



Office of Court Administration

Collection Improvement Program

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

Walker County

August 6, 2014

CONTENTS

Transmittal Letter

Executive Summary 1

Detailed Procedures and Findings 2

Appendix A – Objective, Scope, and Methodology 7

Appendix B – Report Distribution..... 8

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 Walker 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, one finding was 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.

Walker 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 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 August 1, 2013 through September 30, 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 in all components. In some components, 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.*

Walker County's Community Service Corrections Department (CSCD) provided a list of 61 cases that applied for and accepted a payment plan for their court costs, fees, and fines through probation during the audit period of August 1, 2013 through September 30, 2013. Walker County's Collection Department also provided a list of 623 cases that applied for and accepted a payment plan for their court costs, fees, and fines during the audit period.

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 61 cases for the CSCD. A randomly-generated, statistically-valid sample was selected from the total population of 623 cases for the central collections department. Using the County's online database search, all cases that were settled with a Drivers Safety Course, were deferred, un-adjudicated, out of audit scope, paid immediately, or were dismissed were removed from the population. After removing the ineligible cases from the populations, central collections had a total of 279 cases from which to randomly select a sample for testing. When combined with the CSCD's 61 cases, this resulted in a population of 340 testable cases.

- Cases with no missed payments or *capias pro fines* issued – 126 cases were identified for central collections, and 12 cases were identified for CSCD for Procedures 8 - 11 listed below.
- Cases with missed payments – 135 cases were identified for central collections, and 49 cases were identified for CSCD for Procedures 12-13 listed below.
- Cases where a *capias pro fine* was issued – 18 cases were identified for central collections, and no cases were identified for CSCD due to no *capias pro fines* issued for Procedure 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 central collections and CSCD, 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 were verified during field work.*

The County's central collection department has three full-time staff dedicated to collection activities. The CSCD has multiple probation officers that are dedicated to collection activities as part of their probation duties. The central collection department has an electronic collection system that is utilized to track payment plans for late payments, and generate phone calls and missed payment letters. The CSCD utilizes office visits with the defendants as a communication tool to discuss missed payments.

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.*

Per the survey, the central collection department monitors the payment plans electronically. The department utilizes reports within the collections software (i-Plow) to monitor defendant payment plans. The system flags accounts that are delinquent, schedules them for phone calls, and generates a mailing list for delinquency letters.

Per the survey, the CSCD department monitors payment plans through defendant office visits (monthly minimum). The department also utilizes Correction Software Solutions to track defendant cases, and monitor their payment activity.

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, the central collection department utilizes phone calls and mailings to try to collect on accounts with balances more than 60 days past due. Some of the courts will also issue a *capias pro fine*. Central collections also utilizes Perdue and Brandon as a third-party collection agency.

Per the survey, the CSCD officers will make personal visits, phone calls, and mail letters to defendants that are delinquent. These defendants are usually missing their probation office visits as well. The Judge presiding over the defendant will be contacted and advised of the delinquency. The Judge may revoke the probation, amend the probation terms, or issue an arrest warrant.

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 Court Collection Reporting System, Walker County is compliant with the 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 four cases tested for CSCD, no errors were detected. Of the 52 cases tested for central collection, 16 errors were detected. The majority of the errors were cases that were granted 30-days extensions, but the defendant did not pay the court costs, fees, and fines within the 30 days. Since no attempt to obtain an application was made during the 30 days after a plea was made, this resulted in the 16 errors. As all cases of this type were tested, the error rate is calculated to be 28.57%.

The County is in partial compliance with this component.

Management Response:

As a result of the information relayed to us during the audit, Collections subsequently met with the Judges who grant the 30-day extensions. With a procedural change, the Collections department is now notified that the extension is granted and is able to send requests for the application in a timely manner. Therefore, this component error should no longer occur.

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 four cases tested for CSCD, no errors were detected. Of the 24 cases tested for central collections, no errors were detected.

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 four cases tested for CSCD, no errors were detected. Of the 24 cases tested for central collections, no errors were detected.

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 four cases tested for CSCD, no errors were detected. Of the 30 cases tested for central collections, no errors were detected.

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 nine cases tested for CSCD, two errors were detected. Of the 26 cases tested for central collections, no errors were detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would be no higher than 11.40%, 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 nine cases tested for CSCD, two errors were detected. Of the 26 cases tested for central collections, no errors were detected. Taking into consideration the inherent sampling error, we are 90% confident that the error rate would be no higher than 11.40%, 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.*

In testing all 18 cases within central collections, no errors were detected. CSCD does not issue capias pro fine warrants; therefore, no probation cases were tested for this component.

The County is compliant 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).*

Walker County is 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. The County was partially compliant (between 50% and 80% compliance rate) with one of the seven (7) Defendant Communication Components, and compliant with the remaining six 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 Walker 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 August 1, 2013 through September 30, 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, CIP Auditor

REPORT DISTRIBUTION

Ms. Sharon Duke
County Treasurer
Walker County
1301 Sam Houston Ave., Ste. 111
Huntsville, TX 77340

Ms. Kristin Hunter
Director of Adult Probation
Walker County
705 FM 2821
Huntsville, TX 77320

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. Lee Keeton
Regional Collection Specialist
Office of Court Administration
2656 South Loop West, Suite 400
Houston, Texas 77054-2600