



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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10-01

October 7, 2020

The Honorable Rebeca Bustamante
Justice of the Peace, Precinct Number 4
2350 George Dieter, Ste A
El Paso, Texas 79936

Dear Judge Bustamante:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 4 (JP4) financial records to determine if internal controls are adequate to ensure proper preparation of JP4 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. We tested one operational and seven financial controls using 320 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of JP4 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,

A handwritten signature in blue ink that reads "Edward A. Dion".

Edward A. Dion
County Auditor

cc: Ms. Betsy Keller, Chief Administrator



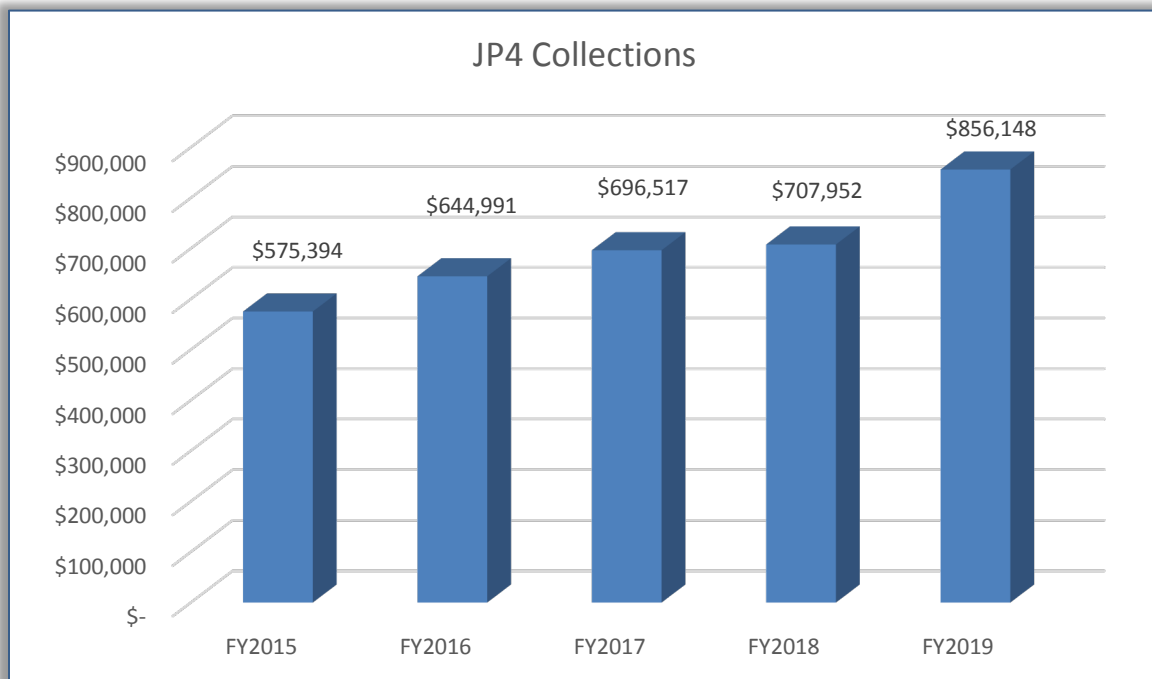
**JUSTICE OF THE PEACE, PRECINCT NUMBER 4
MAY 2019 – FEBRUARY 2020
EXECUTIVE SUMMARY**



BACKGROUND

Justices of the Peace are elected officials that serve four year terms. Precinct 4 (JP4) 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 and the performance of marriage services. The current Justice of the Peace for JP4 has been in office since January 2019. The audit was performed by Patrice Hills, CIA, internal auditor certified. The most recent prior audit report was issued on September 24, 2019.

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of fees collected at JP4 for the past five fiscal years. In fiscal year 2019 collections increased 20.93% from prior fiscal year. This \$148,196 increase was attributable to a combination of increased cases filed and adjudicated.



Source: Odyssey Judicial Reporting System

SCOPE

The scope of the audit is from May 2019 through February 2020. The scope of this audit was limited as it did not include review of manual receipts or a surprise cash count due to office closures related to COVID-19.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP4 financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Timely bank deposits in accordance with <i>Local Government Code § 113.022</i> .	Satisfactory
2. Proper supporting documentation of dismissed cases.	Satisfactory
3. Completeness of the payment mail log and timely posting to Odyssey.	Needs Improvement
4. Timely processing of cash bonds (to include receipt, deposit, posting of bonds and granting of hearing).	Satisfactory
5. Adequate expenditure controls.	Satisfactory
6. Justice of the Peace has an emergency plan in place.	Satisfactory



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METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies and procedures.
- Tested a sample of deposits for compliance with *Local Government Code (LGC) §113.022*.
- Tested a sample of mail log entries for appropriate documentation and compliance with *LGC §113.022*.
- Tested a sample of dismissed cases for disposition and supporting documentation.
- Tested a sample of cash bonds collected for timeliness of disposition and supporting documentation.
- Tested a sample of expenditures for proper authorization.
- Reviewed the emergency plan.

RESULTS

Listed below are controls 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 and the status of any prior action plans.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Timely deposits of daily collections (Obj. 1) • Documentation on dismissed cases (Obj. 2) • Timely process of cash bonds (Obj. 4) • Adequate expenditure controls (Obj. 5) • Emergency plan in place (Obj. 6) 	<ul style="list-style-type: none"> • Completeness of the payment mail log and timely posting to Odyssey (Obj. 3)
Findings Summary	
1. Mail log is not utilized for monetary payments only and documentation is not complete (repeat finding)	

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

The internal control structure of JP4 was satisfactory for five of the six of the audit objectives. Implementation of the recommendations provided should assist in fortifying the internal control structure for mail payments and assuring the integrity of financial reports.



**JUSTICE OF THE PEACE, PRECINCT NUMBER 4
MAY 2019 – FEBRUARY 2020
FINDINGS AND ACTION PLANS**



Prior Audit Findings Summarized with Current Status

Status

M Closed

- Finding:** Deposit information sent to the bank and the County Auditor's office is incomplete, incorrect, and not timely submitted to the County Auditor's office.
Recommendation: Physically verify and review daily deposits before submission to the bank to ensure all components reconcile. Send supporting deposit documentation to the County Auditor's office the same day deposits are submitted to the bank.
Action Plan: Daily deposits will be prepared by a different person and physically verified before submission to the bank to ensure completeness. Supporting deposit documentation will be submitted to the County Auditor's office the same day deposits are submitted to the bank.
Status: Significant improvement has occurred. However, occasional occurrences of incorrect deposit slips remain, which are being addressed with new policies and procedures.

M Open

- Finding:** Mail log information is not complete nor does it include a documented review.
Recommendation: Utilize mail log for County payments only and the person posting payments to Odyssey should document the case number on the mail log. A thorough secondary review of the log should be performed and documented on a regular basis.
Action Plan: The mail log will only be utilized to receipt County payments. The person creating new cases in Odyssey will log the case number on the mail log and a thorough secondary review of the log will be performed and documented on a regular basis in accordance with written policies and procedures to ensure completeness.
Status: Mail log includes a documented review, however it still contains non-monetary entries.

Current Audit Findings & Action Plans

Finding #1	Risk Level M				
<p>Mail Log – The office mail log is currently being used to enter all items received through the mail, instead of focusing on monetary payments. Two of 20 entries sampled were non-monetary transactions. Further, cash bonds and Bond and Inmate Trust Section (BITS) collections on the mail log reflect the aggregate check amount and do not detail the transaction amount per individual case. Thirty percent of the entries sampled contained an error related to inaccurate recording of cash bonds or BITS collections.</p> <p>Per management's action plan detailed in the prior year's audit report, the mail log was to be utilized for monetary payments only. Additionally, the action plan stated that the case number was to be recorded on the mail log. Inaccurate mail log information increases the risk of theft, fraud, and provides poor customer service. Moreover, missing cash bond and BITS information, such as transactional details, can lead to inaccurate information in Odyssey.</p>					
<p>Recommendation</p> <p>We recommend the following:</p> <ol style="list-style-type: none"> Utilizing the mail log for monetary transactions only. Adding a column titled "Transaction Amount" to the current mail log to indicate the transaction amount applied to each individual case when an aggregate check is received. 					
<p>Action Plan</p> <table border="1"> <tr> <td>Person Responsible</td> <td>Judge R. Bustamante</td> <td>Estimated Completion Date</td> <td>October 31, 2020</td> </tr> </table> <p>Management agrees with recommendation. Court Coordinator will add column to the mail log and review mail log periodically. Additionally, staff will be trained on proper usage of the additional column.</p>		Person Responsible	Judge R. Bustamante	Estimated Completion Date	October 31, 2020
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**JUSTICE OF THE PEACE, PRECINCT NUMBER 4
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FINDINGS AND ACTION PLANS**



Finding #2		Risk Level L	
<p>Policy and Procedures Manual –The policies and procedures manual provided was dated November 2019; however, many of the actual policies and procedures differed from those documented in the manual. JP4 initially provided various versions of policies and procedures for the same task when documentation was requested in conjunction with the audit, the various versions were due to changes in staff duties as the court was in the process of reorganizing and updating policies and procedures. Auditor provided suggestions to ensure implementation of internal controls consistent with those utilized by other Justices of the Peace.</p> <p>Maintaining a current and concise policies and procedures manual helps ensure effective operation of the court. Well documented policies and procedures are useful for training new employees, ensuring consistent processes and may boost moral by setting clear expectations for staff.</p>			
Recommendation			
We recommend finalizing a policies and procedures manual to reflect most current processes. Such manual should be periodically reviewed and updated when processes change.			
Action Plan			
Person Responsible	Judge R. Bustamante	Estimated Completion Date	January 1, 2021
Management agrees with recommendation. Court Coordinator will draft and complete an updated manual utilizing the court’s current policies and procedures and additional resources provided by the County Auditor’s office.			