



AUDIT OF MUNICIPAL COURT PAYMENTS

ABSTRACT

In general, the City has established effective controls over the collection of Municipal Court fines and fees; however, additional supervision over dropped payments, refunds, and case updates would further reduce the risk of fraud and abuse.

Internal Audit Department

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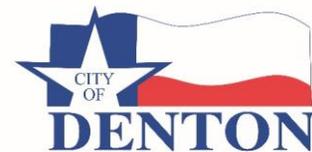


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Audit at a Glance

Why we did this Audit:

Annually, the City collects about \$3 million in fines and fees through its Municipal Court function. These payments must be collected in accordance with applicable regulations and documented appropriately to minimize the risk of fraud. This audit was included on the City's fiscal year 2020-21 Audit Plan as approved by the City Council.

What we Recommend:

Recommendations 1 & 2

Reconcile manual citations and improve delivery timeliness.

Recommendation 4, 5, 6, & 7

Require further supervision of dropped payments and refunds.

Recommendations 3, 8, & 9

Clarify procedures around cash access and collection agency referrals.

Recommendations 10, 11, & 12

Establish additional controls over case management system access.

What we Found:

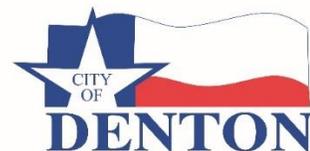
The City's Municipal Court Administration Division supports the adjudication and disposal of citation cases by assessing, communicating, and collecting fines and fees. Our findings are summarized below:

Citation Processing. The City's public safety agencies issue the majority of citations electronically, but some are issued manually. All citations are accurately recorded in the Municipal Court's case management system; however, some manual citations may not be recorded in a timely manner. In addition, manual citations received are not reconciled with those issued despite being vulnerable to misplacement.

Fines & Fees Collection. In general, the Division has adequately established controls over fine and fee payments made online and in-person. Payments left in the drop box or received in the mail should be retrieved and processed by two Court Representatives to reduce the risk that cash may be misplaced or stolen. Similarly, refunds should be processed and approved by different individuals.

Payments received from the City's collection agency are appropriately processed; however, information about when and why court fines and fees are referred to the collection agency does not seem to be available on the City's website.

Case Management System Access. In general, only authorized users have access to the Municipal Court's case management system; however, there is no process to regularly verify users' access. Additionally, while fine and fee payment transactions are well reviewed, there is no process to review case status and court fines and fees changes for appropriateness.



Introduction

The Internal Audit Department is responsible for providing: (a) an independent appraisal¹ of City operations to ensure policies and procedures are in place and complied with, inclusive of purchasing and contracting; (b) information that is accurate and reliable; (c) assurance that assets are properly recorded and safeguarded; (d) assurance that risks are identified and minimized; and (e) assurance that resources are used economically and efficiently and that the City's objectives are being achieved.

The Internal Audit Department has completed a performance audit of the Municipal Court Administration Division's fines and fees collection processes. We conducted this performance 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.

Management Responsibility

City management is responsible for ensuring that resources are managed properly and used in compliance with applicable regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

Audit Objectives, Scope, and Methodology

The Internal Audit Department has completed an audit of Denton's Municipal Court Administration Division's fines and fees collection processes. This report is intended to provide assurance that municipal court fines and fees are effectively collected and safeguarded.

Audit fieldwork was conducted during December of 2020 and January and February of 2021. The scope of review varied depending on the procedure being performed. The following list summarizes major procedures performed during this time:

- Reviewed documentation to develop criteria including industry standards, best practices,² policies, and procedures;
- Developed process narratives to identify current control activities in municipal court fines and fees adjudication, collection, posting, and reporting processes that were certified by Municipal Court Administration staff;
- Interviewed Municipal Court Administration staff and reviewed policies and procedures pertaining to the court fines and fees collection activities;
- Reviewed a statistical sample³ of 96 court cases filed during the FY2019-20 to ensure that cases are appropriately documented, and adjudicated fines and fees are appropriately collected;

¹ The Internal Audit Department is considered structurally independent as defined by generally accepted government auditing standard 3.56.

² An Informal Staff Report has been issued separately from this report that discusses two state of Texas programs that are intended to compel fine and fee collection and warrant clearance for traffic-related citations.

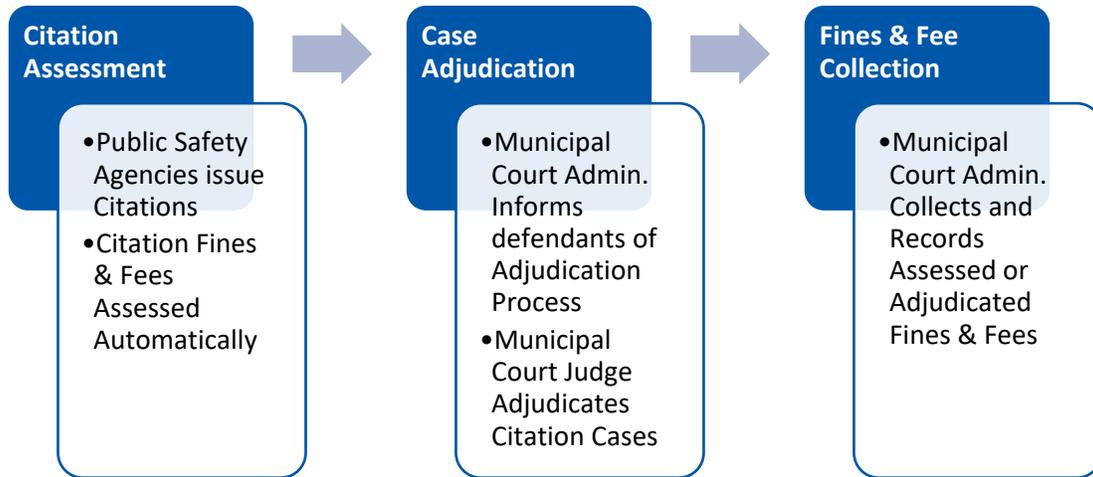
³ This sample size provides 95% confidence that the true population mean is within ± 10 percent of the sample estimate.

- Reviewed a randomly selected judgement sample of 30 Municipal Court Daily Deposits Reports to verify that collected payments are appropriately processed and accurately reported to Accounting;
- Reviewed a randomly selected sample of 90 citations to verify that citations are appropriately and accurately recorded into the City's Court Case Management System;
- Reviewed a randomly selected sample of defendants' active payment plans and collection agency referral and collection reports to verify the effectiveness of reporting and administrative controls;
- Reviewed the Municipal Court case management system's user access list and procedures to verify that access controls are properly managed and secured; and
- Summarized fiscal year 2019-20 citation, dismissal, and potential warrant information for the Denton Municipal Court's defendants.

Findings & Analysis

The City of Denton’s Municipal Court is generally responsible for processing and disposing of citations issued by the City’s public safety agencies for violations of City ordinances, traffic laws and other Class C Misdemeanors. The Court consists of two functions including the Office of the Municipal Court Judge and the Municipal Court Administration Division of the Finance Department. The Municipal Court Administration Division supports the adjudication and disposal of citation cases by assessing, communicating, and collecting fines and fees. This process is illustrated in Figure 1 below:

Figure 1: Municipal Court Payments Process

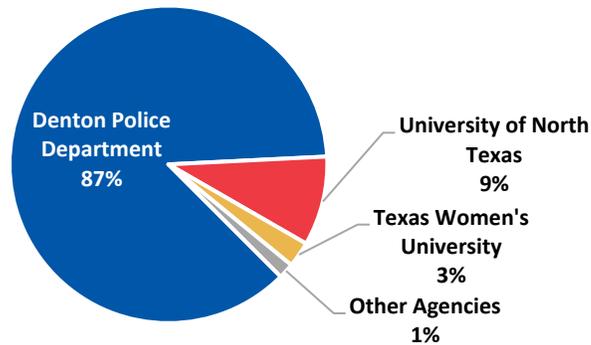


This audit generally focused on the processing of payments made to the Municipal Court Administration Division for fines and fees due for citation cases, including assessment, adjudication, collection, and record-keeping.

Citations Generally Recorded Effectively; Could Improve Manual Citation Processes

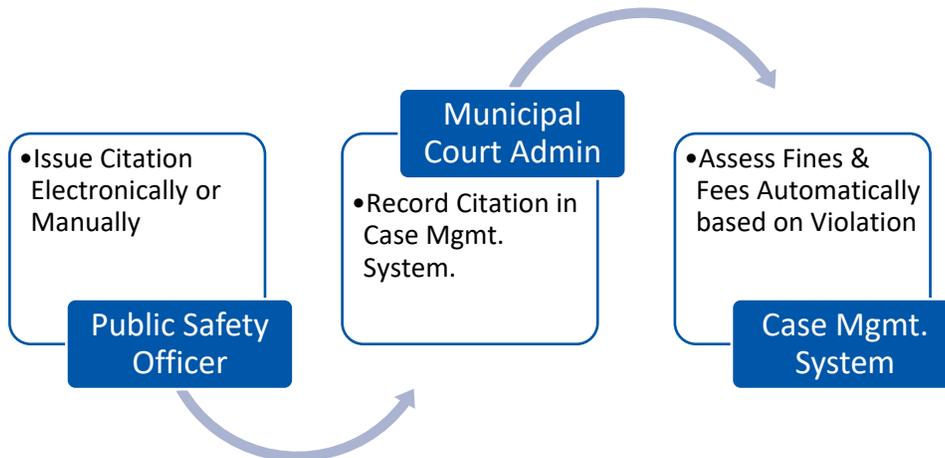
Citations are issued to defendants by the City’s public safety agencies for violations of City ordinances and other chargeable offenses. During fiscal year 2019-20, almost 15,200 citations were issued by public safety agencies as shown in Figure 2:

Figure 2: Citations by Public Safety Agency (FY2019-20)⁴



These citations must then be communicated to the Municipal Court and assessed before they can be adjudicated by the Municipal Court Judge. Defendants are generally required to appear in court about a month after the citation was issued to begin the adjudication process. Therefore, citations should be promptly recorded and made available in the Municipal Court’s records to ensure timely and effective case disposal. The citation assessment process is outlined in Figure 3.

Figure 3: Citation Assessment Process



⁴ Other public safety functions include Animal Services (0.6%), Code Enforcement (0.5%), Municipal Court (0.2%), Denton Fire Department (0.1%), Building Inspections (0.1%), and Wastewater Treatment (0.1%).

What We Found

- The City's public safety agencies issue citations electronically and manually. The Municipal Court Administration Division has developed a 'Data Entry Manual' that contains the steps and responsibilities for staff recording and importing citations into the case management system.
 - Electronic citations are issued using handheld ticket writers that are integrated with the case management system through an electronic citation software. These citations are uploaded from the citation software into the case management system each day.
 - Manual citations are physically delivered to the Municipal Court Administration Division. These citations must be entered into the case management system by Division staff. The majority of manual citations are issued by the Denton Police Department, which are delivered to the Municipal Court by Police Department staff each business day.

- Citations have a pre-printed note directing defendants to wait five days after receiving a citation before contacting the Municipal Court. In order to facilitate this timeline, Division practices require issued citations to be uploaded into the case management system within two to five days of issuance.
 - Based on review of a judgement sample of 30 electronic citations issued in 2020, about 97 percent were recorded in the case management system within five days of issuance, indicating that timeliness was not an issue.
 - Based on review of a sample of 60 manual citations issued in 2019 and 2020, it was observed that 34 were recorded in the case management system within five days of issuance. This timeliness appears to have been significantly impacted by the COVID-19 Pandemic, as seen in Table 1.

Table 1: Manual Citation Filing Timeliness by Year

	Avg. Days to Deliver	Avg. Days to Enter⁵	Avg. Days to Record	Percent Recorded Timely
2019	3	1	4	70%
2020	4	3	7	43%
Both:	4	2	5	57%

- Fines and fees due for each citation are automatically determined by the case management system and assessed to each defendant's case based on the violation committed. This determination uses fine and fee information stored in the case management software that is based on federal, state, and local statutory requirements.

- Based on review of a randomly selected sample of 60 manual citations issued in 2019 and 2020 and 30 electronic citations issued in 2020, citations are accurately recorded in the case management system.

⁵ Occasionally, Municipal Court Administration staff must request clarification or additional information from the issuing officer, which may cause delays in entry.

- Manual citations are verified by another court clerk to ensure that details are correctly entered into the case management system. A copy of the issued citation was uploaded into the defendants' cases in the case management system.
- About 400 manual citations were issued during fiscal year 2019-20. The Municipal Court Administration Division provides blank citation books to the City's public safety agencies for their use.
 - Issued manual citations are not reconciled to the case management system by the Municipal Court Administration Division or public safety agencies to ensure they are not lost or misplaced. Gaps in issued citations' sequential numbering were observed.

Why It Matters

Citations should be recorded in the case management system within stated timelines to ensure information is readily available to defendants when they contact the Court and prevent confusion. In addition, delays in citation recording, may impact defendants who are generally required to appear in Court 30 days after the citation is issued if no other action on their case is taken. While manual citations were generally recorded in a timely manner previous to the COVID-19 Pandemic, the Municipal Court Administration Division and public agencies should work to ensure that citations are recorded as quickly as possible to prevent delays in the case adjudication process and judicial proceedings.

Similarly, there is currently no process to detect if any manual citations were voided, lost, or misplaced before submission to Municipal Court. Unaccounted citations may result in delays in the judicial process or could potentially be abused. Implementing a reconciliation process could provide assurance that all issued and voided manual citations are appropriately tracked and recorded in the City's records.

Recommendations:

1. Develop a process in consultation with the City's public safety agencies for timely submission of manual citations with Municipal Court Administration Division. Also, ensure that manual citations, once received, are recorded in the case management system without delay to improve the overall timeliness of citations' entry.

Police Department Comments: *The Records Management Division will electronically scan manual citations to Municipal Court during business hours to expedite the internal process. A Standard Operating Procedure pertaining to this procedure will be added to the Records Management SOP manual.*

Municipal Court Administration Comments: *While the Court does not have the authority to assign or enforce procedures to public safety agencies, the Court will work with them to develop processes that will expedite the submission of manual citations. Court Administration will also update internal processes to further ensure timely entry of these citations in the case management system.*

2. Maintain a database of manual citations received and create a process for reconciliation of manual citations in consultation with the public safety agencies.

***Police Department Comments:** The Police Quartermaster will maintain a database to record the number of manual citation books issued, unused and destroyed inventory. The Records Management Division will maintain an electronic database of manual citations issued, corrected, voided and/or returned. The division will disseminate this information to Municipal Court for reconciliation.*

***Municipal Court Administration Comments:** Since manual citations originate with the public safety agencies, it is most appropriate that a database is maintained by these agencies. Court Administration can provide reporting of manual citations entered, or other information deemed necessary, to assist the agencies with their tracking and reconciliation processes.*

Effective Collection Procedures Established; Drop Payment Supervision Needed

In order to ensure accurate collection of fines and fees, each case's status and adjudication judgement must be promptly updated in the case management system and supporting documentation should be appropriately maintained. In order to ensure that fine and fee payments are effectively recorded and accurately reported:

- Appropriate policies and procedures should be developed for posting and reconciling collections;
- Duties should be properly segregated among staff for accounting transactions; and
- Municipal Court Administration staff should be aware of payment collection posting and reporting requirements.

During the FY2019-20, Municipal Court Administration Division collected about 2.9 million in fines and fees from defendants.

What We Found

- Municipal Court Administration staff maintain and update case records in the case management system based on the judicial adjudication process and the Municipal Court Judge's directions. Case documentation is maintained in the City's document repository.
 - Based on review of a statistical sample of 96 cases filed during the FY2019-20, case documentation regarding the judicial adjudication process was properly executed and appropriately retained in the document repository. In addition, fines and fees appeared to be appropriately collected and posted to the case management system based on the assessment or adjudication. Documentation for Community Services and Driver Safety Course was appropriately verified and recorded when applicable.
 - Based on review of a randomly selected sample of ten cases, documentation for all defendants who were granted credit for jail time by the Municipal Court Judge was properly recorded in the case management system and documented in the document repository.
- The Municipal Court Administration Division has developed adequate standard operating procedures for cash handling and payment processing. Defendants may pay outstanding fines and fees online or in person at the Municipal Court with cash, check, money order, or credit card. Payments received at the Court are manually entered and updated to each defendant's

case in the case management system in real-time. Adequate controls appear to be in place for handling and reconciling payments collected daily, including:

- Court Representatives are each assigned one cash bag, which is obtained from the Municipal Court safe at the beginning of each shift. Only the Municipal Court supervisors are able to open the safe and they do not have the ability to open individual cash bags.
- Payments made by defendants online are reviewed and posted in the case management system each business day by a Court Supervisor.
- Daily, Court Representatives reconcile collections to payments recorded in the case management system. A different Court Representative or a Court Supervisor then verifies that this reconciliation is accurate.
- These reconciliations are consolidated on a Daily Deposit Report, which is prepared by a Court Supervisor and forwarded to the Accounting Division to report daily collections.
 - Based on review of a sample of 30 randomly selected Daily Deposit Reports, all collected fines and fees were properly recorded into the case management system and accurately reported to Accounting.
- Fines and fees collected in cash are deposited with the Customer Service Division the next day along with a signed deposit receipt. Customer Service staff verify the cash and sign the deposit receipt.
- Checks and money orders are scanned and deposited with the bank electronically.
- Checks, cash, and money orders may also be mailed or placed in an overnight drop box.
 - These payments are retrieved by a single Court Representative who processes each payment in the case management system daily.
 - The cashier windows are monitored during business hours by security cameras, which are generally watched by a Court Supervisor throughout the day. This footage is maintained for about 60 days.
 - Payments are also recorded in an EXCEL-based Mail Log.
 - Based on a review of fifteen payments recorded in the Mail Log, all but one were properly posted in the case management system and accurately reported in the Daily Deposit Reports. This exception was a check that was not cashed but instead returned to the defendant by their request. This fine was instead paid online and recorded per that payment process. The check return was not recorded in the Mail Log.
- As required by Texas Government Code, Chapter 71, Section 71.035(b), Denton's Municipal Court activities reports were properly filed with the Texas Office of Court Administration during fiscal year 2019-20.

Why It Matters

Appropriate court case records and documentation maintenance ensure that the cases are being efficiently monitored and assessed, and adjudicated court fines and fees are being appropriately collected. Similarly, the Municipal Court Administration Division has adopted formalized processes for cash handling; clarifying which staff have access to the safe and cash bags would provide further assurance about cash safety and help bring awareness among the City's staff. In addition, the City has adopted adequate procedures for proper posting of payments into the case management system and accurate reporting to the Accounting Division.

That being said, about nine percent of payments collected by the Municipal Court are received in the mail or through the drop box. Allowing a single employee to retrieve payments received in the mail and drop box increases the risk of fraud and abuse as the customer does not witness the payment being processed. Furthermore, while these payments should be recorded on a mail log, the current EXCEL-based system is vulnerable to alteration, which could potentially be misused, especially when cash is received. Finally, updating the Mail Log to include checks and money orders that are returned or not cashed will facilitate reconciliation.

Recommendations:

3. Update procedures to clarify which staff have access to the safe and cash bags.

Municipal Court Administration Comments: Court Administration will update process documentation to include safe and cash bag access information.

4. Keep a record of returned checks and money orders in the Mail Log maintained for recording payments received through the mail and drop box to reconcile the checks and money orders received and cashed.

Municipal Court Administration Comments: In addition to adding comments on the case, Court Administration will update processes to include noting the mail log if a payment is returned to a defendant.

5. Requiring two staff members to retrieve and process payments received through the mail and drop box. These payments and the Mail Log should be verified again as part of the daily reconciliation process.

Municipal Court Administration Comments: Court Administration will explore options to further reduce risk identified with mail and drop box payments. Processes and assignments will be updated accordingly.

6. Maintain a non-alterable record of payments received through the mail and drop box.

Municipal Court Administration Comments: Court Administration will explore options to comply with this recommendation. Processes and documentation will be updated accordingly.

Defendants Payment Plans Are Appropriately Documented and Administered

Allowing defendants to pay court fines and fees in installments through a payment plan is considered a best practice. Denton's Municipal Court provides an option to defendants to pay adjudicated fines and fees in parts and dispose of their case without arrest. Payment plans should be properly approved, adequately documented, and regularly monitored for delays and non-payments in order to be effective.

What We Found

- The Municipal Court Judge has authorized Municipal Court Administrative Division staff to create payment plans for fines and fees owed on adjudicated cases if requested by a defendant within certain parameters. These parameters are documented in the Collection Office Manual and include the following:
 - Defendants may request a payment plan before or after a warrant has been issued; however, if the case has not been adjudicated, the Municipal Court Judge must review and approve the request.
 - Monthly payment amounts can be set as low as \$50, and defendants can be granted up to 30 days for the first payment to be paid. If the defendant requests a lower monthly amount or a longer time before the first payment, the Municipal Court Judge must review and approve the request.
 - A Court Representative may grant three 30-day extensions to make a monthly payment. Defendants are required to make a new payment plan on the fourth extension request.
- At the end of December 2020, 226 defendants had an active payment plan with Denton's Municipal Court. Based on a review of a judgement sample of 30 active payment plans, it was observed that all payment plans had been appropriately approved and administered following the Court's procedures.
 - All payment plans' transactions were appropriately recorded in each defendant's case in the case management system.
 - The documentation for each reviewed payment plan's application and approval was appropriately executed and maintained in the document repository.
 - The monthly payment delays and plan extensions were appropriately tracked and administered by Municipal Court staff.

Why It Matters

The Municipal Court Administration Division administers defendant's payment plans appropriately per the Municipal Court's established procedures. Payment plans appear to assist defendants who owe fines and fees by spreading payments out over time. This process also helps the City dispose of cases while minimizing the issuance of arrest warrants.

Recommendation: None

Some Reviewed Refunds Were Not Properly Approved

Municipal Courts are required to refund defendants if fines and fees are overpaid or if the posted bond exceeds the adjudicated fines and fees, whenever necessary. Refunds should be properly approved and documented to ensure they are issued appropriately.

What We Found

- Per the Collection Office Manual, refund documentation is prepared by a Court Representative based on a defendant's request or the based on the Municipal Court Judge's order. A refund form with supporting documentation is submitted to their Supervisor for approval. Refunds forms are verified and signed by a Supervisor and sent to the Accounts Payable Division for payment to defendants.
- The Municipal Court Administration Division processed 23 refunds amounting to \$5,608 between March 2020 and February 2021. Of 23, eight refunds were prepared by a Court Supervisor instead of a Court Representative.
 - Of these, four refunds, amounting to \$906, were not verified or approved by another employee. The remaining four, while verified, were not approved by the preparer's supervisor. Based on discussion with Municipal Court Administration Division staff, these refunds were not properly authorized due to staffing shortages caused by the COVID-19 Pandemic.

Why It Matters

The Collection Office Manual requires refunds to be approved by the Supervisor of the Court Representative, who prepares the documentation and processes the refund in the case management system. These procedures are designed appropriately to ensure adequate separation of duties between those requesting and authorizing a cash disbursement; however, almost a third of refunds processed since March 2020 did not adequately follow this procedure. Allowing staff to process and approve refunds increases the risk of error and fraud.

Recommendation:

7. Ensure that Municipal Court refunds are adequately approved. Specifically, one employee should prepare and process the refund request, which should be reviewed and approved by their Supervisor.

Municipal Court Administration Comments: Court staff will follow documented procedures to ensure separation of duties and adequate controls. Court Administration will regularly check for compliance and plan ahead if staffing creates dual control challenges.

Collection Agency Payments Are Effectively Processed; Clarify Referral Process

Collection efforts are generally required if defendants do not pay their fines and fees timely. In general, municipalities contract with a collection agency to facilitate these efforts after a certain length of time. In order to ensure effective reporting and administration of collection through a collection agency:

- Delinquent cases should be timely referred to the Collection Agency,

- Payments received from Collection Agency should be appropriately monitored and accurately reported in City’s records; and
- Defendants should be aware of the City’s practice of sending the delinquent cases to the Collection Agency.

What We Found

- The City has contracted with a collection agency to collect delinquent payments from defendants. According to Municipal Court Administration Division staff, delinquent fines and fees are generally sent to the collection agency at least 60 days after a warrant has been issued.
- As authorized under Chapter 103 of the Texas Code of Criminal Procedure, the collection agency directly charges defendants a collection fee equivalent of 30 percent of the fines and fees due.
 - The Municipal Court stopped issuing warrants to defendants after March 2020 due to the COVID-19 Pandemic. For this reason, no delinquent payment cases have been sent to the collection agency since March 2020.
 - The Municipal Court’s City webpage does not appear to include information on the referral of court fines and fees to the collection agency.
- The Municipal Court Administration Division has set up an effective process for tracking and recording of fine and fee payments collected by the City’s collection agency daily as illustrated in Figure 5.

Figure 5: Collection Agency Payments’ Daily Tracking and Recording Process



- Based on review of 12 randomly selected collection agency daily reports, all reviewed daily collected payments were properly verified and recorded in the case management system per the established process. These payments were also accurately reported in Municipal Court’s Daily Deposit Reports sent to Accounting.
- Based on a review of cases referred to the collection agency between October 2019 to March 2020, referrals made for delinquent cases are generally referred to the collection agency four months after a warrant is issued and are generally made at least 30 days after the 60 day minimum timeline.

Why It Matters

The Municipal Court Administrative Division has developed an effective process for receiving and processing delinquent payments collected by the City's collection agency; however, information about the delinquent payment referral and collection process is not publicly posted on the City's website. Ensuring that this information is available may further prompt some defendants to pay their fines and fees on time and helps minimize the risk that defendants are overcharged by the collection agency as they charge defendants the collection fee directly.

In addition, from October 2019 to March 2020, all delinquent payment cases were referred to the collection agency after at least 90 days from the warrant issue. Delaying referral of cases to the collection agency may hinder the timely disposal of cases. Therefore, reducing the referral timeline could help reduce the overall time taken to dispose of cases as collection efforts can be initiated earlier.

Recommendations:

8. Update the Municipal Court's City webpage to include the collection agency referral procedure. This information should include the referral timeline and the additional collection fee.

Municipal Court Administration Comments: *The Court Administrator will have collection agency information added to the Frequently Asked Questions portion of the court's website.*

9. Develop a procedure for referring the delinquent payment cases to the collection agency promptly on the passing of 60 days after issuance of a warrant. This recommendation is suggested to be implemented when the Municipal Court resumes sending cases to the collection agency.

Municipal Court Administration Comments: *Court Administration will develop and document collection agency referral processes to comply with this recommendation.*

Case Management System Access Properly Granted; Increased Monitoring Needed

Per the Government Accountability Office's Federal Information System Controls Audit Manual's methodology, governmental entities should have policies and procedures in place to provide logical access to the users.

- Access should be limited to users with a valid business purpose and should be related to the users' duties and responsibilities.
- Unnecessary and inactive accounts and access rights should be removed or otherwise secured.
- System owners should periodically review authorization lists and levels to assess their appropriateness.
- Entries executed by employees in an information system should be controlled through formal and active supervision.

What We Found

- The City uses a court case management system to record the collection of assessed or adjudicated fines and fees and to track the progress of cases through the judicial process.
- Group-based case management system access rights are granted based on the duties and responsibilities performed by City staff; however, there is no formal process or criteria in place for granting and removing this access.
 - The Municipal Court Administrator is able to grant and revoke access rights to the case management system and access rights are granted and removed with her approval.
 - The modification and removal of access rights are made on request if there is a new appointment, role change, or employee termination information received from the HR Department.
 - Only two Municipal Court Supervisors have been granted administrative rights.
- No formal process has been developed to regularly review users and their access levels to verify that access and authorization are appropriate.
 - Four active system users, including two Technology Services staff with administrative-level rights, were former employees. Their access rights were promptly removed once the Municipal Court Administration Division staff were informed. It should be noted that the risk associated with this is relatively minimal as the case management system is a desktop-based, licensed application, which must be installed on a user's system to access.
- No formal process has been developed to regularly review and monitor the case updates or fee adjustments made in the case management system by the users.

Why It Matters

Group-based case management system access ensures staff are granted access based on their duties and responsibilities provides assurance that users are not granted unnecessary access. That being said, without a formal process for requesting and approving system access there is a risk that inappropriate access may be granted.

Additionally, in order to ensure proper controls, terminated employees' access should be promptly disabled or deleted. The Municipal Court Administration Division has a procedure in place to disable the users who are no longer employees or no longer needed access when they are notified. Conducting periodic user access reviews access will provide further assurance that only authorized users may use the system.

Finally, not all case management system transactions and entries executed by users are monitored and reviewed regularly, which may leave room for error or abuse. A formal process for periodically reviewing case status updates or fee adjustments made in the case management system would help ensure the accuracy and appropriateness these transactions.

Recommendations:

10. Create a formal process for granting and removing case management system user access, including the criteria and conditions for group-based access control.

***Municipal Court Administration Comments:** The Court Administrator recently developed a SmartSheet request form to add, update, or remove Incode access. The form includes the group-based access needed. This has already been used to add new Dispatch employees. The Court Administrator will document this process.*

11. Develop a procedure for periodical review and monitoring of the case management system User Listing and authorization.

***Municipal Court Administration Comments:** The Court Administrator will audit user access at least twice annually. This process will be documented by the Court Administrator.*

12. Develop a process to regularly review fees and fine adjustments and case status updates in the case management system to ensure accuracy and appropriateness.

***Municipal Court Administration Comments:** The Assistant Court Administrator currently audits cases and payments on a daily basis. Court Administration will document these processes. If additional ways to audit are found that will further comply with this recommendation, they will be added.*

Appendix A: Management Response Summary

The following summarizes the recommendations issued throughout this report. The auditors found that staff and the Divisions were receptive and willing to make improvements to controls where needed. Management has provided their response to each recommendation.

1	<p><i>Develop a process in consultation with the City’s public safety agencies for timely submission of manual citations with the Municipal Court Administration. Also ensure that manual citations, once received, are recorded in the case management system without delay to improve the overall timeliness of citations’ entry.</i></p>	Concur	Expected Completion (Mentioned below)
<p>Municipal Court Administration Comments: While the Court does not have the authority to assign or enforce procedures to public safety agencies, the Court will work with them to develop processes that will expedite the submission of manual citations. Court Administration will also update internal processes to further ensure timely entry of these citations in the case management system.</p>		<p>Responsibility: Court Administration & Public Safety Agencies (June 30, 2021)</p>	
<p>Police Department Comments: The Records Management Division will electronically scan manual citations to Municipal Court during business hours to expedite the internal process. A Standard Operating Procedure pertaining to this procedure will be added to the Records Management SOP manual.</p>		<p>Responsibility: Records Management Division (April 1, 2021)</p>	
2	<p><i>Maintain a database of manual citations received and create a process for reconciliation of manual citations in consultation with the public safety agencies.</i></p>	Concur	Expected Completion (Mentioned below)
<p>Police Department Comments: The Police Quartermaster will maintain a database to record the number of manual citation books issued, unused and destroyed inventory. The Records Management Division will maintain an electronic database of manual citations issued, corrected, voided and/or returned. The division will disseminate this information to Municipal Court for reconciliation.</p>		<p>Responsibility: Records Management Division Section (April 1, 2021) Quartermaster Section (End of 2021)</p>	
<p>Municipal Court Administration Comments: Since manual citations originate with the public safety agencies, it is most appropriate that a database is maintained by these agencies. Court Administration can provide reporting of manual citations entered, or other information deemed necessary, to assist the agencies with their tracking and reconciliation processes.</p>		<p>Responsibility: Court Administration & Public Safety Agencies (June 30, 2021)</p>	
3	<p><i>Update procedures to clarify which staff have access to the safe and cash bags.</i></p>	Concur	Expected Completion: 04/30/2021

**The City of Denton Internal Audit Report
Audit of Municipal Court Payments**

April 2021

	Municipal Court Administration Comments: Court Administration will update process documentation to include safe and cash bag access information.		Responsibility: Court Administration
4	<i>Keep a record of returned checks and money orders in the Mail Log maintained for recording payments received through the mail and drop box to reconcile the checks and money orders received and cashed.</i>	Concur	Expected Completion: 04/30/2021
	Municipal Court Administration Comments: In addition to adding comments on the case, Court Administration will update processes to include noting the mail log if a payment is returned to a defendant.		Responsibility: Court Administration
5	<i>Requiring two staff members to retrieve and process payments received through the mail and drop box. These payments and the Mail Log should be verified again as part of the daily reconciliation process.</i>	Concur	Expected Completion: 05/30/2021
	Municipal Court Administration Comments: Court Administration will explore options to further reduce risk identified with mail and drop box payments. Processes and assignments will be updated accordingly.		Responsibility: Court Administration
6	<i>Maintain a non-alterable record of payments received through the mail and drop box.</i>	Concur	Expected Completion: 05/30/2021
	Municipal Court Administration Comments: Court Administration will explore options to comply with this recommendation. Processes and documentation will be updated accordingly.		Responsibility: Court Administration
7	<i>Ensure that municipal court refunds are adequately approved. Specifically, one employee should prepare and process the refund request, which should be reviewed and approved by their Supervisor.</i>	Concur	Expected Completion: Immediately
	Municipal Court Administration Comments: Court staff will follow documented procedures to ensure separation of duties and adequate controls. Court Administration will regularly check for compliance and plan if staffing creates dual control challenges.		Responsibility: Court Administration
8	<i>Update the Municipal Court's City webpage to include the collection agency referral procedure. This information should include the referral timeline and the additional collection fee.</i>	Concur	Expected Completion: 04/30/2021
	Municipal Court Administration Comments: The Court Administrator will have collection agency information added to the Frequently Asked Questions portion of the court's website.		Responsibility: Court Administration
9	<i>Develop a procedure for referring the delinquent payment cases to the collection agency promptly on the passing of 60 days after issuance of a warrant. This recommendation is suggested to be implemented when the Municipal Court resumes sending cases to the collection agency.</i>	Concur	Expected Completion: 07/30/2021
	Municipal Court Administration Comments: Court Administration will develop and document collection agency referral processes to comply with this recommendation.		Responsibility: Court Administration
10	<i>Create a formal process for granting and removing case management system user access, including the criteria and conditions for group-based access control.</i>	Concur	Expected Completion:

			In Progress; Complete by 04/30/2021
	<p>Municipal Court Administration Comments: The Court Administrator recently developed a SmartSheet request form to add, update, or remove Incode access. The form includes the group-based access needed. This has already been used to add new Dispatch employees. The Court Administrator will document this process.</p>		Responsibility: Court Administration
11	<p><i>Develop a procedure for periodical review and monitoring of Incode User Listing and authorization.</i></p>	Concur	Expected Completion: 07/30/2021
	<p>Municipal Court Administration Comments: The Court Administrator will audit user access at least twice annually. This process will be documented by the Court Administrator.</p>		Responsibility: Court Administrator
12	<p><i>Develop a process to regularly review fees and fine adjustments and case status updates in the case management system to ensure the accuracy and appropriateness.</i></p>	Concur	Expected Completion: In progress; Complete by 06/30/2021
	<p>Municipal Court Administration Comments: The Assistant Court Administrator currently audits cases and payments on a daily basis. Court Administration will document these processes. If additional ways to audit are found that will further comply with this recommendation, they will be added.</p>		Responsibility: Court Administration

Appendix B: Citation Demographic Information

The following demographic information has been presented to provide information and context about the City of Denton’s Municipal Court system’s defendants. This information is solely based on citations issued during fiscal year 2019-20 by Denton’s public safety agencies. It is important to note that this demographic information is reported by public safety officers and so may not accurately represent a person’s self-reported identify. This report does not draw conclusions about disparate citation outcomes experienced by different racial, ethnic, gender, and age groups.⁶

The following figures present the percentage of all citations issued, cases dismissed, and potential warrants⁷ for each demographic group in comparison to each group’s percentage of the City of Denton’s population.⁸ Citations are split between those issued in relation to the Transportation Code (almost 10,900 total) and the Penal Code (About 900 total) . Almost 3400 citations not related to either of these two Codes are not include in Figure 6, Figure 7, or Figure 8.

Figure 6: Gender Comparisons of Citation Outcomes to Denton Population

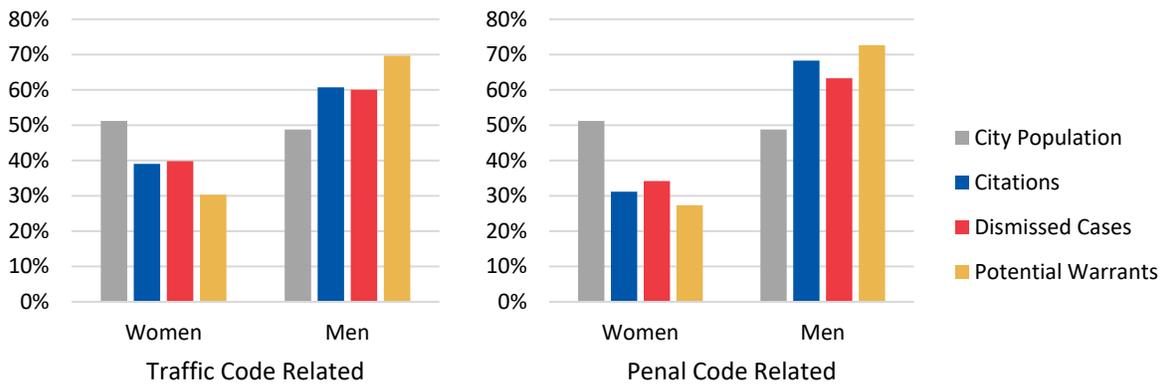
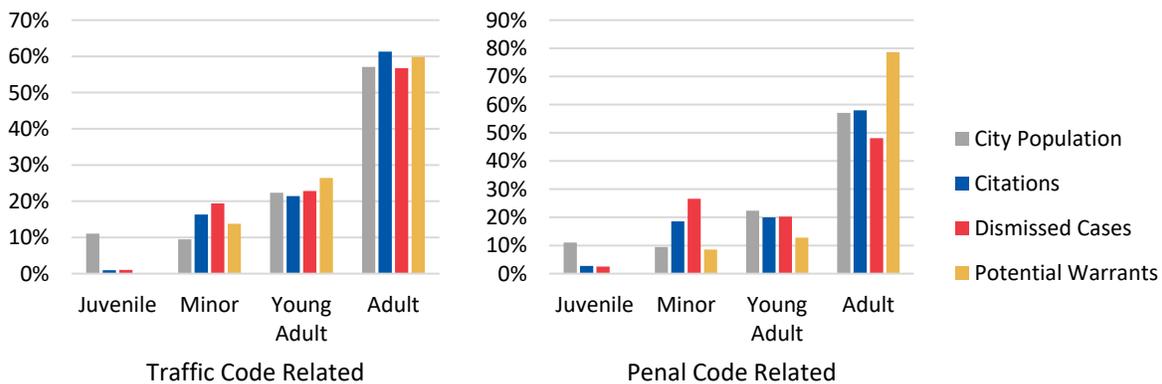


Figure 7: Age Comparisons of Citation Outcomes to Denton Population

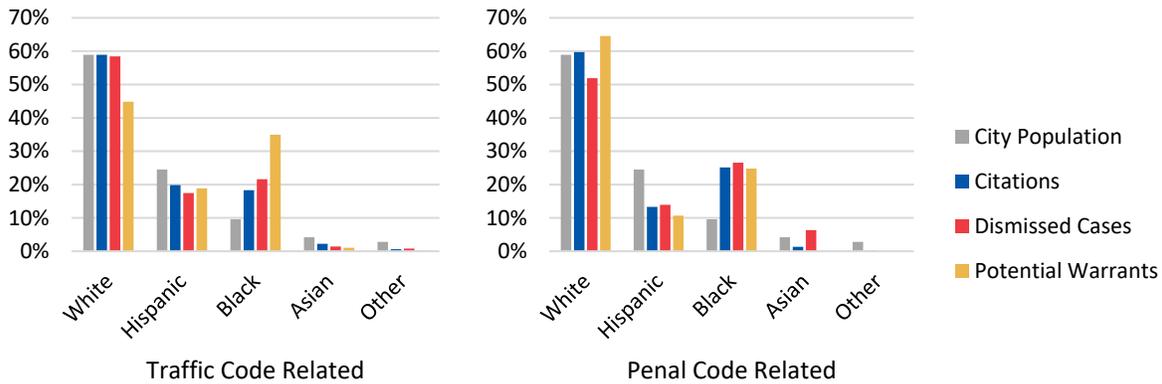


⁶ It should be noted that reporting on race, ethnicity, and gender are limited by data as it is collected by public safety agencies. Internal Audit recognizes that some demographic categories as they are presented here may inaccurately represent an individual’s race, ethnicity, or gender.

⁷ Due to the COVID-19 Pandemic, the Municipal Court has not issued new warrants since March 2020. For this reason, the potential warrant metric is used and includes all outstanding warrants and cases where the defendant has failed to appear but a warrant has not yet been issued.

⁸ While this comparison is used, it is important to note that not all defendants are City of Denton residents.

Figure 8: Race & Ethnic Comparisons of Citation Outcomes to Population



The table below summarizes the percentage of all citations issued to each group that are dismissed or will potentially have a warrant issued. This information is intended to allow comparison of citation conversion rates.

Table: Citation Conversion Rates by Demographic Group

Group	Total Citations ⁹	Percent Dismissed	Percent Potential Warrant
Gender Groups			
Male	8,099	7.2%	18.0%
Female	5,103	7.7%	11.9%
Age Groups			
Juvenile	150	10.0%	0.0%
Minor	2,398	8.5%	11.6%
Young Adult	2,836	7.2%	17.3%
Adult	7,867	7.0%	16.5%
Race & Ethnic Groups			
White	7,674	7.2%	13.0%
Hispanic	2,556	6.9%	13.8%
Black	2,528	8.2%	27.3%
Asian	286	5.6%	6.3%
Other	84	9.5%	4.8%
All Groups:	15,167	6.5%	13.6%

If you would like to learn more about the demographic information of traffic stops performed and citations issued by the City of Denton’s Police Department you can visit its [Data Initiative webpage](#) on the City of Denton’s website.

⁹ Citations by group may not add up to the total citations issued as those with unknown or blank gender, age, race, or ethnicity information have been excluded.