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**Municipal Court
Cash Collections and Non-Cash
Ticket Dispositions Audit**

December 19, 2014



**City of Fort Worth
Department of Internal Audit**

1000 Throckmorton Street
Fort Worth, Texas 76102

Audit Staff

Patrice Randle, City Auditor

Terry Holderman, Assistant City Auditor

Chris Saunders, Audit Manager

Diane Hinojoza, Senior Auditor

Faith Urban, Senior Auditor



The Municipal Court Cash Collections and Non-Cash Ticket Dispositions Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2014 Annual Audit Plan.

Audit Objectives

- Ensure payments of court fines and fees are properly accounted for and recorded correctly
- Determine whether internal controls are sufficient to ensure safeguarding of cash collections
- Verify proper recording of non-cash transactions
- Determine whether the Municipal Court's external collection policy and procedures contribute to timely collection and maximization of revenue

Audit Scope

October 1, 2012 through September 30, 2013

Opportunities for Improvement

Accountability for Tickets Entered

Discontinue returning payments not made in full

Systematic controls

More efficient processes

Support for non-cash transactions

Executive Summary

As part of our FY2014 Annual Audit Plan, the Department of Internal Audit conducted a Municipal Court Cash Collections and Non-Cash Ticket Dispositions Audit. Based on our audit results, we identified significant control weaknesses within the Municipal Court system and departmental processes. These weaknesses decrease the City's revenue potential and increase the possibility for legal liability.

Currently, there is no process in place to allow verification that all tickets have been entered into the system. As a result, the City might not be maximizing revenue potential. Conversely, CourtView allows duplication of the same citation, which is an inefficient use of human resources and presents the CFW with the potential for invalid warrants, false arrests, etc.

During our audit, we noted that employees who apply money to court cases (cashiers and cash supervisors) also process adjustment codes that reduce fine amounts within CourtView. While the adjustments may be appropriate, a lack of managerial review prevents the detection of misappropriated funds.

For non-cash dispositions, such as community service and jail-time served, our audit results indicated that credit applied to some cases was not always adequately supported.

At the time of this audit, Municipal Court staff was not accounting for manual cash receipts that would generally be issued when the system is not working properly. A lack of monitoring manual cash receipts could result in the misappropriation of monies without detection.

Current practice requires the Municipal Court to return mail-in payments when the amount received is less than the balance due on an un-adjudicated case or when the defendant's time payment plan has been suspended. The Department of Internal Audit concluded that returning such funds is not a requirement and decreases available Court revenue.



Our audit results also revealed that the rationale for citations voided within CourtView was not documented. While our audit results did not identify any inappropriate voids, the opportunity for impropriety is increased when there is no audit trail to support action taken.

There are instances where monies received are required to be placed in an escrow (liability) account versus being applied to fines. At the end of FY2013, Municipal Court escrow accounts had a balance in excess of \$3.5 million.

Based on current system functionality, refund checks are currently generated by case rather than by defendant. As a result, when a defendant is due a refund on multiple cases, multiple refund checks are processed and mailed to the defendant on a given day. Also, while the CFW allows on-line payment of tickets, the payer is required to contact Municipal Court staff before submitting payment. Such contact is required because information needed to pay the citation on-line is not included on the ticket that is issued to the defendant.

These findings are discussed in further detail within the [Detailed Audit Findings](#) section of this report.



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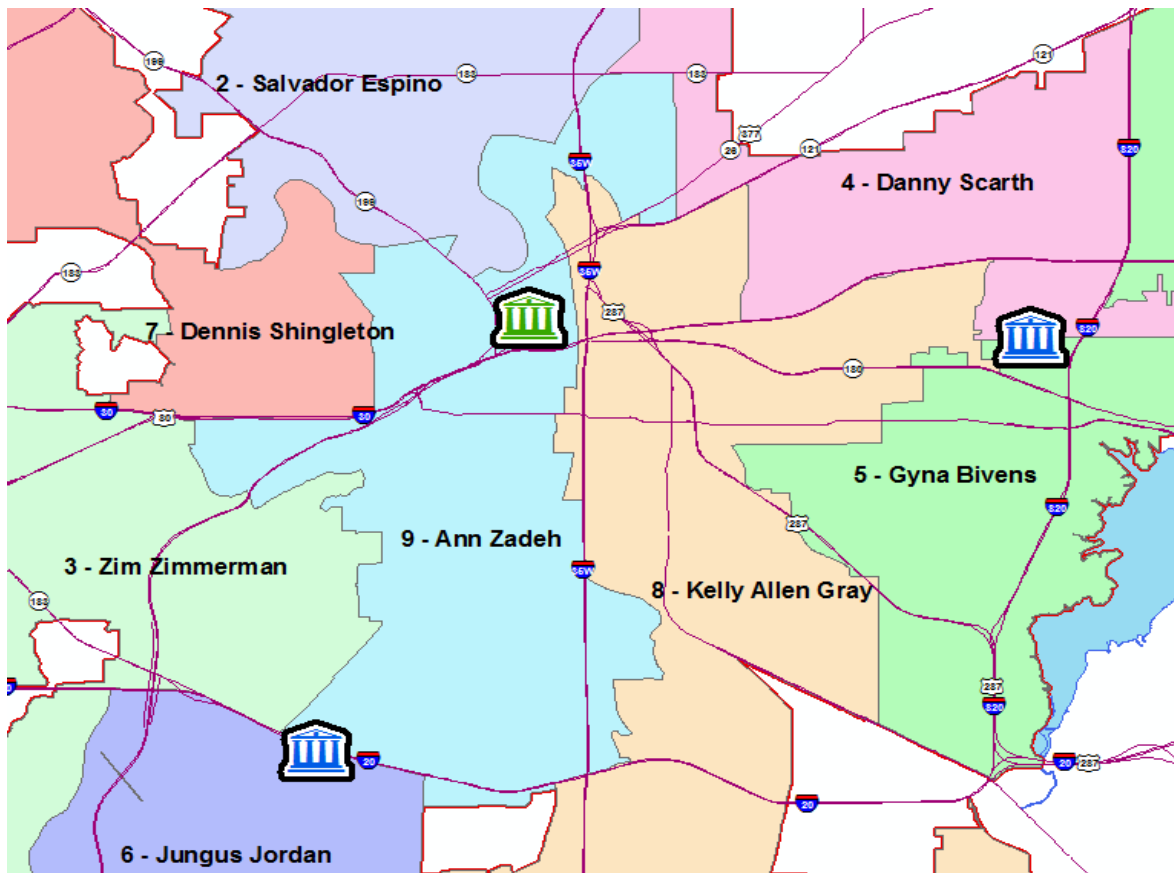
Background

The Fort Worth Municipal Court has jurisdiction over Class C misdemeanor criminal cases brought under City ordinances and the Texas Penal Code. The Municipal Court (which is comprised of three courts and two satellite payment locations) accepts cash, check, money order, and credit/debit card payments.

Courts

The three courts are noted below and in the following map.

- A.D. Marshall Public Safety and Courts Building – 1000 Throckmorton Street, Building 100
- Southwest Municipal Court – 3741 SW Loop 820
- School Attendance Court – 5701 Meadowbrook Drive, Building 3



The A.D. Marshall Public Safety and Courts Building is a city-owned facility, while the Southwest Municipal Court building is leased back from the City through the Local



Development Corporation (LDC). The building used for School Attendance Court is provided to the City via an inter-local agreement with the Fort Worth Independent School District.

Payment Only Locations

The City of Fort Worth has two payment only locations to better serve customers. The Carnival Food Store at 102 NW 28th Street serves as a payment only location and a 24-hour payment drop box is located at the Hazel Harvey Peace Center at 818 Missouri.

Other Payment Options [Western Union]

The City contracts with Western Union to serve as an additional payment medium.

- Western Union Quick Collect was implemented in December 2008 and is a payment option for defendants with adjudicated cases and/or parking tickets only. Defendants paying via this service can pay in person at a Western Union payment location, on-line via use of Western Union's Quick Collect website, or over the phone via Western Union's Integrated Voice Recognition (IVR). Defendants are charged an additional fee for using this service which is calculated as a percentage of the amount owed. Quick Collect payments are guaranteed payments to the City, and as such, a convenience fee is not paid to the City.
- Western Union SpeedPay services were implemented in October 2011 and are used for defendant payments on all adjudicated and non-adjudicated cases, as well as parking tickets. Via this service, defendants can pay their fines on-line via use of Western Union's SpeedPay website or over the phone via Western Union's Integrated Voice Recognition (IVR). Defendants paying fines using either of these services are charged an additional \$5.95 service fee. These additional fees are paid directly to Western Union, and \$1 of the convenience fee is paid to the City by Western Union.
- A new payment option, GovPay, became available to defendants in July 2014. Via this option, defendants arrested by CFW police and booked into the Mansfield Jail can pay Mansfield Jail staff for fines issued by the CFW and/or agencies outside of the CFW. Those payments can then be sent directly to the agencies for which the fines are due. Prior to this option, defendants would pay the CFW directly, and it was the onus of the CFW to forward those funds to the applicable agency via use of the refund process within the CourtView application. GovPay is expected to reduce the number of these types of payments significantly.

Municipal Court records indicate that the CFW collected approximately \$25.9 million in FY2013. The \$25.9 million includes approximately \$6.5 million that was submitted to the State of Texas.



| FY2013 Municipal Court Gross Collections | | | |
|--|-------------------|----------------------|------------------------|
| Location | Method of Payment | Total | % of Court Collections |
| A.D. Marshall Public Safety & Courts Building (Downtown) and the drop box at the Hazel Harvey Peace Center | Quick Collect | \$ 239,442 | 73.5% |
| | SpeedPay | 2,835,768 | |
| | Mailroom | 4,210,778 | |
| | Walk-ins | 11,737,268 | |
| | Total | \$ 19,023,256 | |
| Southwest Municipal Court | SpeedPay | \$ 160 | 19.8% |
| | Walk-ins | 5,118,035 | |
| | Total | \$ 5,118,195 | |
| School Attendance Court | Total | \$ 97,849 | .4% |
| Carnival Food Store | SpeedPay | \$ 7,024 | 6.3% |
| | Walk-ins | 1,640,973 | |
| | Total | \$ 1,647,997 | |
| TOTAL – FISCAL YEAR 2013 | | \$ 25,887,297 | 100% |

Source: Fort Worth Municipal Court (unaudited)

If defendants fail to pay their fines within the required timeframe or fail to comply with payment arrangements authorized by the Judge (e.g., payment plans), internal collection efforts are made via automated phone calls and system-generated notification letters. If the defendant's fine balance remains unpaid after internal collection efforts have been exhausted, the defendant's case is submitted to Linebarger, Goggan, Blair, and Sampson, LLP, (Linebarger) for collection on behalf of the City. A 30% collection fee is assessed for cases that are referred to Linebarger. Each quarter, the City forwards the 30% collection fee to the vendor. The current contract with Linebarger expires on July 21, 2017.

In addition to collection agency referrals, the CFW attempts to enhance collection efforts by participating in routine Warrant Round Ups. Municipal Court staff indicated that a cost/benefit analysis is conducted each year to determine whether participation in the Scofflaw program (a program that prevents vehicle registration renewal if citations are not paid) is warranted. Based on the Municipal Court's prior analyses, participating in the Scofflaw program has not been considered cost effective for the City of Fort Worth.

It should be noted that citations issued by the CFW are not interfaced to CourtView via hand-held devices. Instead, each citation is manually entered by Municipal Court staff. Per Municipal Court staff, there are currently 25 hand-held devices in practice. While the hand-held devices are not yet interfaced into CourtView, that process is currently being tested for future implementation. These devices were not in practice during the scope period of the referenced audit period.



Objectives

The objectives of this audit were to:

- ensure payments of court fines and fees are properly accounted for and recorded correctly;
- determine whether internal controls are sufficient to ensure safeguarding of cash collections;
- verify proper recording of non-cash transactions; and,
- determine whether the Municipal Court's external collection policy and procedures contribute to timely collection and maximization of revenue.

Scope

Our audit covered the period October 1, 2012 through September 30, 2013.

This audit did not include a review and/or evaluation of the effectiveness of the Municipal Court's collection mediums, as a separate City Revenue Collection Process Audit is included in the FY2015 Annual Audit Plan.

This audit also did not include a review to ensure allocations of monies paid by defendants were correctly applied to the court fees/fines, etc. and did not include an assessment and/or evaluation of the judicial review process.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- interviewed Municipal Court personnel, observed processes, and reviewed policies and procedures to gain a better understanding of Municipal Court operations;
- documented a process flow of key Municipal Court operations to identify and evaluate related risks, controls, and control weaknesses;
- reviewed and tested end-of-day cash balancing processes (traced monies between the court management system and the bank) to ensure monies received were properly and completely accounted for and recorded;
- reviewed and tested various transactions (cash reversals, voided/deleted citations, non-cash dispositions and other adjustments to court fines/fees) made within the court management system to validate appropriateness and authorization;



- reviewed and tested processes supporting the receipt of and recording of monies received from the Mansfield Jail to ensure monies were properly accounted for and recorded;
- reviewed and analyzed refund checks processed by the Municipal Court to ensure appropriateness; and,
- reviewed and tested the collection vendor contract to ensure compliance.

We conducted this audit in accordance with generally accepted government auditing standards, except for peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Audit Results

As noted within the [Executive Summary](#) of this report, the Department of Internal Audit identified significant control weaknesses within the Municipal Court system and the Municipal Court's internal processes. Our review of policies, procedures and court operations revealed significant internal controls gaps. The majority of these gaps can be broken down into three categories: system issues, lack of monitoring and/or supporting documentation, and policy gaps.

The current court system allows a single citation to be entered multiple times. The person entering the ticket is not warned that the ticket already exists, is not prohibited from duplicating the ticket, nor is the duplicate ticket flagged to alert Municipal Court staff later that the ticket has been duplicated. The current system also results in multiple refund checks to a single defendant on a given day. We noted as many as 15 refund checks being mailed to one defendant on the same date.

There were various instances where Municipal Court activity was not routinely monitored as deemed necessary, specifically in a cash handling environment where a substantial amount of revenue is collected on a daily basis. For example, steps were not taken to ensure (on a routine basis) accountability for all tickets. Also, there was inadequate monitoring of cases where fines had been adjusted by Municipal Court personnel who were also responsible for cash collections related to those same cases. Manual cash receipts were also not being monitored.

There was one particular instance where inadequate monitoring was clearly evident. During our reversed receipt testing, we identified a 1996 case for which, per CourtView, two \$142 payments were made via money orders in June 2013.

- Procedurally, because the related payment plan had been suspended, notes within CourtView indicated that the monies had been returned to the defendant. (It should be noted that the defendant had a total 18 separate cases between 1996 and 2012, some of which were still outstanding as of audit fieldwork completion).
- The two \$142 payments were actually deposited into the City's bank account in June 2013 - not returned to the defendant, as was noted in CourtView.
- Both payments of \$142 were reversed in July 2013.
- One of the \$142 payments was re-applied in November 2013 (even though there was no money to be applied), and then reversed in December 2013.
- The Municipal Court's end-of-day reconciliation detected the \$142 variance. However, no follow-up or research was conducted. Upon inquiry by the Department of Internal Audit, Municipal Court staff corrected the case status to reflect that \$284 had been received by the City of Fort Worth. The correction was made in September 2014.

In reference to documentation gaps, our review indicated that community service and jail-time served credit entries were not all supported by authorizing documentation. We also noted that



voided citation entries were not reviewed to ensure that the rationale for voiding the citation was valid / warranted.

The CFW currently returns mailed payments that are not paid in full or have been made as payment against a non-adjudicated case. We considered this practice to be inefficient and concluded that it decreases the City's revenue collection potential and actually contradicts practices used by other Texas cities.

During the scope period of said audit, the escrow accounts have a significant balance which exceeds \$3.5 million dollars. This substantial balance reflects over a \$2 million increase in account balance since the early 2000's.

Although the CFW has an on-line payment option to encourage quick and easy payment of fines, the option does not allow payers to pay their fines without first contacting Municipal Court staff. The reason for this required contact is that the ticket issued by the CFW does not include the case number that is required to pay the ticket on-line.



Overall Evaluation

| High | Medium | Low |
|---|--------|--|
| Lack of ticket accountability | | |
| Returning mail-in payments not paid in full | | |
| Substantial Municipal Court Escrow account | | |
| Non-cash transactions not adequately supported | | |
| Not documenting the rationale for voided tickets | | |
| Lack of monitoring fines reduced by persons handling cash | | |
| Lack of monitoring manual cash receipts | | |
| Ability to duplicate ticket entry | | |
| | | Non-consolidation of multiple refund onto one refund check |
| | | Inefficient on-line payment capability |



Detailed Audit Findings

1. Verification that all tickets have been entered into CourtView could not be determined.

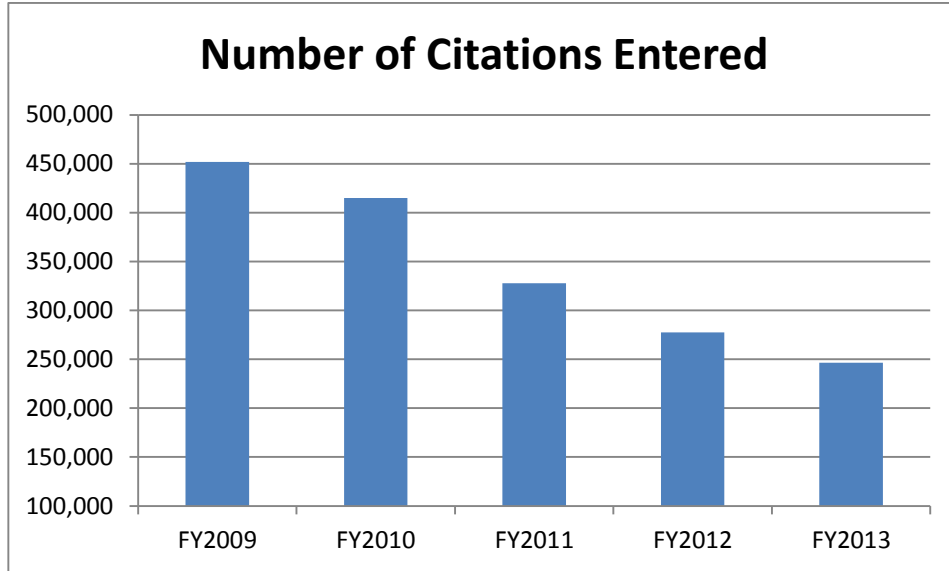
In order to ensure that the opportunity exists to collect all potential revenue, processes must be in place to establish accountability for transactions that result in potential revenue.

Municipal Court management has designated staff to input tickets, as tickets are required to be entered before payments can be accepted. Municipal Court revenue is then recognized when payments are received and applied against outstanding violation fines and fees entered into the Municipal Court system. The Department of Internal Audit identified tickets that had been entered into CourtView. However, we could not establish accountability for all tickets.

In order to account for all tickets, a system must be in place to identify tickets that have been assigned to and issued by individual officers. That system should then have the ability to compare the assigned and issued ticket information to ticket information entered into CourtView. Such analysis allows the identification of missing tickets as well as tickets that have been issued out of sequence. If tickets entered into CourtView do not represent the appropriate ticket population, the City may be forfeiting potential revenue.

The Municipal Court tracks ticket booklets that they issue to the Police Department. However, information regarding the assignment of those ticket booklets, by officer, is not compared to CourtView ticket entry to identify missing tickets. The Department of Internal Audit recognizes that Municipal Court staff would be alerted of a missing ticket if an individual attempted to pay a ticket that had not been entered. However, the risk of fraud is increased in that payments for missing tickets could be personally and fraudulently diverted by City staff (ticket-issuing officer or Municipal Court), while ensuring the defendant that his/her ticket is resolved.

The number of tickets entered over the past three fiscal years has decreased as noted in the following chart. Since the Department of Internal Audit could not verify accountability for all issued tickets, we could not conclude as to why the number of tickets entered has decreased throughout the years.



Source: FY2013 Comprehensive Annual Financial Report (CAFR)

Recommendation 1A: *The Municipal Court Director should ensure that the newly procured municipal court system has the capability to:*

- 1) *track ticket numbers that have been assigned to each issuing officer;*
- 2) *track ticket numbers that have been issued by each issuing officer; and*
- 3) *produce an exception report based on a comparison of ticket numbers assigned to officers, ticket numbers issued by officers and tickets entered into the municipal court system.*

Auditee’s Response:

Concur. Configurable functionality was provided during the assessment of the proposed Court Management System (CMS) the Court is recommending to purchase.

Target Implementation Date: Go Live of New CMS System Tentatively 2017

Responsibility: William F. Rumuly, Clerk of the Court

Recommendation 1B: *The Municipal Court Director should ensure that Department Heads of the issuing departments be notified of any missing and/or out-of-sequence tickets noted during the Municipal Court’s routine reviews for ticket accountability.*

Auditee’s Response:

Concur. The Director will communicate via memo and follow-up discussions with issuing departments the process for reconciling out of sequence/missing tickets.



Target Implementation Date: February 2015

Responsibility: Deidra Emerson, Municipal Court Services Director

2. Mail-in payments are sometimes returned to defendants instead of being applied to the defendant's case.

The Municipal Court returns mailed in payments to defendants if the payments are: 1) for non-adjudicated cases that are not in the exact amount of the fine balance and/or 2) received for a suspended time payment plan. Municipal Court staff indicated that accepting partial mail-in payments creates compliance issues with state requirements, reduces problems associated with managing escrows funds and sends the defendant a message that the case is not resolved. For comparison purposes, the Department of Internal Audit surveyed four municipalities (Arlington, Austin, Dallas, and San Antonio). Each city responded that they apply such payments, regardless of whether the payment is a partial payment and/or for a suspended time payment plan.

According to sections 2.0 and 9.0 of the Court Operating Cash Handling Procedures, payments should be receipted into the system and deposited into the bank in a timely manner. The practice of returning payments made in an amount less than the fine amount could negatively impact potential Court revenue (e.g., the defendant may not submit any further payment). Additionally, payments not promptly receipted or deposited significantly increase the risk of theft.

Recommendation 2: *The Municipal Court Director, in conjunction with the presiding Judge, should revise Municipal Court procedures to require the application of mail-in payments for non-adjudicated cases that are not in the exact amount of the fine balance and/or for a suspended time payment plan. Policy changes should then be effectively communicated and enforced.*

Auditee's Response:

Partially Concur. The Department is currently working with the Chief Judge and reviewing the existing standing orders for receipt of under/over payment(s). The Department must ensure that any policy revisions do not violate the Texas Office of Court Administration In-House Collections program guidelines.

Target Implementation Date: January 1, 2015

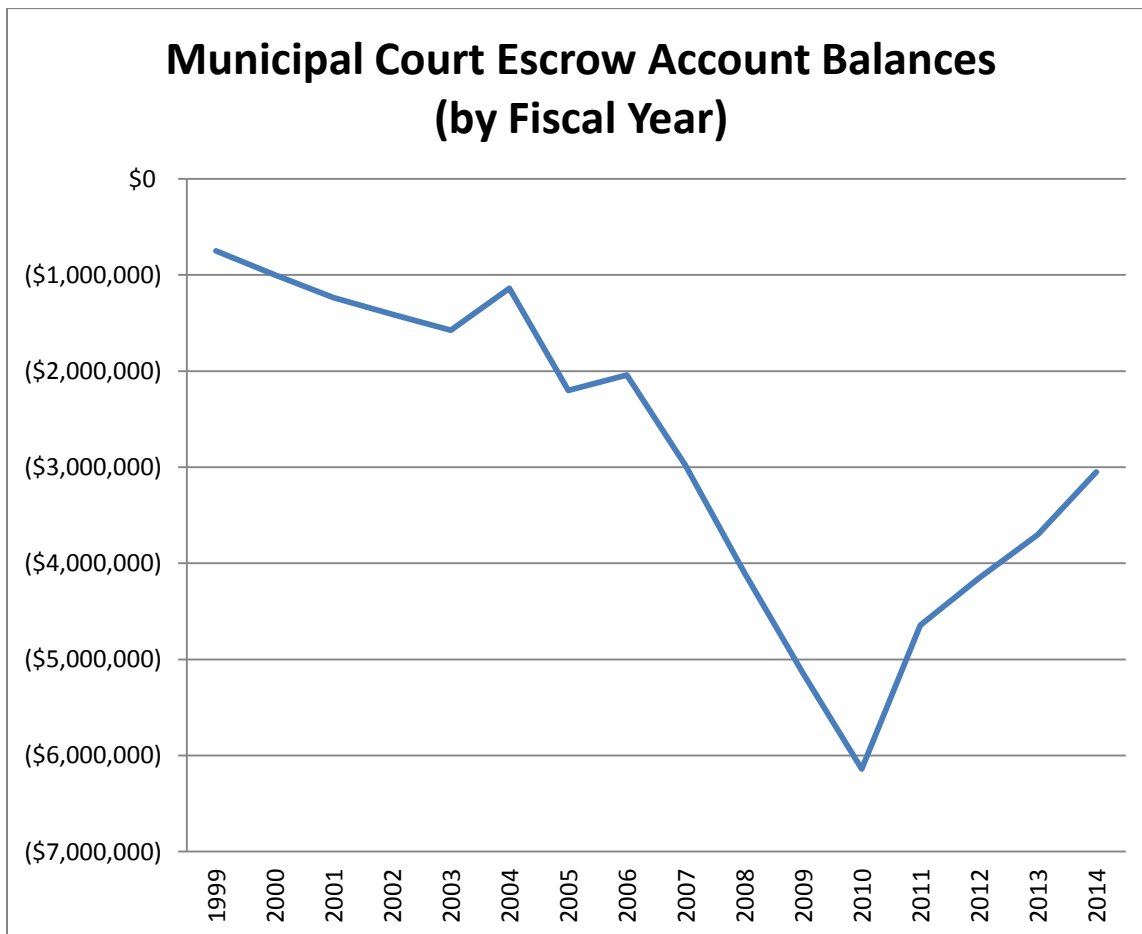
Responsibility: Chief Judge Ninfa Mares
Deidra Emerson, Municipal Court Services Director



3. The Municipal Court escrow accounts have increased by \$1.7 M since FY2006.

The Municipal Court utilizes an escrow account to track monies received but not posted against an existing fine amount. Court management has indicated that these escrow accounts are used as a “holding place” for monies received on any case for a CFW ticket in which a judgment has not been entered.

At September 30, 2013, the escrow accounts (which consist of three General Ledger accounts: 240004, 240005, 240016) had a credit balance of \$3,701,797, representing an approximate \$1.7M increase since FY2006 (\$2,043,131). While it is unclear as to why this account has grown so much throughout the years, CourtView was implemented in December 2005 (FY2006). It is also unclear as to why this liability account had such a small balance in the early 2000’s as compared to 2014.



Source: CFW General Ledger



While a portion of the escrow account balance may be attributed to cash bonds (where payment has been made, but defendants are awaiting trial) and/or money that should be escheated to the State of Texas, the Department of Internal Audit did not determine why the escrow account balance was significant. We were informed that the CFW does not have a formal escheatment process in place, but discussions have started to address this process. Municipal Court staff also indicated that they currently have refunds that are due to defendants. However, since the City's escheatment process has not been finalized, the Municipal Court has been told to delay sending the refunds. It should be noted that the Department of Internal Audit did not examine the extent of refunds due but not processed by the Municipal Court.

It is good business practice to routinely reconcile liability accounts to ensure that the account balance is accurately stated. Routine reconciliations would help conclude as to whether the liability account balance should remain the same, when a portion of the balance should be applied against citations and recognized as revenue and/or when a portion of the balance should be returned to the defendant. Lack of such reconciliation could negatively impact Municipal Court revenue if some of the monies should have been applied against one or more court cases.

Recommendation 3A: *The Municipal Court Services Director should require that the escrow accounts be formally reconciled and appropriate action taken to ensure that monies posted to the liability accounts are accurately reflected.*

Auditee's Response:

Concur. Municipal Court continues to work closely with the Financial Management Department on the reconciliation of escrow accounts, escheatment accounts, and refunds. An annual formal reconciliation will be occurring as part of the department's year end close process. A review and cleanup project of current escrow accounts is underway and scheduled to be completed by May 2015.

Target Implementation Date: On-going

Responsibility: William F. Rumuly, Clerk of the Court

Audit Comment: *In addition to reconciling CourtView escrow to the general ledger, the recommendation to ensure that monies posted to liability accounts are accurately reflected also refers to a routine review of the escrow account captured within CourtView. Such routine reviews should help identify cases whereby legal requirements have been met and warrant the reporting of monies received as Municipal Court Revenue versus a liability.*

Recommendation 3B: *The Municipal Court Services Director should properly refund any monies that are knowingly due to customers.*

Auditee's Response:

Concur. Municipal Court continues to work closely with the Financial Management Services Department on the reconciliation of escrow accounts, escheatment accounts, and refunds. A



review and cleanup project of current escrow accounts is underway and scheduled to be completed by May 2015.

Target Implementation Date: On-going

Responsibility: William F. Rumuly, Clerk of the Court

4. Documentation did not support non-cash (e.g., jail-time served, community service) transactions.

Once a defendant is considered to be indigent, the Municipal Court Judge may authorize community service to satisfy the outstanding fine amount. Defendants may also satisfy an outstanding fine by serving time in jail. Currently, the amount of credit granted to defendants who perform community service or serve jail time is at the judge's discretion, within boundaries established by State and/or federal law.

Management is responsible for establishing and maintaining a system of internal controls to ensure that assets are safeguarded, financial activity is accurately reported and reliable, and that employees are in compliance with established policies and procedures. When community service is performed or jail-time is served, the dollar value of that community service and/or jail-time is applied against the defendant's case as a non-cash transaction. Since non-cash transactions are equivalent to cash, it is imperative that strong internal controls govern the process for entering non-cash transactions.

- *Jail Credit* – The Department of Internal Audit randomly selected 20 of 78 cases with a jail time-served disposition to verify that documentation adequately supported jail-time credit entered into CourtView. Based on our audit results, we concluded that documentation had not been scanned into CourtView to support jail-time served amounts entered for 19 of the 20 cases selected.
- *Community Service* - The Department of Internal Audit randomly selected 15 of 78 cases with a time-served disposition to verify that documentation adequately supported community service credit transactions. For nine (9) of the 15 sampled cases, the community service amount entered into CourtView (as a non-cash transaction) exceeded the amount that had been earned via community service per the CFW's Alternative Discharge Program form. One reason for this variance could be a systematic issue in CourtView. For example, when collection fees exist on the balance owed on an account, judges include collection fees in the amount required to be disposed of via community service, even though Article 103.0031 Subsection (b) Code Of Criminal Procedure prohibits the disposition of such fees via community service. The reason for this is that when the Judge generates the order via CourtView, all costs owed are automatically populated, requiring the Case Worker to later remove collection fees when calculating the number of community service hours required to serve. Additionally, current CourtView settings are such that additional fees (such as Time Payment Plan fees, collections fees, warrant fees, etc.) are added to cases that have already



been approved for community service if the case meets the criteria for the applicable CourtView tickler. This requires someone to dispose of these additional fees added (but were not included in the community service hours worked) upon completion of community service.

Without adequate documentation to support non-cash transactions such as jail credit and community service, the appropriateness of the non-cash credit cannot be determined. Sound business practice would require documentation to support non-cash credit applied – prior to disposing of Municipal Court cases. It is, therefore, in the best interest of the Court and the defendant that evidence of community service be documented within the case docket.

Recommendation 4A: *The Municipal Court Services Director, in conjunction with the Municipal Court Judge, should require that adequate documentation be retained to support non-cash disposition entries made within CourtView. The retention of such documentation should be as required by State records retention guidelines.*

Auditee’s Response:

Concur. The Department will ensure that all future training and procedure updates will include the requirement for appropriate documentation for cash and non-cash transactions. Due to current system limitations, staff processing paperwork for community service, indigence, and credit time served on defendants with multiple cases place proof on the oldest case in order to timely process cases and not delay proceedings. Configurable functionality for multiple case scanning and notes simultaneously was provided during the assessment of the proposed Court Management System (CMS) the Court is recommending to purchase.

Target Implementation Date: January 1, 2015/New CMS Go Live Tentatively 2017

Responsibility: Chief Judge Ninfa Mares
Deidra Emerson, Municipal Court Services Director

Recommendation 4B: *The Municipal Court Services Director should require that information technology changes be applied where capable of doing so to ensure a more streamlined and cleaner disposition process. Perhaps the fees that are not truly disposed of via community service served be disposed using a separate disposition code.*

Auditee’s Response:

Concur. State law states that certain costs, such as the external collection fee, are not eligible for payment through community service. A current process review is under way to determine alternative ways to document the removal/dismissal of ineligible fees.

Target Implementation Date: February 1, 2015

Responsibility: William F. Rumuly, Clerk of the Court



5. Cashiers are not adequately documenting the rationale for voiding a citation within CourtView.

Procedurally, voids should be appropriate and the rationale for the void should be adequately documented in the system. Sufficient documentation for changes made to a defendant's case provides a clear audit trail and helps to ensure that the adjustment is proper.

Testing revealed that while citations voided in CourtView appear to be appropriate, the rationale for those voids is not consistently or completely documented in the "Void docket notes" field by the individual making the void. Additionally, the case number reference is not updated with "DEL" to reflect that the record should not be considered a viable record. This updated coding helps prevent the Municipal Court from erroneously sending a case to warrant, collections, etc.

- The rationale for 52 of the 75 (69%) voids tested was not adequately documented.
- The case number field was not updated to "DEL" for 42 of the 75 (56%) voids tested. For example, when a case is voided, the case number field is updated from 2015 TR 123456 to 2015 DEL 123456.

Without sufficient documentation in the system, it is difficult to assess why a void was made and whether or not it is appropriate without significant additional work by the reviewer. This could allow fraudulent behaviors to go undetected. Additionally, inconsistency of voided record classifications ("DEL" in the case name) could create confusion and error on how to view/interpret those cases.

Recommendation 5: *The Municipal Court Services Director should develop documentation guidelines for voided citations in the departmental policies and procedures manual and should ensure that the newly established policies and procedures are enforced.*

Auditee's Response:

Concur. The void process has already been updated during the audit to include proper documentation and independent review of all void requests.

Target Implementation Date: Completed during the audit

Responsibility: William F. Rumuly, Clerk of the Court

6. Managerial review of transactions, where persons responsible for cash handling also have the authority to change fine amounts, was inadequate.

Internal controls, including segregation of duties, should be developed to help ensure proper safeguarding of City assets. Segregation of duties should be adequate to ensure that people



responsible for handling cash are not also authorized to adjust balances to which their cash collections apply and/or that circumventing controls are established.

Employees who handle monies on a daily basis (cashiers and cash supervisors) also process adjustment codes such as collection fee waived during warrant round-up that reduce fine amounts on cases to which they are applying money they have collected. These adjustments are not routinely reviewed by Municipal Court management.

Our audit test results indicated that non-judicial staff are using a fine reduction code to reduce defendant fine amounts. During FY2013, fine amounts for 1,078 transactions (totaling \$42,212) were reduced by non-judicial staff. In various cases, cashiers who applied these reductions were also responsible for receipting monies to that particular case. In two (2) of the 10 “FINE” adjustments tested, cashiers reduced fines for which authorization by a judge/hearing officer could not be substantiated. Testing also revealed that cashiers and cash supervisors reduced 840 transactions (totaling \$76,864) using a “Fine/Cost/Fee added in error” cost code.

Without an adequate segregation of duties and/or compensating controls, monies can be misappropriated without detection. The current control environment could permit such activity, without being detected.

Recommendation 6A: *The Municipal Court Services Director should ensure that adjustments made to fine amounts are routinely reviewed by Court management.*

Auditee’s Response:

Concur. The department is working on exception reports to randomly sample fine adjustment activity. These reports will be utilized to regularly sample activity to ensure those adjustments are made within the approved guidelines. It should be noted that through the normal course of court business staff is authorized under approved processes and standing orders to make fine adjustments. As a result of the audit several updated judicial orders have been implemented.

Target Implementation Date: January 1, 2015

Responsibility: William F. Rumuly, Clerk of the Court

Recommendation 6B: *The Municipal Court Services Director, in conjunction with the Municipal Court Judge, should consider restricting the ability to adjust fine amounts to specific personnel, according to job function. If current system functionality does not allow for this restriction, consideration for such features should be given in the newly procured system.*

Auditee’s Response:

Concur. The current CMS security function is not broad enough to implement better controls. Additionally, as a result the Chief Judge has provided a standing order and exception reports will be run and reviewed to address any inappropriate activity, should it occur. However,



configurable functionality was provided during the assessment of the proposed Court Management System (CMS) the Court is recommending to purchase.

Target Implementation Date: Go Live of New CMS System Tentatively 2017

Responsibility: Chief Judge Ninfa Mares
Deidra Emerson, Municipal Court Services Director

7. Manual cash receipts were not being accounted for to ensure accountability for cash collections.

In cash receipting processes, manual cash receipts are used when the automated system is not functioning properly. Good internal control requires that manual cash receipts be pre-numbered, and that the pre-numbered receipts be reviewed by management to ensure that funds collected have been properly receipted / accounted for and deposited in a timely manner.

During our audit, manual cash receipts were available for use. However, there was no tracking of manual cash receipts by Municipal Court management. Upon being informed of this internal control weakness, Municipal Court management began accounting for manual cash receipts prior to the completion of this audit.

Recommendation 7: *The Municipal Court Services Director should ensure that manual cash receipts are physically safeguarded and that Municipal Court management continues to routinely review manual cash receipt activity for accountability.*

Auditee's Response:

Concur. During the course of the audit, the department implemented a process in which the manual cash receipts are stored in the cash vault. They are distributed by the cash supervisor, as needed and then collected at the end of the day. They are then reconciled to ensure the transactions have been properly recorded in the current CMS.

Target Implementation Date: Completed during the Audit

Responsibility: William F. Rumuly, Clerk of the Court

8. A single citation can be entered multiple times.

It is good business practice to ensure that systems do not allow duplication of data. However, CourtView does not have the functionality to prohibit multiple entries of a single violation. As a result, Court staff must routinely monitor the system for duplicates.



During FY2013, a total of 504 citations were voided by Municipal Court staff. As a part of this audit, the Department of Internal Audit staff randomly selected 75 voided cases/violations to test for propriety. We concluded that each sample item was a valid duplicate which necessitated a manual void. However, if duplicate citations are not detected and voided in a timely manner, invalid warrants and false arrests could result.

For example, if a defendant's ticket is duplicated in the system without detection, payments made by the defendant could be posted to one of the citations. Alternatively, non-payment against the duplicated citation could result in the duplicate citation going into warrant status and the defendant arrested – although the defendant would have already paid the applicable fine amount.

Recommendation 8: *The Municipal Court Director should ensure that specifications for a new Municipal Courts system specify that the system not allow a single violation to be entered more than once.*

Auditee's Response:

Concur. Configurable functionality was provided during the assessment of the proposed Court Management System (CMS) the Court is recommending to purchase. In addition, the department is in the process of implementing an update to the current CMS preventing the entry of a citation more than once.

Target Implementation Date: Go Live of New CMS System Tentatively 2017

Responsibility: William F. Rumuly, Clerk of the Court

9. The Municipal Court's refund process does not combine refunds to a defendant on the same date into a single check.

With changing technology, electronic payments have replaced paper checks. However, if paper checks remain in use, the check payment process should be both effective and efficient. Efficiencies can be gained by combining multiple payment amounts into a single total and processing via one paper check.

There are instances where a defendant must be refunded for payment(s) made towards CFW violations. Municipal Court refunds are typically initiated via a judge's order or defendant interaction, and oftentimes involve multiple cases for the same defendant.

The process for refund generation begins with an Excel spreadsheet derived from CourtView data, by case. Since CourtView is set up by case rather than defendant, refund checks are generated by case. The file is then sent to Finance for uploading into BuySpeed, the CFW's procurement system. Once Municipal Court staff approves the payable within BuySpeed,



Finance processes multiple checks that are sent to the Municipal Court for mailing out to the defendants.

During our audit, the number of multiple checks ranged from as few as four (4) to as many as 15 separate checks being sent to the same defendant on the same date at the same address. Processing refund checks by case number is the result of an inefficient process which is more time-consuming and increases the risk of lost and/or theft of funds.

Recommendation 9A: *The Municipal Court Services Director, in conjunction with the Chief Financial Officer, should determine whether it is feasible to currently process refund checks by defendant rather than by case number.*

Auditee's Response:

Concur. Refund requests are currently submitted to the BuySpeed system by case number and used to help create an invoice number. The current CMS and BuySpeed process does not provide opportunity for a consolidated payment for a single payee in one check.

Target Implementation Date: Currently under review

Responsibility: Aaron Bovos, Chief Financial Officer
Deidra Emerson, Director of Municipal Court Services

Recommendation 9B: *The Municipal Court Director should ensure that the functionality of consolidating refund amounts to generate one single check is considered when pursuing the new court management system.*

Auditee's Response:

Concur. Configurable functionality was provided during the assessment of the proposed Court Management System (CMS) the Court is recommending to purchase.

Target Implementation Date: Go Live of New CMS System Tentatively 2017

Responsibility: Dakisha Wesley, Assistant Director of Municipal Court Services

10. The on-line payment process is inefficient.

On-line payments should be designed to allow a much faster payment method than mailing checks. When providing an on-line payment option, all required information to complete the payment transaction should be made readily available to the defendant.

Violations issued by the CFW are in a numerical sequence different from case numbers systematically generated within CourtView. The system-generated case numbers are assigned to



each violation issued by the CFW. Once the violation has been entered and the case number has been system-generated and attached to the violation, payments can be applied.

In order to make an on-line payment, the payer must know the case number that has been assigned by CourtView. The problem encountered by the payer is that the case number assigned by Court View is not documented anywhere on the ticket issued by the City of Fort Worth. The on-line payment option offered by the CFW, therefore, requires the defendant to personally contact the Municipal Court before submitting payment. This is considered an inefficient functionality that would need to be considered when procuring a new Municipal Court system. Additionally, the on-line payment form indicates that a defendant/payer can click on a link to find their case number. However, that link sends the defendant/payer into a continuous loop that does not provide access to the case number.

Recommendation 10: *The Municipal Court Services Director should ensure that the ability to make on-line payments based on ticket information provided to the defendant exists within the newly procured Municipal Court software.*

Auditee's Response:

Concur. Configurable functionality was provided during the assessment of the proposed Court Management System (CMS) the Court is recommending to purchase.

Target Implementation Date: Go Live of New CMS System Tentatively 2017

Responsibility: Dakisha Wesley, Assistant Director of Municipal Court Service



Acknowledgements

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