



**Audit Report**  
**JUSTICE OF THE PEACE - PRECINCT 3-2**  
**OCTOBER 1, 2013 – JUNE 30, 2014**  
**Status: Final**

**For action:**

Judge John Payton      Justice of the Peace Precinct 3-2

**For information:**

Jeff May      County Auditor  
Linda Riggs      First Assistant Auditor

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**Report Summary**

As part of the 2014 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, 2013 through June 30, 2014.

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 on Thursday, April 16, 2015 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
<b>FINDING NUMBER: 124</b>		
<p><b><u>Condition:</u></b> Bank reconciliations are not being completed and submitted to Auditor's office in a timely manner. During the audit period, the general account had 8 out of 9 bank reconciliations that were submitted late. Out of the 8 that were submitted late, 4 were more than one month late. The escrow account had 7 out of 9 bank reconciliations that were late. Out of the 7 that were submitted late, 2 were more than one month late. Furthermore, as of 2/25/15, general account reconciliations from November 2014-January 2015 and escrow account reconciliations from December 2014-January 2015 have not been submitted.</p> <p><b><u>Effect:</u></b> The financial records are not updated with the current financial information. Furthermore, if there was an issue with a transaction on the bank statement, the bank may not accept the change request because it was not completed in a timely manner.</p> <p><b><u>Cause:</u></b> Bank reconciliations were not completed by JP 3-2</p>	<p><b><u>A. Transaction Required:</u></b> Bank reconciliations should be completed in a timely manner. All outstanding bank reconciliations should be completed and submitted to the Auditor's office as soon as possible.</p> <p><b><u>B. Internal Control Change:</u></b> The bank reconciliations for both accounts must be completed accurately and on a timely basis. JP 3-2 management should approve all reconciliations to ensure awareness of financial activities.</p>	<p><b><u>A. Response:</u></b> During that time period, the office was short staffed. All filing times for bank reconciliations have been remedied and filed in a timely manner.</p> <p><b><u>B. Response:</u></b> All reports submitted to me are initialed...JP</p>

staff.

**Criteria:**

The bank reconciliation should be completed by the 15th calendar day of the subsequent month in order to notify the bank and secure correction of errors.

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Observation	Recommendation	Management Response
<b>FINDING NUMBER: 125</b>		
<p><b>Condition:</b> Bank reconciliations are not being completed accurately. All general account bank reconciliations for the audit period included inaccurate information such as incorrect deposits in transit, book adjustments, and balancing items listed as "researching" carried forward from month to month. Escrow account bank reconciliations for November 2013, December 2013, March 2014, and June 2014 included inaccurate deposits in transit, book balance, bank balance, outstanding check, and book adjustments.</p> <p><b>Effect:</b> The financial records were not updated with the current financial information resulting in inaccurate case information and book records.</p> <p><b>Cause:</b> There are many factors for the bank reconciliations being incorrect, such as; information not recorded from the system accurately on reconciliations, adjustment till items, bank deposits not tied to case records and reconciling items not listed in correct area on reconciliation form.</p>	<p><b>A. Transaction Required:</b> All inaccurate bank reconciliations should be researched, corrected, and resubmitted to the Auditor's office as soon as possible.</p> <p><b>B. Internal Control Change:</b> The bank reconciliations for both accounts must be completed accurately. JP 3-2 management should review all reconciliations to ensure all reconciling items are listed accurately and properly cleared to ensure awareness of financial activities.</p>	<p><b>A. Response:</b> There were times when the figures may have been applied as a book adjustment instead of a bank adjustment, but no monies were missing</p> <p><b>B. Response:</b> They were completed as accurate as possible. Again, no monies missing.</p>

**Criteria:**

All information listed on bank reconciliations should be correct to ensure the reporting of accurate financial records.

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Observation	Recommendation	Management Response
<b>FINDING NUMBER: 114</b>		
<p><b>Condition:</b> JP 3-2 incorrectly charged a \$5 warrant issuance fee or an additional \$5 arrest fee when issuing a warrant. There were 5 incorrect warrant issuance fees assessed totaling \$25 and 13 incorrect additional arrest fees, totaling \$65 identified during January 2014.</p> <p><b>Effect:</b> The payee was incorrectly charged \$5 when a warrant was issued.</p> <p><b>Cause:</b> The Odyssey fee tables were incorrectly set up with a warrant issuance fee code. This fee was used if a warrant was issued, or sometimes an extra arrest fee was incorrectly checked in Odyssey when a warrant was issued.</p> <p><b>Criteria:</b> There is no charge for issuing a warrant; the warrant fee covers all costs of the court. Please see Code of Criminal Procedure Art. 102.011(a)(1)</p>	<p><b>A. Transactions Required:</b> The warrant issuance fee code should be removed as an available fee code in Odyssey. JP 3-2 should identify customers who were overcharged the \$5 warrant issuance fee or the additional arrest fee and return the money to the payee. Additionally, JP 3-2 should identify outstanding cases which have the incorrect fee charged and remove them prior to collecting fees from defendants.</p> <p><b>B. Internal Control Change:</b> Ensure the fees charged and collected from the public are in line with the approved fee schedule and statutes.</p>	<p><b>A. Response:</b> The warrant issuance fee code was an ongoing fee from the days of the AS400. The court was not aware of the change to no warrant issue fee code. This is a Functional Analyst' responsibility. When this was brought to the court's attention, the Functional Analyst was notified and she removed the option for this fee to be selected.</p> <p><b>B. Response:</b> The JP Functional Analyst has completed this task.</p>