



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: May 23, 2012
To: Judge Terry Douglas, Justice of the Peace 2
From: Jeff May, County Auditor 
Subject: Third and Fourth Quarter FY11 Audit Result – Final

An examination of the Justice of the Peace 2 financial books and records began on January 17, 2012 in accordance with Texas Local Government Code §115.002. The audit objectives were to provide reasonable assurance receipts were promptly accounted for, accurately recorded and properly disbursed, and the internal controls were sufficient to protect County assets.

This review covered the period between April 1, 2011 and September 30, 2011. The audit procedures included a cash count, a test of deposits and receipts, a verification of disbursements, a review of the fee schedule and an examination of other financial aspects of the Office of Justice of the Peace 2.

During the review, certain practices and procedures were identified that could be enhanced to strengthen internal controls and increase efficiencies. This review was not intended to be a comprehensive examination of every procedure, activity, or control. Accordingly, the findings and recommendations presented in this report should not be considered all-inclusive of the areas where improvements may be needed.

Justice of the Peace 2 personnel were extremely helpful and courteous in assisting with this review. An exit conference was held on March 27, 2012.

Please feel free to contact this office with any questions.

Bank Reconciliation

Finding:

JP 2 did not provide bank reconciliations for the General Fee and Escrow Account for September 2011.

Recommendation:

JP 2 should reconcile their bank and book balances on a monthly basis. The monthly reconciliation should compare the book and bank ending balances and identify and explain any differences between the two balances. This ensures that all financial transactions recorded by the bank are valid, accurate, and agree with the agency's financial records. It also ensures that valid transactions initiated by the bank are documented in the agency's financial records accurately and timely.

Response:

This was during the period after our building was burglarized and monies and checks were taken from the safe. We were waiting on Auditors and County officials to replace funds that were stolen. I agree with the recommendation and this should be an isolated situation due to the burglary.

Report Verification:

Finding:

JP 2 did not issue checks to the Treasury by the 5th business day following the end of each week.

Week Ending	Weekly Check Due Date	Actual check Date	Days Late
5/06/11	5/13/11	5/23/11	6
6/24/11	7/01/11	7/14/11	8
6/30/11	7/08/11	7/14/11	4
8/05/11	8/12/11	9/01/11	14
8/12/11	8/19/11	9/01/11	9
8/19/11	8/26/11	9/01/11	4

Recommendation:

A check to the Treasury should be written within 5 business days following the end of each week for all receipts issued during the prior week.

LGC § 112..002 Accounting System in County With County Auditor and Population of 190,000 or More which states, "... (b) The county auditor may adopt and enforce regulations, not inconsistent with law or with a rule adopted under Section 112.003, that the auditor considers necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county or to

a person for whom a district clerk, district attorney, county officer, or precinct officer has made a collection or for whose use or benefit the officer holds or has received funds...”

Response:

Precinct Two does not have a courier service assigned to transport funds and/or documents. I have implemented a new office policy that we will utilize Constables if needed to transport funds and/or documents. I have developed a form that the transporting official must sign and date and the receiving official must sign and date. I am hopeful that we have found an acceptable solution to this situation that will not cost Collin County Courier expense.