

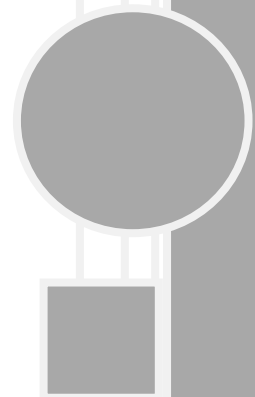


AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE 3-1 FY2016 AND FY2017 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: January 14, 2019
RELEASED: February 27, 2019



JUSTICE OF THE PEACE 3-1 FY2016 AND FY2017 AUDIT

TABLE OF CONTENTS

MANAGEMENT LETTER.....	3
EXECUTIVE SUMMARY.....	4
INTRODUCTION.....	5
DETAILS.....	6
JPAS Monitoring, Security, and Reporting.....	6
Disposed Cases.....	7
Fee Compliance.....	8
Special Fund.....	9
Credit Cards.....	9
Manual Receipts.....	10

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 Al Cercone
Justice of Peace, Precinct 3, Place 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace 3-1 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,

A handwritten signature in blue ink that reads "Darryl D. Thomas". The signature is fluid and cursive.

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 3, Place 1 for fiscal years 2016 and 2017. Internal Control weaknesses which need consideration by management are:

Summary of Significant Observations

- Errors and omissions were made during the receipting process and management does not review manual receipts to timely detect errors.
- Clerks prepare and review their own work without of segregation of duties and management oversight.
- All clerks have access to use the judge's stamps, which are used to grant time served, community service, dismissals, and DA dismissals.
- Clerks also use stamps to initial their preparation of documents.
- The court does not have an inventory record documenting the number of the judge's stamps in the office and staff in possession of them.
- Management does not review case lists submitted to the DA for dismissal after clerks have stamped/approved them with the judge's signature.

Repeat observations from Previous Audits:

- There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases.
- Management did not review D/P Logs, case deletions and Transaction Logs.
- Inadequate JPAS system functionality that requires the manual entry of assessments and posting payments. Court costs, fees, and fines are not consistently updated as additional case activity occurs.
- The court does not reconcile the Special Fund to timely detect posting errors.
- The court did not update the JPAS docket screen to reflect the correct amounts due and made errors when posting the Transaction ID to the financial screen.

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, 2015 through September 30, 2017.

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

JPAS Monitoring, Security, and Reporting

We reviewed monthly Defendant/Plaintiff (D/P) Logs and identified 102 cases were deleted without management review. We inquired with court personnel and received the court's responses from the Internal Control Questionnaire (ICQ) and noted the court does not review Computer Transaction Logs. As a best practice, management should approve all cases prior to deletion and periodically review D/P logs to ensure that deletions were approved and documented. Management should periodically review transaction logs to ensure that errors and omissions are detected and future issues can be prevented. Management does not review D/P Logs, case deletions and Transaction Logs. Deleting cases can result in the loss of case notes, docketing information, receipt records, and actions made by the court without an audit trail. Assets can be misappropriated and not be detected when whole cases are deleted from JPAS. Improper or unauthorized changes may not be detected if not reviewed.

Recommendation

JPAS Monitoring, Security, and Reporting

Management should ensure:

- Cases are approved prior to deletion. The approval should be documented with explanations for deletions.
- D/P Logs are periodically reviewed and that all case deletions were approved.
- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.
- Transaction Logs and other JPAS reports are periodically reviewed to monitor court activities and timely detect errors and omissions.

Management Action Plan

The Dallas County audit department is operating with the benefit of current state-of-the-art auditing techniques and computer tools. Realizing that all Dallas County Justice Courts are struggling to continue to operate with 1980's court management software, it should come as no surprise to any reasonable person that minor imperfections can be detected. Most of these inaccuracies, if not all, can be eliminated with a modern court management software solution that Dallas County has resisted to supply and implement for several decades. For any improvement to be expected or achieved, the county will have to re-think the wisdom of handicapping the Dallas County Justice Courts with antiquated court management software.

Auditors Response

Internal Audit is in general agreement with the Court that a modern court management system is needed, and would strongly encourage the Court to continue to advocate for a modern system with the Commissioner's Court and County IT. Though a modern, more

robust, court management system will reduce the number of inaccuracies, until the system is implemented, it is still incumbent on court staff to periodically review transactions to try to reduce and mitigate inaccuracies whenever possible.

Disposed Cases

We observed court activities and inquired with management and noted:

- All clerks have access to use the stamps with the Judge's signature, which are used to grant time served, community service, dismissals, and DA dismissals.
- Clerks also use stamps with their initials to sign off on documents.
- The court does not have an inventory written record documenting the number of the judge's stamps in the office and staff in possession of them.
- Management does not review case lists submitted to the DA for dismissal after staff have stamped/approved them with the judge's signature.

We reviewed a sample of 70 disposed cases and identified only minor issues, such as:

- One dismissed case where the court did not post the dismissal date on the JPAS docket screen.
- One disposed case where the plea was not posted on the JPAS docket screen.

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. Management should ensure authorization, recording, custody of assets, and reconciliation duties are appropriately segregated. Management should implement mitigating controls, such as supervisory review, when duties cannot be segregated. Signature stamps should be locked in a secure location and in custody of the signing authority or assignee. Assignees using signature stamps should initial and indicate the date next to each signature. An inventory record of signature stamps should be maintained to ensure stamps are can be tracked and returned upon termination of personnel. Management should periodically review written policies and procedures to reflect current court activities. 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 payments are accepted by the court as full payment in accordance with 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.

The court does not have appropriate internal controls to ensure a case is appropriately docketed when a case is disposed. As a result, there is a risk that staff may prepare and review their own work without segregation of duties and management oversight. Assets may be misappropriated when duties are not sufficiently segregated and when a single person can receipt cash payments, post entries to JPAS, prepare a list of cases to be dismissed, approve cases with the judge's signature stamp, and submit the dismissal list to the Assistant District Attorney without management review. Case docketing fields in JPAS may not reflect accurate and complete information when errors and omissions are not detected.

Recommendation

Disposed Cases

Management should ensure:

- Judge signature stamps are periodically counted and appropriately secured.
- The court has a written inventory record to maintain, safeguard, and track judge signature stamps.
- Authorization, recording, and custody of assets duties and responsibilities are appropriately segregated.
- Policies and procedures are periodically updated to document the responsibilities of court personnel, provide guidance, and improve efficiency. Policies and procedure manuals should be made available electronically or provided directly to staff.
- Cases flagged for dismissal and forwarded to the Assistant District Attorney are reviewed by management.
- Case activities are verified for completeness and accuracy before disposing the case.

Management Action Plan

See Management's response under JPAS Monitoring

Auditors Response

See Auditor's response under JPAS Monitoring

Fee Compliance

We reviewed a sample of 44 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 only minor issues, such as: five cases with payments, assessing court costs, receipting to fee types, and JPAS docketing errors. These instances can result in the incorrect collection of court costs, incorrect distribution and disbursement of funds, and inaccuracies to JPAS.

Recommendation

Fee Compliance

Management should ensure:

- Docket screen fields, including the court costs and fine, should be updated as: case activity occurs, new court costs are assessed fine amounts are reduced by the Judge, and cases are dismissed.
- Docketing procedures at the court are documented to train new staff and to ensure court guidelines are followed consistently.

- Quality control review procedures are established for court activities.

Management Action Plan

See Management's Response under JPAS Monitoring

Auditors Response

See Auditor's response under JPAS Monitoring.

Special Fund

We reviewed the Special Fund activities (period ending September 30, 2017) and identified the fund balance is \$14,113.69, of which \$2,937.64 is for cases older than three years; and 15 Special Fund checks posting discrepancies have not been corrected in JPAS. 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 reconcile the Special Fund from JPAS to the General Ledger (GL). As a result, disbursements to parties entitled to funds are delayed, the JPAS does not agree to the GL, and posting errors may not be corrected in JPAS.

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 reviewed by management.
- A reconciliation is performed in a timely manner and outstanding issues should be resolved accordingly.
- The court performs an escheat analysis of Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.
- Cash bonds are forfeited in accordance with Code of Criminal Procedure § 22.

Management Action Plan

See Management's response under JPAS Monitoring

Auditors Response

See Auditor's response under JPAS Monitoring

Credit Cards

We reviewed credit card postings and refunds posted to JPAS during FY2016-2017 and identified: 115 transactions where the court did not record the Record ID/ Transaction ID from the Credit Card Transaction Report on the JPAS Payment Record (posted to the check # field). 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 should also be posted in the JPAS check number field, consistent with the courts procedure for recording credit card transactions. Defendants may pay more than the amount owed and it may be difficult to determine the source for payments if the incorrect credit card Transaction ID is posted in JPAS.

Recommendation

Credit Cards

Management should ensure:

- Dockets are completed in compliance with the Code of Criminal Procedure, § 45.017.
- Online credit card payments are accurately posted to JPAS, and the Record ID/ Transaction ID from the Credit Card Transaction Reports is posted to the JPAS Payment Record (in the check number field).

Management Action Plan

See Management's response under JPAS Monitoring

Auditors Response

See Auditor's response under JPAS Monitoring

Manual Receipts

We reviewed all 58 manual receipts and identified some minor issues including: one manual receipt has a total that does not match the computer receipt, and two manual receipts were initially skipped and then issued six months later out of sequence. 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 be issued in sequential order. Prior to issuing the manual receipt to customers, the total amount paid, payment type, transaction date, case number, payee, and "received by" should be documented on the receipt. These errors were made during the receipting process and management should review manual receipts to detect them. 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. Manual receipts may be issued to customers with inaccuracies.

Recommendation

Manual Receipts

Management should ensure:

- Manual receipts are reviewed for accuracy including the total amount, tender type, case number, transaction date, and payer name fields on the receipt.
- Skipped manual receipts are marked "Void" with an explanation written on the receipt.

- Manual receipt books are reviewed to ensure all manual receipts are issued in sequential order and that a computer receipt is attached to each issued manual receipt.

Management Action Plan

See Management's Response under JPAS Monitoring

Auditors Response

See Auditor's response under JPAS Monitoring

cc: Darryl Martin, Commissioners Court Administrator