



**Audit Report**  
**JUSTICE OF THE PEACE - PRECINCT 3-1**  
**JANUARY 1, 2013 – MARCH 31, 2013**  
**Status: Final**

**For action:**

Chuck Ruckel

Justice of the Peace

**For information:**

Jeff May

Shela Vinson

County Auditor

Second Assistant Auditor

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**Report Summary**

As part of the 2013 Compliance Audit Plan, an audit of the Justice of the Peace - Precinct 3-1 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 January 1, 2013 through March 31, 2013.

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 was held on Wednesday, July 24, 2013 to discuss this report.

The time and assistance provided by the Justice of the Peace and the staff during this engagement is greatly appreciated.

## Observations and Recommendations

Observation	Recommendation	Management Response
<b>FINDING NUMBER: 56</b>		
<p><b><u>Condition:</u></b> Upon review of the bank reconciliation paperwork, a \$20 bill was found within the paperwork. Two days prior to the audit, a cash till was short \$20. The cash shortage was replaced by the employee assigned to the cash till.</p> <p><b><u>Effect:</u></b> An employee was held responsible for the cash shortage, due to deficient internal controls over cash handling procedures</p> <p><b><u>Cause:</u></b> Per the office administrator, the bill was misplaced during the time in which she was preparing the deposit; the deposit was prepared in the same areas in which she was also working on the bank reconciliation.</p> <p><b><u>Criteria:</u></b> Cash should be safeguarded and accounted for until it is deposited.</p>	<p><b><u>a. Transaction Required</u></b> None</p> <p><b><u>b. Internal Control Change:</u></b> Internal controls should be implemented to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process.</p> <p>The daily deposit should be prepared in a designated workspace, separate from other activity to ensure that funds are not misplaced.</p>	<p><b><u>A. Response:</u></b> Not Required</p> <p><b><u>B. Response:</u></b> This process has been reviewed and updated. Area is cleared of all work prior to working on deposit.</p>

Observation	Recommendation	Management Response
<b>FINDING NUMBER: 57</b>		
<p><b><u>Condition:</u></b> Two voided checks were identified on the March General Account bank reconciliation as outstanding, and two outstanding checks were not identified on the reconciliation as outstanding.</p> <p><b><u>Effect:</u></b> Generates inaccurate accounting records.</p> <p><b><u>Cause:</u></b> The outstanding items were not matched to the Odyssey system.</p> <p><b><u>Criteria:</u></b> All outstanding checks listed on the reconciliation should be verified in Odyssey to ensure that the information used to balance the account is accurate.</p>	<p><b><u>a. Transaction Required:</u></b> Reconciliations from the first and second quarters of fiscal year 2013 should be reviewed to ensure that outstanding check information is accurate. All errors should be corrected and revised reconciliations should be submitted to the Auditor's Office.</p> <p><b><u>b. Internal Control Change:</u></b> The check register along with a list of prior non-reconciled transactions should be printed monthly and that compared against outstanding checks listed on the reconciliation.</p>	<p><b><u>A. Response:</u></b> Complete</p> <p><b><u>B. Response:</u></b> This has been corrected and submitted. All reconciliations are accurate.</p>