



GARLAND

INTERNAL AUDIT

Court Citation and Warrant Processing Follow-up

September 19, 2017

Report 201723

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Overall Conclusion

Internal Audit (IA)'s review of previous audit findings and recommendations revealed that 10 of 13 recommendations were fully implemented (78%), 1 of 13 recommendations were partially implemented (7%), and 2 of 13 recommendations were not implemented (15%).

Authorization

We have conducted a follow-up audit of Court Citation and Warrant Processing. This follow-up audit was conducted under the authority of Article VII, Section 5 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objective(s)

This is a follow-up of the "Court Citation and Warrant Processing Audit" report issued on March 30, 2016. Our objective was to determine if previous audit recommendations were implemented.

The original objectives of the audit include the following:

1. Determine whether internal controls are sufficient to ensure safeguarding of cash collections.
2. Ensure warrants are processed, updated and cleared in a timely and accurate manner, and are supported by applicable documentation (as required by City policies and/or applicable laws). Confirm that this information is passed along to Region in a timely, accurate and efficient manner.
3. Determine whether the collection process results in timely collections, accurate payments to the collection agency and maximization of revenue for the City.

Scope and Methodology

IA conducted this follow-up audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of the audit is April 1, 2016 – July 5, 2017. We had a scope limitation related to bench warrants. In the system, alias and bench warrants are classified jointly, and due to system reporting limitations, we were unable to distinguish between the two. Additionally, the regional warrant system is maintained by Dallas County, therefore, we were unable to access detailed information about their processes.

To adequately address the audit objectives and to describe the scope of our work on internal controls, IA performed the following:

- Conduct walk-throughs and develop process flow charts
- Review applicable state laws and City policies and procedures
- Interview involved parties (Municipal Court management, City Marshals, Information Technology staff, etc.) regarding the process of issuing and clearing warrants
- Run various reports from the Municipal Court system and Region in order to review outstanding warrants and citations
- Review the collection agency contract for a possible RFP

To assess the reliability of computer-generated data, IA used methods similar to our original audit.

Background

“The Municipal Court is the City of Garland’s judicial forum for individuals charged with violations of State law and/or City ordinances where legal matters can be heard in a fair, efficient, and timely manner. As an impartial servant in the administration of justice, its fundamental purpose is to process/retain Court documents and collect and track all fines, fees, and restitutions of the Court.”¹

Citations:

Citations are written by a variety of City departments. These include, but are not limited to, Animal Services, Code Compliance, Health Department, Fire Department, and the Police Department. The traffic officers have electronic ticket writers; however, the remaining citations are manual. All citations are input into the Court system either through an electronic interface at the Police Department or manually, by court clerks.

Warrant Process:

There are three types of warrants that can be issued for the arrest of an individual. Individuals have 30 days to respond to the initial ticket. If there is no response, an alias warrant is issued. If a court date is set, but then subsequently missed, a bench warrant is issued. These cases remain adjudicated (no judgment made). If a judgment is made, but not resolved, a capias warrant is issued. All warrants must be signed by a judge and audited by the Marshal’s office. Once warrants are audited, they are uploaded to the Dallas Regional Database, or “Region”.

Region enables officers from different agencies to verify if there are valid warrants for individuals that are stopped for various violations. Officers will call the “issuing agency” to ensure that the warrants are valid and then arrest individuals based on this confirmation.

The City of Garland employs a Warrant Marshal. The primary responsibility of the Marshal as it relates to this audit is to collect on active warrants. All new warrants 0-60 days are solely in the hands of the Warrant Marshal.

A warrant can be cleared in a variety of ways. The most common is payment of the fine; however, there can also be credit given for time served in jail. A warrant is cleared by the Marshals, jail staff, Municipal Court staff, Garland police dispatch or NCIC (National Crime Information Center).

Capias warrants (or adjudicated cases) have reached a judgment in court, therefore, the City will pursue these cases as long as the City Attorney's office sees fit. The current City Ordinance (Sec. 24.07 (B)) states that the City will pursue Alias/Bench warrants that are less than 3 years old. There is no Ordinance related to how long a Capias warrant will be pursued, however, those over 5 years old and also under \$100.00 may be purged.

Collection Agency:

The collection agency in use by the City of Garland Municipal Courts sends letters and makes phone calls to defendants with active Garland warrants.

A 30% fee is added to the cost of the citation/warrant. Monthly, Municipal Court staff sends a list of newly-issued warrants that are older than 60 days to the collection agency. This fee is paid by the defendant. Daily, a clearance report is sent to the collection agency. Using both of these items, the collection agency prepares the City's monthly bill.

Source:

¹ City of Garland 2016-17 Annual Operating Budget

Audit Follow-up

During our audit we identified certain areas for improvement. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

FINDING # 1 (OBJ. 2)	
CONDITION (THE WAY IT IS)	<p>The interface between the City of Garland and the Dallas Regional Database (“Region”) is not functioning correctly.</p> <p>As of 1/8/2016, Region has 18,601 warrant records (based on name) while Garland’s Court System has 23,694 warrant records that are less than 3 years old. This means, that there are, at a minimum, 5,093 active warrants that do not appear in Region. More specifically:</p> <ol style="list-style-type: none"> 1. <u>New warrants</u> <p>Out of 63 warrants we sampled from the City Marshal’s report (Exhibit A), 14 (or 22%) were not in Region.</p> <p>During the period that we conducted our audit (approximately 2 months), we received additional support from dispatch and the Marshal’s office of issues that they encountered during the course of their normal duties. They provided support for 95 additional active warrants that were not in Region.</p> 2. <u>Cleared warrants</u> <p>Out of 63 warrants we sampled from the City Marshal’s report (Exhibit A), one warrant had been cleared, yet still appeared in Region.</p> <p>During the period that we conducted our audit (approximately 2 months), we received additional support from dispatch and the Marshal’s office of issues that they encountered during the course of their normal duties. They provided support for 25 additional warrants that had been cleared, yet still appeared in Region.</p>
RECOMMENDATION	The IT Department, in conjunction with Municipal Court management, should:

	<ol style="list-style-type: none"> 1. Purge all active Garland warrants within Region. All active warrants within the City of Garland’s court system should then be re-uploaded. 2. Working with Region, develop an interface to confirm the completeness and accuracy of new and cleared warrant uploads. <p>Municipal Court management should:</p> <ol style="list-style-type: none"> 1. Implement a secondary review process to ensure that this interface is functioning appropriately. All issues discovered during this review should be communicated to IT in order to resolve. 2. Develop policies and procedures related to the processing and clearing of warrants and distribute to all parties involved. 3. Conduct periodic trainings on these policies and procedures for all departments involved in these processes.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<p>The Court and IT are aware of the issue and are working to correct the issue as quickly as possible. The Court acknowledges we need to work toward making the Regional interface better.</p> <p>The Court, IT, Marshals and Police dispatch are aware of the problems with the interface between Court software and the Regional database. The departments have met on several occasions and plan to:</p> <ol style="list-style-type: none"> 1. Perform a complete removal and reload of all eligible warrants in the Regional database. This action will remove all Garland warrants (many of which were impacted by the regional numbering change that occurred Sept 2015) and re-load all eligible warrants back into Region under the criteria of < 3 years from the offense date. 2. Implement a manual process of warrant clearances performed daily by the Marshals of all payments made at Municipal Court. This will ensure every case is cleared from Region as soon as payment is

	<p>received. The Marshals are in the process of obtaining a terminal to connect to Region.</p> <ol style="list-style-type: none"> 3. The Court and IT have identified the programming issue with a small number of cases not routing to the Marshal queue. (12/2015) In these instances, the case had a previous AUDIT from the Marshals (which puts the case into Region); upon warrant re-activation the system wasn't looking for a new AUDIT, but noted the old AUDIT and didn't move the case to the Marshals for a new AUDIT. The Court understands from IT that once the On base upgrade is finished this software glitch can be fixed. In the meantime, the Court has implemented a workaround process to ensure all re-activated warrants go into Region. 4. The Court policies and procedures already exist and the necessary stakeholders have these policy/procedures applicable to their access/function within the Court system. 5. The Court is open to conducting training on auditing/clearing warrants. The other stakeholders do not have access to process warrants; thus any training would be limited to the functions applicable to their access. The Court has done training in the past, however as turnover in staff occurs, it's important that procedures are re-emphasized with new staff. Requests have been sent to Dispatch and The Marshals for training 03/2016.
IMPLEMENTATION DATE	September 2016
FOLLOW-UP	<ol style="list-style-type: none"> 1. All eligible warrants were removed and reuploaded to Region in November 2016. 2. Multiple times a day, the marshals manually review all cleared warrants to ensure removal from Region. 3. The software glitch is no longer a concern. Warrants are communicated to Region via a query from an IT-managed database. <p>Internal Audit reviewed 100 reactivated June 2017 warrants issued and compared them to the IT-managed database. Out of these 100 warrants (alias/bench & capias), 6 were correctly submitted. The remaining 94 were not</p>

	<p>appropriately communicated to Region. Of this 94, 10 did not ever appear in our database to submit to Region and the remaining 84 reactivated warrants were not included due to database-configuration issues. See Exhibit A.</p> <p>4. Policies and procedures are continuously updated and included all items mentioned in our recommendations.</p> <p>5. Trainings have been conducted for many members of the staff. Those that have not been in the trainings (IT staff) have been involved in meetings in order to develop the database that communicated with Region.</p>
<p>IMPLEMENTATION</p>	<p>1. Fully Implemented</p> <p>2. Fully Implemented</p> <p>3. Partially Implemented</p> <p>4. Fully Implemented</p> <p>5. Fully Implemented</p>

FINDING # 2 (OBJ. 2)

<p align="center">CONDITION (THE WAY IT IS)</p>	<p>13 out of 50 (or 26%) active capias warrants reviewed by IA were not placed into the Marshal's queue in order to perform a Marshal's audit after issuance of a warrant for previously existing cases. Due to the way the system is set up, warrants that are not audited by a Marshal will not be uploaded/updated in the Region.</p> <p>A breakdown of testing:</p> <table border="1" data-bbox="610 577 1421 884"> <thead> <tr> <th data-bbox="610 577 878 615">Number</th> <th data-bbox="878 577 1421 615">Issue</th> </tr> </thead> <tbody> <tr> <td data-bbox="610 615 878 695">3</td> <td data-bbox="878 615 1421 695">Never placed into warrant queue/Region</td> </tr> <tr> <td data-bbox="610 695 878 806">10</td> <td data-bbox="878 695 1421 806">Never placed into warrant queue/Region after a new warrant was issued for an existing case</td> </tr> <tr> <td data-bbox="610 806 878 884">37</td> <td data-bbox="878 806 1421 884">Audited by a marshal and placed in Region</td> </tr> </tbody> </table>	Number	Issue	3	Never placed into warrant queue/Region	10	Never placed into warrant queue/Region after a new warrant was issued for an existing case	37	Audited by a marshal and placed in Region
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3	Never placed into warrant queue/Region								
10	Never placed into warrant queue/Region after a new warrant was issued for an existing case								
37	Audited by a marshal and placed in Region								
<p align="center">RECOMMENDATION</p>	<p>The IT Department, in conjunction with Municipal Court management, should:</p> <ol style="list-style-type: none"> 1. Review the system configuration and ensure that all warrants appear in the Marshal's queue for auditing. <p>Municipal Court management should:</p> <ol style="list-style-type: none"> 1. Implement a secondary review process to ensure that this upload to the Marshal's queue is functioning appropriately. 2. All issues discovered during this review should be communicated to IT in order to resolve. 								
<p align="center">MANAGEMENT RESPONSE</p>	<p>Concur</p>								
<p align="center">ACTION PLAN</p>	<p>The Court and IT have identified the programming issue with cases not routing to the Marshal queue. (12/2015) In these few instances, the case had a previous AUDIT status (which puts the case into Region); however upon warrant reactivation the system wasn't looking for a new AUDIT, but noted the old AUDIT and didn't move the case to the Marshals for a new AUDIT. A resolution will be developed soon as the On base upgrade is completed. The Court has</p>								

	implemented an alternative method to ensure reactivated warrants route to the Marshals queue.
IMPLEMENTATION DATE	June 2016
FOLLOW-UP	<p>The programming issue has been resolved as discussed in Finding #1, Item 3. Since the process has changed, our prior recommendations are no longer applicable.</p> <p>IA's initial concern was related to the reactivated capias warrants not appearing in Region. Unfortunately, the reupload of reactivated capias warrants is not functioning appropriately. This is due to the fact that the database was pulling the incorrect warrant date into the database table. Internal Audit reviewed a sample of reactivated warrants issued in June 2017. See Finding #1, Item 3 as well as Exhibit A for more information.</p>
IMPLEMENTATION	Not Implemented

FINDING # 3 (OBJ. 2)	
CONDITION (THE WAY IT IS)	Currently, alias, bench and capias warrants are dropping out of Region after 3 years once it is uploaded.
RECOMMENDATION	<p>City management should:</p> <ol style="list-style-type: none"> 1. Update the Ordinance and related policies regarding the disposition of capias warrants. 2. Consider maintaining adjudicated (capias) warrants in the Region database as dictated by the policy developed above. 3. Communicate these policies to all parties (Marshal's office, dispatch, municipal court, police, etc.) for proper enforcement. <p>IT management should:</p> <ol style="list-style-type: none"> 1. Develop a plan to periodically re-upload capias warrants since Region is unable to distinguish between warrant types.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	The Court Director has met with the Chief Judge and Asst. City Attorney. (2/2016) We have developed an updated ordinance to replace 24.07 and a purge policy to take before Council for consideration. The court is currently working with the Vendor and IT to develop a method to purge old cases based on the ordinance, if approved.
IMPLEMENTATION DATE	Late 2016
FOLLOW-UP	<ol style="list-style-type: none"> 1. The City Ordinance was updated as of 6/21/2016. The Ordinance Sec. 24.07 (D) related to adjudicated cases states, "A judgment pro fina less than \$100.00 that has remained unpaid for a period five years or more may be purged from the courts records for administrative convenience." 2. While a third party consultant has completed a program that would purge all warrants in accordance with the current City Ordinance, Municipal Courts management has made the decision to retain all warrants due to the high

	<p>probability that the new collection agency may be able to collect on them. See Finding #4 for more information about the collection agency.</p> <p>3. All parties have been informed of the current Ordinance.</p> <p>4. Based on discussions with IT, there is not currently a program in place to re-upload capias warrants after 3 years. Since all warrants were re-uploaded to Region in November 2016, no warrants will drop out for 3 years. However, after this date, capias warrants will no longer be active in Region unless a process is put in place to re-upload these.</p>
<p>IMPLEMENTATION</p>	<p>1. Fully Implemented</p> <p>2. Fully Implemented – However, this purge is still pending due to success of current collection agency.</p> <p>3. Fully Implemented</p> <p>4. Not Implemented</p>

FINDING # 4 (OBJ. 3)

**CONDITION
(THE WAY IT IS)**

There are many areas of concern noted with the City's current collection agency's contract and invoicing process:

1. During the scope of our audit, the collection rate for our current collection agency is 11.85% per the collection agency's "History Analysis Report". Due to the fact that the City Marshal also actively works on Garland warrants, it is difficult to confirm how much of the reported collections are based solely on collection agency efforts.
2. Per our current contract, "efforts shall include mailing not less than three notifications letters to the last known address of the Defendant. If a fine, fee or cost has not been cleared by payment or other means within ten business days...[the agency] will attempt to contact the Defendant by telephone."
3. The current contract states "In all cases where the addition of a collection fee has been authorized, the City shall pay [the collection agency] a 30% collection fee on all accounts referred by the City to [the collection agency] for which the City receives payment" In the case of accounts referred to [the collection agency] which are ineligible for the 30% collection fee, the City shall pay...23.07%."

Since this is not broken down, it is open to interpretation whether the 30% fee applies to everything collected on the City's behalf, or 30% of allowed components. Additionally, there is nothing noted in the contract as to what is considered "ineligible" per the contract.

4. Bills require a time-consuming process in order to reconcile. Due to system reporting and interface limitations, many adjustments have to be made manually by the Court Administrator each month. There is not currently a report that notes not only when warrants are resolved, but how they were resolved (final payment, disposition, etc.).

RECOMMENDATION

Upon the expiration of the City's current collection agency contract, Municipal Court management should:

	<ol style="list-style-type: none"> 1. Begin the Request for Proposal (RFP) process for a collection agency. This RFP should include certain selection criteria related to the services the City would receive from various collection agencies, such as personalized postcards, collection calls, etc. This process should be done in conjunction with the City Marshal's office and the IT Department. 2. Ensure that the next contract for our collection agency include which fees (and what percentage) are allowed to be collected on by the agency and any ineligible fees are clearly defined. <p>Prior to a new contract being initiated, the IT Department should:</p> <ol style="list-style-type: none"> 1. Ensure that the reports necessary for the normal invoicing of collection efforts are developed and are compatible with the collection agency.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	Court staff already planned to re-bid the collection contract in 2016. Historically, the Court rebids the Collection contract every 3 years. The Court staff is well versed in court collection requirements, the City bidding process and vendor techniques; thus it's routine to confer with Purchasing, IT and the City attorney's office; this contract will not be an exception.
IMPLEMENTATION DATE	July 2016
FOLLOW-UP	<ol style="list-style-type: none"> 1. The new collection agency was bid out with the assistance of Purchasing, the Marshal's office and IT. Selection criteria were developed with all the parties in order to select the best vendor. 2. All allowable fees and percentages are stated in the contract. 3. IT was involved in the RFP process and determined that all reports necessary for reporting to the collection agency were available and compatible.

IMPLEMENTATION	<ol style="list-style-type: none">1. Fully Implemented2. Fully Implemented3. Fully Implemented
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Exhibit A – Sampling Methodology

Newly-Issued Warrants

IA reviewed 100 reactivated alias/bench and capias warrants issued in June 2017. For all 100 items, we compared back to our IT-managed database that shows which items we have submitted to Region. From this, we judgmentally selected our sample from June to further confirm if these warrants were appearing in the Region Database. Internal Audit had to sit with a marshal who had access to Region, therefore, we limited the sample to 17 records (or 17%). The results of our sample can be projected to the intended population.