



AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE PRECINCT 4, PLACE 1 FY 2018

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JUSTICE OF THE PEACE PRECINCT 4, PLACE 1 FY 2018

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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 Michael Jones Jr.
Justice of Peace, Precinct 4, Place 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace Precinct 4, Place 1 FY 2018**" 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,

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 year 2018 during which the Honorable Judge Morris Rideaux presided. Priority areas of risk which need consideration by management are:

Summary of Significant Observations

- 26 out of 33 (78%) voided computer receipts were not reviewed and approved by someone other than the preparer.
- Ten cases where the court voided the payment and deleted the cases from JPAS and re-used the case number for different plaintiff & defendant.
- 20 out of 40 (50%) cases tested indicate court did not give the credit to the correct agency, warrants/capias not posted, fees and fine not posted and appropriate field was not completed to the docket screen.
- The court does not have comprehensive internal controls to ensure a case is appropriately docketed when a case is disposed.
- There is limited system functionality for assigning security roles and rights in JPAS to restrict court staff to delete cases without supervisory approval.
- We reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted that transaction logs are not reviewed on a regular basis.
- Limited staff training on performing Special Fund reconciliation, posting disbursement and resolving outstanding issues resulted in a difference of \$16,366.08 Special Fund balance in JPAS records.

Repeat observations from Previous Audits:

- Inconsistency in applying court voiding and receipting procedure.
- Limited staff training on performing Special Fund reconciliation, posting disbursement and resolving outstanding issues.
- Inadequate controls and lack of management review over case deletion process.
- Inconsistency in updating the misdemeanor docket screen to accurately reflect action imposed by the court
- Cases without a balance due or marked inactive (disposed) have an active warrant.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

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

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

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

DETAILS

Computer Receipts

We reviewed 33 voided computer receipts and identified: 26 voided computer receipts were not reviewed by someone other than the preparer; ten cases in which the court voided the payment, deleted the case, and then re-used the case number for a different plaintiff & defendant; and two computer receipt voids where the court did not retain the customer's receipt. 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." As a best practice, management should not permit the deletion of cases and periodically review D/P Reports for case deletions. This occurred because the court's Void Receipt Procedures were not followed. Transactions were deleted/voided without notifying the supervisor and performed after the customer has left the court. A lack of segregation of duties, management and quality control review over voiding transactions may result in the misappropriation of assets and an incomplete audit trail. The customer may also be in possession of a voided receipt.

Recommendation

Computer Receipts

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

- Ensuring all copies of voided receipts are retained, clearly marked "void", and an explanation for voiding is written on the receipt.
- Documenting the review of void transactions by management and ensure void duties are appropriately segregated.
- Exception Reports from JPAS are periodically reviewed to monitor computer voids and ensure the timely detection of errors and omissions by court staff.
- Not permitting staff to delete cases under any circumstances, especially when payments are receipted to cases.

Management Action Plan

Management and Supervisory staff will reinforce and adhere to the Void Receipt Procedures. Staff will have continuous training to ensure voided receipts are forwarded and reviewed by management.

Auditors Response

None

Fee and Fine Assessment and Collection

We reviewed 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 18 cases with JPAS docketing, court cost assessment, receipt posting and collections errors. These errors and omissions result 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 implement policies and procedures that include:

- Docketing cases as events occur, such as the assessment of additional court costs (including administrative fees, time payment fees, warrant or capias fees, etc.), fine amounts reduced by the Judge, and judgments rendered by the court.
- Establishing monitoring procedures and verifying case activities for accuracy and completeness before disposing the case.
- Training staff to ensure all court personnel consistently follow court guidelines, Commissioners Court Orders, and Texas Statutes (C.C.P. Ch.45, 102 and L.G.C. Ch.133).

Management Action Plan

All cases will be reviewed by the Chief Clerk to ensure accuracy and completeness before disposing the case. Staff will have continuous training to ensure Fee and Fine Assessments/Collections are properly completed.

Auditors Response

None

Credit Cards

We reviewed credit card transactions and refunds posted to JPAS during FY2018 and identified: 15 online credit card transactions in which the Record ID from the Credit Card Autocite, or the Transaction ID from the Credit Card Settlement Report were not applied to the payment posted in JPAS; one case where the credit card payment was posted after 25 business days; and one case in which the court did not timely update the court costs and fine in JPAS resulting in a credit card refund. 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 be posted in the JPAS check number field, consistent with the courts procedure for recording credit card transactions. Credit card payments should be timely receipted and posted to JPAS no later than the fifth day after the day money was received consistent, per Local Government Code 113.022. The court made errors when posting the Record ID and Transaction ID to the payment record, did not timely post one credit card payment, and did not update the JPAS docket screen to reflect the actual amounts owed. As a result, defendants may pay more than the amount owed and it may be difficult to determine the source for payments when the incorrect credit card ID is posted in JPAS. Docketing errors also impact other departments that must work diligently to perform corrective actions.

Recommendation

Credit Cards

Management should implement policies and procedures that include:

- Updating JPAS when court costs and fine amounts change (i.e. issuance of warrants, time payment fee assessed, fines reductions by the judge, driver safety course granted) to ensure an accurate balance owed is displayed on the County website.
- Posting credit card payments to JPAS using the last five digits of the Record ID (from the Credit Card Autocite) or the Transaction ID (from the Credit Card Settlement Report).
- Making adjustments to assessments, such as judicial waivers, to reflect internal control and audit trails. This should include compensating processes such as dual sign-off on adjustments with supervisory review and approval, monitoring, and validation.
- Posting payments to JPAS and reporting to the Treasurer in compliance with Local Government Code 113.022.

Management Action Plan

Staff will have continuous training to ensure adjustments and credit card payments are being reported accurately.

Auditors Response

None

Disposed Cases

We reviewed a sample of 83 disposed cases and identified: 21 cases were disposed, of which 19 cases were paid in full, but a judgment date was not posted in JPAS; 12 disposed cases where a plea was not posted in JPAS; and one case file requested for audit review could not be located in the court's records or County Archives. The JPAS docket screen should be updated with a plea of nolo contendere (when the defendant has not entered a prior plea) and judgment when web or mail payments are accepted by the court as full payment in accordance with C.C.P., Art. 27.14(c). Per C.C.P. Art 45.017 (a) The judge of each court shall keep a docket containing the judgment and sentence of the court, and the date each was given. The court should docket credit for waivers, community service, and time served, with the authorized approver's signature and date, consistent with C.C.P. Chapter 45. Per Dallas County Code Sec. 98-6 (a) Elected officials who designate themselves as the records management officer for their office will cooperate with the Commissioners Court and the county records management officer on records management issues. These instances occurred because the court does not have comprehensive internal controls to ensure a case is appropriately docketed when a case is disposed. The court stores paper records in files and utilizes a manual system for categorizing and tracking case jackets stored remotely. The court does not utilize document imaging or other electronic means to maintain case records. As a result, the case docketing fields in JPAS may not reflect accurate and complete information if not appropriately updated. Missing case jackets increase the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

Recommendation

Disposed Cases

Management should implement policies and procedures that include:

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

Management Action Plan

All cases will be reviewed by the Chief Clerk to ensure accuracy and completeness before disposing the case. Staff will have continuous training to ensure all cases are being disposed accurately.

Auditors Response

None

Warrants

We reviewed the JP Warrant Error Report and identified ten cases without a balance due or marked inactive (disposed) with an active warrant. Per the Code of Criminal Procedure (C.C.P.) Art. 45, "A justice or judge shall recall an arrest warrant for the defendant's failure to appear if the defendant voluntarily appears to resolve the amount owed and the amount owed is resolved." The court shall recall a capias pro fine under the same conditions. The Warrant Error Report is not reviewed to recall active warrants on disposed cases and those paid in full. This poses a potential liability to the County for persons arrested in error.

Recommendation

Warrants

Management should implement policies and procedures that include:

- Ensuring warrants and capiases are recalled consistent with C.C.P. Art. 45
- Monitoring the Warrant Error Report for warrant recalls on disposed cases and

those paid in full.

Management Action Plan

Management staff will monitor the Warrant Error Report and ensure warrants and capiases are recalled consistent with C.C.P. Art. 45.

Auditors Response

None

JPAS Monitoring, Security, and Reporting

We reviewed the monthly Defendant/Plaintiff Reports (D/P reports) and identified 20 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: the JKDS Report, reflecting the totals of daily cash receipts, is not reviewed prior to daily closeout; transaction logs are not reviewed on a regular basis; JPAS exception reports are not reviewed for voided cases; and JPAS Case Index Reports and D/P Logs are not reviewed for skipped or deleted case numbers. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness as emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. As a best practice, management should periodically review Transaction Logs, JPAS Case Index Reports, D/P Logs and Exception Reports (especially with respect to receipt deletions, lowered amounts, payment type changes, and agreeing the daily closeout) to ensure that errors and omissions are detected and reviewed. Per LGC Sec. 115.001, the County Auditor shall have continual access to and shall examine and investigate the correctness of the books, accounts, reports, vouchers, and other records of any officer. There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases. D/P Reports are not monitored to detect case deletions. Lack of oversight and segregation of duties over the case docketing and receipting process. As a result, 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. Without oversight and segregation of duties a improper or unauthorized voiding, deleting, and adjustment of receipt records may occur.

Recommendation

JPAS Monitoring, Security, and Reporting

Management should implement policies and procedures that include:

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

- Periodically reviewing Case index Reports to monitor docketing and court activities.
- Routinely reviewing Exception Reports from JPAS to monitor computer voids and ensure the timely detection of errors and omissions by court staff
- Reviewing Transaction Logs and the JKDS Report to ensure the accuracy and completeness of cash receipts.
- Establishing segregation of duties and oversight over receipting activities. Deposits and Reports should be verified by management (someone other than the preparer) as evidenced by a signature on control documents, printed from JPAS.

Management Action Plan

All cases will be reviewed by the Chief Clerk to ensure accuracy and completeness before disposing the case. Staff will have continuous training to ensure all cases are being disposed accurately.

Auditors Response

None

Special Fund

We reviewed the Special Fund activities (period ending September 30, 2018) and noted the fund balance is \$33,427.96 of which \$27,806.44 is for cases older than 3 years; and Special Funds totaling \$16,366.08 (the difference between the \$49,794.04 Adjusted Bank balance and the JPAS fund balance) resulted from incomplete JPAS records. 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.

Recommendation

Special Fund

Management should implement policies and procedures that include:

- Monitoring, recording, and following up on Special Fund activities by reviewing Special Fund Reports.
- Assigning staff to perform a routine escheatment analysis of Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.
- Forfeiting cash bonds in accordance with Code of Criminal Procedure § 22.
- Completing a monthly reconciliation of JPAS activities to the GL and timely

resolving discrepancies.

Management Action Plan

Staff will have training to address and implement policies and procedures for this area.

Auditors Response

None

Vital Records

We reviewed all Vital Record's computer voids and security paper and identified one voided computer receipt was not approved by the supervisor or designee. 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." These errors were made during the voiding process and management should review computer receipt voids to detect them. The court did not follow their void procedures. A lack of segregation of duties, management oversight and review over voiding transactions may result in the misappropriation of assets and an incomplete audit trail.

Recommendation

Vital Records

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

- Documenting the review of void transactions by management and ensure void duties are appropriately segregated.
- Periodically reviewing Exception Reports from JPAS to monitor computer voids and ensure the timely detection of errors and omissions by court staff.

Management Action Plan

JP 4-1 does not have this function/service at this time.

Auditors Response

None

Civil Fees Docket

We reviewed 15 civil cases brought by a non-government entity from the Justice Fee Exception List and identified one civil case was processed without documenting a reason for not collecting the filing fees. In accordance with statutes (Local Government Code (LGC) § 118.121, 118.122, 118.123, 118.131, and Chapter 133) and Commissioners Court orders, filing fees should be collected at the time of filing and service fees should be collected at the time of service request for all evictions, civil and small claim cases filed by non-governmental entities, and individuals except for those individuals with approved affidavits of indigence on file or those entities listed under Civil Practices and Remedies § 6.001, 6.002, and 6.003. Due to clerical errors and a manual process, there is no mechanism to prevent clerks from setting up a case without accepting the filing fees or documenting a valid reason for not accepting them. This results in a potential loss in filing fees. Assets

may be misappropriated when waivers are granted without sufficient approval and when cases are not reviewed for collection of filing fees before scheduling a hearing.

Recommendation

Civil Fees Docket

Management should implement policies and procedures that include:

- Collecting filing fees at the time of filing non-misdemeanor cases, except in limited circumstances addressed by statute (Order of Indigence, cases filed by government entities, etc.). Payments should be documented in JPAS and the case file.
- Training staff on court procedures, and implementing receipting and docketing checklists,
- Periodically reviewing of the Justice Fee Exception List from Document Direct.

Management Action Plan

Staff will have continuous training to address the Civil Fees. All cases will be reviewed by the Chief Clerk to ensure accuracy and completeness before disposing the case.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator