



COLLIN COUNTY

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Date: January 11, 2011
To: Judge Terry Douglas, Justice of the Peace – Precinct 2
From: Jeff May, County Auditor *Jeff May*
Subject: Second Quarter FY10 Audit Results – Final

Internal audit began an examination of books and records on June 29, 2010 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 audit procedures included performing a cash count; a test of deposits, 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. 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 your staff on July 20, 2010.

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

Bank Reconciliation

Findings:

We reviewed the bank statements and the corresponding bank reconciliations of the General & Escrow Accounts for January 1, 2010 through March 31, 2010 and identified the following exceptions:

1. The Odyssey system generated bank reconciliation is being used for the monthly reconciliation process. This reconciliation is not complete, as it does not identify the outstanding checks, deposits in transit, and any other reconciling item between the accounting records and bank statement that may be applicable.
2. On Odyssey, the December 14, 2009 deposit for \$1 was recorded incorrectly into the General Account. The \$1 deposit was already accounted for on Odyssey on October 5, 2009.
3. In Odyssey a transfer on February 23, 2010 between the escrow and general accounts was made of \$1,588.27. A deposit of \$0.01 was added to each account which created a difference of \$0.01 in each account.
4. During the months of February and March 2010 Odyssey Account Reconciliation reports were not provided for the Escrow Account.

Recommendations:

1. A manual reconciliation should be completed monthly for both the Fee Bank Account and the Cash Bond Account (prior audit finding). Odyssey Account Reconciliation reports should be completed every month for both accounts. Also, Odyssey Registry & Trust Accounts with Balances Report should be provided monthly for the Cash Bond Account.
2. General Account: The December 14, 2009 deposit for \$1 should be reversed in the Odyssey system. This will allow the original deposit and payment to be properly recorded.
3. General Account: The February 23, 2010 deposit for \$0.01 should be reversed in the Odyssey system. This will allow the original transfer of \$1,588.27 to be properly recorded.
Escrow Account: The February 23, 2010 payment for \$0.01 should be reversed in the Odyssey system. This will allow the original transfer of \$1,588.27 to be properly recorded.
4. Complete the account reconciliation reports at the end of every month.

Response: None required

Report Verification

Finding:

There were 22 fees that were improperly charged due to a legislative fee change that was not added in the system until mid-January. This delay was caused by communication between the JP offices as to whether the new fee was applicable. All of the cases were evictions, small claims, or justice cases that occurred after January 1, 2010. The total amount charged and collected for all of cases was \$1,309. The total amount charged should have been \$1,397. The difference between what was collected and what should have been collected was \$88.

Recommendation:

When fees are changed, updates need to be immediately changed in the system and all personnel need to be notified to ensure the charging of the correct fees. The \$88 difference between what was collected and what should have been collected needs to be paid by either the customers or by the JP-2 office.

Response:

At the time of the change there was confusion about our county having to charge the fee. The Auditor was asked along with other officials with no response. The Auditors office should have had this accomplished prior to activation of the fee. I don't believe that the Court should be responsible for these uncollected fees unless mandated by order.

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.