



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-07

May 11, 2021

The Honorable Brian Haggerty
Justice of the Peace, Precinct Number 2
4641 Greg Cohen, Suite A
El Paso, Texas 79924

Dear Judge Haggerty:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 2 (JP2) financial records to determine if internal controls are adequate to ensure proper preparation of JP2 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested seven financial controls and two operating controls with a total of 96 samples. There were four findings noted as a result of the audit procedures; three were repeat findings. We wish to thank the management and staff of JP2 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:DC:ya

cc: Ms. Betsy Keller, Chief Administrator
Mr. Rodrigo Garcia, Court Coordinator



**Justice of the Peace, Precinct Number 2 Audit
For the Period of July 2019 thru June 2020**

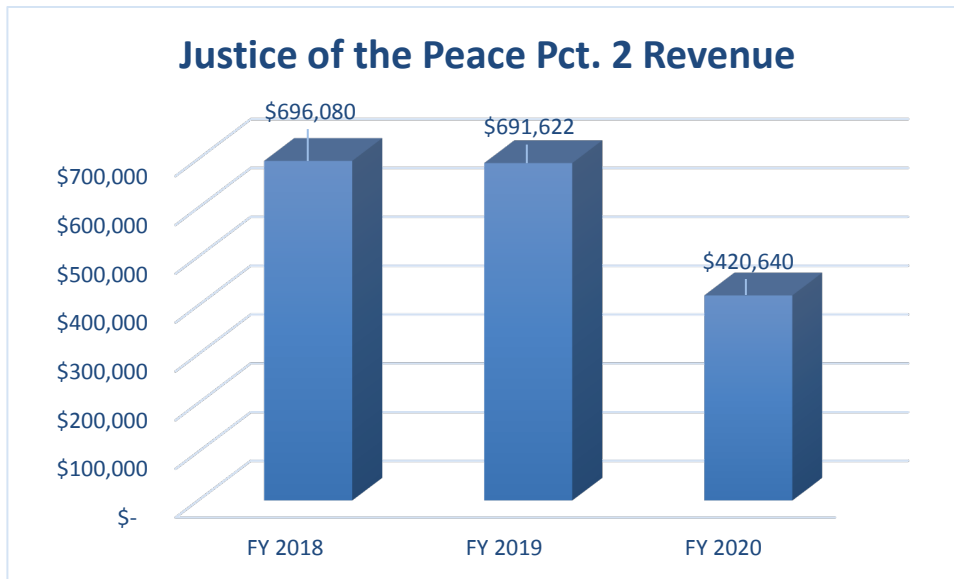


EXECUTIVE SUMMARY

BACKGROUND

Justice of the Peace Precinct Number 2 (JP2) has jurisdiction of criminal cases with a fine of \$500 or less and of civil cases with a disputed amount of \$20,000 or less. JP2 can issue search and arrest warrants, perform marriages, and conduct preliminary hearings. The audit was performed by Daisy Caballero, internal auditor certified. The most recent prior audit was issued in December 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 JP2 for the past three fiscal years. The 39% drop in revenue from FY 2019 to FY 2020 is due to COVID-19 office closures. The court is currently hearing cases in a limited capacity.



Source: Odyssey

SCOPE

The scope of the audit includes financial records from July 2019 through June 2020. The scope of the audit was limited as it did not include a surprise cash count or confirmation of manual receipts 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 JP2 financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Voids are properly justified, approved, and documented	Needs Improvement
2. Proper posting and documentation of jail time credits	Needs Improvement
3. Timely bank deposits and complete documentation	Satisfactory
4. Proper disposition and supporting documentation of dismissed cases	Satisfactory
5. Timely processing of cash bonds	Satisfactory
6. Proper approval of interpreter service invoices	Satisfactory
7. Complete mail log entries, timely deposit and posting of mailed payments	Needs Improvement
8. Proper authorization of expenditures	Satisfactory
9. Documentation of updated policies and procedures	Needs Improvement



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EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Tested a sample of voided transactions for justification, management approval, and proper documentation
- Tested a sample of cases with jail time credit dispositions for completeness and proper documentation
- Tested a sample of daily collections and Miracle Delivery receipt logs for complete documentation and compliance with *Local Government Code (LGC) §113.022*
- Tested a sample of dismissed cases to verify disposition and supporting documentation
- Tested a sample of bonds to verify bonds are being addressed in a timely manner
- Tested a sample of interpreter service invoices for validity and management approval
- Tested a sample of mailed payment log entries for completeness, timely deposit, and timely posting to Odyssey
- Tested a sample of expenditures for proper authorization
- Reviewed policies and procedures for completeness and updates
- Reviewed previous audit action plans for implementation

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, as well as the status of prior audit action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Timely deposits and proper documentation (Obj. 3) • Proper documentation of dismissed cases (Obj. 4) • Review of pending bonds (Obj. 5) • Review and approval of interpreter service invoices (Obj. 6) • Authorization of payments (Obj. 8) 	<ul style="list-style-type: none"> • Voided transaction controls (Obj. 1) • Posting and documentation of jail time credits (Obj. 2) • Mailed payment controls (Obj. 7) • Documentation of policies and procedures (Obj. 9)
Findings Summary	
<ol style="list-style-type: none"> 1. 50% of the voided transactions sampled were not approved by management (prior audit issue) and 100% were not documented in the voided transaction log 2. 28% of mailed payments tested were not deposited timely (prior audit issue), 61% were not entered as mailed payments in Odyssey, and 17% had the incorrect case number listed in the mailed payment log 3. 75% of jail time credit cases reviewed did not have proper documentation and 100% were applied as adjustments instead of jail time credits 4. Documented policies and procedures have not been updated (prior audit issue) 	

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

JP2 has implemented some improvements in their operations per prior recommendations. However, the department only met five of the current nine objectives. Implementation of the recommendations provided in this report should assist JP2 in producing complete and accurate financial reports by strengthening their internal control structure.



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FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- | | |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>H Open
See current finding #1</p> | <p>1. Finding: 86% of voided transactions sampled were not approved by management.
Recommendation: Management should document and enforce voided transactions policies and procedures to follow the County Auditor’s Accounting Procedures Manual.
Action Plan: Management concurs with the recommendation. Unresolved</p> |
| <p>H Open
See current finding #2</p> | <p>2. Finding: 7% of mail log payments tested were not deposited in accordance to LGC §113.022 and 19% of mail log entries were incomplete.
Recommendation: Enforce the importance of making timely deposits and entering all relevant information for mail log entries.
Action Plan: Management agrees with the recommendation. Unresolved</p> |
| <p>M Closed</p> | <p>3. Finding: 100% of the interpreter service invoices sampled were approved in violation of the calendar notation control
Recommendation: An interpreter services log should be created to better document the interpreter services provided to the court.
Action Plan: An interpreter services log was implemented on November 1, 2019. Resolved</p> |
| <p>L Open
See current finding #4</p> | <p>4. Finding: Documented policies and procedures need to be updated.
Recommendation: The written policies and procedures should be updated to reflect current procedures and policies in use.
Action Plan: Management concurs with the recommendation. Unresolved</p> |

Current Audit Findings

Finding #1	Risk Level H
<p><u>Voids</u> – There were a total of 32 voided transactions during the audit scope. A sample of six (20%) was reviewed and the following was noted:</p> <ul style="list-style-type: none"> Three (50%) did not have documented management approval Six (100%) were not documented in the voided transaction log <p>Management approval is required on all voided transactions as per County Auditor’s Accounting Procedures Manual found on the intranet. Unrestricted user access to void payments and lack of management approval and proper documentation could result in misappropriation of County funds. This is a repeat finding.</p>	
Recommendation	
<p>Management should document and enforce voided transaction policies and procedures that follow the County Auditor’s Accounting Procedures Manual.</p>	
Action Plan	
Person Responsible	Estimated Completion Date
JP2 Judge, Court Coordinator, Office Supervisor	May 31, 2021
<p>Management will discuss and implement updated voided transaction controls. The updated procedure will be documented in the policies and procedures manual.</p>	



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FINDINGS AND ACTION PLANS

Finding #2		Risk Level H																									
<p><u>Mailed Payments</u> - There were a total of 90 mailed payments during the audit scope. A sample of 18 (20%) was tested and the following was noted:</p> <ul style="list-style-type: none"> Five (28%) were not in compliance with LGC §113.022 (repeat finding); deposits were late in a range from 4 to 30 business days. 																											
<table border="1"> <thead> <tr> <th>Check #</th> <th>Received Date</th> <th>Deposit Date</th> <th># of days deposit is late</th> </tr> </thead> <tbody> <tr> <td align="center">121456</td> <td align="center">7/30/2019</td> <td align="center">8/30/2019</td> <td align="center">18</td> </tr> <tr> <td align="center">121450</td> <td align="center">8/1/2019</td> <td align="center">8/27/2019</td> <td align="center">13</td> </tr> <tr> <td align="center">549987</td> <td align="center">8/14/2019</td> <td align="center">8/27/2019</td> <td align="center">4</td> </tr> <tr> <td align="center">3733</td> <td align="center">1/27/2020</td> <td align="center">2/7/2020</td> <td align="center">4</td> </tr> <tr> <td align="center">1648</td> <td align="center">6/15/2020</td> <td align="center">8/5/2020</td> <td align="center">30</td> </tr> </tbody> </table>				Check #	Received Date	Deposit Date	# of days deposit is late	121456	7/30/2019	8/30/2019	18	121450	8/1/2019	8/27/2019	13	549987	8/14/2019	8/27/2019	4	3733	1/27/2020	2/7/2020	4	1648	6/15/2020	8/5/2020	30
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3733	1/27/2020	2/7/2020	4																								
1648	6/15/2020	8/5/2020	30																								
<ul style="list-style-type: none"> Eleven (61%) were not entered as mailed payments in Odyssey; an incorrect transaction type was selected. Three (17%) had the incorrect case number listed in the mailed payment log. 																											
<p>LGC §113.022 requires collections to be deposited on the following day, or if that is not possible, by the fifth business day from when the money was received. Policies and procedures document "Mail payments that do not have a case to apply the payment to will be held for research for 4 business days, funds will be returned on the 5th business day if the case has not been identified." The accuracy of the mailed payment log and Odyssey information is essential to keeping accurate records of mailed payments received. Weak cash handling controls related to mailed payments could result in misappropriation of County funds.</p>																											
Recommendation																											
<p>Mailed payments should be posted and deposited within five business days as required by LGC §113.022 and JP2 policies and procedures. Management should enforce the importance of entering accurate information in the mailed payment log and Odyssey.</p>																											
Action Plan																											
Person Responsible	JP2 Judge	Estimated Completion Date	March 24, 2021																								
<p>The Judge communicated to his staff the importance of timely deposits and entering the correct information in the mailed payment log and Odyssey.</p>																											



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FINDINGS AND ACTION PLANS

Finding #3		Risk Level M
<p><u>Jail Time Credit</u> – There were a total of 18 jail time credit cases during the audit scope. A sample of four (20%) was reviewed and the following was noted:</p> <ul style="list-style-type: none"> • Three (75%) did not have proper documentation. The magistrate court documentation is not attached to the case. The backup provided is a letter from the defendant stating they are incarcerated and would like the jail time to be applied towards their financial balance. The magistrate court documentation is a more credible and official source of information. • Four (100%) were applied as adjustments instead of jail time credits in the Odyssey system financial section of the respective cases. <p>Failure to attach proper documentation and correctly apply the jail time credit could result in inaccurate reporting and inappropriate jail time credits granted.</p>		
Recommendation		
<p>Official magistrate court documentation should be attached to the case to justify the jail time credits granted. The financial balance of the case should be updated with the jail time credit transaction type.</p>		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date May 31, 2021
<p>Management will discuss and implement procedures to upload official prison documentation in Odyssey. The policies and procedures manual will be updated with this procedure. Management is in agreement to use the jail time credit transaction type when entering payments in Odyssey.</p>		

Finding #4		Risk Level L
<p><u>Policies and Procedures</u> – The following policies and procedures have not been documented:</p> <ul style="list-style-type: none"> • Voided transaction procedures (repeat finding) • Miracle delivery log storing procedures (repeat finding) • Interpreter service invoice approval process (repeat finding) • Timely uploads of deposit documentation to the County’s shared drive (repeat finding) • Timely deposit requirement (repeat finding) • Daily review of the mailed payment log by the judge (repeat finding) <p>Policies and procedures serve as an accountability and training guide for employees and sets guidelines for best practices. Lack of documented procedures can increase the risk of inconsistent practices and possible losses to the County.</p>		
Recommendation		
<p>The written policies and procedures should be updated to reflect current procedures and policies in use.</p>		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date May 31, 2021
<p>Management concurs with the recommendation.</p>		