



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#142461

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DATE: 01/23/2024

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REVIEW OF FINANCIAL AND SYSTEM CONTROLS FOR JUSTICE OF THE PEACE, PRECINCT 2**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court receive and file the Auditor's Report of the Review of Financial and System Controls for Justice of the Peace, Precinct 2.

BACKGROUND

In accordance with the Local Government Code, the Auditor's Office performed a review of the financial and system controls implemented by the Justice of the Peace, Precinct 2, during the period October 1, 2022 through July 31, 2023.

FISCAL IMPACT

There is no fiscal impact associated with this item.

SUBMITTED BY:	Auditor Office	PREPARED BY: APPROVED BY:	Kim Trussell Kimberly Buchanan
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Kimberly M. Buchanan, CPA
Tarrant County Auditor



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December 20, 2023

The Honorable Mary Tom Curnutt, Justice of the Peace, Precinct 2
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Review of Financial and System Controls, Justice of the Peace, Precinct 2

In accordance with the Local Government Code, the Auditor's Office performed a review of the financial and system controls implemented by the Justice of the Peace, Precinct 2 (JP2), during the period October 1, 2022, through July 31, 2023. During the ten months, JP2 recorded receipts totaling approximately \$1.7 million.

We observed three issues that require management action. Specifically:

1. Segregation of duties was not adequate.
2. Adjustments made to financial transactions were not always adequately documented and scanned into Odyssey.
3. Reimbursement fees were not always assessed and collected, as required by statute.

These issues and management's action plans are described in further detail on the following pages. We also discussed less significant issues with management.

We appreciate the cooperation of your staff during our review. If you have any questions, please do not hesitate to contact me.

Sincerely,


Kimberly M. Buchanan, CPA
Tarrant County Auditor

Distribution: Kristin B. Docken, Court Manager

INTERNAL AUDIT REPORT
REVIEW OF FINANCIAL AND SYSTEM CONTROLS

December 20, 2023

AUDIT ISSUE #1: SEGREGATION OF DUTIES WAS NOT ADEQUATE.

Background: To reduce the risk of errors and theft, no one person should have complete control over the cycle of financial transactions. The Odyssey Case Management System (Odyssey) is configured to require secondary approval for void transactions. The secondary approval process is initiated when the user that processed the original payment marks the payment as void. An authorized user enters their unique Odyssey credentials to approve the void.

Furthermore, JP2 policy and procedures states that each clerk performs a daily reconciliation of the money collected to the receipts recorded in Odyssey. Either the court manager or back up clerk verifies and signs each clerk's reconciliation for accuracy.

In the *Standardized JP Financial Transactions* manual re-distributed by the Auditor's Office in February 2023, the justice courts were directed to utilize Odyssey system controls for independent approval of voided financial transactions.

What is the issue: Because the user who accepted the payment did not mark the payment as a void, the system did not require secondary approval. Of the 23 voids processed during our audit period, five were processed without an independent review and approval. We reviewed all 5 cases and found that the voids appeared legitimate.

Why it matters: Without segregation of duties or other mitigating internal controls, such as an independent or supervisory review, errors and fraud may not be prevented or detected. Since most of the voids were processed by the same person who prepares the daily deposits and monthly reconciliations, a risk exists for misappropriation of funds.

Recommended actions: JP2 should utilize the existing configuration for the secondary approval of voids.

Management's action plan: Staff will revise their procedures to utilize existing configuration for the secondary approval of voids.

AUDIT ISSUE #2: ADJUSTMENTS MADE TO FINANCIAL TRANSACTIONS WERE NOT ALWAYS ADEQUATELY DOCUMENTED AND SCANNED INTO ODYSSEY.

Background: Oftentimes, adjustments are made to financial transactions per the judge's order for jail time served, indigency, charge reduction of judicial waiver and inability to pay. There were 276 changes made to financial transactions, including 23 voids, 32 charge reductions, 2 credits, and 219 adjustments. System generated adjustments occur as part of a case event, including dismissals or deferred disposition. User generated adjustments occur for reasons such as judicial waivers of fees, an incorrect eviction filing in the wrong precinct, clerical errors. In the *Standardized JP Financial Transactions* manual distributed by the Auditor's Office, the justice courts were directed to scan supporting documentation into Odyssey for all adjustments made to financial transactions.

In July 2022, the Auditor's Office distributed an email to the justice courts summarizing discussions with the justice courts, the Criminal District Attorney's Office, and the Information Technology Department related to incorrect system configuration on attorney collection fees assessed prior to disposition of misdemeanor cases. The Auditor's Office recommended that the justice courts *reverse* the erroneous collections charge in whole and document the reason for the reversal in Odyssey.

What is the issue: Various documents supporting the validity of adjustments made to financial transactions such as judicial orders for waivers or reductions in fines, pleas, deferred disposition, and indigency documents were not always scanned into Odyssey.

Furthermore, we identified instances where the attorney collection fees issued in error were corrected using the manual adjustment feature instead of the reversal feature as directed by the Auditor's Office.

Why it matters: Since these transactions require a reduction in amounts owed to the County, documentation should be attached to the case that supports the validity and accuracy of the transaction.

Although the manual adjustment feature also reduces attorney collection fees, there is an increased risk of user error.

Recommended actions: Per *Standardized JP Financial Transactions* prepared by the Auditor's Office and re-distributed to all the justice courts in February 2023, supporting documentation should be scanned into Odyssey for all adjustments, reversals, community service, jail time served, judicial waivers, and inability to pay reductions.

As previously recommended by the Auditor's Office in July 2022, erroneous attorney collection fees should be adjusted using the reversal feature in Odyssey.

Management's action plan: All supporting documentation will be scanned and attached to the case file in Odyssey, including required signed judicial orders. Furthermore, staff will utilize the reversal feature to adjust attorney collection charges.

AUDIT ISSUE #3: REIMBURSEMENT FEES WERE NOT ALWAYS ASSESSED AND COLLECTED, AS REQUIRED BY STATUTE.

Background: Odyssey automatically assesses a Time Payment Reimbursement Fee (reimbursement fee) when payment for fines and court costs are not received by the 30th day *after the judgment*. However, Odyssey does not recognize deferred disposition cases as having a judgment and, therefore, does not assess the reimbursement fee. In September 2021, a workaround was developed, documented, and distributed to all the justice court managers to ensure the reimbursement fee was assessed and collected on eligible deferred disposition cases.

What is the issue: We identified 13 misdemeanor cases that were not assessed the \$15 reimbursement fee. While we can no longer collect the reimbursement fees totaling \$120 on 8 cases, JP2 staff took immediate corrective action and assessed the fee for 5 cases with outstanding balances. This issue occurred because JP2 did not implement the workaround procedures for the assessment and collection of this fee.

Why it matters: The Code of Criminal Procedure Art 102.030(a) states that a person convicted of a felony, or a misdemeanor *shall* pay a \$15 reimbursement fee if fines, court costs, or restitution are not paid by the 30th day after the date of the judgment. Additionally, the Criminal Deskbook distributed by the Texas Justice Court Training Center instructs courts to apply the reimbursement fee for "deferred disposition and Drivers Safety Course cases if the defendant pays any amount due more than 30 days after the order to pay."

Recommended actions: Due to system limitations, management should ensure that justice court staff continues to use the developed workaround procedures to ensure that the reimbursement fee is appropriately assessed for deferred disposition cases.

Management's action plan: Court staff will use developed workaround to ensure that the reimbursement fee is assessed for deferred disposition cases.



MARY TOM CURNUTT
JUSTICE OF THE PEACE, PRECINCT TWO
700 EAST ABRAM STREET, SUITE 200
ARLINGTON TEXAS 76010
817-548-3925

January 8, 2024

Ms. Kimberly M. Buchanan, CPA
Tarrant County Auditor
100 E. Weatherford Street
Fort Worth, Texas 76196

Re: JP2 Audit Report

Dear Auditor Buchanan,

Thank you for conducting a routine audit of our court. We appreciate your office's prompt and professional responses to questions and concerns that arose during the course of the audit.

Tarrant County Justice of the Peace, Precinct 2 has received the Audit Report that was compiled by your office for the period of October 1, 2022 through July 31, 2023 and agrees with your findings. We will continue to improve on the recommended actions suggested by your office in order to ensure that all Tarrant County funds that are processed in our court are accurately reflected.

We will also continue to work in conjunction with the Auditor's office and IT to find a solution to Audit Issue #1 regarding segregation of duties. As mentioned in the audit report, a segregation of duties helps to curb errors and fraud and we are determined to adhere to all suggestions made to ensure neither of these occur in JP2.

Please let me know if you have any questions or require additional information.

Respectfully,


MARY TOM CURNUTT
Justice of the Peace, Precinct 2
Tarrant County