



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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07-10

July 15, 2020

The Honorable John Chatman
Justice of the Peace, Precinct Number 5
9521 Socorro Rd. Suite B-2
El Paso, Texas 79927

Dear Judge Chatman:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 5 (JP5) financial records to determine if internal controls are adequate to ensure proper preparation of JP5 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested nine financial controls and two operating control with a total of 224 samples. There was one finding noted as a result of the audit procedures. We wish to thank the management and staff of JP5 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.

Respectfully,

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

Edward A. Dion
County Auditor

EAD:HMya

cc: Mrs. Betsy Keller, Chief Administrator



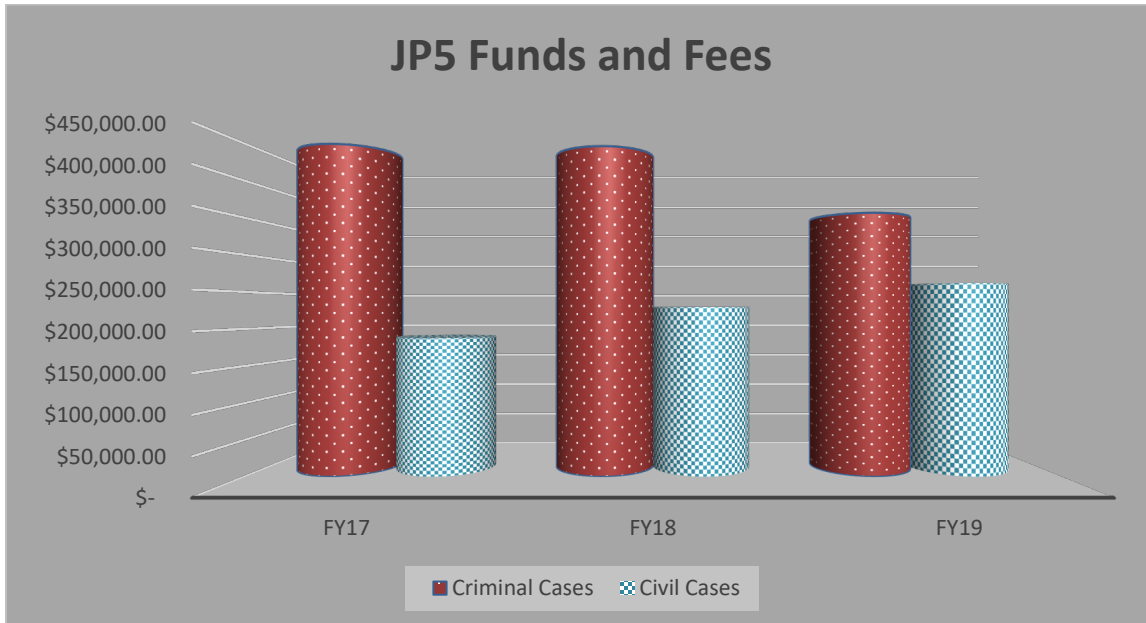
**Justice of the Peace, Precinct Number 5
For the period of May 2019 to March 2020**



EXECUTIVE SUMMARY

BACKGROUND

Justices of the Peace are elected officials and serve four year terms. Precinct five 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. The current judge was elected on January 2015 and has been serving for 5 years. Other duties include issuing search and arrest warrants and the performance of marriage services. Funds and Fees collected for 2017, 2018, and 2019 are illustrated below. There was a decrease of criminal case collections in FY19. Many factors can lead to a decrease in collections but a reduction of warrants being issued seems to be the biggest factor for JP5.



Source: Annual Funds and Fees reports

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was May 2018 to April 2019 and the last audit report was issued June 2019.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP5 financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Adherence to documented policies and procedures	Satisfactory
2. Court order compliance in dismissed cases	Satisfactory
3. Adequate voided transaction controls	Needs Improvement
4. Proper posting of jail time credits	Satisfactory
5. Functioning appropriate cash controls	Satisfactory
6. Timely processing and resolution of cash bonds	Satisfactory
7. Timely deposits of collections in accordance with <i>Local Government Code 113.022</i>	Satisfactory
8. Adequate controls of interpreter services payments	Satisfactory
9. Appropriate and timely posting of manual receipts to Odyssey	Satisfactory
10. Accuracy of mail log information and timely posting to Odyssey	Satisfactory
11. Judge's education compliance with <i>Local Government Code § 27.005</i>	Satisfactory

SCOPE

The scope of the audit is from May 2019 through March 2020.



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EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes for proper documentation and updates.
- Tested a sample of dismissed cases to verify court order compliance and supporting documentation.
- Reviewed all voided transactions in Odyssey to verify legitimacy of transactions and management verification.
- Tested a sample of cases with jail time credit to verify jail time served and supporting documentation.
- Performed a surprise cash count in accordance with *Local Government Code (LGC) §115.0035*.
- Reviewed a sample of cash bonds posted to verify bonds were being addressed in a timely manner.
- Traced a sample of deposit slips to the financial accounting system for compliance with *LGC §113.022*.
- Verified a sample of interpreter services invoices for proper authorization and documentation.
- Tested a sample of manual receipts for appropriate and timely posting.
- Tested a sample of mail logs to determine deposit completeness, accuracy, and timeliness.
- Reviewed Judge’s training certificates for compliance with *LGC §27.005*.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lower risk. Please see the *Findings and Action Plans* section of this report for related details and management action plans for the current findings. There were no prior audit findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Maintain and follow department policies and procedures (Obj. 1) • Proper documentation on dismissed cases (Obj. 2) • Posting and documentation of jail time credit by Sheriff’s Office (Obj. 4) • Cash handling procedures (Obj. 5) • Continuous review of outstanding bonds (Obj. 6) • Timely deposit controls (Obj. 7) • Interpreter services invoice controls (Obj. 8) • Manual receipt controls (Obj. 9) • Mail log controls (Obj. 10) • Compliance with educational requirement (Obj. 11) 	<ul style="list-style-type: none"> • Voided transaction controls and procedures adherence (Obj. 3)
Findings Summary	
<p>1. The log for void transactions was not located.</p>	

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

JP5 met all but one of the audit objectives and should continue working on weak controls reported. Implementation of the recommendation provided in this report should assist JP5 in producing complete and accurate financial reports by strengthening their internal control structure.



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FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1		Risk Level M	
<p><u>Voided Transactions:</u> All void transactions during the audit period were reviewed for accuracy and supervisor verification. There were a total of ten void transactions; however, staff was unable to provide the void transaction log necessary to complete the review. Policies and procedures require the cashier to log all voids with an explanation, the case number, their initials, and the supervisor's initials. According to management, the void log was misplaced and cannot be found; there appears to be confusion about which supervisor was responsible for verifying and authorizing voids on the log. With the void log missing, the voids cannot be verified for entry or authorization by a supervisor. Failure to follow the current void policies and procedures can lead to the loss of revenue by creating the opportunity for fraud.</p>			
Recommendation			
<p>A supervisor should verify all voids are processed and recorded appropriately on a daily basis. We recommend a checklist be created addressing employee office duties and assignments. This checklist can be updated as employees are hired or depart the office. This will facilitate the clarification of duties for new employees and identify the responsibilities and any documentation of departing employees.</p>			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	7/10/2020
<p>Management does not feel the checklist of duties is necessary. At this time the court coordinator will be responsible for reviewing and signing off on the void log daily. She will periodically scan the reviewed log to JP5's common folder where it will be accessible for anyone to view when needed.</p>			