AUDIT REPORT

DALLAS COUNTY

FY2022 JUSTICE OF THE PEACE PRECINCT 4, PLACE 2 AUDIT

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FY2022 Justice of the Peace Precinct 4, Place 2 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 Sasha Moreno
Justice of Peace, Precinct 4, Place 2
Dallas, Texas

Attached is the County Auditor's final report entitled "**FY2022 Justice of the Peace Precinct 4, Place 2 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,

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EXECUTIVE SUMMARY

A review was conducted of Justice of the Peace, Precinct 4, Place 2 records and reports for fiscal year 2022 according to statutory guidelines.

Summary of Significant Observations:

- **Special Fund Reconciliation/Activities**: The court did not reconcile the FY2022 special fund to the Oracle general ledger. This increased the risk of errors and omissions in the financial records.
- **Computer receipts voided:** Out of 22 computer receipts voided, 17 (77.27%) were not processed according to the court's receipting and voiding procedures. This increased the risk of financial losses to the County.

Repeat observations from Previous Audits:

- **Special Fund Reconciliation/Activities:** Inconsistent management oversight in completing the special fund reconciliation, posting disbursements, and resolving variances between the Special Fund ledger balance and JPAS records.

- **Computer Receipts:** Court management did not follow proper voiding and receipting procedures, including detecting errors/omissions and retaining copies of receipts.

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.

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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, 2021 through September 30, 2022.

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 may have been reviewed and incorporated as part of the testing of transactions.

DETAILS

Fine and Court Fee Assessment

Criteria

Court costs, fines, and fees should be assessed, collected, and prorated in compliance with applicable state laws including Code of Criminal Procedure (CCP) Chapters 45 and 102, Local Government Code Chapters 133 and 134, Transportation Code (TC) 542 and 706, Commissioners Court orders, and Attorney General Opinion GA-0147.

Per the CCP Chapter 45.017, the JPAS Docket screens should be updated as cases are filed, additional court costs are added, the date judgment is rendered, the date warrants are returned, and as the Judge orders changes in fines or amounts.

Per Dallas County Commissioners Court Order 2004-1147, the remaining balance cannot be waived and must be paid in full, except in cases where the court has dismissed the case, the defendant has satisfied the amount through time served or community service, or the court has determined that the defendant is indigent.

Review

A random sample of 20 cases out of 2,347 was reviewed to determine the accurate assessment and collection of court costs, fines, fees, and postings to the Justice of the Peace Accounting System (JPAS). The following were identified:

- One fine payment was not posted to the correct fee type.
- Partial payments for one case were not allocated among all applicable court costs.

Cause/Effect

These errors occurred due to noncompliance with Texas statutes and court procedure. Additionally, inadequate JPAS system functionality that requires manual entry. These errors can lead to insufficient reporting of costs and fines paid, and incorrect distribution and disbursement of funds contractually and statutorily owed to other parties.

Recommendation

Fine and Court Fee Assessment

Management should take the following corrective actions:

- Ensure payments are posted to the correct fee type.
- Allocate partial payments among all applicable court costs before allocating payments to the fine per Attorney General Opinion GA-0147.
- Review case records, dockets, and payments for accuracy and completeness before disposing the case.
- Train all court personnel and ensure they consistently follow court guidelines, Commissioners Court Orders (2004-1147), Texas Statues (CCP CH.45, 102, 103; LGC Ch. 133, 134; and TC Ch. 542 and 706, and Attorney General Opinion GA - 0147.

Management Action Plan

- JPAS cases have been transferred and converted to the Odyssey system as of October 31, 2022. Fines and court fees are properly mapped to the appropriate fee type to ensure that the court is following state laws/requirements.

Auditor's Response

- None

Dismissed Cases

Criteria

Per Code of Criminal Procedure (CCP) Article 32.02, no case shall be dismissed without the consent of the presiding judge.

Per CCP Article 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.

Per CCP Chapters 32 and 45, the court dockets credit for waivers, community service, time served, DA motions (requests) to dismiss, and dismissals with the authorized approver's signature and date.

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 except as provided by statute, common law, or constitutional provision (See State v. Johnson, 821 S.W.2d 609, 613; Tex.Crim.App.1991)."

The Texas Judicial Court Training Center provides an "Order of Dismissal" form that lists compliance dismissal under the Transportation Code or Parks and Wildlife Code.

Review

For the audit period ending September 30, 2022, a random sample of 40 out of 227 dismissed cases were reviewed to determine whether that the court was following the applicable laws and the statutory requirement to process dismissed cases. The following were identified:

- Three dismissed cases in which the vehicle listed on the insurance liability card does not match the vehicle noted on the citation.
- One dismissed case in which the insurance card shows that the defendant did not have insurance coverage on the date of offense.
- One dismissed case in which the State's motion to dismiss was not signed by the DA.
- One case was dismissed by the judge on a DA's motion, but the DA dismissed date was not posted on the JPAS docket screen.

Cause/Effect

The court does not obtain a written declaration page or other documentation proving the vehicle noted on the citation was covered and that coverage on the vehicle was in effect at the time of offense. The County may incur a loss when dismissals are improperly granted without obtaining the appropriate documentation proving a defense to prosecution. It is possible assets may be misappropriated when dismissals are granted without supporting authorization and when cases are not reviewed by the court for completeness of supporting documentation.

Recommendation

Dismissed Cases

Management should take the following corrective actions:

- Comply with TC 601 by obtaining a physical copy of the liability insurance policy that displays the defendant's vehicle noted in citation and covered when the offense is alleged.
- Ensure the appropriate signatures on official court orders have been sufficiently signed.
- Require that judicial decisions, including signed DA (prosecution) motions for dismissal, are authorized by the judge with the judge's signature.
    - Ensure official court records are present in the case file.

- Utilize the "Order of Dismissal" form from the Texas Judicial court Training Center.

- Ensure that the terms of orders are completed prior to case disposition, sufficient and supporting documentation is retained.

Management Action Plan

- For two dismissed cases, the defendant provided company (fleet) insurance which would not include a list of all vehicles covered. The clerk called and spoke with an insurance representative to confirm coverage. This conversation was notated in the file and JPAS.
- One case dismissal date is notated in JPAS as July 7, 2022, which is the date that the ADA signed the dismissal. The correct date should have been July 8, 2022 which is the date that the Judge signed the dismissal. The court will ensure that the dismissal date(s) match the date that the Judge signs her orders.

Auditor's Response

- None

Civil Fees

Criteria

Per Local Government Codes (LGC) 118.121, 133.151, 135.103, and 118.131, the appropriate filing fees must be collected and applied to the initiating party's case. Service fees should be collected at the time service is requested for all eviction, civil and small claim cases filed by non-governmental entities and individuals, except for those with approved affidavits of indigence on file or those entities listed under Civil Practices and Remedies § 6.001, 6.002, and 6.003.

Per Rule 25 of the Texas Rules of Civil Procedure each clerk shall keep a file docket which shall show in convenient form the number of the suit, the names of the attorneys, the names of the parties to the suit, and the nature thereof, and, in brief form, the officer's return on the process, and all subsequent proceedings had in the case with the dates thereof.

Per Rule 145, a Statement of Inability to Afford Payment should be docketed on the case.

Review

A random sample of 20 out of 58 civil cases filed by a non-government entity on the Justice Fee Exception List was reviewed. The following were identified:

- Six cases in which the court posted the filing fees to the wrong case.
- One case in which there was no explanation for not collecting filing fees totaling $134.

    - In this case, a hearing was set up on the date the petition was filed.

Cause/Effect

Management did not adhere to LGC 133.151, 135.103, and 118.131 and did not ensure the filing documentation docketed agreed to the appropriate case. It is possible JPAS docketing errors may occur or filing fees may not be collected when civil case filings are not reviewed by the court for completeness and accuracy.

Recommendation

Civil Fees

Management should take the following corrective actions:

- Collect the appropriate filing fees on civil cases per (LGC) 118.121, 133.151, 135.103 and 118.131.
- Document an explanation in the case management system for not collecting filing fees, including when parties file Affidavits of Indigence.
- Review case management system reports for civil cases filed without a payment and for posting errors.

Management Action Plan

- Filing fees for five of the six cases have been moved to the correct cases in Odyssey as of May 31, 2024.
- Odyssey has predetermined mapping for all filing fees and the ability to invoice customers for cases where funds were not collected at the time of case entry (ex. Payment declined).
- The clerks are required to notate and collect a completed Statement of Inability to Pay when requested on any other case(s) that are processed without payment

Auditor's Response

- None

Case Deletions

Criteria

Standard internal control procedures indicate management should provide regular staff training on maintaining an audit trail and conducting routine reviews of Plaintiff/Defendant Log reports to ensure case integrity.

Review

The Defendant/Plaintiff (DP) Log report was reviewed during the audit period. The following were identified:

- Three cases were deleted without management review.
- There was no means to determine if financial activity was recorded on the deleted cases.

Cause/Effect

There is limited system functionality for assigning security roles and rights in JPAS, which allows court staff to delete cases without segregation of duties and approval. Additionally, management does not monitor D/P Log Reports to detect and review case deletions.

Deleting cases in JPAS increases the risk that assets may be misappropriated and not detected by management. 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 take the following corrective actions:

- Rather than deleting cases, write a comment in the case management system explaining errors that occur to keep a complete audit trail.
- Routinely monitor Defendant/Plaintiff Log Reports for case deletions and communicating with staff when they occur.
- Review circumstances surrounding each case deletion to understand the effect, impact, and reduce likelihood of reoccurrence.
- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.

Management Action Plan

- The new Odyssey system does not allow clerks to delete or write over existing information to ensure there are no data entry errors.

Auditor's Response

- None

Voided Computer Receipts

Criteria

Per LGC § 113.022, a county officer or other person who receives money must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

The department's standard operating procedures require that voided copies of computer receipts be marked "Void" and contain an explanation for the void. Both copies of the computer receipt are retained and reviewed by management.

Standard internal control procedures require that receipts are recorded to the system on the date of entry instead of backdating.

Review

A review was conducted to determine if proper voiding procedures were followed for the 22 voided computer receipts and all the daily deposits processed during the audit period ended September 30, 2022. The following were identified:

- Ten computer receipts were not reviewed by a supervisor. This includes one computer receipt that listed an inaccurate reason for voiding the receipt.
- Four computer receipts were voided after posting to the wrong case, but the court did not record the correct case number on the receipt or in JPAS. Two of these receipt voids were also not reviewed by the supervisor.
- Two computer receipts were voided after business hours. One of these receipt voids was not reviewed by a supervisor.
- One computer receipt was deleted for a portion of the original amount rather than the full amount. It also was not marked "Void", lacked an explanation for the void, was not reviewed by a supervisor, and neither copy of the receipt was present.

Cause/Effect

Management did not ensure the court's voiding procedures were consistently followed and did not review each voided receipt. A lack of management oversight and segregation of duties may result in errors, omissions, revenue loss, an incomplete audit trail, and present opportunities for misappropriation. Voided payments without adequate supporting documentation may also result in losses to the county.

Recommendation

Voided Computer Receipts

Management should take the following corrective actions:

- Train staff on the procedures for voiding receipts which should include:
    - Marking computer receipts "Void" with a written explanation.
    - Ensuring receipts are completely voided for the entire amount, rather than voiding for partial amounts of the original.
    - Ensuring the court retains all receipt copies.
- Ensure management periodically reviews the case management system reports to monitor voided computer receipts and ensure the timely detection of errors and omissions.
- Document the review of voided transactions by management in writing and ensure void duties are appropriately segregated.

Management Action Plan

- Any type of void, adjustment, or reversal of funds requires the clerks to generate an authorization form in Odyssey. This authorization form must be approved by one of the following: bookkeeper, back-up bookkeeper, chief clerk or the Judge.

Auditor's Response

- None

Special Fund

Criteria

Per Local Government Code Section 113.008(f), an official with special funds in the depository bank shall reconcile all balances and transactions in the statement of activity to the transactions and balances on the official's records, monthly. The official shall ensure all financial adjustments resulting from the reconciliation are reported to the county auditor for

entry in the general set of records and reflected in the cash receipts and disbursement registers of the county treasurer.

Per property Codes § 72 and § 76 management should escheat funds to the state and county.

The Code of Criminal Procedure § 22 should be followed to forfeit cash bonds.

Standard internal control procedures related to cash require all fund disbursements and cancellations be timely and accurately posted to the JPAS. Fund balances must be reconciled against control records (GL and bank statements). Additionally, special fund reports should be reviewed periodically, and disbursements made to the appropriate parties promptly.

Review

Twenty special fund check disbursements, 12 monthly reconciliations, and postings to JPAS were reviewed during the audit period and the following were identified:

- The court did not reconcile the fiscal year 2022 special fund balance to the Oracle general ledger balance. Reconciling items included the following:
    - 23 cancelled checks totaling $3,818.90 were not posted to JPAS. **Status: On June 13, 2023, the court posted 21 cancelled checks to Odyssey.**
    - Seven disbursement checks totaling $276 were not posted to JPAS. **Status: On June 13, 2023, the court posted all seven checks to Odyssey.**
- The special fund balance per JPAS was $9,038.60, all of which was for cases less than three years old.
- The $9,038.60 balance per JPAS was $5,489.43 less than the $14,528.03 Oracle balance due to incomplete JPAS records.
- One disbursement check was issued referencing the wrong case number for the parties listed.
- One disbursement check was prepared and approved by the same employee.

Cause/Effect

Management did not comply with LGC 113.008(f) to ensure special fund accounts were reconciled monthly and that check disbursements and cancellations were timely posted to JPAS. Limited reconciliation can result in undetected posting errors and potential overpayments or unrecoverable losses, delayed disbursements to entitled entities/individuals, and assessment of penalties by the State for not adhering to escheat statutes.

Recommendation

Special Fund

Management should take the following corrective actions:

- Reconcile the general ledger special fund balance and transactions against the case management system each month per Local Government Code Section 113.008(f).
- Provide oversight of the special fund functions completed by the staff by reviewing reconciliations and approving check disbursements.
- Ensure checks and cancelations are accurately, completely, and timely posted to Odyssey once they are first recorded to the Oracle general ledger.
- Utilize management's review time to detect errors and omissions made on check requests before the check is issued.
- Review special fund reports and routinely escheat special funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.

Management Action Plan

- Training for special funds is still pending until further notice. Once training is completed, the court will complete all outstanding tasks.

Auditor's Response

- None

Credit Cards Posting

Criteria

Per LGC § 113.022 a county officer or other person who receives money must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Standard accounting and system control procedures require daily reconciliation and balancing of collected funds with receipts promptly issued for the amount of funds tendered.

Standard processes related to e-commerce require information processing controls to test that transactions completed through computerized applications are valid, properly authorized, and entirely and accurately processed and reported.

Review

During the audit period, we reviewed the court's online credit card transactions and postings in JPAS to test for proper accounting and internal control procedures. The following was identified:

- One online payment receipt was found to be backdated.

Cause/Effect

This occurred because the management relies on staff to post online credit card payment transactions but does not ensure that they are assigned timely to the defendant's case or that staff use the current date when posting. Backdating affects the accuracy of financial records in JPAS. Backdating payments may create opportunities for the misappropriation of assets.

Recommendation

Credit Cards Posting

Management should take the following corrective actions:

- Post the complete and accurate payment for online credit card payments within five business days in compliance with LGC 113.022
- Post payments using the same date the clerk makes the system entry and without backdating.
- Provide oversight by reviewing Credit Card Settlement reports against payments posted to the case management system to ensure all payments are accurately posted.

Management Action Plan

- Odyssey does not allow a payment to be backdated. If a payment is received before the processing date, the clerk must notate the case with an explanation.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator