



COLLIN COUNTY

OFFICE OF COUNTY AUDITOR
2300 Bloomdale Road • Suite 3100
McKinney, Texas 75071
(972) 548-4731 • Metro (972) 424-1460
Fax (972) 548-4696

Date: March 3, 2010
To: Terry Douglas, Justice of the Peace – Precinct 2
From: Jeff May, County Auditor 
Subject: First, Second, and Third Quarters FY09 Audit Results – Final

Internal Audit personnel began an examination of books and records on July 10, 2009 for the County Auditor's quarterly requirements. The audit objectives were to ensure that county property and all cash receipts were properly accounted for, accurately recorded, safeguarded and disbursed properly.

The time period reviewed was October 1, 2008 through June 30, 2009. The scope of the audit entailed performing a cash count; a review of deposits, receipts, disbursements and bank reconciliations; and a fixed asset inventory. A review of July 2009 and some of August 2009 receipts were made due to the implementation of the new Odyssey software.

During the examination, we identified certain practices and procedures, which we believe could be enhanced to strengthen internal controls and increase efficiencies. The examination 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 conference was held with you on February 23, 2010.

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

Cash Drawer

Findings:

A cash count for both office of Justice of the Peace 2 was completed on June 29, 2009 with no discrepancies identified.

Recommendations: None at time of audit.

Response: None required.

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 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 \$1,090 transfer from the General Account to the Escrow Account is needed to correct this deposit.

Response:

Completed while audit in progress.

General Account

Findings:

1. On October 4, 2007 a deposit for \$420.50 was credited to the General Account for \$420.
2. On August 18, 2008 General Account check #2037 written on June 30, 2008 in the amount of \$327.25 cleared the bank for \$327.27.
3. There were nine stale-dated General Account checks.
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 \$0.50 to correct the shortage amount on October 4, 2007
2. Deposit \$0.02 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, escheated or voided and reissued.

4. Bank statements and bank reconciliations should be sent to the Auditor's Office on a monthly basis.

Response:

Completed while audit in progress

Escrow Account

Findings:

1. There were five stale-dated Escrow checks.
2. On February 15, 2008 a deposit for \$583.08 was credited to the Escrow Account for \$583.
3. On May 1, 2008 a deposit for \$874.88 was credited to the Escrow Account for \$874.00.
4. An Escrow Account listing was not printed for the months of February, April, May, June, July, August, and September 2008, therefore 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 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, escheated or voided and reissued.
2. Deposit \$0.08 to correct the shortage amount on February 15, 2008.
3. Deposit \$0.88 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, previously reported, needs to be researched and IT contacted to resolve this discrepancy.

Response:

1. Researching checks & process of new Odyssey system.
2. Completed during audit.
3. Completed during audit.
4. Up to date at this time.
5. This was an IT issue and has been resolved.