



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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11-02

November 1, 2018

The Honorable Jo Anne Bernal  
County Attorney  
Room 503, County Courthouse Building  
500 E. San Antonio  
El Paso, Texas 79901

Dear Ms. Bernal:

The County Auditor's Internal Audit division performed an audit of the County Attorney's Office financial records for July 2017 through March 2018 to determine if internal controls were adequate to ensure proper preparation of County Attorney's financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. We tested one operational control and six financial controls with a total of 85 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of County Attorney's 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,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion  
County Auditor

EAD:RB:ya

cc: Mrs. Betsy Keller, County Chief Administrator



## County Attorney's Office

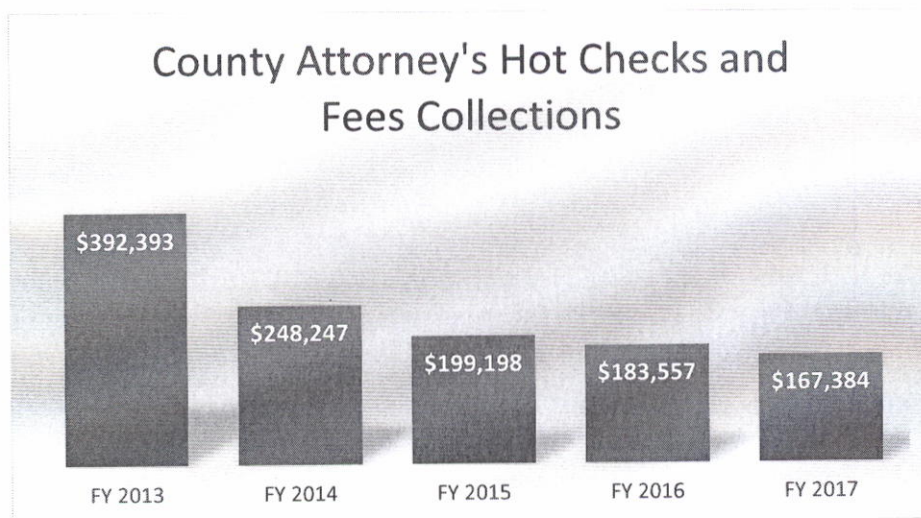


### EXECUTIVE SUMMARY

#### BACKGROUND

The County Attorney's Criminal Unit is responsible for the prosecution of those engaging in abusive and dishonest business practices (DBP), writing hot checks, engaging in environmental crimes. The Criminal Unit also files civil law suits when people fail to appear to court or own or operate a property where habitual criminal activity occurs. Criminal business practices can only be prosecuted by the State. The County Attorney has the responsibility to determine which cases should be prosecuted, and which cases should be declined. In the past, defendants made restitution through the CA's office, but this practice has stopped and has not been in effect since October of 2017. Restitution is collected by the El Paso County Community Supervision and Corrections Department (EPC CSCD), unless a defendant was already placed on probation, then the payments are collected by the County's Financial Recovery Department. Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month, except DBP. This audit was performed by Ruth Bernal, internal auditor senior. The most recent prior audit report was issued on September 1, 2017.

The following chart is a comparison of hot checks and fees collected at County Attorney's Office for the past five fiscal years.



#### AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to County Attorney financial reports. Following are the business objectives and related control.

Business Objective	Control Assessment
1. Document and follow policies and procedures	Needs Improvement
2. Functioning appropriate cash controls.	Needs Improvement
3. Timely deposits of daily collections in accordance with <i>Local Government Code 113.022</i> .	Satisfactory
4. Adequate controls of voided transactions.	Satisfactory
5. Maintain proper supporting documentation of transactions.	Satisfactory

#### SCOPE

The scope is July 2017 through March 2018.

#### METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count of hot checks collections on April 17, 2018, in accordance with Texas *Local Government Code §115.0035*;





County Attorney's Office



EXECUTIVE SUMMARY

- Reviewed a sample of hot checks daily cash count sheets to determine deposit completeness, accuracy and posting to the County financial system, Munis;
- Reviewed Miracle Delivery logs and compared them to deposits slips from hot checks and bad checks accounts to verify proper documentation and timely deposit;
- Conducted interviews with County Attorney personnel to determine current processes and controls, such as adequate segregation of duties, dual controls, and safeguarding of information and assets;
- Tested a sample of restitution checks issued to verify disbursements were made only after funds were received;
- Reviewed Bad check account bank reconciliations and compared them to County Attorney records to verify information completeness, accuracy and posting to Munis;
- Reviewed voided transactions to determine adequate controls are in place;
- Reviewed prior audit recommendations and action plan(s) to determine implementation status.

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 the status of the prior audit report findings, and related details and management action plans for the current findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> <li>• Timely deposit of daily collections. (Obj. 3)</li> <li>• Adequate controls of voided transactions (Obj. 4)</li> <li>• Maintain proper supporting documentation ( Obj. 5)</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and procedures. (Obj. 1)</li> <li>• Cash controls (Obj. 2)</li> </ul>
Finding Summary	
<ol style="list-style-type: none"> <li>1. Policies and procedures need to be updated.</li> <li>2. Bad Check account has outstanding checks for more than six months.</li> </ol>	

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 internal control structure of the County Attorney's Office was satisfactory for three of the five objectives of this audit. However, implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



## County Attorney's Office



### FINDINGS AND ACTION PLANS

#### Prior Audit Findings Summarized with Current Status

##### Status

● Closed

1. **Finding:** Two checks payable to two different individuals dated November 30 and December 31, 2010, and an envelope with documentation and money orders from 1998 were found in the safe.

**Recommendation:** All funds received should be deposited according to County policy. Old checks and money orders found in the safe should be researched in order to properly process them.

**Action Plan:** The checks and money orders in the safe were placed there as a result of an investigation completed in 2009 and as such are an exception to the policies and procedures in place. All checks and money orders have been categorized, the following actions have been taken: CA will be depositing American Express and US Postal Money Orders, CA has contacted Comptroller Office regarding re-issuance of checks made out to CA, CA contacted Auditors regarding checks made out to merchants for re-issuance. The 2010 checks named above are void; however, the issuing entity has been contacted and re issuance has been requested. It is the County Attorney's policy to deposit all funds received the next working day. *Resolved.*

● Closed

2. **Finding:** DBP restitution payments are recorded on an Access Data Base system. However, the system does not prevent the user from backdating the collection of the payments. Also, the system cannot provide a list of cases with pending balances.

**Recommendation:** The County Attorney's Office should consider the possibility of utilizing Odyssey to post DBP restitution payments on cases that do not have probation. This will ensure payments are not backdated and documentation will be all in one system for any future inquiries on these types of cases.

**Action Plan:** Beginning October 1, 2017, probation cases with restitution will be handled by the Probation department. The recommendation to have DBP restitution payments posted utilizing Odyssey is not a function that is available to us in Odyssey. It should be noted that "backdating" is not an issue due to the procedure requiring copying all payment instruments when posted. However, an excel worksheet carrying pending balances will be developed. *Auditor's note: The excel worksheet was developed and provided to the Auditor; the CA's office worked with the Probation Department, the county courts, ITD, the Financial Recovery Department, and individual probation officers to modify the probation of every single person on probation ordered to pay restitution to the CA's office (those cases resolved and still active prior to October 17, 2017). For our efforts, only 24 probation cases remain outstanding to have payments transferred over to the FRD, and the majority of those cases have not transitioned because the probationers have absconded from probation (therefore, the CA's office is not collecting restitution in those cases).*





County Attorney's Office



FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1	Risk Level <b>H</b>		
<p><b>Policies and Procedures</b> – Documented Policies and Procedures are not updated.</p> <ul style="list-style-type: none"> <li>• Collections discrepancies - While reviewing the hot check collections at the Ysleta Annex, there were two instances in which the cash count sheets submitted to the County Attorney's Office had a small difference to the amount submitted to the Auditor's office. It was explained that at the annex, they don't have a change fund and they should receive the exact amount. Policies and procedures do not indicate payments should only be accepted for the exact amount.</li> <li>• Voided transactions - The County Attorney's Office has procedures in place for voided transactions; however, details such as only authorized employees can void transactions on Odyssey are not documented.</li> </ul> <p>It is important to have detail policies and procedures to provide guidance to the County employees on how to safeguard public assets and to help strengthen the internal controls. Documented current policies and procedures also help ensure consistent practices among employees, accurate financial documentation, ability to enforce employee responsibility and reduce processing errors due to a lack of knowledge.</p>			
<p><b>Recommendations</b></p> <p>Policies and procedures should be updated and include specific details as follows:</p> <p>Collections:</p> <ul style="list-style-type: none"> <li>• Acceptable tender types</li> <li>• Overage and shortages policy</li> <li>• Posting on Odyssey</li> <li>• Robbery guidelines</li> <li>• Disciplinary action</li> <li>• Cash handling training requirements</li> </ul> <p>Voids:</p> <ul style="list-style-type: none"> <li>• Transactions that need to be voided</li> <li>• Supporting documentation that should be attached.</li> <li>• Authorized personnel</li> </ul> <p>Updated policies should be distributed to employees and acknowledgement documented.</p> <p>Auditor's note: Updated policies and procedures for collections were received on June 28, 2018 and void procedures were received on October 9, 2018. No further action is necessary.</p>			
<p><b>Action Plan</b></p>			
<p><b>Person Responsible</b></p>	<p><b>Trial Team Chief</b></p>	<p><b>Estimated Completion Date</b></p>	<p><b>October 9, 2018</b></p>
<p>Recommendations have been met.</p>			



**County Attorney's Office**  
**FINDINGS AND ACTION PLANS**



<b>Finding #2</b>		<b>Risk Level (M)</b>	
<p><b>Outstanding checks for more than six months</b> – As of March 2018, eleven checks issued from March 2014 through September 2017 are still outstanding from the Bad check account. From those 11 checks, three checks were issued to County employees and one to the County of El Paso which could easily be contacted to determine why they haven't cashed the checks.</p>			
<b>Recommendations</b>			
<p>County Attorneys' Office should coordinate with Cash Management-Audit division (formerly Treasury) to obtain a copy of the bank reconciliation on a monthly basis. County Attorney's Office should review transactions cleared and in transit. It is also recommended that if checks issued to County employees or El Paso County are outstanding for more than 90 days, the corresponding party should be contacted to determine the reason for the check not being cashed and ask if the check could be reissued.</p>			
<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Office Administrator Administrative Unit</b>	<b>Estimated Completion Date</b>	<b>November 30, 2018</b>
<p>County Attorney's office voided checks outstanding for more than six months; they are doing some research to determine if the checks issued to County employees and the County need to be reissued. Also, Cash Management Audit division had been contacted to obtain the bank reconciliations on a monthly basis in order to County Attorneys' Office can have access to the information and take the corresponding action to correct any problems.</p>			