



Office of Court Administration Collection Improvement Program

Independent Auditor's Report on Court Collections

Williamson County

May 22, 2018



OFFICE OF COURT ADMINISTRATION

DAVID SLAYTON
Administrative Director

May 22, 2018

The Honorable Dan A. Gattis
County Judge
Williamson County
710 S. Main Street, Ste. 101
Georgetown, TX 78626

Re: Independent Auditor's Report on Court Collection – Notice of Compliance

Dear Judge Gattis:

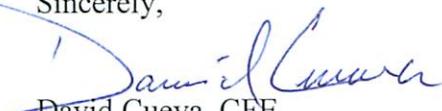
The Office of Court Administration (OCA) Audit staff has completed its pilot compliance engagement for Williamson County (County). Our testing indicates the collection program for the County is compliant with the requirements of Article 103.0033 of the Code of Criminal Procedure and Title 1 §175.3 of the Texas Administrative Code (TAC). However, in testing the required components several areas for improvement, and procedure control observations were noted as discussed in the Areas for Improvement and Control Procedure Observations sections within this report.

The procedures used to conduct this engagement are enumerated in the Audit Summary section of the enclosed report, and were used to evaluate whether the collection program of the County has complied with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

This report is intended solely for the information and use of the Office of Court Administration and Williamson County and is not intended to be, and should not be, used by anyone other than those specified parties.

We extend our gratitude to your collection staff for the courtesy and professionalism extended to us, and we look forward to working with you in the future.

Sincerely,


David Cueva, CFE
Audit Manager

Enclosure

TABLE OF CONTENTS

ENGAGEMENT SUMMARY 4
INDEPENDENT AUDITOR’S STATEMENT 5
AUDIT SUMMARY 6
AREAS FOR IMPROVEMENT 7
PROCEDURE CONTROL OBSERVATIONS 7
RECOMMENDATIONS 8
CLOSING SUMMARY 9
FINAL REPORT TO BE DISTRIBUTED TO THE FOLLOWING 10

ENGAGEMENT SUMMARY

Objective

To determine Williamson County's (County) compliance with Article 103.0033 of Code of Criminal Procedures and Title 1, §175.3 of the Texas Administrative Code (TAC).

Audit Scope

The scope included all convictions or adjudicated cases in which the defendant did not pay court costs, fees, and fines in full at the time of assessment and payment was requested. The engagement covers cases for which court costs, fees, and fines were assessed during the period of June 1, 2017 through July 31, 2017. Cases were tested beyond the audit period to determine compliance with all components of the collection program. All cases that included only an administrative fee assessed to the defendant were removed from testing.

Methodology

The methodology used to complete this audit included:

- Gained an understanding of the collection processes used in all County programs.
- Review and tested for compliance with the Title 1, §175.3 of the Texas Administrative Code (TAC).
- Conducted interviews with relevant program staff.
- If available, reviewed program policies and procedures.
- Performed pre-audit selected tests on data populations revised.
- Reviewed program surveys.
- Reviewed prior audit reports, if applicable.
- Randomly-generated a statistically-valid sample of cases.
- Auditors visually observed the collection process and procedures while on-site.
- Auditors tested eligible cases to determine the jurisdiction's compliance as listed in the procedures in the Audit Summary.

AUDIT RESULTS SUMMARY

	ASSESSMENT	AREAS FOR IMPROVEMENT	PROCEDURE CONTROL OBSERVATIONS	COMPLIANCE RATING
Audit Results	Compliant	3	5	Compliant

Compliance Review Standards in §175.5(d)(2) – “A jurisdiction is in substantial compliance with a component when at least 80% of the eligible cases at that stage of collection have satisfied the requirements of the component. A jurisdiction is in partial compliance with a component when at least 50% of the eligible cases at that stage of collection have satisfied the requirements of the component. In order for a jurisdiction to be in compliance with these components, the jurisdiction cannot be in less than partial compliance with any component, may be in partial compliance with a maximum of one component, and must be in substantial compliance with all of the other applicable components”.

INDEPENDENT AUDITOR'S STATEMENT

The Office of Court Administration (OCA) Audit Department has performed the procedures enumerated in the Audit Summary section of this report. The procedures were performed to assist Williamson County (County) evaluate whether its Collection Improvement Program (CIP) have 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 that the collection program for the County is in compliance with the requirements of Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. In testing the required components, a number of procedure control observations and areas for improvement were identified.

We believe the procedures used to conduct this engagement enabled the OCA Audit staff to obtain sufficient evidence to form a reasonable basis to support its conclusions, and recommendations based on the audit objectives and scope. Issues identified were presented to program staff during the engagement to assist the jurisdiction evaluate areas of non-compliance and/or areas to improve current processes and procedures.

We were not engaged to, and did not, conduct a financial records 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.

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. The 'tests' the auditor performed included tracing source documents 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.

The sufficiency of these procedures is solely the responsibility of the County, 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 County's management is responsible for operating the collection program, and demonstrating compliance with the requirements of Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

This report was prepared solely for the information and use of the Office of Court Administration and Williamson County. The report is not intended to be, and should not be, used by anyone other than those specified parties.

This compliance engagement was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and in accordance with Title 1, §175.3 of the Texas Administrative Code (TAC). GAGAS requires that we plan and perform the audit to obtain sufficient and appropriate evidence to form a reasonable basis for our conclusions, and recommendations based on the audit objectives.

The examination of internal controls was specific to the local program's collection activities and procedures as they relate to the components in TAC §175.3. In addition, the quality assessment review of audit work papers and the engagement are limited to a supervisor's review.

AUDIT SUMMARY

Component	Criteria	Evidence
1	Dedicated Program Staff	The County has dedicated program staff whose job duties contain collection activities as an essential job function. The County is compliant with this component.
2	Payment Plan Monitoring	The County programs monitor the defendants' compliance with the terms of payment plans or extensions. The County is compliant with this component.
3	Application/ Contact Information	Of the 120 cases tested, one error was noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is less than 7.94%. The County is compliant with this component.
4	Verified Contact Information	Of the 53 cases tested, 10 errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is between 16.03% and 29.23%. The County is compliant with this component.
5	Defendant Interview	Of the 42 cases tested, five errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is between 6.85% and 14.74%. The County is compliant with this component.
6	Court Review	Of the eight cases tested, one error was noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is between 4.51% and 30.79%. The County is compliant with this component.
7	Payment Plans – Standard Plan Acknowledgement	Of the 37 cases tested, no errors was noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is less than 5.17%. The County is compliant with this component.
8	Telephone Contact	Of the 40 cases tested, two errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is less than 13.85%. The County is compliant with this component.
9	Written Notice	Of the 40 cases tested, two errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is less than 13.85%. The County is compliant with this component.
10	Final Contact Attempt	Of the 23 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is less than 11.04%. The County is compliant with this component.
11	Delinquent Cases more than 60 days past due	The County has a component designed to improve collection of balances more than 60 days past due. The County is compliant with this component.
12	Reporting	The County reports its collection activity data to OCA at least annually. The County is compliant with this component.

AREAS FOR IMPROVEMENT

Testing results revealed the following areas for improvement: (1) verification of contact information, (2) defendant interview process, and (3) cases to be sent to the court for review, labeled as (6)(A) cases from hereafter, are areas for improvement. Although implementation of CIP rules can differ between programs, each program must follow the requirements in Title 1, §175.3.

Several programs missed the required timelines, did not properly identify or document the program staff member conducting the verification or interview process, or did not forward a qualifying (6)(A) case to the court for review.

The error rate for these components indicate that if all adjudicated CIP cases had been tested, the errors found could be as low, as high or somewhere between the percentages indicated.

- The verification of contact information error rate fell between 16.03% and 29.23%
- The defendant interview process error rate fell between 6.85% and 14.74%
- (6)(A) cases to be sent to the court for review error rate fell between 4.51% and 30.79%

The disparity in the error rate range amplifies the need to strengthen County program procedures related to these component items.

Background Information

Williamson County (County) has a decentralized Collection Improvement Program (CIP). The County executes the CIP process through four Justice of the Peace Courts, a Community Supervision and Corrections Department (CSCD), and a County Clerk's Collection office. For the purpose of this discussion we will refer to each court or office as a program.

Each program is independent of each other and therefore they differ in the implementation and execution of the CIP rules. For example, some Justice Courts offer a standard payment plan to all defendants while another Court allows the defendant to work out a payment arrangement with court personnel based on the defendants' ability to pay assessed costs, fees, and fines. The areas for improvement however are expressed as a comprehensive County matter to be address by the individual programs as compulsory to each program.

PROCEDURE CONTROL OBSERVATIONS

The following narrative does not apply to all programs within the County. However, interview discussions with the local program staff and/or auditor's observations revealed that some programs do not have appropriate or sufficient internal controls to: (1) ensure that the written or telephone late payment notice procedures were completed, (2) ensure that supporting detail documentation is maintained and available for review for information reported to the OCA, (3) prevent unauthorized altering or dismissal of a case(s) by all staff, (4) prevent the breach of an external drop box to remove its contents, (5) ensure all collection program departments are in compliance with TAC rules (i.e. sheriff's collection department).

The use of preventive controls help establish an internal process to deter undesirable events. Deliberated preventive controls also reduce errors, mitigates loss of funds, helps ensure that current processes are completed efficiently, and facilitates the desired outcomes with quality results.

RECOMMENDATIONS

Procedures and controls may include policies and procedures put in place to ensure continued compliance with TAC §175.3. Examples of internal controls are systematic processes such as reviews, checks and balances, methods and processes implemented to ensure adherence to your policies and procedures. Documented operating procedures in written manuals assists program staff in understanding their roles and responsibilities. Additionally, written procedures provide a mechanism for maintaining compliance when changes in personnel occur.

The County should strengthen its processes, related to the items detailed in the Areas for Improvement section, to help ensure better compliance with CIP requirements in TAC §175.3.

- Verification of Contact Information – “Within five days of receiving the contact information, local program staff must verify both the home and primary contact telephone number”. “Verification must be documented by identifying the person conducting it and the date of the verification.”
- Defendant Interviews – “Within 14 days of receiving an application, local program staff must conduct an in-person or telephone interview with the defendant to review payment ability information. Interviews must be documented by indicating the interviewer and date of the interview”.
- Court Review of the Defendant’s Ability to Pay Information (6)(A) cases – When a defendant receives State or Federal assistance as listed in Title 1, §175.3(6)(A) local program staff must provide the court the defendant’s payment ability information for the court to review and consider if non-monetary compliance options or waiver or partial waiver of assessed cost, fees and fines are appropriate.

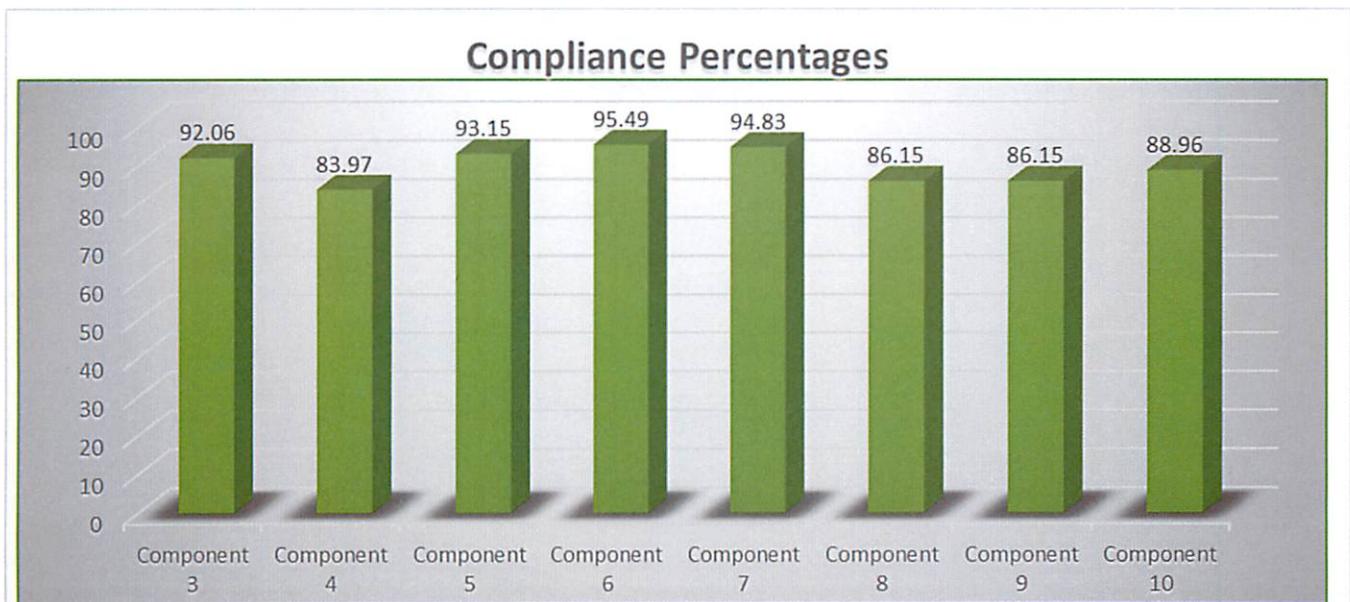
Additionally, the County should strengthen its preventive controls related to the items detailed in the Procedure Control Observations section. Preventive controls are based on concepts such as separation of duties, authorization or approval and verification that processes are completed.

- Implement a procedure to ensure that written or telephone late payment notice are sent.
- Implement a procedure to ensure information reported to the OCA is accurate and supporting detail documentation is maintained and available for review.
- Implement a procedure to eliminate the ability of unauthorized altering or dismissal of a case(s) by all staff.
- Implement a control system to eliminate the possible breach of external drop boxes.
- Implement a control system to ensure all collection program departments are in compliance with TAC rules.

CLOSING SUMMARY

In testing the required components, Williamson County was found to be in compliance with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. The audit time scope was from June 1, 2017 through July 31, 2017.

In consideration of the sampling error inherent in testing a sample of a population, a specific error rate cannot be reported; however, we reported the range within which we calculated the error rate to fall for each component tested (3 to 10) in the Audit Summary section of this report. In an effort to yield a reader friendly report, the error rate calculated and/or the lower range of the error rate calculated was inverted and demonstrated as a compliance percentage in the chart below.



Legend

Component 3 – Application/Contact Information
Component 4 – Verified Contact Information
Component 5 – Defendant Interview
Component 6 – Court Review

Component 7 – Standard Plan Acknowledgement
Component 8 – Telephone Contact
Component 9 – Written Notice
Component 10 – Final Contact Attempt

FINAL REPORT TO BE DISTRIBUTED TO THE FOLLOWING

The Honorable Nancy E. Rister
County Clerk
405 Martin Luther King St.
Georgetown, TX 78626

The Honorable Edna Staudt
Justice of the Peace, Precinct Two
350 Discovery Blvd, Ste. 204
Cedar Park, TX 78613

The Honorable Judy Schier Hobbs
Justice of the Peace, Precinct Four
211 W 6th St.
Taylor, TX 76574

Ms. Jerri L. Jones
County Auditor
710 S. Main St., Ste. 301
Georgetown, TX 78626

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

Mr. Scott Griffith
Director, Research and Court Services
Office of Court Administration
205 W. 14th Street, Suite 600
Austin, Texas 78711-2066

The Honorable Dain Johnson
Justice of the Peace, Precinct One
1801 E. Old Settlers Blvd, Ste. 100
Round Rock, TX 78664

The Honorable Bill Gravell
Justice of the Peace, Precinct Three
301 S.E. Inner Loop, Ste. 103
Georgetown, TX 78626

Mr. Steve Morrison
CSCD Director
301 S.E. Inner Loop Road
Georgetown, TX 78626

Ms. Kathy Wierzowiecki
Director of Internal Audit
710 S. Main St., Ste. 301
Georgetown, TX 78626

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

Ms. Amanda Stites
Court Services Manager
Office of Court Administration
205 W. 14th Street, Suite 600
Austin, Texas 78711-2066