AUDIT REPORT

DALLAS COUNTY

FY2023 JUSTICE OF THE PEACE PRECINCT 3, PLACE 1 AUDIT

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County Auditor

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FY2023 Justice of the Peace Precinct 3, Place 1 Audit

TABLE OF CONTENTS

FY2023 Justice of the Peace Precinct 3, Place 1 Audit 2

MANAGEMENT LETTER 3

EXECUTIVE SUMMARY 4

INTRODUCTION 5

DETAILS 6

- Credits 6
- Case Deletions 7
- Computer Receipts 8
- Special Fund 9
- Cash Count 10

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 Adam Swartz
Justice of Peace, Precinct 3, Place 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**FY2023 Justice of the Peace Precinct 3, Place 1 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 3, Place 1, for the fiscal year ending September 30, 2023. During fiscal year 2023, the Justice of Peace court began using the Odyssey case management system, which was implemented on October 31. 2022. **The Honorable Judge Adam Swartz took office at Justice of the Peace Precinct 3, Place 1 effective January 1, 2023.**

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.
    - Audit is unable to verify the status of the special fund balance of $47,050, of which $4,135 is for case balances eligible for escheatment (older than three years as of the 03/1/2022 reporting date) that was addressed in the fiscal year 2022 audit.

Repeat observations from Previous Audits:

- **Special Fund Reconciliation:** 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

Credits

Criteria

Per CCP (Code of Criminal Procedure) 45.049(b) "In the justice's or judge's order requiring a defendant to perform community service under this article, the justice or judge must specify: (1) the number of hours of community service the defendant is required to perform; and (2) the date by which the defendant must submit to the court documentation verifying the defendant's completion of the community service."

Per Texas's Retention Schedule for Records Section 2-2 (Record #GR1025-27a), deposit warrants, cash receipts, credit card receipts, receipt books, cash reports, and daily cash drawer reconciliations must be maintained for a minimum of three years from the date of receipt.

Review

A sample review of 20 out of 115 (17.39%) credits applied to cases during fiscal year 2023 revealed:

- Two case files requested for audit review were not located in the court or the County's archives to corroborate the judgment of the court.
- Two cases in which the written order granting credit for community service were not created and signed by the Judge.
- One case in which the written order granting credit for jail time served was not created and signed by the Judge.

Cause/Effect

This was due to lack of management oversight and inconsistent compliance to statutes related to retaining case files. This may result in inaccuracies, delays, and present opportunities for misappropriation.

Recommendation

Credits

Management should:

- Ensure court files and records are classified and inventoried before moving files off-site for ease in later identification.
- Communicate records management issues to the Records Management Officer.
- Ensure orders are created and signed by the judge prior to crediting cases in Odyssey.

- Ensure orders specify the amount of credit to be earned for every hour/day spent in jail.

Management Action Plan

- Management has already performed or scheduled additional training to review processes for community service and credit for time served.

Auditor's Response

- None

Case Deletions

Criteria

Per the Odyssey quick reference guide (QRG) "Delete Case," cases should only be considered for deletion if case entry accorded within 24 hours by error and no subsequent action has been performed.

Standard internal control procedures require management to prohibit deletion of cases and periodically review the Odyssey Deleted Cases Report to ensure that case deletions do not occur.

Review

We reviewed all 59 Deleted Case Reports for fiscal year 2023. The following was identified:

- There are no means to determine if financial activity was recorded to the deleted cases.
- Five of the 59 cases were deleted after office hours. **Update:** Currently the Odyssey system does not provide a list of cases deleted with the initial charge, which the court prefers to have.

Cause/Effect

Lack of management oversight related restricting case deletions. Deleting cases can result in the loss of receipt records, case notes, docketing information, and other actions posted by the court without an audit trail.

Recommendation

Case Deletions

Management should:

- Adhere to the Odyssey quick reference guide for case deletions.
- Instead of deleting cases, write a comment in the case management system explaining errors that occur to keep a complete audit trail.
- Review circumstances surrounding each case deletion.

Management Action Plan

- None. A process addressing case deletions has already been implemented.

Auditor's Response

- None

Computer Receipts

Criteria

Per Local Government Code § 113.022.," a county officer or other person who receives money must 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 or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

Per standard internal control procedures related to the receipting process all voids are reviewed daily by supervisory personnel at least one level above the employee that voided the payment and a reason for the void is recorded in the case management system. Receipts should be posted to Odyssey the same date the transaction was made.

Review

A review of all 77 voided computer receipts processed during fiscal year 2023 revealed:

- Two out of 77 voided computer receipts totaling $6 were voided after more than eight hours.
- One check for $54 was re-receipted for $5 less than the original receipt amount.

Cause/Effect

This was due to a lack of management oversight. It may result in inaccuracies, delays, and present opportunities for misappropriation.

Recommendation

Computer Receipts

Management should:

- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.
- Develop procedures and documentation incorporating controls such as the processing of voids and receipt corrections within 30 minutes and supervisory review.

Management Action Plan

- None. This issue has already been resolved.

Auditor's Response

- None

Special Fund

Criteria

Per Local Government Code Section 113.008(f), "it is mandatory for an official with special funds in the depository bank 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, " funds are to be escheated to the State and County."

Per the Code of Criminal Procedure § 22, "the court must follow certain procedures to forfeit cash bonds."

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

Review

The department's fiscal year 2023 special fund reconciliation of 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 to the implementation a new case management system in May 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 $47,050, of which $4,135 is for case balances eligible for escheatment (older than three years as of the 3/1/2022 reporting date.) The amounts were identified during the fiscal year 2022.

A review of the special fund disbursements issued during fiscal year 2023 revealed:

- Four special fund disbursements totaling $858 were posted to Odyssey between seven and 36 days after issuance.

Cause/Effect
This is due to lack of management oversight and failure to comply with statutes. As a result, special fund disbursement checks may be posted incomplete or incorrectly to case management system as well as sent to an incorrect payee.

Recommendation
Special Fund

Management should:

- Work with stakeholders to ensure a reliable report is available.
- Review special fund reports and routinely escheat money in accordance with Property Code, § 72 and § 76.
- Review each monthly special fund reconciliation and ensure the amounts balance to the general ledger per LGC 113.008(f).
- Ensure special fund check disbursements and cancellations are accurately, completely, and timely posted to cases.

Management Action Plan
- Management is unable to reconcile special funds without the appropriate access to software and training. Issues regarding check disbursements have already been addressed by management.

Auditor's Response
- None

Cash Count

Criteria
Per Local Government Code (LGC) § 113.022 "a county officer or other person who receives money must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

Standard internal control procedures require the department to safeguard all undeposited cash receipts by keeping them in a locked safe or lockbox, recording cash and checks immediately using pre-numbered receipts, restrictively endorsing all checks and money orders immediately, and depositing cash and check receipts daily.

Standard internal control procedures require checks and money orders received via mail to be recorded on a check log prior to providing to the bookkeeper for posting. Daily receipts and check logs are to be reconciled against the daily tills and reviewed by a supervisor.

Review

We performed a cash count on March 11, 2024. The following was identified:

- The court does not maintain a mail log to record checks received through the mail.
- 52 out of 56 check payments totaling $2,974 were posted to Odyssey between six and 36 business days after being received by the court.
- 56 unreceipted checks totaling $3,270 were stored on a bookshelf next to an unsecured area.

Cause/Effect

This is due to lack of management oversight to implement and enforce controls to safeguard funds. As a result, checks may be lost or misappropriated. Additionally, untimely posting to Odyssey could occur. This may result in inaccurate financial records and delayed revenue recognition. Defendants may be assessed additional cost for payments not posted timely.

Recommendation

Cash Count

Management should:

- Establish and maintain a mail log of checks received in the daily mail.
- Periodically compare payment details recorded on the mail log to receipting in Odyssey for accuracy, appropriateness, timeliness.
- Periodically review any unprocessed payments for timely receipting and depositing as indicated in Local Government Code (LGC) § 113.022.
- Ensure unreceipted money orders and/or checks are stored in a locked drawer with limited access and only authorized personnel have the combination or key.
- Restrictively endorse all checks and money orders immediately.

Management Action Plan

- None

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator