

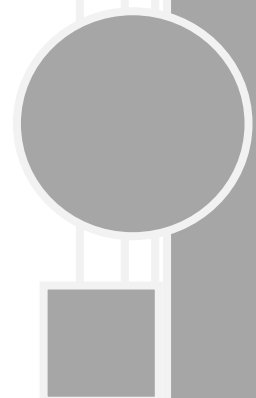


# AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE 4-2 FY2016 AND FY2017 AUDIT

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: December 05, 2018  
RELEASED: January 16, 2019



# JUSTICE OF THE PEACE 4-2 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 Katy Hubener  
Justice of the Peace Precinct 4, Place 2  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace 4-2 FY2016 and FY2017 Audit**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in blue ink that reads "Darryl D. Thomas". The signature is fluid and cursive, with a long horizontal stroke at the end.

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 years 2016 and 2017. The Court made an effort to escheat prior years outstanding Special Fund balance and reduced to \$955. Internal control weaknesses which need consideration by management are:

### **Summary of Significant Observations**

1. Inconsistency in updating the misdemeanor docket screen to accurately reflect action imposed by the court resulted in
  - 23 credit card refunds where the court did not update the JPAS docket screen to reflect the correct amounts due, requiring intervention of Treasurer's Office staff to refund a total of \$2,264.60.
  - One case where the credit card payment was posted after five business days.
  - Seven case jackets could not be located at the court or in Dallas County archives for review.
  - Two case jackets without the judge's signature to approve the dismissal.
  
2. Inadequate controls and lack of management review over case deletion and disposal process resulted in:
  - 55 cases were deleted without supervisory review.
  - There are no means to determine if financial activity was recorded to the deleted cases.

### **Repeat observations from Previous Audits:**

1. Inconsistency in applying court voiding and receipting procedure.
2. Limited staff training on performing Special Fund reconciliation, posting disbursement and resolving outstanding issues resulted in:

## 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

### **Special Fund**

We reviewed the Special Fund activities (period ending September 30, 2017) and fund balance of \$955 and identified: 17 check posting errors and omissions from prior fiscal years have not been corrected in JPAS; two checks have not been canceled in JPAS (**Status: The check was canceled in JPAS on 10/10/2017**); and one case jacket could not be located at the court or in Dallas County archives for review. 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. Justice Courts should adhere to the mandatory minimum retention periods specified in the appropriate schedule set by the Texas State Library and Archives Commission, per Government Code 441.158. These issues occurred because a monthly reconciliation is not completed by the court and the court does not have comprehensive procedures for categorizing, organizing, and tracking case jackets stored remotely. As a result, the JPAS does not agree to the General Ledger, and posting errors are not corrected in JPAS. There is also a potential for duplicate disbursements. Case jackets that are misplaced increase the risk that assets may be misappropriated and not detected through examination of the case jacket and its contents.

### **Recommendation**

#### **Special Fund**

Management should ensure:

- All checks issued, canceled, or stale dated are posted accurately and timely to JPAS and reviewed by management.
- A reconciliation of JPAS to the GL is periodically performed and check errors are timely resolved.
- Records management issues are communicated and coordinated with the records management officer regarding and there is accountability for missing records.
- The court has written procedures for maintaining, monitoring, safeguarding, tracking and transferring records of the court. These procedures should follow classification and filing best practices.

### **Management Action Plan**

None Received

### **Auditors Response**

N/A

### **Fee Assessment and Collection**

We reviewed a sample of 45 cases for compliance with applicable state laws including Code of Criminal Procedure Chapters 45 and 102, Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion No. GA-0147 and identified eight cases with errors and omissions pertaining to:

assessing court costs, collections, receipting to fee types, and JPAS docketing (**Status: On 9/25/2018, the court made corrections to six cases**). These errors and omissions result in inadequate collection of court costs and fine amounts and incorrect distribution and disbursement of funds.

**Recommendation**

**Fee Assessment and Collection**

Management should ensure:

- 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**

None Received

**Auditors Response**

N/A

**Credit Card Transactions**

We reviewed credit card postings and refunds posted to JPAS during FY2016-2017 and identified: 23 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 \$2,264.60; four online credit card transactions were not posted to JPAS using the last five digits of the Transaction ID/Record ID accordingly; one case where the credit card transaction was not receipted to the correct Case Jacket (**Status: On 9/25/2018, the credit card transaction was transferred to the correct case**); and one case where the credit card payment was posted after five business days. 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. Credit card payments should be timely receipted to JPAS and deposited no later than the fifth day after the day money was received consistent, per Local Government Code 113.022. 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 screen to reflect the correct amounts due, timely post the credit card payments, and made errors when posting the Transaction ID to the financial screen. As a result, defendants may make online payments for more than the amount owed, it may be difficult determining the source for payments posted with the incorrect credit card Transaction ID, and defendants may be adversely affected when payments are not timely applied to cases.

**Recommendation**

**Credit Card Transactions**

Management should ensure:

- 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 approval, monitoring, and validation.
- Payments are timely posted to the defendant's case.

**Management Action Plan**

None Received

**Auditors Response**

N/A

**JPAS Monitoring, Security, and Reporting**

We reviewed available monthly Defendant/Plaintiff (D/P) logs and identified 55 cases were deleted 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. Management should approve all cases prior to deletion and periodically review D/P Logs to identify unapproved deletions. Assets can be misappropriated and not be detected when cases are deleted by staff from JPAS without review.

**Recommendation**

**JPAS Monitoring, Security, and Reporting**

Management should:

- Cases are approved prior to deletion. The approval should be documented with explanations for deletions.
- Periodically review D/P Logs to ensure all case deletions were approved. and management should follow up on unapproved deletions.
- 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.



**Management Action Plan**

None Received

**Auditors Response**

N/A

**Computer Receipts**

We reviewed a judgmental sample of 71 out of 147 computer receipt voids and identified: 38 voided computer receipts were not reviewed by someone other than the preparer (**Status: As of October 1, 2017, the court implemented procedures for voids to be reviewed by someone other than the preparer**) and five voided computer receipts where the court did not retain both copies of the printed receipts. We inquired with personnel and reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted: the court does not review Computer Transaction Logs and the court does not have written policies or procedures detailing management's role and review over the receipting function and there are no cash handling procedures for clerks. 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. Written policies and procedures should be maintained by the court and periodically reviewed for updates. These issues occurred because the court does not have written policies and procedures for receipting payments, staff responsibilities and duties, management's role and oversight responsibilities. 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**

**Computer Receipts**

Management should:

- Develop and implement 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 incorporates this function in the court's receipt procedures.
- Periodically 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**

None Received

**Auditors Response**

N/A

## **Disposed Cases**

We reviewed a sample of 61 disposed cases and identified seven case jackets could not be located at the court or in Dallas County archives for review and two case jackets did not have a judge's signature approving the dismissal. 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 Commissioner's 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 and that sufficient approval is documented for waivers and dismissals. The court does not have a procedure for categorizing, organizing, and tracking to allow for the identification of case jackets stored remotely. As a result, assets may be misappropriated when waivers are granted without sufficient approval and when disposed cases are not reviewed by the court for completeness of supporting documentation. Case jackets that are discarded, inappropriately removed from the court, and lost 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 ensure:

- Case activities are verified for completeness and accuracy before disposing the case.
- Staff are trained and follow procedures for docketing cases in JPAS and required compliance dismissals conditions, set by statute, are met.
- Records management issues are communicated and coordinated with the records management officer regarding and there is accountability for missing records.
- The court has written procedures for maintaining, monitoring, safeguarding, tracking and transferring records of the court. These procedures should follow classification and filing best practices.

### **Management Action Plan**

None Received

### **Auditors Response**

N/A

cc: Darryl Martin, Commissioners Court Administrator