

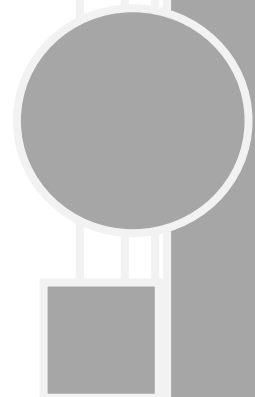


AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE 4-1 FY2016 AND FY2017 AUDIT

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Dallas County Auditor
ISSUED: November 08, 2018
RELEASED: December 19, 2018



JUSTICE OF THE PEACE 4-1 FY2016 AND FY2017 AUDIT

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Honorable Judge Norris Rideaux
Justice of the Peace Precinct 4, Place 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace 4-1 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 written in a cursive, flowing style.

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 4, Place 1 for fiscal years 2016 and 2017. Priority areas of risk which need consideration by management are:

Summary of Significant Observations

1. Limited staff training on performing Special Fund reconciliation, posting disbursement and resolving outstanding issues resulted in:
 - 85 check posting errors and omissions from prior fiscal years have not been corrected in JPAS.
 - Eight check disbursements totaling \$23,948.02 and 23 canceled checks totaling \$36,056.53 in FY17 were not posted to JPAS.
 - A balance of \$32,562 remains in the Court's Special Fund Account; of this \$27,092 is unclaimed funds over three year old not escheated to the appropriate parties.
2. Inadequate controls and lack of management review over case deletion process resulted in 34 cases being deleted without management review and approval.
3. Inconsistency in updating the misdemeanor docket screen to accurately reflect action imposed by the court resulted in:
 - 41 online credit card transactions were not posted to JPAS using the last five digits of the Transaction or Record ID.
 - 14 cases where the credit card payment was posted after five business days.
 - Eight credit card refunds where the court did not update the JPAS docket screen to reflect the correct amounts due, requiring the intervention from the Treasurer's Office staff to refund a total of \$464
 - Six cases without a balance due or marked inactive (disposed) have an active warrant as of 8/10/2018.

Repeat observations from Previous Audits:

1. Inconsistency in applying court voiding and receipting procedure.

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

Manual Receipts

We reviewed 34 manual receipts and identified two instances where the case number was not written on the manual receipt. 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. Prior to issuing the manual receipt to customers, the amount, payment type, transaction date, case number, payee, and "received by" fields on the receipt should be completed. This occurred because the court does not have a written Manual Receipting Procedure and an error was made when receipting the payment. As a result, manual receipts were given to the customer without a complete case number.

Recommendation

Manual Receipts

Management should ensure the following are completed:

- Reviewing manual receipts for accuracy, including the amount, tender type, case number, transaction date, and payer name fields on the receipt before issuing to a customer.
- Developing formal written Manual Receipting Procedures.
- Review of manual receipts controls and incorporating this function in the court's receipt procedures.

Management Action Plan

Do not concur with the overall objective of the findings. Procedures were provided. There may have been a few instances where manual receipts were necessary due to system/printer problems. The Court will continue to review all manual receipts to ensure that they are processed accurately, including the amount, case number, transaction date, and payer name on the receipt before issuing to a customer. Manual receipts will be carefully scrutinized to ensure no one other than the bookkeeper has access to the receipt book.

Auditors Response

We did, in fact, receive procedures, but they were not specific to manual receipting. Rather, they were procedures designed for entering cash payments into the system. We would still recommend that formal written procedures be developed for completing and reviewing manual receipts.

JPAS Monitoring, Security, and Reporting

We reviewed the available monthly Defendant/Plaintiff Reports (D/P reports) and identified 34 cases were deleted without management review. There are no means to determine if financial activity was recorded to the deleted cases. We reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted

management does not review JPAS Case Index Reports and D/P Logs for skipped or deleted cases, and Transaction Logs are not reviewed on a regular basis. As a best practice, management should periodically review Transaction Logs and JPAS Case Index Reports to ensure that errors and omissions are detected. Management should approve all cases prior to deletion and periodically review D/P logs to ensure that deletions were approved and documented. 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 cases are deleted from JPAS.

Recommendation

JPAS Monitoring, Security, and Reporting

Management should implement the following:

- Cases are approved prior to deletion. The approval should be documented with explanations for deletions.
- Periodically review Defendant/ Plaintiff (D/P) logs and Case index Reports to ensure all case deletions were approved.
- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.
- Establish procedures regarding system access, staff roles and rights. Rights and roles should be reviewed as needed.
- Periodic review of Transaction Logs from JPAS to monitor court activities and ensure the timely detection of errors and omissions by court staff.

Management Action Plan

Concur with the overall objective of the findings. All transactions/activities will be reviewed by management and is supported by adequate documentation via "Authorization Fund Reallocation/Delete Void' form. Once the form is completed by the clerk, there are minimal procedures in place to ensure the information included in the form is reviewed against changes to the JPAS system.

Auditors Response

None

Special Fund

We reviewed the Special Fund activities (period ending September 30, 2017) and noted the fund balance is \$32,562 of which \$27,092 is for cases older than 3 years; 85 check posting errors and omissions from prior fiscal years have not been corrected in JPAS; eight check disbursements totaling \$23,948.02 and 23 canceled checks totaling \$36,056.53 in FY17 were not posted to JPAS; one Special Fund refund check was issued for the wrong amount and the recipient was overpaid by \$15; and one Special Fund refund check was 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. These instances occurred because the court does not reconcile the Special Fund from JPAS to the General Ledger, and there is no management review over Special Fund duties. As a result, disbursements to parties entitled to funds are delayed; an overpayment was made; JPAS Special Fund postings do not agree to the GL; and errors and omissions remain unresolved.

Recommendation

Special Fund

Management should ensure the following:

- 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

Concur with the overall objective of the findings. The court will continue to address "Special Funds" on a regular basis by reviewing in order to clear very current and very old outstanding issues.

Auditors Response

None

Fee and Fine Assessment and Collection

We reviewed a sample of 40 cases for compliance with applicable State Laws including Code of Criminal Procedure Chapters 45 and 102 and Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion No. GA-0147 and identified 21 cases with errors and omissions pertaining to: posting partial payments, assessing court costs, collections, receipting to fee types, and JPAS docketing. These errors and omissions resulted in inadequate collection of court cost and fine amounts, an incorrect distribution and disbursement of funds, and inaccurate or incomplete data reflected in JPAS.

Recommendation

Fee and Fine Assessment and Collection

Management should ensure the following:

- Docket screen fields, including the court costs and fine, should be updated as: case

activity occurs, new court costs are assessed (including administrative fees, time payment fees, warrant or capias fees, etc.), 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 by all employees.
- Establish quality control review procedures for court activities.

Management Action Plan

Concur with the overall objective of the findings. Management has drafted an e-mail memorandum reminding all employees of the need to pay close attention to all of their JPAS manual entries. We recommend strongly for the County to take actions to improve current case management system functionality to eliminate these types of manual errors, issues, etc.. However, this issue raises more questions on the functionality of our case management system in other areas such as, system enhancement to recognize case number sequence, ability to search by first name, system build in fee table, etc.

Auditors Response

None

Computer Receipt Voids

We reviewed a sample of 48 out of 139 voided computer receipts and identified: five computer receipts where the court did not retain the customer's receipt; two computer receipts were not marked void and did not contain an explanation for voiding; and one case was inappropriately deleted and the case number was re-used for a different plaintiff & defendant, after the original plaintiff's payment was voided. Supervisory review of computer receipt voids are not evidenced on receipts. The court's Voided Receipts Procedures state the court "must keep the customer's original receipt and attach it to the court's copy noting it is void, the reason for voiding, the preparer's initials and the Chief Clerk's initials." Transactions are voided without notifying the supervisor and performed after the customer has left the court. As a result the customer is not in possession of the latest receipt issued. Additionally, assets can be misappropriated and go undetected without consistent supervisory review of void transactions.

Recommendation

Computer Receipt Voids

Management should enforce the court's Void Receipt Procedures by:

- Reviewing and signing each void receipt.
- Ensuring all copies of voided receipts are retained, clearly marked "void", with an explanation written on the receipt.

Management Action Plan

Concur with the overall objective of the findings. Chief Clerk or designee will ensure "Voided Receipts" are reviewed and are in compliance to court procedures. As such, we will no longer void any receipts, but will issue a refund upon an approved written request.

Auditors Response

None

Disposed Cases

We reviewed a sample of 38 disposed cases and identified: one case was marked "Dismissed by the DA" in JPAS, but the DA's initials and justification for dismissal were not on the case jacket; and one disposed case where the defendant paid the balance due, but the judgment date was not posted in JPAS. According to the Code of Criminal Procedure (C.C.P.) Article 45.017 (a) The judge of each court shall keep a docket containing the judgment and sentence of the court, and the date each was given. The JPAS docket screen should be updated with a judgment date when web or mail payments are accepted by the court as full payment in accordance with C.C.P., Art. 27.14(c). These instances occurred because the court does not have comprehensive internal controls to ensure a case is appropriately docketed when a case is disposed and that sufficient approval is documented for dismissals. As a result, the DA dismissal notations in JPAS cannot be verified and case docketing fields in JPAS may not reflect accurate and complete information if not appropriately updated.

Recommendation

Disposed Cases

Management should ensure:

- Approval to dismiss cases is sufficiently documented by the authorized party with a signature and justification for dismissal.
- Staffs are trained and follow procedures for docketing cases in JPAS.

Management Action Plan

Do not concur, but supports the auditor's approach to have the DA's office sign/initial the case after their office dismisses. However, the court thinks the DA's signature/initial should be incorporated as part of their standard operating procedures to ensure that ownership of documentation made by them are properly communicated as such, and will work with them accordingly. In addition, Court Clerks are reminded to pay close attention and follow procedures for docketing cases in JPAS. We will review current procedures to ensure they reflect each case type respective processes, and make revisions as needed. The staff will be advised of all revisions to current procedures.

Auditors Response

None

Credit Cards

We reviewed credit card transactions and refunds posted to JPAS during FY2016-2017 and identified: 41 online credit card transactions were not posted to JPAS using the last five digits of the Transaction or Record ID; 14

cases where the credit card payment was posted after five business days; and eight credit card refunds where the court did not update the JPAS docket screen to reflect the correct amounts due, requiring the intervention from the Treasurer's Office staff to refund a total of \$464. 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. These fields should be updated so that accurate receivable information is maintained. 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. These findings occurred because the court did not update the JPAS docket and financial screen and resulted in defendants authorizing online payments for more than the amount truly owed. Additionally, it may be difficult to determine the payment method for payments if the incorrect credit card Transaction ID is posted in JPAS.

Recommendation

Credit Cards

Management should ensure the following are completed:

- Dockets are completed in compliance with the Code of Criminal Procedure, § 45.017.
- Accurate posting of all online credit card payments to JPAS using the last five digits of the Transaction ID in the check number field.
- Adjustments to assessments should be made timely, reflecting internal control and audit trails. This should include compensating processes such as dual sign-off on adjustments, supervisory review and pre-approval, monitoring, and validation.

Management Action Plan

Concur with the overall objective of the findings. Management to meet with the Bookkeeper to review and update current procedure to include adding the last 5-digits of the record id to the JPAS. Management or designee will continue to review the credit card settlement report daily to ensure the accuracy of case transaction postings.

Auditors Response

None

Criminal Fee Dockets

We reviewed the JP Warrant Error Report, dated 8/10/18, and identified 6 cases without a balance due or marked inactive (disposed) with an active warrant (**Status: All 6 warrants were recalled on 08/13/18**). 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. Management inconsistently reviews the Warrant Error Report to ensure active warrants on disposed cases are recalled and processed by court staff. This poses a potential liability to the County for persons arrested in error.

We reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted three employees are authorized to issue and recall warrants/capias without management review, which should be segregated to reduce the potential for unauthorized warrant issuance or recall. Although the JPAS system does not allow for the segregation of duties, there is no supervisory review of this function which could result in the unauthorized issuance or recall of warrants.

Recommendation

Criminal Fee Dockets

Management should ensure the following:

- Work with Dallas County IT to assign system rights and roles based on the user's job responsibilities.
- Warrants and capiases are recalled consistent with C.C.P. Art. 45 by appropriately segregating responsibility among staff, reviewing the issuing and recalling of warrants, and monitor activity through JPAS reports.

Management Action Plan

Do not concur with the overall objective of the findings. Currently, warrants and capiases can only be requested to be recalled by three clerks, with the bookkeeper acting as the primary to include responsibility to monitor activity through JPAS warrant report (WRNRPT). However, once the request for recall has been submitted by this court, the Constable's Office is responsible to remove the case from the system. Therefore, the case will no longer show on the warrant error report. As an additional control, management will increase their frequency of monitoring to assure that all documentation is being kept for 5-days as verification of the court's efforts.

Auditors Response

Having the bookkeeper acting as a primary to recall warrants or monitor activity is defeating the main control over segregation of duties. It continues to be our recommendation that the bookkeeper should not have access to recall nor monitor case activities. Monitoring should be the responsibility of the Chief Clerk.

cc: Darryl Martin, Commissioners Court Administrator