

**Sandy Hill
County Auditor**

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**FIRST ASSISTANT AUDITOR:
MICHELLE KENNY**

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LISA HUTCHERSON
NICOLE NIX**

Van Zandt County Auditor

121 E Dallas Street, Room 102
Canton, TX 75103

June 30, 2023

Van Zandt County Justice of the Peace #2
Attn: Judge Don Ashlock
250 E. Grove Street, Suite#102
Canton, TX 75103

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 #2 office on June 14, 2023. I have attached our report for review.

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

We would like to thank Judge Ashlock, Justice of the Peace #2, Mary Barker, chief deputy clerk of the court, and Vicky Pierce, part-time clerk of the court who cooperated and assisted with this audit. They were very open in discussing the current office operations and willing to help resolve any issues that we discussed.

The office has transitioned smoothly with the newly elected Judge Ashlock sworn in on January 1, 2023. We appreciate their hard work and diligence for Van Zandt County.

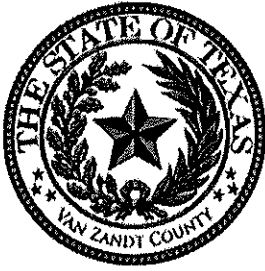
Please let me know if you have any questions or concerns.

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 #2

Van Zandt County Auditor's Office

June 14, 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 #2, 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 #2. The internal audit included, but was not limited to, the books, accounts, reports, and records of the Justice of the Peace, Precinct #2.

RELIABILITY AND INTEGRITY OF THE INFORMATION:

Reliable information is accurate, timely, complete, and useful. 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 possible payments), receipting the in-person payments and preparation of deposits are done by one person, the Chief Deputy Clerk. Once deposits are prepared by the Chief Deputy Clerk they are taken to the bank and deposited.

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) very secure with several safe guards in place.

* 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 Justice of the Peace #2 manages one bank account. The signature card is current and does include the county Treasurer. The bank reconciliation for the above-mentioned account is turned into the Auditor's office monthly 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 did show that the proper statutes, policies, and procedures are being followed. The Auditor's office audits each month's bank reconciliation and distribution summary reports.

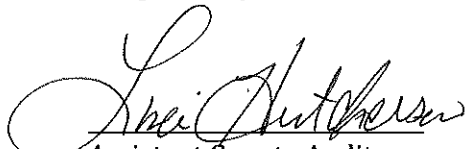
SUMMARY AND RISK FACTORS: We are encouraged by the internal controls that the Justice of the Peace, #2's office has in place and are confident that they will continue to strive for excellence in this area.

SUMMARY:

1. In review of the deposit procedures, it is our recommendation that whenever possible the Judge or another staff member review and initial off on the deposit slip before the deposit is made. We gave them a blank daily balancing form that would help clearly identify the breakdown of money and checks that are received each day.
2. It is recommended that the office request computer scanners for each clerk. This would allow them to scan incoming mail and other important documents under the case number. Several other JP offices have implemented this procedure allowing all pertinent documents to be easily found with each case.
3. The Justice of the Peace #2's office has had a very successful transition with a newly elected Judge and new part time clerk. This office has several layers of security including surveillance cameras.

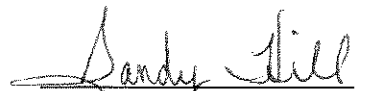
We appreciate the cooperation of the Justice of the Peace, #2's office and appreciate the work they do for Van Zandt County.

Respectfully submitted,


Assistant County Auditor


Assistant County Auditor

Reviewed and Approved By


Sandy Hill- County Auditor

6-15-23
Date

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

Elected Official's acknowledgement, please sign this page and return to Lisa Hutcherson,
lhutcherson@vanzandtcountry.org

I have received and reviewed the Internal Control Audit prepared by the VZC Auditor's office.

Don Ashlock
Judge Don Ashlock

Date: 06/23/23