

AUDITOR'S REPORT

HARRIS COUNTY JUSTICE OF THE PEACE PRECINCT 3, PLACE 2 THREE MONTHS ENDED AUGUST 31, 2019



December 6, 2019

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HARRIS COUNTY AUDITOR

December 6, 2019

Honorable Lucia Bates
Justice of the Peace, Precinct 3, Place 2
701 W. Baker Road
Baytown, Texas 77521

RE: Procedures applicable to the monthly collection reports submitted by Justice of the Peace, Precinct 3, Place 2 for the three months ended August 31, 2019

As required by Local Government Code (LGC) §115.002 (a) and (b), the Compliance Audit Department examined the monthly collection reports submitted by Justice of the Peace, Precinct 3, Place 2 (Court) for the three months ended August 31, 2019.

We performed procedures to determine whether:

- The monthly collection reports were submitted timely and the amounts reported were properly deposited in the County's depository.
- The numerical sequencing of computer generated and manual receipts was accounted for.
- Selectively tested receipts were properly allocated in the Odyssey Case Management System (Odyssey).
- Selectively tested fines and fees were accurately assessed and recorded.

The enclosed Auditor's Report presents issues identified during our procedures and management action plans developed in conjunction with your staff.

We appreciate the time and attention provided by you and your staff during our procedures.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Michael Post
County Auditor

cc: District Judges

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OVERVIEW

The objective of this engagement was to perform procedures in accordance with LGC §115.002 (a) and (b) which state, “(a) The county auditor shall carefully examine and report on all reports that are about the collection of money for the county and that are required to be made to the commissioners court. (b) At least once each quarter, the county auditor shall check the books and shall examine in detail the reports of the county tax assessor-collector, the county treasurer, and all other officers. The auditor shall verify the footings and the correctness of those books and reports.”

RESULTS

Based upon the procedures performed in accordance with LGC §115.002 (a) and (b), for the following items, the Court complied with the County’s policies and procedures for the items tested:

- The monthly collection reports were submitted timely and the amounts reported were properly deposited in the County’s depository.
- The numerical sequencing of computer generated and manual receipts was accounted for.
- Selectively tested receipts were properly allocated in Odyssey.

However, our procedures identified the following opportunities for improvement:

- Review the allocation of deferred disposition fees
- Ensure daily adjustment tills balance

These matters are discussed in more detail within the Issues and Recommendations section of this report.

ISSUES AND RECOMMENDATIONS

Improper Allocation of Deferred Disposition Fees

Background

In accordance with Code of Criminal Procedure, Article 45.051, *Suspension of Sentence and Deferral of Final Disposition*, when issuing the order of deferred disposition, the judge may impose a special expense (deferred disposition) fee on the defendant in an amount not to exceed the amount of the fine that could be imposed on the defendant as punishment for the offense. The special expense fee may be collected at any time before the date on which the period of probation ends.

Deferred disposition fees are only imposed during the deferred disposition period and fines are only imposed after a conviction. If a person is on deferred disposition, any payments made must be applied toward the associated deferred disposition fees and court costs. Payments can only be allocated to fines after a conviction.

If a defendant fails to complete the terms of the deferred disposition, the original fine is assessed. Defendants are never required to pay both a fine and a deferred disposition fee.

Issue

Court management did not consistently review the daily Receipt Journal by Fund Fee Code report to determine if any cases were assessed both a fine and a deferred disposition fee. As a result, the Court assessed collections to both fines (\$301) and deferred disposition fees (\$385) on four cases.

Assessing both fines and deferred disposition fees on a case could result in financial misstatements and the misallocation of collections.

This was brought to the Court's attention during the course of the audit and the required corrections were made.

Recommendation

Court management should enhance their internal controls to ensure a Court supervisor reviews the Receipt Journal by Fund Fee Code report on a daily basis to determine if both fines and deferred disposition fees were collected on any cases. If a defendant is found to have been charged with both a fine and a deferred disposition fee, the appropriate refund or reallocation should be made by the Court before the close of business on the day the error was detected.

Management Response

We agree with the auditors' finding. Most of our clerks are new to their positions and did not have very much initial training. We met with the clerks to discuss this issue and conducted additional training regarding the allocation of fines and deferred disposition fees. We are also reviewing the Receipt Journal by Fund Fee Code report on a daily basis. Our goal is always to stay in compliance.

ISSUES AND RECOMMENDATIONS

Balancing Daily Adjustment Till

Background

Court monetary adjustments to previously receipted funds must be made in a separate Odyssey adjustment till managed by Court personnel designated with supervisory roles. Adjustments are necessary when reallocating previously receipted and deposited funds among one or more fee codes. These adjustments do not affect the total daily deposit.

When an adjustment is processed, it includes negative and positive entries of equal amounts. A Court supervisor is required to review the daily Odyssey Till Balance and Transaction Report to ensure all adjustments were properly processed and net to zero. If the daily adjustment till balance does not net to zero, additional research is conducted and the necessary corrections are made prior to closing the day's business.

Issue

Court management did not consistently review the Odyssey Till Balance and Transaction Report on a daily basis. As a result, adjustments to three cases during the quarter did not have offsetting entries, causing the adjustments not to balance (all adjustments should net to zero).

As a result, the monthly collection reports for the quarter did not equal the monthly bank deposits, which increases the risk of financial misstatements.

Recommendation

Court management should enhance their daily review procedures regarding the Odyssey Till Balance and Transaction Report to help ensure all adjustments are properly processed and net to zero. A day's business should not be closed if the adjustment till is out of balance. A Court supervisor should initial the daily Odyssey Till Balance and Transaction Report as evidence of their review and to indicate the daily adjustments balanced.

Management Response

We agree with the auditors' finding. Most of our clerks are new to their positions and did not have very much initial training. We met with the clerks to discuss this issue and conducted additional training regarding the accurate preparation of adjustments to help ensure they net to zero. We are also reviewing the Odyssey Till Balance and Transaction Report on a daily basis to help us stay in compliance.