



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#141101

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DATE: 06/20/2023

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REVIEW OF FINANCIAL AND SYSTEM CONTROLS FOR JUSTICE OF THE PEACE, PRECINCT 7**

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court receive and file the Auditor's Report of the Review of Financial and System Controls for Justice of the Peace, Precinct 7.

BACKGROUND

In accordance with the Local Government Code, we reviewed financial and system controls in place for the four months ending January 31, 2023.

FISCAL IMPACT

There is no fiscal impact associated with this item.

SUBMITTED BY:	Auditor Office	PREPARED BY: APPROVED BY:	Kim Trussell S. Renee Tidwell
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TARRANT COUNTY

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May 30, 2023

The Honorable Kenneth Sanders, Justice of the Peace, Precinct 7
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Review of Financial and System Controls, Justice of the Peace, Precinct 7

SUMMARY

In accordance with the Local Government Code, we reviewed financial and system controls in place for the four months ending January 31, 2023. Although we determined that controls were generally adequate, we observed two issues that require management's attention.

1. We tested 46 out of 71 Registry deposits and observed one case where payment was more than the amount specified in the judgment was received and recorded into Odyssey. Although the case notes indicate the judge's approval authorizing acceptance of the \$271 overpayment, there was no formal documentation or signature supporting his approval. The full amount paid by the defendant, including the overpayment, was recorded into trust. Without a proper judicial order, the amount of the judgment should have been recorded into trust and the remaining \$271 should have been recorded as an overpayment and refunded to the defendant.

The case was later transferred to the appellate court. Since the defendant owed additional amounts to the plaintiff, the appellate court awarded the full amount, including the overpayment, to the plaintiff.

Recommendation: Judgment amounts received and recorded into Odyssey should be supported by a judicial order. Any amounts more than the judgment amount should be recorded into Odyssey as an overpayment, deposited with the Auditor's Office, and refunded to the payor.

2. We tested 101 out of 4,950 voids, adjustments, and credits made to original financial transactions. We observed 4 instances where the court staff voided their own financial transaction. Although they appear reasonable, there was no evidence indicating an independent review. In response to the Auditor's Office Interoffice Memo dated June 28, 2019, sent to all eight Justices of the Peace and the Information Technology Department, Odyssey functionality was changed to allow for a secondary approval for voids. Odyssey doesn't not allow the functionality for a secondary approval for adjustments and credits.

Furthermore, the Auditor's Offices provided the justice courts with standardized procedures for performing financial transactions, specifying the use of reversals instead of manual adjustments when making corrections in Odyssey.

The monthly financial documents remitted to the Auditor's Office are signed by the judge as evidence of his review. However, back-up documentation for adjustments, voids, and reversals is not included.


Recommendations: All voids in Odyssey should include an independent secondary review. We recommend that the justice court review the Odyssey Transaction Listing Report *daily* for accuracy and legitimacy of all voids, adjustments, reversals, and credits as part of the daily reconciliation process. Furthermore, we recommend that the justice court follow the standardized procedures provided by the Auditor's Office when making corrections in Odyssey.

Currently, the Transaction Listing Report does not distinguish *manual* adjustments from *case event* adjustments (such as deferred disposition). The Auditor's Office is collaborating with the Information Technology Department for development of a custom report to be used by all justice courts that lists all voids, *manual* adjustments, payment reversals, and credits. This report should be included as part of the monthly financial reports submitted to the Auditor's Office with the judge's signature on the cover sheet asserting his review of these financial modifications.

On May 26, 2023, we met with the judge and the Court Manager and communicated the above issues, along with other less significant matters identified during the review. Attached is the judge's management response.

We appreciate the cooperation of the staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,


S. Renee Tidwell, CPA
County Auditor

Attachment: Management's response

Distribution: Jenny Richards, Court Manager
Christopher Nchopa-Ayafor, Chief Information Officer
Melei H. Kelly, Resource Senior Manager
Greg Wofford, Application Support Lead Administrator

Audit Team: Kim Trussell, Internal Audit Manager
Kara Hoekstra, Technology & Advisory Audit Manager
Keeli Woods, Senior Internal Auditor

**JUDGE
KENNETH D. SANDERS**
JUSTICE OF THE PEACE
PRECINCT SEVEN



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TARRANT COUNTY

June 05, 2023

Renee Tidwell
County Auditor
100 E Weatherford St. Room 506
Fort Worth, TX 76196-0103

Re: Auditor's Report – Review of Financial and System Controls, Justice of the Peace, Precinct 7

Dear Auditor Tidwell,

Thank you for conducting a thorough audit (Review of Financial and System Controls) of Pct. 7 Justice of the Peace Court.

The following observations were made by your staff and corrections have been put into place to avoid these errors going forward.

Observation 1: We tested 46 out of 71 Registry deposits and observed one case where payment was more than the amount specified in the judgment was received and recorded into Odyssey. Although the case notes indicate the judge's approval authorizing acceptance of the \$271 overpayment, there was no formal documentation or signature supporting his approval. The full amount paid by the defendant, including the overpayment, was recorded into trust. Without proper judicial order, the amount of the judgment should have been recorded into trust and the remaining \$271 should have been recorded as an overpayment and refunded to the defendant.

The case was later transferred to the appellate court. Since the defendant owed additional amounts to the plaintiff, the appellate court awarded the full amount, including overpayment, to the plaintiff.

Recommendation: Judgment amounts received and recorded into Odyssey should be supported by a judicial order. Any amounts more than the judgment amount should be recorded into Odyssey as an overpayment, deposited with the Auditor's Office, and refunded to the payor.

Corrective Action: Although the court manager had made what she thought was sufficient notes on the case she did fail to include the names that she spoke with in the Auditor's office and the appellate court along with getting the Judge's signature approving the overpayment. It has also been put in writing that any overpayment/refund request must be granted/denied by the Judge with his signature and detailed notes must be entered on the case and the court manager/or her back up must approve the notes and make any corrections to judicial orders if needed.

JUDGE
KENNETH D. SANDERS
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Observation 2: We tested 101 out of 4,950 voids, adjustments, and credits made to original financial transactions. We observed 4 instances where the court staff voided their own financial transactions. Although they appear reasonable, there was no evidence indicating an independent review. In response to the Auditor's Office Interoffice Memo dated June 28, 2019, sent to all Justices of the Peace and the Information Technology Department, Odyssey functionality was changed to allow for a secondary approval for voids. Odyssey doesn't not allow the functionality for a secondary approval for adjustments and credits. Furthermore, the Auditor's Offices provided the justice courts with standardized procedures for perfuming financial transactions, specifying the use of reversals instead of manual adjustments when making corrections in Odyssey. The monthly financial documents remitted to the Auditor's Office are signed by the judge as evidence of his review. However, back-up documentation for adjustments, voids, and reversals is not included.

Recommendations: All voids in Odyssey should include an independent secondary review. We recommend that the justice court review the Odyssey Transaction Listing Report daily for accuracy and legitimacy of all voids, adjustments, reversals, and credits as part of the daily reconciliation process. Furthermore, we recommend that the justice court follow the standardized procedures provided by the Auditor's Office when making corrections in Odyssey.

Corrective Action: As for the four instances where court staff voided their own financial transactions once the court manager realized what was happening, she contacted I.T. immediately to get the clerks rights corrected in Odyssey. The court manager now also runs the Odyssey Transaction Listing Report daily and attaches to her daily deposit paperwork that is submitted to the auditor's office. Court manager also puts court notes in Odyssey when a clerk makes an adjustment or reversal on a case along with a void. No clerk can perform a void, adjustment, or reversal without the court manager's approval.

I want to express my appreciation to you and your audit team in helping our office operate in compliance with all laws and financial controls.

Sincere Regards,



Kenneth D. Sanders
Tarrant County
Justice of the Peace – Precinct 7

