



**Comprehensive Audit Report
JUSTICE OF THE PEACE - PRECINCT 3-1
OCTOBER 1, 2017 – SEPTEMBER 30, 2018
Status: Final**

For action:

Chuck Ruckel

Justice of the Peace

For information:

Linda Riggs

County Auditor

Audit Report
JUSTICE OF THE PEACE - PRECINCT 3-1
OCTOBER 1, 2017 – SEPTEMBER 30, 2018
Report Summary

As part of the 2018 Comprehensive 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 October 1, 2017 through September 30, 2018.

Refer to the Observations and Recommendations section 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 Tuesday, July 23, 2019 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
<p><u>Condition:</u> The October 2017 to August 2018 General and Escrow bank reconciliations were not completed and submitted to the Auditor's office by the 15th of the following month. The reconciliations were turned in between 1 and 9 (Jan 2018 general account) months late.</p> <p><u>Effect:</u> The financial records were not updated with the current financial information. If there was an issue with a transaction, the bank, customer and/or credit card processor may not accept the change because it was not completed in a timely manner.</p> <p><u>Cause:</u> The bank reconciliations were not completed in a timely manner by JP 3-1 staff.</p> <p><u>Criteria:</u> The bank reconciliations should be completed and submitted by the 15th calendar day of the subsequent month in order to notify the bank, customer and/or credit card processor and secure correction of issues.</p>	<p><u>A. Transaction Required:</u> None needed at this time. The bank reconciliations have since been completed and submitted.</p> <p><u>B. Internal Control Change:</u> The bank reconciliations for both accounts must be completed accurately and on a timely basis. JP 3-1 management should approve all reconciliations by the 15th of the following month to ensure awareness of financial activities. This also allows JP 3-1 to research and handle issues (outstanding checks, incorrect deposit amounts, NSF payments and credit card chargeback, etc.) presented on the bank reconciliation on a timely basis.</p>	<p><u>A. Response:</u></p> <p><u>B. Response:</u> This is currently being done.</p> <p><u>Status of Recommendation:</u> All bank reconciliations have been completed timely with the exception of March due to researching for corrections and short staffing.</p>

Observation	Recommendation	Management Response
<p><u>Condition:</u> The September 2018 General account bank reconciliation shows four reconciling items that were over a year old. On 4/20/17 a check was posted to case 31-TR-16-01988 for \$187. The bank posted an adjustment to the account on 4/27/18 because the check was not included in the deposit that went to the bank. On 4/28/17 a credit card payment for \$116 was posted to case 31-SC-17-00147, but did not post to the bank. On 8/17/17 a credit card payment for \$116 was posted to case 31-EV-17-01724, but did not post to the bank. On 9/8/17 a credit card payment for \$115 was posted to case 31-TR-17-02736, but did not post to the bank. All four of these cases show no financial balance due, however funds have not been received at the bank.</p> <p><u>Effect:</u> Financial records for the cases in question are not accurate. Funds have been reported and paid out to the county and the state that were never received.</p> <p><u>Cause:</u> These items did not clear the bank and payment follow up and adjustments were not been completed</p>	<p><u>A. Transaction Required:</u> Justice of the Peace, Precinct 3-1 should work with the bank, credit card company, and the customer to resolve the monies owed. A financial balance should be reflected on cases 31-TR-16-01988, 31-SC-17-00147, 31-EV-17-01724, and 31-TR-17-02736 until the correct payments are reflected at the bank. If necessary NSF fees should be applied and collected.</p> <p><u>B. Internal Control Change:</u> Bank adjustments should be researched and verified by the end of the following month.</p>	<p><u>A. Response:</u> These have been adjusted to reflect correctly in the cases.</p> <p><u>B. Response:</u> Done.</p> <p><u>Status of Recommendation:</u> This has been corrected.</p>

<p>by JP 3-1.</p> <p><u>Criteria:</u></p> <p>Bank reconciliations should be completed in a timely manner. As soon as chargeback, adjustments, reversals, etc. are noted these issues should be handled immediately to ensure money is received correctly.</p>		
--	--	--