



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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07-16

July 20, 2022

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 controls with a total of 170 samples. There were three findings noted as a result of the audit procedures; one was a prior audit finding. 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:HM:ya

cc: Mrs. Betsy Keller, Chief Administrator



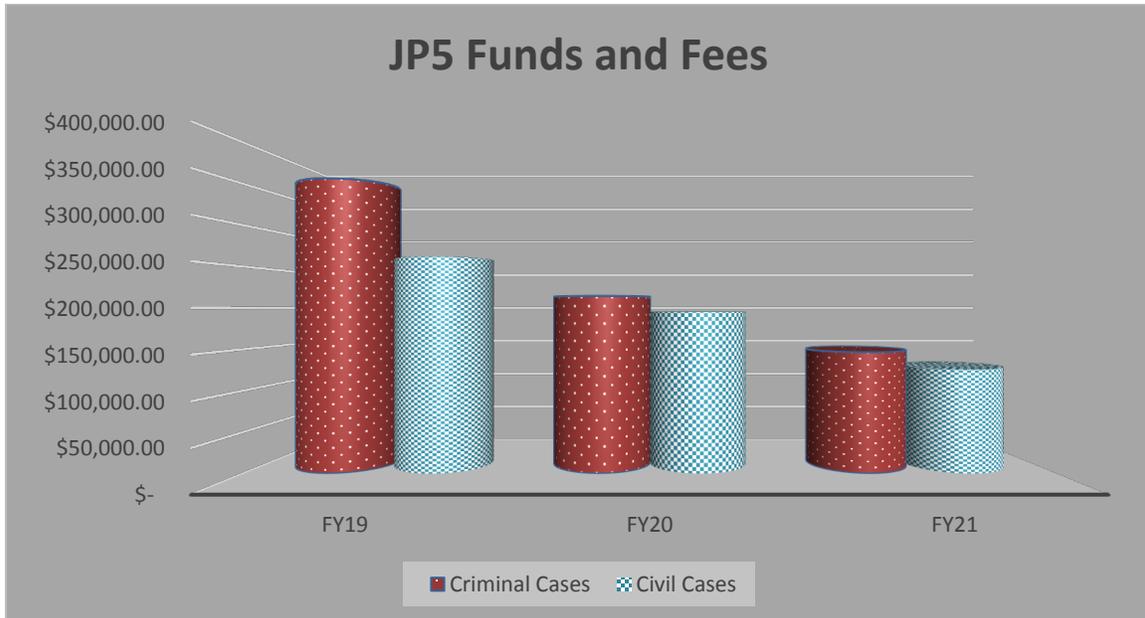
**Justice of the Peace, Precinct Number 5  
For the period of May 2021 to April 2022**



**EXECUTIVE SUMMARY**

**BACKGROUND**

Justices of the Peace are elected officials and serve four-year terms. Justice of the Peace Precinct 5 (JP5) has judicial power over criminal cases involving minor offenses under his jurisdiction and civil matters where the amount in controversy does not exceed \$20,000. The current judge was elected in January 2015 and has been serving for 6 years. Other duties include issuing search and arrest warrants and the performance of marriage services. Funds and Fees collected for 2019, 2020 and 2021 are illustrated below. Due to the Covid-19 pandemic, there was a drop in warrants executed, scheduled courts dates, and payments which caused a 34% decrease in collections for FY20 and FY21. Although the office was closed to the public, payments were accepted via mail and phone, and virtual court hearings were held.



Source: Annual Funds and Fees reports

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was April 2020 to April 2021 and the related audit report was issued August 10, 2021.

**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.

<b>Business Objective</b>	<b>Control Assessment</b>
1. Adherence to documented policies and procedures	Satisfactory
2. Court order compliance in dismissed cases	Satisfactory
3. Adequate void 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	Needs Improvement
7. Timely deposits of collections in accordance with <i>Local Government Code (LGC) 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	Needs Improvement
11. Judge's education compliance with <i>Local Government Code 27.005</i>	Satisfactory



**Justice of the Peace, Precinct Number 5  
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**EXECUTIVE SUMMARY**

**SCOPE**

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

**METHODOLOGY**

To achieve the audit objectives, we:

- Reviewed policies, procedures, and applicable statutes for proper documentation and updates.
- Tested a sample of dismissed cases for court order compliance and supporting documentation.
- Tested all void transactions in Odyssey for legitimacy of transactions and management verification.
- Tested a sample of cases with jail time credit to verify jail time served and supporting documentation.
- Performed as surprise cash count in accordance with LGC §115.0035.
- Tested a sample of cash bonds posted to verify bonds were processed in a timely manner.
- Traced and tested sample of deposit slips to the financial accounting system for compliance with LGC §113.022.
- Tested a sample of interpreter services invoices for proper authorization and documentation.
- Tested all 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 the status of prior audit findings and related details and management action plans for the current findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> <li>• Maintain and follow department policies and procedures (Obj. 1)</li> <li>• Proper documentation on dismissed cases (Obj. 2)</li> <li>• Posting and documentation of jail time credit by Sheriff’s Office (Obj. 4)</li> <li>• Cash handling procedures (Obj. 5)</li> <li>• Timely deposit controls (Obj. 7)</li> <li>• Interpreter services invoice controls (Obj. 8)</li> <li>• Manual receipt controls (Obj. 9)</li> <li>• Compliance with educational requirement (Obj. 11)</li> </ul>	<ul style="list-style-type: none"> <li>• Void transaction controls and procedures adherence (Obj. 3)</li> <li>• Continuous review of outstanding bonds (Obj. 6)</li> <li>• Mail log controls (Obj. 10)</li> </ul>
Findings Summary	
<ol style="list-style-type: none"> <li>1. Void transactions were not logged accurately. (Prior audit issue).</li> <li>2. Case hearings are not being scheduled and resolved timely after bonds are posted.</li> <li>3. Mail log had multiple entry discrepancies and a payment was not posted in a timely manner.</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.



**Justice of the Peace, Precinct Number 5  
For the period of May 2021 to April 2022**



**EXECUTIVE SUMMARY**

**CONCLUSION**

JP5 has met eight of the eleven objectives of this audit. Although JP5 has implemented improvements in their operations, implementation of the recommendations provided in this report should assist JP5 in producing complete and accurate financial reports by strengthening their internal control structure.



**Justice of the Peace, Precinct Number 5  
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**FINDINGS AND ACTION PLANS**

**Prior Audit Findings Summarized with Current Status**

**M Open**

(See current finding #1)

1. **Finding:** Void transaction log was not located. All void transactions during the audit period were reviewed for accuracy and supervisor verification. There were four 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. This was a prior audit finding. Due to recent changes in management and employee turnover, the prior finding was not addressed. A checklist was recommended in the previous audit to address office duties and assignments, but management felt it was not necessary. Failure to follow the void policies and procedures increases the risk of lost revenue by creating the opportunity for fraud.

**Recommendation:** We recommend the Judge assign and clarify the duties of new and existing employees and identify the responsibilities and any documentation of departing employees. This will facilitate the compliance of current policies and procedures.

**Action Plan:** The Judge will designate the employee who will be responsible for daily review and sign off on the void log. The reviewed void log will periodically be scanned to JP5's common folder where it will be accessible for anyone to view when needed.

**M Closed**

2. **Finding:** With the exception of incoming mail and manual receipt procedures, policies and procedures are not properly documented and lack instruction and guidance. The following processes need to be documented in the written policies and procedures: Daily deposits, voids, interpreter services, case dismissals, jail time credit, and handling of bonds. Any other daily procedures that are part of the court operations are recommended to be included in the policies and procedures. Documented policies and procedures help ensure implementation of controls, consistent processes and will also assist in new employee training. Lack of documented policies and procedures increases the risk of financial losses and employee negligence.

**Recommendation:** Management should document policies and procedures as soon as possible to address all daily office operations. Procedures should include, but are not limited to, daily deposits, voids, interpreter services, case dismissals, jail time credits, and handling of bonds.

**Action Plan:** Management will begin working on documenting policies and procedures as soon as possible to address all procedures recommended by the Auditor's office. JP5 is in the processes of filling the Court Coordinator vacancy.



**Justice of the Peace, Precinct Number 5  
For the period of May 2021 to April 2022**



**FINDINGS AND ACTION PLANS**

**Current Audit Findings & Action Plans**

Finding #1		Risk Level <span style="background-color: yellow; border: 1px solid black; border-radius: 50%; padding: 2px;">M</span>	
<p><b><u>Void Transactions:</u></b> Four void transactions (100%) were reviewed during the audit period for accuracy and supervisor verification. However, staff was unable to provide an accurate 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.</p> <p>This was a prior audit finding. Due to recent changes in management and employee turnover, the prior finding continues to be an ongoing issue. A checklist was recommended in the previous audit to address office duties and assignments, but management felt it was not necessary. Failure to follow the void policies and procedures increases the risk of lost revenue by creating the opportunity for fraud.</p>			
<b>Recommendation</b>			
<p>We continue to recommend JP5 assign and clarify the duties of new and existing employees and identify the responsibilities and any documentation belonging to departing employees. This will facilitate the compliance with current policies and procedures.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Justice of the Peace, Precinct 5</b>	<b>Estimated Completion Date</b>	<b>August 2022</b>
<p>JP5 agrees with the Auditor's Office recommendations and will designate an employee to be responsible for daily review and sign off on the void log. A spreadsheet has been created to keep track of all voids. Due to recent changes in management, it has been difficult to implement current policies and procedure, but this will be a point of emphasis moving forward.</p>			



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**FINDINGS AND ACTION PLANS**

Finding #2		Risk Level <span style="background-color: yellow; border: 1px solid black; border-radius: 50%; padding: 2px;">M</span>	
<p><b>Cash Bonds:</b> A sample of 30 cash bonds were reviewed for timely processing and resolution; twenty-three (77%) were not handled properly as noted below:</p> <ul style="list-style-type: none"> <li>• Seventeen (57%) of sampled cases were not contacted by the court to timely schedule a hearing; eight are more than a year old, seven are more than eight months old and two are more than three months old.</li> <li>• Six (20%) of sampled cases with either a dismissed disposition or a plea deal on file have not been refunded to the defendants.</li> </ul> <p>During the scope of the audit and the collection of these cash bonds, JP5 held an average of nine court hearings per month. It is in the best interest of the court and the defendant to address cash bonds in a timelier manner to resolve outstanding cases and effectively process County collections. Failure to resolve cash bonds in a timely manner can lead to loss of County revenue by Prosecution dismissal for no recollection from the officer or the case being too old to prosecute.</p>			
<b>Recommendation</b>			
<p>Management should work on a plan to schedule court dates for outstanding bonds. The Revenue Estimation-Analysis-Reporting division sends JP5 quarterly reports with all the outstanding bonds. This should be used as a guide to resolve older outstanding bonds and address all current outstanding bonds.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Justice of the Peace, Precinct 5</b>	<b>Estimated Completion Date</b>	<b>October 2022</b>
<p>JP5 agrees with the Auditor’s Office recommendations and will work on scheduling court dates for all outstanding bonds.</p>			



**Justice of the Peace, Precinct Number 5  
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**FINDINGS AND ACTION PLANS**

Finding #3		Risk Level <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">M</span>	
<p><b>Mail Log:</b> A sample of 30 mail log payments was reviewed for accuracy and timely posting; six (20%) contained discrepancies as noted below:</p> <ul style="list-style-type: none"> <li>• Five mail log entries had the incorrect information regarding the payment received.</li> <li>• One payment was received on 11/8/21 but was not deposited and posted to Odyssey until 5/20/2022.</li> </ul> <p>Under <i>LGC §113.022</i>, collections are to be deposited with the county treasurer on or before the next regular business day after receipt. If this is not possible, without exception, they are to be deposited on or before the fifth business day after the day the money was received. Failure to comply with the collection statute can lead to the misplacement and loss of County collections.</p>			
<b>Recommendation</b>			
<p>Mail payments should be logged and entered in Odyssey as soon as possible. Under no circumstance should funds be kept in violation of <i>LGC §113.022</i>. We recommend management assign someone to verify mail log entries for accuracy and positing of all mail payments in a timely manner. Further, due care should be exercised by staff when receiving and posting mail payments to avoid errors.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Justice of the Peace, Precinct 5</b>	<b>Estimated Completion Date</b>	<b>August 2022</b>
<p>Management has assigned someone to verify mail log entries for accuracy and posting of all mail payments in a timely manner. In addition, mail log policies and procedures have been documented and new and existing employees will be required to learn and understand the documented procedures.</p>			