

**Kimberly M. Buchanan, CPA**  
Tarrant County Auditor

**Linda R. Castillo**  
First Assistant County Auditor



**Office of the Tarrant County Auditor**  
100 E. Weatherford, Room 506  
Fort Worth, Texas 76196-0103

Phone (817) 884-1205  
Fax (817) 884-1104

November 9, 2023

The Honorable Sergio De Leon, Justice of the Peace, Precinct 5  
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 5

In accordance with the Local Government Code, the Auditor's Office performed a review of the financial and system controls implemented by the Justice of the Peace, Precinct 5 (JP5), during the period October 1, 2022, through July 31, 2023. During the ten months, JP5 recorded receipts totaling approximately \$1.3 million.


We observed three issues that require management's action. Specifically:

1. Segregation of duties was not adequate.
2. Adjustments made to financial transactions were not always adequately documented and scanned into Odyssey.
3. Reimbursement fees were not assessed and collected, as required by statute.

These issues and management's action plans are described in further detail on the following pages. We also discussed less significant issues with management.

We appreciate the cooperation of your staff during the review. If you have any questions, please do not hesitate to contact me.

Sincerely,

  
Kimberly M. Buchanan, CPA  
Tarrant County Auditor

*Attachment:* Management's Response

*Distribution:* Rosemary Garza, Court Manager

INTERNAL AUDIT REPORT  
**REVIEW OF FINANCIAL AND SYSTEM CONTROLS**  
November 9, 2023

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**AUDIT ISSUE #1: SEGREGATION OF DUTIES WAS NOT ADEQUATE.**

Background: To reduce the risk of errors and theft, no one person should have complete control over the cycle of financial transactions. The Odyssey Case Management System (Odyssey) is configured to require secondary approval for void transactions. The secondary approval process is initiated when the user that processed the original payment marks the payment as void. An authorized user enters their unique Odyssey credentials to approve the void.

In the *Standardized JP Financial Transactions* manual distributed by the Auditor's Office in February 2023, the justice courts were directed to utilize Odyssey system controls for independent approval of voided financial transactions. Furthermore, the manual indicates financial controls should include the judge's review and sign-off on the monthly financial reports prior to remitting to the Auditor's Office.

What is the issue: Because the user who accepted the payment did not mark the payment as a void, the system did not require secondary approval. During our audit period voids were processed on seventeen cases without an independent review and approval. We reviewed all seventeen cases and found that the voids appeared legitimate.

Furthermore, the JP had not signed on the monthly financials, including voided transactions, sent to the Auditor's Office.

Why it matters: Without segregation of duties or other mitigating internal controls, such as an independent or supervisory review, errors and fraud may not be prevented or detected. Since most of the voids were processed by the same person who prepares the daily deposits and monthly reconciliations, a risk exists for misappropriation of funds.

Recommended actions: JP5 should utilize the existing configuration for the secondary approval of voids. Furthermore, the JP should review and sign the monthly financials submitted to the Auditor's Office.

Management's action plan: Staff will revise their procedures to utilize existing configuration for the secondary approval of voids. Also, the JP will sign the monthly financials upon review prior to submitting to the Auditor's Office.

**AUDIT ISSUE #2: ADJUSTMENTS MADE TO FINANCIAL TRANSACTIONS WERE NOT ALWAYS ADEQUATELY DOCUMENTED AND SCANNED INTO ODYSSEY.**

Background: Oftentimes, adjustments are made to financial transactions per the judge's order for jail time served, indigency, and inability to pay. there were 2,136 changes made to financial transactions, including 1,828 adjustments, 269 judicial waivers, 17 voids, 9 reversals, and 13 credits during the review period. In the *Standardized JP Financial Transactions* manual distributed by the Auditor's Office, the justice courts were directed to scan supporting documentation into Odyssey for all adjustments made to financial transactions.

What is the issue: Various documents supporting the validity of adjustments made to financial transactions such as judicial orders for waivers or reductions in fines, pleas, deferred disposition, and indigency documents were not always scanned into Odyssey.

Why it matters: Since these transactions require a reduction in amounts owed to the County, documentation should be attached to the case that supports the validity and accuracy of the transaction. Statutorily, certain transactions require judicial approval.

Recommended actions: Per *Standardized JP Financial Transactions* prepared by the Auditor's Office and distributed to all the justice courts in February 2023, supporting documentation should be scanned into Odyssey for all adjustments, reversals, community service, jail time served, judicial waivers, and inability to pay reductions.

Management's action plan: All supporting documentation will be scanned and attached to the case file in Odyssey, including required signed judicial orders.

### **AUDIT ISSUE #3: REIMBURSEMENT FEES WERE NOT ASSESSED AND COLLECTED, AS REQUIRED BY STATUTE.**

Background: Odyssey automatically assesses a Time Payment Reimbursement Fee (reimbursement fee) when payment for fines and court costs are not received by the 30<sup>th</sup> day *after the judgment*. However, Odyssey does not recognize deferred disposition cases as having a judgment and, therefore, does not assess the reimbursement fee. In September 2021, a workaround was developed, documented, and distributed to all the justice court managers to ensure the reimbursement fee was assessed and collected on eligible deferred disposition cases.

What is the issue: We identified 146 misdemeanor cases that were not assessed the \$15 reimbursement fee which resulted in \$2,190 of uncollected revenue. This issue occurred because JP5 did not implement the workaround procedures for the assessment and collection of this fee.

Why it matters: The Code of Criminal Procedure Art 102.030(a) states that a person convicted of a felony or a misdemeanor *shall* pay a \$15 reimbursement fee if fines, court costs, or restitution are not paid by the 30th day after the date of the judgment. Additionally, the Criminal Deskbook distributed by the Texas Justice Court Training Center instructs courts to apply the reimbursement fee for "deferred disposition and Drivers Safety Course cases if the defendant pays any amount due more than 30 days after the order to pay.

Recommended actions: While we can no longer collect the reimbursement fee on these cases, JP5 staff took immediate corrective action and manually assessed the fee on 99 cases with outstanding balances. Due to system limitations, management should ensure that justice court staff continues to use the developed workaround procedures to ensure that the reimbursement fee is appropriately assessed for deferred disposition cases.

Management's action plan: Court staff will use developed workaround to ensure that the reimbursement fee is assessed for deferred disposition cases.



SERGIO L. DE LEON  
JUSTICE OF THE PEACE  
PRECINCT 5

**TARRANT COUNTY**  
FORT WORTH, TEXAS 76196-0247

350 WEST BELKNAP  
FORT WORTH, TEXAS 76196-0247  
817-884-1438

November 13, 2023

Ms. Kimberly M. Buchanan, CPA  
Tarrant County Auditor  
100 E. Weatherford Street  
Fort Worth, Texas 76196

*RE: JP 5 Audit Report*

Dear Auditor Buchanan:

Thank you for conducting a routine audit of our court. As we have indicated on previous audits, we appreciate the professionalism of your office as we both go about safe-guarding Tarrant County taxpayer dollars.

The Tarrant County Precinct 5 Justice of the Peace Court is in receipt of the Audit Report your office conducted for the period of October 1, 2022, through July 31, 2023, and we concur with your findings. We look forward to implementing the suggested recommendations to firm up office protocols.

Please let me know if you have any questions or require additional information.

Best personal regards

SERGIO L. DE LEON  
Justice of the Peace, Pct. 5  
Tarrant County

/sld

*Thank you!*