



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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08-11

August 11, 2021

The Honorable Josh Herrera  
Justice of the Peace, Precinct 3  
500 E. San Antonio  
3rd Floor, Suite 308  
El Paso, Texas 79901

Dear Judge Herrera:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct 3 (JP3) financial records to determine if internal controls are adequate to ensure proper preparation of the JP3 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested two operational and six financial controls using 225 samples. There was one finding noted as a result of the audit procedures. We wish to thank the management and staff of JP3 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:PH:ya

cc: Ms. Betsy Keller, Chief Administrator



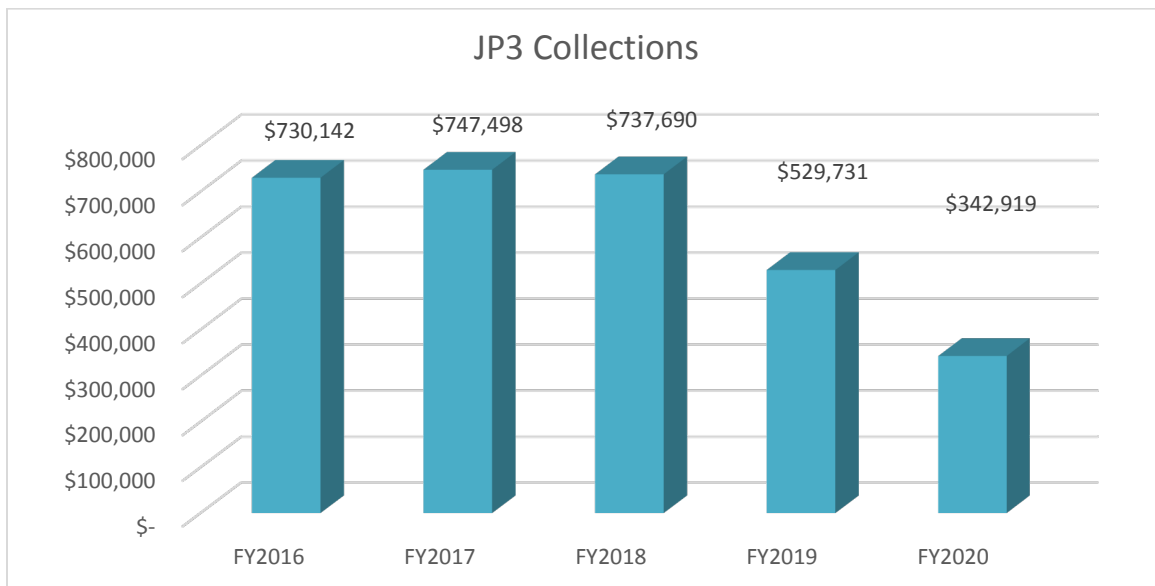
**JUSTICE OF THE PEACE, PRECINCT NUMBER 3  
APRIL 2020 – MARCH 2021  
EXECUTIVE SUMMARY**



**BACKGROUND**

Justices of the Peace are elected officials and serve four year terms. Precinct 3 (JP3) has judicial power over criminal cases involving minor offenses under their jurisdiction and civil matters where the amount in controversy does not exceed \$20,000. Other duties include issuing search and arrest warrants and the performance of marriage services. The current Justice of the Peace for JP3 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 August 18, 2020, with no findings.

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 JP3 for the past five fiscal years. Due to COVID-19 restrictions, the reduction of civil cases filed and criminal cases adjudicated caused an \$186,812 (35.27%) decline in JP3 collections from fiscal year 2019 to fiscal year 2020.



Source: Odyssey Judicial Reporting System

**SCOPE**

The scope of the audit is from April 2020 through March 2021. The scope of this audit was limited as it did not include review of manual receipts or a surprise cash count due to restrictions related to COVID-19.

**OBJECTIVES**

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP3 financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Established and documented policies and procedures.	Satisfactory
2. Adequate documentation for void and reversal Odyssey entries.	Needs Improvement
3. Timely deposits in accordance with <i>Local Government Code (LGC) § 113.022</i> .	Satisfactory
4. Completeness of the payment mail log and timely posting to Odyssey.	Satisfactory
5. Adequate expenditure controls.	Satisfactory
6. Proper supporting documentation of dismissed cases.	Satisfactory
7. Timely processing of cash bonds (to include receipt, deposit, and posting of bonds and granting of hearing).	Satisfactory
8. Compliance with education requirements of <i>Government Code (GC) § 27.005</i> .	Satisfactory



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EXECUTIVE SUMMARY**



**METHODOLOGY**

To achieve the audit objectives we:

- Reviewed policies and procedures.
- Tested a sample of void, adjustment and reversal entries to verify legitimacy of transactions and management approval.
- Tested a sample of daily deposits sent to verify compliance with *LGC §113.022*.
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *LGC §113.022*.
- Reviewed a sample of expenditures for proper authorization.
- Tested a sample of dismissed cases to verify disposition and supporting documentation.
- Tested a sample of cash bonds collected to verify timeliness of disposition and supporting documentation.
  - Tested the court's bond schedule to ensure cases are being heard in a reasonable time period and that court orders are be followed and enforced.
- Reviewed training records to verify compliance with *GC § 27.005*.

**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.

<b>Controls Summary</b>	
<b>Good Controls</b>	<b>Weak Controls</b>
<ul style="list-style-type: none"> <li>• Documented policies and procedures (Obj. 1)</li> <li>• Timely deposits of daily collections (Obj. 3)</li> <li>• Mail payment log and timely posting to Odyssey (Obj. 4)</li> <li>• Adequate expenditure controls (Obj. 5)</li> <li>• Documentation on dismissed cases (Obj. 6)</li> <li>• Timely process of cash bonds (Obj. 7)</li> <li>• Training in accordance with <i>GC § 27.005</i>. (Obj. 8)</li> </ul>	<ul style="list-style-type: none"> <li>• Void and reversal transactions (Obj. 2)</li> </ul>
<b>Findings Summary</b>	
<ol style="list-style-type: none"> <li>1. Review and approval of void transactions are not properly documented.</li> </ol>	

**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**

JP3 met seven of the eight objectives of this audit. Implementation of the recommendation provided in this report should assist JP3 in producing complete and accurate financial reports by strengthening their internal control structure.



**JUSTICE OF THE PEACE, PRECINCT NUMBER 3  
APRIL 2020 – MARCH 2021  
FINDINGS AND ACTION PLANS**



**Current Audit Findings & Action Plans**

Finding #1		Risk Level
<p><b>Void Transactions</b> – Nine of thirteen (69%) sampled void transactions were updated by the same employee without supervisor approval. However, all transactions contained supporting documentation and rationale for the voided transactions. Policies and procedures require void transactions to be subsequently reviewed and approved by a supervisor with notes to be documented in Odyssey for reference. Review and approval of void transactions may reduce the risk of loss due to manipulation of records or accounting errors.</p>		
Recommendation		
<p>We recommend creating a void transactions log to record all void transactions. The clerk performing the transaction and the supervisor must sign-off on the log. Further, on a monthly basis, the supervisor shall run an Odyssey voided transactions report to ensure all transactions are properly documented on the void transaction log. The void report will be signed off as reviewed and maintained until audited.</p>		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date
		<b>August 1, 2021</b>
<p>Clerks and court coordinator will use void transaction log. Additionally, every month the court coordinator will review the Odyssey voided transaction report to ensure all voids have appropriate documentation. Review of the void transaction report will be documented and maintained until audited.</p>		