



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER 0
PAGE 1 OF 6
DATE: 3/1/2011

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE EXIT REVIEW OF THE TARRANT COUNTY JUSTICE OF THE PEACE, PRECINCT 8**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Tarrant County Exit Review for Justice of the Peace, Precinct 8.

BACKGROUND:

Effective December 31, 2010, Sidney Thompson retired as Justice of the Peace, Precinct 8 and on January 1, 2011, Honorable Lisa Woodard assumed office. The Auditor's Office performed a limited review of the Justice of the Peace's books and records to provide accountability and cut-off procedures for the transfer of authority. Attached is the report regarding this review.

Attached to this report is a written response from the Justice of the Peace.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY:	Auditor	PREPARED BY:	S. Renee Tidwell
		APPROVED BY:	



TARRANT COUNTY

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January 21, 2011

The Honorable District Judges
The Honorable Commissioners Court
The Honorable Lisa Woodard, Justice of the Peace, Precinct 8
Tarrant County, Texas

Re: Auditor's Report – Exit Review for Justice of the Peace, Precinct 8

SUMMARY

On December 31, 2010, the Honorable Sidney Thompson retired as the Justice of the Peace, Precinct 8 (JP8). The successor, the Honorable Lisa Woodard, assumed office on January 1, 2011. The Auditor's Office conducted selected procedures to provide accountability for the transfer of authority to the incoming JP8. We do not opine on JP8's financial statements and internal control structure since the scope of this review was limited in nature. Based on the results of our testing, the transfer of authority appears to be complete without exception. During our testing, we performed the following procedures:

- Reviewed and reconciled trust balances as of December 31, 2010
- Performed a cash count of change funds as of December 31, 2010
- Obtained ending receipt numbers, both automated and manual, as of December 31, 2010
- Reviewed documentation for the change of authorized signatures related to accounts payable and Read Soft
- Determined whether the outgoing officeholder's access to County systems and applications were removed
- Verified receipt of out-going officeholder's office keys, building access card, employee identification badge, and parking Chubb card
- Reviewed the incoming officeholders Official Bond and Oath on file with the County Clerk's Office

We also reviewed the status of observations previously reported in the Auditor's Report dated January 15, 2009. One observation remains outstanding, which is described below.

OBSERVATION AND RECOMMENDATION

Observation 1 – Procedures related to the JP’s trust funds should be improved.

Background

The JP previously recorded trust funds on the JP Mainframe System until going live with the Odyssey Case Manager System (Odyssey) in October 2010. The Auditor’s Office holds trust funds and disburses those funds to the rightful owners upon request from the JP.

Chapter 28 of the Government Code provides guidelines specific to small claims courts. Section 28.055, *Judgment Not Claimed by Plaintiff*, addresses situations where the defendant has exercised due diligence, but cannot locate the plaintiff to pay the judgment. In those situations, the defendant may pay to the court the amount owed under the judgment and the judge shall execute a release of the judgment. The amount paid to the court is held in trust for the plaintiff, and the court shall pay those trust funds to the county clerk.

According to Texas Property Code, Chapter 72, property is presumably abandoned if 1) the existence and location of the owner of the property is unknown to the holder of the property, and 2) according to the knowledge and records of the holder of the property, a claim to the property has not been asserted or exercised within three years. Chapter 76 of the Property Code defines the requirements relative to the escheatment of unclaimed property. As of June 30th of each year, departments must determine property considered abandoned and escheat the property to either (1) the State for items over \$100, or (2) to the Auditor’s Office for items \$100 and less. This would include property dated June 30, 2008 and earlier. The property must be escheated to the appropriate office annually, not later than November 1st.

Observation

During our review, we found that certain procedures related to the trust funds should be improved. As of December 31, 2010, we observed the following:

1. The reconciliation of the JP’s trust funds to the County’s general ledger was not adequate. As of December 31, 2010, the Registry and Trust with Balances report included five civil cases totaling \$1,906, and one misdemeanor case totaling \$25 that were not recorded in the County’s general ledger. Since these cases date between 1989 and 2002, the JP could not provide case information. Since JP staff does not maintain copies of check requests sent to the Auditor’s Office for the disbursement of trust funds, we could not conclusively verify whether disbursements were made to the rightful owners. This issue was included in an audit report dated January 15, 2009, where we recommended removal of these cases from the JP’s system.

Recommendations: The JP should implement procedures to ensure that staff reconciles the trust fund amounts recorded in Odyssey to the County's general ledger each month. Staff should research and document all account differences and the resolution of the differences. Due to staffing limitations, inadequate segregation of duties typically exists in the County's smaller fee offices. As a mitigating control, the JP should review and approve the monthly reconciliation. The JP should also initial and date the reconciliation as evidence of her review before sending the reconciliation to the Auditor's Office. We also recommend that JP staff maintain copies of check requests sent to the Auditor's Office with their monthly financial records.

The JP worked with IT to remove the six cases referenced above from the Odyssey Registry and Trust with Balances report on January 21, 2011.

2. It appears that data conversion was not accurate from the JP Mainframe System to Odyssey. Some trust funds collected and recorded into the JP Mainframe System were not included in the Odyssey Registry and Trust with Balances report. Therefore, JP staff was using reports from both systems. JP staff **had not** communicated this issue to Information Technologies (IT). Upon observing this condition, the Auditor's Office requested that IT work with the JP to correct the Odyssey reporting issue. IT corrected the issue on January 21, 2011.

Recommendations: In the future, JP staff should perform testing to ensure that data conversion is complete and accurate. Furthermore, staff should communicate system-related issues to IT and the Auditor's Office for immediate resolution.

3. The *Misdemeanor* Monies Held in Trust Report showed two cases of \$202 and \$46.15 dated June 2005 and March 2008, respectively. One of the cases has been held in the JP8 Trust Account for over three years.

The *Civil* Monies Held in Trust Report showed two cases of \$731.20 and \$996.00 dated January 2005 and May 2006, respectively. Although a release of judgment was provided to the defendants, JP8 had not paid these funds over to the County Clerk in accordance with the Government Code, Sec. 28.055.

Recommendations: If the owners of the trust funds cannot be located and the funds are deemed as unclaimed property, the JP should escheat the amounts \$100 and less to the Auditor's Office, and unclaimed amounts greater than \$100 to the State of Texas. (Texas Property Code, Chapter 76).

In the future, JP staff should remit all unclaimed property received as settlement of small claim *civil* judgments to the County Clerk at least monthly in accordance with Government Code, Chapter 28.

CLOSING REMARKS

We appreciate the cooperation of the Honorable Lisa Woodward and her staff during our review. We appreciate her prompt attention to our recommendations. In addition, we express gratitude to the Honorable Sidney Thompson for the cooperation extended to the Auditor's Office during his tenure with the County.

Very truly,



S. Renee Tidwell, CPA
County Auditor

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LISA R. WOODARD
JUSTICE OF THE PEACE
PRECINCT 8

February 23, 2011

TO: Renee Tidwell. Auditor

FROM: Judge Lisa R Woodard

REFERENCE: Exit Review for Justice of the Peace, Precinct 8

The Tarrant County Justice of the Peace Office Precinct 8 is in receipt of the recent audit findings for our Exit Review.

We appreciate all recommendations, the cooperation and diligence shown by the Audit Staff. We will promptly make the necessary steps to assure we are in compliance.


Judge Lisa R Woodard

LRW/js-c