



# COLLIN COUNTY

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Date: September 23, 2011  
To: Judge Paul Raleeh – Justice of the Peace – Precinct 1  
From: Jeff May, County Auditor   
Subject: Third and Fourth Quarters FY10 Audit Results – Final

Internal Audit began an examination of the books and records on October 11, 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, 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 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 on November 30, 2010.

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

## **Bank Reconciliation**

### **General Account:**

#### **Finding:**

A manual reconciliation or a reconciliation report within the Odyssey Program was prepared for all six months of the third and fourth quarters 2010 for the General Account. However, the reconciliation was not completed as there was an unidentified balance remaining for each of the six months. Proper internal controls require a bank reconciliation to be completed for each statement reporting period and balanced. An unbalanced reconciliation may indicate inaccurate recording or reporting or even misplaced funds.

#### **Recommendation:**

Office personnel should reconcile each bank account monthly and identify and explain any differences between the book and the bank balances.

#### **Response:**

The Court always reconciles our accounts but after meeting with the auditor, I believe we have a clearer understanding of how to better utilize the Odyssey system when reconciling with the bank. I would like to thank the Auditor for taking time to provide this 1 on 1 training.

### **Escrow Account:**

#### **Finding:**

Three checks (1954, 1955, and 1956) on the Escrow Account were voided, but the signature block was not removed. Internal controls require the removal of the signature area. With modern washing techniques for reusing checks, even a large "VOID" stamp will not deter the re-use of a check.

#### **Recommendation:**

All voided checks should have the signature block removed to prevent reuse.

#### **Response**

We will start this process immediately.