



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#135572

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DATE: 06/01/2021

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REVIEW OF FINANCIAL AND SYSTEM CONTROLS, JUSTICE OF THE PEACE, PRECINCT 8**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Review of Financial and System Controls, Justice of the Peace, Precinct 8.

BACKGROUND:

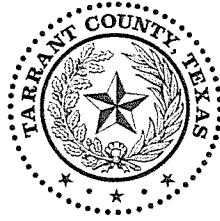
In accordance with Local Government Code, the Auditor's Office reviewed financial and system controls in place for the five-months ending February 28, 2021.

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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May 7, 2021

The Honorable Lisa Woodard, Justice of the Peace, Precinct 8
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Review of Financial and System Controls, Justice of the Peace, Precinct 8

SUMMARY

In accordance with Local Government Code, the Auditor's Office reviewed financial and system controls in place for the five-months ending February 28, 2021. We observed significant material weaknesses in the controls related to the recording and segregation of duties of financial transactions. These issues were previously reported in March 2018. After our audit but prior to the issuance of this report, management requested the Information Technology Department to implement security controls to prevent staff from voiding their own transactions. However, we cannot provide reasonable assurance regarding the timely detection or prevention of fraud for the period under review. Our observations and recommendations are described below.

OBSERVATIONS AND RECOMMENDATIONS

1. *Segregation of duties was not adequate between certain incompatible tasks.* The Court Manager or designee prepares the daily deposit and records financial information into Odyssey and the County's general ledger. Additionally, both individuals can receipt monies and adjust their own transactions, including adjustments made to court costs, fines, and fees recorded in Odyssey. No evidence existed to indicate an independent or supervisory review of the daily deposit or adjustments was completed. Without adequate segregation of duties or other mitigating controls, errors and fraud may not be prevented or detected.

Recommendation: No one person should control all aspects of a transaction. While we understand the staffing limitations of the JP's Office, daily deposits and any adjustments made to receipts recorded into Odyssey should be independently reviewed and documented.

2. *Receipts were not always recorded in a timely manner.* We noted that funds were not always recorded into Odyssey the same day payment was received. We identified two civil cases that were not receipted into Odyssey until four and five months after the funds were received and deposited.

Furthermore, we observed that deposits were not entered into the County's general ledger when the Court Manager was out of the office for an extended period. This occurred because the Court Manager's designee was not sufficiently trained to record transactions into the general ledger.

Recommendation: To ensure compliance with Local Government Code, we recommend that payments are recorded and deposited when received.

3. *Funds related to appealed eviction cases were not recorded in Odyssey.* Although we observed notes within the Case Summary of Odyssey referencing rent deposits paid by defendants, the payments were not recorded and deposited into the JP court's registry. No financial transactions were recorded in Odyssey. Instead, the JP's directive to the defendant stated that the rent payment must be made payable to the County Clerk by money order or cashier check. Then the JP staff forwards the payment to the County Clerk with the case file documents. The Criminal District Attorney's Office has previously opined that payments collected for appealed eviction cases should be deposited into the justice court registry.

Recommendation: Unless statutes specify otherwise, the JP should record *all* monies collected into Odyssey, including monies owed to other county offices or agencies. This includes monies collected for cases to be transferred to other courts.

4. *Procedures for pending, closed, and appealed cases were not adequate.* The receivable balance in Odyssey for JP8 was composed with 2,621 inactive cases totaling \$311,901.52 and 23,548 active cases totaling \$1,509,556.29 as of February 28, 2021.

Recommendations: We recommend JP8 staff review disposed cases with a receivables balance and adjust as necessary. Also, written procedures should be documented for the review of pending, closed, and appealed cases monthly and update the status in accordance with statute.


5. *Staff did not always obtain the JP's signature on the Statement of Inability to Afford Payment of Court Costs when a waiver of fees and costs were granted.*

Recommendations: We recommend the JP review and approve all waivers granted. Additionally, we recommend that staff obtain the JP's signature as approval of all waived fees and costs prior to making adjustments within Odyssey.

CLOSING REMARKS

Attached is management's written response to this report. We also communicated less significant matters to staff during our review. We appreciate the cooperation of the JP8 staff. Please call me if you have any questions regarding the contents of this report.

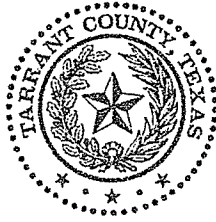
Sincerely,


S. Renee Tidwell, CPA
County Auditor

Attachment

Management's response

Audit Team Maki Brown, Senior Internal Auditor



TARRANT COUNTY

Administration Building
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Fort Worth, Texas 76119
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LISA R. WOODARD
JUSTICE OF THE PEACE
PRECINCT 8

May 21, 2021

S. Renee Tidwell, CPA
County Auditor
100 E Weatherford St, Room 506
Fort Worth Texas, 76196-0103

Dear Ms. Tidwell,

Thank you for your audit team Kimberly Buchanan and Maki Brown, they were courteous and very pleasant to work with. We welcome the opportunity to make improvements to our office operations.

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

Observation 2 Receipts were not always recorded in a timely manner.

We are creating a policy and procedures manual where we will implement a monitoring system to validate when the court manager is out of the office. Designee will not receipt any money and will enter daily deposit total in SAP cash journal. We will check quarterly to assure we are complying. We are still waiting on case numbers from auditors for the cases in question.

Observation 3 Funds related to appealed eviction cases were not recorded in Odyssey.

In the past all monies were sent directly to CCL for all appeals. we are implementing the audit team's recommendations. All monies collected are now being recorded into Odyssey.

Observation 4 Procedures for pending, closed, and appealed cases were not adequate.

Now that we have received written procedures on May 12, 2021, on how to zero out these old cases with balances we have begun working on these cases.

Observation 5 Staff did not always obtain the JP's signature on the Statement of Inability to Afford Payment of Court Costs when a waiver of fees and costs were granted.

I will implement audit team recommendation by reviewing and approving all waivers granted and staff will obtain signature prior to adjusting within Odyssey.

Once again, we appreciate the objectivity provided by the verification process during the audit. It is our goal to capitalize on process improvement and best practices that are being developed to make this court in compliance with the local government code

Thanks

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