



COLLIN COUNTY

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Date: March 14, 2011
To: Judge John Payton, Justice of the Peace, Precinct 3, Place 2
From: Jeff May, County Auditor 
Subject: Third and Fourth Quarter FY10 Audit Results - Final

Internal audit began an examination of your books and records on October 12, 2010 for the County Auditor quarterly audit requirements. The audit objectives were to ensure county property and receipts and disbursements were promptly accounted for, accurately recorded, appropriately safeguarded, and disbursed properly.

The time period reviewed was April 1, 2010 through September 30, 2010. The audit procedures included performing a cash count and a test of deposits, disbursements and bank reconciliations.

During the examination, we identified certain practices and procedures we believe could be enhanced to strengthen internal controls and increase efficiencies. The examination was not intended to be a comprehensive review 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 examination. An exit interview was held with you and staff on November 30, 2010.

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

Bank Reconciliation

Findings:

We reviewed the bank statements and corresponding bank reconciliations of the General and Escrow Accounts from April 1, 2010 through September 30, 2010 and identified the following exceptions:

1. A cash bond of \$180 on June 17, 2010 was transferred (converted) in Odyssey to the General ledger from the Cash Bond ledger. However, the actual transfer of the funds from the Cash Bond bank account to the General bank account was not done.
2. There were 2 days when the deposit slips were not completed correctly and did not match the deposit summary report. Proper internal controls recommend checking the completed deposit slip against the summary report prior to the deposit being released.
3. A cash bond in the amount of \$320 was transferred from the Escrow Account bank account to the General Account bank account; the transfer was not recorded between the two ledgers on the Odyssey Financial Ledger.
4. A check was issued on the General Account, but was incorrectly posted to the Escrow ledger on the Odyssey system.
5. The Registry and Trust Account report indicates all case files with current cash bond payments on file. The report balance does not match the Escrow Account reconciled book balance.

Recommendations:

1. The transfer printout noting the movement of the cash bond funds from the Cash Bond bank account to the General bank account should be attached to the record of the Odyssey transfer as proof of making the transfer. This would provide proof that the transfer was made.
2. As part of the daily close-out procedure, the amount on the deposit slip should be compared to the deposit summary report. Control would be better achieved if the comparison was done by someone other than the person completing the deposit slip.
3. The transfer printout noting the movement of the funds from the Escrow bank account to the General bank account should be attached to the record of the Odyssey transfer as proof of making the transfer. This would provide proof that the transfer was made.
4. The incorrectly posted check should be voided from the Escrow Account ledger and posted to the General Account ledger on the Odyssey system. A copy of the voiding process should be attached to the corrected posting as proof of the transaction.
5. The Registry and Trust Account report should be reconciled monthly with the Escrow Account to accurately identify liabilities. All variances should be identified and explained on the reconciliation.

Response:

1. The issue has been resolved.
2. The issue has been resolved.
3. The issue has been resolved.
4. The issue has been resolved.
5. An attempt is being made to work with an acceptable form for identifying liabilities that will concur with the other JP courts.

Report Verification

Finding:

The Civil Justice Fee (Moving Violation) in the amount of \$0.10 was not collected on 250 traffic cases that were paid and disposed of during the period under review.

Recommendation:

The \$25 should be collected from the applicable payees or remitted by the Judge to the county.

Response:

Currently working on the solution to this issue.