



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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12-10

December 12, 2024

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 nine financial controls and one operating control with a total of 76 samples. There were four findings noted as a result of the audit procedures; two were repeat findings. All action plans for this audit have been completed. 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 "Barbara Parker".

Barbara Parker
County Auditor

BP:LD:ya

cc: Ms. Betsy Keller, Chief Administrator
Ms. Crystal Urquidi, Court Coordinator



Justice of the Peace, Precinct Number 2 Audit For the Period of August 2023 thru May 2024

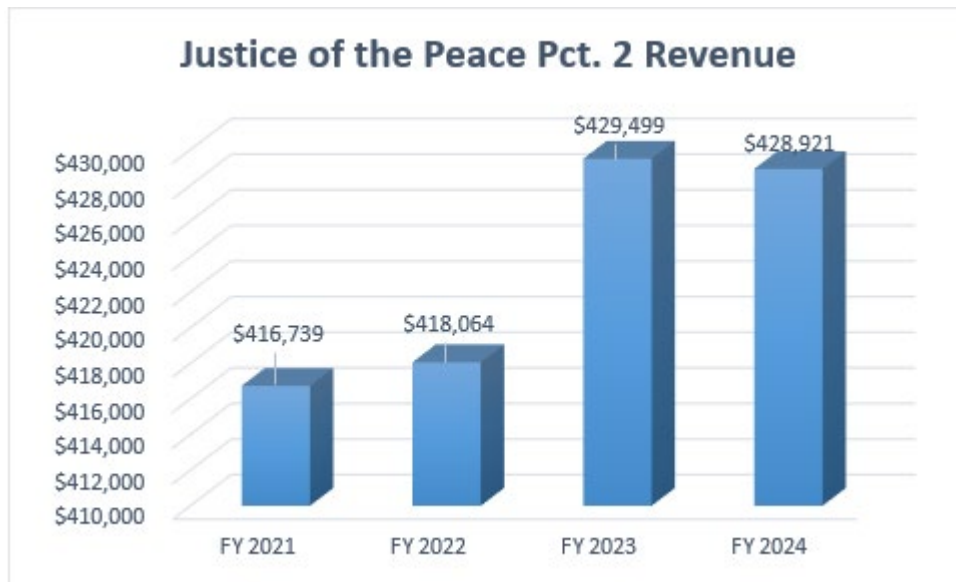


EXECUTIVE SUMMARY

BACKGROUND

Justices of the Peace are elected officials and serve four-year terms. Precinct 2 (JP2) 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 JP2 has been in office since March 2010. The audit was performed by Letty Dominguez, internal auditor certified I. The most recent prior audit was issued in February 2024, with five findings.

Financial reports are generated from the Enterprise Justice system (formerly Odyssey) showing all transactions occurring each month. The following chart is a comparison of fees collected at JP2 for FY21-FY24:



Source: Funds and Fees Report except for FY 2024 (Enterprise Justice System)

The 3% jump in revenue from FY 2022 to FY 2023 is due to an increase in civil case filings.

SCOPE

The scope of the audit is from August 2023 through May 2024.

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. Functioning appropriate cash controls	Satisfactory
2. Voids are properly justified, approved, and documented	Needs Improvement
3. Proper disposition of jail time credit cases and supporting documentation	Satisfactory
4. Timely bank deposits and complete documentation	Needs Improvement
5. Proper disposition and supporting documentation of dismissed cases	Satisfactory
6. Timely posting, completeness, and accuracy of manual receipts	Satisfactory
7. Review interpreter payments for proper authorization	Needs Improvement
8. Timely processing of cash bonds	Satisfactory
9. Proper posting of mail payments	Needs Improvement
10. Documentation of updated policies and procedures	Satisfactory



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EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives, we:

- Performed a surprise cash count in accordance with *Local Government Code (LGC) §115.0035*
- Tested a sample of void 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 *LGC §113.022*
- Tested a sample of dismissed cases to verify disposition and supporting documentation
- Tested manual receipts for completeness and accuracy
- Tested a sample of bonds to verify bonds are being addressed in a timely manner
- Tested interpreter payments for proper authorization and documentation
- Tested mail log for completeness and proper posting
- 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">• Cash handling controls (Obj. 1)• Posting and documentation of jail time credits (Obj. 3)• Proper disposition and support of dismissed cases (Obj. 5)• Proper posting of manual receipts (Obj. 6)• Review of pending bonds (Obj. 8)• Documentation of policies and procedures (Obj. 10)	<ul style="list-style-type: none">• Void transaction controls (Obj. 2)• Timely deposits and proper documentation (Obj. 4)• Interpreter payments and proper documentation (Obj. 7)• Proper posting of mail payments (Obj. 9)
Findings Summary	
<ol style="list-style-type: none">1. Of the six voided transactions sampled, two (33%) did not have documented management approval. Management is not conducting a documented review of the Enterprise Justice system voids report (prior finding).2. Of the 28 daily deposits sampled, 5 (18%) did not have signed cash count sheets and 14 (50%) did not have documented review of the deposit (prior finding). Furthermore, 4 (14%) were noncompliant with <i>LGC §113.022</i>.3. Of the seven interpreter payments sampled, seven (100%) did not have supporting documentation.4. Of the three mail payments sampled, three (100%) had incorrect transaction types, one (33%) had incomplete mail log entries, and two (66%) mail log entries had information that did not match in Odyssey.	

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.



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EXECUTIVE SUMMARY

CONCLUSION

JP2 met six of the current ten objectives of this audit. Two prior audit findings are still open and addressed in the current audit findings section of this report. JP2 management is aware and has implemented improvements to address the audit findings and improve internal controls. Implementation of the recommendations and action plans provided in this report have been completed and 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

- | | |
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| <p>H Open
See current finding #1</p> <p>H Closed</p> <p>M Closed</p> <p>M Open
See current finding #2</p> <p>L Closed</p> | <p>1. Finding: Void transactions do not have documented management approval.
Recommendation: Void transactions should have documented management approval. Management should review a system generated voids report periodically.
Action Plan: Management will review and approve every voided transaction. Management will review a system generated voids report on a quarterly basis. Unresolved</p> <p>2. Finding: Dismissed cases did not have Motion to Dismiss form attached.
Recommendation: Attach the signed Motion to Dismiss form to all dismissed cases.
Action Plan: Management concurs with the recommendation. Resolved</p> <p>3. Finding: 100% of jail time credit cases were applied as adjustments instead of jail time credits in the Enterprise Justice system financial section of the case.
Recommendation: The financial balance of the case should be updated with the jail time credit transaction type.
Action Plan: Management agrees to use the jail time credit transaction type in the Enterprise Justice system. Resolved</p> <p>4. Finding: Of the 30 daily deposits sampled, 9 (30%) were not verified by a second person.
Recommendation: Daily deposits should be reviewed and verified by a second person, as per JP2 policies and procedures manual.
Action Plan: Management concurs with the recommendation. Post audit, management reevaluated and decided to not require double verification of deposits due to lengthy process and limited resources. Daily deposits are handled by management only. Unresolved</p> <p>5. 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. Resolved</p> |
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FINDINGS AND ACTION PLANS

Current Audit Findings

Finding #1		Risk Level H	
<p><u>Voids</u> – Of the six voided transactions tested, two (33%) did not have documented management approval entered in the voids comment section of the case as required by the JP2 policies and procedures manual. Additionally, management is not documenting the quarterly review of the Enterprise Justice system voids report. Lack of management review and approval of voids could result in misappropriation of County funds. This is a repeat finding.</p>			
Recommendation			
<p>All void transactions should have documented management approval. Management should review a system generated voids report periodically to verify management approval of voids is documented in the Enterprise Justice system. The voids report review procedure should be documented in the JP2 policies and procedures manual.</p>			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	Completed
<p>Management will verify void approvals are documented in the Enterprise Justice system by reviewing a system generated voids report on a quarterly basis. The voids review procedure will be documented in the JP2 policies and procedures manual.</p>			

Finding #2			Risk Level H
<u>Interpreter Payments</u> - Seven interpreter payments (100%) were tested. No invoice or other supporting documentation for the interpreter payments was received from the office when requested. Furthermore, policies and procedures for interpreter payments are not documented. Review of the interpreter payment process revealed that the Judge adds and approves interpreter time in UKG on criminal cases. Failure to keep proper documentation and correctly apply interpreter hours could result in inaccurate reporting or payment errors.			
Recommendation			
Backup documentation or invoices for interpreter hours billed should be maintained by the JP2 office. Updated procedures for handling interpreter hours should be documented in the JP2 policies and procedures manual.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	Completed
Management concurs with the recommendation.			



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FINDINGS AND ACTION PLANS

Finding #3		Risk Level M	
<p><u>Daily Deposits</u> - A sample of 28 deposits (20%) was tested and the following was noted:</p> <ul style="list-style-type: none">• Five (18%) did not have signed cash count sheets attached to the deposit documentation as required by policies and procedures (repeat finding)• Fourteen (50%) did not have documented review of the deposit as required by policies and procedures (repeat finding)• Four (14%) were noncompliant with <i>Local Government Code §113.022</i>.<ul style="list-style-type: none">○ Two were one day late○ One was two days late○ One was five days late <p>Weak cash handling controls could result in misappropriation of County funds. This is a repeat finding.</p>			
Recommendation			
<p>Daily deposits should be prepared and signed by a supervisor who is independent from the collection process. If segregation of duties is not possible, another employee should verify and sign the deposit. All deposits should include signed cash count sheets as part of the daily deposit documentation, as per the County Auditor's Accounting Procedures Manual.</p>			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	Completed
<p>Segregation of duties will be enforced in the collection process. The signed cash count sheets will be included in the daily deposit documentation.</p>			

Finding #4		Risk Level M	
<p><u>Mail Payments</u>- A sample of three mail log entries (100%) were tested and the following was noted:</p> <ul style="list-style-type: none">• Three (100%) had the incorrect transaction type entered in Enterprise Justice• One (33%) had incomplete mail log entries• Two (66%) mail log entries had other information that did not match Enterprise Justice <p>Policies and procedures state the appropriate information should be filled out and each entry must include a receipt number, case number and amount. The accuracy of the mailed payment log and Enterprise Justice information is essential to keeping accurate records of mailed payments received. Weak controls related to mailed payments could result in misappropriation of County funds.</p>			
Recommendation			
JP2 has established mail log procedures that should be followed. Management should enforce the importance of entering accurate information in the mailed payment log and Enterprise Justice.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	Completed
Management concurs with the recommendation.			