



COLLIN COUNTY

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Date: August 15, 2012
To: Judge Johnny Lewis, Justice of the Peace 3-1
From: Jeff May, County Auditor 
Subject: Second and Third Quarters FY11 Audit Results – Final

An examination of the Justice of the Peace, Precinct 3-1 financial books and records was conducted in accordance with Texas Local Government Code §115.002. The audit objectives were to provide reasonable assurance receipts and disbursements were promptly accounted for, accurately recorded and properly disbursed, and the internal controls were sufficient to protect County assets.

The review covered the period between January 1, 2011 and June 30, 2011. The audit procedures included a cash count, a test of deposits and receipts, disbursement verification, a review of the fee schedule and an examination of other financial aspects of your office.

During the review, certain practices and procedures were identified that could be enhanced to strengthen internal controls and increase efficiencies. The 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, Precinct 3-1 personnel were extremely helpful and courteous in assisting with the quarterly review. An exit conference was held on January 13, 2012.

A written response to the report recommendations should be returned to Jeff May and Shela Vinson, Audit Manager, within ten (10) business days after receipt. If all recommendations will be implemented as stated, please respond with a statement to that effect; otherwise, please respond as to why and/or how the finding(s) will be corrected. A reply can be made via email or hard copy.

Please feel free to contact this office with any questions.

Cash Drawer

Finding(s):

1. On August 8, 2011, a surprise cash count was performed at the office of JP 3-1. Sixteen checks and one money order (17 items in all) totaling \$813.00, were held in the office. These items were all date stamped. The date stamp is used to document the date the items were received, whether by mail or over the counter. According to the date stamps, these items were received between 4 and 32 days prior to the date of the cash count.

All 17 items were not restrictively endorsed.

2. On November 22, 2011, a second surprise cash count was performed. Two hundred twenty seven checks and one money order (228 items in all) totaling \$10,477.50, were held in the office. The items were date stamped as of November 18th and November 21st. The following is an outline which identifies the numbers of days between the date identified on the face of the check and the date stamped date:

- 7 items from 11-30 days
- 111 items from 31-60 days
- 91 items from 61-100 days
- The date stamp on 3 items could not be determined

Eleven checks and one money order were in the safe. The other 216 checks were in two cardboard boxes. One box was located under a clerks' desk; the other was located next to the safe.

Recommendation(s):

1. All checks and money orders should be deposited no later than the next business day after receiving the funds. If there is a reason why the receipt cannot be immediately recorded in Odyssey, a manual receipt should be prepared and the checks and money orders deposited in the bank by the following business day.

The payment and case information should be entered and receipted into Odyssey as soon as possible to ensure the system has accurate and timely information.

Collections, in the form of check, cash, or money order, held overnight should be secured in a locked safe.

All checks/money orders should be restrictively endorsed when received.

2. Same as Recommendation 1 above.

Response(s):

On Friday, November 18, through an afternoon courier, this court received 94 Justice Court Filings. On the following Monday, November 21, in the afternoon, the court received an additional 110 Justice Court Filings. Please note the volume and timing of these case filings. On Monday, November 21, the staffing of the court was 4 employees, one civil clerk to process this volume of case filings. It is important to also know that the court was closed Wednesday through Friday of this week in observance of the Thanksgiving holiday. It is understandable that the auditors may have overlooked such volume of filings as occurred on the Friday and Monday previous afternoons when arriving at 8:00 am on Tuesday for a surprise cash count. It would have been beneficial in the accuracy of this report; however, had the staff been asked the date that these cases were finally received by the court.

With the volume of checks received in our office through the mail and the limited staff to process, these resulted in a delayed posting. All checks received in our office are endorsed and placed in the safe at the end of the day and processed at the earliest opportunity possible. With date file stamping and the Odyssey system, accurate information is ensured. The majority of the above mentioned were new case filings which require entry of the case prior to posting the check. Writing out a manual receipt for each check received and depositing the check as a manual deposit will only create a bigger financial nightmare not to mention the additional time (which we do not have) it takes to process manual then electronic receipts and tracking of it all.

Bank Reconciliation

Finding:

On May 9, 2011 a manual disbursement of \$2,383.00, which reduced the Odyssey book balance, was posted to the transaction register as an adjustment. Supporting documentation for this entry or sufficient justification for the adjustment was not provided.

Recommendation:

An adequate explanation for this adjustment should be provided and a documented explanation should be noted on the comments section of the entry.

All adjusting entries should be adequately explained and justified. If additional documentation is needed to justify adjustments, a separate file should be maintained for audit purposes.

Response(s):

The note on the transaction states ‘Reconciling old transactions on reconciliation spreadsheet to reflect a real and correct balance per Odyssey and Bank ’, this was at the suggestions of Tyler Tech and done so that the excel spreadsheet required by the Auditors’ office and Odyssey reconciliations would reflect the same information. This is

a combination of unseeded financials from AS400 to Odyssey conversion. Responses to previous audits support this.

General Controls

Finding(s):

1. The required monthly financial reports were not submitted to the Auditors' Office on a timely basis as required by Local Government Code § 114.001.

Month Ending	Due Date	Received Date	Days Past Due
January 2011	2/10/11	4/08/11	42
February 2011	3/10/11	7/11/11	84
March 2011	4/10/11	7/11/11	63
April 2011	5/10/11	7/11/11	44
May 2011	6/10/11	7/11/11	21
June 2011	7/10/11	7/21/11	9

2. One case did not accurately apply the community service hours worked towards the Court Costs and Fines. On case #31-TP-10-00105, the defendant worked 13 hours of community service, as provided by Texas Code of Criminal Procedure §45.049. The value of \$6.25 per/hour should have been applied to the community service for a total of \$81.25. The Court Cost assessment is \$80 and the Fine assessment is \$80, totaling \$160.00. The case was disposed on April 14, 2011 with no additional payments to cover the difference.

Recommendation(s):

1. Monthly financial reports should be submitted to the Auditors' Office by the 10th day of the following month.
2. Community Service hours should be calculated to ensure the full amount owed on the case for Fines and Court Costs is satisfied prior to closing the case. Should the Judge reduce the fine amount, signed documentation for approval should be in the case file.

Response(s):

1. The reports are completed timely although not turned in timely. Priority and attention will be given to submit the monthly reports to the Auditors' office in a timely manner.
2. The court order for this case states 13 hours of community service discharging \$100 for every 8 hours of community service performed. That breaks down at \$12.31 per/hour not \$6.25 per/hour therefore accurately applying 13 hours of community service to \$160.00 fine.

Auditors' Response:

The Texas Code of Criminal Procedure, Article 45.049 refers to Justice Courts which provides that a defendant is considered to have discharged not less than \$50.00 for each eight hours of community service performed, which is equal to an hourly rate of a least \$6.25.

The Texas Code of Criminal Procedure, Article 43.09 refers to County level and District Courts which provides that a defendant is considered to have discharged not less than \$100.00 for each eight hours of community service performed, which is equal to an hourly rate of a least \$12.50.

Fee Verification

Finding(s):

2.5% of the receipts issued during the period were reviewed. This consisted of 120 receipts. Discrepancies were identified on 53% of the sampled receipts. The review identified fees charged and collected were not accurate and in accordance with Statutes. The following discrepancies were found:

1. Fees were not accurately charged on 54 cases. Although the total amounts collected were correct, the funds were not accurately categorized.
 - A. Forty-eight cases were identified where the \$40 Deferred Disposition fee was not charged; the money collected was applied to other categories.
 - i. On 35 of these cases, \$40 was added to Consolidated Court Costs which increased the collections for that fee to \$80.
 - ii. On 13 of these cases, \$40 was added to the County Fine.
 - B. Five cases were identified where \$10 for Consolidated Court Costs was charged instead of \$40, which is the correct amount. The \$30 difference was added to the County Fine.
 - C. One case was identified where the County Fine was reduced by \$40 and the money was applied to Consolidated Court Costs. This increased the collections for the Consolidated Court Costs to \$80.
2. Nine cases did not accurately include all applicable fees. The appropriate fees were not assessed on the related cases and therefore the proper amounts were not charged to the defendants.
 - A. Five cases were identified where the Time Payment Fee of \$25 was not charged
 - B. Four cases were identified that did not include the Statewide Repository Fee of \$0.10

Recommendation(s):

1. All Court Costs and Fines should be accurately charged, collected, and recorded according to the County Fee Schedule and Texas Statutes.

Any changes to the set fees charged on cases or their allocation should be first reviewed and approved to ensure the changes comply with the Statutes.

2. Care should be taken to ensure that all Fines and Court Costs are appropriately and accurately assessed and collected. If any changes are made to the Fee Schedule or to Statutes, the system should be updated accordingly.

The Time Payment fee is not applicable to every case. Therefore, care should be taken when receipting a payment to ensure that payments received on or after the 31st day, on which the judgment is entered, should have the Time Payment fee added to the case and collected.

The 5 cases identified during the audit result in an amount due to the county of \$125. This amount should be remitted to the County Treasury.

Response(s):

- 1A. I am unaware of a mandatory Deferred Disposition Fee or category. We collect \$40 on every deferred case unless otherwise noted from the ADA. Please provide a Statute or local government code that requires the use of the specific Deferred Disposition Fee category.
 - i. These cases have been identified and we will properly train the employee upon her return to work.
 - ii. Please see response 1.A – our office places the \$40 deferred fee into County Fine.
 - B. These cases have been identified and we will properly train the employee upon her return to work
 - C. These cases have been identified and we will properly train the employee upon her return to work
2. A. These cases have been identified and the staff has been instructed to collect and apply the Time Payment fee appropriately.
 - B. These cases have been identified and were prorated by the Odyssey system for the Driver Safety Course.

Auditors' Response:

The Deferred Disposition Fee is a court cost. A fee code to record this type of fee has been established in the Odyssey Court System; this fee should not be combined with the county fine.

Statutory fee amounts should not be reduced to cover deficits where the appropriate fees were not assessed and collected.