

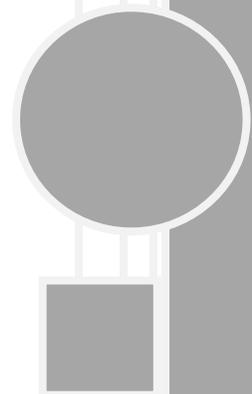


# AUDIT REPORT

DALLAS COUNTY

COUNTY CLERK CRIMINAL / BOND FORFEITURE - FY2018 AND 2019

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Dallas County Auditor  
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# COUNTY CLERK CRIMINAL / BOND FORFEITURE - FY2018 AND 2019

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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 John Warren  
County Clerk  
Dallas, Texas

Attached is the County Auditor's final report entitled "**County Clerk Criminal / Bond Forfeiture - FY2018 and 2019**" 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,

*Darryl D. Thomas*  
Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

A review of County Clerk Criminal for fiscal years 2016 and 2017 revealed the significant observations listed below:

### **Summary of Significant Observations**

Several fee schedules routinely under/over-assessed statutorily approved fee amounts:

- 7,650 cases on Misdemeanor Class C Appeals (MD) schedule with over-assessments totaling \$39,235 for the State Electronic Filing Fee.
- 7,656 cases on Misdemeanor Class C Appeals (MD) schedule with under-assessments totaling \$15,312 for the Truancy Prevention and Diversion Fee.
- 129 cases on Misdemeanor Class C Appeals (MD) schedule with over-assessments totaling \$5,547 for the Consolidated Court Cost.
- 2,280 cases on the Moving Violations (MV) schedule with over-assessments totaling \$11,400 for the State Electronic Filing Fee.
- 5,013 cases on the Misdemeanor Traffic - Rules of the Road (MAR) schedule with under-assessments totaling \$10,026 for the Truancy Prevention and Diversion Fee.
- 5,009 cases on the Misdemeanor Traffic - Rules of the Road (MAR) schedule were incorrectly assessed \$25,045 for the State Electronic Filing Fee.
- 60 cases on the Misdemeanor schedule with over-assessments totaling \$3,600 for the Drug Court Cost fee.
- 149 cases on the Misdemeanor Reduced schedule with over-assessments totaling \$6,047 for the Consolidated State Court Cost.

### **Repeat Observations from Previous Audits:**

- Disbursements posted with an incorrect amount/check number.
- Inaccurate/incomplete fee assessments.
- Voided receipts without explanation noted.
- All copies of voided receipts not retained.
- Manual receipts not marked void.

**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, 2017 through September 30, 2019.

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

### **Special Fund Disbursements**

A comparison of the mainframe CR60 report to Oracle for 108 County Clerk Criminal Special Fund 501 disbursements issued during fiscal years 2018 and 2019 revealed 30 disbursements totaling \$3,048 were posted to the CRIN system more than three days after the check issuance dates including 12 disbursements that were posted between 16 and 36 business days after issuance; two disbursements were not posted to the case in the CRIN system; four disbursements submitted for payment were associated with incorrect case numbers in Oracle; three canceled disbursements were not voided in the CRIN system; one disbursement did not have funds available in the Special Fund in the CRIN system; one disbursement was posted to the CRIN system with an incorrect check number; and one disbursement was posted to the CRIN system for the incorrect amount.

All Special Fund disbursements should be accounted for, issued to the proper payee for the correct amount in a timely manner, and reference the relevant case information. Additionally, all Special Fund disbursements, voids, cancelations, and stale dated checks should be timely and accurately posted to the Criminal mainframe system to maintain accurate financial records. Lack of management oversight over the reconciliation of non-integrated financial systems to timely identify and resolve clerical errors has resulted in inaccurate case balances and increased the potential that duplicate disbursements may be issued.

### **Recommendation**

#### **Special Fund Disbursements**

Management should:

- Develop written procedures for the disbursement process.
- Review case balances on a periodic basis and disburse amounts to the appropriate parties in a timely manner.
- Verify available funds prior to processing disbursement requests.

### **Management Action Plan**

- Assessments will be monitored for discrepancies. Consideration has been taken to improve this issue with the introduction of a case management system. Emphasis will be stressed on "accuracy over speed" to ensure the correct information such as amount and case numbers are correctly entered.

### **Auditors Response**

None

## **M- Schedule**

A 100% review of the ACL analysis extract of 21,503 with assessments created during fiscal years 2018 and 2019 using the M-(Misdemeanor Regular) schedule revealed 60 cases were under-assessed the Drug Court Cost (fee code #13) for a total of \$3,600; five cases were not assessed the Graffiti Fee (fee code #81) for \$50; 64 cases were not assessed the Traffic Offense (fee code #10) for \$3, the Transportation Fee (fee code #92) for \$30, and TCLEOSE (fee code #57) for \$0.10; six cases were not assessed the TCLEOSE (fee code #57) for \$0.10 and Transportation Fee (fee code #92) for \$30; 460 cases were not assessed TCLEOSE (fee code #57) for \$0.10; seven cases were not assessed the Drug Court Cost (fee code #13) for \$60, TCLEOSE (fee code #57) for \$0.10, and the Intoxication offense (fee code #93) for \$100; seven cases were assessed the Consolidated State Court Cost (fee code #77) for the incorrect amount.

A 100% review of the ACL analysis extract of cases with assessments created during fiscal years 2018 and 2019 using the M- Reduced schedule (Misdemeanor Class C) revealed that 149 cases were over-assessed the Consolidated State Court Cost (fee code #77) for a total of \$6,407; 13 cases were assessed the Drug Court Cost (fee code #13) for \$60 in error; 11 cases were not assessed the TCLEOSE Fee (fee code #57) for \$0.10; and 19 cases were assessed the State Electronic Filing Fee (fee code #100) for \$5 in error.

Court costs, fines, and fees should be assessed in compliance with applicable state laws, Judge's orders, Commissioners Court orders, Attorney General Opinions, etc. Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Lack of management oversight and clerical errors resulted in inaccurate assessments of court costs to defendants and potential revenue loss for Dallas County.

### **Recommendation**

#### **M-Schedule**

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the County Treasurer for inclusion on the next State Quarterly Report.

### **Management Action Plan**

- Management Action Plan: Staff will be retrained to assess fees on the correct fee code. Procedures will be put in place to monitor discrepancies. Fees will be monitored to ensure they are in compliance with all applicable state laws and fee schedules. Alternatives have been considered to improve this issue with the introduction of a case management system.
- Quality control processes have been implemented with the assignment of Quality Assurance staff reviewing assessments for accuracy.

- Work in conjunction with IT to ensure all fee schedules are updated accurately.

### **Auditors Response**

None

#### **Fee Assessments – MAR Schedules and MV Schedule**

A 100% review of the ACL analysis extract of 5,013 cases with assessments created during fiscal years 2018 and 2019 using the MAR (Misdemeanor Traffic - Rules of the Road) schedule revealed that 5,009 cases were over-assessed a State Electronic Filing fee (fee code #100) for a total of \$25,045; 5,013 cases were under-assessed the Truancy Prevention Diversion Fund (fee code #101) for a total of \$10,026; 4,883 cases were not assessed a TCLEOSE Moving Violation Fee (fee code #57) for \$0.10 and 13 cases were not assessed a Child Safety Fine (fee code #28) for \$25.

A 100% review of ACL analysis extract of 2,283 cases with assessments created during fiscal years 2018 and 2019 using the MV (Class C Misdemeanor Moving Violations) schedule revealed 2,280 cases were over-assessed a State Electronic Filing fee (fee code #100) for a total of \$11,400.

Court costs, fines, and fees should be assessed in compliance with applicable state laws, Judge's orders, Commissioners Court orders, Attorney General Opinions, etc. and quality control processes should be implemented with ongoing review by management. Lack of management oversight, clerical error, and inadequate quality assurance controls resulted in over-assessment and under-assessment of court costs to defendants. The incorrect or incomplete fee assessments could result in revenue loss for Dallas County.

### **Recommendation**

#### **Fee Assessments – MAR Schedules and MV Schedule**

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the County Treasurer for inclusion on the next State Quarterly Report.

### **Management Action Plan**

- Management Action Plan: Staff will be retrained to assess fees on the correct fee code. Procedures will be put in place to monitor discrepancies. Fees will be monitored to ensure they are in compliance with all applicable state laws and fee schedules. Alternatives have been considered to improve this issue with the introduction of a case management system.

- Quality control processes have been implemented with the assignment of Quality Assurance staff reviewing assessments for accuracy.
- Work in conjunction with IT to ensure all fee schedules are updated accurately.

**Auditors Response**

None

**Fee Assessments – MD Schedule**

A 100% review of ACL analysis extract of cases with assessments created during fiscal years 2018 and 2019 using the MD (Misdemeanor Class C Appeals from Municipalities or Justice of Peace Courts) schedule revealed that 7,656 cases were under-assessed the Truancy Prevention Diversion Fund (fee code #101) for a total of \$15,312; 7,650 cases were over-assessed the State Electronic Filing Fee (fee code #100) for a total of \$39,235; 129 cases were assessed the Consolidated Court Cost (fee code #77) for the incorrect amount, should have been assessed \$83 instead of \$40; 16 cases were not assessed the Drug Court Cost (fee code #13) for \$60; three cases were not assessed a TCLEOSE Moving Violation Fee (fee code #57) for \$0.10; three cases were assessed Consolidated Court Cost (fee Code #77) for the incorrect amount, fee should have been \$60.50; three cases were not assessed the 49 Penal Code (fee code #78) for \$22.50; and three cases were not assessed the Intoxication Offense Code (fee code #93) for \$100.

Court costs, fines, and fees should be assessed in compliance with applicable state laws, Judge’s orders, Commissioners Court orders, and Attorney General Opinions. Best practices indicate Information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Lack of management oversight, clerical error and system limitations resulted in inaccurate or incomplete fee assessments and potential revenue loss for Dallas County.

**Recommendation**

**Fee Assessments – MD Schedule**

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and adjustments reported to the County Treasurer for inclusion on the next State Quarterly Report.

**Management Action Plan**

- Management Action Plan: Staff will be retrained to assess fees on the correct fee code. Procedures will be put in place to monitor discrepancies. Fees will be monitored to ensure they are in compliance with all applicable state laws and fee

schedules. Alternatives have been considered to improve this issue with the introduction of a case management system.

- Quality control processes have been implemented with the assignment of Quality Assurance staff reviewing assessments for accuracy.
- Work in conjunction with IT to ensure all fee schedules are updated accurately.

### **Auditors Response**

None

### **Fee Assessments – MND Schedule**

A 100% review of ACL analysis/extract of cases with assessments created during fiscal years 2018 and 2019 using the MND (Misdemeanor Non-Disclosure) schedule revealed that cases were assessed incorrect fee amounts for various fee codes including three cases that were not assessed a Clerk's Fee (fee code #31) for the correct amount of \$40; four cases that were not assessed the correct Court Reporter fee (fee code #33) amount of \$15; 173 cases that were incorrectly assessed a Law Library fee (fee code #36) of \$15 or \$25 instead of \$20; eight cases were not assessed the correct Appellate Judicial Fee (fee code #52) of \$5; four cases that were not assessed the correct Dispute Mediation fee (fee code #55) amount of \$15; and five cases that were not assessed the correct Court Record Preservation Fee (fee code #58) of \$10;

Additional fee assessments outside of statutorily approved amounts included 11 cases that were not assessed the correct Courthouse Security Fee (fee code #65) amount of \$5; 16 cases that were not assessed a Records Management Fee (fee code #66) for the correct amount of \$5; three cases that were not assessed the correct State Indigency Fee (fee code #85) of \$10; eight cases that were not assessed the correct Non-Disclosure fee (fee code #94) amount of \$28; one case that was assessed a Civil Courts Facility Building fee (fee code #97) of \$20 instead of \$15; 155 cases were not assessed the correct State Electronic Filing fee (fee code #100) of \$30; five cases were assessed the Fugitive Extradition fee (fee code #104) of \$5 in error; and five cases were not assessed the correct Judicial Court Personnel Training Fee (fee code #105) of \$5.

Court costs, fines, and fees should be assessed in compliance with applicable state laws, Judge's orders, Commissioners Court orders, Attorney General Opinions, etc. and quality control processes should be implemented with ongoing review by management. Lack of management oversight, clerical error, and inadequate quality assurance controls resulted in over-assessment and under-assessment of court costs to defendants. The incorrect or incomplete fee assessments could result in revenue loss for Dallas County.

### **Recommendation**

#### **Fee Assessments – MND Schedule**

Management should:

- Periodically review assessments for appropriateness, timeliness, and completeness.
- Emphasize accuracy in recording all elements of the assessments and receipt.
- Process corrections (within statutory guidelines) for assessment errors and

adjustments reported to the County Treasurer for inclusion on the next State Quarterly Report.

- Updated Non-Disclosure (MND) schedule including standardization (flagged with an 'X') of filing fees within the CRFE schedule. Non-applicable court costs should be end dated.

### **Management Action Plan**

- Management Action Plan: Staff will be retrained to assess fees on the correct fee code. Procedures will be put in place to monitor discrepancies. Fees will be monitored to ensure they are in compliance with all applicable state laws and fee schedules. Alternatives have been considered to improve this issue with the introduction of a case management system.
- Quality control processes have been implemented with the assignment of Quality Assurance staff reviewing assessments for accuracy.
- Work in conjunction with IT to ensure all fee schedules are updated accurately.

### **Auditors Response**

None

### **Bond Forfeiture - MB Schedule**

A sample review of bonds with a NISI status prior to 270 days from audit date and a sample review of bond forfeiture cases for appropriate court actions on AIS and CRIN revealed 17 bond forfeiture cases older than 270 days with a NISI judgment issued have no activity to either set aside the NISI judgment or proceed with forfeiture and three bond forfeiture cases were not discharged in AIS.

A review of fiscal years 2018 and 2019 bond forfeiture cases with negative balances revealed two cases with a payment receipted to the incorrect fee code, the interest amount was incorrectly receipted to fee code 62 instead of fee code 23.

Assessment and collection of court costs, bond forfeiture fines, and fees should be assessed against the defendant/surety and collected in compliance with applicable state laws including Code of Criminal Procedure, Chapters 17 and 22, and Occupations Code Chapter 1704, Commissioners Court Orders, Attorney General Opinions, District Attorney Opinions, and other statutorily enforceable court orders. Quality control processes should be implemented with ongoing review by management and information processing controls must be continually updated and monitored to help ensure that transactions completed through computerized applications are valid, authorized, complete, and accurate. Lack of management oversight, inadequate quality assurance controls, and clerical errors could result in an inaccurate distribution of funds and in a potential loss of County revenue.

### **Recommendation**

#### **Bond Forfeiture - MB Schedule**

Management should:

- Develop a process to identify and take action on bonds with a NISI status of 270 days or greater that have not been forfeited or set aside after 270 days.
- Periodically review credits and assessments for appropriateness, timeliness, and completeness. Review should also include forfeiture assessments on CRIN (for validity and accuracy) and corresponding bond documentation including a forfeiture status on AIS of: Judgment Against State (JGAS), Final Judgment Against State, Final Judgment Against State (No Cost), Bill of Review (BORG), Motion for New Trial Granted, etc.

### **Management Action Plan**

- Management Action Plan: Staff will be retrained to assess fees on the correct fee code. Procedures will be put in place to monitor discrepancies. Fees will be monitored to ensure they are in compliance with all applicable state laws and fee schedules. Alternatives have been considered to improve this issue with the introduction of a case management system.
- Quality control processes have been implemented with the assignment of Quality Assurance staff reviewing assessments for accuracy.
- Ensure that a process is created within the new case management system to identify NISIs that have had no action taken on them within a designated time period.

### **Auditors Response**

None

### **Cash Count Variances**

A review of cash counts of County Clerk Criminal deposits held at the Treasurer's Office during fiscal years 2018 and 2019 revealed that three County Clerk Criminal deposits were received totaling \$502.10 less than the system control total due to the department receipting two checks using the numeric amount instead of the legal written amount and receipting one money order that was missing the MICR number.

Best practices indicate that daily deposits should be recounted by supervisory personnel with review evidenced by an initial or signature on the deposit forms. Checks should be receipted for the legal written amount. Clerical errors combined with a lack of supervisory oversight of the daily deposit process have resulted in inaccurate financial records and increased the potential that funds may be misappropriated. Further, revenue recognition was delayed and additional staff time expended to contact customers to obtain replacement checks.

### **Recommendation**

#### **Cash Count Variances**

- At the end of each business day, receipts should be totaled and balanced to the system control totals.
- Deposit amounts should be totaled using both the written and numeric amounts. The results should be compared to identify any variances.
- Supervisors should emphasize to staff that the written amount is the legally tendered amount for checks.

### **Management Action Plan**

- Criminal Cashier has implement a different procedure for reviewing checks and money orders. The cashiers are required to balance by checking the numerical and written amount. The supervisor also double checks the clerks total and ensure the numerical and written amounts are the same and if the totals are different, the customer is contacted to make good on the incorrect amount.

### **Auditors Response**

None

#### **Computer Receipts and Mail Log**

A review of 135 computer receipts voided during fiscal years 2018 and 2019 revealed one voided receipt re-issued two or more business days after the original receipt date; six voided receipts did not have an explanation noted; and six voided receipts did not have all copies of the receipt attached. Best practices regarding the receipt process indicate that all voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment and all computer receipt voids should indicate the reason for the void. Inconsistent management oversight over voiding procedures increased the potential that funds may be misappropriated.

A comparison of computer receipt dates to deposit dates during fiscal years 2018 and 2019 revealed three deposits were processed in excess of three business days after the original transaction date. All monies received should be promptly receipted and deposited properly, and timely in accordance with Local Government Code (LGC.), § 113.022. Cash drawers should be reconciled daily and included in the deposit. Inconsistent management oversight over depositing procedures has resulted in delayed revenue recognition.

A review of procedures related to mail and lock box payments in effect during fiscal years 2018 and 2019 revealed that payments in the drop box were accessible to managers, supervisors and all cashiers. Best practices indicate a dual control process (more than one staff member to open both) over opening the vault and safe should be considered for the lock box with access limited to supervisory employees. Incomplete controls over the lock box process increased the potential that funds may be misappropriated.

**Recommendation**

**Computer Receipts and Mail Log**

Management should:

- Establish written procedures for voiding receipts in order to strengthen the office's internal control and improve efficiency. These procedures and the employees' adherence to them in the performance of their work should be periodically reviewed by the appropriate supervisory staff in order to maintain internal controls.
- Retain all logs and receipts, including voided receipts, until the latter of the Records Retention period or audit completion date.
- Continually review all voided transactions.

**Management Action Plan**

- The Criminal Cashiers has implemented a process, with new logs for mail payments, drop off box payments and receipt payments all of which are now stored in the G drive under Criminal Cashiers. There are specific files for each of these procedures and others to ensure a more efficient way to maintain the logs. On all the voided receipts, there must be an explanation for the void along with management initials.
- If the deposit is delayed due to Forvus, the cashiers do not have control of generating a report but the Supervisor and Management will work closely with I.T to get the deposit reported as soon as possible.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator