AUDIT REPORT

DALLAS COUNTY

FY2023 JUSTICE OF THE PEACE PRECINCT 5, PLACE 2 AUDIT

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County Auditor

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FY2023 Justice of the Peace Precinct 5, 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 Juan Jasso
Justice of Peace Precinct 5, Place 2
Dallas, Texas

Attached is the County Auditor's final report entitled "**FY2023 Justice of the Peace Precinct 5, 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 5, Place 2, for the fiscal year ending 2023. During the fiscal year, the court began 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 the 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.
- Audit cannot verify the accuracy of the special fund balance.

Repeat observations from Previous Audits:

- **Special Fund:** 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 covers 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

Credits Granted

Criteria

Per CCP Article 45.017, "(a) the judge of each court shall keep a docket containing the judgment and sentence of the court, and the date each was given."

Per standard internal control procedures, the court dockets credit for waivers, community service, time served, DA motions (requests) to dismiss, and dismissals with the authorized approver's signature and date. A Request for Credit events, Credit Waiver Applied events, and Credit Disposed events are created for cases in which a community service or time credit were requested and granted.

Per standard operating procedures, upon a defendant's request previously paid cash bonds are applied to case balance by issuing a special fund disbursement, as opposed to granting credits for these amounts.

Standard internal control policies indicate that events are to be docketed as they occur, and events are not backdated.

Review

A sample review of 21 out of 60 (33%) credits applied to case during the fiscal year ending September 30, 2023 was performed. The following was identified:

- Twelve cases were disposed without obtaining the final order for judgement of deferred disposition.
- Six case files on which the judge's stamped “Order of Final Judgment Disposition” was applied; however, the stamp was not initialed by the clerk.
- One case was dismissed without obtaining a copy of the evidence of financial responsibility.

Cause/Effect

These occurred due to non-adherence to QRG procedures and inconsistent review of physical and electronic case files.

This may lead to inadequate collection of court costs and fines and inaccurate disbursement of funds contractually and statutorily owed to other parties.

Recommendation

Credits Granted

Management should:

- Ensure credits are reviewed by management and the appropriate judicial officer before they are granted.
- Ensure community service and time served requirements are met and the appropriate credit applied to the case management system.
- Adhere to the Justice of the Peace Quick Reference Guides (QRGs) associated with granting credits.
- Record events as they occur.

Management Action Plan

- Twelve cases were not deferred adjudication. Some were reductions by the Assistant District Attorney (ADA) in court.

Auditor's Response

- None

DA Dismissals

Criteria

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

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."

Local Government Code (LGC) 115.901 states the county auditor shall examine the accounts, dockets, and records of each justice of the peace. Per Dallas County Code Sec. 98-6 (a) elected officials who designate themselves as the records management officer for their office will cooperate with the Commissioners Court and the county records management officer on records management issues.

Review

A sample review for 20 out of 241 (9.3%) DA dismissals for the fiscal year ending on September 30, 2023 was performed. The following were identified:

- Three DA dismissals did not have a signed Order of Judgment entered into Odyssey.

- Nine cases were dismissed with the judge's signature stamp; however, we could not verify who used the stamp because the clerk's initials were not documented.
- Four cases in which the District Attorney signed the Order of Dismissal; however, the case was dismissed without the Judge's signature.
- One case file requested for audit review was not provided.

Cause/Effect
These instances occurred due to clerical error, management oversight, and the staff adapting to the new court management system.

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

Recommendation
DA Dismissals

Management should:

- Ensure staff is trained and complying with Code of Criminal Procedures 45 and Local Government Code (LGC) 115 regarding Orders and case file dismissal.
- Ensure management periodically review case files, dockets, adjustments and Quick Reference Guide (QRG) events for completeness before disposing the case.
- Ensure case files are made available to the County Auditor for examination per LGC 115.

Management Action Plan
- Department will conducore training and monitoring of traffic cases.

Auditor's Response
- None

Disposed Cases

Criteria
Per Code of Criminal Procedure (CCP) 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.

Per CCP Chapter 45.017, the JPAS Docket screens should be updated with the verdict, the date the judgment is rendered, the date warrants are issued and returned, and orders entered by the judge.

Per the "Record Request for Credit for Time Spent in Jail, Community Service or Waiver of Fine and or Cost" quick reference guide, a Request Community Service event and corresponding order granting community service is to be created in Odyssey in order to record a defendant's request for credit.

Per the "Add a Financial Credit After Approval (Fine and or Costs)" quick reference guide, once a credit for community service is approved the credit is to be entered on the financial section of Odyssey to offset the appropriate court costs, fines, and fees.

Standard control procedure requires the court docket fine waivers, community service, time served, judgements, DA motions (requests) to dismiss, and dismissals authorized by the Judge with a signature and date, consistent with CCP Chapter 42.01 and 45.

Review

A sample review was performed on 20 out of 118 (17%) cases disposed without a payment for the fiscal year ending September 30, 2023. The following were identified:

- Ten case files did not have a disposal order signed by the judge.
- Two case files did not have proof of offense compliance such as driver's license, proof of inspection, registration, insurance, waivers, indigency, driver's safety certifications (DSC) or other requirements. The plea, reduction in charge (credit/waiver) and indigency waivers were not on file.
- One case file in which the court did not provide the requested case file

Cause/Effect

These instances occurred due to inconsistent application of procedures related to docketing court activities.

As a result, the case management system may not reflect accurate and complete information. In addition, the court may not collect the correct amount of court costs and fines if credits are being given without judicial approval.

Recommendation

Disposed Cases

Management should:

- Ensure the community service hours and the date they are to be completed are specified on an order, signed by the judge, and hours are completed prior to case disposition in compliance with CCP 45.049.
    - Obtain proof of completion of community service.
- Locate the three missing case files or supporting community service and dismissal documentation for examination by the County Auditor per LGC 115. The files should be scanned into Odyssey.
- Review case records and dockets for accuracy and completeness before disposing the case.
- Retain court files and records for the five-year minimum required retention period for criminal cases per Local Schedule LC of the Texas State Library and Archives Commission.
    - Communicate records management concerns to the Records Management Officer.
- Docket cases as events occur in Odyssey, such as dismissal, DA motions for dismissal, disposed cases, and judgments rendered by the court.

Management Action Plan

- None

Auditor's Response

- None

Special Fund Reconciliation

Criteria

Per Local Government Code Section 113.008(f), it is mandatory for an official with special funds in the depository bank to 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.

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

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

Review

The court'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 of 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 balance of $291,981, of which $290,264 was for case balances eligible for escheatment (older than three years as of 3/1/2022 reporting date). These amounts were identified during the fiscal year 2022 audit.

A review of all special fund disbursements in fiscal year 2023 revealed:

- Two cases in which the special funds disbursement was not posted to Odyssey.
- Three cases in which the special funds disbursement was posted to Odyssey between nine and 99 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
- None

Auditor's Response

- None

Cash Management

Criteria

Per Local Government Code (LGC) 113.022, deposits shall be made by the following business day, but no later than the fifth day after the day the money was received.

Per Dallas County Code Sec. 74-692, the County Auditor's Office will be notified immediately (within one day) of any out of balance conditions for purposes of identifying and substantiating any shortages which may subsequently require indemnification.

Standard control procedures require un-identified overages should be deposited to the overage/shortage account daily.

Review

A cash count was performed on July 12, 2024. The following was identified:

- Two checks totaling $229 were not restrictively endorsed by the court when received.
- A $2 overage for the change fund.
- Two money orders dated March 29, 2022, payable to Dallas County for $1,595 were found in the safe.
- The funds were not restrictively endorsed and deposited by the court.

Risks identified in the internal control walkthrough included:

- Checks are not restrictively endorsed for deposit immediately when received.

Cause/Effect

This was due to inconsistent management oversight to implement and enforce controls to safeguard funds.

This has increased the potential that funds may be misappropriated or that Dallas County may sustain financial losses for money orders that have lost their value.

Recommendation

Cash Management

Management should:

- Recount daily collections and change funds with review evidenced by initial or signature on deposit forms.
- Periodically review any unprocessed payments for timely receipting and depositing as indicated in Local Government Code (LGC) § 113.022.
- Restrictively endorse all checks and money orders immediately upon receiving.

Management Action Plan

- Checks are endorsed after receipted by clerk.
- Funds are stamped by bookkeeper when funds are being counted and when preparing the deposit.
- Money orders totaling $1,595 were mailed back to the defendant. The money did not belong to the court.

Auditor's Response

- None

CWR Rights and Roles

Criteria

Standard internal control procedures require that user's rights and roles in financial systems are end-dated or disabled once the user is no longer employed by the department.

Review

A review of the system set-up in County-Wide Receipting (CWR) revealed:

- Three users no longer employed by the court had active Inquiry, Cashier, and Supervisor roles assigned in CWR.

Status: On August 30, 2024, the department requested to have the former employees' access removed.

Cause/Effect

This occurred due to inconsistent supervisory review and follow-up of user access lists and assigned rights, roles, and duties.

These inconsistencies may increase internal control risks related to receipting and deposit preparation.

Recommendation

CWR Rights and Roles

Management should:

- Ensure the removal of system access for users no longer employed by the court occurs.

Management Action Plan

- When the notice of separation was sent it stated deactivate "All Access". When Internal Audit inquired about it, the court resent form to the IT Department to ensure all included termination of CWR access.

Auditor's Response

cc: Darryl Martin, Commissioners Court Administrator