

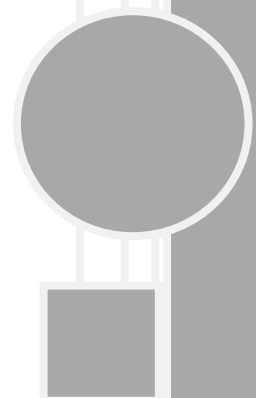


AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE PRECINCT 3, PLACE 1 FY 2018

Darryl D. Thomas
Dallas County Auditor
ISSUED: November 15, 2019
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JUSTICE OF THE PEACE PRECINCT 3, 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 Al Cercone
Justice of Peace, Precinct 3, Place 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace Precinct 3, 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,

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 3, Place 1 for fiscal year end 2018. Internal Control weaknesses which need consideration by management are:

Summary of Significant Observations

- The court does not review to ensure a case is appropriately docketed, all requested documentation has been received, and that sufficient approval is documented on disposed cases.
- The court does not deter cases deletions and does not review D/P Reports to detect the appropriateness of case deletions.
- The court does not have a review process to ensure court costs were accurately assessed and collected, and cases activities are completely logged in JPAS prior to case disposition.
- Court does not review unposted traffic tickets to ensure they are processed.
- Cases were disposed without a judgment, appeal, dismissal, and plea or deferred disposition date noted in JPAS.
- Cases with an appeal bond filed were not transferred to the County Court of Criminal Appeals and remain active in JPAS.
- Cases without a balance due or marked inactive (disposed) have an active warrant.
- The court did not update the JPAS docket screen to reflect the correct amounts due, made errors when posting the Transaction ID and a payment to the financial screen, and did not identify a duplicate credit card payment made.
- The court does not review manual receipts for timely posting and detecting error and omission.
- The court does not review the Justice Fee Exception List to detect filing fee collection and documentation errors.

Internal Control Questionnaire & Observation

- The bookkeeper does not obtain approval before voiding a transaction.
- All clerks are authorized to update Fine and Court Cost fields on the Docket Scree
- Fine and Court Costs fields in JPAS are not updated to zero when cases are dismissed and no amounts are owed to the court.
- The court does not record checks received through the mail on a check log.

Repeat observations from Previous Audits:

- There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases.
- Court did not review D/P Logs, case deletions and Transaction Logs.
- Court costs, fees, and fines are not consistently updated as additional case activity occurs.
- The court does not reconcile the Special Fund to timely detect posting errors.
- The court did not update the JPAS docket screen to reflect the correct amounts due and made errors when posting the Transaction ID to the financial screen.

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

Disposed Cases

We reviewed 80 disposed cases and identified:

- 20 cases where the court did not post the Dismissal Date by the Judge in JPAS, after approval of the DA's motion (request) for Dismissal.
- 15 cases in which the court did not post the time served credit to the payment record in JPAS.
- Seven dismissed cases do not have the Judge's signature approving the dismissal.
- Seven cases were dismissed by the court without a motion or written statement signed by the DA.
- Six cases where the court did not post the Appeal Bond File Date in JPAS.
- Six cases in which the Judge's signature stamp was used to authorize the Judgments and Orders; however, we were unable to verify who used the stamp.
- Four cases were granted time served, but the Book-In documentation to support the defendant served time after the offense date was not in the case file.
- Three cases where the court did not post the date of the DA's motion (request) for dismissal in JPAS.
- Three case files could not be located in the court or the County's Archives to corroborate the judgment of the court.
- Two cases with "No insurance" offenses were dismissed, but proof of insurance provided was not covered for the offense date.
- One case was disposed without collecting the full payment due or documenting whether the defendant is indigent, was granted time served, or completed community service. **Status: On 8/16/19 the case was reactivated.**
- One case in which the court did not report the defendant took the Driver Safety Course by posting offense code 3401 in JPAS.
- One case in which the Driver Safety Course completion date was not posted in JPAS (JT1743974A).

Per C.C.P. Art. 32.02 The attorney representing the State may, by permission of the court, dismiss a criminal action at any time upon filing a written statement with the papers in the case setting out his reasons for such dismissal. No case shall be dismissed without the consent of the presiding judge. According to the Texas Court of Criminal Appeals, "A trial court has no "general authority" to dismiss a criminal case without the prosecution's consent (See State v. Johnson, 821 S.W.2d 609, 613; Tex.Crim.App.1991)." The court should docket fine waivers, community service, time served, judgments, DA motions (requests) to dismiss, and dismissals authorized by the Judge with a signature and date, consistent with C.C.P. Chapter 45. Per Transportation Code 601.193 It is a defense that the person charged produces to the court proof of financial responsibility or insurance that was valid at the time that the offense is alleged to have occurred. Per C.C.P Art. 45.0511(l)(2) the court shall report the defendant successfully completed a driving safety course and the date of completion to the Texas Department of Public Safety for inclusion in the person's driving record. 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. This occurred because the court does not review to ensure a case is appropriately docketed, all requested documentation has been received, and that sufficient approval is documented on disposed cases. The court stores paper records in files and utilize a manual system for categorizing and

tracking case jackets stored remotely. As a result, assets may be misappropriated when waivers and dismissals are granted without supporting authorization and when disposed cases are not reviewed by the court for completeness of supporting documentation. Case docketing fields in JPAS may not reflect accurate and complete information if not appropriately updated.

Recommendation

Disposed Cases

Management should implement procedures that include:

- Docketing cases as events occur, such as: dismissals, DA motions for dismissal, appeal bond file dates, and judgments rendered by the court.
- Ensuring judicial decisions, such as: fine reductions, judgments, credit for time served, community service requests, DA (prosecution) motions for dismissal, etc... are authorized by the Judge's signature on a court order and made in the judge's presence.
- Being provided proof of insurance, valid at the time the offense is alleged, consistent with Transportation Code 601. Proof of insurance should be provided as a condition of taking the Driver Safety Course consistent with CCP Ch.45.
- Reviewing case records and dockets for accuracy and completeness before disposing the case.
- Communicating Records Management issues to the Records Management Officer and communicating a need for an Electronic Document Imaging System.

Management Action Plan

None provided

Auditors Response

N/A

Case Deletions

We reviewed all monthly Defendant/Plaintiff (D/P) Reports and identified 73 cases were deleted without management review. There are no means to determine if financial activity was recorded to the deleted cases.

As a best practice, management should not permit the deletion of cases and periodically review D/P Reports to ensure that case deletions do not occur. There is limited system functionality for assigning security roles and rights in JPAS, which allow court staff to delete cases. Management does not deter cases deletions and does not review D/P Reports to detect case deletions. 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.

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 address underlying issues and prevent re-occurrence.
- Working with Dallas County IT to limit system rights and roles based on the user's core job duties.

Management Action Plan

None provided

Auditors Response

N/A

Internal Control Questionnaire

We inquired with the court and reviewed the Internal Control Questionnaire responses, dated 07/16/19, and identified the bookkeeper does not obtain approval before voiding a transaction, and all clerks are authorized to update Fine and Court Cost fields on the Docket Screen. We also made the following observations during fieldwork, after reviewing responses to ICQ questions: fine and court costs fields in JPAS are not updated to zero when cases are dismissed and no amounts are owed to the court, and the court does not record checks received through the mail on a check log.

The misdemeanor JPAS docket 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. It is a best practice to:

- Obtain management's approval to void a receipt before the receipt is voided.
- Ensure preparation, review, custody, reconciliation, and recording functions are appropriately segregated among staff.
- Align system access privileges with employee job duties, change them as responsibilities change, and removed privileges when employees terminate employment.
- Designate one employee other than the bookkeeper to open the mail, record the check information received on a log, and restrictively endorse the checks before transferring the check to other staff for processing/posting.

This occurred because management does not require staff to obtain approval before voiding receipts and staff are able to seek approval from other staff, rather than management. There is limited IT functionality for assigning security roles and rights in JPAS that correspond to work duties, and the court has not implemented key manual controls to mitigate these risks. The court does not require staff to update the fine and court costs fields to zero when cases are dismissed and no amount is owed. A lack of segregation of duties and

management review increase the risk that errors may not be prevented or detected, or that assets may be misappropriated.

Recommendation

Internal Control Questionnaire

Management should implement procedures that include:

- Requiring the bookkeeper to seek management's approval before voiding payments received by the court.
- Reviewing all assignable system rights and roles to ensure users have only the rights necessary to perform their core job functions, including separating duties (through system security access) to update fine and court costs.
- Updating the fine and court costs in JPAS to zero when cases are dismissed and no amounts are owed to the court.
- Record checks received in the mail on a log before they are posted/processed.

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 (CCP) Chapters 45 and 102 and Local Government Code Chapter 133, Commissioner Court Orders, and Attorney General Opinion No. GA-0147 and identified:

- Four cases where partial payments were not prorated to all applicable court costs before applying to the fine.
- Three cases where the court did not assess and collect the complete collection fees, including two cases where these fees were waived.
- Two cases where the court did not assess and collect the Time Payment Fee.
- One case was granted time served, but documentation to support the defendant served time after the offense date was not in the case file.
- One case where the court did not post the time served credit to the payment record in JPAS.
- One case where the court did not disburse 85% of the fine collected to Texas Parks and Wildlife.
- One case where the court applied the Local Traffic Fee (FT 00) to the incorrect fee type.
- One case where the court did not assess and collect the \$50 for an issued warrant.

Court costs, fines, and fees should be assessed, collected, and prorated in compliance with applicable state laws including Code of Criminal Procedure (C.C.P.) Chapters 45 and 102, Local Government Code Chapters 103 and 133, Commissioners Court orders, and Attorney General Opinion No. GA-0147. The JPAS docket screen should be updated consistent with C.C.P. Chapter 45.017. Per Dallas County Code Sec. 98-6 (a) Elected officials will cooperate with the county records management officer on records management issues. These issues occurred

because of clerical errors and omissions from manual case entries; inadequate JPAS system functionality that requires the manual entry of assessments and payments; the court does not have a review process to ensure court costs were accurately assessed and collected, and cases activities are completely logged in JPAS prior to case disposition; the court stores paper records in files and utilizes a manual system for categorizing and tracking case jackets stored remotely; and the court does not utilize document imaging or other electronic means to maintain case records. This can result in the incorrect collection of court costs, incorrect distribution and disbursement of funds, and docket fields in JPAS may not reflect accurate and complete information. Assets may be misappropriated when disposed cases are not reviewed by the court for accuracy and completeness.

Recommendation

Fee and Fine Assessment and Collection

Management should implement procedures that include:

- Reviewing case records and dockets for accuracy and completeness before disposing the case.
- 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, waivers granted by the Judge, and judgments rendered by the court are supported by the Judge's signature or initials.
- Detecting errors and omissions by reviewing JPAS collection and docketing reports.
- Ensuring partial payments are prorated to all applicable court costs and collection fees before applying to the fine.
- 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 and communicating a need for an Electronic Document Imaging System.

Management Action Plan

None provided

Auditors Response

N/A

Unposted Traffic Tickets

We reviewed unposted traffic tickets as of August 15, 2019 and identified 80 traffic tickets were not posted to JPAS. These tickets were received by the court between 8/2/19 to 8/14/19 and remained unposted on average for 10 business days.

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, traffic tickets received should be file stamped with the date received by the court and posted to JPAS within seven days (eight other Dallas County JP Courts post tickets within seven business days). Management does not require staff to process traffic tickets within a specific period of time after they are received, and does not review unposted traffic tickets to ensure they are processed. Tickets not timely posted to JPAS may delay the collection of revenue.

Recommendation

Unposted Traffic Tickets

Management should implement procedures that include:

- Requiring staff to process traffic tickets within a specific period of time (after they are received), that allows management to evaluate progress and performance.
- Reviewing unposted traffic tickets to ensure tickets are timely posted to JPAS.

Management Action Plan

None provided

Auditors Response

N/A

No Judgment/Plea

We reviewed disposed cases filed in FY18 and identified:

- 39 cases were disposed without a judgment, appeal, dismissal, or deferred disposition date in JPAS.
- 29 cases were disposed without a plea in JPAS, despite having been paid in full by the defendant.
- One case was disposed in error. **Status: As of 9/11/19, the case was made active by removing the disposed flag.**

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 does not review case records and dockets for accuracy and completeness before disposing cases. As a result, the court's docket records may be incomplete and inaccurate.

Recommendation

No Judgment/Plea

Management should implement procedures that include:

- Docketing cases as events occur, such as: pleas offered by the defendant, judgment

and sentence of the court, dismissals and appeals, and the date each was taken.

- Reviewing case records and dockets for accuracy and completeness before disposing the case.
- Reviewing case records, dockets and JPAS docketing reports for accuracy and completeness before disposing cases.

Management Action Plan

None provided

Auditors Response

N/A

Warrants

We reviewed the JP Warrant Error Report, dated 8/11/19, and identified 10 cases without a balance due or marked inactive (disposed) have 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 court does not review the Warrant Error Report and does not communicate active warrant discrepancies on with the Constable's office. This poses a potential liability to the County for persons arrested in error.

Recommendation

Warrants

Management should ensure warrants and capiases issued by the court are recalled consistent with C.C.P. Art. 45 by:

- Processing warrant recalls on the 10 cases.
- Reviewing the Warrant Error Report.
- Communicate active warrant discrepancies with the Constable's office.

Management Action Plan

None provided

Auditors Response

N/A

Credit Cards

We reviewed credit card postings, refunds, and failed transactions posted to JPAS during FY2018 and identified 58 credit cards payments in which the ID number from the Credit Card Settlement Report and the Credit Card Autocite Report was transposed or contained a minor typographical error when the payment was posted in JPAS; and one duplicate credit card transaction where the court did not post the payment to JPAS or refund the payment to the defendant.

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 (from the Settlement Report) or Record ID (from the Autocite Report) should be posted in the JPAS check number field, consistent with the courts procedure for recording credit card transactions. Local Government Code (LGC) § 113.022: A county officer or other person who receives money shall deposit the money with the County Treasurer on or before the next regular business day or before the fifth business day after the day on which the money is received. The court did not update the JPAS docket screen to reflect the correct amounts due, made errors when posting the Transaction ID and a payment to the financial screen, and did not identify a duplicate credit card payment made. As a result, defendants may pay more than the amount owed, it may be difficult to determine the source for payments if the incorrect credit card ID number is posted in JPAS, and a defendant has not received credit for the \$270 paid.

Recommendation

Credit Cards

Management should implement procedures that include:

- Updating JPAS when court costs and fine amounts change (i.e. fines reductions by the judge, driver safety course granted), to ensure an accurate balance owed is displayed on the County website.
- Ensuring JPAS reflect the correct court costs and fine amounts owed consistent with the Code of Criminal Procedure, § 45.017.
- 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).
- Processing and receipting credit card payments to JPAS in accordance with LGC 113.022.

Management Action Plan

None provided

Auditors Response

N/A

Manual Receipts

We reviewed the manual receipts issued in FY18 and identified:

- 20 manual receipts were not receipted to JPAS on the next business day after the manual receipt was issued, including one manual receipt that was not receipted for five days;
- Five manual receipts were issued with "cash" marked as the tender type in error, but the customer paid with a check; and

- One manual receipt was voided without documented management approval.

A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received consistent with Local Government Code (LGC) Sec. 113.022(a). It is the court's procedure to obtain dual sign off before void receipts that contains an error or cannot be used. These errors were made during the receipting process and these manual receipts were not reviewed by management for accuracy. As a result, there may be a delay depositing collections with the bank and manual receipt errors may not be detected by the court.

Recommendation

Manual Receipts

Management should implement policies and procedures that includes:

- Reviewing manual receipts for accuracy including the total amount, tender type, case number, transaction date, and payer name fields on the receipt.
- Ensuring all payments, including manual receipts, are receipted prior to the daily close-out, consistent with LGC Sec. 113.022(a).
- Documenting the review of void transactions by management and ensure void duties are appropriately segregated.

Management Action Plan

None provided

Auditors Response

N/A

Special Fund

We reviewed the Special Fund activities (period ending September 30, 2018) and identified the fund balance per JPAS is \$17,534.61, of which \$2,680 is for receivership bonds older than three years; and the \$20,212.01 bank balance is \$2,677.40 more than the fund balance per JPAS, as a result of incomplete JPAS records. We also reviewed 25 Special Fund checks and identified one case was overpaid by \$30. A refund is due to the defendant.

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. Overpayments above \$10 are refunded to the payer. This occurred because the court has not contacted the parties to claims funds in the Special Fund and over-applied \$30 to the collection fee instead of refunding to the defendant. As a result, parties entitled to funds may not receive them or realize they are held in escrow by the court.

Recommendation

Special Fund

Management should implement policies and procedures that include:

- Contacting parties with Special Funds held in escrow at the court and obtaining a status on receiverships (including fees and inventory)
- Discharging receiver bonds in accordance with Civil Practice and Remedies Section 64.072.
- 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.
- Reviewing case records and dockets for accuracy and completeness before disposing the case.

Management Action Plan

None provided

Auditors Response

N/A

Civil Fees

We reviewed 19 cases brought by a non-government entity on the Justice Fee Exception List and identified:

- Four cases where the court posted the filing fee payments to the incorrect case. **Status: On 8/13/19, filing fees were identified and transferred to the correct cases.**
- Three cases where the court did not post the date the Statement of Inability to Pay were filed on the JPAS docket screen. **Status: On 8/13/19, the court posted the statement of inability to pay file date to the docket screen.**

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 are collected at the time of filing and service fees are 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. The JPAS docket screen is updated as events occur on the case consistent with Texas Rules of Civil Procedure 24-26. The court transposed the case numbers when posting the filing fees. The court does not review the Justice Fee Exception List to detect filing fee collection and documentation errors. Assets may be misappropriated and not detected when waivers are granted without approval and the Justice Fee Exception List is not reviewed.

Recommendation

Civil Fees

Management should implement procedures that include:

- Reviewing filing fee payments to ensure they are posted to the correct cases.
- Periodically reviewing the Justice Fee Exception List from Document Direct to

ensure cases without filing fees have a Statement of Inability to Pay on file.

- Docketing case events as they occur, including the date a party files a Statement of Inability to Pay filing fees.

Management Action Plan

None provided

Auditors Response

N/A

cc: Darryl Martin, Commissioners Court Administrator