

**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

April 24, 2023

Van Zandt County Justice of the Peace, Precinct #4  
Attn: Hon. Judge Scott Shinn  
Ben Wheeler, TX 75754

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, Precinct #4's office on April 20, 2023. I have attached our report for review.

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

We would like to thank Honorable Judge Shinn and Chief Deputy Clerk, Tina Lancaster who cooperated and assisted with this audit. They were open to discussing the current office operations and willing to help resolve any issues that we discussed.

We appreciate the consistent hard work and dedication this office represents to Van Zandt County.

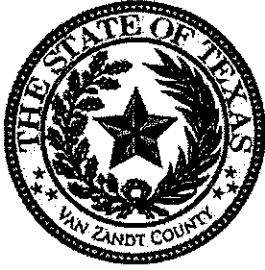
Please let me know if you have any questions or concerns.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Lisa Hutcherson".

Lisa Hutcherson  
Assistant Auditor

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



Auditor Sandy Hill

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**VAN ZANDT COUNTY**  
**Internal Control Audit**  
**Justice of the Peace #4**

**Van Zandt County Auditor's Office**

**April 20, 2023**

121 East Dallas, Room 102, Canton, TX 75103

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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 #4, 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 4. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 4.

**RELIABILITY AND INTEGRITY OF THE INFORMATION:**

Reliable information is accurate, timely, complete, and useful. In order 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, Chief Deputy Clerk Tina Lancaster. Once deposits are prepared by Tina Lancaster, they are dropped in the night drop at the bank. One area that they have made improvements is tracking the mail. Their office has implemented a scanning process for all incoming mail (all contents and the envelope) that can be found under the case number in the Net Data computer system.

**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) is adequate.
- \* 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 #4 manages one bank account. Currently, the Judge is the only signer on the bank account. 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, Precinct #4's office has in place and are confident that they will continue to strive for excellence in this area.

**SUMMARY:**

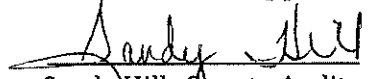
1. In review of the deposit procedures, it is our recommendation that whenever possible the Judge or another staff member review and initial off on the deposit slip.
2. It is our recommendation that there be two signatures required on county checking accounts.
3. We also recommend that the Judge conduct quarterly audits of the office petty cash fund and keep a record of those to be reviewed at the next audit.

We appreciate the cooperation of the Justice of the Peace, Precinct #4's office and appreciate the work they do for Van Zandt County.

Respectfully submitted,

  
Assistant County Auditor

Reviewed and Approved By

  
Sandy Hill- County Auditor

  
Assistant County Auditor

4-24-23  
Date

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