

A Report to the
Chambers
County
Commissioners
Court

County Judge:

Jimmy Sylvia

Commissioners:

Jimmy Gore

Mark Tice

Tommy Hammond

Billy Combs



Justice of the Peace, Precinct 5

Lyndsey Davis, CFE

Jerie Gore

June 23, 2022

Chambers County
Auditor
Aaron Thomas
P.O. Box 910
Anahuac, TX
77514
(409) 267-2405

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CHAMBERS COUNTY AUDITOR

Aaron Thomas

P.O. Box 910 Anahuac, Texas 77514

(409) 267-2405

Introduction

The Chambers County Auditor's Office has completed an internal audit of the Chambers County Justice of the Peace, Precinct 5. This audit was conducted for the period of January 1, 2021 through December 31, 2021, in accordance with Local Government Code Chapter 115.

The overall objective of this audit was:

To verify compliance with law, regulations, contracts, policies, plan and procedures, the reliability and accuracy of recordkeeping, and safeguarding of assets.

The scope of this audit consisted of examining cases that were filed in the Justice of the Peace, Pct 5 office and the administrative procedures related to these cases. This included, but was not limited to: the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 5.

Findings & Recommendations

1. Compliance

Receipting and Depositing

The Code of Criminal Procedure, Chapter 103, Payment, Collection, and Recordkeeping, it states in article 103.010 Receipt Book:

“(b) An officer who collects fines or fees in a criminal case shall give the person paying the money a receipt...”

(c) Instead of a receipt book, each officer ... may maintain the information... in a computer database. The officer shall provide a receipt to each person paying a fine or fee.”

Finding 1: The office is in compliance with the Code of Criminal Procedure by receipting all payments that are being submitted to the court. This includes filing fees, service fees and fine payments.

In accordance to the Local Government Code, Chapter 113, Management of County Money, section 113.022, Time for Making Deposits:

“(a) A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or

person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.”

Making daily deposits is one of the best methods to help minimize the exposure of loss and potential misuse of funds.

Finding 2: The office is in compliance with the statute for making timely deposits. All deposits were made inside the five business day grace period.

Private Collection Fees

The Code of Criminal Procedures, Section 103.0031 Collection Contracts states the commissioners court of a county may enter into a contract with a private attorney for the provision of collection services for debts and accounts receivable such as unpaid fines, fees, court costs, forfeited bonds, and restitution. Under this article, a commissioner’s court that enters into a contract with a private attorney or private vendor may authorize the addition of a collection fee in the amount of 30 percent of the outstanding balance that is more than 60 days past due and has been referred to the attorney or vendor for collection.

Finding 3: The office is in compliance and no discrepancies were noted.

Monthly Reports

Local Government Code, Section 114.001 (b) states that “monthly reports must be filed within five days after the last day of each month.”

Local Government Code, Section 114.044 (a) states “Each...justice of the peace who collects or handles any money for the use of the county shall make a full report at least once a month at a regular term to the commissioners court on all fines imposed and collected, all judgments rendered and collected for the use the of the county, and all jury fees collected by the respective courts in favor of or for the use of the county...”

Finding 4: The office did not submit monthly reports to commissioner’s court during the audit period. The office is however, submitting monthly reports to the Auditor and Treasurer’s Office.

Recommendation 4: Monthly reports should be submitted timely to commissioner’s court.

2. Safeguarding of Assets

Safeguarding of assets consists of the physical security of the funds, proper management of the collections and minimal exposure to loss.

Physical Security & Proper Management of Collections

Physical security includes any method to physically secure collections from potential loss. Monies collected should be kept in a locked drawer or safe until they are deposited with the

County Treasurer or depository bank. As part of the audit, a surprise cash count was performed on May 31, 2022. All collections were accounted for at the time of the surprise cash count.

Finding 5: The court was properly securing collections during the time frame of this audit.

Separation of Duties

One of the most important internal controls is to have proper separation of duties. No one person should authorize a transaction, record a transaction and have custody of the assets. Due to the size of the office staff, it is difficult for the court to have proper separation of duties.

Finding 6: The office has one chief clerk and two deputy clerks. All of which have the capabilities to authorize and record a transaction, as well as having custody of the assets.

Recommendation 6: Controls should be implemented to increase adequate separation of duties amongst court staff.

3. Reliability of Accurate Information

Completeness & Accuracy

All court related documentation should be scanned into Odyssey for recordkeeping and auditing purposes. It is the courts duties to safely keep all dockets, books, and papers transmitted to the office. The office should appropriately apply all current and corresponding court costs and service fees to each case.

Finding 7: The status of court cases and the outstanding balance within Odyssey were not current and up to date.

- Cases that were granted a payment plan in which the defendant quit making timely payments, had not been sent collections or had a show cause hearing initiated.
- Cases that have a financial obligation due or were allowed defensive driving, that are past the timeframe limitations have not been sent to collections.

Recommendation 7: All court documents relating to the case should be uploaded into Odyssey. This includes documents that pertain to adjustments, reversals, voids and credits. All payments should be posted to the appropriate case. All cases that are past the timeframe and are not granted extensions, should be sent to collections.

Adjustments, Reversals and Voids

All clerks have the ability to process adjustments and reversals. Only the chief clerk has the capability to process voids. The office does practice providing an explanation as to why adjustments, reversals or voids were made within the case. However, they do not require management approval.

Finding 8: Deputy clerks have the permissions to perform adjustments and reversals, but no management approval is required.

Recommendation 8: A policy should be implemented for the management approval of all adjustments and reversals.

Conclusion:

The office is in compliance with receipting, making timely deposits, and the PC 30 collection fee. The office should begin submitting the monthly reports to Commissioner's Court. Office policies and procedures should be implemented to improve the separation of duties and address management approval of all adjustments, reversals and voids.

The Auditor's Office has completed this audit with objectivity and due professional care. As this internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected. The official therefore, retains the responsibility for the accuracy and completeness of the financial information.

JUDGE DAVID HATFIELD

Justice of the Peace, Precinct 05
Chambers County, Texas



P.O. BOX 2
WALLISVILLE, TX 77597
Telephone: (409)267-2560

Response to Audit Findings-

1.

Finding 4: The office did not submit monthly reports to commissioner's court during the audit period. The office is however, submitting monthly reports to the Auditor and Treasurer's Office.

Recommendation 4: Monthly reports should be submitted timely to commissioner's court.

We have spoken to other JP's and the County Judges office regarding this, and no one knew this was supposed to be submitted to the commissioner's court. We have only been submitting to the Auditors office and the Treasurer's office. If this was a requirement, then the county should have made us aware of it. As of now, this is the first we are hearing about it.

2.

Separation of Duties

One of the most important internal controls is to have proper separation of duties. No one person should authorize a transaction, record a transaction and have custody of the assets. Due to the size of the office staff, it is difficult for the court to have proper separation of duties.

Finding 6: The office has one chief clerk and two deputy clerks. All of which have the capabilities to authorize and record a transaction, as well as having custody of the assets.

Recommendation 6: Controls should be implemented to increase adequate separation of duties amongst court staff.

3. Reliability of Accurate Information

Do to our small staffing; we are unable to separate duties. We are a team and pull together all the duties when needed. Because of possibility of sickness, vacation, etc. we all have to know the full spectrum of the job and have access.

If you would like to give us more clerks, we could definitely separate the duties then.

3.

Finding 7: The status of court cases and the outstanding balance within Odyssey were not current and up to date.

- Cases that were granted a payment plan in which the defendant quit making timely payments, had not been sent collections or had a show cause hearing initiated.
- Cases that have a financial obligation due or were allowed defensive driving, that are past the timeframe limitations have not been sent to collections.

Recommendation 7: All court documents relating to the case should be uploaded into Odyssey. This includes documents that pertain to adjustments, reversals, voids and credits. All payments should be posted to the appropriate case. All cases that are past the timeframe and are not granted extensions, should be sent to collections.

As stated when the audit was being conducted, a lot of these events in the cases are marked as either

- Payment Plan
- Defensive Driving/Deferred
- Community Service

So when in this state, the collection agency will not pick it up due to the defendant working with the court in trying to get this resolved.

If we had more clerks, we would be able to have more timely show cause hearings and up to date on the events.

Any type of documents are scanned into each case. As far as any Adjustments, reversals, voids and credits go, in Odyssey the case will NOT save if you have not put a reason for the adjustments and so on.

When you go into the case, you will not always be able to see that. However, we always input the reason in the tab before saving.

4.

Finding 8: Deputy clerks have the permissions to perform adjustments and reversals, but no management approval is required.

Recommendation 8: A policy should be implemented for the management approval of all adjustments and reversals.

Due to the system, Tyler does not require the clerks to have management authorization implemented. If the county would like this, IT needs to figure out a way to implement this into play.

As of now, each reversal or adjustment done is always cleared with the Chief Clerk before processing. As stated above in Finding 7, everything has to have a reason inputted into the financial box before Odyssey will let you go through with the transaction.

Thank you,
David Hatfield
Justice of the Peace, Pct. 5
Cell Phone: (409) 267-5525
Office Phone: (409) 267-2561

A handwritten signature in blue ink, appearing to read 'D. Hatfield', written in a cursive style.