

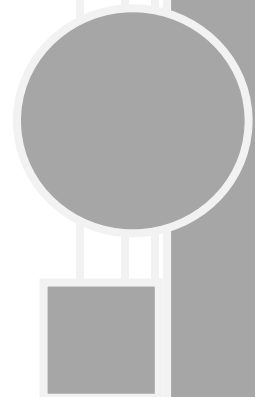


AUDIT REPORT

DALLAS COUNTY

2019 JUSTICE OF THE PEACE PRECINCT 3, PLACE 2 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: March 18, 2021
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2019 JUSTICE OF THE PEACE PRECINCT 3, PLACE 2 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 Steven Seider
Justice of Peace Precinct 3, Place 2
Dallas, Texas

Attached is the County Auditor's final report entitled "**2019 Justice of the Peace Precinct 3, Place 2 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 black 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 3, Place 2 for fiscal year end 2019. Priority areas of risk which need consideration by management are:

Summary of Significant Observations

- **Special Fund Reconciliation:** Special Fund checks and cancellations were not posted to JPAS and timely reconciled to the general ledger. As a result, the difference between the bank balance and the balance per JPAS is \$7,292.93. Special Fund balance per JPAS is \$245,418.94, of which \$227,262.18 is for cases older than three years were not escheated to the appropriate parties. **Status: Management continue seeking a legislative change to clean up old and unclaimed funds.**
- **Case Deletions:** 15 out of 23 (65%) cases were deleted without management review. There are no means to determine if financial activity was recorded to the deleted cases.
- **Credit Cards:** It took between six to 21 business days to receipt online credit card payments into JPAS for 786 cases.
- **Disposed Cases:** The court does not review to ensure a case is appropriately docketed, all requested documentation has been received, and that sufficient approval is documented on disposed cases. In additions, two case files could not be located in the court or the County's Archives to corroborate the judgment of the court.

Repeat observations from Previous Audits:

- Special Fund: A balance of \$234,585.24, remains in the Court Special Fund Accounts; of this \$228,500.18 is unclaimed funds over three year old not escheated to the appropriate parties. **However, management is in the process of seeking a legislative change to clean up old and unclaimed fund.**
- There is limited system functionality for assigning security roles and rights in JPAS, which allows court staff to delete cases.
- The court did not ensure online credit card payments were timely posted to JPAS.
- Errors and omissions occurred because JPAS date fields and system reports were not reviewed for accuracy and completeness before disposing cases.
- Inconsistences occurred because the court's receipting and voiding procedures were not followed.
- JPAS docketing errors may occur when civil case filings are not reviewed by the court for completeness and accuracy.

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, 2018 through September 30, 2019.

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

Special Funds

We reviewed the Special Fund activities (period ending September 30, 2019) for Funds 557 and 553 and noted:

- The court did not complete the FY2019 557 Special Fund reconciliation, but the FY2019 553 Special fund reconciliation was submitted during fieldwork with some check and cancelation omissions.
- The total Special Fund balance per JPAS is \$245,418.94, of which \$227,262.18 is for cases older than three years. **Status: Management is in the process of seeking a legislative change to clean up old and unclaimed funds.**
- The \$245,418.94 total balance per JPAS is \$7,292.93 more than the \$238,126.01 bank balance, as a result of incomplete JPAS records.
- Fourteen check cancelations totaling \$1,539 were not posted to JPAS.
- Four disbursement checks totaling \$543 were not posted to 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. This occurred because the Special Fund checks and cancelations were not posted to JPAS and timely reconciled to the general ledger in Oracle. As a result, the difference between the bank balance and the balance per JPAS is \$7,292.93. Parties entitled to funds may not receive them or realize they are held in escrow by the court.

Recommendation

Special Funds

Management should make the following corrective actions:

- Post the fourteen check cancelations and four checks to JPAS.
- Reconcile Special Fund balances and transactions from the General Ledger against JPAS each month.
- Review Special Fund reports and routinely escheat Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.
- Continue to seek a legislative change to manage old and unclaimed Special Funds.

Management Action Plan

- The court reviewed the working papers for the above-mentioned cancellations and finds only one instance (JT-1940438-N with Check #553000973) of a cancellation that was not timely posted to JPAS. All other check #'s were reviewed--the court did not find any other instances within the current fiscal year in which we failed to post cancellations to JPAS --- the court would request further clarification on this issue.
- The instruments characterized as "bonds" that have been inherited by the court, in

many cases, do not meet the statutory definition of a bond and, as such, the forfeiture and/or the escheatment of said instruments lacks clear legal authority and/or procedure.

- The cost estimate in terms of personnel and procedure are of a prohibitive magnitude.
- After receiving training from the auditor's office on the reconciliation of the special funds, the court will continue to pursue clear legal authority in the escheatment of the special funds.
- The court has sought a possible legislative change to allow the escheatment of unclaimed funds in a summary fashion, whether or not they meet the legal definition of a bond—the court is unaware of any pending bill in the Texas Legislature to address the issue.

Auditors Response

- There are 13 check cancellations from prior fiscal years that have not been posted to cases in JPAS. We provided the court with the full cancellation list during the exit conference. We recommend the court post all cancellations to JPAS, including those from prior fiscal years.

Case Deletions

We reviewed all FY2020 Defendant/Plaintiff (D/P) Reports and identified 15 of the 23 cases were deleted 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 allows court staff to delete cases. Assets can be misappropriated and not be detected when whole 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 make the following corrective actions:

- Not permit staff to delete cases.
- Routinely monitor D/P Reports for case deletions and communicate with staff when deletions occur.
- Review circumstances surrounding each case deletion to understand the effect and

impact.

- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.

Management Action Plan

- The current Court Management System (CMS) does not allow for restricting individual employees access to deletion functions.
- Currently the chief clerk performs all deletions after communicating with staff and documenting the reason for the deletions.
- The clerical error of deleting the instant cases showed no evidence of misappropriation of county assets.
- The court accepts auditor's recommendations; the court understands the need to validate deletion at all times. Therefore, employees have been trained on the effect and impact of deleting a case rather than editing a clerical error --- when not possible to correct, the clerk will make a detailed docket entry on the case to explain what the error was and keep the case in the mainframe oppose to deleting it.

Auditors Response

None

Credit Cards

We reviewed all credit card postings to JPAS during FY2019 and identified:

- 786 cases in which it took between six to 21 business days to receipt online payments into JPAS.
- One case in which the receipted credit card payment was backdated to a prior date.

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. Payments should not be backdated in JPAS. The court did not ensure online credit card payments were timely posted to JPAS. As a result, defendants may not receive timely credit for payments made to their cases and backdating affects the accuracy of the financial records.

Recommendation

Credit cards

Management should make the following corrective actions:

- Receipt all credit card payments to JPAS the following business day.

- Provide oversight by reviewing JP Credit Card and Settlement Reports against payments posted to JPAS to ensure all payments are accurately and completely posted.
- Not permit staff to backdate receipts to JPAS.

Management Action Plan

- At the start of FY2020, our court was in the process of relocating to our new location.
- The court was greatly impacted by a tornado that permanently closed the courthouse where the only other justice court (JP3-1) in this precinct was located; that court remained displaced was not in full operation for several months. Our caseload, more than doubled. We made contact with the Dallas County Auditor, as well as Dallas County Budget office and advised of the court's situation-- NO ADDITIONAL STAFF OR SUPPORT WAS PROVIDED. As the only fully functioning court in Precinct 3 for several months, our ability to meet all statutory recommendations was greatly impacted.
- Current CMS/JPAS does not allow more than one transaction to be receipted per day on a single case. In the instant case, JT-19-80369-N, there were three different online credit card transactions to a single case on one day. In order to post the three different transactions to the case, the court must back date all transactions following the original transaction in order to receipt the tendered payments. This is a system design failure-- not an operations issue.

Auditors Response

None

Disposed Cases

We reviewed 20 disposed cases and identified:

- Six cases with time served were requested by the DA, but the Judge's signature granting the request was not present in the file.
- Two case files could not be located in the court or the County's Archives to corroborate the judgment of the court.
- One case was disposed without documentation to support time served by the defendant.

Per the Code of Criminal procedure 42.03 and 45.041, the judge shall credit the defendant for time served in jail. Local Government Code (LGC) 115.901 states the County Auditor shall examine the accounts, dockets, and records of each Justice of the Peace. 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. This occurred because the court did not retain support for the judge's approval of time served. The court stores paper records in files and utilize a manual system for categorizing and tracking case jackets stored remotely. It is possible for assets to be misappropriated when waivers credits are granted without supporting authorization and when disposed cases are not reviewed by the court for completeness of supporting documentation. Missing case files can result in the loss of court records and 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 make the following corrective actions:

- Locate the missing case files and present them for audit review.
- Require that judicial decisions are authorized by the Judge with the Judge's signature.
- Review case records and dockets for accuracy and completeness before disposing the case.
- Maintain, safeguard, track and transfer records of the court. Files and records should be classified and inventoried before moving files off-site.
- Communicate records management issues to the Records Management Officer.

Management Action Plan

- The Dallas County District Attorney's Office has complete prosecutorial discretion. Based upon an evaluation of prospective evidence during pre-trial hearings, the assistant district attorney assigned to the court may recommend that the court grant time served to a defendant—the court routinely honors those requests. Other recommendations accepted and will be implemented.

Auditors Response

None

No Judgment and No Plea

We reviewed a report of 5 disposed cases without a judgment date or plea and identified:

- Two cases were disposed without a judgment, appeal, dismissal, or deferred adjudication date in JPAS. **Status: As of 10/6/2020 the court posted judgment dates in JPAS.**
- Three cases were disposed without a plea in JPAS. **Status: As of 10/6/2020 the court posted case pleas in JPAS.**

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 (CCP), Article 27.14(c). Per CCP 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. These errors and omissions occurred because JPAS date fields and system reports were not reviewed for accuracy and completeness before disposing cases. As a result, the court's docket records may be incomplete and inaccurate.

Recommendation

No Judgment and No Plea

Management should make the following corrective actions:

- Docket cases as events occur, such as pleas offered by the defendant, judgment and sentence of the court, dismissals and appeals, and the date each was taken.
- Review case records and dockets for accuracy and completeness before disposing a case.

Management Action Plan

- The court accepts auditor's recommendation and will ensure internal controls are in place so the court management system accurately reflects the disposition of a case.

Auditors Response

None

Computer Receipts

We reviewed all 22 voided computer receipts and identified:

- Three voided computer receipts were not marked void.
- One voided computer receipt in which both copies of the printed receipt were not retained.
- One computer receipt voided without documented approval by management or the backup reviewer.
- One computer receipt was voided at 7:24 AM. The receipt was reissued to the same case for the same amount.

The court's voiding procedure is to mark receipts "Void", document a reason for voiding, ensure all receipt copies are retained by the court, and obtain dual sign off approval on all voided receipts. Management reviews voided transactions from the Exception Reports monthly. These instances occurred because the court's receipting and voiding procedures were not followed. Not adhering to the court's procedures may result in inaccuracies, delays, and present opportunities for misappropriation.

Recommendation

Computer Receipts

Management should make the following corrective actions:

- Follow the court's receipting procedures for voiding transactions.

- Mark computer receipts "Void" that cannot be issued to customers due to error and ensure voiding occurs during working hours.
- Retain all copies of voided receipts.
- Document the review of voided transactions by management and ensure void duties are appropriately segregated.
- Periodically review Exception Reports from JPAS to monitor voided computer receipts and ensure the timely detection of errors and omissions.

Management Action Plan

- Receipts were marked "DELETED" instead of "VOID"- internal court policy and procedures were not followed—court policy was reviewed with bookkeepers for clarity
- The court is unable to compel the return of an individual to tender a receipt that was corrected.
- The court accepts auditor's recommendation and has reviewed courts policy with bookkeepers to ensure compliance.

Auditors Response

None

Dismissed Cases

We reviewed 20 dismissed cases and identified:

- Six cases in which the Judge's stamp was used to document approval on the "State's Motion to dismiss"; however, we were unable to verify who used the stamp.
- Three case files could not be located in the court or the County's Archives to corroborate the judgment of the court.
- One case has a DA dismissed date in JPAS; however, the case is still active. **Status: As of 8/7/2020 the court has removed the DA dismiss date in JPAS.**

Per the Code of Criminal Procedure (CCP) Article 32.02, no case shall be dismissed without the consent of the presiding judge. The court should docket fine waivers, community service, time served, judgments, deferred adjudication, DA motions (requests) to dismiss, and dismissals with the authorized approver's signature and date, consistent with CCP Chapter 42 and 45. Local Government Code (LGC) 115.901 states the County Auditor shall examine the accounts, dockets, and records of each Justice of the Peace. 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 allows staff to use the judge's signature stamp. The court stores paper records in files and utilize a manual system for categorizing and tracking case jackets stored remotely. It is possible for assets to be

misappropriated when waivers, credits, and dismissals are granted by someone other than the judge utilizing signature stamps without authorization. Missing case files can result in the loss of court records and increase the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

Recommendation

Dismissed Cases

Management should make the following corrective actions:

- Locate the missing case files and present them for audit review.
- Limit use and access to judicial stamps and require that judicial decisions are authorized by the Judge, with the Judge's signature.
- Review case records and dockets for accuracy and completeness before disposing the case.
- Maintain, safeguard, track and transfer records of the court. Files and records should be classified and inventoried before moving files off-site.
- Communicate records management issues to the Records Management Officer. Ensure authorization has been properly granted for dismissed cases.

Management Action Plan

- Use of the judge's signature stamp is under the direction and supervision of the judge.
- The court is unaware of any defects in our inventory or submission of cases to the archives—routinely, we will receive communiques that state "File Not Found"; occasionally multiple requests appear to result in the case ultimately being "Found".
- The court accepts auditor's recommendation and has reviewed courts policy with staff to ensure compliance.

Auditors Response

None

Civil Fees

We reviewed 18 civil cases filed by a non-government entity from the Justice Fee Exception List and identified:

- Five cases in which the court did not post the "Pauper's Affidavit filed" dates in JPAS.
- Two cases were added to JPAS in error, but the reason was not indicated in the JPAS comments.
- One eviction case in which the plaintiff's filing fees was receipted to the wrong case. **Status: On 8/6/2020 the court located and applied the payment to the correct case.**

Each clerk shall keep a file docket which shall show in convenient form the number of the suit, the names of the attorneys, the names of the parties to the suit, and the nature thereof, and, in brief form, the officer's return on the process, and all subsequent proceedings had in the case with the dates thereof, consistent with Rules 25 and 524 of the Texas Rules of Civil Procedure. Per Rule 145, a Statement of Inability to Afford Payment of Court Cost should be docketed to the case. Filing fees should be collected and applied to the initiating party's case in compliance with Local Government Code (LGC) 118.121, 118.122, and 118.123 and 118.131. This occurred due to clerical errors made in the manual process of setting up new civil cases and updating JPAS, and were not detected through reviewing the Justice Fee Exception List. As a result, JPAS docketing errors may occur when civil case filings are not reviewed by the court for completeness and accuracy.

Recommendation

Civil Fees

Management should make the following correct actions:

- Update the Pauper's Affidavit dates for the five cases.
- Add comments to the two cases indicating they were set up in error.
- Review the Justice Fee Exception List from Document Direct for civil cases filed without a payment and for posting errors.
- Ensure case records are accurate and reflect a complete account of case activities.

Management Action Plan

- The court accepts auditor's recommendation and will ensure internal controls are in place to ensure the "DATE" of a transaction is posted in the multiple areas of the court management system. All corrections have been made.

Auditors Response

None

Warrants

We reviewed the JP Warrant Error Report, dated 4/14/2020, and identified four cases without a balance due or marked inactive (disposed) have an active warrant. **Status:** On 8/19/2020 the court has recalled the four warrants. Management should review the warrant error report and recall warrants when appropriate. Per the Code of Criminal Procedure (CCP) Article 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 was 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 make the following corrective actions:

- Recall warrants and capias on disposed cases consistent with C.C.P. Art. 45.
- Consistently review the Warrant Error Report to recall active warrants on disposed cases and those paid in full.
- Communicate active warrant discrepancies with the Constable's office.

Management Action Plan

- Current Court Management System (CMS) does not automatically recall warrants upon service or cases disposition. The court accepts auditor's recommendations

Auditors Response

None

Fine and Fee Compliance

We reviewed 40 cases for compliance with applicable state laws, Commissioner Court Orders, and Attorney General Opinion and identified:

- One case in which partial payments were not prorated to all applicable court costs and collection fees before applying to the fine.
- One case in which the fees and fines were not posted according to the fee schedule. **Status: On 10/6/2020 the court posted corrections to JPAS.**

Court costs, fines, and fees should be assessed, collected, and prorated in compliance with applicable state laws including Code of Criminal Procedure (CCP) Chapters 45 and 102 and Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion GA-0147. These instances occurred due to clerical errors and omissions from manual case entries, inadequate JPAS system functionality that requires the manual entry of assessments and payments, and the court does not have a review process to ensure court costs were accurately assessed and posted to applicable fees prior to case disposition. These errors and omissions may result in the inadequate collection of court costs and fine amounts and an incorrect distribution and disbursement of funds.

Recommendation

Fine and Fee Compliance

Management should implement the following:

- Review case records, dockets, and payments for accuracy and completeness before disposing the case.
- Prorate a payment to all applicable court costs and collection fees before applying to the fine.

Management Action Plan

- Current Court Management System (CMS) and accounting software do not allow for automatic proration when payments are made—a feature that is present in every CMS that has been developed in the past 20 years.
- Court has recommended software upgrade and been informed that upgrades will not be made to the current system with a new CMS being considered; Court has requested and been informed that the next generation CMS will provide automatic proration and accounting of court costs and fines.
- Currently OVER 160 UNIQUE MANUAL BREAKDOWNS of court costs exist for the population of active cases.

Auditors Response

None

Appealed Cases

We reviewed a report of 3 appealed cases not posted to the County Clerk's Criminal System and identified one case in which the defendant's attorney submitted a bond, but an appeal date was posted to JPAS. The defendant shall pay any fine or costs assessed or give an appeal bond in the amount stated in the notice before the 31st day after receiving the notice, per Code of Criminal Procedure Article 27.14. The misdemeanor docket screen should accurately reflect actions imposed by the court, including whether an appeal was taken and the date of that action, consistent with the CCP 45.017. These instances occurred due to a clerical error and omission from manual case entries, inadequate JPAS system functionality that requires the manual entry of assessments and payments, and the court did not review the case for accuracy and completeness when disposed. As a result, the court's docket records may be inaccurate.

Recommendation

Appealed Cases

Management should make the following corrective actions:

- Correct the appeal date error and apply the attorney's bond date in JPAS.
- Review a report of cases with an Appeal bond to determine cases were not appealed in error.

Management Action Plan

- Current Court Management System (CMS) and accounting software do not allow for the notation of a bond securing the entire amount of fine, costs and fees in order to release an "OMNI Hold" on a Texas Driver's License.

- The court accepts auditor's recommendations, corrections have been made.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator