

**Sandy Hill
County Auditor**

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Van Zandt County Auditor

121 E Dallas Street, Room 102
Canton, TX 75103

April 26, 2023

Van Zandt County Justice of the Peace Precinct #3
Attn: Hon. Judge Herbert Dunn
Wills Point, TX 75169

Re: Internal Control Audit

The Van Zandt County Auditor's Office performed an internal control audit at the Van Zandt County Justice of the Peace, Precinct #3's office on April 25, 2023. I have attached our report for review.

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

We would like to thank Honorable Judge Dunn, Chief Deputy Clerk, Jennifer Morgan, and part time Deputy Clerk, Janet Campbell who cooperated and assisted with this audit. They were open to discussing the current office operations and willing to help resolve any issues that we discussed.

We appreciate the consistent hard work and dedication this office represents to Van Zandt County.

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
Judge- Andy Reese
County Commissioners
Auditor- Sandy Hill



Auditor Sandy Hill

VAN ZANDT COUNTY
Internal Control Audit
Justice of the Peace #3

Van Zandt County Auditor's Office

April 25, 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 Justice of the Peace #3, 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 Justice of the Peace, Precinct #3. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct #3.

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. A proper separation of duties is sometimes difficult to establish due to the size of staff and budgetary constraints; however, compensating controls have been implemented in different areas of the court's operation.

FINDINGS:

The JP's office has a limited office staff. The opening of mail (with payments), receipting the in-person payments and preparation of deposits is sometimes done by one person, Deputy Clerk, Jennifer Morgan and part time Clerk, Janet Campbell. Once the reports are complete, the deposits are prepared by Judge Dunn. In replace of a mail log, the office is scanning all mail (including dated envelopes) that pertains to a case under the case number in Net Data.

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

* All collections were accounted for during the surprise cash count.

* Physical security over assets (collections and checks) is adequate.

* The court deposits collections daily.

* Bank reconciliations are reviewed monthly by the Auditor's Office.

MINIMAL EXPOSURE TO LOSS:

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

FINDINGS:

The JP'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 bank account and assists in preventing the misuse of funds.

FINDINGS:

The JP's office manages one bank account. The bank reconciliation for the above-mentioned account is 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.

1. Administrative Dismissals
2. Code of Criminal Procedures (CCP) 32.02 Dismissed by State's Attorney
3. Court costs, Fines and Fees
4. Allocation Rule GA-147
5. Time Payment Fee LGC 133.103 and CCP 102.030
6. CCP 103.0021 Collection Contracts CCP 103.0031
7. Deferred Disposition (Adjudication) CCP 45.051

CREDITS

1. Jail time Credit CCP 45.048
2. Community Service Credit CCP 45.049
3. Indigent Credit/Waivers CCP 45.0491

FINDINGS:

A sampling of several months shows that the proper statutes, policies, and procedures are being followed. The bank reconciliation for the above-mentioned account is turned into the Auditor's office monthly with no discrepancies.

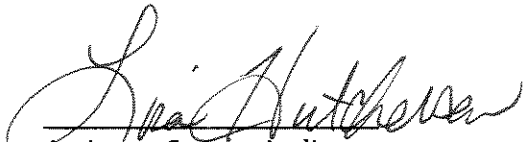
SUMMARY AND RISK FACTORS: We are encouraged by the internal controls that the JP#3's office has in place and are confident that they will continue to strive for excellence in this area.

SUMMARY:

1. In review of the deposit procedures, we suggest that when there are two clerks available one balances to the report and uses the daily balance sheet (to be provided) and the other clerk checks the information and signs the balance sheet. Also, it is our recommendation that after the balance sheet is completed by the clerks it is given to the Judge for use in preparing and initial off on the deposit slip.
2. A mail log was recommended in last year's audit, and we are happy that the JP#3 office has implemented a mail scanning system for mail tracking purposes.

We appreciate the cooperation and hard work of the JP#3's office for Van Zandt County.

Respectfully submitted,


Assistant County Auditor

Reviewed and Approved By:


Sandy Hill- County Auditor


Assistant County Auditor

4-27-23
Date

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