



**Audit Report**  
**JUSTICE OF THE PEACE - PRECINCT 2**  
**OCTOBER 1, 2016 – SEPTEMBER 30, 2017**  
**Status: Final**

**For action:**  
Jerry Shaffer

Justice of the Peace Precinct 2

**For information:**

Jeff May  
Linda Riggs

County Auditor  
First Assistant Auditor

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**Report Summary**

As part of the 2017 Compliance Audit Plan, an audit of the Justice of the Peace - Precinct 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, 2016 through September 30, 2017.

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 Precinct 2 was held on Thursday, October 4, 2018 to discuss this report.

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

## Observations and Recommendations

Observation	Recommendation	Management Response
<p><b><u>Condition:</u></b> During the audit period, JP-2 bank reconciliations were not completed and submitted by the 15th of the following month. Out of the 24 required monthly General and Escrow bank reconciliations, all but 3 were submitted late (between 5 to 116 days).</p> <p><b><u>Effect:</u></b> The financial records were not updated with the current financial information. If there was an issue with a transaction, the bank and/or credit card processor may not accept the change because it was not completed in a timely manner.</p> <p><b><u>Cause:</u></b> The bank reconciliations were not completed in a timely manner by JP-2 staff.</p> <p><b><u>Criteria:</u></b> The bank reconciliations should be completed and submitted by the 15th calendar day of the subsequent month in order to notify the bank and secure correction of errors.</p>	<p>A. <b><u>Transaction Required:</u></b> None needed at the time. The bank reconciliations have since been completed and submitted.</p> <p>B. <b><u>Internal Control Change:</u></b> The bank reconciliations for both accounts must be completed accurately and on a timely basis. JP-2 management should approve all reconciliations by the 15th of the following month to ensure awareness of financial activities. This also allows JP-2 to research and handle issues (outstanding checks, incorrect deposit amounts, NSF payments and credit card chargebacks, etc.) presented on the bank reconciliation on a timely basis.</p>	<p><b><u>Response:</u></b> Will do our best.</p>