



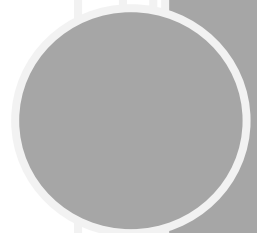
AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE PRECINCT 2, PLACE 1 AUDIT - FY 2022

Darryl D. Thomas
Dallas County Auditor

ISSUED: 4/19/2023
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Justice of the Peace Precinct 2, Place 1 Audit - FY 2022

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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 Audit - FY 2022**" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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

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 2022. **Priority areas of risk which need consideration by management are:**

Summary of Significant Observations:

- **Special Fund:** The Special Fund balance per JPAS is \$374,892.66, of which \$368,937.46 is for cases older than three years. JPAS records reflect \$29,268.55 less than the \$404,161.21 Oracle general ledger balance, due to timing differences, incomplete/inaccurate JPAS records, and unposted transactions.
- **Cash Count:** 19 checks totaling \$1,026 were receipted by the court after five business days from the date the court received them. Two money orders totaling \$1,138.00 (dated May 9, 2011), were found inside the court's safe and had not been receipted and deposited. The money orders were made payable to the County Clerk for an appeal bond and were identified in the prior audit. **Status: This issue was noted in the prior year audit.** One clerk did not have a till and stored money in an unsecured drawer. **Status: On 3/2/23 Facilities installed a lockable till drawer.**

Repeat observations from Previous Audits:

- **Special Fund:** Prior years fund balance over three years old remain outstanding and bank variances continue to occur due to incomplete JPAS record.
- **Cash Count:** During a cash count performed on May 10, 2022, two money orders totaling \$1,138.00 (dated May 9, 2011), were found inside the court's safe and had not been receipted and deposited. The money orders were made payable to the County Clerk for an appeal bond.
- **Case Deletion:** There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases without segregation of duties. Management does not monitor Defendant/Plaintiff Log Reports to detect case deletions.
- **Dismissed Case:** The court does not review to ensure a case is appropriately docketed, and that sufficient approval is documented on disposed cases.
- **Computer Receipts:** Management relies on staff to self-report voids and does not review the Exception Reports from JPAS.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

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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. Review controls over safeguarding of assets

This audit covered the period of October 1, 2021 through September 30, 2022.

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

Fine and Court Fee Assessment

Twenty cases were reviewed for appropriate assessment and collection of court costs, fines, and fees and accuracy of postings to the Justice of the Peace Accounting System (JPAS). One case was identified in which the fees and fines were not posted according to the fee schedule.

Court costs, fines, and fees should be assessed and collected in compliance with applicable state laws including Code of Criminal Procedure (CCP) Chapter 45, CCP 102, CCP 103, Local Government Code Chapter (LGC) 133 and 134, Transportation Code 542 and 706, Commissioners Court orders, and Attorney General Opinion GA-0147. Court costs should be assessed based on offense date and offense type. This occurred due to clerical errors and inadequate JPAS system functionality that requires the manual entry of assessments and payments. This error and omission may result in the inadequate collection of court costs and an incorrect distribution and disbursement of funds contractually and statutorily owed to other parties.

Recommendation

Fine and Court Fee Assessment

Management should make the following corrective actions:

- Review case records, dockets, and payments for accuracy and completeness before disposing the case.
- Assess fees based on the offense date.
- Ensure all court personnel consistently follow court guidelines and Texas Statutes (CCP Ch.45, 102, 103; LGC Ch.133 and 134; and TC Ch.542 and 706).

Management Action Plan

- The audit finding in this area is from the past Forvus/JPAS system. Since the court has moved forward into the Odyssey system, the court is currently navigating through the fine and court fee assessment process and at times it has been unsuccessful/difficult due to the current issues in Odyssey. My concern has been addressed with the County Administrator.

Auditors Response

- None

Dismissed Cases

Forty dismissed cases were reviewed during the audit period the following were identified:



- Three cases in which the Judge's stamp was used to dismiss the case; however, Internal Audit was unable to verify who used the stamp.
- Two dismissed cases in which the terms of the plea-in-bar were not completed; the defendant failed to pay the full amount owed and the court disposed the case. Court costs on one case were not paid in full.
- Two cases in which the signed compliance dismissal form was not in the case file.
- One case was dismissed, but the insurance card does not show the defendant had policy coverage on the date of the offense.

Per Code of Criminal Procedure (CCP) Article 32.02, the attorney representing the State may, by permission of the court, dismiss a criminal action at any time upon filing a written statement with the papers in the case setting out his reasons for such dismissal. No case shall be dismissed without the consent of the presiding judge. According to the Texas Court of Criminal Appeals, "A trial court has no "general authority" to dismiss a criminal case without the prosecution's consent except as provided by statute, common law, or constitutional provision (See State v. Johnson, 821 S.W.2d 609, 613; Tex.Crim.App.1991)." Per Texas AG Opinion H-386, "A justice of the peace may not delegate to any other person the exercise of judicial powers and duties devolved upon him by the Constitution or statutes of the state." Transportation Code (TC) 601.053 and 601.193 states the operator of the vehicle charged shall provide a liability insurance policy covering the vehicle to the court that was valid at the time the offense is alleged to have occurred. Local Government Code (LGC) 115.901 states the county auditor shall examine the accounts, dockets, and records of each justice of the peace to determine if any money belonging to the county and in the possession of the officer has not been accounted for and paid over according to law. Court management did not adhere to CCP 32, AG Opinions H-386, TC 601.193, did not detect record omissions in the case files, and did not collect amounts owed per court order. This resulted in a revenue loss to the county. Additionally, it is possible assets may be misappropriated when dismissals are granted without supporting authorization and when disposed cases are not reviewed by the court for completeness of supporting documentation.

Recommendation

Dismissed cases

Management should make the following corrective actions:

- Ensure signed dismissal orders and motions are present in the case file, that the terms of orders are completed prior to case disposition, and that case records are reviewed for accuracy and completeness before disposing the case.
- Comply with TC 601 by obtaining a copy of the liability insurance policy covering the defendant's vehicle that was valid at the time that the offense is alleged to have occurred.
- Require that judicial decisions, including DA (prosecution) motions for dismissal, are authorized by the judge with the judge's signature.
- Prevent the anonymous use of judicial stamps.



- Document formal written procedures for staff to process compliance dismissals, appropriately using judicial stamps and for management's review.

Management Action Plan

- The management acknowledge and agree with this audit finding/exceptions in these areas. Management will closely monitor the dismissal/disposed of criminal cases especially with the positioning of a two new traffic clerks who will review each case for accuracy and compliance.

Auditors Response

- None

Disposed Cases

Fifteen disposed cases were reviewed and the following were identified:

- Four cases in which the Appeal Bond date was not posted on the JPAS docket screen .
- One case was disposed after deferred disposition was granted, but the defendant did not pay the ordered amount of \$275. Also, the order date was incorrectly entered as 03/04/23, but should have been 9/18/22 in JPAS.

Per the Code of Criminal procedure (CCP) Article 45.017 (a) the judge of each court shall keep a docket containing the date the examination or trial was held, judgment and sentence of the court, whether an appeal was taken, and the date of each action. Per CCP Article 45.051(a) On a plea of guilty or nolo contendere by a defendant or on a finding of guilt in a misdemeanor case punishable by fine only and payment of all court costs, the judge may defer further proceedings without entering an adjudication of guilt and place the defendant on probation. Management did not adhere to 45 and did not detect the record errors and omissions in JPAS. As a result, the county incurred a loss for the case disposed with payment. It is possible future losses may occur when cases are not reviewed by management for completeness and accuracy of payments before disposition.

Recommendation

Disposed Cases

Management should make the following corrective actions:

- Post the four appeal dates and the correct order date to Odyssey, the new court management system.
- Ensure management reviews case records, dockets, and payments for accuracy and completeness before disposing the case.
- Ensure all court personnel consistently follow court guidelines and Texas Statute CCP Ch.45.



- Docket cases as events occur in JPAS, such as dismissal, DA motions for dismissal, appeal bond file dates, and judgments rendered by the court.

Management Action Plan

- The management acknowledge and agree with this audit finding/exceptions in these areas. Management will closely monitor the dismissal/disposed of criminal cases especially with the positioning of two new traffic clerks who will review each case for accuracy and compliance.

Auditors Response

- None

Case Deletions

Defendant//Plaintiff (D/P) Log Reports were reviewed during the audit period, and it was identified that nine cases were deleted without supervisory 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 should periodically review D/P Log 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 without segregation of duties and approval. Additionally, management does not review D/P Log reports to effectively detect and monitor case deletions. Deleting cases in JPAS increases the risk that assets may be misappropriated and not detected by management. 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 make the following corrective actions:

- Ensure management, rather than staff, routinely monitor D/P Log Reports for case deletions and communicating with staff when they occur.
- Not permit staff to delete cases.
- Write a comment in JPAS explaining errors that occur on cases rather than deleting cases to keep a complete audit trail of cases.
- Review circumstances surrounding each case deletion to understand the effect, impact, and reduce likelihood of reoccurrence.
- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.

**Management Action Plan**

- The audit finding in this area is from the past Forvus/JPAS system. In the past, case deletion was delegated to the Bookkeeper. With the implementation of Odyssey, the Chief Clerk is the only individual who has the capability/access to delete cases in Odyssey.

Auditors Response

- None

Cash Count

A cash count was performed 02/23/23 and the following were identified:

- 19 checks totaling \$1,026 were receipted by the court after five business days from the date the court received them.
- Two money orders totaling \$1,138.00 (dated May 9, 2011), were found inside the court's safe and had not been receipted and deposited. The money orders were made payable to the County Clerk for an appeal bond and were identified in the prior audit. **Status: This issue was noted in the prior year audit.**
- One clerk did not have a till and stored money in an unsecured drawer. **Status: On 3/2/23 Facilities installed a lockable till drawer.**

Per Local Government Code (LGC) § 113.022 a county officer or other person who receives money must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. Management is responsible for designing, implementing, and supervising cash handling and receipting procedures. As a best practice checks and money orders received via mail should be recorded on a check log before providing to the bookkeeper for posting. Daily receipts and check log should be reconciled and reviewed by a supervisor other than the bookkeeper. Daily receipts and the check log should be reconciled and reviewed by a supervisor other than the bookkeeper. Money and negotiable instruments should be secured in a locked till. Management should escheat funds per Property Code, § 72 and § 76 and cash bonds should be forfeited per Code of Criminal Procedure § 22. Management did not comply with LGC 113.022, ensure the money orders were receipted to the Special Fund for escheatment. Management also stated in a response to the Internal Control Questionnaire there were no undeposited money orders at the court. As a result, the defendant's money orders remained in the court's custody for 11 years while the issuer's monthly fee continue to reduce their value. Delays in posting payments affect the collection of deposits and recognition of revenue.

Recommendation**Cash Count**

Management should implement policies and procedures that include:



- Ensure all tills are lockable.
- Return the money orders to the defendant or escheat the money in compliance with Property Code, § 72 and § 76.

Management Action Plan

- Due to the implementation of Odyssey which caused a backlog of new cases, low staffing and overwhelming number of Debt Claim cases filed in the court, it was the source of this audit finding/exception to which I addressed with the County Administrator. The court is currently re-evaluating staffing and is projected to employ new clerks to assist and as well, the anticipated arrival of the new Clerk III who will focus solely on the financial area of court.

Auditors Response

- None

Manual Receipts

All 32 manual receipts issued during fiscal year 2022 were reviewed and the following were identified:

- Four manual receipts in which the corresponding computer receipt was not attached.
- Two manual receipts were backdated when posted to JPAS.
- One pink manual receipt copy was not attached to the computer receipt.

When manual receipts are issued to customers, the white receipt copy should be given to the customer, the pink copy should be attached to the court's computer receipt after payment is receipted in JPAS, and the yellow copy should remain within the manual receipt book attached to the second computer receipt. Payments should not be backdated in JPAS, but show the same date the clerk posted the payment. The court's manual receipting procedure as stated by management in a response to the Internal Control Questionnaire, was not followed. Additionally, staff are permitted to backdate receipts in JPAS without management oversight. A lack of segregation of duties and management oversight may result in potential revenue losses, misappropriation of assets, and risk that manual receipt errors may not be detected. Backdating receipts affects the accuracy and reporting of the financial records.

Recommendation

Manual Receipts

Management should make the following corrective actions:

- Issue manual receipts when JPAS is nonoperational.



- Attach the computer receipt to the triplicate (yellow) manual receipt copy retained in the manual receipt book. Attach the duplicate (pink) manual receipt copy to the computer receipt.
- Ensure management reviews manual receipts books after use.
- Ensure receipts are not back dated in JPAS by training staff on appropriate receipting practices.
- Formally document the court's manual receipt procedures.

Management Action Plan

- The audit finding in this area is from the past Forvus/JPAS system. For the future, management is unclear if manual receipts will be relevant given that it was primarily used in conjunction with the Forvus/JPAS system. Any voided computer receipts will be closely monitored by Management.

Auditors Response

- None

Voided Computer Receipts

Seventeen voided computer receipts were reviewed for audit period FY22 and the following were identified:

- Four computer receipts were voided without segregation of duties and the approver's signature. In one case both receipt copies were not retained by the court.
- One computer receipt was not labeled void and did not have an explanation written for voiding in JPAS.

The court's voiding procedure is to label receipts "Void", document a reason for voiding, ensure all receipt copies are retained by the court, void the full amount of the receipt, and segregate the duties of void preparer and reviewer. The supervisor signs voided receipts presented by the preparer, who also signs the receipt. JPAS reporting through Document Direct provides the JP courts with the capability to review exception reports and voided transactions to ensure that errors and omissions are detected. Management did not ensure the court's voiding procedures were consistently followed. A lack of management oversight and segregation of duties may result in errors, omissions, revenue loss, an incomplete audit trail, and present opportunities for misappropriation.

Recommendation

Voided Computer Receipts

Management should make the following corrective actions:

- Consistently follow the court's receipting procedures for voiding transactions.
- Ensure void duties are appropriately segregated.
- Document the review of void transactions by management in writing.



- Mark computer receipts "VOID" and write an explanation for receipts that are voided.
- Retain all copies of voided receipts.
- Periodically review Exception Reports from JPAS to monitor voided computer receipts and ensure the timely detection of errors and omissions.

Management Action Plan

- The audit finding in this area is from the past Forvus/JPAS system. For the future, management is unclear if manual receipts will be relevant given that it was primarily used in conjunction with the Forvus/JPAS system. Any voided computer receipts will be closely monitored by Management.

Auditors Response

- None

Special Fund

Twenty Special Fund check disbursements, twelve monthly reconciliations, and postings to JPAS were reviewed during the audit period (ending September 30, 2022) and the following were identified:

- The Special Fund balance per JPAS is \$374,892.66, of which \$368,937.46 is for case balances eligible for escheatment (older than three years as of 3/1/2022 reporting date).
 - \$3,055.76 is made up of case balances less than or equal to \$100 and can be escheated to the county.
 - The \$374,892.66 balance per JPAS is \$29,268.55 less than the \$404,161.21 Oracle general ledger balance, due to incomplete JPAS records.
 - The court's Special Fund Reconciliation did not balance because:
 - The court's Special Fund Reconciliation was not completed by the start of audit fieldwork. An incomplete reconciliation was provided on 2/20/23 without management's review.
 - Beginning and end of period balances were not updated, and check and cancellations posted in the prior period were not removed.
 - 29 timing difference entries and unposted transactions were not entered on the court's reconciliation (Receipts: 19, Disbursements: 7, Cancellations: 3).
 - Seven incorrect monthly balances were entered on the reconciliation (Receipts: 3, Disbursements: 2, Cancellations: 2).
 - Four timing differences and unposted transactions were incorrectly added to the court's reconciliation.
 - Nine canceled checks totaling \$2,262.72 were not posted to JPAS. One disbursement check was back dated by the court.



- One disbursement check for \$10.00 was not posted to JPAS. The check is a duplicate disbursement.
- One disbursement check was issued without a referencing case number or party name.
- One disbursement check for \$10 was refunded in error.

In accordance with Local Government Code Section 113.008(f), 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 files, and Oracle General ledger) each month. Unposted transactions discovered from the reconciliation should be posted the JPAS. Reconciliations should be reviewed by management for accuracy, completeness, and the appropriateness of transactions. Management should escheat funds per Property Code, § 72 and § 76 and cash bonds should be forfeited per Code of Criminal Procedure § 22. The Special Fund is intended to be a temporary escrow account and balances in excess of three years were not escheated. Management did not comply with LGC 113.008, does not review the Special Fund reconciliation, or ensure disbursement check and cancellations are reviewed and timely to JPAS. As a result, parties entitled to funds did not receive them and may not realize they are held in escrow by the court. This also increases the risk that financial records in JPAS may be inaccurate and incomplete.

Recommendation

Special Fund

Management should make the following corrective actions:

- Escheat \$3,055.76 in case balances under \$100 to the county.
- Implement management's monthly review of the Special Fund reconciliation, guide staff to complete their functions, and ensure the reconciliation balances to the general ledger per LGC 113.008(f).
- Add the 29 timing differences and unposted transactions to the court's FY22 reconciliation.
- Correct beginning and ending balances.
- Post the nine cancelled checks totaling \$2,262.72 and one disbursement check totaling \$10.00 to Odyssey, the new court management system.
- Obtain or seek reimbursement for the \$10.00 duplicate check.
- Ensure Special Fund check disbursements and cancellations are accurately, completely, and timely posted to cases after the completion of monthly reconciliations.
- Review Special Fund reports and routinely escheat Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.
- Train staff to refrain from backdating financial records to the court's case management system.
- Document each disbursement to it's own detectable case number for the purpose of tracking the payment.
- Ensure management reviews staff refund requests and determines parties have satisfactorily paid



Management Action Plan

- The management acknowledge and agree with this audit finding/exception in this area which has been an issue for years including prior to the current administration. With the anticipated arrival of the new Clerk III who will focus solely on the financial area of court which will include the items addressed in this area of the audit. Upon arrival of the Clerk III, the court will reach out to the Audit team for guidance and training in order to combat this long standing issue.

Auditors Response

- None

Credit Card Postings

All the court's online credit card transactions and postings to JPAS during the audit period were reviewed; five online credit card payments were posted to the defendants' cases in JPAS after thirteen business days.

The entire amount of each online credit card payment should be receipted to the defendant's case in JPAS by the following business day, but no later than the fifth day after the day money was received per Local Government Code 113.022. Management relies on staff to post online credit card payment transactions but does not ensure they are posted timely to the defendant's case in JPAS, in compliance with LGC 113.022. As a result, defendants may not receive timely credit for payments made to their cases, which increases the risk of additional fees charged or scoff law restrictions to the defendant.

Recommendation

Review of Credit Card Posting

Management should make the following corrective actions:

- Post complete and accurate payments for online credit card payments to JPAS in compliance with LGC 113.022.
- Provide oversight by reviewing daily JP Credit Card and Settlement Reports against payments posted to JPAS verifying all payments are accurately and completely posted.



- Daily closeout procedures should be updated to include management's verification that staff performed this function.

Management Action Plan

- The management acknowledge and agree with this audit finding/exception in this area. Management will closely monitor this area.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator