



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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08-22

August 18, 2022

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 1 (JP1) financial records to determine if internal controls are adequate to ensure proper preparation of the 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 two operational and seven financial controls using 53 samples. One finding was 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.

Respectfully,

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

Edward A. Dion
County Auditor

EAD:PH:ea

Cc: Betsy Keller, Chief Administrator



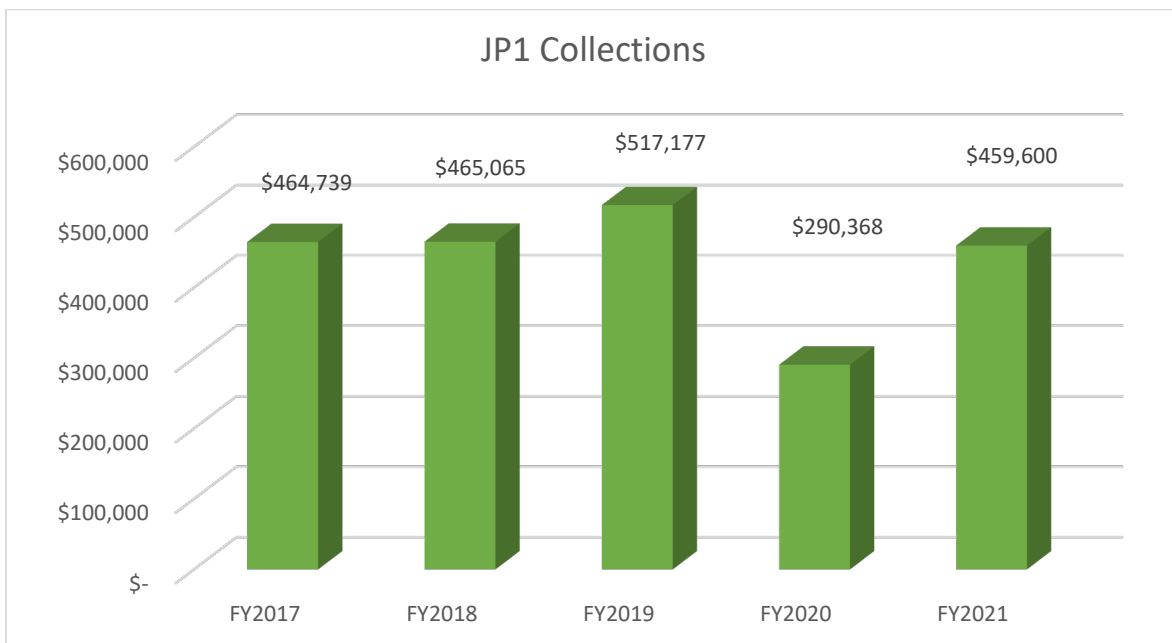
**JUSTICE OF THE PEACE, PRECINCT NUMBER 1
MAY 2021 – MARCH 2022
EXECUTIVE SUMMARY**



BACKGROUND

Justices of the Peace are elected officials and serve four-year terms. Precinct 1 (JP1) 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 JP1 has been in office since 2007. The audit was performed by Patrice Hills, CIA, internal auditor certified. The most recent prior audit report was issued on September 16, 2021, with no findings.

Financial reports are generated from the Enterprise Justice System showing all transactions occurring each month. The following chart is a comparison of fees collected at JP1 for the past five fiscal years. Please note that in fiscal year 2020, all precincts experienced a significant decline in conjunction with COVID-19 restrictions. In fiscal year 2021, JP1 experienced a \$169,232 increase, attributed to a rise in adjudication of criminal cases and the filing of civil cases.



Source: Enterprise Justice Judicial Reporting System

SCOPE

The scope of the audit is from May 2021 through March 2022.

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. Established and documented policies and procedures.	Satisfactory
2. Functioning and appropriate cash controls.	Satisfactory
3. Adequate documentation for voided and reversed Enterprise Justice entries.	Needs Improvement
4. Timely deposits in accordance with <i>Local Government Code (LGC) § 113.022</i> .	Satisfactory
5. Completeness of the payment mail log and timely posting to Enterprise Justice.	Satisfactory
6. Timely and complete posting of manual receipts issued.	Satisfactory
7. Adequate expenditure controls.	Satisfactory
8. Appropriate authorization of interpreter services expenditures.	Satisfactory
9. Safeguarding of assets.	Satisfactory



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METHODOLOGY

To achieve the audit objectives, we:

- Reviewed policies and procedures.
- Performed a surprise cash count on April 28, 2022, in accordance with *LGC §115.0035*.
- Tested a sample of void, adjustment, and reversal entries to verify legitimacy of transactions and management approval.
- Tested a sample of daily deposits to verify compliance with *LGC §113.022*.
- Reviewed a sample of manual receipts to verify completeness, accuracy, and posting to Enterprise Justice.
- Tested a sample of mail log entries for appropriate documentation.
- Ensure cases are heard timely and court orders are followed and enforced.
- Reviewed a sample of expenditures for proper authorization.
- Reviewed a sample of interpreter service invoices for proper authorization.
- Reviewed approved inventory listing to verify compliance with *LGC § 262.011* and perform a physical inventory count to confirm accuracy.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk. There was one finding identified in this audit. Please see the *Findings and Action Plans* section of this report for the finding related details and management action plan.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Documented policies and procedures (Obj. 1) • Functioning appropriate cash controls (Obj. 2) • Timely deposits of daily collections (Obj. 4) • Mail payment log and timely posting to Enterprise Justice (Obj. 5) • Timely processing of manual receipts (Obj. 6) • Adequate expenditure controls. (Obj. 7) • Appropriate authorization of interpreter services expenditures (Obj. 8) • Inventory listing in accordance with <i>LGC § 262.011</i>. (Obj. 9) 	<ul style="list-style-type: none"> • Void and reversed transactions (Obj. 3)
Findings Summary	
<p>1. Review and approval of void transactions are not properly documented.</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

JP1 met eight of nine 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
MAY 2021 – MARCH 2022
FINDINGS AND ACTION PLANS**



Current Audit Findings & Action Plans

Finding #1		Risk Level H
<p><u>Void Transactions – Lacking Supervisory Approval</u> – In a sample of seven void transactions, supervisory approval did not exist. However, JP1 clerical staff documented rationale for each transaction in either the Financial or Case Events Module of Enterprise Justice and all transactions contained supporting documentation.</p> <p>Policies and procedures require void transactions to be subsequently reviewed and approved by a supervisor with notes to be documented in Enterprise Justice 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 the court coordinator review the void report and staff documentation to the files to ensure all voids have appropriate supporting documentation. The void report should be signed off as reviewed and maintained until audited. The updated procedure for void transactions should be added to the JP's policies and procedures.</p>		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date September 30, 2022
<p>Quarterly, the Court coordinator will review the void report for appropriate supporting documentation. The void report will be signed off as reviewed and maintained until audited. The updated procedure for void transactions will be added to the JP's policies and procedures.</p>		