

The Internal Audit Division of the Fannin County Auditor's Office

Justice of Peace, Precinct 1
Fiscal Year Audit 9-1-2023
through 10-31-2024.



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February 12, 2025

The Honorable Louise Goodwater, Justice of the Peace, Precinct 1
The Honorable Christina Tillett, District Judge
The Honorable Commissioners Court
Fannin County, Texas

Re: Internal Auditor's Report-Review of Financial and System Controls

Introduction

The Internal Audit Division of the Fannin County Auditor's Office has completed an internal audit of the Fannin County Justice of the Peace, Precinct 1. This audit was conducted for the period of September 1, 2023 through October 31, 2024, in accordance with Local Government Code Chapter 115.

The overall objective of this audit was:

To verify compliance with law, regulations, contracts, policies, plan and procedures, the reliability and accuracy of recordkeeping, and safeguarding of assets.

The scope of this audit consisted of examining cases that were filed in the Justice of the Peace, Pct. 1 office and the administrative procedures related to these cases. This included, but was not limited to: the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 1.

Findings & Recommendations

1. Compliance

Receipting and Depositing

The Code of Criminal Procedure, Chapter 103, Payment, Collection, and Recordkeeping, it states in article 103.010 Receipt Book:

"(b) An officer who collects fines or fees in a criminal case shall give the person paying the money a receipt..."

(c) Instead of a receipt book, each officer ... may maintain the information... in a computer database. The officer shall provide a receipt to each person paying a fine or fee."

Finding 1: The office is in compliance with the Code of Criminal Procedure by receipting all payments that are being submitted to the court. This includes filing fees, service fees and fine payments.

In accordance to the Local Government Code, Chapter 113, Management of County money, section 113.022, Time for Making Deposits:

“(A) a county officer or other person who receives money shall deposit the money with the county treasurer or assistant auditor 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.”

Daily deposits is one of the best methods to help minimize the exposure of loss and potential misuse of funds. However, this is not the protocol that Fannin County has chosen at this time.

Finding 2: The office is in compliance with the statute for making timely deposits.

Private Collection Fees

The Code of Criminal Procedures, Section 103.0031 Collection Contracts states the commissioner's court of a county may enter into a contract with a private attorney for the provision of collection services for debts and accounts receivable such as unpaid fines, fees, court costs, forfeited bonds, and restitution. Under this article, a commissioner's court that enters into a contract with a private attorney or private vendor may authorize the addition of a collection fee in the amount of 30 percent of the outstanding balance that is more than 60 days past due and has been referred to the attorney or vendor for collection.

The Fannin County Commissioners Court signed a contract with Netplea, a collection service provider. It has been verified that their collection fee is 30% of the unpaid balance that is past due by more than 60 days. When an account enters the past due window, Netplea can monitor past due accounts and take prompt action thanks to its access to the Odyssey system.

Finding 3: The office is in compliance and no discrepancies were noted.

Monthly Reports

Local Government Code, Section 114.001 (b) states that “monthly reports must be filed within five days after the last day of each month.”

Local Government Code, Section 114.044 (a) states “Each...justice of the peace who collects or handles any money for the use of the county shall make a full report at least once a month at a regular term to the commissioner's court on all fines imposed and collected, all judgments rendered and collected for the use of the county, and all jury fees collected by the respective courts in favor of or for the use of the county...”

Finding 4: The JP1 Office did submit monthly reports to Lisa Loiselle, Administrative Assistant, to the County Judge during the audit period. The office is also, submitting monthly reports to the Treasurer's Office and the Assistant Auditor's Office. While reviewing the monthly reports for accuracy, it was noted that the reports did balance to the corresponding Odyssey monthly payment reports and/or Assistant Auditor's till balance reports which are brought in weekly.

2. Safeguarding of Assets

Physical Security & Proper Management of Collections

Physical security includes any method to physically secure collections from potential loss. Monies collected should be kept in a locked drawer or safe until they are deposited with the County Treasurer, Assistant Auditor or depository bank. As part of the audit, a surprise cash count was performed on January 25, 2025. All collections were accounted for at the time of the surprise cash count.

The Justice of the Peace, Precinct 1 Office has a locked register that is only accessible when in use. At the conclusion of the day, the register is balanced by the Criminal Clerk, and all cash and checks are removed, leaving only \$100 in cash and change to start the next day. The Chief Clerk reconciles the cash and checks collected for the day with the daily Odyssey report. Money is securely locked in a keyed drawer within the locked Justice of the Peace office.

Finding 5: The court was properly securing collections during the time frame of this audit.

Separation of Duties

One of the most important internal controls is to have proper separation of duties. No one person should authorize a transaction, record a transaction and have custody of the assets. Due to the size of the office staff, it is difficult for the court to have proper separation of duties.

Finding 6: The office has one Chief Clerk and one Criminal Clerk. Both of which have the capabilities to authorize and record a transaction, as well as having custody of the assets.

3. Reliability of Accurate Information

Completeness & Accuracy

All court related documentation should be scanned into Odyssey for recordkeeping and auditing purposes. It is the courts duties to safely keep all dockets, books, and papers transmitted to the office. The office should appropriately apply all current and corresponding court costs and service fees to each case.

Throughout the day, the criminal clerk collects small claims, dockets, citations, payments, and other current and applicable court expenses and service fees. She will add documentation to the Odyssey system. At the conclusion of the day, the chief clerk will compile a summary of daily transactions to ensure correctness and reconcile the recorded fees and documents.

Finding 7: Odyssey is accurately updated of the status of court proceedings and unpaid balances on a daily basis. The funds are transferred to the Assistant Auditor for deposit every 5 days, and monthly reports are provided to the commissioner's court within 1 to 2 days of the previous month's end. The Justice of Peace, Precinct 1 Office is in compliance with reliability and accurate information.

Adjustments and Voids

Both clerks can process adjustments, and voids in Odyssey. This does not happen very often. When it does though, an event is recorded, along with a note detailing the reasoning behind the change. It is

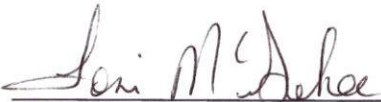
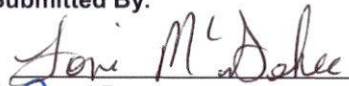
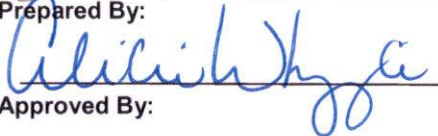
critical to take detailed notes in Odyssey so that the next person who encounters this adjustment, or void completely understands what has occurred in the situation. In addition, if the adjustment, or void involves money, the Justice of the Peace must approve the transaction in Odyssey. In a voided receipt situation procedure, receipts are not given until money has been received and processed through Odyssey. If the reimbursement is in cash is needed, the check must be issued by Sherry Zindars in the Auditing Department.

Finding 9: No errors or omissions found

Conclusion:

The office is in compliance with receipting and the PC 30 collection fee. It is only recommended that a safe be utilized to improve the safeguarding collections. Office policies and procedures should be implemented to improve operations, compliance with laws, and a framework for decision-making. Thus allowing the Justice of the Peace, Precinct 1 Office to have detailed risk management protocols. In addition, detailed procedures would serve as guide for new employees, and help to establish clear guidelines for accountability and consequences for non-compliance. Overall this office is ran very efficiently and smoothly. They have a great team that knows their job.

The Internal Audit Division of the Auditor's Office has completed this audit with objectivity and due professional care. As this internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected. The official therefore, retains the responsibility for the accuracy and completeness of the financial information.

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Submitted By:	Date:
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Prepared By:	Date:
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Approved By:	Date: