



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA
COUNTY AUDITOR
edion@epcounty.com
www.epcounty.com/auditor

County Administrative Offices
800 East Overland Street, Rm. 406
EL PASO, TEXAS 79901-2407
(915) 546-2040
(915) 546-8172 FAX

10-19

October 31, 2018

The Honorable Oscar Ugarte
Constable Precinct 1
424 Executive Center
Suite 100
El Paso, Texas 79902

Dear Constable Ugarte:

The County Auditor's Internal Audit division performed an audit of the El Paso County Constable Precinct 1 office to determine if internal controls are adequate to ensure preparation of Constable 1 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested nine financial controls using samples consisting of 60 criminal cases, 27 foreign civil cases and 49 civil and miscellaneous fee cases. There were five findings noted as a result of the audit procedures. We wish to thank the management and staff of the Constable Precinct 1 office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

Edward A. Dion
County Auditor

EAD:PT:RG

cc: Ms. Betsy C. Keller, Chief Administrator



EI PASO COUNTY CONSTABLE PRECINCT 1 AUDIT EXECUTIVE SUMMARY

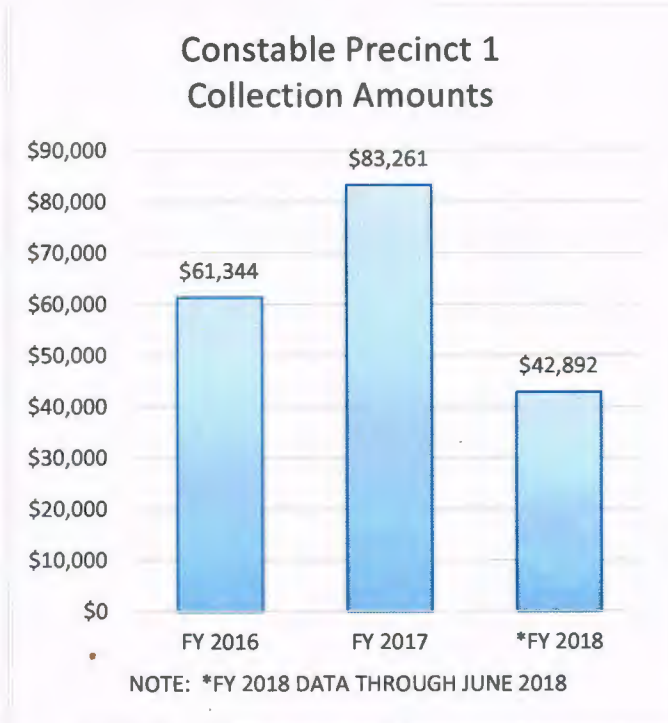
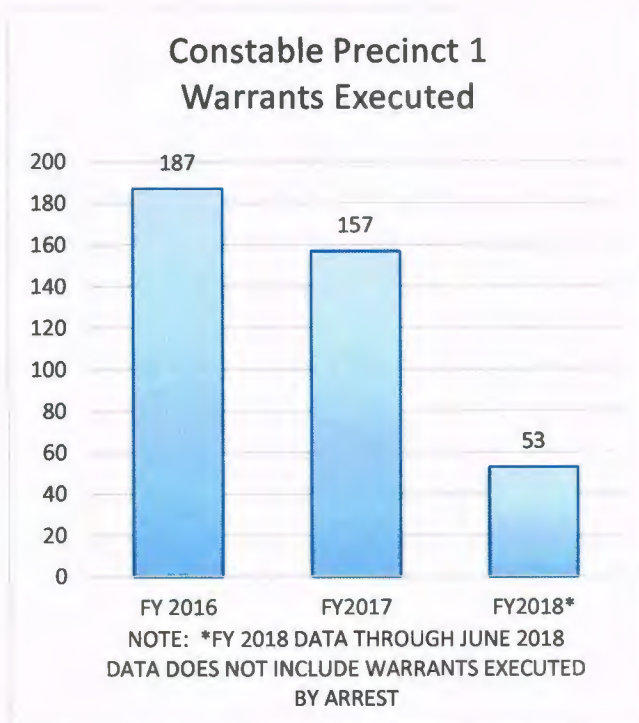


BACKGROUND

Constables are elected officials and serve four year terms within each justice precinct. The Office of the Constable is mandated by Article 5, Section 18 of the Texas Constitution. Constables have the same duties and powers as do police officers and sheriffs, and have the duty to serve warrants, precepts, and civil process lawfully directed to them. Constables are also required by law to be present, or ensure one of their Deputy Constables is present, during hearings held by the Justice of the Peace. Constable Ugarte was appointed and licensed for Precinct 1 as of March 14, 2016. The audit was performed by James O'Neal, audit manager - senior.

FINANCIAL REPORTING

Financial and statistical reports are generated from the Odyssey Courts and Justice System (Odyssey) and internal reporting from the County Auditor's Office. The following charts represent statistical and financial data for Constable Precinct 1 office. The first statistical chart shows the actual number of warrants executed (served) by the Constable's office per fiscal year. The second financial chart shows the actual collections of warrant and civil processing fees by the Constable's office.



OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the Constable Precinct 1 office. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Establish and document policies and procedures	Satisfactory
2. Functioning appropriate cash controls	Needs Improvement
3. Mailed-in payments should be logged and properly recorded	Unsatisfactory
4. Completeness and posting of manual receipts in Odyssey	Needs Improvement
5. Manual receipts log and manual receipt books controls	Unsatisfactory
6. Compliance with timely deposit law Local Government Code §113.022	Needs Improvement
7. Compliance with continuing education requirements Occupations Code §1701.351	Satisfactory
8. Compliance with weapons proficiency requirements Occupations Code §1701.355	Satisfactory
9. Updating of warrant status in Odyssey	Satisfactory



EI PASO COUNTY CONSTABLE PRECINCT 1 AUDIT EXECUTIVE SUMMARY



SCOPE

The scope of the audit is January 2017 through June 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed applicable policies, procedures and regulations.
- Requested log of mailed-in payments received by the Constable's Office
- Tested a sample of manual receipts for appropriate documentation and posting in Odyssey.
- Tested a sample of collections for timely deposit compliance in accordance with *Local Government Code (LGC) § 113.022*.
- Reconciled Auditor's manual receipt book log to manual receipt books on hand.
- Tested a sample of warrant status changes in Odyssey for legitimacy.
- Reviewed training records for compliance with *Occupations Code §1701.351*.
- Reviewed weapons proficiency records for compliance with *Occupations Code §1701.355*.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for related details, management action plans and the status of prior audit issues.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Adequate policies and procedures (Obj. 1) • Compliance with educational requirements (Obj. 7) • Compliance with weapons proficiency requirements (Obj. 8) • Updating warrant status in Odyssey (Obj. 9) 	<ul style="list-style-type: none"> • Cash handling procedures (Obj. 2) • Logging and coding of mailed-in payments (Obj. 3) • Posting of manual receipts in Odyssey (Obj. 4) • Manual receipt book logs and monitoring (Obj. 5) • Timely deposit compliance (Obj. 6)
Finding Summary	
<ol style="list-style-type: none"> 1. 12% of manual receipts sampled did not comply with <i>LGC § 113.022</i> (Time for Making Deposits). 2. Two deposit slips were not complete. 3. Improper receipting and recording. Criminal manual receipts sampled had multiple issues, including one labeled for the wrong Justice of the Peace Precinct and one with an altered amount. Criminal payments posted erroneously as mailed payments when payments were collected in person. Civil and miscellaneous receipts sampled had 67% of fees coded incorrectly. 4. Mail log and/or Odyssey records were missing recorded payment(s) received by the Constable Office. There is no separation of duties when receiving and logging mailed in civil fee payments. 5. There is no manual receipt book log indicating the assignment of manual receipt books to specific officers. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The El Paso County Constable Precinct 1 office met four of the nine objectives of this audit. Implementation of recommendations provided in this report should assist the Constable's office in improving the internal control structure of its operations.



**EI PASO COUNTY
CONSTABLE PRECINCT 1 AUDIT
FINDINGS AND ACTION PLANS**



Prior Audit Findings Summarized with Current Status

This is the first full scope internal audit for the Office of Constable, Precinct 1. There were no prior findings on limited scope reviews for this office.

Current Audit Findings

Finding #1				Risk Level M
<p><u>Deposits not timely</u> – In a sample of 60 manual receipt collections, seven or 12% of receipts did not comply with <i>LGC § 113.022</i>. The discrepancies ranged from 8 to 22 days (see table below). This increases the risks of fraud, misuse or loss of funds and is not in compliance with <i>LGC § 113.022</i>, which could lead to lost revenues for the County.</p>				
Receipt Number	Receipt Date	Amount	Bank Deposit Date	Days Late
25211	06/26/17	\$409	07/10/17	14
2017-00130-C1	08/24/17	\$6	09/15/17	22
24240	10/08/17	\$336	10/24/17	16
25082	10/31/17	\$488	11/9/17	9
2017-02875-JP1	12/22/17	\$100	01/09/18	18
2018-00099-JP1	1/10/18	\$100	1/23/18	13
24963	02/05/18	\$750	2/13/18	8
Recommendation				
<p>Constable Precinct 1 should enforce the office policies and procedures to ensure compliance with <i>LGC § 113.022</i>. The Constable should further reiterate to his deputies, through additional training if necessary, the importance and the statutory requirement of depositing funds within the five business day time frame.</p>				
Action Plan				
Person Responsible	Constable Precinct 1	Estimated Completion Date	11/15/18	
<p>Constable 1 will be conducting monthly meetings to emphasize the importance of meeting the designated five business day time frame. Further, the Constable will be reviewing random deposits on a monthly basis made by his deputies to ensure compliance. The results of these reviews will be discussed with the deputies and will help determine if additional training is necessary. Also, Constable will update his policies and procedure to document the proper time frame allowed for depositing receipts and reference the government code mentioned above.</p>				



**EI PASO COUNTY
CONSTABLE PRECINCT 1 AUDIT
FINDINGS AND ACTION PLANS**



Finding #2		Risk Level M
<p><u>Completeness of Deposit Slips</u> – There were 2 deposit slips out of the 60 transactions sampled where the deposit slip was incomplete and did not have a date. Incomplete deposit slips could lead to unnecessary bank fees, improper posting and possible non-compliance with LGC § 113.022 (Time for Making Deposits).</p>		
Recommendation		
<p>Constable Precinct 1 deputies should exercise due care when preparing deposits and submitting all supportive documentation.</p>		
Action Plan		
Person Responsible	Constable Precinct 1	Estimated Completion Date 11/15/18
<p>Constable will be conducting meetings and training sessions to ensure the deputies are re-familiarized with proper bank depositing procedures.</p>		

Finding #3		Risk Level M
<p><u>Improper Receipting and Recording</u> – While reviewing a sample of 60 manual receipt transactions, the following issues were identified:</p> <ul style="list-style-type: none"> • One receipt was labeled as a Justice of the Peace 5 warrant fee collection instead of the correct Justice of the Peace 1 collection. • One manual receipt did not match the amount posted in Odyssey. The deputy accepted a cash payment and filled out the receipt before verifying the amount in Odyssey. Once the overpayment error was discovered, the deputy altered the original receipt, but not the carbon copies, to match the actual amount owed and returned the overpayment to the individual. • Two of the 60 sampled transactions, or 3%, had transactions listed as "mail payments". When these were brought to the Constable's attention, he stated that they only receive civil and foreign civil processing payments in the mail and not criminal citation payments. Therefore, the warrant payments posting as a "mail payment" was an error by the deputy. • While reviewing a sample of 49 civil and miscellaneous fee Odyssey receipts, 33 or 67% were erroneously posted and labeled as criminal warrant fee collections. <p>Erroneous posting increases the risk of improper financial reporting and altered receipts can increase the risk of monetary loss to the County.</p>		
Recommendation		
<p>All deputies should exercise due care in accurately posting collections into Odyssey. If an error on a manual receipt is discovered, the receipt should be labeled as "void" and a new receipt should be issued; altering receipts is unacceptable. The office Policies and Procedures should be updated to include procedures on proper receipt issuance and voiding. The Constable may weigh the option of additional training if he feels necessary.</p>		
Action Plan		
Person Responsible	Constable Precinct 1	Estimated Completion Date 11/15/18
<p>Constable will share and discuss the findings listed in this audit report to ensure proper receipting and recording of payments received. Further, Constable will update his policies and procedures to include a section relating to proper handling and voiding of receipts.</p>		



**EI PASO COUNTY
CONSTABLE PRECINCT 1 AUDIT
FINDINGS AND ACTION PLANS**



Finding #4		Risk Level M	
<p><u>Recording of mailed payments</u> – Lack of segregation of duties and mail log issues exist. We sampled 27 mailed in civil and foreign civil processing payments received by the Constable’s office, the following issues were noted:</p> <ul style="list-style-type: none"> • One foreign civil processing payment in the amount of \$100 was logged in as received and served on June 23, 2017. However, the transaction could not be traced to a bank deposit. Constable was made aware of the situation and is currently investigating the incident. • Three foreign civil processing payments, totaling \$300, were recorded in the Odyssey system but were not logged into the Constable’s office mail log. • Seven tax case civil processing payments totaling \$700 for warrant service for other counties, were recorded in Odyssey but could not be located on the mail payment logs for the time period under review. It was later discovered that these tax cases were logged into mail logs outside of the scope of this review when initial paperwork was remitted by the other county. When the case is settled at a later date by the other county, court costs are collected and the civil process fee owed to the El Paso County Constable office is remitted for services rendered. The receipt of payment was not logged because the case was already documented on an earlier log. • Lack of separation of duties among the deputies. One deputy receives, records on the mail log and records and receipts the information into Odyssey. <p>Lack of segregation of duties and improper posting of collections in the Odyssey system and on the office mail log could lead to potential misuse of funds or loss of revenue for the County.</p>			
Recommendation			
<p>Constable Precinct 1 should ensure all deputy collections are entered into Odyssey with the proper payment type. Further, ALL payments should be recorded into the office mail log upon receipt. If the receipt of paperwork has been logged on a previous date, the current receipt of payment should be logged and referenced to the initial paperwork receipt date. Also, the Constable should implement a segregation of duties policy when dealing with mailed in civil fee payments and the office policies and procedures should be updated with the new policy. In regard to the unaccounted transaction, the Constable is liable for the \$100 shortage in accordance with Article XVI, §61 of the Texas Constitution.</p>			
Action Plan			
Person Responsible	Constable Precinct 1	Estimated Completion Date	11/15/18
<p>Constable will begin to implement the following action plans:</p> <ul style="list-style-type: none"> • In regards to the unaccounted for \$100 mailed in payment, the Constable has agreed to perform his due diligence and continue his research of the matter. However, if this matter cannot be resolved the Constable has agreed to remit to the County the amount in question in accordance with Article XVI, §61 of the Texas Constitution within a two week time period. • Solutions to documenting payments through the office mail log to ensure tracking to initial receipt of paperwork will be explored and the best option implemented. • The Constable has agreed to separate the duties regarding the acceptance, recording, posting and depositing of payments received by mail between two deputies. The first deputy will receive the mailed payments and record the information on the payment received log. The second deputy will post the payment into Odyssey and prepare the deposit to be submitted to the bank. These assignments will be rotated on a quarterly basis among all deputies. 			



**EI PASO COUNTY
CONSTABLE PRECINCT 1 AUDIT
FINDINGS AND ACTION PLANS**



Finding #5		Risk Level L	
<p><u>Manual Receipt Book Log</u> – Manual receipt books are assigned to deputies without recording the receipt book and assignment information. This lack of internal control can lead to misappropriation of receipt books, fraud and undocumented collections.</p>			
Recommendation			
<p>Constable Precinct 1 should institute a manual receipt book log showing which receipt book is assigned to which deputy. Further, this receipt log should also be used to show when used receipt books have been remitted to the County Auditor’s Cash Management division (formerly the Treasury Division).</p>			
Action Plan			
Person Responsible	Constable Precinct 1	Estimated Completion Date	Immediately
<p>Constable has agreed to implement a manual receipt book log to ensure proper assignment of all issued receipt books. Further, any books not in use shall be placed in a secure location with limited access.</p>			