



COLLIN COUNTY

OFFICE OF COUNTY AUDITOR
200 S. McDonald Street • Suite 300
McKinney, Texas 75069
(972) 548-4731 • Metro (972) 424-1460
Fax (972) 548-4696

Date: May 12, 2009
To: Terry Douglas – Justice of the Peace – Precinct 2
From: Donald W. Cozad, County Auditor 
Subject: Second, Third, and Fourth Quarter FY08 Audit Results – Final

Internal Audit personnel began an examination of the books and records on November 14, 2008 for the County Auditor quarterly audit requirements. The audit objectives were to ensure that county property and all cash receipts were promptly accounted for, accurately recorded, safeguarded, and disbursed properly.

The time period reviewed was January 1, 2008 through September 30, 2008. The scope of the audit entailed performing a cash count; a review of deposits, receipts, disbursements and bank reconciliations; and a fixed asset inventory.

During the review, we identified certain practices and procedures we believe could be enhanced to strengthen internal controls and increase efficiencies. The review was not intended to be a comprehensive examination of every procedure or activity.

Your office personnel were extremely helpful and courteous in assisting with the quarterly review. An exit interview was held on December 22, 2008.

Please feel free to contact us with any questions or desired assistance.

Bank Reconciliation

General and Escrow Accounts

Findings:

1. The mailed bank statements were not opened and the bank reconciliations were not completed for the General and Escrow accounts for the months of June, July, August, and September, 2008.
2. The July 16, 2008 Escrow Account deposit should have been \$1,100, but only \$10.00 was deposited with the remaining \$1,090 deposited to the General Account.

Recommendations:

1. Complete the bank reconciliations for the months of June, July, August, and September, 2008.
2. A transfer from the General Account to the Escrow Account is needed to correct this deposit.

Response:

This has been accomplished.

General Account

Findings:

1. On October 4, 2007 a deposit for \$420.50 was credited to the General Account for \$420.00; an additional fifty cents is needed to correct this deposit.
2. On August 18, 2008 General Account check number 2037 written on June 30, 2008 in the amount of \$327.25 cleared the bank for \$327.27. To correct this deposit two cents needs to be deposited to the account.
3. The following nine stale-dated General Account checks should be researched for the reason they were not cashed:
 - 1644, dated 9/17/05 to MSB for \$366.00
 - 1684, dated 1/20/06 to Parks and Wildlife for \$87.55
 - 1797, dated 11/30/06 to Farmerville High ISD for \$34.50
 - 1819, dated 2/10/07 to Wylie ISD for \$19.50
 - 1961, dated 1/25/08 to Harrison Inter ISD for \$32.50
 - 1968, dated 2/08/08 Harrison Inter ISD for \$65.00
 - 2041, dated 7/11/08 to Harrison Inter ISD for \$20.00
 - 2056, dated 8/15/08 to Community MID ISD for \$216.50
 - 2060, dated 8/29/08 to Parks and Wildlife for \$267.75.
4. JP 2 has not been sending copies of Bank Statements and/or Bank Reconciliations to the Auditor's office on a monthly basis.

Recommendations:

1. Deposit fifty cents to correct the shortage amount on October 4, 2007
2. Deposit two cents to correct the shortage amount on August 18, 2008.
3. The stale-dated checks should be researched for the reason they were not cashed and, if necessary, voided and reissued
4. Bank statements and bank reconciliation should be sent to the Auditor's Office on a monthly basis.

Response:

1. Accomplished during audit.
2. Accomplished during audit.
3. We are in the process of tracking the named checks.
4. We will comply.

Escrow Account

Findings:

1. The following five stale-dated Escrow checks should be researched for the reason they were not cashed:
 - 1473, dated 12/09/04 to Wylie Fina for \$38.40;
 - 1663, dated 9/01/05 to Javier Gonzales for \$100.00;
 - 1772, dated 12/02/05 to MTG Electronic for \$72.00;
 - 1981, dated 9/04/06 to The Movie Company for \$117.45;
 - 2069 dated 1/17/07 to Andrew Rainey for \$170.00.
2. On February 15, 2008 a deposit for \$583.08 was credited to the Escrow Account for \$583.00; an additional eight cents is needed to correct this deposit.
3. On May 1, 2008 a deposit for \$874.88 was credited to the Escrow Account for \$874.00; an additional eighty-eight cents is needed to correct this deposit.
4. An Escrow Account listing was not printed for the months of February, April, May, June, July, August, and September 2008; the Escrow Account listing could not be verified against the check register account balance and/or bank account balance for these months.
5. The Escrow Account listing was verified for the months of January, March, and October, 2008. A discrepancy of a credit amount of \$535.00 was found. This was previously reported in the audit report of the first quarter of FY08

Recommendations:

1. The stale-dated checks should be researched for the reason they were not cashed, and, if necessary, voided and reissued.
2. Deposit eight cents to correct the shortage amount on February 15, 2008.
3. Deposit eighty-eight cents to correct the shortage amount on May 1, 2008.
4. The Escrow ledger should be maintained and reconciled monthly with the Escrow Account to accurately identify the liabilities.
5. The credit amount discrepancy of \$535.00 (previously reported) needs to be researched and IT contacted to resolve this discrepancy.

Response:

1. We are in the process of research during our Odyssey preparation.
2. This was accomplished during the audit.
3. This was accomplished during the audit.
4. This is being accomplished.
5. I.T. has resolved the problem.