



# COLLIN COUNTY

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Date: October 15, 2009  
To: Judge Paul Raleeh, Justice of the Peace Precinct 1  
From: Jeff May, County Auditor   
Subject: Fourth Quarter FY08, First and Second Quarter FY09 Audit Results-Final

Internal audit began an examination of books and records on May 12, 2009 for the County Auditor quarterly audit requirements. The audit objectives were to ensure county property and cash receipts were promptly accounted for, accurately recorded, safeguarded and disbursed properly.

The time period reviewed was July 1, 2008 through March 31, 2009. The audit procedures included performing a cash count; a test of deposits, disbursements and bank reconciliations; and an asset inventory.

During the review, we identified certain practices and procedures that 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. Accordingly, the findings and recommendations presented in this report should not be considered as all-inclusive of areas where improvements may be needed.

Your office personnel were extremely helpful and courteous in assisting with the quarterly review. An exit interview was held with you and Shannon Robertson on August 27, 2009.

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

## **Cash Drawer**

### **Finding:**

A cash count was performed with no discrepancy.

**Recommendation:** None at this time

**Response:** None required

## **Bank Reconciliation**

### **Findings:**

1. The findings from the prior Audit Report, dated December 9, 2008, covering the second and third quarters of FY08 (January to July of 2008) have not been corrected.

### **Prior Period Audit Findings:**

The following checks were erroneously entered into the AS400 system:

Check			AS400 System		
Ck #	Dated	Amount	Amount	Diff	Notes
1881	2/29/08	\$ -	\$ 55.00	\$ (55.00)	Physical check was voided
1901	3/17/08	\$ 55.00	\$ -	\$ 55.00	Check was not entered into AS400
1882	2/29/08	\$ 75.00	\$ -	\$ 75.00	Check was not entered into AS400
1883	2/29/08	\$ 1,086.90	\$ 1,161.90	\$ (75.00)	
1994	5/27/08	\$ 461.53	\$ 399.45	\$ 62.08	
1995	5/27/08	\$ 6.00	\$ 68.08	\$ (62.08)	
2015	6/9/08	\$44,417.10	\$44,559.70	\$(142.60)	The difference is offset by April and May interest deposited twice in the system.

For all the above items, the differences in check amounts offset each other or were offset by other items. There were no missing funds.

2. JP-1 over paid the County by \$82.60 during the audit period. This amount is the net effect of three separate errors:
  - On October 13, 2008, JP-1 did not pay the County \$55.00 that it received in revenues during the first week of October.
  - On October 20, 2008, JP-1 did not pay the County \$87.60 that it received in revenues during the second week of October.
  - On October 29, 2008, JP-1 recorded \$225 in revenues that it did not receive and remitted those funds to the County.

JP-1 did not correct errors identified in the prior audit report. Current findings #1 and #2 above appear to be compensating adjustments to correct discrepancies caused by an error identified in the prior audit report (ck#2015).

### **Recommendations:**

1. Errors identified in the audit report should be promptly corrected by the agency.
2. JP-1 should investigate all financial discrepancies and correct these errors at their source instead of forcing a balance. Forcing the books to balance will create future financial reporting problems as the error still exists in the system.

### **Response:**

I would like to thank the auditors office employee that was here doing our audit. We found him to be respectful and professional. I was pleased that once again for 11 straight years our office had no missing money and all our accounts were perfect. The discrepancies on the report have more to do with our attempt to please the auditor from our last audit than it does with poor bookkeeping. My Court Administrator, Shannon Williams, once again proved her worth by managing over 1.6 million dollars flawlessly.

### **Report Verification**

#### **Finding:**

The June 2008 check register submitted to the Auditor's Office for financial reporting does not agree with the June 2008 check register in the AS400 system. The check register submitted by JP-1 shows a \$0.00 ending balance, but the ending balance for the same month in the AS400 System is \$(142.60).

The June ending balance of \$(142.60) in the AS400 does not agree with the next month, July, beginning balance of \$0.00.

#### **Recommendation:**

JP-1 should identify any changes made to financial information after they have been submitted to the Auditor's Office for financial reporting. All financial adjustments should be made in the current period and should reflect the current month's financial reports. Adjustments should not be back dated to prior months.

#### **Response:**

I would like to thank the auditors office employee that was here doing our audit. We found him to be respectful and professional. I was pleased that once again for 11 straight years our office had no missing money and all our accounts were perfect. The discrepancies on the report have more to do with our attempt to please the auditor from our last audit than it does with poor bookkeeping. My Court Administrator, Shannon Williams, once again proved her worth by managing over 1.6 million dollars flawlessly.

### **Asset Verification**

#### **Finding:**

An audit of assets in inventory was performed with no discrepancy identified.

**Recommendation:** None at this time

**Response:** None required