



# **Justice Court:**

*Cash Handling, Collections and Traffic Diversion*

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A Report by the Internal Auditor

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# Executive Summary

## Key Findings

Immediate improvements are needed to the court's subsidiary system. Detail data should be readily available for access to the systems' users. This issue presented a scope limitation for this audit.

A significant outstanding accounts receivable balance exists that is not appropriately recorded in the County's financial management application. Accounts receivable needs to be measured and monitored in compliance with Governmental Accounting Standards Board (GASB) requirements and County policies and procedures.

Once receivable information can be measured, the justice court should work to develop a system to determine the effectiveness of collection efforts. The court should also work with the Oregon Department of Revenue and explore additional options to establish collection procedures from the court's non-paying citizens.

Minor improvements are needed to cash handling procedures. In general, further segregating duties and increasing oversight will resolve most issues identified.

County administration should work with the Clackamas County sheriff's office and the justice court to develop a unified approach to a traffic diversion program. Best practices should be considered when making traffic diversion program implementation decisions.

The Clackamas County justice court's set-up and security is generally superior to that of other justice courts throughout the State of Oregon. The court's staffing levels and processes have allowed for routine absences to occur with no current backlogs.

## Key Recommendations



Our specific recommendations for management are included on page 18 of this report.

In summary, we made recommendations to improve:

- Controls over cash handling and receipting,
- Accounts receivable reporting,
- Collections, and
- Traffic diversion

## Response

The justice court and County administration generally agreed with our recommendations. They are already implementing corrective action to address some of the improvements identified. Their full responses are at the end of the report.

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# Background

## Clackamas County

Clackamas County has over 400,000 residents living within an area of approximately 1,900 square miles. County government consists of departments organized to provide a number of services, including: transportation and development, sewer, public safety/law enforcement, tourism, public and government affairs, parks, libraries, community health and social services, taxation and assessment, housing, as well as internal administrative services.



Clackamas River

## Oregon justice courts

Justice court is held by a justice of the peace within the district for which he or she is elected. The county commissioners have power to establish justice court district boundaries. The justice of the peace is a remnant of territorial days when each precinct of the state was entitled to a justice court. There are thirty-six counties in the State of Oregon. Thirty-two justice courts currently administer justice in twenty-one counties.

Justice courts have jurisdiction within their county concurrent with the circuit court in all criminal prosecutions, except felonies. Actions at law in justice courts are conducted using the mode of proceeding and rules of evidence used in the circuit courts, except where otherwise specifically provided.

Justice courts have jurisdiction over misdemeanors and violations, including traffic, marine, fish and wildlife, drug and alcohol, and other violations occurring in their county. Justices of the peace also perform weddings<sup>1</sup> at no charge if performed at their offices during regular business hours.

Justice courts have civil jurisdiction where the money or damages claimed do not exceed \$10,000, except in actions involving title to real property, false imprisonment, libel, slander or malicious prosecution. Justice courts also hear cases on Forcible Entry and Unlawful Detainers (FED evictions).

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<sup>1</sup> <http://www.clackamas.us/justice/weddings.html>

A justice of the peace must be a citizen of the United States, a resident of Oregon for three years, and a resident of the court's district for one year prior to becoming a nonpartisan candidate for election to that office. They are elected to six-year terms.

### **Clackamas County justice court**

The Clackamas County justice court was reestablished in February 2009 based on a proposal submitted by the Clackamas County sheriff's office (CCSO).

Prior to the Clackamas County justice court, violations were tried in circuit court in downtown Oregon City. The Clackamas County justice court generally provides easy access for citizens appearing for violations, small claims and eviction cases as further discussed in the "Audit Results and Recommendations" section of this report.

As allowed by Oregon statutes<sup>2</sup>, the Clackamas County Board of County Commissioners does require the County's justice of the peace to be a member of the Oregon State Bar.

Justice court operations began in January 2010 at a temporary facility on Southeast McLoughlin Boulevard in Oak Grove. Prior to the justice court opening, the County engaged in a planning process for the remodel of the Sunnybrook Service Center to incorporate the CCSO headquarters, community court and justice court at the same location. During 2011 study sessions, information was presented that indicated the Sunnybrook Service Center was not an appropriate location for efficient and long term justice court functions. Instead, the justice court rents a facility on the northeast corner of the Clackamas Promenade. The 7,640 square foot location was chosen and remodeled, in conjunction with the National Center for State Courts design, to fit the safety, operating and location specifications necessary to run a justice court.



Clackamas County justice court, primary courtroom

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<sup>2</sup> Oregon Revised Statutes 51.020(2)

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# Audit Results and Recommendations

## Significant scope limitation

We requested detailed data from the subsidiary information system (JEMS) currently employed by the justice court to process the court's revenues from violations, small claims and eviction cases (e.g. ticket revenue). According to management, the system lacks the capability to run reports that output basic detail data, such as citations issue date, amount, location, etc. Further, system "canned" reports available were not sufficient to meet some of our audit objectives. For example, we requested an accounts receivable report to show all outstanding unpaid amounts that are owed to the justice court for fiscal years ending 2013, 2014 and 2015. The justice court did not have the software capability to run basic accounts receivable type reports.

Additionally, management indicated the software does not meet the needs of the court's developing technology. The court budgets for one technology services (TS) department employee to develop technologies essential in daily court operations. Management stated TS has developed many workarounds in order to process cases creating many complicated steps for employees. Also, the program is not currently compatible with the County's move to Windows 10.

***We recommend** immediate action be taken to ensure the justice court's software meets the needs of its users. Detail data should be readily available from the justice court's subsidiary information system (JEMS). We are aware that the justice court is in the process of replacing the current subsidiary system.*

## The justice court is not well-equipped to manage its own receivables

Current receivables are not measured and managed as required by the Governmental Accounting Standards Board (GASB).

In accounting terminology, "accounts receivable" represents money owed by citizens to the justice court. Receivables should be recorded when the amount of revenue is measureable and collection of the fine or penalty is probable. For the justice court, an amount would be considered a receivable, after the court's final judgment is made (e.g. arraignment date, trial date, etc.), when the final amount of the fine/penalty is known, and the final verdict of the judge means that collection is probable. (Note, accounting standards allow for estimates of fines and penalties that will ultimately be uncollectible from the guilty party.) An accounts receivable would also represent the unpaid balance associated with citizens on a payment plan.

The justice court subsidiary system (JEMS) does show citizen accounts that are in payment plan and collection status. Employees monitor citizen accounts to ensure collection procedures outlined in Figure 7 are appropriately administered. Money judgments are tracked in the justice court's subsidiary system for 20 years. Citizen accounts remain at collections until the debt is satisfied.

However, the justice court does not currently produce reports that would allow it to review and analyze the aging of its receivables. Procedures do not exist for the tracking and management of receivables. Management and staff indicate this is partially due to the limitations of the current system (JEMS) employed by the justice court. It is unknown what the current outstanding receivable balance for the justice court may be as it does not appear that a balance, which should include citations receivable, has ever been reported in the County's annual financial report.

Figure 1 indicates the potential accounts receivable balance is significant. Any recorded outstanding balance should be managed in conjunction with the County's finance department to ensure uncollectible receivables are appropriately tracked and effectively written-off in the County's financial management application (PeopleSoft Financial) within a timely manner.

***We recommend** the justice court develop policies and procedures in conjunction with the County's finance department to measure and manage their outstanding receivables in compliance with GASB requirements and County policies and procedures.*

Once receivable information can be measured, the justice court should work to develop a system to determine the effectiveness of collection efforts which could include:

- The number of cases and the amount of delinquent dollars against which each collection tool was applied;
- The number of cases for which the justice court was successful in recovering delinquent debt and what collection method was applied; and
- The cost of collections, including citizens on payment plans.

Reporting detailed information on collection activities helps improve collections.

### **Justice court collection procedures could be improved**

In order to promote more effective and proactive debt collection, the justice court and their subsidiary system need to support the review and management of receivable and delinquent accounts. The justice court does not specifically identify and track those dockets or accounts receivable after they have been forwarded to the collection agency and are considered an outstanding and delinquent receivable. The amount of cases sent to collections each fiscal year (FY) is significant.

One method of determining the potential amount of revenue lost is by measuring the dollar amount of cases sent to the court's private collection agency<sup>3</sup> each year in conjunction with the amount of funds received from collections.

Despite the aforementioned system scope limitation, the justice court was able to provide information on the dollar amount of cases sent to and received from their private third party collection agency each year (Figure 1).

**Figure 1: Dollars sent to collections and received from collections by the court**

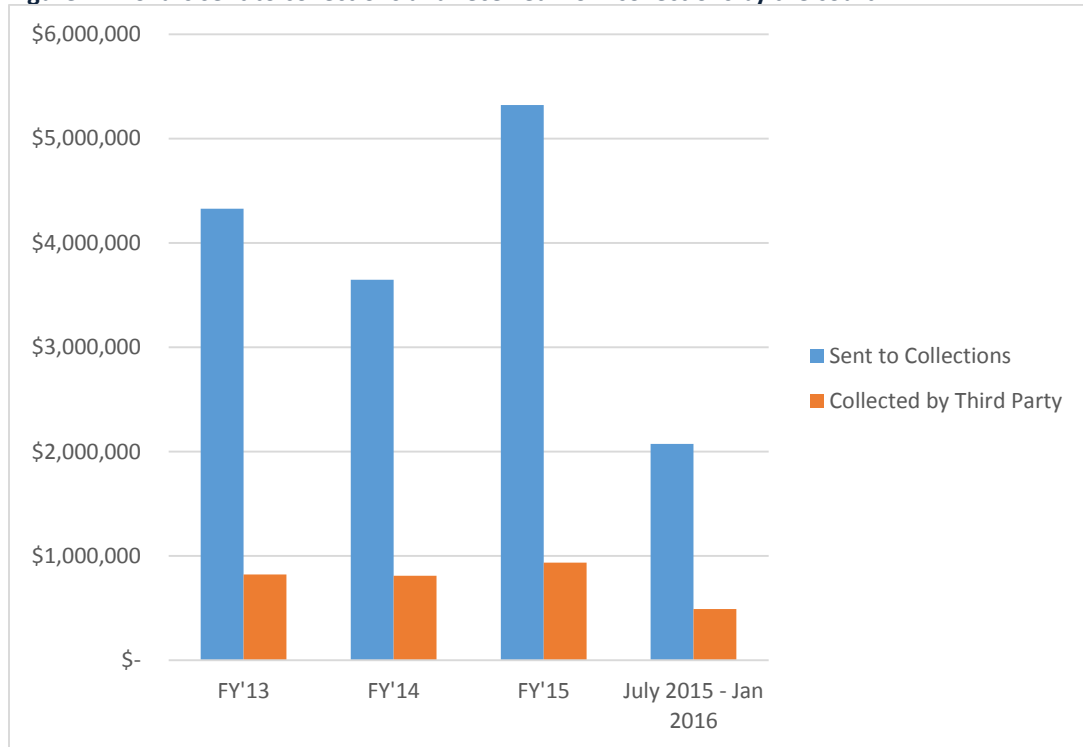


Figure 1 Note: The numbers outlined above are not cumulative.

As shown in the court's collection timeline (Figure 7), the court does not follow up on delinquent accounts after they are sent to the private third party collection agency. As shown in Figure 1, there does exist a disparity between the amount sent to collections and the amounts collected by the third party and sent back to the justice court. The potential amount of funds not received is significant.

<sup>3</sup> Justice court utilizes a state approved private collection agency to collect money judgments. This agency is also used by the DOR to collect judgments other than those from the DOR's refund offset program. See Figure 7 for more information regarding collections.

There are multiple options available to collect on the justice court's delinquent accounts receivable. Oregon Revised Statutes (ORS) allow justice courts the ability to assign judgments for collection of monetary obligation to the Other Agency Accounts (OAA) Collections Unit of the Oregon Department of Revenue (DOR).

### **Additional options are available to collect on delinquent accounts receivable.**

Through their refund offset program, after also deducting the costs of its own actions, the DOR OAA Collections Unit will then deduct the amount of the debt from any refunds or other sums owed to the citizen, and provide those funds to the justice

court. We spoke with one county who had instituted this process and they indicated this was particularly lucrative in years when the State of Oregon had a "kicker"<sup>4</sup>, such as 2015.

The Oregon Department of Revenue charges a 10% collection fee for the use of this refund offset program. However, Senate Bill 55<sup>5</sup> allows the justice court to add collection fees to debt assigned to the DOR OAA. Also, the 10% OAA fee is less than the 23% full collections fee charged by the justice courts' current private third party collection agency. And information<sup>6</sup> currently suggests the DOR's collection success rate will continue to increase over time.

To help establish collections from the justice courts' non-paying citizens, **we recommend:**

- *The justice court also send delinquent receivables to the Oregon Department of Revenue, OAA Collections Unit; and*
- *The justice court explore additional collection options.*

It is important to note that the justice court should be able to send debts to both private collection firms and to the OAA. Therefore, this process should enhance collection efforts without limiting any other collection efforts currently in place.

We also determined that the court's current private third party collection agency does report the citizen's delinquent payments to a credit bureau.

### **Minor improvements to cash controls are needed**

Internal control documentation exists outlining the justice court's cash receipting and handling procedures. The amount of cash and checks received by the justice court is significant.

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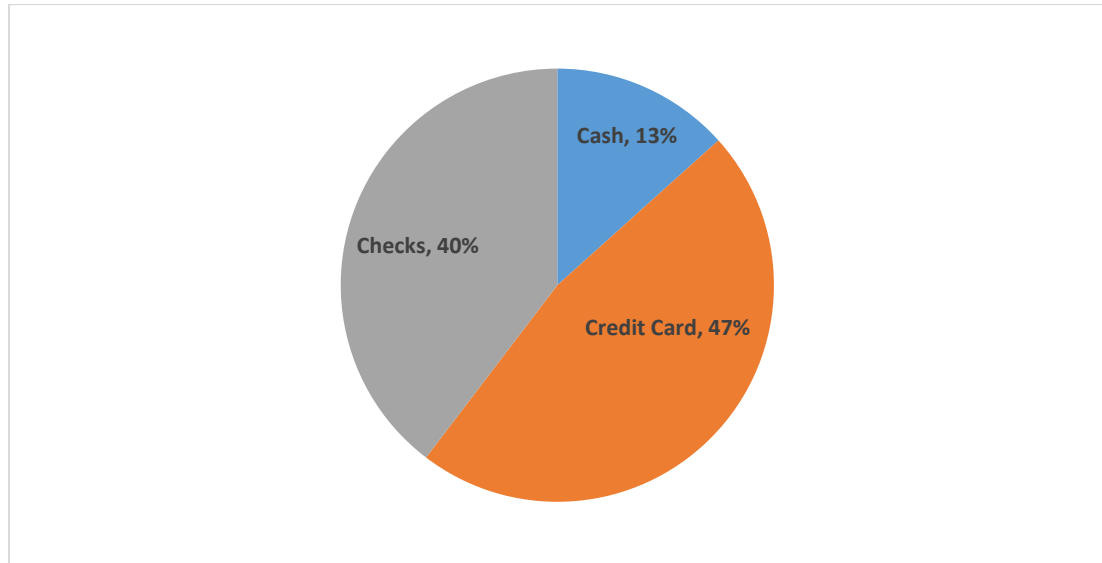
<sup>4</sup> The tax surplus credit ("kicker") occurs if actual state revenues exceed forecasted revenues by 2 percent or more over the two-year budget cycle. The excess, including the 2-percent trigger amount, is returned to taxpayers through a credit on their following year's tax return.

<sup>5</sup> Senate Bill 55 from the 2015 legislative process.

<sup>6</sup> Oregon Secretary of State Audits Division Report 2015-25.



**Figure 2: Type of revenue received by justice court in fiscal year 2015**



It is imperative that cash receipts and transfers be recorded as soon as they come within the court's control. Collections, cashiering (deposits), bank reconciliation, and recording of accounts receivable should be segregated to the extent possible so that accuracy and completeness can be verified through independent checks.

**Lack of segregation of duties**

A lack of segregation of duties exists at the justice court. The same person who opens the mail containing remittances also prepares the court's daily deposits and reconciles the justice court's subsidiary system (JEMS) to the County's financial management application (PeopleSoft Financial).

**Deposits not always made timely**

Payments received via mail are organized for processing in the safe by arraignment date. Not all payments received in the mail are processed and deposited within one business day.

***We recommend*** management implement procedures to ensure:

- *Cash handling duties are reasonably segregated. Mail containing remittances (e.g. checks) should be opened by two designated persons.*
- *Remittances are logged as opened. This log should then be reconciled to deposit information to ensure accuracy and completeness.*
- *Checks are restrictively endorsed as they are received or opened in the mail.*
- *Payments received are processed and deposited within one business day.*
- *Notices are posted to inform citizens they should speak to management if they are not offered a receipt or if the receipt is incorrect.*
- *Staff, other than the person who prepares the cash deposits, perform the reconciliation from the justice court's subsidiary system to the County's financial management application.*

## Letter of agreement needed with issuing agencies

When an agency, other than the CCSO, file a violation with justice court, the revenue is split according to Oregon law. The \$45 replacement fine is sent to the state, the fine revenue is split between the County and citing agency, and the last \$16 is sent to the County as a County assessment. The statutory portion of the justice court collections owed to the State and other government agencies can be seen in Figures 11 & 14.

Justice courts must make the aforementioned transfers not later than the last day of the month immediately following the month in which a payment on a judgment is received by the court. Testing procedures performed currently indicate the justice court is compliant with this provision in regards to the revenue due to the State of Oregon. However, the justice court is currently noncompliant with this requirement as it relates to their payment to other government agencies issuing tickets and citing them to the justice court. The justice court currently makes payments quarterly to these government agencies as the amount of payment is typically not significant (Figure 15).

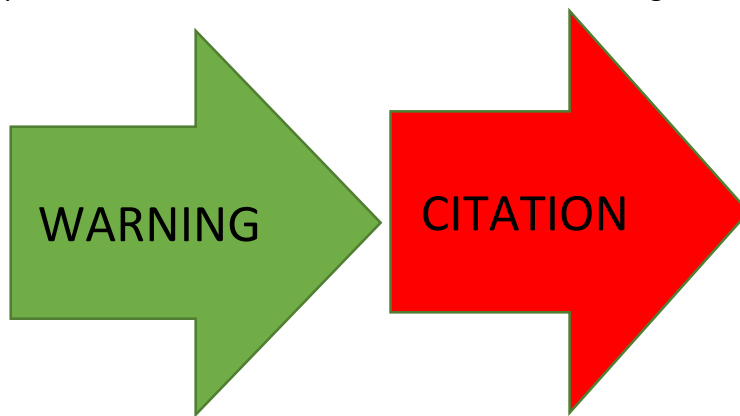
***We recommend*** the justice court establish a letter of agreement with the aforementioned government agencies which will allow the court to make payment quarterly or adjust procedures to ensure the government agencies are paid monthly, in compliance with current statutes. Note, the justice court currently has an intergovernmental agreement with the City of Damascus allowing quarterly payments.

## Clackamas County needs to examine the traffic diversion program

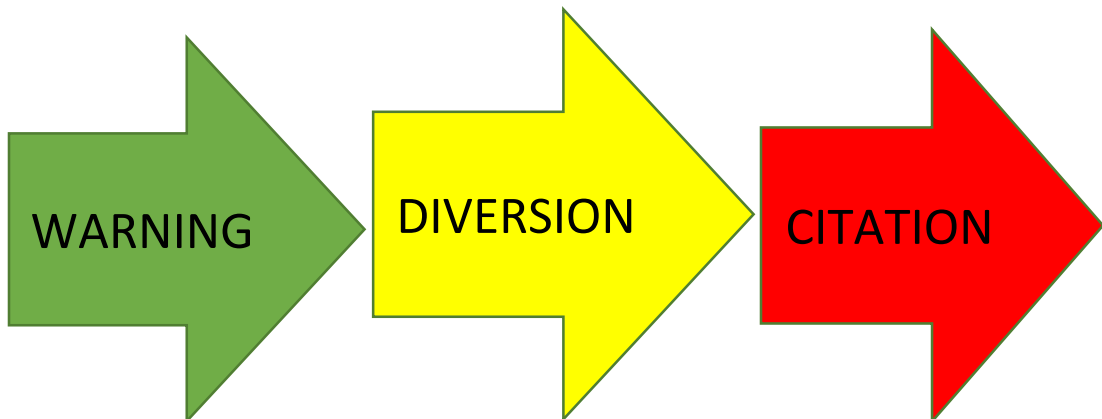
### What is traffic diversion

Traffic diversion programs give citizens receiving a citation the opportunity to attend a traffic school program to dismiss the violation. Successful completion of the program allows citizens to not have a conviction entered on their driving record. In addition, citizens successfully completing the Clackamas County traffic diversion program do not have to pay a fee to the County associated with diversion. Private contractors, such as UTurn 180, typically provide the traffic diversion programs.

Prior to implementation of traffic diversion programs, deputies and officers issuing traffic citations were essentially posed with the following question. They could provide the driver with a verbal or written warning, or issue a citation:



Counties allowing for a traffic diversion program option generally consider issuing a citation with the potential of a traffic diversion option a good middle ground for not simply issuing a warning or dismissing the ticket; but also not as extreme as issuing the driver a citation which will go on their driving record for a number of years and likely increase the recipients insurance rates<sup>7</sup>.



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<sup>7</sup> Some studies suggest insurance rates increase around 15% for typical traffic infractions.

### **Clackamas County traffic diversion program**

The Clackamas County justice court does not currently offer a traffic diversion program. The Clackamas County sheriff's office (CCSO) indicated, that due to this decision, the CCSO chose to implement a traffic diversion program.

The main arguments against counties offering traffic diversion are:

- There is no consistent way to determine if the citizen before the court on a traffic violation has ever had a case dismissed through diversion in the past. The Oregon Department of Motor Vehicles (DMV) does not currently record traffic diversion program participation for violations<sup>8</sup>.
- We were provided with documentation which identified instances where citizens were inappropriately allowed to take traffic diversion twice within the required two year waiting period and a request for dismissal was sent to the justice court. We did not evaluate UTurn 180's internal controls. We would not recommend relying on UTurn 180's internal controls until further review is performed or controls are put in place to mitigate this risk.
- We did not identify compelling evidence to support or discredit the effectiveness of traffic diversion programs. For example, it is unknown if the diversion program will prevent the behavior in the future that caused the citation.

### **Best practices**

Four of the five justice courts we spoke with offer a traffic diversion program. We did not identify any counties whose traffic diversion programs were not administered by the County's court who handles traffic citations.

### **Specific citizen eligibility criteria does not exist for Clackamas County's traffic diversion program**

Eligibility for the CCSO administered traffic diversion program relies on the training and discretion<sup>9</sup> of the deputy issuing the citation. The four justice courts we interviewed who offered a

traffic diversion program had specific traffic diversion eligibility criteria that generally required:

- "Clean" driving record within last 2-3 years.
- Traffic violation must not be egregious (e.g. over 100 mph, involve an accident).
- Offender agrees to pay a fee equal to the presumptive fine amount<sup>10</sup>.
- Offender pays for cost of the traffic diversion class.
- Offender certifies having not taken diversion within a specified period of time.
- Offender pleads no contest to the offense.
- Offender does not have a commercial driver's license (CDL).

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<sup>8</sup> Oregon DMV does record driving under the influence of intoxicants (DUII) diversion, as outlined in Oregon law.

<sup>9</sup> CCSO indicated deputies will consider: nature of traffic stop, location, environment (sunny, raining), time of day, driving history available, etc.

<sup>10</sup> No payment plan option. Presumptive fine is determined by the court in compliance with Oregon Law (Figure 6).

## Legal Authority



There does not appear to be provisions in Oregon law specifically authorizing or allowing courts to create diversions or diversion programs for violation offenses, including traffic violations. However, we spoke to members of the Legislative Administration Committee of the Oregon Legislative Fiscal Office who concluded that it would be the decision of the presiding justice court, justice of the peace, to

implement a traffic diversion program or not. As long as the traffic violation is not considered a crime, felony or misdemeanor, they concluded the justice of the peace was generally given the legal latitude to modify the behavior of the individual in any way they see appropriate, unless statute specifically said not to. The Legislative Fiscal Office, Legislative Administration Committee personnel we spoke with, concluded that traffic diversion was allowable by Oregon justice courts.

## Recommendations

***We recommend*** Clackamas County administration work with the CCSO and the justice court to develop a unified approach to a traffic diversion program. As a part of developing that unified approach, County administration should get a legal opinion from County counsel as to who should administer the traffic diversion program. Best practices should also be considered when making traffic diversion program implementation decisions. If a mutually agreeable approach cannot be reached, consideration should be given to cease the traffic diversion program.

Best practices would support that:

- Traffic diversion be administered by the County's justice court.
- Consistent written criteria be developed related to a citizen's eligibility for traffic diversion. This would help prevent the potential perception of unfair opportunity for traffic diversion.
- An appropriate fee be assessed in conjunction with the citizen's acceptance of taking traffic diversion. This fee helps ensure the sustainability of Clackamas County. For example, if the traffic diversion program resided with the justice court, funds would help ensure the sustainability of the justice court and the various functions it assists in supporting (as shown in Figure 10).

## Justice court excels with location, set-up and security

The justice court is centrally located near the Clackamas County Promenade. The justice court can be accessed by mass transit via bus or max. There is no cost for parking and given its location in the northeast corner of the Clackamas County promenade, parking is adequate and can accommodate any size vehicle, including semi-truck and trailer.

When entering the justice court, the citizen is directed through a line where they go through a metal detector. A scanner is used to scan all items the citizen brings into the building. The process is currently administered by a contractor and is similar to a Transportation Security Administration (TSA) "airport" type screening. There appears to exist adequate space for citizens to then wait in line for the next available counter representative.



Clackamas County justice court front counter

Once called forward, the citizen goes to a counter where they can sit and are separated from the legal secretary by bullet resistant glass. Each legal secretary has their own computer, locking payment drawer, scanner and close access to a receipt printer. Work space at the front counter appears to be adequate.

There are security cameras at the justice court. The video for each camera is available to

review and cameras are located over each legal secretary's work station.

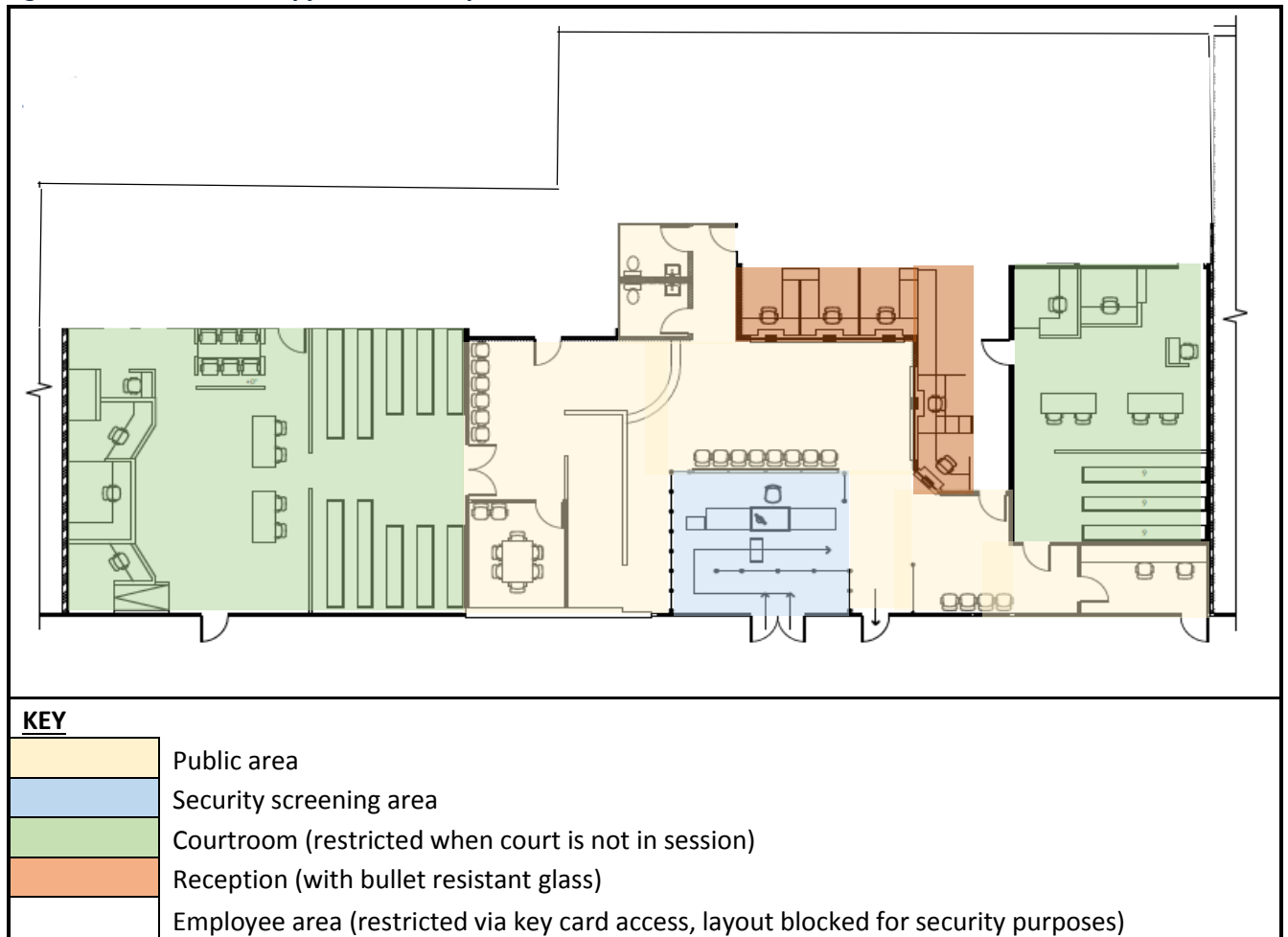
All access to employee areas are secured via key card access. Even the court rooms remain locked until court is in session. One armed Clackamas County sheriff's office (CCSO) deputy is always on duty at the court for added security and generally remains in the courtroom when court is in session. All citizens are contained in the lobby area and have to be escorted through the employee areas (Figure 4).

Internal audit visited three other justice courts and spoke on the phone with management and/or justices of the peace from two other Oregon justice courts (five total). General set-up results show our justice court measures better than the other justice courts we spoke to and visited (Figure 3).

**Figure 3: General justice court set-up comparison**

| General Set-up                                 | Clackamas County | County 1        | County 2 | County 3 | County 4 | County 5        |
|--|------------------|-----------------|----------|----------|----------|-----------------|
| Metal detector and/or scanner security devices | ✓                |                 |          |          |          |                 |
| Camera's generally throughout court            | ✓                | ✓               | ✓        |          | ✓        |                 |
| Full-time bailiff/police on duty               | ✓                | ✓ <sup>11</sup> |          |          |          | ✓ <sup>12</sup> |
| Bullet resistant glass                         | ✓                |                 | ✓        | ✓        |          |                 |
| Locking drawers for legal secretary's          | ✓                | ✓               |          | ✓        |          |                 |
| Access restricted throughout court             | ✓                | ✓               | ✓        | ✓        | ✓        | ✓               |
| Number of personnel                            | 10.5             | 9               | 9        | 8        | 6        | 6               |

**Figure 4: Clackamas County justice court layout**



<sup>11</sup> Building is shared with sheriff's precinct.

<sup>12</sup> Police Officer is on-duty during court proceedings (not full-time).

## **Trial scheduling uses technology for efficiency in court processes**

Trial scheduling is an electronic process. The clerks develop trial schedules using an electronic calendar, while, as also confirmed by CCSO management, considering the CCSO deputy's work schedule. Considering the deputy's schedule is one procedure the justice court takes to reduce CCSO overtime pay and alleviate the need for deputy's to attend court on days off and/or during their sleeping time. Setting individual trials reduces the overall amount of time a Deputy is off the road and in the courtroom for trial. Interviews indicate this courtesy was generally not possible when traffic citations were sent to the circuit court.

Management and staff indicate there have been no recent or significant backlogs in citation data entry. Part of this can be attributed to the CCSO filing most of its tickets electronically with the court (approximately 90% electronic and 10% paper). Electronic tickets are uploaded to the CCSO and justice court subsidiary systems. This saves a considerable amount of administrative time as employees have to manually enter written tickets into the justice court's subsidiary system (JEMS).

Timely citation data entry is critical to the court's ability to deliver service efficiently and to prevent unnecessary visits to the court. However, if a citizen shows up with a paper citation that has not been received by the justice court yet, the legal secretary can enter the citation in the system and process the payment from the citizen and clear the fine. This helps ensure no backlogs exist for the court and citizens receive resolution as soon as possible.

## **The justice court has made effective use of its website and lobby congestion is minimal**

The justice court's website<sup>13</sup> offers relatively clear and concise information to citizens. The website includes some policies, procedures and program rules. It also outlines payment procedures and options, and the ability to pay fines and fees electronically.

**Having a clear and concise website can help minimize lobby congestion.**

Having a clear and concise website can help minimize lobby congestion. In addition, citizens can gain the information they need to answer their questions without visiting the court or calling the court over the phone.

We also observed the court during their Tuesday morning arraignments. Tuesday morning arraignments are generally the court's busiest day. Both our observation as well as conversations with staff and management indicate congestion is appropriately managed.

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<sup>13</sup> <http://www.clackamas.us/justice/>



## **Current justice court base staffing levels appear to be adequate to accommodate current workloads and routine employee absences**

Justice court approved staffing levels have remained stable over time. The justice court has operated with 10.5 full time equivalent (FTE) positions since fiscal year 2013. Our review and conversations with staff and management suggests that base staffing levels are adequate to account for vacations, sick leave and other employee absences. For example, no current or recent backlogs exist in the court's back office work, including data entry.



Clackamas County justice court, second courtroom

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## Recommendations in Summation

To improve justice court processes, we recommend department management:

- Take immediate action to ensure the justice court's software meets the needs of its users. Detail data should be readily available from the justice court's subsidiary information system.
- Develop policies and procedures in conjunction with the County's finance department to measure and manage outstanding receivables in compliance with GASB requirements and County policies and procedures.
- Work with the Oregon Department of Revenue, OAA Collections Unit, to establish collections from non-paying citizens.
- Explore additional collection options.
- Ensure cash handling duties are reasonably segregated. Mail containing remittances (e.g. checks) should be opened by two designated persons.
- Ensure remittances are logged as opened. This log should then be reconciled to deposit information to ensure accuracy and completeness.
- Ensure checks are restrictively endorsed as they are received or opened in the mail.
- Ensure payments received are processed and deposited within one business day.
- Ensure notices are posted to inform citizens they should speak to management if they are not offered a receipt or if the receipt is incorrect.
- Have someone other than the person who prepares the cash deposits, perform the reconciliation from the justice court's subsidiary system (JEMS) to the County's financial management application (PeopleSoft Financial).
- Set-up a letter of agreement with the government agencies citing to the Clackamas County justice court which will allow the court to make payment quarterly to these agencies. Or adjust procedures to ensure the government agencies are paid monthly, in compliance with current statutes.

To improve traffic diversion program operations, we recommend County administration:

- Work with the justice court and CCSO management on developing a unified approach to a traffic diversion program. As a part of developing that unified approach, County administration should get a legal opinion from County counsel on who should administer the traffic diversion program.
- Ensure best practices, such as the ones outlined in this report, are considered when making traffic diversion program decisions.

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## Objectives, Scope and Methodology

Our audit objective was to evaluate the justice court's cash handling and receipting controls, general court setup and fiscal sustainability. We focused on the department's cash handling procedures as well as the processes the court has in place to collect on delinquent accounts.

To address our audit objectives, we interviewed the Clackamas County justice of the peace, Clackamas County justice court employees, CCSO employees, employees throughout the County, the chief information and operations officer of UTurn 180 and justices of the peace, as well as their administrative staff, from other counties throughout the State of Oregon.

Out of the 21 Oregon Counties who have a justice court, we compared our justice court operations to five other County justice courts. We learned of additional procedures that could be implemented by the Clackamas County justice court to increase collections on delinquent accounts.

We reviewed state laws, administrative rules and best practices related to the justice court and our audit objectives. We also reviewed various justice court policies and procedures.

To understand the justice court's financial position, we reviewed documents on the court's revenues, expenses and budgets. We also reviewed the department's revenue and expense data that we extracted from the County's financial management application (PeopleSoft Financial). We were also provided with limited information from the court's subsidiary system (JEMS). Detailed information from the court's subsidiary system could not be obtained.

To understand actions staff took in collecting, recording and distributing revenue received, we reviewed supporting documentation associated with revenue transactions selected from Clackamas County's financial management application. From this same application we also selected fifteen transactions and reviewed supporting documentation associated with expenses made by the justice court. We selected all transactions judgmentally, looking to ensure adequate supporting documentation was available. Our population consisted of revenues and expenses from the justice court's department ID and fund from June 2014 to November 2015. The sample is not statistically representative of all transactions during the aforementioned time period.

An auditor from another organization, who was not involved with the audit, reviewed the report for accuracy, checking facts and conclusions against the supporting evidence. This auditor is a Certified Public Accountant and Certified Internal Auditor.

The courtesies and cooperation extended by officials and employees of Clackamas County, the justice court and justice courts throughout the State of Oregon during the course of this audit were commendable and sincerely appreciated.

# Supplementary Information

## How we compare to other justice courts

We benchmarked Clackamas County's operations against five other justice courts in Oregon through inquiries and physical observations.

Some of the information gathered at those meetings is outlined below.

Figure 5: Justice court comparison

| Question  | Clackamas County | County 1            | County 2                                    | County 3                          | County 4            | County 5                           |
|---|------------------|---------------------|---|-----------------------------------|---------------------|------------------------------------|
| Justice court offers traffic diversion?   | No               | Yes                 | Yes   | No                                | Yes                 | Yes                                |
| Payment plan available?   | Yes              | Yes                 | Yes   | Yes                               | Yes                 | Yes                                |
| Approximate number of days from arraignment date to license suspension request. | 32 <sup>14</sup> | 7                   | 7   | 15                                | 14                  | 90                                 |
| Option to pay with credit card?   | Yes              | Yes <sup>15</sup>   | Yes   | Yes                               | Yes                 | Yes                                |
| Option to pay online?   | Yes              | No                  | Yes   | Yes                               | Yes                 | Yes                                |
| General hours of operation <sup>16</sup> .                                      | M-F<br>8am - 5pm | M-F<br>8:30am - 5pm | M, W-F<br>8am - 5pm<br>Tuesday<br>8am - 9pm | M-F <sup>17</sup><br>8:30am - 4pm | M-F<br>8am - 4:30pm | M-F <sup>17, 18</sup><br>8am - 4pm |

<sup>14</sup> See Figure 7 for more information related to the justice court's process when citizens fail to appear on their arraignment date.

<sup>15</sup> Only in person or over the phone. No online payment option.

<sup>16</sup> Except holidays and some locations are closed for lunch.

<sup>17</sup> This county has multiple justice court locations, so hours and days of operation vary based on location. These are the court's general hours of operation.

<sup>18</sup> Night court begins at 5pm.

## Schedule of fines

For efficiency, the justice of the peace provides her legal secretaries guidance on options citizens have when paying their fine cited to the justice court. In general, legal secretaries are authorized to reduce the presumptive fine on the ticket, as outlined below. The fine schedule is also posted in a public space, per Oregon law.

Figure 6: Fines

| Schedule of Fines<br>Justice Court  | Presumptive<br>Fines | Justice Court<br>Standard<br>Reduction <sup>19</sup> | Failure to Appear<br>Maximum Fine |
|---|----------------------|--|-----------------------------------|
| <b>Standard</b>   |                      |  |                                   |
| (1) Class A Violation   | \$435                | \$392  | \$2,000                           |
| (2) Class B Violation   | \$260                | \$234  | \$1,000                           |
| (3) Class C Violation   | \$160                | \$144  | \$500                             |
| (4) Class D Violation   | \$110                | \$99   | \$250                             |
| <b>Traffic Violations in Special Zone</b>                                   |                      |  |                                   |
| (5) Class A Violation   | \$870                | \$696  | \$2,000                           |
| (6) Class B Violation   | \$520                | \$416  | \$1,000                           |
| (7) Class C Violation, speed only   | \$320                | \$256  | \$500                             |
| (8) Class D Violation, speed only   | \$220                | \$176  | \$250                             |
| <b>Drugs and Alcohol</b>  |                      |  |                                   |
| 813.095 Refusal to Test for Intoxicants                                     | \$650                |  | \$2,000                           |
| 471.430 Minor in Possession of Alcohol                                      |                      |  |                                   |
| Driver  | \$435                |  | \$2,000                           |
| Passenger/On Foot   | \$260                |  | \$1,000                           |
| <b>Parking</b>  |                      |  |                                   |
| 811.590 Snow Park Permit<br>If permit not displayed or no permit at time    | \$30                 |  |                                   |
| 811.615 Handicap Parking  |                      |  |                                   |
| Class C 1st Offense   | \$160                | \$144  | \$500                             |
| Class A 2nd Offense   | \$435                | \$392  | \$2,000                           |
| <b>Tri Met</b>  |                      |  |                                   |
| TMC 28.15 Prohibited Activity on Transit System<br>TMC 29.15 Fare Violation | \$175                | \$145  | \$250                             |
| <b>Other</b>  |                      |  |                                   |
| 811.109 (5) Speeding 100 MPH  | \$1,150              |  | \$2,000                           |
| 811.135 Careless Driving (Crash A Violation)                                | \$435                | \$392  | \$2,000                           |
| Careless Driving (No Crash B Violation)                                     | \$260                | \$234  | \$1,000                           |

<sup>19</sup> Eligibility for reductions is based on the offender's current record. For example, if you did not have any prior traffic violations, you may be eligible for a reduction.

### **Payment plans**

Many citizens who owe money to the court do not make payment in one lump sum. A lot of citizens choose the payment plan option. If the payment plan option is selected by the citizen, they are charged an additional \$50 fee, no matter how large or small the fine. Statute does not allow the charging of interest to citizens on a payment plan. Once a payment plan is set up, the citizen is required to make a minimum \$50 payment every 30 days. The online payment system appears to be user friendly, in that the citizen can set-up a payment to automatically come out of their banking account at an interval they choose or regularly make the payment themselves at an interval they choose. Citizens can also choose to send a payment in each month via mail, come into the justice court and drop off the payment, or pay by telephone with a debit or credit card.

As payments are received, the justice court's subsidiary system is updated by staff to reflect the payment. If payments are not received at the required intervals, the delinquency process is initiated (Figure 7).



Clackamas County Judicial Courthouse

## Collection procedures

The general timing procedures for tickets cited to the Clackamas County justice court are outlined in Figure 7.

**Figure 7: Justice court collection procedures**

| <b>DAY<sup>20</sup></b> | <b>Event</b>                | <b>Description and Notes</b>   |
|-------------------------|-----------------------------|--|
| <b>1</b>                | Ticket Issued               | Ticket issued and cited to Clackamas County justice court.   |
| <b>30</b>               | Arraignment Date            | Arraignment date (or fine payment due date) on the ticket is generally the first Tuesday one month from the ticket issuance date.  |
| <b>30</b>               | Failure to Appear (FTA)     | If person fails to appear at arraignment date, the fine is increased by \$200 over the presumptive fine for class A&B violations and \$100 for Class C&D violations. (Figure 6)  |
| <b>32</b>               | FTA Letter                  | Clerk mails a FTA letter <sup>21</sup> to the citizen who failed to appear.  |
| <b>62</b>               | Suspend License             | Thirty days after the FTA letter is sent, a "Request to Suspend" driving privileges is mailed to the Oregon Department of Motor Vehicles (DMV). An additional \$15 suspension fee is also added to each violation.   |
| <b>75<sup>22</sup></b>  | Notice of Intent to Suspend | Oregon DMV mails a "Notice of Intent to Suspend Driving Privileges <sup>23</sup> ". If the citizen contacts the justice court after the "Request to Suspend" driving privileges is sent to the DMV, the citizen can generally clear their suspension by either paying at least \$500 and entering into a payment plan contract with the court for the balance due, or paying the full balance.   |
| <b>150</b>              | Collections                 | Citizen sent to collections. If the citizen contacts the justice court after the money judgment is submitted to the state approved collection agency, the citizen can pay \$500 directly to collections and continue on a monthly payment plan to clear driving privileges with the DMV. When a money judgement is submitted to collections, the private collection agency does not charge a fee or add interest for the first 33 days. After 33 days, the collection agency adds a statutory collection fee and interest. |

<sup>20</sup> Days are approximate.

<sup>21</sup> The letter advises the citizen that a money judgment has been ordered by the court.

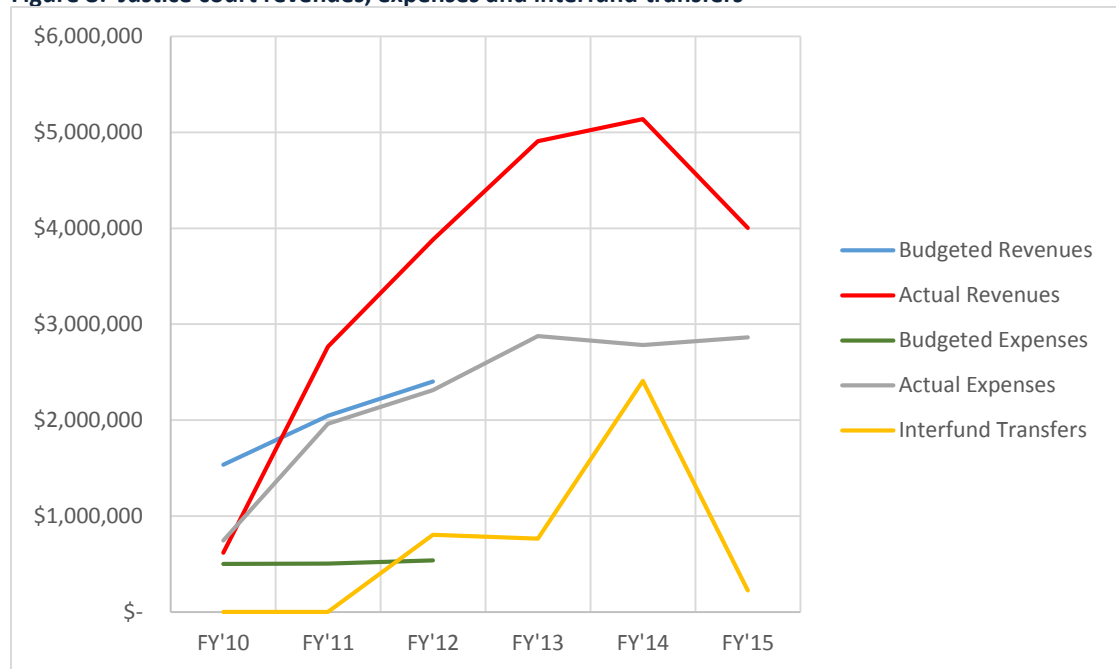
<sup>22</sup> Justice court research indicates it takes about two weeks for the DMV to receive and process the suspension.

<sup>23</sup> Oregon DMV's notice gives the citizen approximately 60 days to contact the justice court and pay the money due before suspending the citizen's driving privileges.

## Revenues and expenses

The proposal to the Clackamas County Board of County Commissioners (BCC) in 2009 to establish the justice court contained a three year budget. The original 3 year budget submitted to the BCC and actual amounts are listed below for comparison purposes. Revenues and expenses were generally much more than were anticipated.

**Figure 8: Justice court revenues, expenses and interfund transfers**

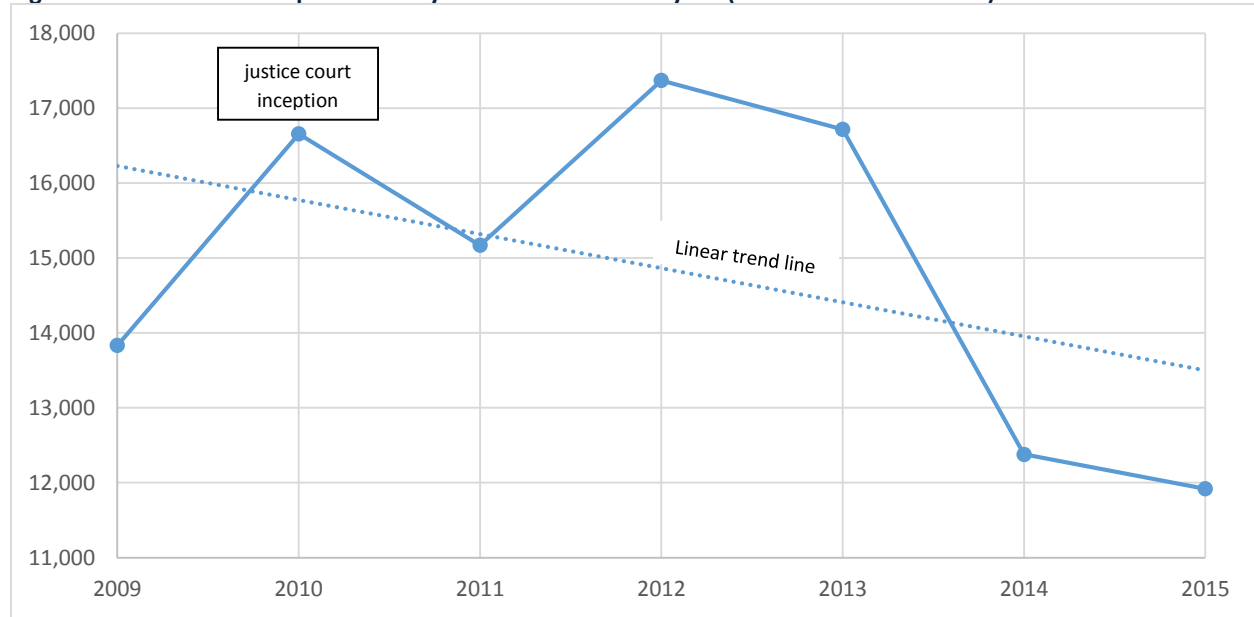


### Revenues

The biggest driver of revenue is the amount of fines the justice court receives. Fine revenue is generated from payments received for citations, violations, civil cases, etc. cited to the justice court. While the justice court does have control over the mechanisms in place to collect and record revenue (as also discussed in the “Audit Results and Recommendations” section of this report), the court has no control over the amount of citations, violations, etc. issued and cited to its court. One element potentially effecting revenue is the amount of traffic citations issued to the justice court. For example, the amount of traffic citations issued by the CCSO to the justice court has fluctuated over the years, while the amount of traffic citations processed by the CCSO has declined over time (Figure 9).



**Figure 9: Traffic citations processed by CCSO each calendar year (includes contract cities)**



Source: CCSO Crime Report for 2009 – 2013 data (available on CCSO website). CCSO provided data for 2014 and 2015.

## Expenses

There are a number of reasons expenses were more than anticipated (Figure 8). Some of the more significant expenses are discussed below:

### State criminal fines & assessments and distribution to issuing agency

- As shown in Figures 13 & 14, the court is required by statute to pay the State and issuing agency (Figure 15) a certain portion of the fine revenue received. This expense will increase and decrease in direct relation with the fine revenue collected and should represent the largest court expense. The court has no control over this expense as it is a legal requirement. These expenses can be described as “pass through” dollars that belong to the State and issuing agency. The court has worked with the County’s finance department to establish a “special payments” category to more appropriately show these pass through dollars.

When this expense increases, so has the revenue to the court because the State and other issuing agencies have increased the volume and/or dollar amount of citations issued to the court. As shown in Figures 13 & 14, after transferring the required fine and assessment dollars, the court retains a substantial amount of the revenue from State and other agency issued citations.

**Interfund transfers**

- All unrestricted revenue is held in the general fund until the County decides in the annual budget hearings where to transfer the funds. Typically the interfund transfer is for any remaining fund balance (Figure 10). County assessment dollars are transferred to a restricted account as revenue is received. A substantial portion of the revenue received is transferred to the County’s general fund and there existed a one-time transfer to the capital projects reserve fund for renovation of the current justice court facility.

**Figure 10: Interfund transfers from general fund**

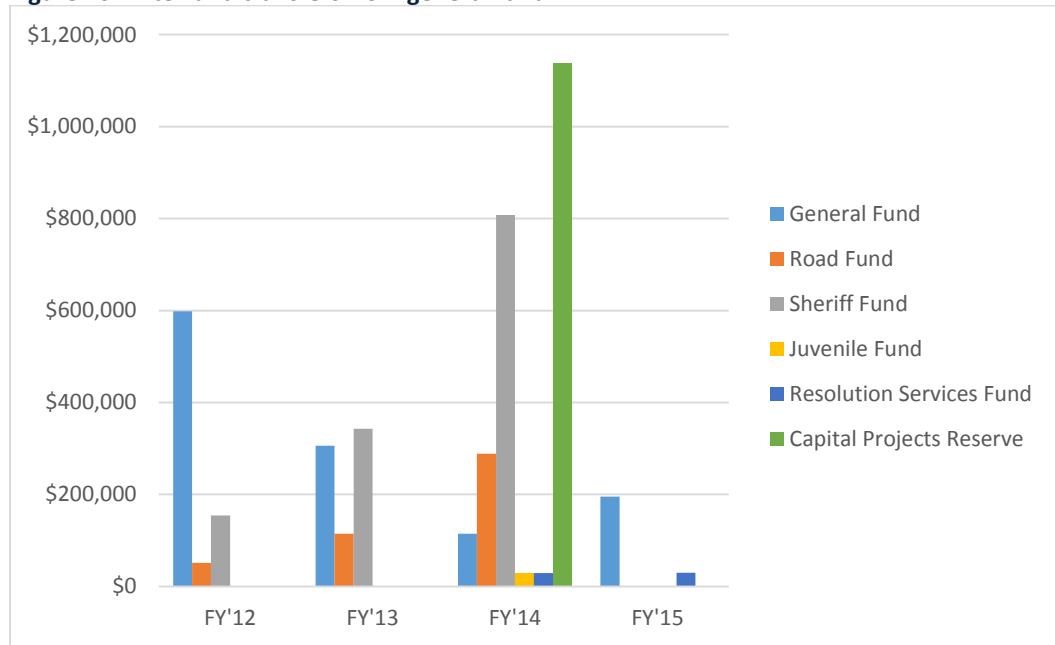


Figure 10 Note: No interfund transfers existed for FY'09 – FY'11.

**Full time employees (FTE)**

- The proposal in 2009 to reinstate the justice court called for 3.5 FTE, while the actual amount of employees is 10.5 FTE. The proposal also anticipated the court being open two days per week with some evening hours. Currently the justice court is open Monday through Friday, 8am to 5pm.

**Cost allocation**

- Allocated costs were anticipated at \$80,000 in fiscal year 2010 with a \$5,000 increase in the subsequent 2 periods. Actual allocated costs were \$27,000 in the justice court’s first year of operation (fiscal year 2010), and have increased to \$43,838 in 2011 and \$251,806 in 2012. From 2013 – 2015 allocated costs averaged \$242,000 and it appears that they will be at least over \$200,000 in periods subsequent to fiscal year 2015.

Materials and services

- Materials and services were budgeted at a little over \$200,000 from 2010 – 2012. Actual costs were \$277,000 in the justice court’s first year of operation (fiscal year 2010) and averaged \$1.6 million in costs each year from 2011 – 2015. This considerable increase is attributed to the criminal fines and assessments paid to the state. As outlined at Figures 13 & 14 and discussed above, as the amount of citations revenue increases for the justice court so will the amount of expenditures to the State of Oregon, for their required share of the revenue. Further, since the State’s portion of the ticket is paid first (currently \$45), it is possible that someone could make an initial payment of \$50 on their ticket, which is the minimum allowed on a payment plan, and never make another payment to the justice court.

Justice court deputy

- The original proposal given to the BCC in 2009 indicated the justice court would be located in the Sunnybrook Service Center. This meant law enforcement deputies would be on duty if needed for an event at the court that could not be handled by the onsite security personnel. As the justice court is not located in the Sunnybrook Service Center, they have chosen to contract with CCSO to have an armed CCSO deputy present during business hours. This has resulted in an average monthly cost of ~\$11,400 per month, or ~\$136,800 per year.

Figure 11: FY’09 – FY’15 Expenses

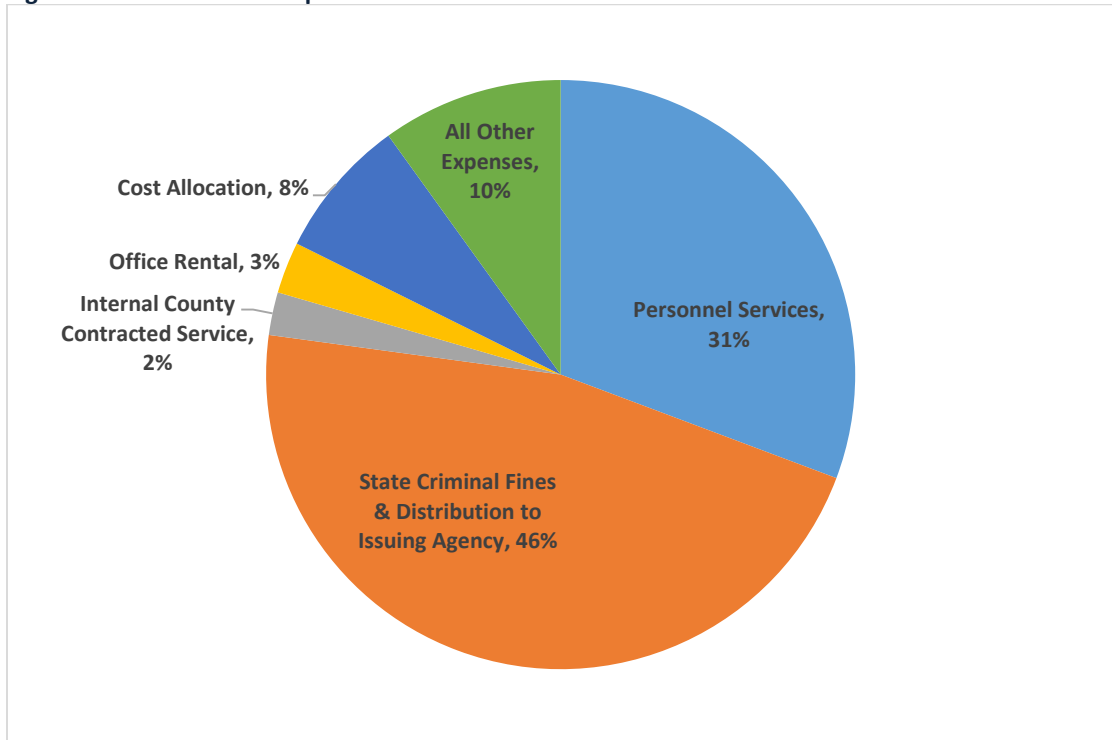


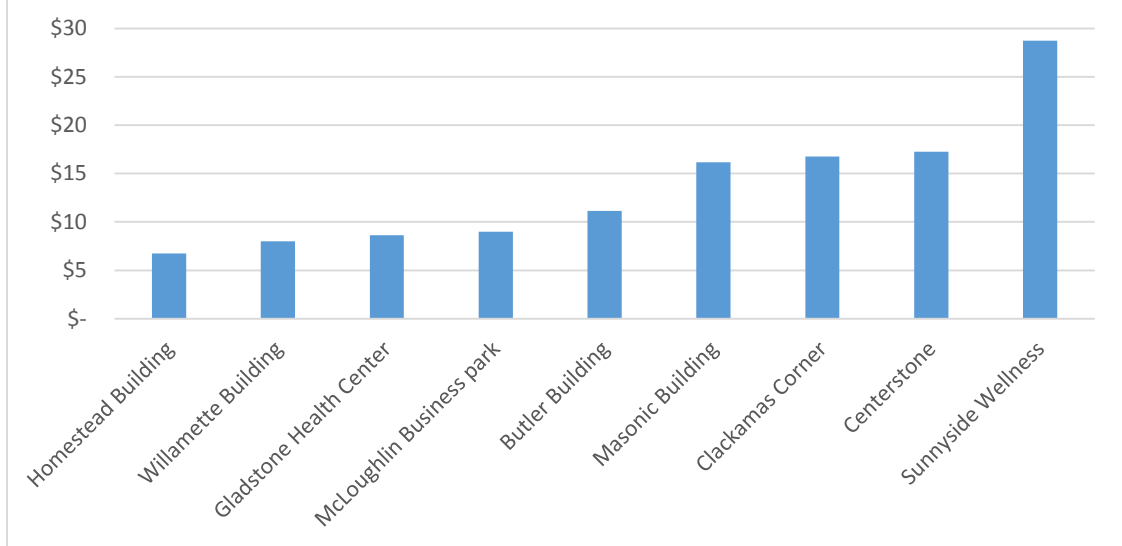
Figure 11 Note: Interfund transfers are not included in chart above. See Figure 10 for interfund transfer analysis.

### Lease costs

Much discussion was had by the County over the location of the justice court. Office rental costs for the justice court building are estimated at \$144,499 a year or ~3.3% of their budgeted expenses for fiscal year 2016. This is a large increase from fiscal year 2013 when actual costs were \$39,960 or 1% of their budgeted expenses. The main reason for the increase is the change in location.

In terms of lease costs, location can be one factor that drives the cost per square foot of leasing a facility. Consequently, we did not believe it was appropriate to compare the cost per square foot to lease the Clackamas County justice court to other justice courts located throughout the State of Oregon. However, we did compare the annual cost per square foot to lease the justice court facility (also known as “Clackamas Corner”), to other facilities leased by Clackamas County.

**Figure 12: Annual lease costs per square foot<sup>24</sup>**



Of facilities with an annual cost per square foot of less than \$15, with the exception of the Gladstone Health Center, all leases expire in June 2018 or sooner.

The justice court lease does not expire until June 2023. If we compare the justice court to the other four facilities with leases expiring in 2020 - 2026, the justice court is paying just below the average annual cost per square foot. Additionally, the Centerstone and Sunnyside Wellness facilities are located within one mile of the justice court and the justice court pays the least annual cost per square foot of the three facilities.

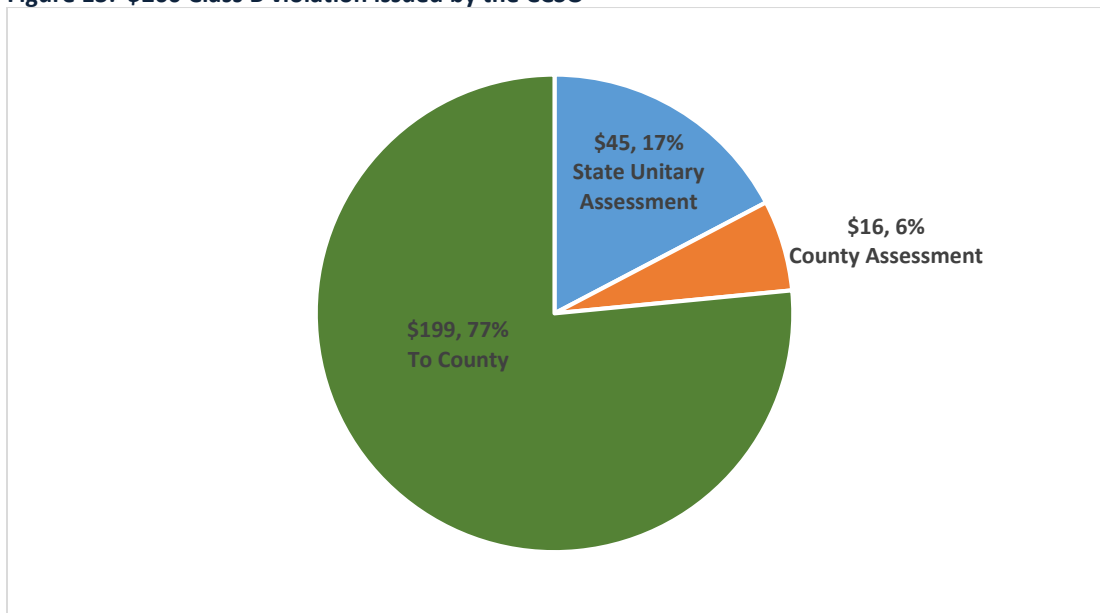
<sup>24</sup> This comparison also includes any applicable common area maintenance (CAM) fees associated with the lease, such as the facilities shared portion of taxes, snow removal, etc.

## Distribution of funds

Presently, before any fine revenue goes to the County, each traffic fine imposed generates a \$45 replacement fine that is returned to the State of Oregon. The next portion of the fine is split between the County and the State or City depending on the issuing agency (Figure 14). If the CCSO is the issuing agency, no split is necessary (Figure 13). If the full amount of the fine imposed is collected, the last \$16 is the county assessment<sup>25</sup>. If the full amount of the fine imposed is not collected, the \$16 county assessment required by this subsection shall be reduced by one dollar for every dollar of the fine that is not collected. The justice court is required to distribute a portion of what they receive.

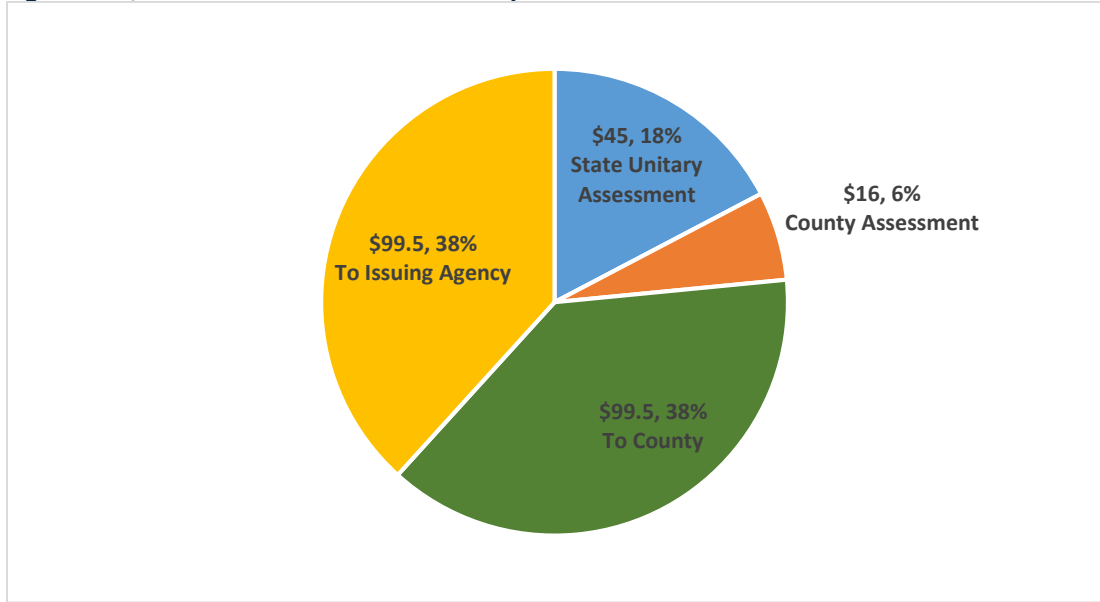
If we look at your basic Class B speeding violation for \$260 (Figure 6), we would see revenue split as follows:

**Figure 13: \$260 Class B violation issued by the CCSO**



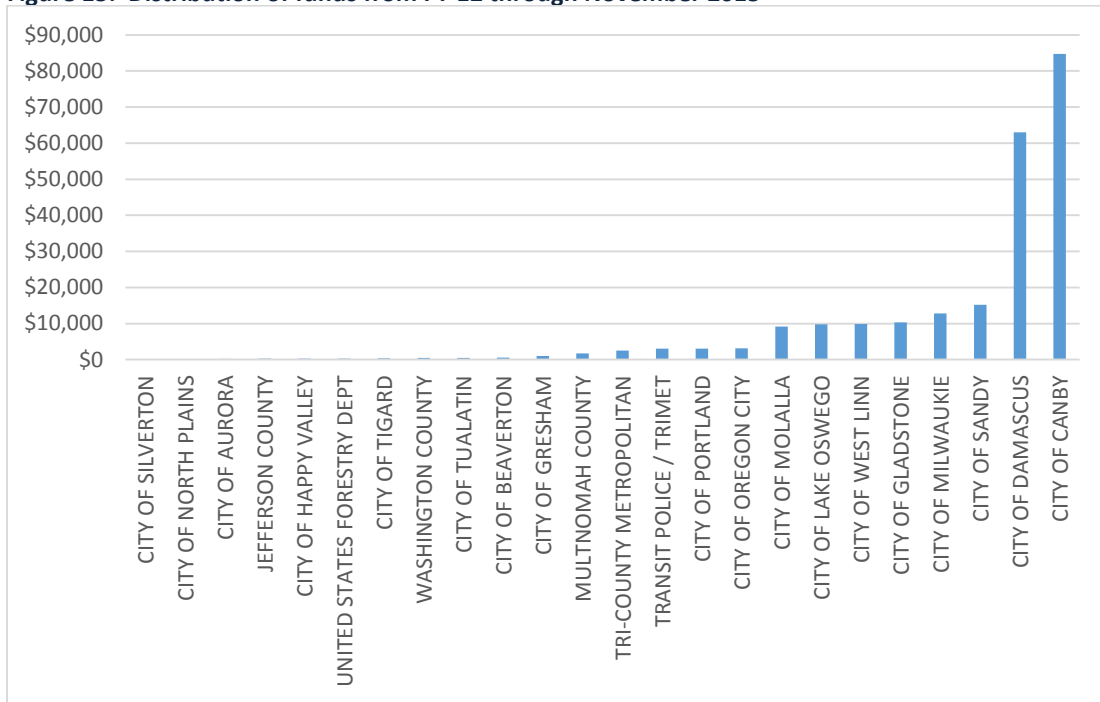
<sup>25</sup> 60% for drug and alcohol programs and for the costs of planning, operating and maintaining County juvenile and adult corrections programs and facilities. 40% is deposited in the court facilities security account.

**Figure 14: \$260 Class B violation not issued by the CCSO**



As shown in Figures 13 & 14, after the State replacement fine is distributed, the fine revenue goes to the County or is split between the County and the State or City depending on the issuing agency. The final \$16 County Assessment is distributed when the fine is paid in full.

**Figure 15: Distribution of funds from FY'12 through November 2015**



## Traffic diversion

Traffic diversion programs are currently offered by the CCSO through a private contractor (UTurn 180). UTurn 180 was also used by the four county justice courts we met with who have traffic diversion programs (Figure 5). Note, if convicted, the Clackamas County justice court also requires a seated UTurn 180 education class for Class A speeding violations and violations with a traffic crash.

The County's traffic diversion process is generally as follows:

1. Deputy issues citation and option for diversion is given at deputy's discretion (Figure 16).
2. Justice court enters the citation into its subsidiary system and sets the case on the arraignment docket.
3. Offender pays for cost of diversion class directly to UTurn 180 and takes diversion within 14 days of receiving ticket.
4. UTurn 180 electronically submits class completion notification to CCSO administration.
5. CCSO administration looks up citation in CCSO subsidiary system (Report Beam) and ensures the citizen who completed the class was offered the UTurn 180 option.
6. CCSO administration emails a "Motion to Dismiss" to justice court to request dismissal of citation.
7. Justice court administration enters the "Motion to Dismiss" the citation in the court's subsidiary system (JEMS).
8. The justice of the peace signs the "Motion to Dismiss".
9. Justice court administration removes the case from the arraignment docket and the case is dismissed.

If the violator (i.e. ticket recipient) would not like to take the traffic diversion class, they simply follow the normal ticket protocol as outlined in Figure 7.

CCSO records indicate 313 tickets were dismissed as a result of traffic diversion completion from April 2015 – December 2015.

County photos courtesy of Clackamas County justice court and public & government affairs.

Figure 16: 4X4 double sided card given to citizens who are offered traffic diversion



### **3-Hour Online Traffic Safety Education Course Option**

#### **FOLLOW THESE INSTRUCTIONS EXACTLY AS SHOWN**

The Clackamas County Sheriff's Office has provided you with an opportunity to attend an Online Oregon Traffic Safety Education Class to **DISMISS** the charge on your citation (**If you complete the class within 14 days from the date you received the ticket, your case will be dismissed and you do not have to go to court**). The course is available 24 hours a day and takes about 3 hours to complete. **You have 14 days from the date THE CITATION WAS ISSUED TO YOU to complete the dismissal process listed below.** If you need help, contact **UTURN180** at [support@uturn180.com](mailto:support@uturn180.com) or call 877-399-8876 (Business Hours).

#### **INSTRUCTIONS (You MUST select Clackamas Deputy Referred as agency name)**

- 1.) Go to: [www.UTURN180.com](http://www.UTURN180.com) register and pay for the online traffic class.
- 2.) Complete the Online Class (your account will be locked on day 15).
- 3.) Your completion certificate will be emailed to you shortly after completion
- 4.) **UTURN180** will electronically submit your completion for dismissal.

**\*\*If you do not receive your completion, email [support@UTURN180.com](mailto:support@UTURN180.com)\*\***

**\*\*Additional Information on back page\*\***

Revision: 10/08/15



#### **If you have a question, DO NOT CONTACT THE COURT**

If you need assistance, the fastest way to reach us is by email to:  
[support@uturn180.com](mailto:support@uturn180.com)

If you cannot email us, please call us during business hours at **877-399-8876 (Toll Free)**, Press the number 1 as soon as the recording starts to bypass the greeting.

#### **Specific Registration Instructions (Very Important):**

Go to: [www.uturn180.com](http://www.uturn180.com) to register. Select the **Court/Agency** named, "**CLACKAMAS DEPUTY REFERRED**".

**It is critical that you** select the correct "**Agency**" name and properly enter information in the correct fields – see below.

Court/Agency Name: **Clackamas Deputy Referred** (Select from list)

When prompted, choose: **Online Traffic Class** (Can be attended 24/7)

Case/Docket/Citation: **Enter the "Citation Number" FROM THE TICKET**

Deadline/Completion: **Enter the COURT DATE FROM THE TICKET**





**MEMORANDUM**

**TO:** Mr. Brian Nava, Internal Auditor  
**FROM:** Karen Brisbin, Justice of the Peace  
**DATE:** June 30, 2016  
**SUBJECT:** Justice Court Internal Audit  
Cash Handling, Collections and Traffic Diversion; June, 2016

Justice Court is in receipt of the above referenced report by the internal auditor, and submits the following responses.

*"We recommend immediate action be taken to ensure the justice court's software meets the needs of its users. Detail data should be readily available from the justice court's subsidiary information system (JEMS). We are aware that the justice court is in the process of replacing the current subsidiary system."*

Justice Court conditionally agrees with this recommendation with the following qualifications.

A Court Management and Financial Application Software System for Justice Court was approved in the County's 2015-16 budget. After receiving and evaluating Requests for Proposals, Justice Court selected a subsidiary system provided by Tyler Technologies. The contract for Justice Court's new subsidiary system, Incode from Tyler, was approved by the Board of County Commissioners on June 29, 2016. The signed contract was provided to Tyler on June 30, 2016. A project manager will be assigned by Tyler to begin the process of implementation, which may take several months. Until Justice Court commences the process, a specific time frame for implementation cannot be determined. Justice Court's Office Manager and a County employee from Technology Services will work with the Project Manager from Tyler to ensure the subsidiary system is implemented.

*"We recommend the justice court develop policies and procedures in conjunction with the County's finance department to measure and manage their outstanding receivables in compliance with GASB requirements and County policies and procedures."*

Justice Court conditionally agrees with this recommendation with the following qualifications.

The ability to measure Justice Court's outstanding receivables is dependent upon its subsidiary system. There have been challenges meeting the Court's operational needs using the current court software management program including producing reliable financial reports. During the implementation of Tyler's Incode software, reports will be developed that will provide the Court with the ability to account for: the number of cases and the amount of delinquent dollars against which each collection tool was applied; the number of cases for which the justice court was

successful in recovering delinquent debt and what collection method was applied; and the cost of collections, including citizens on payment plans. Until the Court commences the implementation process, a specific time frame for completion cannot be determined. The Justice Court Office Manager and a County employee from Technology Services will work with the Project Manager from Tyler to ensure the subsidiary system produces the required reports to measure and manage receivables.

*“To help establish collections from the justice courts’ non-paying citizens, we recommend: The justice court also send delinquent receivables to the Oregon Department of Revenue, OAA Collections Unit; and the justice court explore additional collection options.”*

Justice Court conditionally agrees with this recommendation with the following qualifications.

Justice Courts are only able to use the Oregon Department of Revenue (DOR) Other Agency Accounts (OAA) Collections Unit for tax refund offsets, not full collections, pursuant to Oregon law, ORS 156.315. Tax season, typically January 2017 through April 2017 would be the next time period for tax refund offset collections. According to the DOR Collection Manager, DOR will be implementing a new subsidiary system in November 2016 and prefers the Court wait until after DOR’s new software is implemented to begin transferring debt to DOR OAA for tax refund offset collections. DOR requires that each debt submitted include a Social Security Number (SSN). Citizens providing a SSN must give informed consent at the time the SSN is provided. 5 U.S.C. § 552a Sec. 7(b). Justice Court does not currently request social security numbers from citizens. Prior to utilizing the DOR OAA tax refund offset collections program, Justice Court must develop policies and procedures to assure the security of the stored social security numbers and has requested an opinion from county counsel. If the security and legal issues are resolved, Justice Court would be able to submit defaulted payment plans and cases in collections to DOR OAA in December 2016 for cases with social security numbers. The Office Manager will ensure eligible cases are submitted to the DOR OAA program.

An additional collection option offered by Justice Court’s current collection agency, Professional Credit Service (PCS), is a pre-collection program, Hero Business Services. The fee for collection in this program is 10%, as opposed to the 23% fee retained in the PCS full collection plan agreement. Hero Business Services works to collect newer debts, then any debt that is not successfully collected can either be returned to the Court or rolled over into the PCS full collection process. The Office Manager will work with the county procurement division to review this proposal and implement the program by December, 2016, if it is determined to be appropriate.

*“We recommend management implement procedures to ensure cash handling duties are reasonably segregated. Mail containing remittances (e.g. checks) should be opened by two designated persons. We recommend management implement procedures to ensure remittances are logged as opened. This log should then be reconciled to deposit information to ensure*

*accuracy and completeness. We recommend management implement procedures to ensure checks are restrictively endorsed as they are received or opened in the mail. We recommend management implement procedures to ensure payments received are processed and deposited within one business day."*

Justice Court processes mail daily. Mail is time stamped upon receipt. Currently, checks are restrictively endorsed immediately. Payments are processed and deposited within one business day. The Court's Accounting Specialist and Office Manager jointly open the mail, account for the number of mailed remittances received, and record that number on a daily log initialed by both parties present. If either the Accounting Specialist or Office Manager is unavailable, a legal secretary is the second party to assist in opening the mail. The Office Manager and Accounting Specialist will ensure compliance with the mail process.

*"We recommend management implement procedures to ensure notices are posted to inform citizens they should speak to management if they are not offered a receipt or if the receipt is incorrect."*

A receipt generated by the Court's software system is given to the citizen for each completed transaction. Signage will be posted in the Justice Court lobby, in two places visible to citizens, stating: "A receipt of your transaction will be provided for your records. If you do not receive a receipt, please call (503) 794-3802". The Office Manager will post the signs by July 15, 2016, and answer citizen calls.

*"We recommend management implement procedures to ensure staff, other than the person who prepares the cash deposits, perform the reconciliation from the justice court's subsidiary system to the County's financial management application."*

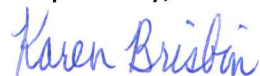
The Office Manager routinely monitors the Accounting Specialist's reconciliation from the Justice Court's subsidiary system to the County's financial management application.

*"We recommend the justice court establish a letter of agreement with the aforementioned government agencies which will allow the court to make payment quarterly or adjust procedures to ensure the government agencies are paid monthly, in compliance with current statutes. Note, the justice court currently has an intergovernmental agreement with the City of Damascus allowing quarterly payments."*

Justice Court is in the process of establishing letters of agreement with government agencies, other than the State of Oregon, that receive fine revenue from violations filed and adjudicated in the Justice Court. The Office Manager will assure this process is completed by October 1, 2016, and retain the letters of agreement.

Thank you for the opportunity to review the audit report and respond.


Respectfully,




Karen Brisbin, Justice of the Peace



## MEMORANDUM

TO: Mr. Brian Nava, Internal Auditor 

FROM: Don Krupp, County Administrator 

DATE: June 30, 2016

SUBJECT: **Justice Court Internal Audit  
Cash Handling, Collections and Traffic Diversion; June, 2016**

I am in receipt of the above referenced final draft report and I am submitting the following in response to the report's recommendation relating to the Sheriff's Office Traffic Diversion Program as follows:

*"We recommend Clackamas County administration work with the CCSO and the justice court to develop a unified approach to a traffic diversion program. As a part of developing that unified approach, County administration should get a legal opinion from County counsel as to who should administer the traffic diversion program. Best practices should also be considered when making traffic diversion program implementation decisions."*

County Administration conditionally agrees with this recommendation with the following qualifications.

Section 2.09.060 (B) of the County Code states:

*"The County Administrator shall exercise no authority over the actions of elected County officials while they are performing the duties of their offices."*

In other words, while the County Administrator may invite the CCSO and Justice Court to work together to develop a unified approach to a traffic diversion program, the choice to proceed lies solely within the scope of authority of the County Sheriff and Judge of the Justice Court. To proceed with the Internal Auditor's recommendation, both parties must be willing to engage in a dialogue about pursuing a unified approach.

County Administration is willing to convene the two parties upon completion and receipt of a legal opinion from County Counsel addressing the authority of CCSO and/or Justice Court to conduct and administer a traffic diversion program. While County Administration is agreeable to making such a request for a legal opinion, it is the position of the County Administrator that any such request is best made by the CCSO, or jointly by the CCSO and Justice Court Judge. Alternatively, the Internal Auditor could also request this legal opinion. Regardless of who makes the request, it is the intent of County Administration that a formal request for a legal opinion will be submitted by July 14, 2016.

Given Section 2.09.060(B) of the County Code, recommending changes to operational policies and procedures to implement best practices also lies outside of the scope of authority for the County Administrator. County Administration can convene and participate in a discussion among the parties, provided both are willing to consider such changes.

Thank you for the opportunity to review and respond.

Sincerely,



Don Krupp  
County Administrator