AUDIT REPORT

DALLAS COUNTY

JUSTICE OF THE PEACE PRECINCT 4, PLACE 1 AUDIT - FY2022

Timothy J. Hicks, CPA
County Auditor

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Justice of the Peace Precinct 4, Place 1 Audit - FY2022

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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 Michael Jones Jr.
Justice of Peace, Precinct 4, Place 1
Dallas, Texas

Attached is the County Auditor's final report entitled "**Justice of the Peace Precinct 4, Place 1 Audit - FY2022**" 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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County Auditor

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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 1, for the fiscal year 2022.

Summary of Significant Observations:

- **Dismissed Cases:** Out of 40 cases, 15 dismissed case files were requested but not provided by the court, 11 cases were docketed in JPAS with the incorrect file date, and seven cases in which the judge's stamp was used to dismiss the case; and three noncompliance dismissals were granted without a signed dismissal order.
- **Disposed Cases:** Out of 20 cases, court personnel used the judge's stamp without noting the clerk's initials in 13 cases (65%). Cases may be improperly disposed.
- **Special Fund:** The court did not reconcile their special fund balance from the case management system to Oracle for fiscal year 2022. Cases totaling $22,791 without activity in the prior three years were not escheated. This increased the risk that financial records in JPAS may not be accurate.

Repeat observations from Previous Audits:

- **Dismissed/Disposed Cases:** The court continued dismissing cases without judge's signature granting the compliance dismissal and without obtaining complete supporting documentation.
- **Computer Receipts**: The court continues to void receipts without management approval and does not adhere to the court's procedures for voiding receipts.
- **Special Fund:** Unclaimed fund balances over three years old are held in the special fund account rather than escheated to appropriate parties.
- **Credit Card:** Delays in posting credit card payments in the case management system continue.

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 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

Fee and Fine 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 and 102, Local Government Code Chapters 133 and 134, Transportation Code (TC) 542 and 706, Commissioners Court orders, and Attorney General Opinion GA-0147.

Per the CCP Chapter 45.017, the JPAS Docket screens are 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 in which 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 1,614 cases was reviewed for the appropriate assessment and collection of court costs, fines, and fees and the accuracy of postings to the case management system. The following were identified:

- One case in which the $25 Time Payment fee was not accurately assessed and collected. The $2 Indigent Defense fee was also not collected.
- One case in which the Return Date field for an issued capias was not posted on the docket screen.
- One case in which the agency that issued the citation did not receive the $5 citation fee.
- One case in which the $83 statutory court costs were not accurately assessed and collected, based on the offense date. The defendant owes the court $12.

Cause/Effect

These instances occurred due to non-compliance with state statutes, clerical errors and omissions from manual case entries, and inadequate system functionality that requires the manual entry of assessments and payments.

These errors can lead to incorrect distribution and disbursement of funds contractually and statutorily owed to other parties.

Recommendation

Fee and Fine Assessment

Management should take the following corrective actions:

- Collect the time payment fee when a payment is made on or after the 31st day after the judgment per CCP 102.030.
- Post an adjustment in one case to apply the citation fee to the correct filing agency.
- Review case management system payment reports consistency to detect errors and omissions.
- Train all court personnel and ensure they consistently 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.

Management Action Plan

- Due to the implementation of Odyssey, fee assessment is now automated.

Auditor's Response

- None

Dismissed Cases

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.

Per 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."

Local Government Code (LGC) 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 (LGC) 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."

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."

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."

Standard internal control procedure requires the court to docket credit for waivers, community service, time served, DA motions (requests) to dismiss, and dismissals with the authorized approver's signature and date.

Per the Texas Justice Court Training Center, either law enforcement or a prosecutor files the complaint for VPTA or FTA. If the clerk of the court does file the complaint, the judge to either recuse or exchange benches on any matters regarding the VPTA or FTA.

Review

A random sample of 40 out of 478 dismissed cases was reviewed for the fiscal year ending September 30, 2022 to determine whether the court was following the above applicable laws and the statutory requirements to process dismissed cases. The following were identified:

- Fifteen dismissed case files were requested, but not provided by the court.
- Eleven cases were docketed in the case management system with the incorrect file date. The timestamped file date in which the court received the citation should be docketed.
    - In three of these cases the judge's stamp was used to grant the DA's motion to dismiss; however, Internal Audit was unable to verify who used the stamp.
- Four cases in which the judge's stamp was used to dismiss the case; however, Internal Audit was unable to verify who used the stamp.
- Three noncompliance dismissals were granted without a signed dismissal order. All three cases had a failure to appear complaint filed by JP41 and were improperly dismissed.

Cause/Effect

These instances occurred because management did not follow CCP32, CCP45, and LGC 115.901. Also, original signatures were not obtained for court orders.

It is possible 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 15 missing case files for examination by the County Auditor.
- 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.
- Record the appropriate file date in which the court receives the citations.
- Review case files for the appropriate records supporting the dismissal.

Management Action Plan

- The files were sent to the archive warehouse and the archive warehouse was not able to locate the 15 cases as requested.

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 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.

Review

A random sample of 20 out of 107 disposed cases was reviewed for the fiscal year ending September 30, 2022. The following were identified:

- Nine disposed case files were requested, but were not provided by the court.
- Two cases in which the judge's stamp was used to sign a judicial order for dismissal or indigence. However, the person who used the stamp could not be verified.
- One disposed case in which the dismissal order was not in the case file.

Cause/Effect

Management did not follow the court's procedure and CCP 45.

Dallas County may incur losses, and 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:

- Locate the missing case files for examination by the County Auditor.
- Require that judicial decisions, including signed court order, are authorized by the judge with the judge's signature.
- Review case records and dockets for accuracy and completeness before disposing the case.

Management Action Plan

- The nine cases were requested from archive but the archive warehouse was not able to locate the files.

Auditor's Response

- None.

Civil Cases

Criteria

Per Local Government Codes (LGC) 118.121, 133.151, 135.103, and 118.131, the appropriate filing fees must be collected and applied to the initiating party's case. Service fees should be

collected at the time 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.

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 Rule 25 of the Texas Rules of Civil Procedure, 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.

Per Rule 145, a Statement of Inability to Afford Payment should be docketed on the case.

Review

A random sample of 20 out of 74 civil cases filed by a non-governmental entity on the Justice Fee Exception List was reviewed for the fiscal year ending September 30, 2022. The following were identified:

- Four cases in which the court posted the filing fees to the wrong case.
- Two case files requested for audit review were not provided.
- One case in which there was no explanation for not collecting $54 in filing fees.

Cause/Effect

This occurred due to clerical errors in the manual process of setting up new civil cases. The court did not adhere to state statutes and the Texas Rules of Civil Procedure.

Missing case files increase the risk that assets may be misappropriated and not detected through examination of the case file and its contents or that parties requesting timely access to information may not obtain it.

Recommendation

Civil Cases

Management should take the following correct actions:

- Correct the four cases in the case management system.
- Locate two missing case files.
- Ensure cases are documented with an explanation in case management for not collecting filing fees, including when parties file Affidavits of Indigence.

Management Action Plan

- For one case, clerk created in error. Clerk noted in file that case was created in error. The case is now dismissed, and the issue resolved.
- For one case, the issue was sent to the previous bookkeeper to resolve by dragging and transferring duplicate payment from one case to another case. Bookkeeper did not complete task. Previous bookkeeper is no longer at JP41.

Auditor's Response

- None

Computer Receipt

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, the voided copies of computer receipts are marked "Void" and contain an explanation for the void. Both copies of the computer receipt are retained and reviewed by management. Receipts are recorded to the system on the date of entry instead of backdating. The voided receipt includes an explanation and the initials of the person voiding the receipt written on the official computer receipt. In order to maintain complete financial records, case numbers are not reused for different cases or deleted.

Review

All 63 voided computer receipts were reviewed for the fiscal year ending September 30, 2022. The following were identified:

- 62 computer receipts were voided without management's approval. This included the following:
  - One computer receipt on which the check number was changed on the re-issued receipt, though this was not listed as a reason for voiding the original receipt.
  - A portion of one computer receipt was deleted, rather than voiding the entire receipt.
  - Two computer receipts were not labeled void, including one receipt voided without a written explanation.
  - Five voided computer receipts for which the court did not retain both computer receipt copies.
- One computer receipt totaling $141 was altered from cash to check instead of voiding and re-issuing a new receipt.

Cause/Effect

These occurred because the court's voiding procedure and LGC 113.022 were not followed, and exception reports from Document Direct were not reviewed to detect errors and omissions. Management also 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 Receipt

Management should take the following corrective actions:

- Train staff on the procedures for voiding transactions, including:
  - Marking computer receipts "Void" and including a written explanation for the court.
  - Ensuring receipts are completely voided for the entire amount rather than voiding for partial amounts.
  - Ensuring the court retains all receipt copies.
- Ensuring management periodically reviews the case management system reports to monitor voided computer receipts and ensure the timely detection of errors and omissions.
- Documenting the review of void transactions by management in writing and ensuring void duties are appropriately segregated.

Management Action Plan

- The previous bookkeeper did not follow office policy for voiding payments.
- Accounting clerk follows organization process for voiding payments and creates order for management approval and signature.

Auditor's Response

- None

Deposit Batches

Criteria

Per 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.

Review

All daily deposit batches were reviewed for the fiscal year ending September 30, 2022. The following was identified:

- Three receipt batches were not deposited within five business days. All three were deposited after six business days.

Cause/Effect

This occurred due to errors on checks, and because the court did not review the details of the checks before transferring them to the Treasurer's Office.

Errors and omissions not detected by management may result in deposit delays and losses.

Recommendation

Deposit Batches

Management should take the following corrective actions:

- Ensure all money is deposited no later than the fifth day after the day money was received, per LGC 113.022.
- Train clerks to review check payments for missing signatures, written and numeric amounts that do not agree, that checks have not expired and that checks are made payable to Dallas County before posting to the case management system.

Management Action Plan

- Reviewed the deposit batches and found both batches in August were the result of check issues. The previous bookkeeper held deposit to resolve issues.

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, management should escheat funds to the State and County.

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

Standard internal control procedures related to cash require all extraordinary fund disbursements and cancellations to be timely and accurately posted to the case management system. 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

Twenty-five special fund check disbursements, 12 monthly reconciliations, and postings to the case management system were reviewed for the fiscal year ending September 30, 2022. The special fund balance was $49,198 and the following were identified:

- The court did not reconcile the monthly fiscal year 2022 special fund balance to the general ledger.
- $22,491 was related to cases without activity in the prior three years as of March 1, 2022, but not escheated.
- $1,701 was made of case balances under $100 and can be escheated to the County.
- The $49,198 balance per the case management system was $3,410 more than the $45,788 general ledger balance as a result of incomplete case management records.
  - Seven check numbers were not accurately posted to cases.
  - One check was issued for multiple cases, totaling $1,421; however, the check was not itemized showing the amount from each case.

Cause/Effect

Management did not comply with LGC 113.008(f) to ensure the special fund accounts were reconciled monthly and that check disbursements and cancellations were timely posted to the case management system. The special fund is intended to be a temporary escrow account, and balances in excess of three years were not escheated.

Parties entitled to funds did not receive the money and may not realize the funds are being held in escrow by the court.

Recommendation

Special Fund

Management should take the following corrective actions:

- Provide oversight of the special fund functions completed by the staff.
- Reconcile special fund balances and transactions from the general ledger against the case management system each month per Local Government Code Section 113.008(f).
- Ensure checks and cancelations are accurately, completely, and timely posted to the case management system.

- Review special fund reports and routinely escheat special funds in accordance with unclaimed property statutes, Property Codes, § 72 and § 76.
- Forfeit cash bonds in accordance with Code of Criminal Procedure § 22.

Management Action Plan

- JP4-1 court reached out to previous auditor for training on special funds in the old system but did not receive training dates. In the current system, the special fund process is pending finalization and approval from the JP Analyst and the Auditor's Office. Once a process is approved for JP courts, this court will request training and begin this process.
- Odyssey now automates and records receipts and payment methods.

Auditor's Response

- Special fund process is not pending finalization or approval from the Auditor's Office.

Credit Card

Criteria

Per 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 accounting and system control procedures require daily reconciliation and balancing of collected funds with receipts promptly issued for the amount of funds tendered.

Standard processes related to e-commerce require information processing controls to test that transactions 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 in JPAS was performed for the fiscal year ending September 30, 2022. The following were identified:

- Twenty online credit card transactions totaling $5,475 were not receipted within the five business days. They were receipted between six and 15 days.
- One $30 credit card payment was applied to the wrong case. The defendant paid twice due to the error and is owed a refund.

Cause/Effect

This occurred because the court did not ensure online credit card transactions were correctly and timely posted to the case management system and did not comply with LGC 113.022.

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

Recommendation
Credit Card

Management should take the following corrective actions:

- Post the complete and accurate receipts for online credit card payments within five business days in compliance with LGC 113.022.
- Provide oversight by comparing JP Credit Card and Settlement reports to payments posted on the case management system to ensure all payments are accurately and completely posted.
- Initiate refunds for overpayments above $10.

Management Action Plan
- Previous bookkeeper receipted the online payment to the wrong case. Court confirmed the online payment information and will forward to send a refund check to payor.

Auditor's Response
- None

cc: Darryl Martin, Commissioners Court Administrator