



Office of Court Administration

Collection Improvement Program

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

Hidalgo County

March 21, 2014

CONTENTS

Transmittal Letter	
Executive Summary	1
Detailed Procedures and Findings	2
Appendix A – Objective, Scope, and Methodology	6
Appendix B – Report Distribution.....	7

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 Hidalgo 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 program for the County is compliant with the requirements of Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. In testing the required components, no findings were noted.

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.

Hidalgo County'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 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 June 1, 2013 through July 31, 2013, 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.*

Hidalgo County's Collection Department provided a list of 2,099 cases that applied for and accepted a payment plan for their court costs, fees, and fines during the audit period of June 1, 2013 through July 31, 2013. Hidalgo County's Collection Department also provided a list of 3,380 cases that were adjudicated by three Justice of the Peace courts that did not submit payment plans to the central collection department.

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

A randomly-generated, statistically-valid sample was selected from the total population of 2,099 cases for the central collection program. A randomly-generated, statistically-valid sample was selected from the total population of 2,134 cases for two of the Justice of the Peace Courts. All 1,246 cases were tested for the third Justice of the Peace court in order to determine the number of cases that accepted a payment plan. A sample of cases was randomly selected for testing Procedures 8 - 14 listed below.

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

A completed survey was obtained from the County and reviewed for information that was relevant to the audit engagement. The survey responses and discussions with the Collection Manager were used to answer Procedures 4 - 6 listed below.

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 County's Collection Department has nine full-time staff dedicated to collection activities. The County has an electronic collection system that is utilized to track payment plans for late payments, and generate missed payment letters. Per an interview with the Collection Manager, phone calls are conducted manually by the collectors.

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's Collection Department has a collection system that is utilized to automatically track payment plans. The system flags accounts that are delinquent, schedules them for phone calls, and generates a mailing list and letters for delinquent accounts. The phone calls are conducted manually by the collectors.

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.*

Per the survey and discussions with the Collection Manager, the Collection Department reports past due accounts to OmniBase¹ and/or the County Tax Assessor utilizing Scofflaw.

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 OCA reporting website, Hidalgo County is compliant with reporting requirements.

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 42 cases tested, seven errors were detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would be between 7.48% and 26.11% if all of the cases were tested.

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 42 cases tested, two errors were detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would not be greater than 8.58% if all of the cases were tested.

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 42 cases tested, no errors were detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would not be greater than 4.22% if all of the cases were tested.

The County is compliant with this component.

¹ OmniBase Services of Texas maintains and administers the central database for the cities and counties contracted to use the Department of Public Safety's Failure to Appear (FTA) Program. The FTA program provides an effective collection and enforcement tool by restricting the violator's ability to renew their driver's license for outstanding violations.

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 42 cases tested, one error was detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would not be greater than 6.95% if all of the cases were tested.

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 41 cases tested, no errors were detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would not be greater than 6.91% if all of the cases were tested.

The County is compliant with this component.

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 41 cases tested, no errors were detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would not be greater than 6.91% if all of the cases were tested.

The County is compliant with this component.

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.*

Capias pro fines are not sought for delinquent accounts; therefore no cases were tested for compliance with this component.

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).*

Hidalgo County is compliant with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. The County was compliant with all four (4) of the Operational Components, and maintained a compliance rate greater than 80% for each of the seven (7) Defendant Communication Components.

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 Hidalgo 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 June 1, 2013 through July 31, 2013, 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 \$20.00 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 County 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 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

Team Members

Greg Magness, CIA, CGAP; Audit Manager
Edward Smith, CFE; Auditor

REPORT DISTRIBUTION

Mr. Noe Lopez
Office Manager
Hidalgo County Clerk
100 N. Closner
Edinburg, TX 78539

Mr. Juan Perez
Collections Manager
Hidalgo County
100 N. Closner
Edinburg, TX 78539

Ms. Daisy Zarate
Clerk, Justice of the Peace, Pct. 3, Place 2
730 N. Breyfogle, Suite A
Mission, TX 78572

Mr. David Slayton
Administrative Director
Office of Court Administration
205 W. 14th Street, Suite 600
Austin, Texas 78711-2066

Ms. Mary Cowherd
Deputy Director
Office of Court Administration
205 W. 14th Street, Suite 600
Austin, Texas 78711-2066

Ms. Glenna Bowman
Chief Financial Officer
Office of Court Administration
205 W. 14th Street, Suite 600
Austin, Texas 78711-2066

Mr. Jim Lehman
Collection Improvement Program Technical Support
Office of Court Administration
205 W. 14th Street, Suite 600
Austin, Texas 78711-2066

Mr. Aaron Castillo,
Regional Collection Specialist
1902 Joe Stephens Ave.
Weslaco, Texas 78596