



COMMISSIONERS COURT  
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

5

DATE: 1/13/2009

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF CONTROLS OVER THE JUSTICE OF THE PEACE MISDEMEANOR SYSTEM**

**COMMISSIONERS COURT ACTION REQUESTED:**

It is requested that the Commissioners Court receive and file the Auditor's Report of Controls over the Justice of the Peace Misdemeanor System as of September 30, 2008.

**BACKGROUND:**

In accordance with Local Government Code, Subchapter A, Section 115.001, Examination of Records, and Section 115.002, Examination of Books and Reports, the Auditor's Office reviewed controls over the Tarrant County Justice of the Peace (JP) Misdemeanor System as of September 30, 2008. The objective of the review was to determine whether controls were adequate to reasonably ensure that County funds were safeguarded from misuse.

On December 3, 2008, the Auditor's Office met with representatives from the JP offices and appropriate IT staff. The JPs and IT staff agreed with the observations and recommendations contained in the report.

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell  
APPROVED BY:



## TARRANT COUNTY

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November 4, 2008

The Honorable District Judges  
The Honorable Commissioner's Court  
Mr. G.K. Maenius, County Administrator  
Tarrant County, Texas

RE: Auditor's Report – Controls Over the Justice of the Peace Misdemeanor System

### SUMMARY

In accordance with Local Government Code, Subchapter A, §115.001, *Examination of Records*, §115.002, *Examination of Books and Reports*, and §115.0035, *Examination of Funds Collected By County Entity*, we reviewed controls over the Tarrant County Justice of the Peace (JP) Misdemeanor System as of September 30, 2008. The objective of our review was to determine whether controls were adequate to reasonably ensure that County funds were safeguarded from misuse. During our review, we found significant weaknesses in the controls over the JP System which warrant management's attention. Specifically, we observed that segregation of duties was not adequate between certain incompatible tasks. Consequently, we made recommendations to address this issue.

### BACKGROUND

The JP is an elected official who serves a four-year term. The JP has jurisdiction over Class C misdemeanor offenses and civil matters where the amount does not exceed \$10,000.

Each JP collects court costs, fees, and fines for Tarrant County and the State of Texas. The JP remits funds belonging to Tarrant County and the State of Texas to the Auditor's Office for recording and subsequent disbursement. On a quarterly basis, the Auditor's Office remits State court costs and fines to the Texas State Comptroller's Office.

The JP offices use the JP Misdemeanor System to assess and record the collection of court costs, fees, and fines. Many years ago, the Tarrant County Information Technologies (IT) Department developed the JP Misdemeanor System. IT continues to support the system. However, the County is in the process of implementing the Odyssey Case Management System, developed by Tyler Technologies. Odyssey is projected to go-live for the JP offices in November 2009.

JP revenue recorded in the County's general fund totaled about \$3.7 million during fiscal year 2008.

## **OBSERVATION AND RECOMMENDATIONS**

*Segregation of duties was not adequate between certain incompatible tasks.*

### **Background**

When cases are entered, the JP System pre-populates court costs and fees even though a plea has not been entered and a judgment rendered. The JP has the authority to determine fines within a specific dollar range. The JP also has the authority to order Credit Time Served via jail time or community service to discharge a defendant of all or part of the fine or fees. Credits issued for jail time served are authorized by Code of Criminal Procedure, Article 45.048, Discharged from Jail. Credits issued for community service are authorized by Code of Criminal Procedure, Article 45.049, Community Service in Satisfaction of Fine or Costs.

In addition to accepting payments from defendants, court clerks also make adjustments to fees and fines and enter Credit Time Served receipts on the JP Misdemeanor System, reducing the amount owed to the County.

### **Observation**

Lack of segregation of duties occurs when a few employees are required to perform incompatible duties. In situations where it is impractical to separate duties due to the small number of employees, additional controls should be implemented.

During our review, we found that JP staff has the ability to accept payments from defendants and also make system adjustments, reducing the amount owed to the County. These types of transactions reduce all or part of the fees and fines due to the County. The system does not require a secondary approval for these adjustments. Although we believe these tasks to be incompatible, we understand the staffing limitations of the JP offices.

Due to the lack of adequate controls, unauthorized and inappropriate transactions may not be prevented or detected. For example, a defendant may owe the County \$200 for fees and fines. Upon paying \$200 in cash, the court clerk has the ability to collect the \$200, adjust the fees and fines to \$100 or issue a Credit Time Served receipt, and pocket the remaining \$100 cash.

## **Recommendations**

Since staffing limitations do not allow for these incompatible duties to be segregated, we recommend that procedures be implemented to detect unauthorized adjustments made to the JP Misdemeanor System. Specifically, the following reports should be used and developed whereby management can review system adjustments to verify the accuracy and appropriateness of the adjustments:

- Currently, a JP Misdemeanor System report exists that would allow management to review Credit Time Served receipts for reasonableness. The Credit Time Report should be run at least monthly and include the fee code detail for each receipt processed. Management should review a sample of transactions against supporting documentation for proper authorization. Management should also document their review by initialing and dating the report.
- IT should develop a report listing all adjustments made to assessed fees and fines including fee code detail. This report should be run at least once a month. Management should review a sample of the transactions shown on the report and compare the transactions to the respective Judicial Order to determine whether such adjustments were appropriate. Management should also document their review by initialing and dating the report.

We also recommend that both reports be maintained with all other JP monthly reports for future audit.

Furthermore, the new Odyssey Case Management System should also include these management reports. The rights and roles assigned to JP staff should be addressed during system configuration.

## **Management's Position**

On December 3, 2008, we met with representatives from the Justice of the Peace offices and appropriate IT staff to discuss our observations and recommendations. The JPs and IT staff agreed with our observation and recommendations.

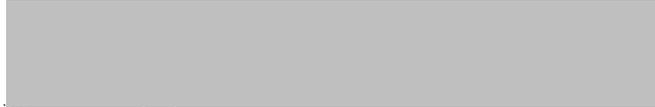
## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of our review was to determine whether controls were adequate to reasonably ensure that County funds were safeguarded from misuse. The scope of our review included system controls as of September 30, 2008. The implementation and application of effective internal control is the responsibility of the management. It is our responsibility to review and assess the effectiveness of the controls. Internal control is broadly defined as a process designed to provide reasonable, not absolute, assurance regarding the achievement of objectives such as the safeguarding of assets, reliability of financial reporting, and compliance with applicable laws and regulations.

## **CLOSING REMARKS**

We appreciate the cooperation of the Justices of the Peace offices and IT staff during our review. If you have any questions concerning this report, please don't hesitate to call.

Sincerely,



S. Renee Tidwell, CPA  
County Auditor

### **Distribution:**

Judge Ralph D. Swearingin Jr., Justice of the Peace, Precinct 1  
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