



Office of Court Administration

Collection Improvement Program

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

City of Arlington

November 7, 2012

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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 the City of Arlington (City). The procedures were performed to assist you in evaluating whether the collection program of the City 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 compliant with the requirements of Article 103.0033 of the Code of Criminal Procedure and 1 TAC §175.3. In testing the required components, we found the City compliant in all components.

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.

The City of Arlington'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 City 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 February 1, 2012 through March 31, 2012, 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 City of Arlington provided a list of defendants who accepted a 30-day extension to pay their court costs, fees, and fines assessed, and defendants who consequently accepted a payment plan during the period of February 1, 2012 through March 31, 2012 (the main population). The main population received excluded cases defined as exclusionary cases as delineated by the restrictions on the Request for Information form. A total of 619 cases were received.

The City also provided a population of defendants who defaulted on either the 30-day extension and/or the payment plan agreement and the court sought a capias pro fine (capias population). The capias population totaled 191 cases.

Management Response: *The Arlington Municipal Court, in conjunction with the IT department, provided the data necessary to assess our collection improvement program as specifically requested by the Office of Court Administration independent auditor.*

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

A randomly-generated, statistically-valid sample was taken from the main population and the capias population. The categories and number of samples tested are listed below:

- The main population - cases with an extension and/or payment plans – 54 cases were tested as detailed in Procedure steps #8 through #13 listed below.
- The capias population – cases where a capias pro fine was issued – 40 cases were tested as detailed in Procedure step #14 listed below.

Management Response: *The Arlington Municipal Court, in conjunction with the IT department, provided the data necessary to assess our collection improvement program as specifically requested by the Office of Court Administration independent auditor.*

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

A completed survey was obtained and reviewed for information pertinent to the engagement. Survey responses were used to determine compliance with Procedures four (4) through six (6) listed below.

Management Response: *The requested survey was completed to specifications and submitted within the timeframe as requested by the Office of Court Administration independent auditor.*

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 City has four (4) staff members dedicated to the collection program, including one (1) Deputy Court Clerk, two (2) full-time staff members, and one (1) part-time staff member, all working to establish and monitor the court collection activities.

While on-site, the auditor met, observed, and discussed the dedicated staff's collection program responsibilities. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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.*

When a defendant cannot pay the assessed court costs, fees, and fines in full on the date of assessment, the court issues a 30-day extension to the defendant. The defendant is given an application (a Request for Extension of Time to Pay Fees form) to complete, and is directed to the cashier window where the required interview takes place. The program's dedicated staff (described above) interviews the defendant, verify the application information to confirm the information submitted is accurate and up-to-date. The verification process usually takes place within two (2) business days of receiving the application.

Dedicated staff monitors extension due dates, payment term agreements, and delinquencies electronically via the court's case management system (Incode). The court provides a series of notices and telephone calls initiated immediately after a defendant becomes delinquent with a scheduled payment or the extension due date. In addition, as a proactive measure, the court sends out a reminder notice of payment due to every defendant prior to each payment or extension due date.

While on-site, the auditor verified that the process was described correctly. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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.*

When a defendant does not respond to the court's pre-capias notice and the case becomes more than 60 days past due, the case is reported to the Texas Department of Public Safety (TxDPS) and added to the OmniBase database. TxDPS restricts a violator's ability to renew their driver's license until outstanding violations are cleared. In addition, cases more than 60 days past due are also forwarded and handled by a third-party agency (Linebarger, Goggan, Blair, and Sampson) for collection of all court costs, fees, and fines. The defendant is assessed an additional 30% on the amount owed as a collection fee. The defendant's case is removed from a 'payment plan' status, and moved into a 'capias' status and the case history is updated in Incode. A list of defendants' names with outstanding arrest warrants is maintained by the court and displayed on the court's website under the 'Warrant Listing' menu.

While on-site, the auditor verified that the process was described correctly. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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.*

The CIP Audit Financial Analysis confirmed the City has submitted reports, and is current with the required reporting of collection activities. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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 54 cases tested, one (1) error was noted. The error found involved a case where a current application was on file as required, but the program failed to obtain the application within one (1) month of the assessment date.

Taking into consideration the inherent sampling error, we are 95% confident that the error rate is between 0.06% and 10.21%. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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 54 cases tested, four (4) errors were noted. In two of the four errors, the City used an application for the defendants that were on file for previous payment plans; however, the City had no documentation that the defendants' contact information was verified, as required. In another case, the program did not document verification of the application information within five (5) days of obtaining the data. In the final case, documentation contained an incomplete date that the information was verified.

Taking into consideration the inherent sampling error, we are 98% confident that the error rate is between 2.67% and 16.66%. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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 54 cases tested, two (2) errors were noted. The City used an application for the defendants that were on file for previous payment plans; however, the City had no documentation that the defendants were interviewed within 14 day, as required.

Taking into consideration the inherent sampling error, we are 98% confident that the error rate is between 0.29% and 15.13%. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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 54 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is no higher than 6.83%. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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 54 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is no higher than 11.30%. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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 54 cases tested, no errors were noted. Taking into consideration the inherent sampling error, we are 95% confident that the error rate is no higher than 11.30%. The City is compliant with this component.

Management Response: *The Arlington Municipal Court was found to be in compliance with the component listed above and will make every effort to remain compliant.*

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 40 cases tested, two (2) errors were noted. The two errors that were found resulted from the program failing to contact the defendants within one (1) month of the initial delinquency notice and/or phone call. Both errors were on cases that needed a correction made to the Judgment form, and the case files were sent back to the Judge for correction.

Taking into consideration the inherent sampling error, we are 90% confident that the error rate is between 0.82% and 13.62%. The City is compliant with this component.

Management Response: *Based on previous discussions with our regional representative, the Arlington Municipal Court considers the two instances noted above to fall under the Municipal Court Judge's discretion, as described by Chapter 175, subchapter A, section (c) of the Texas Administrative Code.*

The Arlington Municipal Court will, however, make every effort to expedite our collection process when case files are sent back to the Municipal Court Judge for corrections.

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 the City of Arlington (responsible party) have agreed-upon, to determine if the City'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 February 1, 2012 through March 31, 2012, 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

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 City 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 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.

Criteria Used

Code of Criminal Procedure, Article 103.0033
Texas Administrative Code, Title 1, §175.3

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