

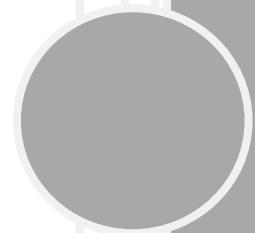


# AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE PRECINCT 4, PLACE 2 FY2018

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: June 03, 2019  
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# JUSTICE OF THE PEACE PRECINCT 4, PLACE 2 FY2018

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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 Sasha Moreno  
Justice of Peace, Precinct 4, Place 2  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace Precinct 4, Place 2 FY2018**" 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 4, Place 2 for fiscal year 2018 during which the Honorable Judge Katy Hubener presided. Priority areas of risk which need consideration by management are:

### **Summary of Significant Observations**

#### **Computer Receipts**

- 19 of 44 (43%) voided computer receipts indicate inadequate control over the receipting process and lack management oversight. One case was inappropriately deleted and the case number was re-used for a different plaintiff & defendant.

#### **Fee and Fine Assessment & Collection**

- 13 of 40 (32%) cases were warrant return date field not posted, fees and fines not posted to the fee schedule, correct agency did not received credit and Judgment date was not entered on the docket screen. One case jacket requested for audit review was not located in the court's record or the County's Warehouse/Archives.

#### **Disposed Cases**

- 18 case jackets requested for audit review were not located in the court's records or County's Warehouse/Archive. One DA dismissed case did not have the DA's stamp with the DA's initials and one case paid in full but disposition flag was applied to wrong case.

#### **No Judgment/Plea Cases**

- 76 Disposed cases were a plea, DA dismissal, or a judgment date was not posted to JPAS.

#### **Cases Deletions**

- 41 cases were deleted without supervisory review also audit is unable to determine if financial activity was recorded to the deleted cases. Two cases are deleted outside of the court's business hours.

#### **Appealed Cases**

- Four case jackets requested for audit review were not located in the court's records or County Archives.

#### **Vital Records**

- 22 voided vital record computer receipts lacks internal control over voiding, reviewing and retaining customer's copy.

#### **Civil Fees**

- 5 of 15 (33%) eviction cases were incorrectly entered as Small Claim cases but reason was not documented In JPAS comment screen. One case jacket requested for audit review is not located in the court's record or county warehouse/Archives.

#### **Credit Cards**

- 14 Credit card transactions not posted using the last five digits, court did not timely update court cost and fine resulted a refund and one case was posted with wrong check and receipt number to JPAS

#### **Special Fund**

- A difference of \$2,321.34 between Bank balance and JPAS resulted from incomplete JPAS record.

**Repeat observations from Previous Audits:**

1. Inconsistency in updating the misdemeanor docket screen to accurately reflect action imposed by the court.
2. Inadequate controls and lack of management review over case deletion and disposal process.
3. Inconsistency in applying court voiding and receipting procedure.
4. Limited staff training on performing Special Fund reconciliation, posting disbursement and resolving outstanding issues.

## 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 44 voided computer receipts and identified: 16 voided computer receipts were not reviewed by someone other than the preparer; two computer receipt voids where the court did not retain the customer's receipt; one computer receipt was not marked "Void"; and one case was inappropriately deleted and the case number was re-used for a different plaintiff and defendant, after the original plaintiff's payment was voided. 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. Computer receipts that cannot be issued to customers, due to error, should be marked "Void" with an explanation written on the receipt. All receipt copies should be retained by the court. Computer receipts voids should be reviewed by court management to ensure the duties of preparing and approving computer receipt voids are appropriately segregated and not conducted by the same individual. In order to maintain complete financial records, case numbers should not be reused for different cases or deleted. These issues occurred because there are inadequate controls over the receipting process and lack of management oversight. Transactions are voided without notifying the supervisor and performed after the customer has left the court. There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases. As a result, 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. Additionally, when a receipt is voided after the customer leaves the court that customer is unknowingly in possession of a receipt that has been voided.

### **Recommendation**

#### **Computer Receipts**

Management should implement the following:

- A receipt and voiding policy that ensures all copies of voided receipts are retained, clearly marked "void", with an explanation written on the receipt.
- Ensure management reviews voids and documents their review.
- 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 permit staff to delete cases under any circumstances.

### **Management Action Plan**

None provided

**Auditors Response**

N/A

**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 14 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. Additionally, missing case jackets increase the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

**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 judgements 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).
- Transitioning the court to an Electronic Document Imaging 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**

None provided

**Auditors Response**

N/A



## **Disposed Cases**

We reviewed 81 disposed cases and identified 18 case jackets could not be located at the court or in Dallas County archives for review; one DA dismissed case did not have the DA's stamp with the DA's initials and justification for dismissal on the case jacket; and one case was paid in full, but the disposition was applied to case another case. The court should docket credit for waivers, community service, time served, and dismissals with the authorized approver's signature and date, consistent with C.C.P. Chapter 45. Per Dallas County Code Sec. 98-6 (a) Naming: Under the Texas Local Government Records Law, the county has named a county records management officer responsible for the records of all county departments and all elected offices as designated. 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 that are common to all county offices. 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 judgements rendered by the court.
- Reviewing case records and dockets for accuracy and completeness before disposing the case.
- Transitioning of the court to an Electronic Document Imaging 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**

None provided

### **Auditors Response**

N/A

## **No Judgment/Plea Cases**

We reviewed all disposed cases without a judgment date or plea and identified: 39 disposed cases where a plea was not posted in JPAS and 37 cases were disposed, but a dismissal, DA dismissal, or a judgment date was not posted 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 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. These instances occurred because the court does not have comprehensive internal controls to ensure a case is appropriately docketed when a case is disposed. As a result, the case docketing fields in JPAS may not reflect accurate and complete information if not appropriately updated.

### **Recommendation**

#### **No Judgment/Plea 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 judgements rendered by the court.
- Reviewing case records and dockets for accuracy and completeness before disposing the case.

### **Management Action Plan**

None provided

### **Auditors Response**

N/A

## **Case Deletions**

We reviewed the monthly Defendant/Plaintiff (D/P) logs and identified 41 cases were deleted (two were done outside of business hours) without supervisory review. There are no means to determine if financial activity was recorded to the deleted cases. 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. As a best practice, management should periodically review 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. These issues occurred due to 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 an improper or unauthorized voiding, deleting, and adjustment of receipt records may occur.

## **Recommendation**

### **Case Deletions**

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**

None provided

## **Auditors Response**

N/A

## **Appealed Cases**

We reviewed all appealed cases and identified: four case jackets requested for audit review were not located in the court's records or County Archives, therefore we could not verify the dismissal by the DA. 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 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, missing case jackets increases the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

### **Recommendation**

#### **Appealed Cases**

Management should implement policies and procedures that include:

- Transitioning the court to an Electronic Document Imaging 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**

None provided

### **Auditors Response**

N/A

### **Vital Records**

We reviewed all vital record computer receipt voids and identified: 11 voided computer receipts were not reviewed by someone other than the preparer; nine cases were inappropriately deleted and the case number was re-used for a different customer, after the original customer's payment was voided; and two computer receipt voids where the court did not retain the customer's receipt. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the COSO framework. All void computer receipt copies should be retained by the court. As a best practice, the court's management should periodically review exception reports and transaction logs (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 future issues can be prevented. These issues occurred because there are inadequate controls over the receipting process and lack of management oversight. As a result, receipts may be misappropriated, and errors might not be detected. Additionally, when a receipt is voided after the customer leaves the court that customer is unknowingly in possession of a receipt that has been voided.

### **Recommendation**

#### **Vital Records**

Management should implement policies and procedures that include:

- Ensuring management review voids and incorporate this function in the court's receipt procedures.
- Periodically review transaction logs from JPAS to monitor court activities and ensure the timely detection of errors and omissions by court staff.
- Not permitting staff to delete cases under any circumstances.

**Management Action Plan**

None provided

**Auditors Response**

N/A

**Credit Cards**

We reviewed credit card transactions and refunds posted to JPAS during FY2018 and identified: 10 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; three credit card transactions were refunded because the court did not timely update the court costs and fine in JPAS; and one case where a Drag and Transfer (D/T) for \$25 was applied to companion case, but the court entered the wrong receipt and check number on the JPAS payment screen. 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. These findings occurred because the court made errors when posting the Record and Transaction ID to the payment record, 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 timely 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.

**Management Action Plan**

None provided

**Auditors Response**

N/A

**Civil Fees**

We reviewed 15 civil cases brought by a non-government entity from the Justice Fee Exception List and identified five civil cases were incorrectly entered as Small Claim cases, but a reason was not provided on the JPAS comments screen to reference the correct case type; and one case jacket requested for audit review was not located in the court's records or County Archives, therefore we could not validate the reason for not collecting the filing fees. 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 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 due to clerical errors made in the manual process of setting up new cases. 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, JPAS docketing errors may occur when civil case filings are not reviewed by the court for completeness and accuracy. Missing case jackets increase the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

**Recommendation**

**Civil Fees**

Management should implement policies and procedures that include:

- Training staff on court procedures and implementing docketing checklists to ensure cases are accurately filed.
- Periodically reviewing of the Justice Fee Exception List from Document Direct.
- Transitioning the court to an Electronic Document Imaging 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**

None provided

**Auditors Response**

N/A

## **Special Fund**

We reviewed the Special Fund activities (period ending September 30, 2018) and noted one special fund check was issued, but the court posted the incorrect check number on the JPAS payment screen and Special Funds totaling \$2,321.34 (the difference between the \$2,411.34 Adjusted Bank balance and the JPAS fund balance) were deposited in the bank but never posted to a payee's case 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. Special Fund reports should be periodically reviewed and disbursements should be made in the appropriate amount, to the appropriate parties in a timely manner. 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. The JPAS does not agree to the GL and posting errors are not corrected in JPAS. There is also a potential for duplicate disbursements.

### **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**

None provided

### **Auditors Response**

N/A

cc: Darryl Martin, Commissioners Court Administrator