



Office of Court Administration

Collection Improvement Program

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

Kaufman County

January 13, 2014

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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 Kaufman 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 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 components. All other components were found to be in compliance. 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.

Kaufman 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 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 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 January 1, 2013 through February 28, 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.*

The County provided a list of defendants who accepted payment plans for their court costs, fees, and fines assessed during the period of January 1, 2013 through February 28, 2013. After the auditors removed defendants that should not have been in the population, 863 cases remained.

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 863 cases identified in Procedure 1. The compliance components and number of samples tested are listed below:

- Application and Contact Information - 32 cases tested
- Verification - 32 cases tested
- Interview Conducted - 32 cases tested
- Payment Terms - 32 cases tested
- Phone Contact for Missed Payment - 44 cases tested
- Mail Contact for Missed Payment - 44 cases tested
- Capias Pro Fine Notification - 26 cases tested

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

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.

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 has three separate programs conducting collection activities.

- Kaufman County Central Collections (Central) have four deputy clerks working on collection activities, and collects for County Court at Law 1, County Court at Law 2, the 86th District Court, the 422nd District Court, Justice of the Peace Precinct 1, Justice of the Peace Precinct 2, and Justice of the Peace Precinct 3.
- Kaufman County Community Supervision and Corrections Department (CSCD) has 13 probation officers, one financial clerk, and one administrative staff member, all of whom perform collection activities.
- Justice of the Peace Precinct 4 (JP4) has one Clerk, and two deputy clerks performing collection activities.

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 terms of a payment plan are tracked by County staff utilizing one of three methods depending on which program is performing the collection activities:

- Central - A daily delinquent report is loaded into the collection software (i-Plow), which indicates which defendants need to be contacted. Within three days of delinquency, i-Plow makes an initial call to the defendant. If no response is received within three days, i-Plow sends a letter, and continues to send letters at 30, 45, and 60 days of delinquency.
- CSCD - Each probation officer handles their own caseload in terms of collections. Typically, each probationer has a face to face visit with their respective officer. When this does not occur, it is up to the individual probation officer to initiate phone, and mail contact with their probationers.
- JP4 - A daily docket report is run to identify delinquent defendants. If no payment or call is received within 10 days of delinquency, a clerk or a deputy clerk makes a phone call to the defendant. If there is no response within the subsequent 10 days, a letter is sent.

While on-site, auditors verified that the process was described correctly.

The County is compliant with this component.

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), the following steps are performed:

- Central - At 60 days of delinquency, a pre-warrant post card is sent. If no response is received from this contact, the case is then reviewed by the judge to determine if it will be sent to an outside collection firm, or if a capias will be issued. Ultimately, if the case is sent to the outside collection firm and no progress is made within one year, the case is returned to the court, and a capias is issued at that time.
- CSCD –At 60 days of delinquency, a final phone call is made to the probationer and a warrant post card is sent. Should this fail to produce any results, the case is referred back to Kaufman County Court to process a warrant, and potentially file a motion to revoke probation.
- JP4 - A pre-warrant notice is sent to the defendant. Should this final notice be ignored, the case is either issued a warrant, or referred to OmniBase¹.

While on-site, auditors verified that the process was described correctly.

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.*

Auditors accessed OCA's Court Collections Reporting System to determine if the County was current with reporting requirements. At the time of review, the County had submitted the required reports for the most recently completed fiscal year (October 1, 2012 to September 30, 2013).

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 collect and enforcement tool by restricting the violator's ability to renew their driver's license for outstanding violations.

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 32 cases tested, six (6) cases were found with errors. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 7.69% and 30.02%.

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 32 cases tested, one (1) case was found with an error. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 10.32%.

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 or a judge-imposed payment plan or extension.*

Of the 32 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 6.08%.

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 32 cases tested, five (5) cases were found with errors. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 5.24% and 26.19%.

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 44 cases tested, 16 cases were found with errors. Many of these errors occurred when an application was not collected. As a result, no contact information was collected, and no contact could be made once a case became delinquent. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 26.73% and 46.11%.

The County is partially compliant with this component.

Management Response:

As a result of the findings noted above, the Central Collections Department has worked with the various judicial offices to make sure that everyone understands the OCA collection requirements, with emphasis being placed on the need to have a completed application submitted to the Central Collections Department anytime the defendant cannot pay in full. The Department has also put procedures in place to verify that the process is working.

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 44 cases tested, 17 cases were found with errors. These errors primarily occurred due to the absence of an application, as noted above in Procedure 12. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 29.74% and 47.91%.

The County is partially compliant with this component.

Management Response:

As a result of the findings noted above, policies and procedures have been put into place to ensure that any case that is not paid in full is referred to the Central Collections Department, so that the Department can fulfill the OCA collection requirements in regards to phone calls, written notice and pre-warrant notices on delinquent cases.

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 26 cases tested, 10 cases were found with errors. These errors primarily occurred due to the absence of an application as noted above in Procedure 12. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 25.90% and 50.77%.

The County is partially compliant with this component.

Management Response:

Consistent with the notes found in Procedures 12 & 13, the partial compliance issues listed in Procedures 14 also occurred primarily due to the absence of an application being completed and sent to the Central Collections Department when the defendant did not pay in full. Training has been completed and additional procedures have been implemented in order to ensure total compliance with the components.

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 County was compliant with all four (4) of the Operational Components, and four (4) of the seven (7) Defendant Communication Components. However, the County had an error rate greater than 20% for three (3) of the seven (7) Defendant Communication Components. 1 TAC §175.5(c)(2) requires a compliance rate greater than 80% for a minimum of six (6) of the seven (7) Defendant Communication Components.

The County is not compliant with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

Management Response:

In regards to our partial compliance with Procedures 12, 13, & 14 associated with the lack of an initial application being completed, the Central Collections Department and all judicial offices are presently working together to correct the issues and make sure that Kaufman County reaches full compliance with the OCA Collection requirements as quickly as possible.

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 Kaufman 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 January 1, 2013 through February 28, 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 \$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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