AUDIT REPORT

DALLAS COUNTY

FY2022 JUSTICE OF THE PEACE PRECINCT 1, PLACE 2 AUDIT

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FY2022 Justice of the Peace Precinct 1, 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 Valencia Nash
Justice of Peace Precinct 1, Place 2
Dallas, Texas

Attached is the County Auditor's final report entitled "**FY2022 Justice of the Peace Precinct 1, 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,

Wendwessen Stefanos

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EXECUTIVE SUMMARY

A review was performed by statutory guidelines on the records and reports of Justice of the Peace, Precinct 1, Place 2, for fiscal year 2022. We have identified processes with differing risk factors for consideration by management.

Summary of Significant Observations:

- **Computer Receipts:** Out of 19 computer receipts voids, 13 (68.4%) were not processed according to the court's receipting and voiding procedures. This includes six backdated computer receipts. This presents opportunities for misappropriation.
- **Special Fund Activities and Reconciliation:** As of the March 1, 2022 reporting date, the special fund balance per JPAS was $80,037.72. This included $58,439.29 for case balances eligible for escheatment (older than three years) but not escheated.
- **Warrants On Inactive Cases:** All 24 cases without a balance due (with zero balance) or marked inactive have an active warrant. This could result in a defendant being arrested in error.
- **Cash Count**: During a cash count performed on June 26, 2023, five checks and one money order, totaling $1,171, were not processed and deposited timely. This delayed revenue recognition.

  Status: Two checks were returned to the sender on December 1, 2022, and May 19, 2023.

- **Civil Fees:** Out of 20 cases, 14 (70%) were filed without proper court process. This could result in financial losses to the County.

Repeat observations from Previous Audits:

- **Computer Receipts:** Computer receipts were processed without following the court's receipting and voiding procedures.
- **Special Fund Activities**: There were delays in reconciling and updating the JPAS docket screen.
- **Fee and Fine Assessment and Collection**: The department is inconsistent in assessing, collecting, applying, and posting statutorily approved court costs, fees, and fines.
- **Dismissed/Disposed Cases**: The misdemeanor docket screen is not updated to accurately reflect the actions imposed by the court.

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 ensure compliance with statutory requirements, evaluate internal controls, verify the accuracy and completeness of reporting, and review controls over the 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

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, 102, and 103; Local Government Code (LGC) Chapters 133 and 134; Transportation Code (TC) 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 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 out of 1,897 cases were reviewed to determine compliance with applicable laws; the accurate assessment and collection of court costs, fines, and fees; and proper posting to the JPAS. The following were identified:

- Three cases in which the Time Payment fee was not properly assessed and collected.
- Two cases in which statutory court costs and fees were not collected according to the fee schedule.
- Two cases in which the court did not properly allocate the fine payment to Fee type 00 when the defendant was granted deferred disposition.
- Two cases in which partial payments were not properly allocated among all applicable court costs.
- Two cases in which the Omni fee was paid before other statutory fees.
- One case in which multiple payments were backdated, and the Omni fee was paid before other statutory fees.
- One case in which the court did not collect the Omni Fee but released the defendant's driver's license hold.
- One case was disposed without collecting the remaining balance of $180.50.
- One case in which the correct Constable did not receive credit for the citation.
- One case in which the collection fees were not collected in full.
- One case in which the collection fees were inappropriately waived.

Cause/Effect

Due to a lack of compliance by management with the above statutes, the following issues occurred:

- Clerical errors and omissions from manual case entries.
- Inadequate JPAS system functionality requiring manual assessments and payment entry.

Inadequate collection of court costs may result in an 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:

- Post an adjustment to transfer funds to the appropriate fees for bonds to be used for the court cost.
- Post adjustments to correct the case in which the Constable did not receive credit for the citation.
- Allocate partial payments among all applicable court costs before allocating payments to the fine per Attorney General Opinion GA-0147.
- Collect the time payment fee when a payment is made on or after the 31st day after the judgment, per CCP 102.030.
- Review case records, dockets, and payments for accuracy, completeness, and backdating before disposing of the case.
- Train all court personnel and ensure they 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.
- Review case management system payment and docketing reports in order to detect errors and omissions.

Management Action Plan

We accept the recommendations as they are our policy at JP1-2. Our new case management system, now implemented, automatically assesses the time payment fee on any case that is delinquent on the ordered payment plan. Management will review reports to ensure that cases with payment plans and bonds are processed accurately. Staff will be re-trained to follow quick reference guides to reduce errors.

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 and each month; 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.

Management should follow the guidelines mentioned in Property Code § 72 and § 76 to escheat funds and Code of Criminal Procedure § 22 to forfeit cash bonds.

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

Review

For the period ended September 30, 2022, a review was completed of special fund reconciliation, postings to the JPAS, and to the general ledger. The following were identified:

- The court did not reconcile the monthly fiscal year 2022 JPAS special fund balance to the Oracle general ledger.
    - Note: Training was provided to the court personnel on August 18, 2023.

- The special fund balance per JPAS was $80,037.72.
    - Of this amount, $58,439.29 was for case balances that were eligible for escheatment (older than three years as of the March 1, 2022 reporting date). These case balances still have not been escheated to the State.
    - $21,786.01 was made up of case balances under $100 that can be escheated to the County.
- The JPAS balance of $80,037.72 was $37,275.07 less than the Oracle general ledger balance of $117,312.79, resulting in incomplete JPAS records.

Cause/Effect

Due to a lack of compliance by management with the above statutes, special fund accounts were not reconciled monthly and check disbursements and cancellations were not timely posted to JPAS.

Limited reconciliation can result in undetected posting errors; 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 special fund balances and transactions from the general ledger against the case management system report each month per Local Government Code Section 113.008(f).

- Review special fund reports and routinely escheat special funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.

    - Contact parties to claim the $58,439.29 in special funds held in escrow.
    - Escheat $21,786.01 in case balances under $100 to the County.
- Forfeit cash bonds in accordance with Code of Criminal Procedure § 22.
- Provide oversight of the special fund functions completed by the staff.
- Ensure checks and cancelations are accurately, completely, and timely posted to the case management system when they are recorded to the Oracle general ledger.
- Comply with the Civil Practice and Remedies Section 64.072 for receiverships.

Management Action Plan
JP 1-2 has completed the special fund reconciliation and will continue to keep such report current. Requiring Justice Courts to escheat funds and handle accounting processes should be reviewed to determine if that is an appropriate function of a court clerk. We will continue to resolve and dispose of funds in accordance with the County's policy.

Auditor's Response
- None

Dismissed Cases

Criteria

The Code of Criminal Procedure (CCP) 45.0491 states, "A justice court may waive payment of all or part of a fine imposed on a defendant if the court determines that the defendant is indigent or does not have sufficient resources or income to pay all or part of the fine... and in making that determination the court may consider the defendant's disability, pregnancy, family commitments, work responsibilities, transportation limitations, housing insecurity, and other relevant factors."

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. The court should docket credit for waivers.

The Code of Criminal Procedure (CCP) 45.0491 states, "A justice court may waive payment of all or part of a fine imposed on a defendant if the court determines that the defendant is indigent or does not have sufficient resources or income to pay all or part of the fine... and in making that determination the court

may consider the defendant's disability, pregnancy, family commitments, work responsibilities, transportation limitations, housing insecurity, and other relevant factors."

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

Local Government Code 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 possession of the officer has not been accounted for and paid over according to law.

Local Government Code 133.002 defines indigent to mean “an individual who earns not more than 125 percent of the income standard established by applicable federal poverty guidelines”.

Per Texas AG Opinion JH-386, "A justice of the peace may not delegate to any other person the exercise of judicial powers and duties devolved upon him by the Constitution or statutes of the state."

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 Justice Court Training Center advises the defendant to complete an Affidavit of Indigence form (available on the website and used by other Dallas County JP courts), providing relevant financial information regarding the defendant's financial condition.

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 478 dismissed cases was reviewed to determine whether the court followed the above applicable laws and the statutory requirements to process dismissed cases. The following were identified:

- Two cases were dismissed with the judge's signature stamp, but the clerk's initials were not documented, so we could not verify who used the stamp.
- One case did not have the judge's signature on the Order of Dismissal.
- One case was dismissed without a judicial order stating the reason for dismissal in the case file.
- One case did not have the DA dismissal date noted in the JPAS docket screen.
- One case was granted indigence, but the defendant's Affidavit of Indigence form, presenting their financial condition, was not completed.
- One case file was not provided, so we could not review the State's Motion to Dismiss and judicial order.

- One case was dismissed without a signed State's Motion to Dismiss and judicial order.
  Status: On February 1, 2024, the court provided the State's Motion to Dismiss and judicial order signed by the judge on April 7, 2023 (after the start of audit fieldwork).

Cause/Effect

Due to a lack of compliance by management with the above statutes, the following issues occurred:

- Management failed to review cases to ensure all supporting documentation was included in the case files and that sufficient approval was documented for case dismissals.

As a result, assets may be misappropriated when dismissals are granted without supporting authorization and when the court does not review cases for completeness of supporting documentation.

Recommendation

Dismissed Cases

Management should take the following corrective actions:

- Locate the missing case file for examination by the County Auditor per LGC 115.
  - Communicate records management issues to the Records Management Officer.
- 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.

- Post the date when the DA files the motion to dismiss and judicial dismissed date in compliance with CCP 45.
- Review case files for the appropriate records supporting the court's judgment.
- Review dockets for accuracy and completeness before disposing the case.
- Ensure official court orders have been required signature signed.
- Obtain a completed Affidavit of Indigence from defendants as advised by The Texas Justice Court Training Center and in compliance with CCP 45.0491.

Management Action Plan

JP 1-2 will continue to follow its policy on dismissals and accepts the recommendations made. Clerks have been trained and re-trained to ensure that all dismissals are in compliance and supported with documentation and signatures. Our new case management system will increase efficiency and prevent errors in dismissals. Clerks are mandated to follow the quick reference guides to improve consistency.

Auditor's Response

- None

Disposed Cases

Criteria

Per Texas AG Opinion H-386, "A justice of the peace may not delegate to any other person the exercise of judicial powers and duties devolved upon him by the constitution or statutes of the state." The Texas Judicial Court Training Center provides an "Order of Dismissal" form that lists compliance dismissals under the Transportation or Parks and Wildlife Code.

Per Code of Criminal Procedure Article 45.051, on a plea of guilty or nolo contendere by a defendant or on a finding of guilt in a misdemeanor case punishable by fine only and payment of all court costs, the judge may defer further proceedings without entering an adjudication of guilt and place the defendant on probation. Consistent with CCP Chapter 45.017, the JPAS Docket screens should be updated with the verdict; the date judgment is rendered, the date warrants are issued and returned; and orders entered by the judge.

The court's standard procedure is to post non-receipt credits to the JPAS payment file when defendants serve time or perform community service.

Review

A random sample of 20 out of 304 disposed cases was reviewed to ensure the court followed the applicable law and statutory requirements to process disposed cases for the period ending September 30, 2022. The following were identified:

- Seven cases in which the time served or community service credit was not posted to fees in JPAS as a "non-receipt" (NR) credit. One of these cases was disposed of without proof of time served in the case file.

  Status: On February 1, 2024, the court provided proof of time served.

- Two cases were disposed of after the defendant referenced the wrong case on their credit card payment.
- Two cases did not have the dismissal dates noted on the JPAS docket screen.
- One case did not have judicial approval granting the compliance dismissal.
- One case was disposed of (with deferred disposition), but the court did not collect the defendant's payment.
- Due to a lack of compliance by management with the above statutes, the court's procedures and CCP 45 were not followed. As a result, cases were not reviewed to assess the adequacy of the payment and supporting orders before disposition.

Cause/Effect

This may result in the County incurring losses. In addition, assets may be misappropriated when dismissals and waivers are granted without a state's motion, without a signed judicial order, and without collection of the amount due.

Recommendation
Disposed Cases

Management should take the following corrective actions:

- Re-open the deferred disposition case that was marked disposed before the court collected payment.
- Re-open the case that was inappropriately marked disposed of after the defendant referenced the wrong case on the credit card payment.
- Require that judicial decisions, including signed DA (prosecution) motions for dismissal, are authorized by the judge with the judge's signature.
    - Official court records should be present in the case file.
    - Utilize the "Order of Dismissal" form from the Texas Judicial Court Training Center.
- Obtain proof of time served for dismissal.
- Post the date when the DA files the motion and judicial dismissals in compliance with CCP 45.

- Review case records and dockets for accuracy and completeness before disposing the case.
- Formally document and follow the court's procedure of posting non-receipt credits to the case management system when defendants serve time or perform community service.

Management Action Plan
JP 1-2 accepts the recommendations and is completing the issues in our system that can be updated, but take exception to the cases which did reflect that the appropriate postings were inputted and transferred over from JPAS to the Odyssey system.

Auditor's Response
- None

Warrants On Inactive Cases

Per Code of Criminal Procedure Chapter 45.014, when a sworn complaint or affidavit based on probable cause is filed before the justice or municipal court, the justice or judge may issue a warrant for the arrest of the accused and hand it over to the proper officer to be served. A justice or judge shall recall an arrest warrant for the defendant's failure to appear if the defendant voluntarily appears and makes a reasonable faith effort to resolve the arrest warrant before the warrant is executed.

Per Code of Criminal Procedure 45.017, the justice or judge of each court, or, if directed by the justice or judge, the clerk of the court, shall maintain a docket.

Review

A review of the JP Warrant Error Report, dated October 16, 2022, was performed to determine whether the court adhered to CCP 45.014. The following was identified:

- 24 cases without a balance due had active warrants.

Cause/Effect

This occurred because the court did not adhere to CCP Article 45.014. This poses a potential liability to the County for persons arrested in error.

Recommendation

Warrants On Inactive Cases

Management should take the following corrective actions:

- Recall warrants and capias on disposed cases consistent with CCP Article 45.
- Consistently review the Warrant Error Report to recall active warrants on disposed cases and those paid in full.
- Communicate active warrant discrepancies to the Constable's Office.

Management Action Plan

JP 1-2 will follow the recommendations that are the policy of the court. All active warrant discrepancies have been resolved. The Odyssey Case Management System will automatically add a status of 'Recalled' to any warrant that is considered 'Active" at the time a case is receiving an inactive status and a judgment. Our policy includes that staff must send a Warrant Recall order to the agency as notification to ensure proper processing of the recall.

Auditor's Response

- None

Civil Fees

Criteria

Per Local Government Code §118.121, 118.122;118.123, 118.131, and Chapter 133, filing fees must be collected when filing a civil case. Service fees should be collected at the time of 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.

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, consistent with Rule 25 of the Texas Rules of Civil Procedure (TRCP). Per TRCP 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 brought by a non-governmental entity from the Justice Fee Exception List was reviewed to determine whether the court followed the civil case filing procedures outlined in the Texas Rule of Civil Procedure. The following were identified:

- Seven cases in which the Affidavit of Indigencies filed date was not posted in JPAS.
- Five cases without JPAS docket comments stating that the case was created in error and that filing fees were paid on another case.
- In one case, a $54 civil filing fee was not paid because the court returned the check to the payor.
- One case did not have a JPAS comment indicating that the plaintiff's check was returned, and the filing fees were subsequently posted to a replacement case.

Cause/Effect

These instances occurred due to clerical errors in the manual process of setting up new civil cases. Additionally, the court did not adhere to state statutes and the Texas Rules of Civil Procedure. This resulted in a loss to the County, docketing errors, and case omissions not detected by management.

Recommendation

Civil Fees

Management should take the following correct actions:

- Collect the appropriate filing fees on civil cases per (LGC) 118.121, 133.151, 135.103 and 118.131.
- Post an explanation for the five cases set up in error and reference the correct case numbers.
- Post the Affidavit of Indigence filing date to the seven cases in the case management system.
- Ensure case records reflect a complete and accurate account of case activities.
- Review case management system reports for civil cases filed without a payment and for posting errors.
- Document an explanation in case management for not collecting filing fees, including when parties file Affidavits of Indigence.

Management Action Plan

The Odyssey Case Management System automatically assesses the filing fees at case initiation. Detailed Quick Reference Guides illustrate how to create cases and collect the appropriate filing fees once the case has been created. Clerks can add an event to the case to notate the filing of an

Affidavit of Indigency. The Quick Reference Guides also give detailed instruction on how to create the event and waive required fees. Office procedures require clerks to return all documents to the sender if payment is not received or is incorrect. The typical reason for a case being created in error would be due to clerical errors such as the case being assigned out of numerical sequence or a typographical error. These errors are no longer an issue as the Odyssey Case Management system automatically assigns the case numbers in sequence.

Auditor's Response

- None

Cash Count

Criteria

Per Local Government Code § 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 Court's Bookkeeping Procedures state that all checks are to be processed within 24 hours. All funds are to be given to the bookkeeper upon receiving them.

Standard internal control procedures require that checks and money orders received via mail be recorded on a check log before being provided to the bookkeeper for posting. Daily receipts and check logs should be reconciled and reviewed by a supervisor other than the bookkeeper.

Review

Two surprise cash counts were performed on November 14, 2022, and June 26, 2023, to verify that the cash handling procedures followed the applicable law and court procedures. The following were identified:

- Five checks and one money order, totaling $1,171, were date stamped by the court (05/04/22, 08/26/22, 04/12/22, 11/19/21, 09/06/22, and 08/31/22), but not processed and deposited.

  Status: Two checks were returned to sender on December 14, 2022, and May 19, 2023, and the money order was received and receipted by JP11 on December 16, 2022.

- An overage of $5.37 was identified during the June 26, 2023, cash count. Per the Chief Clerk, the overage amount existed since December 2022.

  Status: On July 11, 2023, the $5.37 overage was receipted to the overage account.

Cause/Effect

Due to the lack of compliance by management with Local Government Code § 113.022 and the court's procedures there were delays in posting payments which affected the County's collection and recognition of revenue.

Recommendation
Cash Count

Management should take the following corrective actions:

- Ensure all checks are immediately endorsed and posted to the case management system upon receipt.
- Deposit all money no later than the fifth day after the day money was received, per LGC 113.022.
    - Only the court's change fund, currently $300, should be retained.
- Research overages to determine the source of funds and apply to the appropriate party's case.
    - Receipt overage to the overage account the same business day received if the source of the funds cannot be identified.
- Train staff on the court's cash receipting procedures and monitor for compliance.

Management Action Plan
JP1-2 accepts the recommendation and will continue to execute our current policy. The current office policy is to process all checks within 24 hours. Management will review secured areas daily to ensure checks are completed as required. Management will also ensure that all tills are counted daily before the close of business.

Auditor's Response
- None

Manual Receipts

Criteria

All monies received should be promptly receipted and deposited consistent with state law, VTCA, LGC, § 113.022, and Vernon's Ann., CCP, § 103.004.

Standard internal control procedures require that all receipts are accounted for and properly used, kept in numerical order, and have the corresponding computer receipt attached.

Review

All seven manual receipts issued during the audit period were reviewed for compliance with receipting procedures and internal controls. The following were identified:

- Seven pink manual receipt carbon copies were not attached to the computer receipt. This includes:

    - Two manual receipts did not reference a tender type.
    - One manual receipt was issued out of date sequence.

Cause/Effect

These errors were made during the receipting process but were not reviewed and detected by management. A lack of segregation of duties and inconsistent management oversight may result in potential revenue losses and the increased risk that manual receipt errors are not detected.

Recommendation
Manual Receipts

Management should take the following corrective actions:

- Attach the computer receipt to the triplicate (yellow) manual receipt copy retained in the manual receipt book.
- Review manual receipts to ensure the total amount, payment type, case number(s), transaction date, and payer name fields are complete.
    - Compare the details written on manual receipts to computer receipts stapled to the manual receipt book.
- Issue manual receipts in sequential order.
- Write "Void" on manual receipts that are skipped in sequence along with an explanation and management's approval written on the receipt.
- Do not use skipped receipts for future payments.

Management Action Plan
JP 1-2 has a bookkeeping policy in place and will continue to train back up bookkeepers and accounting specialist to notate 'VOID" on any manual receipts that are not used in sequence and will be given to management for approval and signature. Management will also review manual receipt logs daily at the close of business. Manual receipts will be used only in the event the case management system is inoperable. The case management system requires authorization from management for any voids.

Auditor's Response
- None

Computer Receipts

Criteria

All monies received should be promptly receipted and deposited consistent with state law, V.T.C.A., LGC § 113.022 and Vernon's Ann., CCP, § 103.004.

All computer receipts should be accounted for and properly used to affix responsibility, enhance cash control, and prevent the assertion that monies were paid and refund due.

The department's internal control procedures require that voided copies of computer receipts should be marked "Void" and contain an explanation for the void. Also, both copies of the computer receipt should be retained and reviewed by management.

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

Review

A review was conducted to determine if proper voiding procedures were followed for the 19 voided computer receipts and all the daily deposits processed during the audit period ending September 30, 2022. The following were identified:

Thirteen voided computer receipts were not marked void and did not contain an explanation for voiding; the duplicate copies of these receipts were not retained or did not evidence supervisor review. This included:

- Six computer receipts were backdated.
- Four original receipts were not provided for review.
- Four computer receipts voided for a portion of the original amount rather than the full amount.
- One computer receipt was initially posted for $10 but voided for $20. The bookkeeper added back $10.
- One credit card batch was not deposited within five business days (09/01/22 batch posted after 19 business days).

Cause/Effect

These instances occurred because the court's voiding procedures and LGC 113.022 were not followed. Additionally, exception reports from Document Direct were not reviewed to detect errors and omissions. Management relies on staff to self-report voided transactions. A lack of management oversight and segregation of duties may result in inaccuracies, an incomplete audit trail, deposit delays, and presents opportunities for misappropriation.

Recommendation
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.
  - Preparing timely receipt batches for deposit within five business days consistent with LGC 113.022.
- 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 void transactions by management in writing and ensure void duties are appropriately segregated.

Management Action Plan

The court has implemented E-file as of February 1, 2024. JP 1-2 will continue to follow policies with manual receipts and avoid using them except in cases where the system is inoperable. All recommendations are accepted and any adjustments to the policy will be updated to include policies for E-file payments and revisions to using manual receipts.

Auditor's Response

- None

Credit Cards Posting

Criteria

Standard accounting and system control procedures require daily reconciliation and balancing of collected funds with receipts being promptly issued for the amount of funds tendered, all funds received adequately secured, and deposited consistent with state law, including VTCA, LGC, § 113.022 and Vernon's Ann., CCP, § 103.00.

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

Review

A review of the court's online credit card transactions and postings to JPAS was performed. The following were identified:

- Three online credit card payments were not posted within five business days.
- One online credit card payment was posted in JPAS with the incorrect date.
- One online credit card payment was overstated when posted to JPAS.

Cause/Effect

Due to a lack of compliance by management with the above statutes, online credit card payment transactions were not timely and accurately posted to the defendant's case in JPAS.

As a result, payment errors were not detected and some defendants did not receive timely credit for payments made to their cases.

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 and Settlement Reports against payments posted to the case management system to ensure all payments are accurately posted.

Management Action Plan
JP 1-2 accepts the recommendation and will ensure policy is followed. Credit card payments are automatically posted within the Odyssey Case Management System at the time of payment. The bookkeeper utilizes a daily transaction report, Chase Bank reports, and Till Balance reports to reconcile all transactions by 10:00 am daily.

Auditor's Response
- None

cc: Darryl Martin, Commissioners Court Administrator