



Office of Court Administration

Collection Improvement Program

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

City of Dallas

July 3, 2013

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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 the City of Dallas (City). The procedures were performed to assist you in evaluating whether the collection program of the City 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 program for the City is compliant with the requirements of Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. In the course of our testing, we noted that defendants given extensions of time to pay their court costs, fees, and fines are not directed to the collection department to complete an application for a payment plan. This causes non-compliance issues as a phone number is not available when the defendant does not meet the terms of the extension.

We were not engaged to, and did not, conduct an examination of the City, the objective of which would be the expression of an opinion on the City'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.

The City of Dallas's management is responsible for operating the collection program 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 *Government Auditing Standards* issued by the Comptroller General of the United States and attestation standards established by the American Institute of Certified Public Accountants.

Objective

The objective of the engagement was to determine if the City 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 October 1, 2012 through November 30, 2012, 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.*

The City of Dallas provided a list of defendants who accepted payment plans for their court costs, fees, and fines assessed during the period of October 1, 2012 through November 30, 2012. After the auditors removed defendants that should not have been in the population, 21,084 cases remained.

Management Response:

We concur with this finding.

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

A randomly-generated, statistically-valid sample was taken from the population of 21,084 cases identified in Procedure 1. The compliance components and number of samples tested are listed below:

- Application and Contact Information - 43 cases tested
- Verification - 43 cases tested
- Interview Conducted - 43 cases tested
- Payment Terms - 43 cases tested
- Phone Contact for Missed Payment - 84 cases tested
- Mail Contact for Missed Payment - 43 cases tested
- Capias Pro Fine Notification - 43 cases tested

Management Response:

We concur with this finding.

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

A completed survey was obtained and reviewed for information pertinent to the engagement. Responses were evaluated, verified during fieldwork, and used to determine compliance in Procedures 4 through 6 below.

Management Response:

We concur with this finding.

4. *Evaluate the survey to determine if the 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.*

The City has five staff members who perform collections as an essential job function. Four staff members work as collection clerks, while the fifth staff member handles both collection and scofflaw related activities. The collective staff time devoted to the program exceeds the single full-time equivalent (FTE) requirement. The City is compliant with this component.

Management Response:

We concur with this finding; however, we would like to note that as of May 15, 2013 we have (7) total clerical staff and (1) manager providing oversight.

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 terms of a payment plan are tracked by City staff utilizing the electronic system Rev-Que. The following activities are performed to promote compliance with the payment plan:

- When a payment is missed, an automated dialer makes a call 7-14 days after a defendant becomes delinquent.
- Initial notices are typically sent the same day the initial call is made.

While on-site, auditors verified that the process was described correctly. The City is compliant with this component.

Management Response:

We concur with this finding.

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

If no response is received after performing the steps noted in procedure 5 (above), cases are issued a written capias notice within ten days of the prior contact. Should a capias notice fail to elicit a response from the defendant, the case is referred to a third-party collection agency, and scofflaw is employed to prohibit the defendant from renewing their vehicle registration until all debts are paid.

While on-site, auditors verified that the process was described correctly. The City is compliant with this component.

Management Response:

We concur with this finding.

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.*

Auditors accessed OCA's Court Collection Reporting System to determine if the City was current with reporting requirements. At the time of review, the City had submitted the required reports and was current with the reporting of collection activity. The City is compliant with this component.

Management Response:
We concur with this finding.

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

Of the 43 cases tested, no cases were found with errors. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 6.72%. The City is compliant with this component.

Management Response:
We concur with this finding.

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 43 cases tested, one case was found with an error. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between .12% and 10.56%. The City is compliant with this component.

Management Response:
We concur with this finding; however, please note we have modified our previous application process so that all applications are distributed by Collection Improvement staff and all interviews are done at the time the app. is completed.

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 43 cases tested, no cases were found with errors. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 6.72%. The City is compliant with this component.

Management Response:
We concur with this finding.

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 43 cases tested, no cases were found with errors. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 6.72%. The City is compliant with this component.

Management Response:
We concur with this finding.

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 84 cases that were tested, 41 cases were found with errors. The majority of these errors occurred when the defendant was granted an extension in the courtroom, but did not visit the collection department to provide complete contact information. As a result, an address was acquired through the original citation, but a phone number was never acquired from the defendant.

Taking into consideration the inherent sampling error, we are 98% confident that the error rate is between 36.28% and 61.34%. The City is partially compliant with this component.

Management Response:
We concur. We recognized this as a potential weakness, so effective January 2013, all defendants are now directed to CIP staff to complete applications. CIP staff confirms all address/phone information and update mainframe files.

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 43 cases that were tested, four cases were found with errors. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 3.23% and 19.91%. The City is compliant with this component.

Management Response:
We concur with this finding, please note that defendants are sent multiple letters in addition to those required by OCA.

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 43 cases that were tested, five cases were found with errors. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 3.64% and 19.62%. The City is compliant with this component.

Management Response:

We concur with this finding, but note that multiple letters are sent to defendants in addition to those required by OCA.

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).*

The City is partially compliant with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. The City was compliant with all four (4) of the Operational Components, maintained a compliance rate between 50% and 80% for one of the Defendant Communication Components, and maintained a compliance rate greater than 80% for six (6) of the seven (7) Defendant Communication Components.

Management Response:

We concur with this finding, noting that of the (6) components with a compliance rate greater than 80%, (4) had one error or less.

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 the City of Dallas (responsible party) have agreed-upon, to determine if the City'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 October 1, 2012 through November 30, 2012, 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

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 City has complied, in all material respects, with the compliance 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 City 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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