



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-12

May 16, 2019

Ms. Maggie Morales-Aina
El Paso County Community
Supervision and Corrections Department
800 East Overland, Suite 100
El Paso, Texas 79901

Dear Ms. Morales-Aina:

The County Auditor's Internal Audit division performed an audit of the El Paso County Community Supervision and Corrections Department (EPC CSCD) financial records to determine if internal controls are adequate to ensure proper preparation of EPC CSCD financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. We tested two operational and six financial controls using 444 samples. There were two finding noted as a result of the audit procedures, one was a repeat finding. We wish to thank the management and staff of EPC CSCD 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:BT:ya

cc: The Honorable Ruben Morales, Council of Judges Local Administrative Judge
The Honorable Linda Chew, Local Administrative District Judge



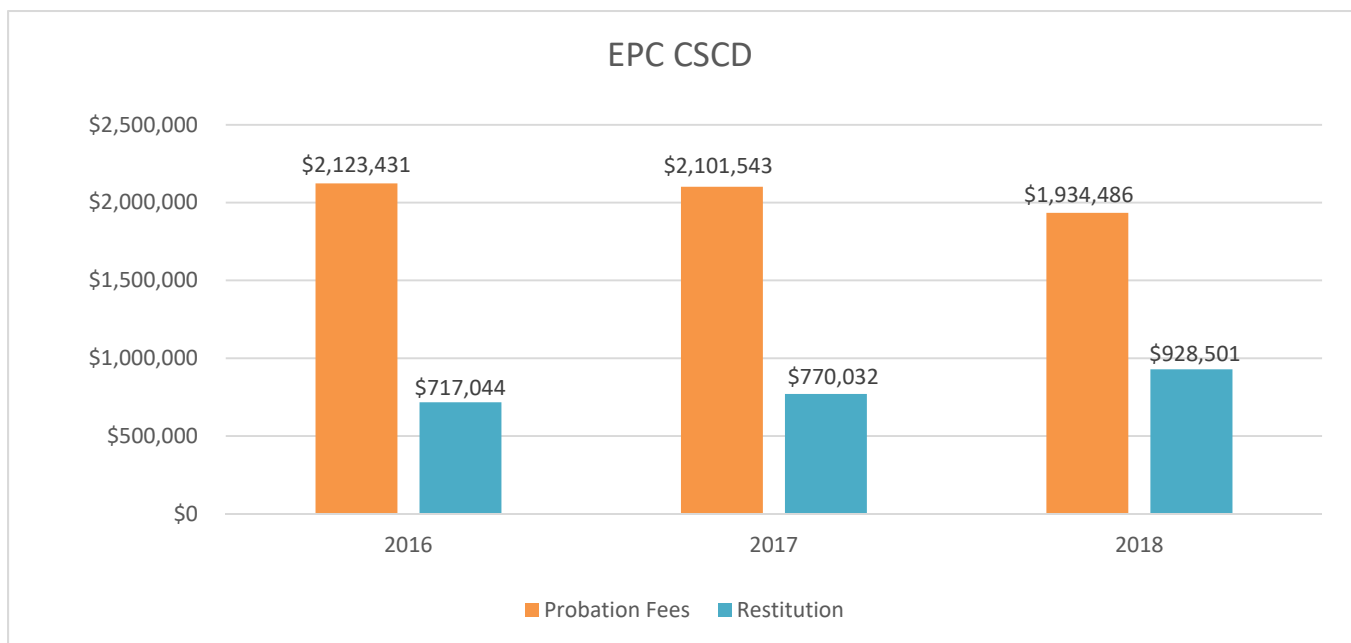
EPC CSCD EXECUTIVE SUMMARY



BACKGROUND

The El Paso County Community Supervision and Corrections Department (EPC, CSCD) provides probation and community corrections services to 14 District Courts, 6 County Courts-at-law, 4 County Criminal Courts, 2 County Courts and the Jail Magistrate Court in the region dealing with criminal cases. This region includes El Paso, Culberson and Hudspeth counties. The department is responsible for, among other duties, the management of court ordered payments, which include probation fees and restitution payments. The director is appointed every two years by District and Statutory County Court Judges trying criminal cases in the County or counties served by the judicial district. There is one main fiscal office and five satellite field offices that receive payments. The audit was performed by Bertha Tafoya, internal auditor. The most recent prior audit report was issued on March 21, 2018.

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of Community Supervision fees and Restitution collected at the EPC CSCD for the past three fiscal years. The fiscal year for EPC CSCD ends August 31 each year.



Source: Munis

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to EPC CSCD. Following are the business objectives and related controls assessments.

Business Objective	Control Assessment
1. Documented policies and procedures as they relate to the collections of funds	Satisfactory
2. Functioning appropriate cashiering controls	Satisfactory
3. Timely deposits of daily collections in accordance with Local Government Code 113.022.	Satisfactory
4. Completeness and timely posting of manual receipts issued.	Satisfactory
5. Proper void and reversed Odyssey entries	Satisfactory
6. Completeness of the payment mail log and timely posting to Odyssey	Needs Improvement
7. Disbursement of Restitution as per <i>Government Code 76.013(b)</i>	Needs Improvement
8. Adequate non-financial security and operational measures	Satisfactory



EPC CSCD EXECUTIVE SUMMARY



SCOPE

The scope of the audit includes financial records from September 2017 through August 2018. This audit does not include the fiscal services provided by the County Auditor’s Office. Future audits will be expanded to include these services.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures as they relate to the collection of funds and applicable statutes.
- Performed surprise cash counts of all offices receiving payments in accordance with *Local Government Code (LGC) §115.0035* as follows: Socorro field office, Aug 2; Vinton field office August 8; Cohen field office Aug 13; Industrial field office (moved to Socorro Annex), Aug 13; main fiscal office, Aug 15; and George Dieter field office, Aug 23.
- Tested a sample of daily collections to ensure compliance with *LGC §113.022*.
- Tested a sample of daily deposit slips and verified posting to the County’s financial system.
- Reviewed manual receipt books for adherence to usage procedures and controls.
- Tested a sample of mail log entries for timely deposit in accordance with *LGC §113.022*, completeness, and timely posting to Odyssey.
- Reviewed a sample of voided payments, adjustments, and reversed transactions in Odyssey to verify legitimacy.
- Reviewed processes in regards to documenting and re-issuing of five-year old unclaimed restitution payments to ensure disbursement are made in accordance with *Government Code (GC) 76.013(b)*
- Reviewed returned payment processes to ensure documentation and disbursements were made in accordance with *Government Code (GC) 76.013(b)*
- Reviewed operational processes and controls of security system for adequacy.
- Verified resolution of prior audit issues.

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"> • Documented policies and procedures (Obj. 1) • Functioning cashing controls (Obj. 2) • Timely deposits of cash collections in accordance with <i>LGC 113.022</i> (Obj. 3) • Manual receipt procedures (Obj.4) • Documented void, reversed, and adjustments (Obj.5) • Adequate operational controls (Obj.8) 	<ul style="list-style-type: none"> • Payment by mail log (Obj.6) • Procedures for restitution received and disbursed <i>GC) 76.013(b)</i> (Obj. 7)
Findings Summary	
<ol style="list-style-type: none"> 1. Restitution process for disbursements to victims is not in accordance with <i>GC 76.013(b)</i>. (Repeat finding) 2. The payment by mail logs for the North East and East Side field offices are not complete. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the EPC CSCD assets from loss, theft, or misuse. The EPC CSCD 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.



EPC CSCD EXECUTIVE SUMMARY



Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

EPC CSCD has implemented improvements in their operations. They met six of the eight audit objectives. Implementation of the recommendations provided in this report should assist EPC CSCD in producing complete and accurate financial reports by strengthening their internal control structure.



EPC CSCD FINDINGS AND ACTION PLANS



Prior Audit Findings Summarized with Current Status

Status

- H** Open
See current
Finding #1
1. **Finding:** Restitution process for disbursements to victims is not in accordance with GC 76.013(b).
Recommendation: Victim Services Should ensure they are in compliance with GC 76.013(b). Current procedures should be reviewed and changed to ensure such compliance. This will reduce the risk of disbursements being mailed to incorrect addresses.
Action Plan: Management agrees with recommendation, to ensure restitution is delivered to the rightful owner; however, at this time initial restitution payments cannot be consistently or easily identified. County ITD personnel will be contacted to request a report of initial restitution received by the department. This will ensure payments will be remitted only to those victims who have made a claim for payment. Estimated completion date February 2, 2018.
- H** Closed
2. **Finding:** Restitution receipts issued to three payers with victim personal information.
Recommendation: Management should reinforce staff training to select the payer and not the victim when receipting restitution payments. Although payments by mail may not be received regularly, a log will serve as confirmation of payments. We also recommend management contact Tyler Technologies to pursue a possible remedy to prevent and/or eliminate the risk of issuing receipt to clients with printed victim information. Corrective action may prevent possible liability to the County from victims who may be affected by this type of error.
Action Plan: Management agrees with recommendation; staff has received additional training stressing the importance of ensuring the correct payer is selected from the drop down box. Management has contacted Tyler Technologies to request the victim names not be the default on the drop down list in the system and were told Tyler would need to get approval from all counties before any programming changes could be made. If such agreement were obtained, this would be a long term systemic solution. Estimated completion date June 14, 2017.
- M** Closed
3. **Finding:** Address updates in Odyssey are not performed timely or correctly.
Recommendation: We recommend procedures be implemented for all address updates to be posted correctly to Odyssey to ensure payments are issued using the updated address.
Action Plan: Management has implemented procedures to ensure address updates are posted correctly in Odyssey. Estimated completion date January 1, 2018.
- M** Closed
4. **Finding:** Uncashed payments to victims issued before address updates in Odyssey are not being re-issued.
Recommendation: We recommend victim payments returned undelivered or mailed but not cashed be voided and re-issued to victims whose addresses have been updated in Odyssey. This process should be documented in the procedures for updating victim addresses and should reduce unclaimed property being escheated to the State.
Action Plan: Management agrees with recommendation, procedures for updating victim addresses will be documented to ensure restitution is sent to the correct address. Only prior uncashed payments claimed by the victim (as requested as part of the address change verification process) will be reissued. This will in turn reduce unclaimed property escheated to the State. Estimated completion date March 31, 2018.
- M** Closed
5. **Finding:** Documented procedures need to be updated.
Recommendation: A policies and procedures manual outlining key operating functions such as the daily activities of the office should be periodically updated to reflect current procedures. Such procedures will be helpful as training tools, reference documents and may provide for continuity of internal controls when changes in personnel occur.
Action Plan: Management agrees with recommendation; revised policies and procedures are in the review stage and a copy of updated policies and procedures will be provided to the Auditor's Office. Estimated completion date February 28, 2018.
- M** Closed
6. **Finding:** Supporting documentation is not adequate in Odyssey.
Recommendation: Supporting documentation should be scanned to Odyssey and comments should be included for all case adjustments, voids, and reversals. Adjustments, voids and



**EPC CSCD
FINDINGS AND ACTION PLANS**



reversals should be approved by a supervisor and approval should be documented to reduce the risk of theft or fraud.

Action Plan: Management agrees with recommendation, procedures to address above issues are incorporated in the policies and procedures currently being updated. Estimated completion date February 28, 2018.

Current Audit Findings & Action Plans

Finding #1	Risk Level H
<p>Restitution disbursements process is not in compliance with GC 76.013 (repeat finding) - Payments returned by the postmaster were reviewed to verify proper procedures were followed to locate victims as per GC 76.013(b). The code states <i>“if an initial restitution payment is received by a department, the department immediately shall notify the victim of that fact by certified mail, mailed to the last known address of the victim. If a victim then makes a claim for the payment, the department promptly shall remit the payment to the victim. A department is obligated to make a good faith effort to locate and notify a victim that an unclaimed payment exists. The department satisfies the good faith requirement under this subsection by sending to the victim by certified mail on any one occasion during the period the defendant is required to make payments a notice that the victim is entitled to an unclaimed payment.”</i></p> <p>We noted the following issues in the current fieldwork:</p> <p>A) Notification process to victims of the initial restitution payment received as stated in GC 76.013(b) has not been implemented. The prior audit action plan indicated management would contact ITD to determine if a system report could be generated that would identify first restitution payments. Response was ITD is backlogged and it will be a long time before such a report could be designed. This continues to be a compliance issue. While improvements have been made to update victims’ information, victims are not always contacted, hence payments continued to be returned.</p> <ul style="list-style-type: none"> • A total of 93 or 3% of 3,423 restitution checks issued for the audit period were returned by the postmaster as undeliverable. These checks totaled \$36,972.69. • Updates to addresses in Odyssey for 44 of the 93 payments returned by the postmaster with a forwarding address ranged from nine to 251 days. <p>B) Reissued disbursements - 44 unclaimed payments from April 2012 through March 2013 totaling \$51,712.06 were re-issued on August 14, 2018, after the director of Victim Services stated the addresses had been reviewed and updated in Odyssey. We reviewed those payments and found:</p> <ul style="list-style-type: none"> • None of the cases reviewed showed a documented claim made by the victim as required by GC 76.013(b). • 26 or 57% were mailed to addresses confirmed as being incorrect prior to the disbursement date (addresses were not updated). From that mailing, 15 checks were returned as undeliverable by the post office; two checks were re-mailed to forwarding addresses and cashed; the remaining ten checks are still outstanding. • One of the outstanding checks was reissued to a payee different from the victim noted on the case documentation; that check was for \$2,100.00, was never cashed and was returned unclaimed on August 28, 2018. <p>Disbursing restitution payments without victims making a claim increases the risks of payments being mailed to incorrect or obsolete addresses; unnecessary costs to void, re-issue and/or re-mail payments; and possible loss or misappropriation of funds.</p>	
Recommendation	
Victim Services should ensure they are in compliance with LGC 76.013(b). Current procedures should be reviewed and amended to ensure such compliance including timely address changes.	
Action Plan	
Person Responsible	Deputy Director Davila
Estimated Completion Date	May 15, 2019
Management agrees with recommendation, alternate solutions will be explored to ensure timely address updates and compliance with LGC 76.013(b).	



**EPC CSCD
FINDINGS AND ACTION PLANS**



Finding #2	Risk Level M
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Logs for payments received by mail are not complete – Mail logs for the Main, North East (NE) and East Side (ES) offices were reviewed. The Main office had 1,415 mail payments, NE nine, and ES two.

Main office exceptions: None.

NE office exceptions:

- The date the payment was received was not included for one transaction.
- The posting for one transaction was delayed 61 days.
- Restitution was posted to Odyssey for a case flagged not to receipt restitution payments. The payment was subsequently disbursed as a restitution payment. The check was cashed and has not yet been recovered.
- The names for two customers were logged incorrectly.
- The same clerk receives and posts mail log transactions.

ES office exceptions:

- The same clerk received and posted both transactions.

When mailed payments are received and posted to Odyssey by the same clerk the risk of theft or fraud is increased. Inaccurate logging and untimely posting of mail payments also increases the risk of theft or fraud, hampers research, and provides poor customer service.

Recommendation

We recommend due care be exercised to ensure mail log entries are accurate and reviewed by management on a regular basis. Upon review completion, management approval should be documented on the mail log. This process should be included in the documented office policies and procedures.

It is also recommended the opening of payments received by mail and posting to Odyssey be done by two different employees. This will ensure segregation of duties and strengthen office internal controls

It is further recommended management determine what actions, if any, are needed to recover the probation fees that were paid out as restitution.

Action Plan

Person Responsible	Deputy Director Davila	Estimated Completion Date	June 15, 2019
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Management agrees with recommendations. Support staff for all field offices will be provided additional training to ensure payments by mail are processed in accordance with existing procedures. Mail logs will include monthly managerial reviews to ensure payments by mail are complete. Policies and procedures will be updated accordingly. Further, Deputy Director Victim Services will take action to ensure probation fees disbursed as restitution are recovered.