



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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04-03

April 9, 2019

The Honorable Robert T. Pearson
Justice of the Peace, Precinct Number 1
424 Executive Center, Suite 100
El Paso, Texas 79902

Dear Judge Pearson:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 1 (JP1) financial records from February through December 2018 to determine if internal controls are adequate to ensure proper preparation of JP1 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested six financial controls and two operating controls with a total of 116 samples. The audit report depicts one repeat finding noted as a result of the audit procedures. We wish to thank the management and staff of JP1 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

Edward A. Dion
County Auditor

EAD:RB:ya

cc: Ms. Betsy Keller, Chief Administrator



Justice of the Peace, Precinct Number 1

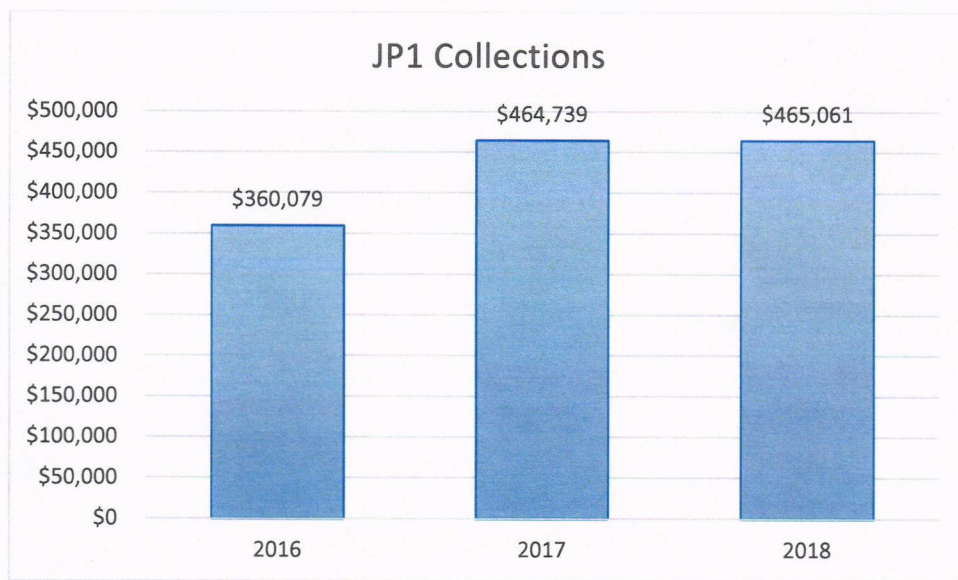


EXECUTIVE SUMMARY

BACKGROUND

The Justice of the Peace is elected for a term of four years and is the presiding officer of the justice court. JP1 has judicial power over criminal cases involving minor offenses under their jurisdiction and civil matters where the amount in controversy does not exceed \$10,000. Other duties include issuing search and arrest warrants, conducting preliminary hearings, and the performance of marriage services. The current Justice of the Peace for JP1 Has been in office since 2007. The audit was performed by Ruth Bernal, internal auditor senior. The most recent prior audit was issued April 26, 2018.

Financial reports are generated from the Courts and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of all funds and fees collected at Precinct 1 for the past three fiscal years.



Source: Odyssey system

SCOPE

The scope of the audit is from February through December 2018.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP1 financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Functioning appropriate cash controls.	Satisfactory
2. Ensure deposits are in accordance with <i>Local Government Code § 113.022</i> .	Satisfactory
3. Timely posting of Bond and Inmate Trust Section (BITS) payments.	Satisfactory
4. Appropriate review and approval of expenditures.	Satisfactory
5. Adequate controls of voided transactions.	Needs improvement
6. Adequate controls for interpreter services payments	Satisfactory
7. Monitoring of outstanding cash bond cases.	Satisfactory



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count on January 15, 2017, in accordance with *Local Government Code (LGC) §115.0035*.
- Tested a sample of deposits to verify compliance with *LGC § 113.022*.
- Reviewed a sample of voided transactions to verify proper internal controls.
- Reviewed a sample of interpreter payments to verify authorization and proper documentation.
- Reviewed a sample of bonds collected to verify cases were being addressed in a timely manner.
- Reviewed collections received at Sheriff's office to ensure cases are updated on Odyssey to reflect payments.
- Reviewed a sample of the Justice of the Peace's expenditures for proper authorization.
- Reviewed a sample of cases dismissed under Jail Time Credit completed and verified that supporting documentations was received.

RESULTS

Listed below are control and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans. All prior audit issues were appropriately resolved except one.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Functioning appropriate cash controls (Obj. 1) • Ensure deposits are in accordance with LGC 113.022 (Obj. 2) • Timely posting of Bond and inmate Trust Section (BITS) payments. (Obj. 3) • Appropriate review and approval of expenditures. (Obj. 4) • Controls for interpreter services payments. (Obj. 6) • Monitoring of outstanding cash bond cases. (Obj. 7) 	<ul style="list-style-type: none"> • Adequate controls of voided transactions. (Obj. 5)
Findings Summary	
<ol style="list-style-type: none"> 1. Voided transactions reviewed are not properly documented. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JP1 has implemented improvements in their operations. They met six of the seven objectives of this audit. Implementation of the recommendations provided in this report should assist JP1 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 1



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- H** Open 1. **Finding:** Voided transactions review is not documented as required by procedures. All JP1 employees have access to void transactions on the system.
Recommendation: All voided transactions should be reviewed by the supervisor, as it is stated on the JP1 policies and procedures and document it that it has been reviewed. Also, all voided transactions shall have supportive documentations or supplemental notes entered in to the system for reference.
Action Plan: Policies and procedures will be updated to have voided transactions approved by Supervisor/Administrative Assistant. Notes will be entered into the system for reference. *Unresolved.*
- M** Closed 2. **Finding:** Interpreter's services are not properly documented to verify information for payment.
Recommendation: In order to maintain proper records to verify interpreter services for payment, additional controls regarding scheduling and approval of invoices were recommended.
Action Plan: Policies and Procedures will be updated with the recommended controls. *Resolved.*
- L** Closed 3. **Finding:** Some cash bonds were not addressed timely and procedures need to be updated for better controls. Note: this procedure weakness was in the prior audit action plan and therefore is a repeat finding.
Recommendation: As previously recommended, the JP Court should review outstanding bonds on a monthly basis and exercise due care in reviewing cases that remain pending a bond hearing, issuance of a refund, review of deferred disposition and completion of the Judge's notes. All case reviews should be documented and these policies and procedures should be updated to include this procedure.
Action Plan: Policies and Procedures have been updated to reflect recommendations mentioned above. Review of cases will be done on a monthly basis and documentation will be kept in a log. *Resolved.*

Current Findings and Action Plans

Finding #1		Risk Level H									
<p>Voided transactions – On 12 of 16 voided transactions sampled, there was no documented supervisory review. Since all JP1 employees have access to void transactions on the system, and segregation of duties is limited due to staff size, procedures require voided transactions be subsequently reviewed by the supervisor. Review of voided transactions reduces the risk of losses due to manipulation of records or accounting errors.</p>											
<p>Recommendation</p> <p>Review of the voided transactions should be documented because it provides evidence that procedures are in place to prevent losses.</p>											
<p>Action Plan</p> <table border="1"> <thead> <tr> <th>Person Responsible</th> <th>Court Coordinator</th> <th>Estimated Completion Date</th> <th>March 18, 2019</th> </tr> </thead> <tbody> <tr> <td colspan="4"> <p>Once a transaction has been voided by an employee, it will be reviewed and initialed by the court coordinator, and notes will be included in Odyssey for reference. Voided transactions reports will be run periodically to ensure all voided transactions have been reviewed.</p> </td> </tr> </tbody> </table>				Person Responsible	Court Coordinator	Estimated Completion Date	March 18, 2019	<p>Once a transaction has been voided by an employee, it will be reviewed and initialed by the court coordinator, and notes will be included in Odyssey for reference. Voided transactions reports will be run periodically to ensure all voided transactions have been reviewed.</p>			
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