



COMMISSIONERS COURT  
COMMUNICATION

REFERENCE NUMBER CO#115803

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DATE: 8/13/2013

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE EXIT REVIEW OF THE TARRANT COUNTY JUSTICE OF THE PEACE, PRECINCT 2**

**COMMISSIONERS COURT ACTION REQUESTED:**

It is requested that the Commissioners Court receive and file the Auditor's Report of the Exit Review for the Justice of the Peace, Precinct 2.

**BACKGROUND:**

On May 3, 2013, the Honorable Linda Davis retired as the Justice of the Peace, Precinct 2 (JP2). The successor, the Honorable Mary Tom Curnutt, was appointed by Commissioner's Court to the JPs unexpired term and assumed office on May 7, 2013. The Auditor's Office conducted selected procedures to provide accountability for the transfer of authority to the incoming JP2. The Auditor's Office does not opine on JP2's financial statements and internal control structure since the review was limited in scope. Based on the results of the testing, the transfer of authority appears to be complete without exception.

Attached to this report is a written response from the Justice of the Peace, Precinct 2.

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell  
APPROVED BY:



## **TARRANT COUNTY**

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July 15, 2013

The Honorable Mary Tom Curnutt, Justice of the Peace, Precinct 2  
The Honorable District Judges  
The Honorable Commissioners Court  
Tarrant County, Texas

Re: Auditor's Report – Exit Review for Justice of the Peace, Precinct 2

### **SUMMARY**

On May 3, 2013, the Honorable Linda Davis retired as the Justice of the Peace, Precinct 2 (JP2). The successor, the Honorable Mary Tom Curnutt, was appointed by Commissioner's Court to the JPs unexpired term and assumed office on May 7, 2013. The Auditor's Office conducted selected procedures to provide accountability for the transfer of authority to the incoming JP2. We do not opine on JP2's financial statements and internal control structure since our review was limited in scope. Based on the results of our testing, the transfer of authority appears to be complete without exception.

During our review, we observed two conditions that require management's attention.

- Observation 1 Segregation of duties was not adequate between certain incompatible tasks.
- Observation 2 Monthly bank reconciliation procedures should be improved.

We discussed these conditions with Judge Curnutt on July 31, 2013. Attached is her written response.

## **OBSERVATIONS AND RECOMMENDATIONS**

### ***Observation 1 – Segregation of duties was not adequate between certain incompatible tasks.***

#### **Background**

Lack of segregation of duties occurs when a few employees are required to perform incompatible duties. In situations where it is impossible to separate duties due to the small number of employees, additional controls should be implemented. The JP2 office is staffed with six Court Clerks, one Court Manager, and the JP.

#### **Observation**

During our review, we found that the Court Manager has the ability to approve voided transactions, reconcile daily cash receipts, prepare the deposit, write and sign checks from the JP checking account, and prepare the bank reconciliation and monthly financial reports. The Court manager typically does not accept payments. Currently, the JP and six others are authorized to sign checks. Although we believe these tasks to be incompatible, we understand the staffing limitations of the JP offices.

In addition, there was no evidence that the JP had reviewed monthly financial reports and bank reconciliations. Due to the lack of segregation of duties and management review, unauthorized and inappropriate transactions may not be prevented or detected. As a mitigating control, the checking account requires two signatures.

#### **Recommendations**

Since staffing limitations do not always allow incompatible duties to be segregated, we recommend procedures be implemented to prevent and detect unauthorized transactions. Specifically:

1. The JP should review all financial reports, including the monthly bank reconciliation and disbursement journal, to verify the accuracy and appropriateness of the transactions. Ideally, these reports should be reviewed by the JP prior to submission to the Auditor's Office each month. The JP should sign and date the reports as evidence of her review.
2. Whenever possible, the JP should sign disbursement checks. For those checks issued without the JP's signature, we recommend that the JP review supporting documents, including case files, subsequent to the disbursement. The JP should sign and date the documents as evidence of her review.

***Observation 2 – Monthly bank reconciliation procedures should be improved.***

**Background**

JP2 accepts cash, checks, and credit cards for payment of fees and fines. JP staff records the daily receipts of fees and fines into the Odyssey Case Management System (Odyssey). All credit card transactions are processed through Certified Payments. Certified Payments provides various reports detailing credit card transactions.

JP staff submits a monthly financial report to the Auditor's Office for inclusion in Tarrant County's general ledger.

**Observation**


During our review, we found that monthly bank reconciliation procedures were not adequate. Specifically, JP staff did not reconcile credit card transactions shown on the bank statement to the transactions shown on the Certified Payments reports. After communicating this issue to JP staff, they began reconciling the monthly Certified Payments report to the bank statement.

*No further recommendation required.*

**CLOSING REMARKS**

We appreciate the cooperation of the Honorable Mary Tom Curnutt and her staff during our review and their attention to our recommendations. In addition, we express gratitude to the Honorable Linda Davis for the cooperation extended to the Auditor's Office during her tenure with the County.

Very truly,



S. Renée Tidwell, CPA  
County Auditor

*Attachment:* Management's response

*Distribution:* The Honorable Linda Davis, Former Justice of the Peace, Precinct 2

*Audit Team:* Kim Trussell, Audit Manager  
Julie Hillhouse, Senior Internal Auditor  
Angela Tran-Le, Internal Auditor



**MARY TOM CURNUTT**

**JUSTICE OF THE PEACE, PCT. 2**

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ARLINGTON, TEXAS 76010  
(817) 548-3925

August 2, 2013

To: S. Renee Tidwell, CPA  
County Auditor

Re: Auditor's Report – Exit Review for Justice of the Peace, Precinct 2

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My office is in receipt of the Audit Report for Justice of the Peace, Precinct 2 and is in agreement with the Observations and Recommendations.

We appreciate the diligence and professionalism of your Audit Staff as we worked through the entire process.

Respectfully,



Mary Tom Curnutt  
Justice of the Peace, Precinct 2