

**AUDIT PROGRAM**  
**JUSTICE OF THE PEACE, PRECINCT X**  
 Audit Period from Date through Date  
 Conducted by:

Justice of the peace courts have original jurisdiction in misdemeanor criminal cases when punishment is by fine only, exclusive jurisdiction over civil cases (\$200 or less) and occasionally concurrent jurisdiction with both the county and district courts in civil matters (\$5,000 or less).

**1. STATUTES**

Review the statutes, Attorney General (AG) Opinions, and contracts that have a bearing on either the office or the audit. This information is located at the following folder path: *W:\Permanent Workpaper File\STATUTE LIBRARY\JUSTICE COURTS*

The following is a list of some of the more relevant statutes:

Attorney General (AG) Opinions:

- The opinion on proration of costs for partial payments: DM-464

Statutes:

- Auditor's responsibilities concerning auditing the office: LGC 115
- Rapid deposit laws: CCP 103 & CCP 103.004 & LGC 133.022
- Jail Time Credit: CCP 45.048
- Community Service: CCP 45.049
- Collection Contracts: CCP103.0031
- Fees for services of Peace Officers: CCP 102.011

Contracts:

- Texas License Failure To Appear (TLFTA)
- LINEBARGER CONTRACT
- OMNI

Policies

- JP Court Costs and Fees Handbook (October 2005)

**2. OFFICE STAFF**

In looking at the office staff you are trying to determine the expected level of knowledge based on experience or longevity. Heavy or rapid turnover is a classic red flag. Not necessarily for fraud, but for errors occurring and not being detected.

From the Payroll Manager, obtain the payroll information for the JP office. Create an organizational chart, detailing the following:

- Employee names
- Hire date
- Job title

**3. STATISTICAL ANALYSIS**

<p>The statistical analysis examines information about the office in order to find significant or unusual relationships, changes and fluctuations in their operations. The 3 areas to examine are:</p> <ul style="list-style-type: none"> <li>• Activity – the number of cases filed and the number of payments collected</li> <li>• Collections – payments collected for both County and State</li> <li>• Productivity – how much the County spent to collect a dollar</li> </ul> <p>Create an ACL project. Import the JP’s records from Net Data into ACL. Perform your statistical analysis.</p> <p>Use the template in the permanent folder.</p>	
<p><b>4. PRIOR AUDITS</b></p> <p>The objective is to determine if the office has implemented recommendations made in prior audits. Not only is non-implementation a red flag in itself, we want to be consistent in our audits, findings, and recommendations. Look back at audits performed within the last 3 years. List the recommendations and the responses from the previous audits. Throughout your testing determine if the recommendations been implemented? If not, why?</p>	
<p><b>5. ENGAGEMENT LETTER</b></p> <p>Write the engagement letter. Use the template in the permanent folder. (W:\Permanent Workpaper File\STAFF\AUDITOR STANDARD DOCS\Audit Engagement Letter)</p> <p>After Mr. Rice and the official sign the letter scan a copy in the ‘Correspondence’ folder of the audit work papers.</p>	
<p><b>6. RISK ASSESSMENT</b></p> <p>The purpose of performing a risk assessment is to identify and evaluate the relative risks associated with the JP office’s operations.</p> <p>Use the template in the permanent folder.</p>	
<p><b>Safeguarding of Assets:</b> The three major elements in safeguarding of assets are 1) assets are properly secured at all times, 2) the exposure to loss is minimized, and 3) assets are properly managed.</p>	
<p><b>7. CASH COUNT</b></p> <p>The objectives of a cash count are to determine whether all the cash collections were accounted for at the time of the surprise cash count and whether the cash collections were properly and timely managed. Perform the cash count following the cash count audit program in the permanent folder.</p>	
<p><b>8. INTERNAL CONTROL INTERVIEW</b></p> <p>Conduct interviews with all the appropriate office personnel to understand the policies and procedures of the office. This could include the official, the chief clerk,</p>	

<p>or the court clerks. Use the interview questionnaire from the previous audit. If there hasn't been a significant change in staff or policies more than likely the answers to the interview questions will not change.</p>	
<p><b>9. FLOWCHARTS</b></p> <p>Flowcharts provide a visual analysis of a transaction flow and help identify any control weakness in the business processes. Prepare flowcharts to document the key operations of the office. If using flowcharts designed by a previous auditor, review the flow charts for accuracy and revise as needed.</p>	
<p><b>10. ON-SITE OBSERVATIONS AND WALK-THRUS</b></p> <p>On-Site observations are informal processes in which you watch and listen to what is going on in the office. You need to observe not only what the staff does during the day, but what they <u>don't</u> do:</p> <ul style="list-style-type: none"> <li>• Are assets kept properly secured at all times?</li> <li>• Does the staff seem to be busy all the time?</li> <li>• Doing County business?</li> <li>• Are there any safety issues in the office?</li> </ul> <p>A walk-thru is a more formal observation in which you actually observe a process or procedure for the purpose of understanding. During each walk-thru, obtain copies of any forms, reports, etc. that are involved in the process.</p>	
<p><b>Reliability and Integrity of the Information:</b>  The objective is to give an overall opinion on the reliability and integrity of the docket and financial information the court submits to the County and State.</p>	
<p><b>11. Completeness and Accuracy Tests</b></p> <p>Citations issued by the Galveston County Sheriff's Office (GCSO) are recorded in the Record Management System (RMS). The citations are turned over to the appropriate JP office and are recorded in their court docket system, Net Data.</p> <p>The objective of the completeness and accuracy tests is to provide reasonable assurance all citations recorded in RMS have been recorded completely and accurately in Net Data.</p> <p>Use the template in the permanent folder.</p>	
<p><b>12. Mail-In Payments</b></p> <p>The objective of this test is to determine if the office has an efficient system to process mail-in payments and if the controls are effective. Test the mail-in payments to determine if payments received through the mail were recorded in Net Data and deposited in the bank.</p> <p>Use the template in the permanent folder.</p>	
<p><b>13. Private Collections (PC30)</b></p>	

<p>The County entered into a contract with the firm of Linebarger, Goggan, Blair and Sampson, LLP to provide collection services pursuant to CCP§103.0031 – Collection Contracts. Section 3.02 of the contract states the County shall pay the collection agency by the twentieth of each month. County policy requires the JP offices to submit purchase orders to the Auditor’s Office by the 15<sup>th</sup> of each month to comply with the contract.</p> <p>Determine if the amounts charged and collected for the private collection agency were calculated correctly and were only collected when applicable</p> <p>Verify the office is submitting purchase orders to the Auditor’s Office by the 15<sup>th</sup> of the following month to pay the PC30 fees to the collection agency.</p> <p>Use the template in the permanent folder.</p>	
<p><b>14. Daily Collections</b></p> <p>Every entity of the county that collects money must deposit the money in the County treasury the next regular business day after the date the money is collected, but no later than the fifth regular business day after the date the money is collected. <a href="#">CCP §103.004 Disposition of Collected Money</a></p> <p>The objective of this test is to determine if the office is in compliance with CCP§103.004 and to verify the composition (cash, check, money order) of the deposit matches what was recorded in Net Data.</p> <p>Use the template in the permanent folder.</p>	
<p><b>15. Administrative Dismissals</b></p> <p>Certain violations may be dismissed with an administrative fee when the defendant proves they resolved the underlying problem within the statutory time limit. These types of dismissals do not require the consent of the Judge or the District Attorney. The objective of this test is to determine if the office is in compliance with the following statutes:</p> <p>TC 502.407 – Operation of Vehicle with Expired Registration  TC 521.025 – License To Be Carried And Exhibited On Demand  TC 521.026 – Dismissal of Expired License Charge  TC 521.054 – Notice of Change of Address or Name  TC 547.004 – General Offenses (Vehicle Equipment)  TC 548.605 – Dismissal of Charge; Administrative Fee</p> <p>Use the template in the permanent folder.</p>	
<p><b>16. No-Charge Dismissals</b></p> <p>A case dismissed in which no fee was collected must be approved by the judge or the Assistant District Attorney (ADA). The objective of this test is to determine if the no-charge dismissals are valid and include the Judge’s or ADA’s signature of approval.</p>	

<p>Use the template in the permanent folder.</p>	
<p><b>17. Voided Receipts</b></p> <p>Voided receipt transactions must be authorized by the Chief Clerk, another clerk (other than the clerk requesting the void), or the Judge, depending on who made the error. An explanation for the void should be written on the voided receipt or recorded in the case notes of Net Data. Voided receipt transactions should be re-issued in a timely manner, preferably by the end of the following business day. The objective of this test is to determine if the voided receipts are valid and re-issued in a timely manner.</p> <p>Use the template in the permanent folder.</p>	
<p><b>18. Jail Time Credit (JTC)</b></p> <p>A defendant placed in jail for failure to pay the fine and court costs shall be discharged if the defendant has remained in jail a sufficient length of time to satisfy the charges. <a href="#">(CCP§45.048 Discharged From Jail)</a> JTC is awarded by the judge after the defendant provides proof of time served. JTC must be applied to the fine first, then court costs.</p> <p>The objectives of this test are to determine if the court is in compliance with CCP§45.048 and if the JTC was allocated properly.</p> <p>Use the template in the permanent folder.</p>	
<p><b>19. Time Payment (TP) Testing</b></p> <p>If a person is convicted of a felony or misdemeanor AND pays any part of the court costs, fine, or restitution on or after the 31<sup>st</sup> day after the judgment day, the court must assess an additional cost of \$25.00. <a href="#">(LGC §133.103)</a> The TP fee must be pro-rated according to the 'Allocation Rule' when the amount received is less than the total court costs. <a href="#">(JP Handbook, pg.92 in the PDF )</a></p> <p>The objective of the test is to determine compliance with: LGC §133.103 JP Allocation Rule</p> <p>Use the template in the permanent folder.</p>	
<p><b>20. Fee Testing</b></p> <p>Test the fees collected to ensure compliance with statutes regarding the assessment and collecting of County and State fees.</p> <p>Please reference JP Fee Schedule for applicable fees and statutes. Validate if any changes have been made. If changes have been made, please notify the Supervisor.</p>	

<p>W:\Permanent Workpaper File\JUSTICE COURTS\”JP Courts Convictions Cost Chart”</p>	
<p><b>21. Bond Bank Account</b></p> <p>Bank reconciliations, properly prepared and adequately supported, are a useful method of managing the assets. Obtain a copy of the latest bank reconciliation turned in to the auditor’s office. If it’s in the form of a PDF, transfer the information onto an excel spreadsheet. Determine if the reconciliation was performed completely and accurately.</p> <p>Use the template in the permanent folder.</p>	
<p><b>22. Audit Report</b></p> <p>Draft an audit report based on the field work and tests performed. Submit the report to the Internal Audit Manager for review.</p> <p>Upon approval, draft a transmittal letter to the official. After Mr. Rice signs the letter scan a copy into the ‘Correspondence’ folder.</p> <p>Deliver the audit report to the official. If available, try and schedule an exit conference.</p> <p>If the official does not respond after a week, send him/her a ‘Friendly Reminder’ email.</p> <p>Use the template in the permanent folder.</p>	
<p><b>23. Work-paper Revisions</b></p> <p>When the Internal Audit (IA) Manager completes the review of the audit work-papers address each issue, if any. Initial and date each one. Notify the IA when you have finished.</p>	
<p><b>24. Commissioners’ Court</b></p> <p>When the final audit report has been approved by the official, draft a transmittal letter to Commissioners’ Court. The date of the letter should be the date the audit report will fall on the Commissioners’ Court agenda. Suzie Dover, Office Manager, can provide you with the date. After Mr. Rice signs the letter, make a copy of the letter and the audit report and deliver to Ron Chapa, 1st Assistant County Auditor, for his records. Submit the original signed letter and a colored copy of the final audit report to Suzie.</p>	
<p><b>25. Permanent Work-paper Folder</b></p>	