

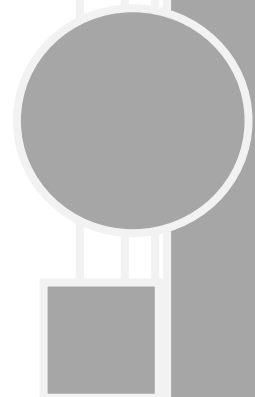


AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE 5-1 FY2016 AND FY2017 AUDIT

Darryl D. Thomas
Dallas County Auditor
ISSUED: October 04, 2018
RELEASED: November 09, 2018



JUSTICE OF THE PEACE 5-1 FY2016 AND FY2017 AUDIT

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Honorable Judge Sara Martinez
Justice of the Peace Precinct 5, Place 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace 5-1 FY2016 and FY2017 Audit**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

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

Respectfully,

A handwritten signature in blue ink that reads "Darryl D. Thomas". The signature is written in a cursive, flowing style.

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 5, Place 1 for fiscal years 2016 and 2017. Priority areas of risk which need consideration by management are:

Summary of Significant Observations

- Limited staff training on performing Special Fund reconciliation, posting disbursement and resolving outstanding issues.
- A balance of \$23,521.73 remains in the Court's Special Fund Account; of this \$15,481 is unclaimed funds over three year old not escheated to the appropriate parties.
- Lack of management oversight over deletion of cases. As a result, 84 cases were deleted without management review and approval.
- Inconsistency assessing, collecting, applying and posting proper court costs, fees and fines.

Repeat observations from Previous Audits:

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

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2015 through September 30, 2017.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

DETAILS

Special Fund

We reviewed the Special Fund activities (period ending September 30, 2017) and identified the fund balance is \$23,521.73, of which \$15,481 is for cases older than three years; seven Special Fund checks from prior fiscal years, totaling \$1,377.06 have not been posted to JPAS; 12 checks and six cancelations were not posted to JPAS (**Status: Six checks were posted to JPAS in FY18**); 20 disbursement checks were posted to JPAS with the incorrect check number; one interpreter fee collected was not disbursed to the Treasurer's Office (Treasurer's Office subsequently paid the interpreter); two disbursement checks were posted as one check entry in JPAS; and one NSF check charge-back disbursed for an additional \$80. We reviewed a sample of 42 of 162 Special Fund checks and identified two cash bonds were disbursed to the court without a signed cash bond release form, 16 Special Funds disbursements were posted to JPAS after seven days, and one case where the defendant paid for a \$50 warrant that was not issued. The defendant is owed a \$50 refund. In accordance with Local Government Code Section 113.008, an official with Special Funds shall reconcile all balances and transactions in the statement of activity against the balances of the official's records (JPAS, case jackets, and bank statement) each month. Management should escheat funds per Property Code, § 72 and § 76 and cash bonds should be forfeited per Code of Criminal Procedure § 22. These instances occurred because the court does not reconcile the Special Fund from JPAS to the General Ledger, and there is no management oversight over Special Fund duties. As a result, disbursements to parties entitled to funds are delayed; duplicate checks were issued; and staff has to spend time to research and correct posting errors.

Recommendation

Special Fund

Management should ensure that:

- All checks issued, canceled, or stale dated are posted accurately and timely to JPAS (reconciliation of JPAS to GL) and verified/reviewed by the Chief Clerk.
- A reconciliation be performed in a timely manner and outstanding issues should be resolve accordingly.
- They perform an escheat analysis of Special Funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76 and cash bonds should be forfeited in accordance with Code of Criminal Procedure § 22.

Management Action Plan

A check in the amount of \$3,213.65 was disbursed in the month of June, 2018. Also, we prepared a check in the amount of \$10,297 in June, 2018 that is waiting to be escheated to the State. We have reached out to the Comptroller to receive help with the new software to enter the information into their system. The court has addressed the findings and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

JPAS Monitoring, Security, and Reporting

We reviewed all available monthly Defendant/Plaintiff Reports (D/P reports) and identified 84 cases were deleted without management review. We reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted management does not review JPAS Case Index reports for skipped or deleted cases. As a best practice, cases should not be deleted from JPAS. Management should approve all case deletions before they occur and periodically review D/P logs and JPAS Case Index reports to ensure that deletions were approved. Staff can delete cases in JPAS, which can result in the loss of case notes, docketing information, receipt records, and actions made by the court without an explanation or approval by management. In addition, Management does not review JPAS reports. As a result, assets can be misappropriated and not be detected when whole cases are deleted from JPAS.

Additionally, we reviewed the court's responses from the ICQ and noted all employees share one access code to gain physical access to employee only areas of the court and the court did not provide a response to whether the court reviews FTA Reports. It is a best practice to assign individual access codes for each employee and to revoke access when an employee is terminated. Management does not require employees to have their own access code to enter restricted areas. When all employees use the same access code, management cannot identify specifically who enters a restricted space and hold that employee accountable.

Recommendation

JPAS Monitoring, Security, and Reporting

Management should implement the following:

- Approve case deletions before they are posted by staff. Cases should not be deleted except when necessary. The approval should be documented with explanations for deletions.
- Periodically review Defendant/ Plaintiff (D/P) logs to ensure all case deletions were necessary and received prior to approval.
- Work with Dallas County IT to limit system rights and roles based on the user's core job duties.
- Write procedures regarding system access and assigning roles at the court. These procedures should be reviewed annually.
- Periodically review Exception Reports, FTA Reports for collection and driver's license holds, and other JPAS reports to monitor court activities and ensure the timely detection of errors and omissions.
- Contact facilities to provide individual access codes for each employee. This allows management to monitor and track employee entry and revoke access only for the

terminated employee.

Management Action Plan

A Case Deletion Log has been put into place. An email was sent to Facilities on 11/8/18 to address the issues with the access codes for each clerk. The court has addressed the findings and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

Manual Receipts

We reviewed all 38 manual receipts and identified: six manual receipts were issued by staff who do not have the authority to issue receipts; five manual receipts were issued, but the duplicate pink manual receipt was not attached to the computer receipt; two manual receipts were issued, but the related computer receipts were not attached to the manual receipt; one manual receipt was marked void without an explanation written on the receipt; one manual receipt was issued without specifying the payment type; and one computer receipt was posted to JPAS for a different payment type than the manual receipt. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Prior to issuing the manual receipt to customers, the amount, payment type, transaction date, case number, payee, and received by fields should be completed. Manual receipts that cannot be issued to customers, due to error, should be marked void with an explanation written on the receipt. Once a manual receipt is posted to JPAS, the computer receipt should be attached to the triplicate (yellow) manual receipt in the manual receipt book, and the duplicate (pink) manual receipt should be attached to the second computer receipt printed. Management should restrict the use of manual receipt books to personnel who receipt payments. These instances occurred because there are no written policies and procedures for receipting transactions, including protocol for updating posted entries to JPAS. Additionally, court management does not review manual and computer receipts. A lack of management and quality control review allow for the potential for revenue loss and misappropriation of assets.

Recommendation

Manual Receipts

Management should ensure the following are completed:

- Reviewing manual receipts for accuracy, including the amount, tender type, case number, transaction date, and payer name fields on the receipt before issuing to a customer.
- Voiding receipts containing errors and writing an explanation for voiding on the receipt.
- All copies of voided receipts are maintained at the court.

- Developing formal written receipting procedures.
- Oversight of manual receipts controls and incorporating this function in the court's receipt procedures.
- Restricting the use of manual receipt books to personnel authorized to receipt payments.

Management Action Plan

There has always been a "written" receipting policy set in place for bookkeeping provided by Dallas County Data Services. A formal written policy is in the process of being completed. This policy was shown to the auditors present during the JP 5-1 Exit Conference. The court has addressed the findings and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

Disposed/Dismissed/Appealed Cases

We reviewed a sample of 20 dismissed cases, 10 cases with compliance dismissal, 20 disposed cases, 10 dismissed cases with Driver Safety Course, 10 cases dismissed by the DA, 10 appealed cases, and 10 cases with no plea and/or judgment date and identified: 10 disposed cases where the defendant paid the balance due, but a judgment date was not posted in JPAS; seven cases where the defendant received time served or community service, but the case jacket did not contain documentation showing the defendant was in jail or completed community service; five case files did not have proof that the defendant remedied the offense; one case file did not contain the issued citation which resulted in the case's dismissal; one case where the defendant paid a \$22 Administrative Dismissal Fee after timely providing proof the driver had insurance, however no fee was owed; one case disposed in error because a clerk pulled the incorrect case jacket (**Status: On 7/6/18 the Chief Clerk changed the case status to active**); one case where the court accepted an auto insurance policy, but the defendant was not listed on the policy; one disposed case where a plea was not posted in JPAS; and one case granted time served did not contain the Judge's signature to indicate the Judge's approval for time served.

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 JPAS docket screen should be updated with a 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). The court should docket credit for waivers, community service, and time served, with the authorized approver's signature and date, consistent with C.C.P. Chapter 45. A defendant must provide the court with satisfactory evidence of valid proof of financial responsibility under Transportation Code 601.053(A) that was valid and in effect at the time of the arrest. These instances occurred because the court does not have comprehensive internal controls to ensure a case is appropriately docketed when a case is disposed and that sufficient approval is documented for waivers and compliance dismissals. As a result, case docketing fields in JPAS may not reflect accurate and complete information and assets may be misappropriated when waivers are granted

without sufficient approval and when disposed cases are not quality reviewed by the court for completeness of supporting documentation.

Recommendation

Disposed/Dismissed/Appealed Cases

Management should:

- Verify case activities performed by staff are complete and accurate before disposing the case.
- Ensure staff are trained and follow procedures for docketing cases in JPAS and required compliance dismissals conditions, set by statute, are met.

Management Action Plan

JP 5-1 has written procedures on how to properly docket and dismiss cases. The court has addressed the findings and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

Computer Receipts

We reviewed a sample of 97 out of 143 computer voids and identified: 19 voided computer receipts were not marked void; 12 voided computer receipts voids where the court did not retain the customer's receipt; 10 voided computer receipts did not contain an explanation for voiding the receipt; three voided computer receipts could not be located; and two computer receipts where a portion of the original payment was voided, rather than voiding the entire receipt. We inquired with personnel and reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted: the court does not review computer transaction logs, and credits are not recorded as non-receipts in the JPAS financial screen when defendants serve time or perform community service. Management is responsible for designing, implementing and conducting internal control, and in assessing its effectiveness is emphasized in the COSO framework. Computer receipts should be marked void with an explanation written on the receipt. All receipt copies should be retained by the court. Computer receipts should be reviewed by court management to ensure receipts are timely posted to the correct cases. As a best practice, the management should periodically review transaction logs to ensure that errors and omissions are detected and future issues can be prevented. Credit for time served and community service should be posted as a non-receipt (NR) item on the JPAS financial screen. Written policies and procedures should be maintained by the court and periodically reviewed for updates. These instances occurred because of inadequate controls over the receipting process, lack of management oversight, and the court does not have written policies and procedures for receipting payments, staff responsibilities and duties, management's role and oversight responsibilities. As a result, receipts may be misappropriated, and errors might not be detected.

We reviewed all deposits for delays and identified five check deposits that were delayed for more than five days due to a discrepancy in check amounts. Along with one receipt that was skipped in sequence. Per the

Local Government Code, § 113.022 all monies received should be promptly receipted and deposited no later than the fifth day after the day money was received. This delay occurred because of a check posting error made to JPAS. As a result, staff spent time researching and correcting the deposit error leading to delayed revenue recognition.

Recommendation

Computer Receipts

Management should ensure the following:

- All monies received are promptly receipted and deposited within five business day, consistent with State Law, Local Government Code, § 113.022 and Code of Criminal Procedure, § 103.004.
- Developing and implementing a receipt and voiding policy that ensures all copies of voided receipts are retained, clearly marked "void", with an explanation written on the receipt.
- Management oversight over receipts and incorporating this function in the court's receipt procedures.
- Requiring supervisory approval on all voided receipts
- As a best practice, receipt and deposit totals prepared by the Bookkeeper should be verified by management as evidenced by a signature or initial on control documents, printed from JPAS.
- Periodic review of transaction logs from JPAS to monitor court activities and ensure the timely detection of errors and omissions by court staff.
- Training staff to ensure credit for time served and community service are posted as a non-receipt (NR) item on the JPAS financial screen.
- Limit the number of staff with the ability to issue computer receipts and ensure that staff processing transactions have their own till.

Management Action Plan

JP 5-1 implemented the "NR" items on community service and time served as early as September, 2018. The court has addressed the findings and recommendations and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

Fee Assessment and Collection

We reviewed a sample of 80 cases for compliance with applicable state laws including Code of Criminal Procedure Chapters 45 and 102 and Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion No. GA-0147 and identified 13 errors and omissions pertaining to: assessing court costs, collections, receipting to fee types, and JPAS docketing. These errors and omissions result in inadequate collection of court costs and fine amounts and incorrect distribution and disbursement of funds.

Recommendation

Fee Assessment and Collection

Management should:

- Implement procedures where cases are reviewed for manual entry errors before disposing the case.
- Docket screen fields, including the court costs and fine, should be updated: as case activity occurs, new court costs are assessed (including administrative fees, time payment fees, warrant or capias fees, etc.), as fine amounts are reduced by the Judge, and cases are dismissed.
- Ensure staffs are trained and follow procedures for docketing cases in JPAS.

Management Action Plan

JP 5-1 has written procedures on how to properly docket and dismiss cases. The court has addressed the findings and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

System Access - Warrants

We reviewed the court's responses from the Internal Control Questionnaire (ICQ) and noted all employees are authorized to issue and recall warrants/ capias without management review. Such responsibilities should be segregated to reduce the potential for unauthorized warrant issuance or recall and activities monitored by management. Although the JPAS system does not allow for the segregation of duties, there is no supervisory review of this function which could result in the unauthorized issuance or recall of warrants.

Recommendation

System Access - Warrants

Management should

- Appropriately segregate responsibility among staff, reviewing the issuing and

recalling of warrants, and monitor activity through JPAS reports.

- work with Dallas County IT to assign system rights and roles based on the user's job responsibilities.

Management Action Plan

The court has addressed the findings and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

Credit Card Transactions

We reviewed all credit card postings and refunds posted to JPAS during FY2016-2017 and identified: 91 online credit card transactions were not posted to JPAS using the last five digits of the Transaction ID/Record ID accordingly; and 11 credit card refunds where the court did not update the JPAS docket screen to reflect the correct amounts due, requiring the intervention from the Treasurer's Office staff to refund a total of \$1,629. 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. These fields should be updated so that accurate receivable information is maintained. The last five digits of the credit card Transaction ID should also be posted in the JPAS check number field, consistent with the courts procedure for recording credit card transactions. There were 26 online credit card transactions that did not reflect the correct check number. These findings occurred because the court did not update the JPAS docket and financial screen and the result is that Treasurer's Office staff had to stop their routine tasks to intermittently process 58 refunds totaling \$1,629. Additionally, it may be difficult to determine the source for payments if the incorrect credit card Transaction ID is posted in JPAS.

Recommendation

Credit Card Transactions

Management should ensure the following are completed:

- Dockets are completed in compliance with the Code of Criminal Procedure, § 45.017.
- Accurate posting of all online credit card payments to JPAS using the last five digits of the Transaction ID in the check number field.
- Adjustments to assessments should be made timely, reflecting internal control and audit trails. This should include compensating processes such as dual sign-off on adjustments, supervisory review and pre-approval, monitoring, and validation.

Management Action Plan

JP 5-1 has contacted Team Mainframe on correcting this matter. The court has addressed the findings and making the necessary corrections where applicable. We have read the recommendations and will implement new policies/procedures to adhere to each one.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator