



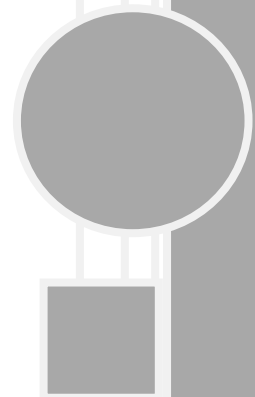
# AUDIT REPORT

DALLAS COUNTY

2019 JUSTICE OF THE PEACE PRECINCT 4, PLACE 1 AUDIT

Darryl D. Thomas  
Dallas County Auditor

RELEASED: February 12, 2020



# 2019 JUSTICE OF THE PEACE PRECINCT 4, PLACE 1 AUDIT

## TABLE OF CONTENTS

---

MANAGEMENT LETTER.....	3
EXECUTIVE SUMMARY.....	4
INTRODUCTION.....	5
DETAILS.....	6
Cash Count.....	6

This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



**DALLAS COUNTY**  
COUNTY AUDITOR

**MANAGEMENT LETTER**

Honorable Judge Michael Jones Jr.  
Justice of Peace, Precinct 4, Place 1  
Dallas, Texas

Attached is the County Auditor's final report entitled "**2019 Justice of the Peace Precinct 4, Place 1 Audit**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in blue ink, appearing to read "Darryl D. Thomas".

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

We performed a surprise cash count for the Justice of the Peace Court, Precinct 4 Place 1 on 1/29/2020. We noticed and observed material internal control weaknesses over cash handling and receipting processes.

### **Summary of Significant Observations**

- 132 check payments received by mail totaling \$9,705, were not receipted and deposited in a timely manner.
- Checks were stacked on a shelf in the Bookkeeper's office however; the bookkeeper is out on FMLA.
- The Chief Clerk is performing cashiering task on a daily basis while the court has two backup bookkeepers.
- Lack of segregation of duties over cash handling process.
- Payments received by Mail are not logged daily nor were the checks endorsed immediately.

### **Repeat observations from Previous Audits:**

N/A

## INTRODUCTION

**Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:**

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

A Surprise Cash Count on January 29, 2020

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

## DETAILS

### **Cash Count**

We performed a surprise cash count on 01/29/2020 and identified material internal control weaknesses over the cash handling and receipting process:

- 132 check payments received by mail totaling \$9,705 were not receipted and deposited immediately.
- Those checks were stacked on a shelf in the Bookkeeper's office, while the Bookkeeper is out in FMLA.
- Payments received by mail were not logged daily and postmarked envelopes were not retained to determine when the checks were received.
- There is no segregation of duties as the Chief Clerk both receipts payments to JPAS and reviews the daily deposit for accuracy.
- The cash drawer was not restricted. The Chief Clerk logged into the JPAS receipting system for the back-up bookkeeper's use, and then left the office for the remainder of the cash count.

Local Government Code (LGC) § 113.022: A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. Management is responsible for designing; implementing and conducting internal control over cash handling and receipting procedure. As a best practice, all cash, checks, and payment cards, should be kept in a locked/combination vault or safe, or, in a locked room in a locked drawer or file cabinet, during non-business hours. All check payment should be logged daily; payment should be receipted to the computer system daily when they are received. Checks should be endorsed immediately. A second employee other than the cashier should reconcile daily receipts and money.

### **Recommendation**

#### **Cash Count**

- Management should implement cash handling and receipting policies and procedures that include:
- All checks payment should be kept in locked/combination vault of safe, or in a locked room in a locked drawer or file cabinet during non-business hours.
- Mail check payments should be logged daily, and should be endorsed immediately until receipts to the JPAS system.
- Timely processing and receipting payments to JPAS in accordance with LGC 113.022.
- Delegating receipting duties to the back-up bookkeeper when the designated bookkeeper is not in the office.
- Dual controls should established by the court to ensure that two employees count the cash together and prepare the deposit slip. Another employee must confirm and approve the monies in the deposit slip.
- A second employee should reconcile daily receipts and money.
- Only the cashier receipting the fund should have control over the drawer and make sure that the drawer is securely locked when she/he take lunch break or away from the desk.

cc: Darryl Martin, Commissioners Court Administrator