



# Office of Court Administration Collection Improvement Program

**Independent Auditor's Report  
on Court Collections and Data Verification**

**City of Midland  
February 11, 2019**



# OFFICE OF COURT ADMINISTRATION

DAVID SLAYTON  
Administrative Director

February 11, 2019

The Honorable Jerry Morales  
Mayor of Midland  
300 N. Loraine  
Midland, TX 79701

Re: Independent Auditor's Report on Court Collections and Data Verification – Notice of Compliance

Dear Mayor Morales:

The Office of Court Administration Audit Department (OCA Audit) has completed its compliance engagement for the City of Midland (City). Our testing indicates the collection program for the City 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, no significant findings were noted.

In addition, OCA Audit conducted a Data Verification review to test the reporting accuracy on the reporting requirements enumerated in 1 TAC §175.4(c)(3) and (4) as authorized in Article 103.0033(j) of the Code of Criminal Procedure. Please note the results of the Data Verification review did not affect the compliance audit results disclosed in the paragraph above. In testing the Data Verification components, no significant findings were noted. See details in the Data Verification Section within this report.

This report is intended solely for the information and use of the Office of Court Administration and the City of Midland 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,

A handwritten signature in black ink, appearing to read "David Cueva".

David Cueva, CFE  
Audit Manager

Enclosure



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# CIP COMPLIANCE SUMMARY RESULTS

## Objective

To determine the City of Midland's (City) 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 is requested. The engagement covers cases for which court costs, fees, and fines were assessed during the period of May 1, 2018 through June 30, 2018. Cases were tested beyond the audit period to determine compliance with all components of the collection program.

## Methodology

The methodology used to complete this audit included:

- Gained an understanding of the collection processes used by the City.
- Reviewed and tested for compliance with the Title 1, §175.3 of the Texas Administrative Code.
- Conducted interviews with relevant program staff.
- Reviewed program policies and procedures.
- Reviewed program survey.
- Analyzed data submitted and produced a population of cases to be randomized.
- Randomly-generated a statistically-valid sample of cases.
- Auditor visually observed the collection process and procedures while on-site.
- Auditor tested eligible cases to determine the jurisdiction's compliance as detailed in the procedures in the Audit Summary.

## AUDIT RESULTS SUMMARY

	ASSESSMENT ON	AREAS FOR IMPROVEMENT	PROCEDURE CONTROLS OBSERVATIONS	COMPLIANCE RATING
Audit Results	11 of 12 Elements One element was N/A	One	One	<b>Compliant</b>

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 Audit Department (OCA Audit) performed the procedures enumerated in the Audit Summary section of this report. The procedures were performed to assist the City of Midland (City) evaluate whether its collection program 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 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, no significant compliance findings were noted.

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 the findings and conclusion based on the audit objectives and scope. Audit findings were identified, and presented to the City during the engagement to assist the jurisdiction evaluate areas of non-compliance.

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.

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 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.

The sufficiency of these procedures is solely the responsibility of the City, 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 City's management is responsible for operating the collection program in compliance 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 City of Midland and the Office of Court Administration. 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 findings and conclusions 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.

## CIP AUDIT SUMMARY

Component	Criteria	Evidence
1	Dedicated Program Staff	The City has dedicated program staff whose job duties contain collection activities as an essential job function. <i>The City is compliant with this component.</i>
2	Payment Plan Monitoring	The City's program monitors the defendants' compliance with the terms of payment plans or extensions. <i>The City is compliant with this component.</i>
3	Application/ Contact Information	Of the 33 cases tested, one error was noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 8.79%. <i>The City is compliant with this component.</i>
4	Verified Contact Information	Of the 33 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 5.21%. <i>The City is compliant with this component.</i>
5	Defendant Interview	Of the 33 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 5.21%. <i>The City is compliant with this component.</i>
6	Court Review – 6(A) Cases	Of the 33 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 5.21%. <i>The City is compliant with this component.</i>
7	Payment Plans – Signed Acknowledgement	<i>This test Does Not Apply.</i> The Municipal Court administers Judge Set Plans only. The City is compliant with this component.
8	Telephone Contact	Of the 33 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 5.21%. <i>The City is compliant with this component.</i>
9	Written Notice	Of the 33 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 5.21%. <i>The City is compliant with this component.</i>
10	Final Contact Attempt	Of the 33 cases tested, one error was noted. Taking into consideration the inherent sampling error, we are 90% confident that the error rate is less than 8.79%. <i>The City is compliant with this component.</i>
11	Delinquent Cases more than 60 days past due	The City has a component designed to improve collection of balances more than 60 days past due. <i>The City is compliant with this component.</i>
12	Reporting	The City reports its collection activity data to OCA at least annually. <i>The City is compliant with this component.</i>

## AREAS FOR IMPROVEMENT

For the purpose of this discussion, we will refer to cases reviewed by the court for non-monetary compliance options as (6)(A) cases, based on the criteria enumerated in [1 TAC §175.3\(a\)\(6\)\(A\)](#).

Testing results revealed that tracking of (6)(A) cases is an area for improvement.

Program staff stated that (6)(A) cases stem from court hearing proceedings with a signed time-pay memorandum from the judge detailing the court's order. The memorandum is intergraded into the case management software and identified as a (time-pay memo) in the software's chronology of events.

Although compliance with (6)(A) rule requirements is not in question, the tracking and counting of these cases is challenging. Testing revealed that these cases do not have a separate identifiable number or a software assigned field to easily identify and isolate these cases from all other cases. To complete the required testing on a sample of 33 cases, the OCA auditor and program staff were obligated to review 170 cases.

Testing also revealed that the number count of qualifying (6)(A) cases are not included in the program's monthly report to the OCA as required in [1 TAC §175.4\(c\)\(2\)](#).

### Background Information

The City of Midland (City) has a centralized Collection Improvement Program (CIP), and executes CIP procedures through an electronic process. Program staff delineate the assessed date to be the conviction date in their software system.

Payment amount alternatives are available but all alternatives are approved by the judge. This process classifies the Court's payment category as Judge Set plans only.

The Court holds hearings for defendants who cannot pay court costs, fees, and fines. The municipality's website provides instructions to those who receive State or Federal assistance, and instructions on how to request community service to satisfy financial obligations to the court.

It is the Judge's discretion to review and adjudicate cases for non-compliant at any time prior to or after the timeline indicated in [1 TAC §175.3\(10\)](#).

## PROCEDURE CONTROLS OBSERVATIONS & RECOMMENDATIONS

The program has effective procedures to record the defendant's contact and financial information, document the verification of information received, and document the date of the interview with the defendant. Program procedures also effectively document the Collection Improvement Program (CIP) steps completed both manually and/or electronically. The defendant's interview and verification of information is performed while defendant is at the collection window. Program staff confirm the CIP steps completed on the defendant's application form with their initials and the date completed. A date and time stamp is electronically added to staff's event comments in the system software, and staff utilize the "Audit" feature in the imaging software system to indicate the date and time the CIP steps were completed. The program's policy is to create procedure redundancies to ensure that a record of CIP steps completed are available for review.

The program also has effective procedures and controls to refer defendants to the court for the court's review, and consider if non-monetary compliance options or waiver of costs, fees, or fines are appropriate when the defendant states he or she is unable to pay for any reason, are indigent, or receive state of federal government assistance. However as noted in the Areas for Improvement section above, (6)(A) cases do

not have a separate identifiable number or a software assigned field to easily identify these cases at a later date. Testing revealed that there are no procedures in place to identify, count, and report (6)(A) cases. Without proper tracking procedures in place, the effect on program staff is the inability to readily identify the number of (6)(A) cases to report to the OCA as required in [1 TAC §175.4\(c\)\(2\)](#). The program's monthly reports do not include a count of (6)(A) cases.

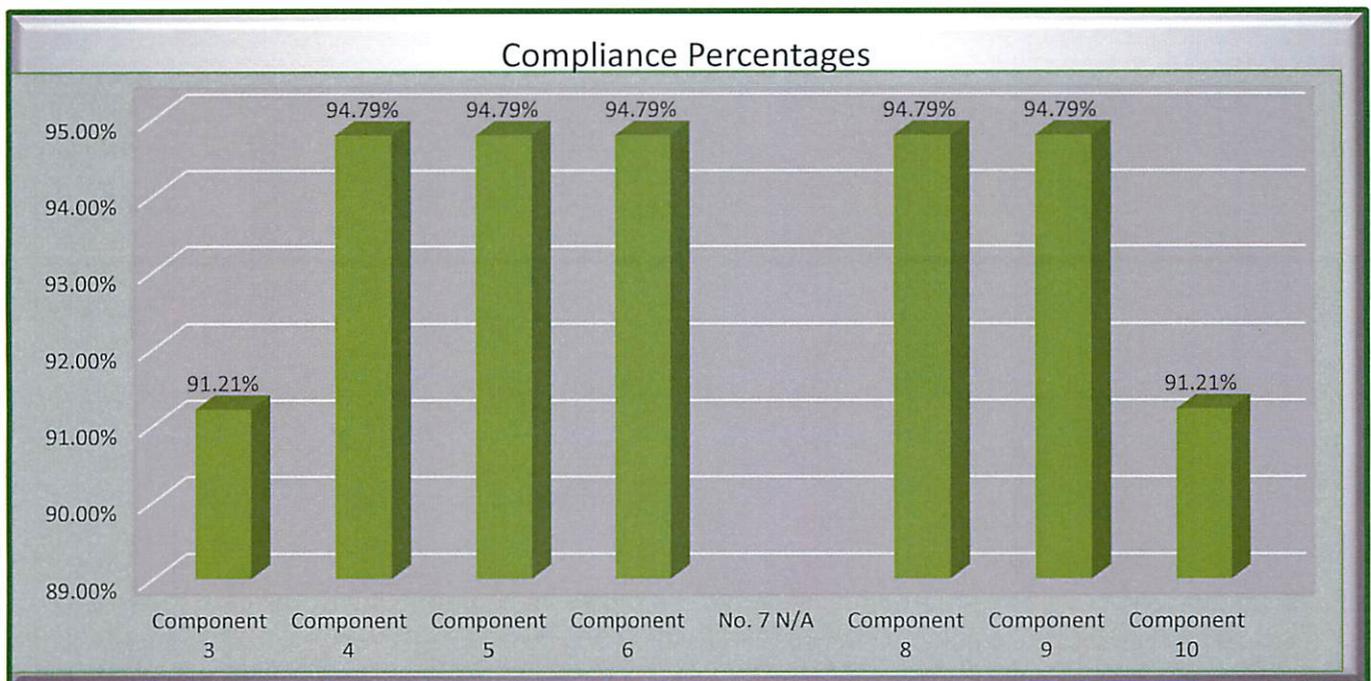
To comply with the Sec.175.4(c)(2) rule, program staff are forced to review every adjudicated case chronology of event history in search of a time-pay memorandum signed by the judge, and manually count the number of cases to report that qualify as (6)(A) based on the criteria enumerated in [1 TAC §175.3\(a\)\(6\)\(A\)](#).

Appropriate procedures should be developed to identify, count, and report the number of qualifying (6)(A) cases in the program's monthly report to the OCA.

## CIP CLOSING SUMMARY

In testing the required components the City of Midland was found to be in compliance with Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3.

In consideration of the sampling error inherent in testing a sample of the 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 7 – Standard Plan Acknowledgement
Component 4 – Verified Contact Information	Component 8 – Telephone Contact
Component 5 – Defendant Interview	Component 9 – Written Notice
Component 6 – Court Review (6)(A) Cases	Component 10 – Final Contact Attempt

## DATA VERIFICATION RESULTS

### Objective

To determine the City of Midland's (City) reporting accuracy on the reporting requirements enumerated in [1 TAC §175.4\(c\)\(3\) and \(4\)](#) as authorized in [Article 103.0033\(j\)](#) of the Code of Criminal Procedure.

### Audit Scope

The scope included reported Dollars Assessed and Dollars Collected of court cost, fees, and fines on any convictions or adjudicated cases during the same period of May 1, 2018 through June 30, 2018.

### Methodology

The methodology used to complete this audit included:

- Gained an understanding of the reporting processes used by the City.
- Reviewed the City's summary reports used to complete the OCA's report.
- Reviewed case level detail reports that support the summary report totals.
- Conducted interviews with relevant program staff.
- While on-site reviewed and observed recurring monthly reporting procedures steps performed.
- Randomly-generated a statistically-valid sample of cases.
- Auditor tested eligible cases to determine the jurisdiction's reporting accuracy.

### Procedure Control Observations

Testing revealed that several overpayments were received from defendants. Program staff stated that the Court's policy for overpayments under a one dollar threshold amount does not warrant the expense to refund those funds. As a control measure and procedure the court accounts for all payments, creates a record in the court's software, reports and turns over to the City's accounting department overpayment amounts. Testing also revealed that there are no procedures to identify, count and report (6)(A) cases as required in [1 TAC §175.4\(c\)\(2\)](#). See the (6)(A) case discussion in the Procedure Controls Observations & Recommendations section within this report.

### DATA VERIFICATION RESULTS

	ASSESSMENT	NUMBER OF CASES REVIEWED	NUMBER OF ERRORS	COMPLIANCE RATING
Test On	Dollars Assessed	32	0	Verified
Test On	Dollars Collected	32	0	Verified

### Verification Measure Categories:

- ***Verified:*** The component dollars reported is consistently accurate within plus or minus 10% of supporting data or documentation provided to the report submitted.
- ***Verified with Qualifications:*** The component dollars reported is not accurate within plus or minus 10% of supporting data or documentation provided to the report submitted. Or the span of data or documentation provided is less than ideal to follow the calculation methodology used and to recreate the dollar amounts reported.
- ***Factors Prevented Verification:*** When supporting data or documentation is not available or there is no performance measure or calculation methodology defined, and the correct measurable result cannot be determined.
- ***Inaccurate:*** The component reported is not within 80% of actual performance.
- ***Did Not Report Applicable Data:*** The program did not/has not reported final data for review for the component(s).

## MANAGEMENT RESPONSE



February 1, 2019

David Cueva, CFE  
Audit Manager  
Office of Court Administration  
205 W. 14<sup>th</sup> Street  
Austin, Texas 79711-2066

Dear Mr. Cueva:

This letter is in response to the Office of Court Administration's (OCA) audit of the Midland Municipal Court's compliance with the requirements of Article 103.0033 of the Code of Criminal Procedure and Title 1, §175.3 of the Texas Administrative Code. The Midland Municipal Court would like to thank OCA for the professionalism and the attention to detail exhibited during the compliance audit. Overall, the Midland Municipal Court agrees with the findings that the Municipal Court was in substantial compliance of the eleven components that were tested and would like to address OCA's assessment as noted in the Areas for Improvement regarding (6)(A) case tracking.

A uniform system for OCA reporting purposes of (6)(A) cases does not currently exist. The Midland Municipal Court has worked with both OCA and its court software vendor to address this issue. Until OCA and 3<sup>rd</sup> party software vendors agree upon the method used to identify and capture the information, the tracking and reporting of (6)(A) cases will remain challenging. Representatives from OCA have given direction to Courts throughout Texas including the Midland Municipal Court and 3<sup>rd</sup> party software vendors that Courts are to enter a "0" for reporting purposes while OCA works with the court software vendors to meet this indicator.

The Midland Municipal Court appreciates the opportunity to respond and looks forward to working with OCA in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jake Medrano", is written over a light blue horizontal line.

Jake Medrano, Court Administrator  
CITY OF MIDLAND MUNICIPAL COURT  
Midland, Texas

201 E. Texas Avenue  
P.O. Box 1152, Midland TX 79702-1152  
432-685-7303

For information regarding your citation visit [www.midlandtexas.gov](http://www.midlandtexas.gov) and click on the City Services - Municipal Court

## FINAL REPORT DISTRIBUTION

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