



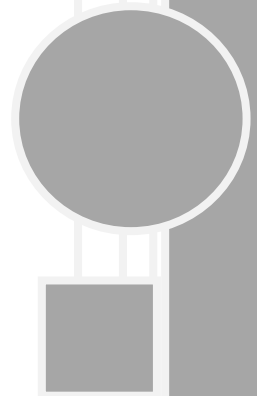
AUDIT REPORT

DALLAS COUNTY

District Clerk Criminal / Bond Forfeiture - FY2020

Darryl D. Thomas
Dallas County Auditor

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District Clerk Criminal / Bond Forfeiture - FY2020

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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 Felicia Pitre
District Clerk
Dallas, Texas

Attached is the County Auditor's final report entitled "District Clerk Criminal / Bond Forfeiture - FY2020" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

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

Respectfully,

Darryl D. Thomas

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A review of District Clerk Criminal for fiscal year 2020 revealed the significant observations listed below:

Summary of Significant Observations

Several fee schedules routinely under/over-assessed statutorily approved fee amounts.

1,720 cases on the Standard Felony (F-) schedule with over-assessments totaling \$103,200 for the Drug Court Cost fee.

1,046 cases on the Standard Felony (F-) schedule with under-assessments totaling \$4,184 for the State Jury fee.

Repeat Observations from Previous Audits:

- Special Fund disbursements were posted with incorrect check information.
- Delays in posting special fund disbursements.
- Waived, Probated, and Jail Time Served credits not entered as the correct credit type in CRIN.
- Fee assessment errors on various schedules.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

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, 2019 through September 30, 2020.

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****Credits**

A sample review of 15 probate credits, 15 jail time served credits, 15 waived credits and one community service credit issued during fiscal year 2020 revealed one credit incorrectly recorded to the case management system as probated instead of jail time served; two cases with credits recorded as probated instead of waived; three cases with credits recorded as jailed time served instead of probated credits; one case with a credit recorded as community service instead of probated credit; and three cases with credits incorrectly recorded as waived instead of jail time served.

Credits, assessment, collection, and prorating of court costs fines, and fees should be monitored for compliance with applicable state laws including Code of Criminal Procedure Chapters 42 and 102 and Local Government Code Chapter 133, judge's orders, or Commissioners Court orders and applicable fee schedules based on the offense date and offense type for criminal offenses. Court costs, bond forfeiture fines, and fees should be assessed against the defendant/surety and collected in compliance with applicable state laws including Code of Criminal Procedure, Chapters 17 and 22, and Occupations Code Chapter 1704, Commissioners Court orders, Attorney General Opinions, District Attorney Opinions, etc. when ordered by the judge. Credits should be properly, accurately, and timely recorded to CRIN in accordance with the judge's orders.

Clerical error, incomplete quality assurance controls and a lack of management oversight may result in inaccurate distribution of funds requiring additional staff time to correct posting errors. Inadequate automation in the application of credits and non-integrated financial systems increased the potential that errors may remain undetected and increased the risk that funds could be misappropriated.

Recommendation**Credits**

Management should:

- Emphasize that employees accurately record all elements of the credits, assessments, and receipts to the proper accounts and categories (court cost and fine).
- Periodically review credits and assessments for appropriateness, timeliness, and completeness. Review should also include forfeiture assessments on CRIN (for validity and accuracy) and corresponding bond documentation including a forfeiture status on AIS of: Judgment Against State (JGAS), Final Judgment Against State, Final Judgment Against State (No Cost), Bill of Review (BORG), Motion for New Trial Granted, etc.
- Continually monitor and update processing controls to ensure that transactions completed through computerized applications are valid, authorized, complete, and



accurate.

Management Action Plan

- The District Clerk Criminal Courts Supervisor will review the specified case numbers for this area and work directly with the court trainers to ensure that the clerks understand that credits, assessments, and receipts to the proper accounts and categories must be accurately recorded. Trainers will also be tasked with periodic reviews for continuous monitoring of transactions for valid, authorized, and accurate completions.

Auditors Response

- None

Special Funds Disbursements

A review of all District Clerk Criminal Special Fund 503 disbursements issued during fiscal years 2020 revealed one disbursement was posted to the CRIN system for the incorrect amount; six disbursements totaling \$1,067 were not posted to the CRIN system; and four disbursements totaling \$302 were issued without funds available in the Special Fund account. **Status: One disbursement for \$196 not previously posted to CRIN was posted after 248 business days.**

All Special Fund disbursements should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information. Additionally, all Special Fund disbursements, voids, cancelations, and stale dated checks should be timely and accurately posted to the criminal mainframe system. Lack of management oversight over the reconciliation of non-integrated financial systems to timely identify and resolve clerical errors has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued or monies not collected.

Recommendation

Special Funds Disbursements

Management should:

- Train employees on procedures for the disbursement process.
- Periodically review case balances, disburse amounts to the appropriate parties/entities, and post amounts to CRIN in a timely manner.
- Verify available funds prior to processing disbursement requests.
- Emphasize that employees enter disbursements referencing the last five numbers of the Special Fund check.



Management Action Plan

- This issue is handled by both the Criminal and Trust section. The sections will work together to review the needed procedure on disbursements being issued without funds available in the Special Funds account. The recommendation made by the Auditors office for this issue will be adjusted to effectively be placed into the Process and Procedure guides for the Collections sections.

Auditors Response

- None

E-File Transactions

A sample review of 20 e-filing transactions processed during fiscal year 2020 revealed 13 e-file transactions totaling \$4,086 were receipted into mainframe between three and 19 days after the case acceptance date. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004. Inconsistent management oversight and training have resulted in delayed revenue recognition and inaccurate case balances.

Recommendation

E-File Transactions

Management should:

- Develop written procedures for e-filing responsibilities, which emphasize that e-file revenues are to be deposited in the accounting period in which the filing is accepted.

Management Action Plan

- It is the District Clerk Criminal Cashiers procedure to ensure that E-file revenues are being deposited upon receipt. This section process thousands of transactions for fee payments and has had issues on a small fraction of the transactions. The current Collections manager reviewed specific cases within her employment timeframe, in which these e-file transactions were applied and found that there may be a delay due to system issues and or E-file research timelines. The Criminal Division will review the E-file transaction process to ensure that we notate issues and have documentation regarding timelines beyond our control.

Auditors Response

- None

**Bond Forfeiture - FB Schedule**

A sample review of bonds with a status of default judgment and a NISI status of 270 days or greater as of the audit review date and a sample review of bond forfeiture cases for appropriate court actions in AIS and CRIN revealed 11 bond forfeiture cases older than 270 days with a NISI judgment issued have no activity to either set aside the NISI judgment or proceed with forfeiture including five bond forfeiture case older than 400 days.

Assessment and collection of court costs, bond forfeiture fines, and fees should be assessed against the defendant/surety and collected in compliance with applicable state laws including Code of Criminal Procedure, Chapters 17 and 22, and Occupations Code Chapter 1704, Commissioners Court Orders, Attorney General Opinions, District Attorney Opinions, and other statutorily enforceable court orders. Quality control processes should be implemented with ongoing review by management and information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Lack of management oversight, inadequate quality assurance controls, and clerical errors could result in a potential loss of County revenue.

Recommendation**Bond Forfeiture - FB Schedule**

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness. Review should also include forfeiture assessments on CRIN (for validity and accuracy) and corresponding bond documentation including a forfeiture status on AIS of Judgment Against State (JGAS), Final Judgment Against State, Final Judgment Against State (No Cost), Bill of Review (BORG), Motion for New Trial Granted, etc.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Develop a process to identify and take action on bonds with a NISI status of 270 days or greater that have not been forfeited or set aside after 270 days.

Management Action Plan

- The bond forfeiture assessments and collection of court costs are normally assessed and collected in compliance with the applicable state laws. The NISI status days are handled by the District Attorney's office. The District Clerks Office has no say so in how and when the District Attorney of the Bond Forfeiture section handles the NISI Judgments and hearings for the Bond Forfeitures. The department is actively reviewing its quality control processes and updating them accordingly and will consider the recommendation regarding the assessments and collection of bond forfeiture fees to ensure that we remain in compliance.



Auditors Response

- None

Fee Assessments-F-Schedule

- A 100% review of the ACL analysis extract of assessments created during fiscal year 2020 using the Standard Felony, the Felony 12.44A, and the Felony Reduced to Class C schedules revealed assessment errors related to several fee codes. The majority of the assessment errors related to the following fee code: 1,720 cases were assessed \$60 in error for the Drug Court Costs (fee code #13) totaling \$103,200; and 1,046 cases were not assessed the State Jury Fee (fee code #99) for \$4 totaling \$4,184.
- Court costs, fines, and fees should be assessed in compliance with applicable state laws, judge's orders, Commissioners Court Orders, Attorney General Opinions, and Court Orders. Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Lack of management oversight, clerical error and system limitations resulted in inaccurate or incomplete fee assessments and potential revenue loss for Dallas County.

Recommendation

Fee Assessments-F-Schedule

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the County Treasurer for inclusion on the next State Quarterly Report.

Management Action Plan

The District Clerks Office has reviewed the following findings and would like a reply to our responses to ensure that we have the correct understanding regarding the Auditors reviews:

You will note under the Executive Summary page that you state the following:
2,705 cases on the Standard Felony (F-) schedule with under-assessments totaling \$10,820 for the State Electronic Filing.



Under the Findings section, you identify only one (1) case that was not assessed the State Electronic Filing fee. You do, however, state the following:

2,705 cases were not assessed State Jury Fee (fee code #99) for \$4. (2019 schedule)

Please identify the missing 2,704 cases that were not assessed the state filing fee and place in your *Findings* section or a correction should be made to the Executive Summary to reflect that the 2,705 cases refer to the Jury Fee. I am requesting you do the same for the 1723 cases referred to that were Assessed \$60 in error for the Drug Court Costs (fee code #13) totaling \$103,380. This will give the department head a chance to review and make decisions on how to rectify these particular cases upon further review.

The recommendations submitted by the Auditor's office will be taken into high consideration for this area as we strive to be consistent and echo the sentiment to emphasize accuracy in recording all elements of the assessments and receipt process.

Auditors Response

- The sentence on the Executive Summary should have indicated State Jury Fee and not the State Electronic Filing fee. Also, after reviewing the file and removing the deferred adjudication cases, we reduced the total count to 1,046 and a total of \$4,184. We noticed on a few cases when the deferred adjudication was revoked the fee was not assessed. Also, the file we get from IT only has the disposition date/codes from the last disposition page in mainframe.
- Example: The first disposition page may have a conviction date of 12/1/2019. If another disposition page was created on 3/1/2020, the information we get from the file will be the disposition page for 3/1/2020.
- Fee code 13 total count was reduced to 1,720 (3 of the cases first disposition were in 2019) and a total amount of \$103,200. However, the remaining cases were assessed in 2020 when fee code 13 was repealed. When reviewing a few of the cases we noticed the fee was original assessed. After the IT file was generated the fee was removed from the cases.



- **Status:** After the files was generated at the end of September 2020, fee code 13 was removed from multiple cases. The department noticed the error and removed the fee in December 2020.
- For future audits this step will be overhauled and reviewed in a different way and will work with District Clerk staff to ensure our review criteria is correct.

Fee Assessments-FR Schedule

A 100% review of the ACL analysis extract of Felony Reduced (FR) schedule assessments created during fiscal year 2020 revealed 32 cases were assessed Consolidated State Court Costs (fee code #77) for \$83 instead of \$62 for over-assessments totaling \$672; eight cases were incorrectly assessed the Drug Court fee (fee code #13); 372 cases were not assessed the \$4 State Jury Fee (fee code #99) totaling \$1,488; and 360 cases were not assessed the \$5 State Electronic Filing Fee (fee code #100) for \$1,800. Additionally one case was assessed FC65 for \$5 instead of \$3 and one cases was assessed the Consolidated State Court Costs (fee code #77) for \$133 instead of \$83.

Court costs, fines, and fees should be assessed in compliance with applicable state laws, Judge's orders, Commissioners Court orders, Attorney General Opinions, and Court Orders. Quality control processes should be implemented with ongoing review by management. Inadequate quality assurance controls, clerical error, system limitations, and lack of management oversight has resulted in inaccurate/incomplete assessments of court costs to defendants and potential revenue loss for Dallas County.

Recommendation

Fee Assessments-FR Schedule

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the County Treasurer for inclusion on the next State Quarterly Report.



Management Action Plan

- In review of this area, the department agrees that Court Costs, fines, and fees should be assessed in compliance with applicable state laws, Judge's orders, Commissioners Court orders, Attorney General Opinions, and Court Orders per the Auditors Office. The 401 cases referenced in this area, which excludes the 372 cases referencing the State Jury Fee for review, are a small fraction of the thousands of cases assessed by the District Criminal Court Clerks. The Criminal department will work to ensure that we have a quality control process in place that will identify these issues along with the new Criminal Courts software to be implemented this year. The current system and its limitations does not offer a check and balances to assist with these issues.

Auditors Response

- None

Computer Receipts and Closeout/Deposit

A comparison of fiscal year 2020 computer receipt dates to deposit dates revealed 26 check deposits totaling \$100,892.22 processed between four and seven business days after the initial computer receipt dates. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code (LGC) § 113.022. Drawers should be reconciled daily and included in deposit. Inconsistent management oversight over depositing procedures have resulted in delayed revenue recognition.

A review of fiscal year 2020 Special Fund fee code 15 assessments from the CR50 receipts extract revealed disbursements have not been issued on 10 cases with balances in fee code 15. Best practices regarding the CR50 receipt process indicate all receipts should be accounted for and properly used in order to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. All Special Fund disbursements should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information. Inconsistent management oversight has resulted in delays in issuing disbursements.

A review of procedures related to mail and lock box payments in effect during fiscal years 2020 revealed the drop box is not under dual control during fiscal year 2020. Best practices indicate a dual control process (more than one staff member to open both) should be utilized when opening the vault or safe. Incomplete process controls related to the safe increased the potential that funds may be misappropriated.

Recommendation

Computer Receipts and Closeout/Deposit

Management should:



- Implement dual control process (more than one staff member to open both) over opening the vault and safe.
- Make timely deposits.
- Research amounts located in the special fund account and disburse accordingly to state law and/or Dallas County guidelines.

Management Action Plan

- The safe and drop box combinations are only given to upper management members in the Criminal Division decreasing the potential that funds may be misappropriated. The location of the safe is very constricted and not easily accessible for 2 people at the same time. The 10 cases found where disbursements are needed are currently being researched to verify check numbers to ensure that the disbursements are completed on the cases. In response to the 26 check deposits processed between four and seven business days after the initial computer receipts dates has been reviewed. The Covid pandemic has and continues to have a major impact on processes and procedures in the cashier section of the District Clerk Criminal Department. Schedules and processes were adjusted to deal with building closings, person to person interactions decreased during the height of Covid and many decisions were made promptly to ensure staff and public safety. These changes included face to face transactions with Loomis which had a major effect on closeout and depositing receipts. Due to the Pandemic deposit pickup was changed from daily, Monday – Friday to Tuesday and Thursdays due to Frank Crowley being closed. Upon Frank Crowley Courts Building reopening, a request was made to resume the daily pickups of Monday-Friday however Loomis was not fully prepared to resume the needed pickups and sometimes missed several days in a row. During these times the Treasurer's Office was notified, and consistent contact was initiated to ensure that things got back on track with the Loomis vendor.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator