally, we reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted that: cancelations, including checks that are "stale dated" by Commissioners Court, are not posted to the JP accounting systems; and the court has not assigned the responsibility to routinely escheat special funds. In accordance with Local Government Code Section 113.008, an official with Special Funds shall reconcile all balances and transactions in the statement of activity against the balances of the official's records (JPAS, case jackets, and bank statement) each month. Management should escheat funds per Property Code, § 72 and § 76 and cash bonds should be forfeited per Code of Criminal Procedure § 22. The court does not monitor and control the balance and activities over the Special Fund, which contain overpayments and cash bonds paid by parties. Parties entitled to funds may not receive them or realize they are held in escrow by the court. Unless the Special Fund is actively managed, the balance will continue to increase.

**Recommendation**

**Special Fund**

Management should implement policies and procedures that include:

- Monitoring, recording, and following up on Special Fund activities by reviewing



Special Fund Reports.

- Assigning staff to perform a routine escheatment analysis of Special Funds in accordance with Unclaimed Property Statutes, Property Code, § 72 and § 76.
- Forfeiting cash bonds in accordance with Code of Criminal Procedure § 22.

**Management Action Plan**

The Court has begun the escheat process to lower the current fund balance. After the Chief Clerk attended a training class by the Texas Justice Court Training Center we were advised that the monies can be directly escheated to the State.

**Auditors Response**

None

**Computer Receipts**

We reviewed all 35 voided computer receipts and identified three receipts were voided without documented approval; five receipts were not marked void; and five receipts were voided and the case numbers were subsequently reused for different cases. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Computer receipts that cannot be issued to customers, due to error, should be marked void with an explanation written on the receipt. All receipt copies should be retained by the court. Voided computer receipts should be reviewed by court management to ensure the duties of preparing and approving voided computer receipts are appropriately segregated and not conducted by the same individual. In order to maintain complete financial records, case numbers should not be reused for different cases or deleted. These errors were made during the voiding process and management should review computer receipt voids to detect them. A lack of segregation of duties, management and quality control review over voiding transactions may result in the misappropriation of assets and an incomplete audit trail.

**Recommendation**

**Computer Receipts**

Management should implement policies and procedures that include:

- Ensuring all copies of voided receipts are retained and clearly marked "void".
- Providing an explanation for voiding is written on the receipt,
- Documenting the review of void transactions by management and ensure void duties are appropriately segregated.
- Periodically reviewing Exception Reports from JPAS to monitor voided computer receipts and ensure the timely detection of errors and omissions by court staff.

- Restricting staff to delete cases under any circumstances.

**Management Action Plan**

None provided

**Auditors Response**

None

**Civil Fees**

We reviewed all 12 cases brought by a non-government entity on the Justice Fee Exception List and identified: two cases that did not have an explanation for not collecting fees at the time of filing; two case jackets requested for audit review were not located in the court's records or in the County's archives. 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. Per Dallas County Code Sec. 98-6 (a) Elected officials who designate themselves as the records management officer for their office will cooperate with the Commissioners Court and the county records management officer on records management issues. Due to clerical errors and a manual process, there is no mechanism to prevent the court from setting up a case without accepting the filing fees or documenting a valid reason for not accepting them. The court stores paper records in files and utilizes a manual system for categorizing and tracking case jackets stored remotely. The court does not utilize a document imaging or other electronic means to maintain case records. As a result, assets may be misappropriated when waivers are granted without sufficient approval and when cases are not reviewed for collection of filing fees. Missing case jackets increase the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

**Recommendation**

**Civil Fees**

Management should implement policies and procedures that include:

- Collecting filing fees at the time of filing non-misdemeanor cases except in limited circumstances addressed by statute (Order of Indigence, cases filed by government entities, etc.) which is documented in JPAS and the case jacket.
- Training staff, implementing receipting and docketing checklists, periodically reviewing of the Justice Fee Exception List from Document Direct.
- Transitioning the court to Electronic Document Imaging System used to electronically upload case contents to the Court Management System.
- Communicating Records Management issues to the Records Management Officer.

**Management Action Plan**

The Court located one of the missing cases and the case jacket included an Inability to Pay cost which waives fees.

**Auditors Response**

We have asked for documentation supporting the Inability to Pay. If documentation is provided, we will remove this as part of the finding.

**Manual Receipts**

We reviewed all 57 manual receipts and identified two manual receipts where the amounts were altered to a lower amount instead of voided. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Manual receipts should not be altered, but labeled "Void" with a reason written on the receipt. All receipt copies should be retained by the court. These errors were made during the receipting process and management should review manual receipts for accuracy. A lack of management and quality control review can allow for the potential for revenue loss, misappropriation of assets, and risk of a delay in the detection of the omission in manual receipts. Additionally, manual receipts may be issued to customers with inaccuracies.

**Recommendation**

**Manual Receipts**

Management should implement a policy and procedure that includes:

- Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies.
- Receipts should be verified for accuracy, including the amount, tender type, case number, transaction date, and payer before issuing to a customer.
- All voided manual receipts should require supervisory approval.

**Management Action Plan**

None provided

**Auditors Response**

None

**Credit Cards**

We reviewed all credit card postings and refunds posted to JPAS during FY2018 and identified seven cases in which the Record ID from the Credit Card Autocite, or the Transaction ID from the Credit Card Settlement Report were not applied to the payment posted in JPAS; and seven credit card transactions were refunded

because the court did not update the court cost and fine in JPAS. The misdemeanor docket screen should accurately reflect actions imposed by the court, including the court costs and fine amount due on any given case, consistent with the Code of Criminal Procedure, § 45.017. The last five digits of the credit card Transaction ID (from the Settlement Report) or Record ID (from the Autocite Report) should be posted in the JPAS check number field consistent with the courts procedure for recording credit card transactions. Errors were made when posting the Record or Transaction ID to the payment record; the JPAS docket screen was not updated to reflect the actual amounts owed. As a result, defendants may pay more than the amount owed and it may be difficult to determine the source for payments if the incorrect credit card ID is posted in JPAS. Docketing errors also impact other departments that must work diligently to perform corrective actions.

### **Recommendation**

#### **Credit Cards**

Management should implement policies and procedures that include:

- Updating JPAS when court costs and fine amounts change (i.e. issuance of warrants, time payment fee assessed, fines reductions by the judge, driver safety course granted), to ensure an accurate balance owed is displayed on the County website.
- Posting credit card payments to JPAS using the last five digits of the Record ID (from the Credit Card Autocite) or the Transaction ID (from the Credit Card Settlement Report).
- Making timely adjustments to assessments, such as judicial waivers, to reflect internal control and audit trails. This should include compensating processes such as dual sign-off on adjustments with supervisory review and approval, monitoring, and validation.

### **Management Action Plan**

None provided

### **Auditors Response**

None

### **Fee and Fine Assessment and Collection**

We reviewed 40 cases for compliance with applicable state laws including Code of Criminal Procedures Chapters 45 and 102 and Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion No. GA-0147 and identified four cases with JPAS docketing, court cost assessment and collection errors. These instances can result in the incorrect collection of court costs, incorrect distribution and disbursement of funds, and inaccuracies to JPAS.

### **Recommendation**

#### **Fee and Fine Assessment and Collection**

Management should implement policies and procedures that include:

- Verifying case activities for accuracy and completeness before disposing the case.
- Docketing cases as events occur, such as: the assessment of additional court costs (including administrative fees, time payment fees, warrant or capias fees, etc.), fine amounts reduced by the Judge, and judgements rendered by the court are supported by the Judge's signature or initials.
- Establishing quality control review and monitoring procedures for court activities.

**Management Action Plan**

None provided

**Auditors Response**

None

**Warrants**

We reviewed the JP Warrant Error Report, dated 3/4/19, and identified 42 cases without a balance due or marked inactive (disposed) have an active warrant. These cases require additional follow up by the court to process the warrant recall. Management should review the warrant error report and recall warrants when appropriate. Per the Code of Criminal Procedure (C.C.P.) Art. 45, " A justice or judge shall recall an arrest warrant for the defendant's failure to appear if the defendant voluntarily appears to resolve the amount owed and the amount owed is resolved." The court shall recall a capias pro fine under the same conditions. The Warrant Error Report is not reviewed to recall active warrants on disposed cases and those paid in full. This poses a potential liability to the County for persons arrested in error.

**Recommendation**

**Warrants**

Management should implement policies and procedures to ensure warrants and capiases are recalled consistent with C.C.P. Art. 45 and monitor activity on the Warrant Error Report.

**Management Action Plan**

The court recalled warrants on the Warrant Error Report the first week of January. All but nine of the warrants showing up on the Report were recalled. The Court made a second request of the Sheriff which were subsequently recalled. The Court has made diligent efforts to timely recall warrants.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator