




COLLIN COUNTY

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Date: February 29, 2012
To: Judge Paul Raleeh, Justice of the Peace – Precinct 1
From: Jeff May, County Auditor 
Subject: First and Second Quarters FY11 Audit Result – Final

Internal Audit began an examination of the Justice of the Peace, Precinct 1, financial books and records on May 26, 2011 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.

This review covered the period between October 1, 2010 and March 31, 2011. The audit procedures included a cash count, a test of deposits and receipts, a verification of disbursements, a review of the fee schedule and an examination of other financial aspects of your office.

During the review, we identified certain practices and procedures we believe could be enhanced to strengthen internal controls and increase efficiencies. This 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.

Your office personnel were extremely helpful and courteous in assisting with this review. An exit conference was held with you on August 4, 2011.

Please feel free to contact us with any questions you may have.

Bank Reconciliation

Findings:

Fee Account

1. The ending book balance on the March 2011 bank reconciliation is \$23,147.80 and does not match the ending book balance for the same month in the Odyssey financial system, which is \$23,578.61. This is a difference of \$430.81.
2. Ck#2508 is on the March 2011 bank reconciliation as an outstanding check in the amount of \$30, but is recorded in the Odyssey financial system in the amount of \$60.
3. The fee account adjusted book balance and the fee account adjusted bank balance for March 2011 did not match. There was a \$92.85 unexplained difference between the two. In other words, the adjusted bank balance is \$92.85 more than the adjusted book balance.
4. Unrecorded book entries in the March 2011 bank reconciliation had 5 adjusting unrecorded book entries from transactions that originated between 6 to 14 months prior. These adjustments totaled a net amount of \$(651.66) and are as follows:
 - a. 1/19/10 - \$ 97.75
 - b. 2/1/10 - \$180.00
 - c. 2/28/10 - \$(602.00)
 - d. 3/10/10 - \$(421.41)
 - e. 9/8/10 - \$94.00
5. There are 8 stale dated checks (outstanding for more than 6 months) that are still outstanding on the March fee account bank reconciliation. These checks were written between 4/30/09 to 5/14/09 and total \$275.

Recommendations:

1. JP-1 should ensure that all amounts on the bank reconciliation are accurate.

Inaccurate amounts will result in calculation errors in the adjusted book balance and the adjusted bank balance. This could cause an unrecorded entry in the financial records to go undetected when the two balances appear to match but actually do not.
2. Same as above recommendation.
3. JP-1 should investigate and resolve any differences between the adjusted book balance and the adjusted bank balance.

These differences are an indication the financial records and the financial activity do not agree. It may also indicate, among other things, that bank activity not authorized by JP-1 has occurred or that financial records are not updated to reflect legitimate transactions.

4. Entries under unrecorded book entries on the bank reconciliation should be resolved by the following month.

Due to the errors in the beginning book balance (see Finding 1 to 3 under Bank Reconciliation and Finding 1 under Disbursements) and the potential for additional similar adjustments to the financial records, JP-1 should re-perform the monthly bank reconciliations starting with the month after their last balanced reconciliation.

5. All outstanding stale dated checks should be voided.

JP-1 should remit the amount of the stale dated checks along with detailed payee information to the Auditors Office on a quarterly basis. The amounts will be deposited into the County Unclaimed Funds account where it will be held until the money is claimed or until the money is required to be remitted to the State or transferred to the General Fund.

Response:

No response received

Findings:

Cash Bond Account

1. On the Cash Bond account reconciliation for March 2011, there are two adjustments to the unrecorded book entries that originated three months prior to the reconciliation and have not been resolved as of the audit date:
 - a. 12/14/10 - \$210.00
 - b. 12/14/10 - \$398.00
2. There are 4 stale dated checks (outstanding for more than 6 months) written between 4/30/09 to 10/15/09 in the amount of \$952 recorded on the bond account bank reconciliation.

Recommendations:

1. Entries under unrecorded book entries on the bank reconciliation should be resolved by the following month.
2. All outstanding stale dated checks should be voided. JP-1 should remit the amount of the stale dated checks along with detailed payee information to the Auditors Office on a quarterly basis. The amounts will be deposited into the County Unclaimed Funds account where it will be held until the money is

claimed or until the money is required to be remitted to the State or transferred to the General Fund.

Response:

No response received

Report Verification

Findings:

1. We found one manual receipt with no information provided on the pink copy of the receipt, a missing yellow copy, and only a small portion of the white copy attached stating only \$180.00 total.
2. We found that the Juvenile Case Manager Fee of \$5 has not been applied to convictions or deferred adjudications on fine-only misdemeanor offenses as per the Texas Code of Criminal Procedure CCP 102.0174(c): "...require a defendant convicted of a fine-only misdemeanor offense in a justice court, county court, or county court at law to pay a juvenile case manager fee not to exceed \$5 as a cost of court." This fee was added to the County Wide Fee Schedule as of Fiscal Year 2011.

Of fifty receipts sampled we found twelve instances where the Juvenile Case Manager Fee should have been applied but was not.

3. We found that the Cost on Conviction Fee of \$0.10 was not correctly applied to moving violations as per CCP 102.022(b): "A defendant convicted of a moving violation in a justice court, county court, county court at law, or municipal court shall pay a fee of \$0.10 as a cost of court." Moving violations are defined in Table 1 of The Texas Administrative Code Title 37, Part 1, Chapter 15, Subchapter D, Rule 15.89. As of 1/1/10 the Justice Court Convictions Court Cost Chart has been changed to reflect the addition of the Cost on Conviction Fee of \$0.10.
(www.courts.state.tx.us/oca/pdf/JusticeCourtConvictionsCourtCostChart.pdf)

Of fifty receipts sampled we found four moving violations where this fee was not applied to the charge and should have been. We found three non-moving violations where the fee was applied and should not have been. Also we found one receipt where the moving violation charge was incorrectly applied.

The following is a list of fees charged incorrectly:

Ticket Date	Case	Charge	Amount collected	Correct Amount	Difference
09/14/10	01-TR-10-05007	Driving 1-20 over	133.00	133.10	(0.10)
09/21/10	01-TR-10-05140	No driver's license	120.00	120.10	(0.10)
10/04/10	01-TR-10-06038	Driving 1-20 over	108.00	108.00	*
10/14/10	01-TR-10-05527	No valid inspect cert	160.00	160.00	**
07/16/10	01-TR-10-04083	Driving 1-20 over	130.00	130.10	(0.10)
12/09/10	01-TR-10-06503	Driving while license invalid	120.00	120.10	(0.10)
12/10/10	01-TR-10-06602	No valid inspect cert	160.00	160.00	**
11/03/10	01-TR-10-05973	No seat belt-driver	140.00	140.00	**

*internal adjustment between funds that made no difference in the total charge-\$0.10 was applied to Statewide Repository Fee, however \$0.04 was taken from the Consolidated Court Costs, and \$0.03 was taken from the State Traffic Fee, and \$0.03 was taken from the Drivers Safety Course

**internal adjustment between funds that made no difference in the total charge-This offense is not considered a moving violation according to the above referenced table, so the reduction to the fine in order to pay the \$0.10 moving violation fee should not have been made.

Recommendations:

1. All manual receipts must be properly recorded in the manual receipt book; stating the date, payee information, the amount paid, what the money was received for (case # and receipt #), and tender type of the money received. If the manual receipt is voided it must be properly voided with void written across the receipt and the reason for the void. All voided copies must be retained in the manual receipt book.
2. When fee schedules are changed, updates need to be immediately corrected in the system and the staff needs to be notified to ensure the correct fees are charged.
3. Same as above recommendation

Response:

No response received

Disbursements

Findings:

1. Check 2665, in the amount of \$520.20, was voided in the Odyssey system after it had cleared the bank on 10/23/09. This check was issued in the system twice (on 10/19/09 and 2/4/10) and voided in the system twice (on 2/24/10 and 11/4/10).

This caused an unidentified imbalance between the financial records and the bank activity.

2. Check #3098, from the fee account, was issued with the signature line blank. It cleared the bank and was paid.

This check was properly documented in the case file and in the financial records.

Recommendations:

1. Checks that have been issued and have cleared the bank should not be voided in the system. This creates a situation where the financial records directly contradict the financial activity. This also prevents the adjusted book balance from matching the adjusted bank balance since the effect of this check is represented in the bank and not on the books.
2. All checks should be signed by a signatory to the JP-1 account before being issued to ensure that the disbursement has been properly approved.

Response:

No response received

General Controls

Findings:

The auditor found 3 closed cases with outstanding balances:

- a. Case #01-EV-10-00739 has a status of disposed but still shows a financial balance of \$116. This was a valid disposal but the payment for the issuance of a bad check was not correctly applied.
- b. Case #01-TR-10-03908 has a status of dismissed but still shows a financial balance of \$220. This was a valid dismissal; however the clerk did not void the fines after the case was dismissed.
- c. Case #010HC090021001 has a status of dismissed but still shows a financial balance of \$608. This case was dismissed by the District Attorney and a refund issued to the defendant. The fees were not voided in the case files.

Recommendations:

JP-1 should not dismiss or dispose of any cases with a financial balance.

- a. The \$86 eviction charge and \$30 NSF fee needs to be reversed for case #01-EV-10-00739 while referencing case #01-HC-10-00223. This reversal would allow for the correct financial balance for the disposed case. All monies owed to Collin County have been correctly disbursed.
- b. JP-1 should ensure all actions by the court are accurately documented in the Odyssey system and any resulting financial adjustments be made on the case.
- c. Same as above (b) recommendation.

Response: No response received