AUDIT REPORT

DALLAS COUNTY

FY2023 JUSTICE OF THE PEACE PRECINCT 4, PLACE 2 AUDIT

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County Auditor

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FY2023 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 "**FY2023 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.

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,

Timothy J. Hicks

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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 4, Place 2, for the fiscal year ending September 30, 2023. During fiscal year 2023, the Justice of Peace court started using the Odyssey case management system, which was implemented on October 31, 2022.

Summary of Significant Observations:

- **Special Fund Reconciliation:** The special fund balance for fiscal year 2023 was not reconciled.
    - The court could not obtain a report identifying the special fund detail at the beginning of fiscal year 2023. The mainframe document direct report was eliminated after the Odyssey implementation, and no new Odyssey report was created to replace the mainframe report.
    - The audit cannot verify the accuracy of the special fund balance.

Repeat observations from Previous Audits:

- **Special Fund Reconciliation/Activities:** The court does not reconcile the special fund to detect posting errors timely.

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, 2022 through September 30, 2023.

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

Dismissed Cases

Criteria

Per Code of Criminal Procedure (CCP) Chapters 45 & 102, and the Texas Transportation Code (TC) 547.0014, court costs, fines, and fees should be assessed, collected, and prorated in compliance with applicable state laws.

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

Per CCP 45.0491, "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."

Review

A random sample of 24 out of 404 (5.94%) dismissed cases was reviewed for the fiscal year ending September 30, 2023, to determine whether the court was following the applicable laws and the statutory requirements to process dismissed cases. The following were identified:

- Four cases were dismissed with balances totaling $478 still pending. Three of these cases did not have the Order of Dismissal signed by the judge.
- One case was assessed the $2 transaction fee twice.

Cause/Effect

These errors occurred because management did not follow Texas AG Opinion JH-386CCP 32. Management did not review cases to ensure all supporting documentation was included in the case files and that sufficient approval was documented for case dismissal.

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:

- Require that judicial decisions, including signed court orders, are authorized by the judge with the judge's signature.
- Review case records, dockets, and payments for accuracy and completeness before dismissing the case.

Management Action Plan

- The court has always had a policy that any orders must be signed by the Judge herself or per her prior authorization. The Judge would also notate her decision in the case notes. This policy will continue.
- Management will continue to oversee that clerks complete their tasks per office policy. After extensive Odyssey training, the Court has also now been trained to run a monthly report that will catch disposed cases with pending balances. This will prevent future errors.
- The Odyssey online payment portal was not originally set-up to access the $2 transaction fee automatically on criminal cases until April 1, 2024. Therefore, any online payments made online did not collect $2 transaction fee. There is no action plan needed for the $2 transaction fee issue as Odyssey now includes the fee automatically.

Auditor's Response

- None

Special Fund Reconciliation

Criteria

Per Local Government Code Section 113.008(f), an official with special fund shall reconcile all balances and transactions in the statement of activity against the balances of the official's records (Odyssey, case files, and Oracle General ledger) each month.

Per standard control procedures all special fund disbursements are accounted for, issued to the proper payee for the correct amount in a timely manner in accordance with Local Government Code § 117.121. Disbursement of Funds. All special fund disbursements issued, voided, and stale dated should be timely and accurately posted to the Odyssey courts system to maintain accurate financial balances.

Review

The department's fiscal year 2023 special fund reconciliation was requested for review. The following were identified:

- The special fund balance for fiscal year 2023 was not reconciled.
- Prior special fund reports were no longer available due to the implementation a new case management system in October 2023.
  - A comparable report was not available in the new case management system.

- The department's reconciliation of the special fund is pending until report becomes available and staff is trained on its usage.

Status: We were unable to verify the status of the special fund case management system variance of $5,489. This variance was identified during the fiscal year 2022 audit.

A sample review of 20 out of 126 special fund disbursements processed during fiscal year 2023 was performed. The following was identified:

- One special fund disbursement totaling $184 was recorded in Odyssey more than 5 days after issuance.

Cause/Effect

These instances occurred due to non-compliance with Local Government Code § 113.008(f) and 117.121 and the lack of special fund reporting capabilities after the implementation of a new case management system.

This may result in disbursement checks being sent to the incorrect payee and financial records in Odyssey may be incomplete or posted with errors.

Recommendation

Special Fund Reconciliation

Management should:

- Work with case management system vendor and other justices of the peace to identify a solution for special fund reporting.
- Escheat special funds in accordance with unclaimed property statutes, Property Code, § 72 and § 76.
- Ensure the reconciliation balances to the general ledger per LGC 113.008(f).
- Ensure special fund check disbursements and cancellations are accurately, completely, and timely posted to cases after the completion of monthly reconciliations.

Management Action Plan

- Prior Special Funds reports from Document Direct are no longer available since the implementation of Odyssey. Therefore, we cannot address the FY 2022 variance of $5,489.
- As notated in FY2022 and previous years, 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

Computer Receipt Deposits

Criteria

Local Government Code (LGC) § 113.022: A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. All tills should be reconciled daily and included in an Odyssey deposit through the Odyssey Deposit Management functionality.

Review

A review was performed for all the Odyssey Till reports and Justice of the Peace Receipt Analysis to verify delays and discrepancies for the fiscal year ending September 30, 2023. The following was identified:

- 34 resets totaling $125,259.49 were deposited more than six days after the Odyssey receipt date.

Cause/Effect

This occurred due to inconsistent management oversight and incomplete controls over the depositing process.

This has resulted in inaccurate financial records being reflected in the Odyssey case management system and delayed revenue collection.

Recommendation

Computer Receipt Deposits

Management should:

- Develop closeout and balancing procedures emphasizing that funds are deposited the next business day after receipt and requiring managerial review to ensure tills are closed daily.
- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.
- Ensure all tills are closed and deposited daily.

Management Action Plan

- When Odyssey went live on October 31, 2022, there was no approved process to reconcile and balance the court's daily tills. This process had to be approved by the Treasurer's Office, Auditor's Office, and the Justice Courts Operations Analyst. This issue was not rectified until December 15, 2022 and training was not provided to the JP courts until then.
- Since December 15, 2022, the court has been in compliance with Local Government Code Sec 113.022. The Auditor's Office is inaccurately using the date the Treasurer's Office deposited the money as the basis of our alleged non-compliance. We have no control when the Treasurer's Office makes the deposit on their end.
- On January 26, 2023, a duplicate payment created a discrepancy between the balance in Odyssey and the Act 10 report that our court uses to balance. The Treasurer's Office was contacted immediately for assistance. There were also several IT issues that same day. This was the first time a JP court had encountered this issue using the new Odyssey case management system. Therefore, it took several days for all stakeholders and departments to finalize a solution to this issue moving forward. All departments including the Auditor's Office were included in the emails.
- No management action plan is needed. Many of these issues were due to the poor implementation of the new Odyssey case management system particularly on the financial end. Additional evidence of this poorly executed roll-out can be seen and notated in the Commissioner's Court meetings and committees last year. These issues have been addressed and will no longer be a problem moving forward.

Auditor's Response

- Based on supporting documentation received from the court, finding updated to reflect 16 resets totaling $52,228.52 were deposited more than six days after the Odyssey receipt date.

cc: Darryl Martin, Commissioners Court Administrator