

**Sandy Hill
County Auditor**

(903) 567-2171
(903) 567-4700



Van Zandt County Auditor

121 E Dallas Street, Room 102
Canton, TX 75103

**FIRST ASSISTANT AUDITOR:
MICHELLE KENNY**

**ASSISTANT AUDITORS:
LISA HUTCHERSON
NICOLE NIX**

March 15, 2023

Van Zandt County District Attorney
Attn: Honorable Tonda Curry
400 S. Buffalo
Canton, TX 75103

Re: Internal Control Audit

The Van Zandt County Auditor's Office performed an internal control audit at the Van Zandt County District Attorney's office on March 15, 2023. I have attached our report for review.

The objective of this audit was to determine the adequacy of internal controls over receipting, operational office controls and completeness of the audit trail.

We would like to thank Pam Pearman, Hot Check Clerk, who cooperated and assisted with this audit. District Attorney, Tonda Curry was not able to attend due to a court hearing. Pam Pearman was very open in discussing the current office operations and willing to help resolve any issues that we discussed.

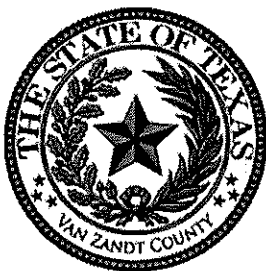
Please let me know if you have any questions or concerns.

Respectfully submitted,

A handwritten signature in cursive script that reads "Lisa Hutcherson".

Lisa Hutcherson
Assistant Auditor

cc: District Judge - Chris Martin
County Judge- Andy Reese
County Commissioners
Auditor- Sandy Hill



Auditor Sandy Hill

VAN ZANDT COUNTY
Internal Control Audit
District Attorney

Van Zandt County Auditor's Office

March 14, 2023

121 East Dallas, Room 102, Canton, TX 75103

903-567-2171 phone 903-567-4700 fax

INTRODUCTION:

The Auditor's office conducted an internal control audit of the Van Zandt County District Attorney's Office, in accordance with Local Government (LGC) Code §115.

The primary objectives of the internal audit are to provide reasonable assurance concerning:

- Reliability and integrity of the information.
- Safeguarding of assets.
- Compliance with laws, regulations, contracts, policies, plans and procedures.

The scope of the internal audit encompassed a review of the internal controls, the financial records and administrative procedures related to collections, deposits, and disbursements of the District Attorney's Office.

RELIABILITY AND INTEGRITY OF THE INFORMATION:

Reliable information is accurate, timely, complete, and useful. In order to achieve this, controls over record keeping and reporting must be adequate and effective.

SEPARATION OF DUTIES:

One of the most important internal controls is to have proper separation of duties. No one person should be able to authorize, record and void transactions and have custody of the assets.

FINDINGS:

The DA's office has a limited general office staff. The opening of mail (with possible payments), receipting the in-person payments and preparation of deposits is done by one person (Pam Pearman). Once deposits are prepared by Pam Pearman, hot check clerk, the deposits are then taken to either Kenny Edwards, Treasurer, (Pre-Trial Intervention deposits) or deposits for the DA

Restitution Trust to Texas Bank and Trust. The process varies in this office since the DA's office is not located at the main Courthouse – all the employees take turns bringing deposits to the Treasurer and the bank.

SAFEGUARDING OF ASSETS:

Safeguarding of assets has three basic components:

1. Physical security of assets.
2. Minimal exposure to loss.
3. Proper management of the assets.

PHYSICAL SECURITY:

Physical security encompasses all methods used to physically secure the assets from loss. Assets not being used should be kept in a locked drawer or safe until they are needed.

FINDINGS:

A money box is used for funds taken and the box is locked with a hidden key. The box and unused checks are kept in a filing cabinet that does not lock.

The DA Office does have an extra level of security in that there is a lobby with a conference room. The entrance to the actual offices is locked and only accessible to employees and law enforcement.

MINIMAL EXPOSURE TO LOSS:

Daily depositing is one of the best methods of minimizing exposure of collections to loss.

FINDINGS:

The DA's office does timely deposit monies as they are received.

MANAGEMENT OF ASSETS:

Properly prepared and adequately supported bank reconciliations are one of the best methods of cash management available to any official. The reconciliation process identifies any discrepancies in the registry and trust accounts and assists in preventing the misuse of funds.

FINDINGS:

The DA's office manages one bank account:

1. The DA Restitution Trust Account

This account does not have an updated signature card. The previous hot check clerk who left employment 5 months ago is still on the account. Therefore, only Tonda Curry (DA) is signing the checks.

The DA's office manages all cash seized and the money is placed in the defendant's name to draw interest until the case is resolved. (Forfeiture accounts)

1. Currently there are seven interest bearing forfeiture accounts.

The bank reconciliations for the above-mentioned accounts are turned into the Auditor's office regularly with no discrepancies.

COMPLIANCE WITH STATUTES, POLICIES AND PROCEDURES:

The following areas were tested to provide reasonable assurance the office is in compliance with statutes, policies, and procedures.

FEES AND EXPENDITURES: A review of the fees charged for hot check recovery were in compliance with CCP§107.007(f) and deposited with the Treasurer into a special fund to be administered by the DA.

FINDINGS: A sampling of several months show that the proper statutes, policies, and procedures are being followed.

SUMMARY AND RISK FACTORS: We are encouraged by the internal controls that the DA's office has in place and are confident that they will continue to strive for excellence in this area.

RISK FACTORS: 1. In review of the deposit procedures, it is our recommendation that since Pam Pearman is doing the receiving, receipting, and depositing of the monies,

another employee should initial the deposit slips and take the deposits to the bank.

2. The filing cabinet that holds the removable money box and bank account checks is not locked and the key is lost. It would be a more secure environment if the cabinet locked.

3. A mail log is suggested to accurately keep a record of important mail that is received at the office, especially payments of any kind.

HIGH RISK

The signature card for the DA Restitution Trust account is outdated by five months and needs to be updated **ASAP**. We recommend that there be two signatures on outgoing checks.

We appreciate the cooperation of the DA's office and especially Pam Pearman, hot check clerk.

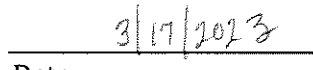
Respectfully submitted,


Assistant County Auditor


Assistant County Auditor

Reviewed and Approved By


Sandy Hill- County Auditor


Date

cc: District Judge Chris Martin
County Judge Andy Reese
County Commissioners
Auditor, Sandy Hill