



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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01-06

January 27, 2023

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

Dear Judge Najera:

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 six financial controls and one operating control with a total of 77 samples. There was a finding noted as a result of the audit procedures; it 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,

Edward A. Dion
County Auditor

EAD:HM:ya

cc: Mrs. Betsy Keller, Chief Administrator



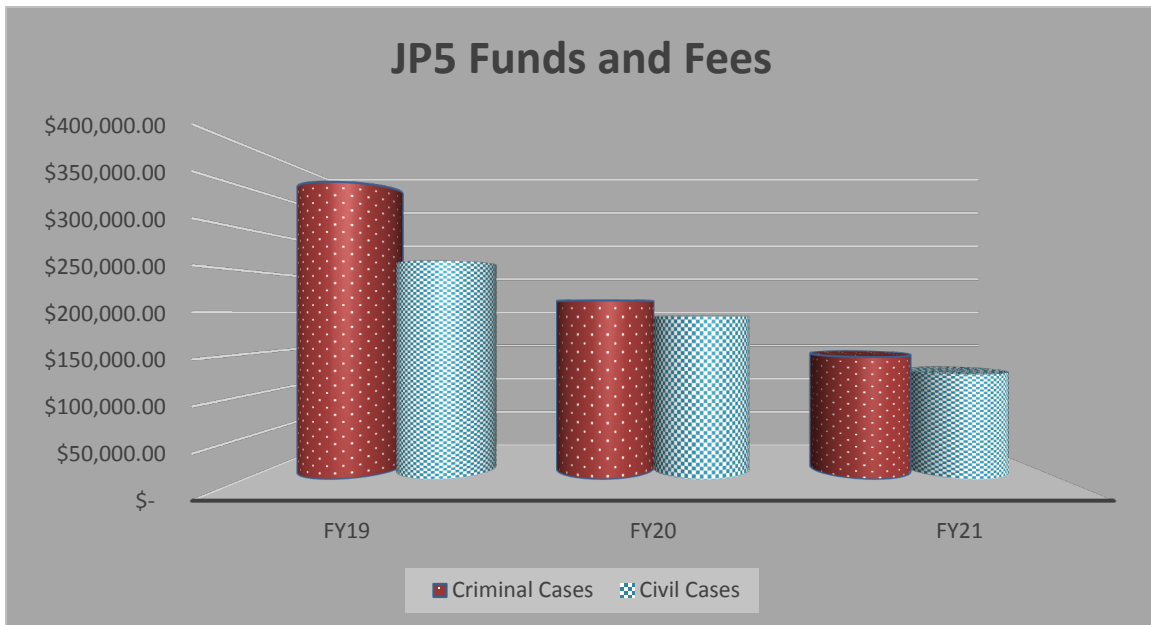
**Justice of the Peace, Precinct Number 5
For the period of May 2022 to November 2022**



EXECUTIVE SUMMARY

BACKGROUND

Justices of the Peace are elected officials and serve four-year terms. They have 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 presiding judge during the audit scope was elected in November 2014, took office in January 2015 and his term ended on December 31, 2022. The current judge was elected November 2022 with the term of office beginning in January 2022. 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 May 2021 to April 2022 and the related audit report was issued July 20, 2022.

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 void transaction controls	Satisfactory
4. Functioning appropriate cash controls	Satisfactory
5. Timely processing and resolution of cash bonds	Needs Improvement
6. Appropriate and timely posting of manual receipts to Odyssey	Satisfactory
7. Accuracy of mail log information and timely posting to Odyssey	Satisfactory

SCOPE

The scope of the audit is from May 2022 through November 2022.



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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 for court order compliance and supporting documentation.
- Tested all void transactions in Odyssey for legitimacy of transactions and management verification.
- Performed as surprise cash count in accordance with *Local Government Code §115.0035*.
- Tested a sample of cash bonds posted to verify bonds were processed in a timely manner.
- Tested all manual receipts for appropriate and timely posting.
- Tested all mail logs to determine deposit completeness, accuracy, and timeliness.

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"> • Maintain and follow department policies and procedures (Obj. 1) • Proper documentation on dismissed cases (Obj. 2) • Void transaction controls and procedures adherence (Obj. 3) • Cash handling procedures (Obj. 4) • Manual receipt controls (Obj. 6) • Mail log controls (Obj. 7) 	<ul style="list-style-type: none"> • Continuous review of outstanding bonds (Obj. 5)
Findings Summary	
<ol style="list-style-type: none"> 1. Case hearings are not being scheduled and resolved timely after bonds are posted (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

JP5 has met six of the seven objectives of this audit. Although JP5 has implemented improvements in their operations, implementation of recommendation provided in this report should assist 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

M Open

(See current finding #1)

1. **Finding:** A sample of 30 cash bonds were reviewed for timely processing and resolution; twenty-three (77%) were not handled properly. 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. Six (20%) of sampled cases with either a dismissed disposition or a plea deal on file have not been refunded to the defendants.

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.

Recommendation: 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.

Action Plan: JP5 agrees with the Auditor's Office recommendations and will work on scheduling court dates for all outstanding bonds.

M Closed

2. **Finding:** 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.

Recommendation: 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.

Action Plan: 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.

M Closed

3. **Finding:** A sample of 30 mail log payments was reviewed for accuracy and timely posting; six (20%) contained discrepancies. Under *LGC §113.022*, 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.

Recommendation: Mail payments should be logged and entered in Odyssey as soon as possible. Under no circumstance should funds be kept in violation of *LGC §113.022*. We recommend management assign someone to verify mail log entries for accuracy and posting 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.

Action Plan: 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.



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FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1		Risk Level M	
<p>Cash Bonds: A sample of 23 cash bonds previously reviewed for timely processing and resolution was reviewed for recommended resolution; seventeen (74%) were not addressed as recommended.</p> <p>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>			
Recommendation			
<p>New administration should develop a plan to schedule timely court dates for outstanding bonds. The Revenue Estimation-Analysis-Reporting division of the County Auditor's office sends JP5 quarterly reports with all outstanding bonds for the precinct. This should be used as a guide to resolve older outstanding bonds and address all current outstanding bonds.</p>			
Action Plan			
Person Responsible	Justice of the Peace, Precinct 5	Estimated Completion Date	June 2023
<p>Under the new administration, the Court Coordinator and Senior Administrator will implement a plan to address pending bonds that will include assigning staff to review and prepare bond paperwork for court and scheduling court dates in a timely manner. Bonds older than 90 days may not be resolved by the estimated completion date but will be worked as quickly as possible.</p>			