



Office of Court Administration

Collection Improvement Program

**Independent Auditor's Report
on Court Collections**

Orange County

September 29, 2015

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EXECUTIVE SUMMARY

Audit Results

The Collection Improvement Program (CIP) Audit Department of the Office of Court Administration (OCA) has performed the procedures enumerated below, which were agreed to by the CIP Technical Support Department of the OCA and Orange County (County). The procedures were performed to assist you in evaluating whether the collection program of the County has complied with Article 103.0033 of the Code of Criminal Procedure and Title 1, §175.3 of the Texas Administrative Code (TAC).

Our testing indicates the collection programs for the County are not compliant with the requirements of Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. In testing the required components, the County was found to be in partial compliance with three (3) components. According to Section 133.058(e) of the Local Government Code, the County has 180 days to re-establish compliance in order to continue retaining a service fee for the collection.

We were not engaged to, and did not, conduct an examination of the County, the objective of which would be the expression of an opinion on the County's financial records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

Orange County's management is responsible for operating the collection programs in compliance with the requirements of Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

The sufficiency of these procedures is solely the responsibility of the CIP Technical Support Department of the OCA, and we make no representation regarding the sufficiency of the procedures for the purpose for which this report has been requested or for any other purpose.

The compliance engagement was conducted in accordance with standards for an agreed-upon procedures attestation engagement as defined in the attestation standards established by the American Institute of Certified Public Accountants.

Objective

The objective of the engagement was to determine if the County complied with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

Summary of Scope and Methodology

This compliance engagement covers cases for which court costs, fees, and fines were assessed during the period of September 1, 2014 through October 31, 2014, but were not paid at the time of assessment. Cases were tested beyond the audit period to determine compliance with all components of the collection program. The procedures performed are enumerated in the Detailed Procedures and Findings section of this report.

Reporting of Sampling Risk

In performing the procedures, the auditor did not include a detailed inspection of every transaction. A random sample of cases was tested as required by 1 TAC §175.5(b). In consideration of the sampling error inherent in testing a sample of a population, a specific error rate cannot be reported; however, we can report the range within which we have calculated the error rate to fall.

DETAILED PROCEDURES AND FINDINGS

1. *Obtain a population of all adjudicated cases in which the defendant does not pay in full within one (1) month of the date court costs, fees, and fines are assessed.*

Orange County provided a list of defendants who accepted a payment plan as means to pay their court costs, fees, and fines assessed for the period of September 1, 2014 through October 31, 2014. Orange County provided six populations of cases, one from each court in the county.

2. *Select a randomly-generated, statistically-valid sample of cases to be tested.*

In order to ensure a population of cases that fell within the scope of the engagement, the following procedures were performed. All cases where the judgement date was not between September 1, 2014 and October 31, 2014 were removed as these cases do not fall within the scope of the engagement. In addition, all duplicate cases, deferred cases, or cases that were dismissed were also removed from the population as these cases did not involve a payment plan. After removing these cases from the populations, a population of 547 testable cases remained. The County was unable to provide a list of defendants that missed payments, or who had a Capias Pro Fine warrant issued for this time frame. During testing, we calculated an estimated proportionate population based on the number of records meeting the criteria (i.e. missed payments and Capias Pro Fine issued). This reduced the population of cases to 267 cases with payment plans (tested in procedures 8 through 11 below), 170 cases with a missed payment (tested in procedures 12 and 13), and 47 cases with a Capias Pro Fine warrant issued (testing in procedure 14).

For procedures 8 through 11 below, we tested a total of 66 cases. For procedures 12 and 13 below, we tested a total of 57 cases. For procedure 14, we tested a total of 30 cases.

3. *Obtain a completed survey, in a form prescribed by CIP Audit, from the jurisdiction.*

A completed survey was obtained from each collection program, and reviewed for information pertinent to the engagement. Survey responses were used to determine compliance in procedures 4 through 6 below.

4. *Evaluate the survey to determine if each local collection program has designated at least one (1) employee whose job description contains an essential job function of collection activities. Answers received will be verified during field work.*

All of the collection programs in Orange County have dedicated personnel which include collection as an essential job function in their job descriptions. While on-site, the auditor met, observed, and discussed the dedicated staff's collection program responsibilities.

The County is compliant with this component.

5. *Evaluate the survey to determine if program staff members are monitoring defendants' compliance with the terms of their payment plans or extensions. Answers will be verified through testing of Defendant Communication components.*

The County collection programs use a function in the case management software to create payment plans. They run a delinquency report and monitor their plans using this system. This was confirmed to be the process while on-site during the engagement.

The County is compliant with this component.

6. *Evaluate the survey to determine if the program has a component designed to improve collection of balances more than 60 days past due. Answers will be verified through testing of Defendant Communication components.*

Most of the Justice of the Peace courts issue Capias Pro Fine for seriously delinquent cases. The courts that do not issue a Capias continue to work the cases by making phone calls and sending letters, or referring the cases to a collection agency. This was confirmed to be the process while on-site during the engagement.

The County is compliant with this component.

7. *Verify with CIP Technical Support and/or CIP Audit Financial Analyst(s) that the program is compliant with reporting requirements described in 1 TAC §175.4.*

Per the Regional Specialist, the County is current with reporting requirements based on the reporting activity documented in the OCA's CIP Court Collection Report software.

The County is compliant with this component.

8. *Test samples generated in Procedure 2 (above) to determine if an application or contact information was obtained within one (1) month of the assessment date, and contains both contact and ability-to-pay information for the defendant.*

Of the 66 cases tested, eight (8) errors were noted. For seven (7) of the errors, 30-day extensions were being given without getting an application. When the defendant did not come back and pay within 30 days, the application requirement was not met. For the remaining error, the defendant never came in to fill out an application and no attempts were made to obtain the application. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 6.56% and 17.66%.

The County is compliant with this component.

9. *Test samples generated in Procedure 2 (above) to determine if contact information obtained within the application was verified within five (5) days of obtaining the data.*

Of the 66 cases tested, 15 errors were noted. Verification of phone numbers is documented on the application by marking and dating the appropriate blanks. The verification was not documented, or was documented after the five-day requirement on the 15 applications. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 16.06% and 29.62%.

The County is compliant with this component.

10. *Test samples generated in Procedure 2 (above) to determine if local program or court staff conducted an interview with the defendant within 14 days of receiving the application.*

Of the 66 cases that were tested, no errors were noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is no higher than 3.48%.

The County is compliant with this component.

11. *Test samples generated in Procedure 2 (above) to determine if the payment plans meet the Documentation, Payment Guidelines, and Time Requirements standards defined in TAC §175.3(c)(4).*

Of the 66 cases tested, five (5) errors were noted. These payment plans were established with payment terms that exceeded requirements; however, none of the acceptable exceptions were noted on the file. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 1.92% and 13.38%.

The County is compliant with this component.

12. *Test samples generated in Procedure 2 (above) to determine if telephone contact with the defendant within one (1) month of a missed payment was documented.*

Of the 57 cases tested, 25 errors were noted. Phone calls were not consistently made after missed payments, and several were made after one (1) month of the missed payment. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 38.14% and 49.80%.

The County is in partial compliance with this component.

Management Response: Telephone calls are now being made within 1 month of a missed payment.

13. *Test samples generated in Procedure 2 (above) to determine if a written delinquency notice was sent to the defendant within one (1) month of a missed payment.*

Of the 57 cases tested, 25 errors were noted. Delinquency notices were not consistently mailed after missed payments, and several were sent after one (1) month of the missed payment. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 29.31% and 44.51%.

The County is in partial compliance with this component.

Management Response: Written delinquency notices are also being sent out within one month of a missed payment.

14. *Test samples generated in Procedure 2 (above) to determine if another attempt of contact, either by phone or by mail, was made within one (1) month of the telephone contact or written delinquency notice, whichever is later, on any defendant in which a capias pro fine was sought.*

Of the 30 cases tested, 12 errors were noted. Capias notices were not consistently mailed prior to the issuance of a Capias Pro Fine, and several were sent after one (1) month of the phone call or delinquency notice. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 32.06% and 48.54%.

The County is in partial compliance with this component.

Management Response: Making a second attempt to contact the defendant by telephone and/or mail after the first attempt of a missed payment.

15. *Make a determination, based on results of the testing in Procedures 5 – 14 (above), as to whether the jurisdiction is compliant with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3 based on the criteria defined in 1 TAC §175.5(c).*

Orange County is not compliant with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. The County complied with all four (4) of the Operational Components; however, the County was partially compliant with three (3) of the seven (7) Defendant Communication Components. No more than one of the Defendant Communication components can be found partially compliant.

Management Response: In response to the Collection Improvement program Independent Auditor's Report on Court Collections for Orange County, we were partially in compliance on a few items and since the audit we are making every effort to become compliant to the requirements of the state.

APPENDICES

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The CIP Audit Department of the Office of Court Administration applied procedures, which the CIP Technical Support Department (client) and Orange County (responsible party) have agreed-upon, to determine if the County's collection program is compliant with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

Scope

This compliance engagement covers cases for which court costs, fees, and fines were assessed during the period of September 1, 2014 through October 31, 2014, but were not paid at the time of assessment. Cases were tested beyond the audit period to determine compliance with all components of the collection program. All cases that included court costs, fees, and fines that totaled \$10.00 or less were removed from testing.

Methodology

The CIP Audit Department performed the procedures outlined in the Detailed Procedures and Findings section of this report to test records to enable us to issue a report of findings as to whether the County has complied, in all material respects, with the criteria described in Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

In performing the procedures, the 'tests' the auditor performed included tracing source documentation provided by the County to ensure the collection process met the terms of the criteria listed. Source documents include, but are not limited to, court dockets, applications for a payment plan, communication records, capias pro fine records, and payment records.

Criteria Used

Code of Criminal Procedure, Article 103.0033
Texas Administrative Code, Title 1, §175.3

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