



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

02-10

February 20, 2019

Mr. Brian Stanley, Executive Director
Domestic Relations Office
500 E. San Antonio, Suite LL-108
El Paso, Texas 79901

Dear Mr. Stanley:

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

The audit report is attached. We tested seven financial controls and one operating control with a total of 103 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of the Domestic Relations 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 line extending to the right.

Edward A. Dion
County Auditor

EAD:DC:ya

cc: Ms. Betsy Keller, County Chief Administrator
Ms. Connie Moreno, Operations Manager
Domestic Relations Office



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**

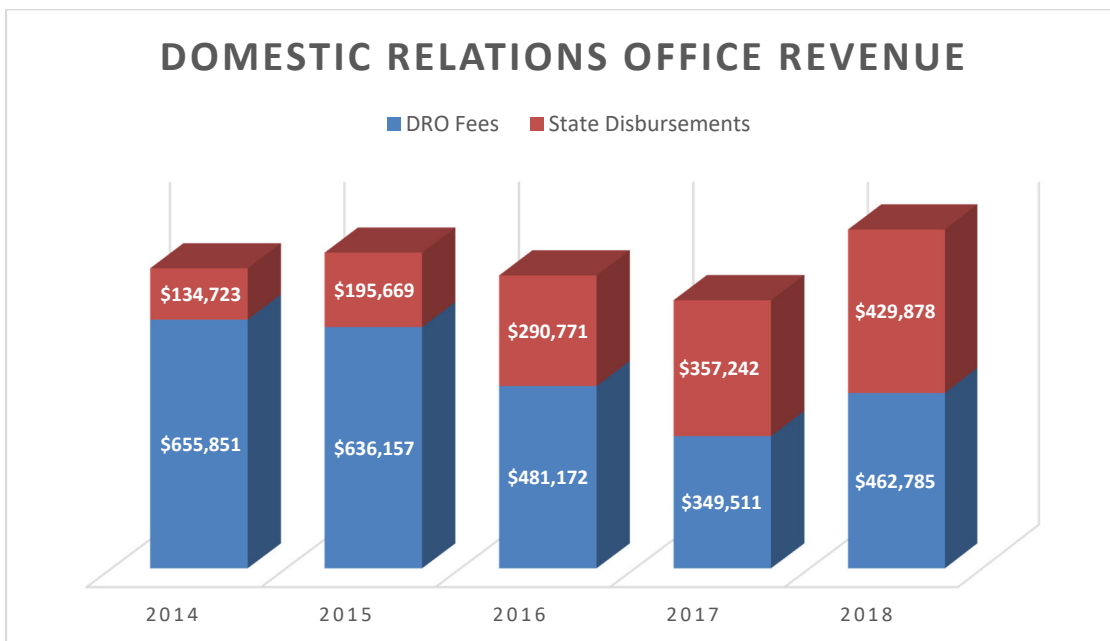


EXECUTIVE SUMMARY

BACKGROUND

The Domestic Relations Office (DRO) goal is to help families succeed after a divorce or separation and to establish cooperative parenting, enforce child support, medical support, insurance, out-of-pocket medical expenses and visitation. This office is composed of four main divisions: Child Support Enforcement, Community Supervision, Access and Possession, and Family Court Services. There has been a change in management in the DRO. The former Executive Director left the County in October 2017. The new Executive Director started in May 2018. This audit was performed by Daisy Caballero, internal auditor. The most recent prior audit was in March 2017; all findings from that audit have been resolved.

Financial reports are generated from the Odyssey Court and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of fees collected by the DRO for the past five fiscal years as recorded in the County financial system (Munis).



The DRO revenue decline from FY 2015 to FY 2017 was mainly due to a computer software conversion from the Judicial Information Management System (JIMS) to Odyssey. As part of the conversion in April 2015, the scofflaw process in JIMS was disabled. The conversion could not be completed, and reverted to JIMS; however, the scofflaw process was never reinstated. This error was not discovered until over a year after the failed attempt, resulting in a significant loss of income. DRO successfully went live on Odyssey in July 2017; however, the office was not able to bill all the 5,000 cases normally billed in JIMS on a monthly basis due to the lack of information on the current system (Odyssey). All information had to be entered manually and the billings were sent out as the case information was manually entered in Odyssey; these billings resumed in December 2017 when all the information was entered. There are about 12,000 additional deactivated cases from JIMS being cleaned up, researched, and entered in Odyssey as of the date of this report.

The State disbursements have increased due to an increase in contract rates and caseloads.

SCOPE

The scope of the audit includes financial records from November 2017 through October 2018



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



EXECUTIVE SUMMARY

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Timely bank deposits	Satisfactory
3. Reconciliation of daily deposits	Satisfactory
4. Office of the Attorney General (OAG) payments are received timely by the County	Satisfactory
5. Manual receipts are well documented and entered in Odyssey timely	Satisfactory
6. Completeness of the mail log and timely posting to Odyssey	Satisfactory
7. Adequate voided transactions controls	Unsatisfactory
8. Documentation of updated policies and procedures	Needs Improvement

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count at the Domestic Relations Office
- Observed the cashiering stations for secured lock boxes
- Reviewed a sample of daily deposit reports and compared them to daily deposit slips and Miracle Delivery logs for completeness, accuracy, and timeliness
- Prepared monthly revenue reconciliations of Odyssey to Munis to determine postings were complete, accurate, and timely
- Reviewed the OAG billings to confirm billing amounts were received and timely entered in Munis
- Reviewed manual receipt controls and inquired about manual receipts issued during audit period and verified none were issued by reviewing the manual receipt books
- Inquired about mail log procedures and traced a sample of mail payments to Odyssey
- Reviewed a sample of voided transactions for justification and management approval
- Reviewed policies and procedures for completeness and updates

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Cash handling controls (Obj. 1) • Timely deposit policy (Obj. 2) • Daily deposit reconciliations (Obj. 3) • OAG billings review (Obj. 4) • Manual receipt controls (Obj. 5) • Mail log controls (Obj. 6) 	<ul style="list-style-type: none"> • Voided transaction controls (Obj. 7) • Documentation of policies and procedures (Obj. 8)
Findings Summary	
<ol style="list-style-type: none"> 1) There are no voided transaction controls 2) Documented policies and procedures need to be updated 	



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



EXECUTIVE SUMMARY

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

DRO has implemented improvements in their operations. Implementation of the recommendations provided in this report should assist DRO in producing complete and accurate financial reports by strengthening their internal control structure.



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

M Closed

1. **Finding:** The December 2016 State Registry Services Contract payment has not been received.

Recommendation: OAG billings should be reviewed and tracked on a monthly basis to ensure payments are received timely and for the correct amounts

Action Plan: DRO is placing all invoices in a pending file and awaiting proof the funds have been received. This pending file will be reviewed on a monthly basis to ensure payments are received timely. *Resolved*

L Closed

Finding: The policies and procedures manual is incomplete.

Recommendation: The written policies and procedures should be updated to include the following:

- Mail log procedures
- OAG billing and review process
- Revised manual receipt process
- The retention period for financial records should be stated (4 years according to the *Texas Retention Schedule GR1025-27a*)

Action Plan: The policies and procedures manual will be updated. *Resolved.*



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



FINDINGS AND ACTION PLANS

Current Audit Findings

Observation #1		Risk Level H
<p>Voids – A sample of 19 of 95 voided transactions (20%) was tested for justification and management approval. The following was noted:</p> <ul style="list-style-type: none"> • Management does not initiate, review, or approve voided transactions. This is inconsistent with the DRO voided transactions policies and procedures which state “a supervisor will initiate all voids; cashiers are not authorized to initiate any void at any time”. • A \$136 credit card transaction was voided in Odyssey but not in the credit card machine. <p>Failure to enforce voided transaction controls could result in misappropriation of County funds.</p>		
Recommendation		
<ul style="list-style-type: none"> • Management should review and implement the DRO voided transactions policies and procedures. If the current documented procedure is no longer feasible, a new procedure with appropriate controls should be implemented. Voided transactions should be initiated or approved by management, as per the County Auditor’s Accounting Procedures Manual. • The \$136 voided credit card transaction should be researched and appropriate action should be taken, the case number has been provided to the operations manager. 		
Action Plan		
Person Responsible	Operations Manager	Estimated Completion Date 02/15/2019
<ul style="list-style-type: none"> • The new voided transactions procedure has been documented in the policies and procedures manual. Cashiers are permitted to void transactions and are to notify the supervisory administrative assistant sr. immediately that a void has taken place. All voided transactions will be logged in the voids log. The supervisory administrative specialist sr. will review the voids log on a monthly basis. As part of the review process, an Odyssey voids report will be generated for the review period and compared to the voids log to ensure completeness. • The \$136 credit card transaction will be refunded to reflect the correct financial balance. 		
Observation #2		Risk Level L
<p><u>Policies and Procedures</u> – The following policies and procedures have not been updated:</p> <ul style="list-style-type: none"> • Procedures affected by the integration of the Law Library to the DRO • Voided transaction procedures • Financial system used, update from JIMS to Odyssey <p>Policies and procedures serve as an accountability and training guide for employees and sets guidelines for best practices. Lack of documented procedures can increase the risk of inconsistent practices and possible losses to the County.</p>		
Recommendation		
The written policies and procedures should be updated to reflect current procedures and policies in use.		
Action Plan		
Person Responsible	Operations Manager	Estimated Completion Date 02/04/2019
Management concurs with the recommendation and has implemented the action plan.		