



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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01-08

January 14, 2019

The Honorable Delia Briones  
El Paso County Clerk  
500 E. San Antonio, Suite 105  
El Paso, Texas 79901

Dear Ms. Briones:

The County Auditor's Internal Audit division performed an audit of the El Paso County Clerk's office financial records to determine if internal controls are adequate to ensure proper preparation of County Clerk'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 nine financial controls with a total of 289 samples. There were four findings noted as a result of the audit procedures. We wish to thank the management and staff of the County Clerk'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,

Edward A. Dion  
County Auditor

EAD:RB:PT:ya

Attachment

cc: Ms. Betsy Keller, County Chief Administrator



## The Office of The County Clerk Audit



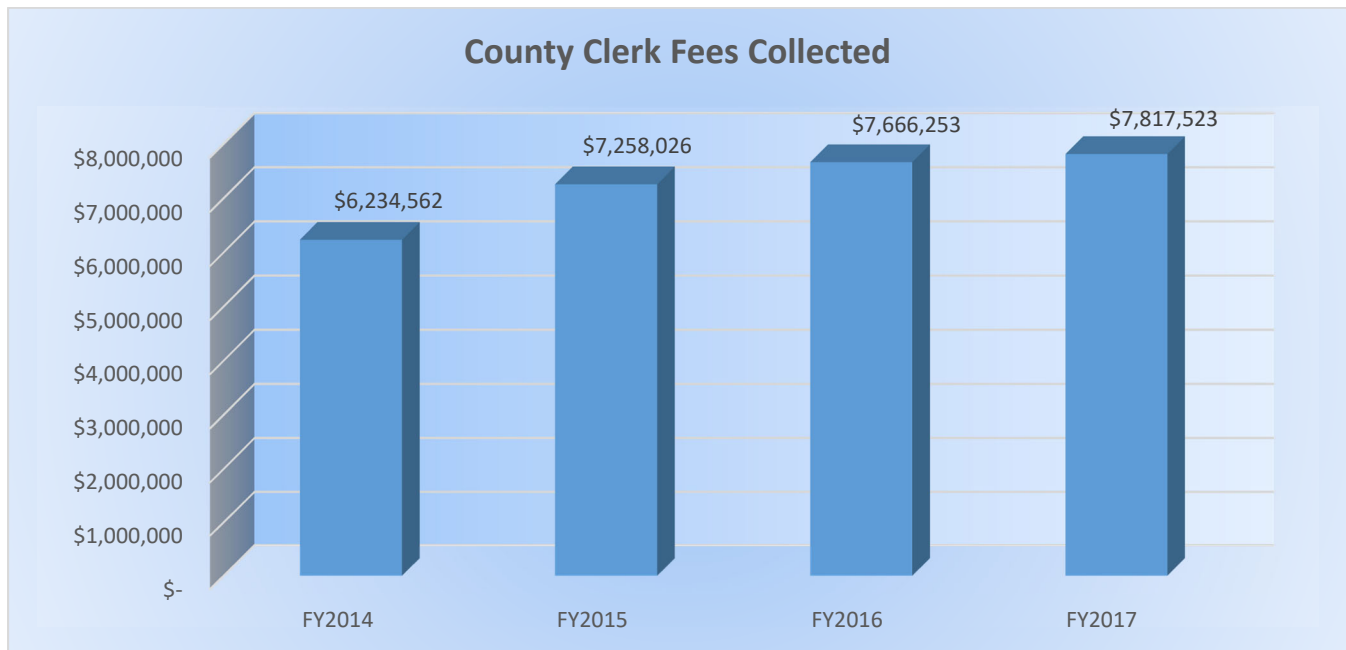
### EXECUTIVE SUMMARY

#### BACKGROUND

The Office of the County Clerk serves as clerk and custodian of records for the Commissioners Court, Constitutional County Courts and Statutory County Courts. The County Clerk acts as a recorder and custodian of important public records, including all bonds, deeds, birth and death certificates, assumed names and livestock brands, ensuring that records are maintained in a secure, archival manner and issues marriage licenses. The audit was performed by Ruth Bernal, internal auditor senior and Phillip Trevizo, internal auditor. The most recent prior audit report was issued on December 20, 2016. The status of prior year audit action plans may be found in the *Findings and Action Plans* section of this report.

#### FINANCIAL REPORTING

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) and TrackNet showing all transactions occurring each month. The following chart is a comparison of fees collected at the Office of the County Clerk for the past four fiscal years.



#### OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the County Clerk's office financial reports. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Void and reversed Odyssey/TrackNet entry controls	Needs Improvement
3. Storage and timely posting of manual receipts	Needs Improvement
4. Daily deposit procedures	Satisfactory
5. Appropriate Probate and Lunacy account controls	Unsatisfactory
6. Appropriate Cash Bond account controls	Unsatisfactory
7. Appropriate Investment accounts controls	Satisfactory
8. Completeness of the payment mail log and timely posting to Odyssey/TrackNet	Satisfactory
9. Court order compliance in dismissed cases	Satisfactory

#### SCOPE

The scope of the audit is from November 2016 through March 2018. Review of requirements for Commissioners Court meeting minutes is not included in this audit and will be reported on in a separate report.



# The Office of The County Clerk Audit



## EXECUTIVE SUMMARY

### METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count at County Clerk collections stations in accordance with *Local Government Code (LGC) §115.0035*.
- Reviewed a sample of daily deposit transactions and traced to deposits with Bank Accounts.
- Reviewed Odyssey and TrackNet systems void user rights and reviewed a sample of void and reversal entries to verify legitimacy of transactions.
- Reviewed manual receipt internal controls and tested a sample of manual receipts for appropriate and timely posting to Odyssey/TrackNet.
- Tested a sample of mail log entries for appropriate documentation and timely posting.
- Tested a sample of dismissed cases to verify disposition and supporting documentation.
- Reviewed the Probate and Lunacy bank account reconciliations for completeness and accuracy; furthermore, reviewed a sample of disbursements for appropriate documentation and management review and approval.
- Reviewed the Cash Bond bank account reconciliations for completeness and accuracy; furthermore, reviewed a sample of disbursements for appropriate documentation and management review and approval.
- Reviewed a sample of investment accounts for appropriate documentation of transactions and confirmation of account balances from financial institutions.

### 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 and management action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> <li>• Cash handling procedures (Obj. 1, Obj.4)</li> <li>• Investment accounts controls (Obj. 7)</li> <li>• Mail log controls (Obj. 8)</li> <li>• Court order compliance on dismissed cases (Obj. 9)</li> </ul>	<ul style="list-style-type: none"> <li>• Cash bond account reporting (Obj. 6)</li> <li>• Probate and Lunacy account reporting (Obj. 5)</li> <li>• Voided transactions controls (Obj. 2)</li> <li>• Manual receipt log controls (Obj. 3)</li> </ul>
Findings Summary	
<ol style="list-style-type: none"> <li>1. Odyssey Cash Bond Balance Report does not reconcile with the cash bond bank account.</li> <li>2. Odyssey Probate Balance Report does not reconcile with the probate bank account.</li> <li>3. Four former employees have user rights to conduct voids in County Clerk operating systems.</li> <li>4. There is no inventory log for manual receipt books in storage.</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 County Clerk's office met five of nine objectives for this audit. Implementation of recommendations provided in this report should assist the County Clerk's office in improving their internal control structure and produce accurate financial reporting.



## The Office of The County Clerk Audit



### Findings and Action Plans

#### Prior Audit Findings Summarized with Current Status

##### Status

- H** Closed
1. **Finding:** Fees waived or dismissed have been entered incorrectly as credits instead of charge reductions in Odyssey because clerks are not set up to adjust fees in Odyssey properly.  
**Recommendation:** Court Clerks be given proper permissions to be able to post charge reductions instead of credits into Odyssey.  
**Action Plan:** The County Clerk's Chief Deputy is working with ITD and the County Courts to provide updated Clerk permissions to be able to properly post fees that have been waived or dismissed. *Action plan implemented.*
- M** Closed
2. **Finding:** The Escrow account has been dormant for several years with a balance of \$3994.30  
**Recommendation:** Escrow funds that have not been disbursed should be reviewed and escheated to the State if the business/entity to which those funds belong to are no longer in business.  
**Action Plan:** The Accounting Manager is researching the bank account and is in the process of sending the remaining money to the State for escheatment. *Account closed July 2017, balanced transferred to consolidated fund for escheatment to the State.*
- M** Closed
3. **Finding:** The Civil account deposits and transfers are now deposited directly to the consolidated fund; however, there is a balance of \$46.44 that has not been transferred.  
**Recommendation:** Remaining funds should be transferred to the County's consolidated account and the civil account be closed to avoid any charges from the bank.  
**Action Plan:** The Accounting Manager is researching the bank account and is in the process to send the money to the County's consolidated account. *Account closed July 2017, balanced transferred to consolidated fund as miscellaneous collections.*
- M** Closed
4. **Finding:** TrackNet receipt numbers for mail payments are not documented on the mail payments log.  
**Recommendation:** All mail payments posted to TrackNet should have the corresponding receipt number documented on the mail payments log.  
**Action Plan:** The Cashiering Supervisor will ensure all payments logged will have the corresponding receipt number logged. *Action plan implemented.*





The Office of The County Clerk Audit



Findings and Action Plans

Current Audit Findings & Action Plans

Finding #1 Risk Level H

Cash Bond Account – While reviewing the Cash Bond account the following discrepancies were noted as of the audit period ending March 2018:

- 1. Odyssey Registry Trust Accounts with Balances Report (Cash Bond Odyssey Report) does not balance with the reconciled bank account.

Table with 2 columns: Description, Amount. Rows: March 2018 Bank Reconciled Balance (\$ 2,039,228.85), March 2018 Odyssey Report Balance (\$ 1,812,796.28), Bank Overage (\$ 226,432.57)

The discrepancy is an overage of \$226,432.57 in the bank account when compared to the Odyssey Report. Upon further inquiry it was explained by County Clerk Accounting Staff the discrepancy has been in existence since the Criminal conversion from JIMS to Odyssey on August 2013. This discrepancy implies we have cash in the bank for bonds that are not recorded on our system.

- 2. 24 District Clerk cash bond cases with a total balance of \$27,550.00 are being reported in the County Clerk Cash Bond Odyssey Report.
3. 13 expunged cases are reported in the Cash Bond Odyssey Report with balances totaling \$8,300.00
4. One cash bond case out of 30 cases sampled from the Cash Bond Odyssey Report had a \$300.00 balance; however, the balance was disbursed on 5/11/15.

Incorrect Cash Bond Odyssey Reports can increase the risk of misuse of fund and inaccurate financial reporting.

Recommendation

To improve cash bond account financial reporting accuracy, we recommended staff:

- 1. Research the conversion discrepancies and make corrections in Odyssey to ensure reports are balanced against the bank account;
2. Review report parameters to ensure District Clerk cash bonds are not being reported in the County Clerk Cash Bond Odyssey Report;
3. Research the expunged cases to verify if the funds have been disbursed and make appropriate adjustments in the system;
4. Timely record all cash bond disbursements in Odyssey;
5. Send notices to interested parties on disposed cash bond cases so balances can be disbursed; and
6. Periodically review cash bond balances to ensure transaction accuracy.

Action Plan

Table with 4 columns: Person Responsible, Accounting Manager, Estimated Completion Date, 5/31/2019

Report parameters will be reviewed to ensure District Clerk cases do not appear in the Cash Bond Odyssey report. The Cash Bond Odyssey report will then be reviewed to identify and correct cases with discrepancies. We will also conduct periodic review of disbursement for cash bonds to ensure posting in Odyssey.

The expunged cases were reviewed by the Expungement Clerk; however, we were unable to confirm the financials for the expunged cases. These case may have been expunged by District Clerk, as they are older cases and the expungement process was performed by their office at that time. We are currently working with District Clerk to confirm the financial information for these cases.

A list of cases with funds in the registry that have met the appropriate requirements will be sent to the corresponding court for action to be taken. This report will provide the court with the case number, defendant's name and amount of funds left in the registry which should either be released to the appropriate party or escheated to the State. The County Clerk's office will inform the Courts that the proper court order will be required to proceed with the action of



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Findings and Action Plans

clearing out the funds left in the registry. The Accounting Division will be in charge of producing the list of cases that are applicable. The list will be produced to the courts twice a year to keep them informed on these pending cases. The Accounting Division will be reviewing the cash bond balance activity on a monthly basis to ensure that the information has been entered and processed correctly.

Finding #2 Risk Level H

Probate and Lunacy Account – While reviewing the Probate and Lunacy account, the following discrepancy was noted as of the audit period ending March 2018:

- 1. The Odyssey Registry Trust Accounts with Balances Report (Probate Odyssey Report) does not balance with the reconciled bank account.

Table with 2 columns: Description, Amount. Rows: March 2018 Bank Reconciled Balance (\$ 5,949,687.22), March 2018 Odyssey Report (\$ 5,942,098.84), Bank Overage (\$ 7,588.38).

The discrepancy is an overage of \$7,588.38 in the bank account when compared to the Odyssey report. Upon further inquiry it was explained by County Clerk Accounting Staff that the discrepancy has been in existence since the Civil and Probate conversions from JIMS to Odyssey in August 2011. Incorrect Probate Odyssey Reporting can increase the risk of misuse of funds and inaccurate financial reporting.

Recommendation

To improve Probate and Lunacy account financial reporting accuracy, we recommended staff research the conversion discrepancies in Odyssey to ensure reports are balanced against the bank account and that Probate and Lunacy account balances be reviewed periodically to ensure transaction accuracy.

Action Plan

Table with 4 columns: Person Responsible, Accounting Manager, Estimated Completion Date, 5/31/2019

The monthly Registry & Trust Accounts with Balances Report will be reviewed to determine a starting point to research the discrepancies. All cases will be reviewed to ensure accurate information and to identify any discrepancy. The account balance will also be reviewed and compared to the bank reconciliation monthly.

Finding #3 Risk Level M

Voided transactions – While reviewing a report of system user rights provided by the Information Technology Department, we noted four former County Clerk employees are authorized to void transactions in County Clerk operating systems; one in Odyssey which the employee moved to a different department and still uses the system and three in TrackNet, of which two of the employees work for another County department and no longer use the system. Upon further inquiry, County Clerk staff stated when an employee leaves the County Clerk’s Office their procedures are to remove all systems access; however, these employees user rights were not properly removed from the systems.

Recommendation

We recommend the system user rights and rules of the four former County Clerk’s employees be reviewed. Access to TrackNet for the three former employees should be removed; while access to Odyssey for the former County Clerk’s employee that still uses the system should be moved under the right department. Also, employee separation procedures should be followed in the future to ensure proper removal of system access. We also recommend



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### Findings and Action Plans

County Clerk staff periodically verify operating systems user rights with ITD to ensure only authorized active employees of the County Clerk Department have system access.

#### Action Plan

Person Responsible	Functional Analyst	Estimated Completion Date	10/29/2018
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Access to TrackNet for the three former employees has been removed. The Financial Recovery Division has been informed one of their employees still appears as a County Clerk authorized user for Odyssey and corrective action has been requested on this matter. The County Clerk's Functional Analyst will be reviewing the staff's access to voiding transactions on a yearly basis to ensure that only the appropriate employees have access to these rights in the cashiering systems.

#### Finding #4

Risk Level **M**

**Manual Receipts Storage Log** – During a review of manual receipt internal controls, we noted there is no inventory log for new unused manual receipt books that are being held in storage by the County Clerk's Office. The manual receipt book log is only being utilized for manual receipt book issuance to the respective office divisions; however, no inventory of available unused manual receipt books is currently being kept. This increases the risk of manual receipt books to be misused due to no accountability of manual receipt book inventory.

#### Recommendation

We recommend staff implement an unused manual receipt book inventory log to document the physical count of manual receipt books that are in storage.

#### Action Plan

Person Responsible	Accounting Manager	Estimated Completion Date	11/09/2018
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A separate inventory log was implemented and is being maintained to document the physical count of manual receipt books in storage.