



Audit Report
Justice of the Peace, Precinct 3-2
October 1, 2011 – March 31, 2012
Status: Final

For action:

Judge Payton

Justice of the Peace, Precinct 3-2

For information:

Jeff May
Randall Rice
Shela Vinson

County Auditor
First Assistant Auditor
Audit Manager

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Report Summary

As part of the 2012 Compliance Audit Plan, an audit of the Justice of the Peace, Precinct 3-2 was conducted in accordance with Texas Local Government Code §115.002.

The overall objective of the audit was to provide assurance that internal controls are in place to ensure:

- The officer has collected all the money they are obligated to collect
- The money collected was properly remitted to the appropriate party
- All funds are properly managed
- All money is properly accounted for, accurately reported, and adequately safeguarded
- The operations of the office conform to prescribed procedures
- Exposure to potential risk is minimized

The audit scope included an audit of banking, cash receipts and internal controls. The time period audited was October 1, 2011 through March 31, 2012.

Refer to the Observations and Recommendations section, as well as the Appendix for the results of the audit.

This review was not intended to provide absolute assurance on all procedures, activities, or controls. We will continue to examine aspects of the office in compliance with statutes and to provide reasonable assurance that County assets are safeguarded and appropriately managed.

An exit conference with the Justice of the Peace, Precinct 3-2 was held to discuss this report.

The time and assistance provided by the Justice of the Peace, Precinct 3-2 and the staff during this engagement is greatly appreciated.

Observations and Recommendations

Observation	Recommendation	Management Response
12-JP32-Q12-01: Cash Count – Funds Held by Office		
<p><u>Condition:</u> On June 6, 2012 during the course of the audit, a cash count was performed and the following was identified: Forty-one checks in the amount of \$1,325 received between May 22-24, 2012 were held in the safe and were not receipted and restrictively endorsed as of the time of the cash count.</p> <p><u>Effect:</u> Funds due to the County were improperly delayed. Funds were not recorded in the system on date received and were not deposited in the bank in a timely manner. There is an increased risk of loss due to error or mismanagement of checks that are held for an extraordinary amount of time.</p> <p><u>Cause:</u> A large volume of civil cases were submitted to JP 3-2 for filing on the dates identified above.</p> <p><u>Criteria:</u> There should be no collections held in the office. All collections should be restrictively endorsed, receipted immediately and included in the daily deposit. When situations arise that require a manual receipt to be issued in place of a computer generated receipt, the transaction should be recorded in the system by the end of the day.</p>	<p><u>a. Transaction Required:</u> The checks should be endorsed, receipted and deposited immediately.</p> <p><u>b. Internal Control Change:</u> Checks received should be immediately restrictively endorsed, receipted and included in the daily deposit. The deposit should be made available for pick up by the courier, on the next business day.</p>	<p><u>Status of corrections:</u> Due to the vast amount of Civil filings received through the mail and being short one clerk, these files were locked in safe and several at a time were entered into the system daily.</p> <p><u>Date Completed:</u> Within three days of audit.</p> <p><u>Status of procedure change:</u> No response</p> <p><u>Date Implemented:</u> No response</p>

Observation	Recommendation	Management Response
<u>12-JP32-Q12-02:</u> Deposits – General Account Deposit Verification		
<p><u>Condition:</u> A \$170 deposit was recorded in OFM on March 6, 2012. However, no funds were recorded at the bank for this deposit. There were also no corresponding receipts for this deposit in Case Manager.</p> <p><u>Effect:</u> Deposits were overstated in OFM for the day.</p> <p><u>Cause:</u> According to JP 3-2, the entry was an attempt to account for payment for a Writ of Execution. No notes were made to the entry and the payment had already been accounted for in the case files by the end of March.</p> <p><u>Criteria:</u> Corrections should be made to the case level in Case Manager and then exported to OFM. Adjustments made directly to OFM are not reflected in the case files.</p>	<p><u>a. Transaction Required:</u> Since the case file has been updated to accurately reflect case activity, the entry on March 6, 2012 for \$170 should be reversed.</p> <p><u>b. Internal Control Change:</u> Any correcting adjustments should be made in Case Manager and exported to OFM. This way the case files will accurately reflect financial activity.</p> <p>Any imbalance between the book and bank should be investigated as they represent a difference in financial activity. If a difference is not identified by the end of the month, it should be recorded as an adjustment on the bank reconciliation until it is resolved. At no time should an adjustment to the books be made with the sole purpose of balancing with the bank.</p>	<p><u>Status of corrections:</u> The \$170 was never an actual payment made to the Court. No actual money was received by the Court on 3/06/2012, therefore no receipt was issued. Notes in the financial transaction on 3/06/2012 state that “Adjustments made to accommodate refund written on 2/24/2012” per the functional analyst, who assisted me in making the correct financial adjustment. Plaintiff overpaid for a Writ of Execution, because the defendant’s address was in Dallas County not Collin County. Dallas County charges \$140 for WOE.</p> <p><u>Date Completed:</u> 03/06/2012</p> <p><u>Status of procedure change:</u></p> <p><u>Date Implemented:</u> 3/06/2012</p>