

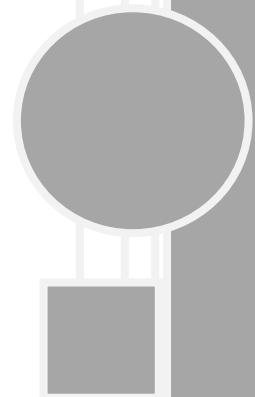


# AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE 5-2 FY2016 AND FY2017 AUDIT

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Dallas County Auditor  
ISSUED: October 30, 2018  
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# JUSTICE OF THE PEACE 5-2 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 Juan Jasso  
Justice of Peace Precinct 5, Place 2  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace 5-2 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".

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 5, Place 2 for fiscal years 2016 and 2017. Priority areas of risk which need consideration by management are:

### **Summary of Significant Observations**

- Limited staff training on performing Special Fund reconciliation, posting disbursement and resolving outstanding issues. As a result 31 checks disbursements, totaling \$ 7,277.57, have not been posted to JPAS from prior years.
- A balance of \$283,903.89 remains in the Court's Special Fund Account; of this \$257,825.80 is unclaimed funds over three year old not escheated to the appropriate parties.
- Lack of management oversight over deletion of cases. As a result 92 cases were deleted without management review and approval of which 17 cases were deleted outside normal business hours.
- 145 cases without a balance due or marked inactive (disposed) have an active warrant as of 8/19/2018.
- 60 online credit card transactions were not posted to JPAS using the last five digits of the Transaction or Record ID and six cases where the credit card payment was posted after five business days

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

- Inadequate segregation of responsibility among staff despite the system limitations of assigning security roles and right functionality.
- Inconsistency in updating the misdemeanor docket screen to accurately reflect action imposed by the court.
- Lack of written policies and procedures for receipting payments, voiding transactions, staff responsibilities and duties, management's role and oversight responsibilities.
- Inconsistency assessing, collecting, applying and posting proper court costs, fees and fines.

## 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 identified the fund balance is \$283,903.89, of which \$257,825.80 is for cases older than three years; 31 checks disbursements, totaling \$7,277.57, have not been posted to JPAS from prior years; one Special Fund check number was incorrectly posted to JPAS; one case jacket did not contain the form for Bond for Immediate Possession; one case where the warrant fee was refunded, but the portion of collection fees associated with the warrant were not refunded. 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 oversight over Special Fund duties. As a result, disbursements to parties entitled to funds are delayed; duplicate checks were issued; and staff have to spend time to research and correct posting errors.

### **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 verified/reviewed by the Chief Clerk.
- 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**

The Bookkeeper has received the Escheatment List and is in the process of reconciling Special Funds. In addition, a correction has been made on the receipt with the wrong check number. We are also making sure that the Immediate Bond forms are complete, accurate, and in the case file. We are refunding the collection fee where the warrant fee was waived on the case identified. Finally, we are accepting the recommendations of the Auditor's Office and will follow them through.

### **Auditors Response**

None

## **JPAS Monitoring, Security, and Reporting**

We reviewed available monthly Defendant/ Plaintiff (D/P) logs and identified 92 cases were deleted from JPAS without management review, of which 17 cases were deleted outside normal business hours to make corrections to cases. There are no means to determine if financial activity was recorded to the deleted cases. The court does not have an approval process for deleting cases nor does management review D/P logs to identify deleted cases. As a best practice, management should approve all case deletions before they occur and periodically review D/P logs and JPAS Case Index reports to ensure that deletions were approved. There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases. Management does not review case deletions from the D/P reports. When staff delete cases this results in the loss of case notes, docketing information, receipt records, and actions made by the court without an explanation or approval by management. Assets can be misappropriated and not be detected when whole cases are deleted from JPAS.

### **Recommendation**

#### **JPAS Monitoring Security, and Reporting**

Management should implement the following:

- Approve case deletions before they are posted by staff. Cases should not be deleted except when necessary. The approval should be documented with explanations for deletions.
- Periodically review Defendant/ Plaintiff (D/P) logs to ensure all case deletions were necessary and received prior to approval.
- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.
- Write procedures regarding system access and assigning roles at the court. These procedures should be reviewed annually.

### **Management Action Plan**

We no longer delete any cases without approval from the Chief Clerk. Clerks are no longer able to delete cases after business hours without any approval from the Chief Clerk. We will periodically review D/P logs to ensure all case deletions were necessary and approved.

### **Auditors Response**

None

## **Manual Receipt**

We reviewed all 42 manual receipts and identified two manual receipts did not have the receipt date, and one manual receipt did not have a computer receipt attached to the manual receipt book. The court could not locate the associated case jacket. We also verified there are no written policies and procedures for receipting transactions, including management's review function. 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 should be completed. Once a manual receipt is posted to JPAS, the computer receipt should be attached to the triplicate (yellow) manual receipt in the manual receipt book, and the duplicate (pink) manual receipt should be attached to the second computer receipt printed. These instances occurred because court management does not review manual and computer receipts and has not created written procedures. A lack of management and quality control review allow for the potential for revenue loss and misappropriation of assets.

### **Recommendation**

#### **Manual Receipt**

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 receipting procedures.
- Oversight of manual receipts controls and incorporating this function in the court's receipt procedures.

### **Management Action Plan**

The court will ensure that all manual receipts are dated, stapled, docketed, and put in the manual receipt book. The court has created manual receipt bookkeeping procedures.

### **Auditors Response**

None

### **Computer Receipts**

We reviewed a sample of 62 out of 145 computer receipt voids and identified one voided computer receipt where both copies of the receipt were not present; one voided computer receipt where the receipt was not marked "Void"; void transactions are not consistently reviewed by management; and the court does not have written policies or procedures detailing management role and oversight 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. Computer receipts should be marked void with an explanation written on the receipt. All receipt copies should be retained by the court. Computer receipts should be reviewed by court management to ensure receipts are timely posted to the correct cases. Written policies and procedures should be developed by the court and periodically reviewed for updates. These instances occurred because of inadequate controls over the receipting process and lack of management oversight. The court does not have written policies and procedures for receipting payments, staff responsibilities and duties, management's role and oversight responsibilities. As a result, receipts may be misappropriated, and errors might not be detected.



## **Recommendation**

### **Computer Receipts**

Management should the following are completed:

- Developing and implementing a receipt and voiding policy that ensures all copies of voided receipts are retained, clearly marked "void", with an explanation written on the receipt.
- Management oversight over receipts and incorporating this function in the court's receipt procedures.
- Requiring supervisory approval on all voided receipts
- 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**

The court has created a written procedure manual in regards to voided receipts. The court has been re-trained about the procedures on voided computer receipts.

## **Auditors Response**

None

## **DA Dismissal, Disposed, and Appealed Cases**

We reviewed a sample of 20 dismissed cases, 10 compliance dismissal cases, 10 appealed cases, 10 DA Dismissal cases, and 20 disposed cases and identified five case jackets could not be located at the court or in Dallas County archives for review; eight cases with pending appeal requests were not timely forwarded to the Criminal Court of Appeals (As a result, the cases were dismissed by the DA); and two case jackets did not have the judge's signature approving the dismissals. 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. The court should adhere to C.C.P 44.18 and 45. 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 waivers and compliance dismissals. The court does not have a procedure for categorizing, organizing, and tracking case jackets stored remotely to allow for easy identification. There was not a process in place to ensure appealed case jackets and contents transferred to an appellate court were received by the appellate court. 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. Appealed cases forwarded to the appellant court may not reach the court and the appellant court may not detect cases it does not receive. Assets may be misappropriated when waivers are granted without sufficient approval and when disposed cases are not quality reviewed by management for completeness of supporting documentation.

### **Recommendation**

#### **DA Dismissal, Disposed, and Appealed Cases**

Management should ensure the following:

- The establishment of policies and procedures for maintaining, monitoring, safeguarding, tracking and transferring records of the court.
- The coordination with the records management officer regarding records management issues, developing records classification and filing systems, establishing accountability for missing records, and establishing best practices for preparing records for transfer to county archives and for ease in future identification.
- A process to develop a procedure for tracking case jackets transferred appellant court and a backup plan for generating court documents for cases that do not reach the appellant court.
- Management approves waivers, non-monetary credits, and dismissals set by statute.

### **Management Action Plan**

The Appeals Clerk did process all appeals correctly, however, the clerk was not making copies of the files; she would send in the originals only. From here on out, a file has been made, copies have been kept here, and originals have been sent to the Appeals Court. The Appeals clerk has a list of all cases sent to the Appeals Court. She has the Appeals Clerk sign off to her list to ensure that they received all cases. All cases that are dismissed through the District Attorney are docketed and copies of the signed dismissal list are placed in each file.

### **Auditors Response**

None

### **Fee and Fine Assessment**

We reviewed a sample of 45 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 four errors and omissions pertaining to: assessing court costs, collections, receipting to fee types, and JPAS docketing. These errors and omissions result in inadequate collection of court costs and fine amounts and incorrect distribution and disbursement of funds.

### **Recommendation**

#### **Fee and Fine Assessment**

Management should ensure the following:

- Cases are reviewed for manual entry errors before disposing the case.
- 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.

### **Management Action Plan**

All errors have been addressed and all staff have been re-trained on the proper procedure for fine, court costs, and collection fees to be adequately docketed on the file and on FORVUS to ensure correct distribution on all funds.

### **Auditors Response**

None

### **Credit Cards**

We reviewed all credit card postings and refunds posted to JPAS during FY2016-2017 and identified: 60 online credit card transactions were not posted to JPAS using the last five digits of the Transaction or Record ID, six cases where the credit card payment was posted after five business days, and one case where the incorrect pay date was entered into JPAS. Consistent with the Code of Criminal Procedure, § 45.017, the misdemeanor docket screen should accurately reflect actions imposed by the court, including the court costs and fine amount due on any given case. These fields should be updated so that accurate receivable information is maintained. 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 last five digits of the credit card Transaction ID should also be posted in the JPAS check number field, consistent with the court's procedure for recording credit card transactions. We did not detect any instances of material non-compliance regarding credit card refunds.

### **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**

The bookkeeper has been re-trained to properly put in the transaction id number as the

check number. The bookkeeper has also been posting transactions less than 5-days from the date it was received.

**Auditors Response**

None

**Warrants**

We reviewed the JP Warrant Error Report, dated 8/9/18, and identified 145 cases without a balance due or marked inactive (disposed) have an active warrant. These cases require additional follow up by the court to process the warrant recall. 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**

**Warrants**

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**

The court is reviewing this report every week to ensure that all warrants and recalls have been properly removed through JPAS.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator