AUDIT REPORT

DALLAS COUNTY

FY2022 JUSTICE OF THE PEACE PRECINCT 2, PLACE 2 AUDIT

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FY2022 Justice of the Peace Precinct 2, 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 KaTina Whitfield
Justice of the Peace, Precinct 2, Place 2
Dallas, Texas

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

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,

Wessen B. Stefanos

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EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 2, Place 2 for the fiscal year 2022. **Audit staff observed that the court improved in several areas in which issues were identified in previous years**. Areas of risk that need consideration by management are:

Summary of Significant Observations:

- **Special Fund**: The Special Fund balance is $30,565.30 as of March 1, 2023 and the following was identified:
    - $18,810.51 is older than three years as of the 3/1/2023, but not escheated.
    - There is a $3,411.68 difference between Oracle and JPAS due to unposted records.
    - Five check cancellations totaling $970.01 and three disbursement checks totaling $811.01 were not posted to JPAS.
    - $2,282 was not posted to the September reconciliation.

Repeat observations from Previous Audits:

- **Fee and Fine Assessment and Collection:** Time payment fee not consistently assessed.
- **Special Fund:** Special Fund balance includes cases older than three years, made up of balances under $100, includes unposted disbursements, and does not agree to Oracle GL.
- **Civil Case Fees**: Filing fees posted to the wrong case.
- **Credit Card Postings:** Credit card payments are not consistently posted within five days.

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, 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 will also be reviewed and incorporated as part of the testing of transactions.

DETAILS

Fee and Fine Assessment and Collection

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 542 and 706; Commissioners Court orders; and Attorney General Opinion GA-0147.

Consistent with CCP Chapter 45.017 the Justice of the Peace Accounting system (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 changes in fines or amounts are ordered by the Judge.

Court costs should be assessed based on offense date and offense type.

Twenty out of 286 disposed cases were reviewed for appropriate assessment and collection of court costs, fines, and fees and accuracy of postings to the JPAS and the following were identified:

- One case in which the Truancy Prevention and Diversion Fee was incorrectly assessed and collected.
- One case in which the $15 time payment fee was not charged after 31 days.
- One case in which the wrong offense code was entered and posted to the JPAS docket screen

These instances occurred due to non-compliance with state statutes, clerical errors and omissions from manual case entries, and/or inadequate JPAS system functionality that requires the manual entry of assessments and payments. These errors and omissions resulted in the inadequate collection of court costs and may result in an incorrect distribution and disbursement of funds contractually and statutorily owed to other parties.

Recommendation

Fee and Fine Assessment and Collection
Management should take the following corrective actions:

- Collect the time payment fee when a payment is made on or after the 31st day from the judgment date per CCP 102.030.
- Assess and collect court costs based on offense date and offense type.
- Docket cases as events occur and judgments rendered by the court, consistent with CCP 45.017.
- Review case records, dockets, and payments for accuracy and completeness before disposing the case.

- Review case management system collection and docketing reports to detect errors and omissions.
- Train all court personnel and ensure they consistently follow court guidelines, Commissioners Court Orders (2004-1147), Texas Statutes (CCP Ch.45, 102, 103; LGC Ch.133, 134; and TC Ch.542 and 706), and Attorney General Opinion GA-0147.

Management Action Plan

- Discuss these findings with the staff that are repeatedly made in error. We will have continuous training sessions regarding Fine and Fees.

Auditors Response

- None

Special Fund

In accordance with Local Government Code Section 113.008(f), 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, Oracle and case jackets) each month.

Per Property Code, § 72 and § 76**, m**anagement should escheat funds and cash bonds should be forfeited as outlined in Code of Criminal Procedure § 22.

Unposted transactions discovered from the reconciliation should be posted to JPAS. Reconciliations should be reviewed by management for accuracy, completeness, and the appropriateness of transactions.

Monthly reconciliations, postings to JPAS, and 20 out of 52 Special Fund check disbursements were reviewed during the audit period (ending September 30, 2022). The Special Fund balance is $30,565.30 and the following were identified:

- $18,810.51 is older than three years as of the 3/1/2023, but not escheated.
- The $30,565.30 balance per JPAS is $3,411.68 less than the $33,976.98 bank balance as a result of incomplete JPAS records.
- $459.84 is made up of case balances under $100 and can be escheated to the county.
- Three disbursement checks totaling $811.01 have not been posted to JPAS.
- Five canceled checks totaling $970.01 were not posted to JPAS.
- $2,282 was not posted to the September reconciliation.
- The court's Special Fund reconciliation per JPAS was not agreed to Oracle.

The Special Fund is intended to be a temporary escrow account. Management did not review to ensure Special Fund activities were timely completed. As a result, parties entitled to funds did not receive them and may not realize they are held in escrow by the court. This also increases the risk that financial

records in JPAS may be inaccurate and incomplete, which may result in the court sending duplicate check disbursements.

Recommendation

Special Fund

Management should take the following corrective actions:

- Post the three Special Fund checks totaling $811.01 and five cancellations totaling $970.01 to JPAS.
- Escheat $459.84 in cash balances under $100 to the County.
- Post the $2,282 balance to the September 2022 reconciliation.
- Review Special Fund reports and routinely escheat Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.
- Reconcile Special Fund balances and transactions from the General Ledger against JPAS each month per Local Government Code Section 113.008.
- Ensure Special Fund check disbursements and cancellations are accurately, completely, and timely posted to cases after the completion of monthly reconciliations.
- Forfeit cash bonds in accordance with Code of Criminal Procedure § 22.

Management Action Plan

- Special Fund report corrections were made and balanced at the end of FY22.

Auditors Response

- None

Dismissed Cases

Court costs, fines, and fees should be assessed, collected, and prorated in compliance with applicable state laws including Transportation Code (TC) 706 and Commissioner's Court Order 2003-2085.

Forty out of 133 dismissed cases were reviewed during the audit period and the following was identified:

- One case was disposed without collecting the Omni fee from the defendant.

This occurred due to non-compliance with TC 706 and Court Order 2003-2085. This resulted in a loss to the County for the uncollected fee and for distributing funds to the vendor for placing the driver's license hold with the Texas Department of Public Safety.

Recommendation

Dismissed Cases

Management should take the following corrective actions:

- Review case records, dockets, and payments for accuracy and completeness before disposing the case.
- Review Odyssey docketing reports in order to detect errors and omissions related to uncollected Omni fees.
- Train all court personnel and ensure they consistently follow court guidelines, Commissioners Court Orders 2003-2085, and Texas Statute TC 706.

Management Action Plan

- Continue to review case records, dockets, and payments for accuracy and completeness before disposing the case.

Auditors Response

- None

Disposed Cases

Community service hours ordered by the judge may be completed per the Code of Criminal procedure (CCP) Article 45.049 and the judge shall credit the defendant for time served per CCP 45.041(c).

Per CCP Article 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 the reasons for such dismissal, which shall be incorporated in the judgment of dismissal. No case shall be dismissed without the consent of the presiding judge.

Local Government Code (LGC) 115.901 states the county auditor shall examine the accounts, dockets, and records of each justice of the peace to determine if any money belonging to the county and in the possession of the officer has not been accounted for and paid over according to law.

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

Twenty-one out of 32 disposed cases during this audit period were reviewed and the following identified:

- Two cases were disposed without a signed Community Service Timesheet or proof of time served.

- One case was incorrectly disposed without payment.
- One disposed case requested for audit review was not provided by the court; therefore, community service hours and approval could not be verified.
- One case was disposed without a judicial order granting the State's Motion to waive costs.

The court did not adhere to state statutes, including CCP 45 and LGC 115.901. Case dockets were not reviewed for accuracy and completeness prior to case disposition. It is possible the County may incur losses and 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. Missing case files increase the risk that assets may be misappropriated and not detected through the loss of official court records.

Recommendation

Disposed Cases

Management should take the following corrective actions:

- Obtain signed community service timesheets and proof of time served before disposing the case.
- Re-open the case incorrectly disposed without payment.
- Ensure orders are authorized by the judge with the judge's signature in compliance with CCP Chapter 32 and Chapter 45.
- Review case records and dockets for accuracy and completeness before disposing the case.
- Locate the missing case file for examination by the County Auditor per LGC 115 and Dallas County Code Section 98-6 (a).
- Communicate records management issues to the Records Management Officer.

Management Action Plan

- Reopened incorrectly disposed case and discussed findings with the staff made in error.

Auditors Response

- None

Civil Case Fees

Filing fees should be collected and applied to the initiating party's case in compliance with Local Government Code (LGC) 118.121, 118.122, and 118.123 and 118.131.

Twenty out of 34 civil cases brought by a non-government entity from the Justice Fee Exception List were reviewed. The following were identified:

- Filing fees were posted to the wrong case in JPAS for two cases**.**

This occurred due to clerical errors made in the manual process of setting up new civil cases and updating JPAS. The errors were not detected through review of the Justice Fee Exception List. As a result, JPAS docketing errors may occur when civil case filings are not reviewed by the court for completeness and accuracy.

Recommendation

Civil Case Fees

Management should take the following correct actions:

- Transfer filing fees to the correct cases and add comments indicating what occurred.
- Collect the appropriate filing fees on civil cases per (LGC) 118.121, 118.122, 118.123 and 118.131.
- Review fee and exception reports in Odyssey to detect civil cases filed without a payment and for posting errors.
- Ensure case records are accurate and reflect a complete account of case activities.

Management Action Plan

- Case numbers were transposed and filing fees posted to correct case.

Auditors Response

- None

Case Deletions

As a best practice, management should not permit the deletion of cases and periodically review the Defendant/Plaintiff (D/P) Reports to ensure that case deletions do not occur.

All 11 deletions on Defendant/Plaintiff (D/P) Reports were reviewed during the audit period and the following were identified:

- Two cases were submitted and deleted by the same employee without segregation of duties.
- One case was deleted, but not listed on the court's case deletions log.

This occurred because management manually updates an excel spreadsheet logging case deletions self-reported by staff, but did not seek elevated approval. These deletions were not detected through a

review of JPAS D/P Reports. Additionally, there is limited system functionality for assigning security roles and rights in JPAS, which allows court staff to delete cases.

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 trial.

Recommendation
Case Deletions
Management should take the following corrective actions:

- Not permit staff to delete cases.
- Routinely monitor Defendant/Plaintiff Log Reports for case deletions and communicate with staff when they occur.
- Review circumstances surrounding each case deletion to understand the effect and impact.
- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.

Management Action Plan

- Staff is not permitted to delete cases. All cases are deleted by the Chief Clerk. One case was omitted from the list in error.

Auditors Response

- None

Cash Counts

Per Local Government Code (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.

A cash count was completed on May 23, 2023, and we identified that:

- One check received in the mail was receipted 11 business days later.

Management did not comply with LGC 113.022 in this instance. Delays in posting payments affect the County's collection and recognition of revenue.

Recommendation
Cash Counts
Management should take the following corrective actions:

- Ensure all checks are immediately endorsed and posted to Odyssey upon receipt.
- Deposit money no later than the fifth business day after money is received, per LGC 113.022.

- Ensure all court personnel consistently follow court guidelines and Texas Statutes and that written policies and procedures for cash handling responsibilities are timely updated and communicated to employees.

Management Action Plan

- We are unable to receipt City of Mesquite checks without list of cases to apply funds to. We receipted the check when we received the list to post.

Auditors Response

- None

Computer Receipts

The court's voiding procedure is to mark receipts “Void,” document a reason for voiding;, ensure all receipt copies are retained by the court;, void the full amount of the receipt;, and obtain management's approval on all voided receipts.

All deposits made by the court and all 31 computer receipts voided during the audit period were reviewed and the following were identified:

- One receipt was originally posted for $175 but voided for $345. The bookkeeper added back $170 to balance the voided amount.

This occurred because the court's voiding procedures were not followed. Error and omissions may result when the court's voiding procedures are not followed. This may also create opportunities for misappropriation.

Recommendation

Voided Computer Receipts

Management should take the following corrective actions:

Train staff on the court's receipting procedures for voiding transactions including:

- Mark computer receipts "Void" with a written explanation when receipts are voided at the court.

- Ensure receipts are completely voided for the entire amount, rather than voiding for partial amounts of the original.
- Ensure all receipt copies are retained by the court.
- Document the review of void transactions by management in writing and ensure void duties are appropriately segregated.
- Periodically review case management system reports to monitor voided computer receipts and ensure the timely detection of errors and omissions.

Management Action Plan

- Receipt voids are reviewed by Chief Clerk along with the Bookkeeper periodically for consistency. The void mentioned was a user error that was reported to Chief Clerk and corrected.

Auditors Response

- None

Credit Card Postings

Per Local Government Code (LGC) 113.022, the entire amount of each online credit card payment should be receipted to the defendant's case in JPAS by the following business day, but no later than the fifth day after the day money was received

As a best practice, cases should be reviewed before refunds are processed.

All 191 of the court's online credit card transactions and postings to JPAS during the audit period were reviewed and the following were identified:

- One case in which the defendant plead guilty but $260 was refunded back to the defendant. The case is still active and was referred to collections on 10/23/22.
- One online credit card payment was posted after 29 business days instead of within five business days.

Management did not ensure online credit card transactions were timely posted to JPAS and did not comply with LGC 113.022. As a result, a payment error was not detected, and some defendants did not receive timely credit for payments made to their cases.

Recommendation

Credit Card Postings

Management should make the following corrective actions:

- Post the complete and accurate payment for online credit card payments in compliance with LGC 113.022
- Review cases prior to issuing refunds to ensure online payments are appropriately posted.
- Provide oversight by reviewing Credit Card and Payment Reports against payments posted to Odyssey to ensure all payments are accurately and completely posted.

Management Action Plan

- Train staff on the court's receipting procedures for voiding transactions including: Forvus fees were incorrect when defendant made payment online bookkeeper assessed the correct fees in Odyssey and returned payment case is still active. Online payment was missed due to a reporting error that has been addressed and corrected.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator