



COLLIN COUNTY

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Date: December 29, 2010
To: Judge Paul Raleeh, Justice of the Peace – Precinct 1
From: Jeff May, County Auditor *JM*
Subject: Second Quarter FY10 Audit Results – Final

Internal Audit personnel met with you on June 28, 2010 to start an examination of books and records 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 January 1, 2010 through March 31, 2010. The scope of the audit entailed performing a cash count; a review of deposits, disbursements and bank reconciliations; fee verifications and fixed assets.

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. 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 August 10, 2010.

If we may be of any help or you have any questions, please feel free to contact us.

Bank Reconciliation

Findings:

We verified the bank reconciliations with corresponding bank statements and related documents and found the following exceptions:

1. Details of reconciled balances of Escrow and General Accounts were not documented and attached to bank reconciliation. For example, the reconciled escrow account balance of \$4,939.45 for January 2010 was a total of various cash bonds and the list of those cash bonds were not available.
2. We verified the deposits with the corresponding bank statements and found that an adjustment of \$220 was documented as deposit in transit in the February 2010 bank reconciliation.

Recommendation:

The following recommendations should be implemented to increase efficiency and strengthen internal control.

1. An asset to liability statement should be maintained for General and Escrow Accounts.
2. Deposits should be verified with bank statement. Only outstanding deposits should be listed as deposit in transit.

Response:

I was pleased with the outcome of the audit, there were no unaccounted funds and all deposits were made as required by State Law. Although there were items that were written on the final report, they were items we had already identified internally and had documented well in advance of your audit.

Fee Verification

Finding:

There were 101 cases where \$2 was collected instead of \$6 for the indigent fee on evictions, small claims, or justice cases that occurred after January 1, 2010. The total amount charged and collected for all cases was \$7,347. The total amount charged should have been \$7,751. The difference between what was collected and what should have been collected was \$404.

Recommendation:

When fees are changed, updates need to be immediately corrected in the system and personnel need to be notified to charge the correct fees. The \$404 difference between what was collected and what should have been collected needs to be paid by either the customers or by the department head, Judge Paul Raleeh.

Response:

I was pleased with the outcome of the audit, there were no unaccounted funds and all deposits were made as required by State Law. Although there were items that were written on the final report, they were items we had already identified internally and had documented well in advance

of your audit. Regarding fee verification, as I told you in the exit meeting, there were many issues that led to this event. I have requested and still not received information from the Collin County Auditor on the date in which they instructed this court to start collecting additional funds. I maintain that when I found out the additional funds were to be collected, I collected them. There was a lot of controversy and confusion about this bill when it was passed. The auditor paid the State when maybe they should not have. Please put this on the agenda and let the Commissioner's Court decide.

Auditor's Response:

The elected official is responsible for assessing and collecting the proper fees based upon the annual fee schedule approved by the Commissioner's Court.