



Washington County Auditor's Office

Third and Final Audit Follow Up: Management Audit of the Justice Court

Final Report
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I. Background and Summary

The Washington County Justice Court is a limited jurisdiction court with authority over most violations of the State Motor Vehicle Code boating, wildlife and other specific misdemeanor offenses that occur within the County. The Justice Court also hears civil and small claims for money and damages not exceeding \$10,000. A Justice of the Peace presides over the Court and also performs weddings.

In December 2010 the Washington County Auditor released the report titled "Management Audit of the Justice Court," together with the joint response of the County Administrator and the Justice of the Peace. The Auditor made twenty-two recommendations for action.

In December 2011 we initiated a follow-up review to determine whether the Auditor's recommendations had been timely implemented and to request projected completion dates for any not yet fully implemented. We found that the County Administrator and the Court had fully implemented six of the recommendations and partially implemented two others. Thirteen recommendations were still in process with full implementation projected by June 2012. The County Administrator and the Court did not plan to implement the remaining recommendation.

In January 2013 we initiated a second follow-up review to determine whether the thirteen recommendations that were still in process had been fully implemented. We found that four additional recommendations had been fully implemented, and nine recommendations were still in process.

In May 2014 we initiated a third follow-up review to determine whether the nine recommendations that were still in process had been implemented. We found that one recommendation had been fully implemented, seven had been partially implemented, and one was not implemented.

Although ITS has plans to enhance the Justice Court System in FY14-15, the planned enhancements are not expected to change the final status of audit recommendations. This is our final follow-up report on the Management Audit of Justice Court. In summary, eleven of the auditor's 22 recommendations were fully implemented, nine were partially implemented, and two were not implemented.

This report summarizes findings and recommendations from the original audit, and describes actions taken to implement the recommendations and the final status of those recommendations.

II. Objectives of the Original Audit

The County Auditor initiated the Management Audit of the Justice Court to address the following questions:

- What factors have contributed to the recent decline in the Court's revenues? Are there opportunities to maximize Court revenues without compromising justice?
- Is the Court handling receipts (cash, checks, credit card payments) in an efficient and effective manner? Are adequate management controls in place? Are assessments forwarded to state and local agencies efficiently, appropriately and according to required timeframes?
- Is the Court processing citations efficiently and timely? Are there any backlogs?

- What can be done to improve lobby congestion during peak periods? How can wait times at the front counter be reduced?
- How have new diversion programs, increases in the Forcible Entry and Detainer (FED) and Sheriff's Vehicle Compliance Program (Fixits) caseload impacted workload?
- Are current staffing levels appropriate, given workload volumes and changes to caseload composition over time?

III. Findings from the Original Audit

The Auditor found that:

1. While declines in court revenues were directly related to the number of citations referred to the Court, a matter over which the Court has no control, there were opportunities to enhance Court revenues;
2. Checks that could not be matched to a citation were held for up to two weeks awaiting receipt of the citation before being deposited in the bank, creating a risk that checks could be lost or stolen before deposit;
3. Physical arrangements in the Court's administration and counter areas limited the efficiency and effectiveness of staff functions;
4. Weaknesses in collection practices were probably reducing revenues;
5. The Court did not limit the number of times that an offender may participate in the seat belt diversion program;
6. 16% of traffic and misdemeanor judgments were placed on payment plans, and many were delinquent;
7. Court and County collection policies and practices for delinquent accounts were not very effective;
8. The Justice Court had implemented effective and practical controls for handling cash and checks in spite of technology limitations;
9. The physical workflow of cash receipting at the front counter was inefficient;
10. The Court did not allow defendants to use a credit card to pay judgments over the phone, on the Court's website, or by mail. All credit card payments must be made in person at the Justice Court;
11. The Justice Court met statutory requirements for transferring assessments to other government agencies;
12. The Justice Court did not have sufficient information to efficiently process payments against accounts in collections;
13. The receivables reconciliation process was cumbersome;
14. Neither the Court nor the County tailored collection processes or practices to the age of Court receivables;
15. Court accounts are not aggressively worked within the first 90 days of delinquency.
16. Accounts could be up to 150 days old before they are transferred to the County's contract collection agent;

17. The Justice Court System did not support review or management of receivables and delinquent accounts; and
18. Justice Court employees were not trained in collections.

IV. Final Status of Audit Recommendations

The Auditor made twenty-two recommendations to improve the efficiency and effectiveness of the Court's case processing and collection of accounts and to reduce backlogs and lobby congestion. Each of those recommendations is set forth below, together with the final status of implementation.

1. **Consider limiting the number of times that a seat belt offender can be referred to the Court's seat belt diversion program.** Update the Justice Court System to include Seat Belt program participation and status in order to facilitate identification of repeat offenders. *Primary responsibility: Justice Court.*

This recommendation was closed as **Fully Implemented** in the first follow-up report.

2. **Apply and collect judgments from diversion participations who fail to complete program requirements within the required three month period.** Use regular monthly diversion program reviews to identify participants who did not complete counseling, training or other requirements within the required three month period. (Currently, reviews are only conducted on participants who have been in the program for a full year.) Update the Justice Court System to help automate this review process. *Primary responsibility: Justice Court*

This recommendation was closed as **Fully Implemented** in the first follow-up report.

3. **Limit the use of Court-managed payment plans.** Encourage defendants to use cash or credit card payments. Make Court payment plan terms unattractive as compared to other options. *Primary responsibility: Justice Court*

To make payment plans less attractive, the Court increased the payment plan fee from \$10 to \$25. Use of payment plans has declined from 16% to less than 8% in 2014. We are closing this recommendation as **Fully Implemented**.

4. **Enable the Court to accept credit card payments using the internet, telephone, or mail.** Use e-business and on-line technologies that have already been adopted in other County departments. Determine how credit card refunds should be managed. *Primary responsibility: Finance Division*

This recommendation was closed as **Partially Implemented** in the first follow-up report. The court had begun accepting credit card payment by phone, but had no plans to accept them by mail or over the internet. The court is now planning to accept internet payments.

5. **Install multiple computer workstations at the counter to improve employee efficiency, accountability, and system security.** *Primary responsibility: Information Technology Services Division*

This recommendation was closed as **Partially Implemented** in the first follow-up report. Information Technology Services installed a second computer workstation, but since as many as four or five staff might work the counter at busy times, this was not sufficient to address the risks identified .

- 6. Create and use a suspense account for unmatched checks.** Deposit unmatched checks (checks received before the original citation is received by the Court) in a suspense account. Credit defendants with payment as soon as the citation is received. Establish a procedure for refunding money in rare cases where the check cannot be matched to a citation. *Primary responsibility: Finance Division, Justice Court*

This recommendation was closed as **Fully Implemented** in the first follow-up report. Although the Court had not established a suspense account, it was no longer holding unmatched checks until the citation was received. Such checks were deposited in the bank along with matched checks.

- 7. Eliminate the County Finance Division's direct involvement in Court collections. Transfer full responsibility for collection of and accounting for delinquent accounts to Alliance One at 60 days.** Transfer accounts that are 60 days delinquent directly to Alliance One, rather than to the Finance Division. Negotiate with Alliance One to confirm roles, responsibilities, and information sharing arrangements with respect to the Justice Court. Confirm that Alliance One will process all payments against accounts that have been referred for collections, and that the Court will no longer receive payments against these accounts. Determine if the current Finance Division charge of \$20 should be imposed by the Court and collected by Alliance One. *Primary responsibility: Finance Division*

The Finance Division is no longer involved in Justice Court collections. The Court refers delinquent accounts directly to the collection agency, and the Court now imposes the collection fee previously assessed by the Finance Division. However, the Court still accepts payments against accounts that have been referred for collections.

Responsibility for collection is not yet transferred promptly to the collection agency although substantial progress has been made in reducing delays. In 2010 the Court was sending delinquent accounts to the collection agency quarterly, and those accounts could be as much as 150 days delinquent. In 2012 they were sent more frequently, but less regularly. Eight reports of delinquent accounts were sent to collections in 2012. The time between those reports varied from three weeks to three months, and accounts transferred were still as much as 150 days delinquent. In 2014 reports were being sent to collections every two or three weeks and almost all accounts transferred were less than 90 days delinquent.

We are closing this recommendation as **Partially Implemented**.

- 8. Increase the consistency and intensity of the Court's receivables collection practices within the first 60 days of delinquency.** Implement a process to identify delinquent accounts at the point they are 8 days and 30 days delinquent. Send timely notices as accounts reach these milestones. Train key employees in basic receivables analysis, management and collections practices. *Primary responsibility: Justice Court, assisted by the Finance Division*

In 2012 management reported that it identified, on a weekly basis, accounts that were at least 7 days past their appearance or payment date and sent a collection letter, giving the offender 30-days to respond before the account may be turned over to a collection agency. Since the Court took no further action, we recommended that the Court refer accounts to the collection agency on a weekly basis as soon as possible after the 30-day period expires. The Justice Court Administrator agreed with this recommendation. Although substantial progress has been made in reducing the delays in referring account for collection, we found that on average accounts referred in 2014 were still 75 days delinquent.

Finance has not provided training in basic receivables analysis management and collection practices to Justice Court personnel, but remains willing to do so. The Justice Court reported it was open to any training that was necessary.

We are closing this recommendation as **Partially Implemented**.

9. **Periodically review the Court's receivables performance to stay abreast of changes in payment patterns.** Evaluate the Court's cost of collections periodically to fine tune processes. Design Justice Court Systems reports to support the review and analysis of Court receivables. *Primary responsibility: Finance Division, assisted by the Justice Court*

Finance receives reports from the collections agency to review receivables performance from the agency. Justice Court System reports that support review and analysis of Court receivables have not been developed. The Court reports quarterly to Finance on the number of dockets placed on payment plans within the quarter, the fines involved and payments received on those plans within the quarter. This report is useful for monitoring whether the Court's use of payment plans is declining, but is of little use in monitoring receivables performance.

We are closing this recommendation as **Partially Implemented**.

10. **Develop a space plan for the administrative support area. Adjust the plan as necessary over time to accommodate changes in Court technology.** Arrange necessary materials and machines in close proximity to counter clerks. Ideally counter clerks would be seated at a counter height service area and rarely have to move to access necessary tools that include but are not limited to a computer, credit card scanner, cash drawer and copier. Determine if other accommodations need to be made to address shifts in workload to more internet based transactions and phone calls. Reassess current filing practices to streamline filing and place files in logical locations where all clerks can access the files centrally. Eliminate files in boxes stored in various locations. *Primary responsibility: Facilities and Parks Services Division*

This recommendation was closed as **Fully Implemented** in the first follow-up report.

11. **Migrate to electronic management of all Court documents, including citations, abstracts, diversion progress reports and other paper documents used by the Court. Ideally, document images should be indexed and linked to data in the Justice Court System.** *Primary responsibility: Information Technology Services Division*

There has been little progress in electronic management of all Court documents. We are closing this recommendation as **Not Implemented**.

12. **Consider use of electronic calendaring. Take advantage of technology that allows electronic tickets to feed a microfiche calendar.** *Primary responsibility: Information Technology Services Division*

The court uses electronic scheduling for the daily docket. Electronic tickets do not feed calendaring.

We are closing this recommendation as **Partially Implemented**.

13. **Redistribute Court work assignment so that data entry of citations is a high priority.** Establish timeliness goals for data entry of citations. Ensure that backlogs are managed in a timely manner through work redistribution and/or temporary help. *Primary responsibility: Justice Court*

This recommendation was closed as **Fully Implemented** in the second follow-up report. The Court adjusted work assignments, and used a temporary employee to address the backlog in data entry. The

Court Administrator reports that the goal is to enter citations within three days of receipt. The backlog in data entry of citations had been eliminated.

- 14. Expand web-based and telephone services to reduce the number of people that come to the Court to transact business during peak hours.** Enhance the Court's website to include up to date information about Court policies and procedures, including but not limited to: Court policies and procedures for paying fines and fees; information about mandatory fees and fine reductions, and options for reducing fines over the phone or requesting trials or fine reductions by mail; availability of the Spanish interpreter; and instructions to encourage Court visits at off peak times. Provide forms and instructions on the website, where possible. Improve the resources available to the telephone receptionist. Provide technology and authority for the telephone receptionist to check driving records, reduce fines, and accept credit card payments. Determine the feasibility of providing electronic documents and on-line payment capabilities to allow customers to file small claims and Forcible Entry and Detainer (FED) notices on the Court's website. *Primary responsibility: Information Technology Services Division, Justice Court*

The website includes information about payment of fines and fees, and some information about mandatory fees and fine reductions. It informs defendants that they may call to see if they qualify for a fee reduction, but does not provide information on how to qualify. It does not provide information about requesting fine reductions by mail or the availability of the Spanish interpreter. It does not provide forms and instructions other than those for the Vehicle Compliance Program addressed in Recommendation 15 below. The telephone receptionist can check driving records, reduce fines and accept credit card payments. ITS has determined it is feasible to provide electronic documents and on-line payment capabilities to allow customers to file small claims and Forcible Entry and Detainer notices on the Court's website.

We are closing this recommendation as **Partially Implemented**.

- 15. Work with the Sheriff's Office to modify the Vehicle Compliance ("Fixits") Program instructional handout and to add program information and instructions to the Court's website.** Clarify that Sheriff's inspections are not required for certain non-vehicle offenses and that proof of compliance for these offenses may be brought to the Court on days other than "fixit" day. Clarify that "fixit" results should not be brought to the Court before the arraignment date listed on the citation. *Primary responsibility: Justice Court and County Sheriff*

A revised Fixit instructional handout has been developed and posted on the Court's Website. However, it does not clarify that Sheriff's inspections are not required for certain offenses (e.g. proof of insurance, registration, etc.) and that proof of compliance for these offenses may be brought to the Court on days other than "fixit" day. It does not clarify that "fixit" results should not be brought to the Court before the arraignment date listed on the citation.

We are closing this recommendation as **Partially Implemented**.

- 16. Make business-critical modifications/updates to the Justice Court System.** Modify the Justice Court System to automate diversion program management tasks. Identify information that is required to monitor and close diversion dockets. Re-configure status codes to ensure that they are meeting business requirements for tracking diversion program entry, participation and completion status. Modify the Justice Court System to support accounts receivable management tasks. Enable the system to identify the delinquent status of accounts, record the date of delinquency notices sent,

and record the transfer of accounts to Alliance One for collection. Enable automated download and upload of receivables to and from Alliance One to eliminate manual processes. Modify the Justice Court System to support docket, case, and trial management. Where possible, ensure that critical data are captured in the Justice Court System. Identify data that are currently hand-written or coded on source documents (citations, abstracts, others). Create verifiable data elements for data currently captured in the “comments” field, and enforce entry of this information. Develop a means to automatically generate small claims file labels. *Primary responsibility: Justice Court and its IT Contractor, assisted by the Information Technology Services Division and contract business analysis support as necessary.*

Some modifications to the Justice Court system have been made. ITS completed a feasibility study to determine whether to enhance the existing system or acquire a new system. ITS intends to migrate the existing system to a supportable well-documented SQL server platform in FY14-15.

We are closing this recommendation as **Partially Implemented**.

17. Design Justice Court Reports to better facilitate the day to day management of the Court.

Opportunities for better reporting include: delinquent accounts/ accounts receivable, diversion status, suspension management (failure to appear, failure to pay). *Primary responsibility: Justice Court and its IT Contractor, assisted by the Information Technology Services Division and contracted business analysis support as necessary.*

This recommendation was closed as **Fully Implemented** in the second follow-up report. Reports were developed to improve management of delinquent accounts/accounts receivable, diversion status, and suspension management.

18. Establish a policy limiting the number of resets that will be allowed for District Attorney-involved trials. *Primary responsibility: Justice Court*

This recommendation was closed as **Not Implemented** in the first follow-up report.

19. Negotiate with the District Attorney to determine if additional represented trial dates could be added to the Court’s calendar. *Primary responsibility: Justice Court*

This recommendation was closed as **Fully Implemented** in the first follow-up report. The Court did negotiate with the District Attorney, but was unable to add more represented trial dates to the calendar.

20. Include sufficient budget for contract temporary workers in the Justice Court’s annual budget to cover for regular employee absences and to prevent processing backlogs. *Primary responsibility: Justice Court, County Administration*

This recommendation was closed as **Fully Implemented** in the second follow-up report. Additional funds for temporary help were included in the Courts FY12-13 budget, and the Court used a temporary employee to address the backlog in data entry. By December 31 2012 the backlog in data entry of citations had been eliminated.

21. Monitor the impact of shifting workload from counter service to the web and to telephone reception. Redistribute job duties as required and assess the impact on tools and technology

required to service customers. Identify and cross-train a second telephone receptionist to answer calls during busy phone-in periods and could back up the primary receptionist during absences.

Primary responsibility: Justice Court

This recommendation was closed as **Fully Implemented** in the second follow-up report. A backup telephone receptionist was trained, and job duties were adjusted. Monitoring was ongoing as additional work was being shifted to the web.

22. Install a security barrier across the front counter to protect Court personnel. *Primary responsibility: Facilities Division*

This recommendation was closed as **Fully Implemented** in the first follow-up report.

V. About this Review

In May 2014 we initiated a third follow-up review to determine whether the nine recommendations that were still in process had been implemented. We asked the County Administrator and the Justice Court to describe any actions taken to implement the Auditor's recommendations, and to provide documentation that would support the actions taken to implement the recommendations.

We reviewed the joint response to our request, reviewed the documentation submitted, and collected additional information as necessary to provide sufficient, appropriate evidence to conclude whether each recommendation was fully implemented.

We concluded that a recommendation had been *fully implemented* if we found that the recommended actions had been completed or that the County had adequately addressed the issues identified by the Auditor by alternative means. We concluded that a recommendation had been *partially implemented*, if we found that some, but not all, actions had been completed and no further action on the recommendation was planned. We concluded that a recommendation was *not implemented*, if we found that no action had been or would be taken to implement the recommendation.

We 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.

We invited the County Administrator and the Justice of the Peace to respond to our report, but neither chose to file a response.



signed:

John Hutzler, CIA, CGAP, CCSA