



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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March 25, 2019

The Honorable Ruben P. Gonzalez
County Tax Assessor - Collector
301 Manny Martinez
El Paso, Texas 79905

Dear Mr. Gonzalez:

The County Auditor's Internal Audit division performed an audit of the 12 County Tax Office full service contracted offices to determine if internal controls are adequate to ensure contractual compliance with the County Tax Office and all applicable state and local laws.

The audit report is attached. We tested three financial and three operational controls using 152 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of the Tax Office and the full service contracted offices 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 blue ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:BT:ya

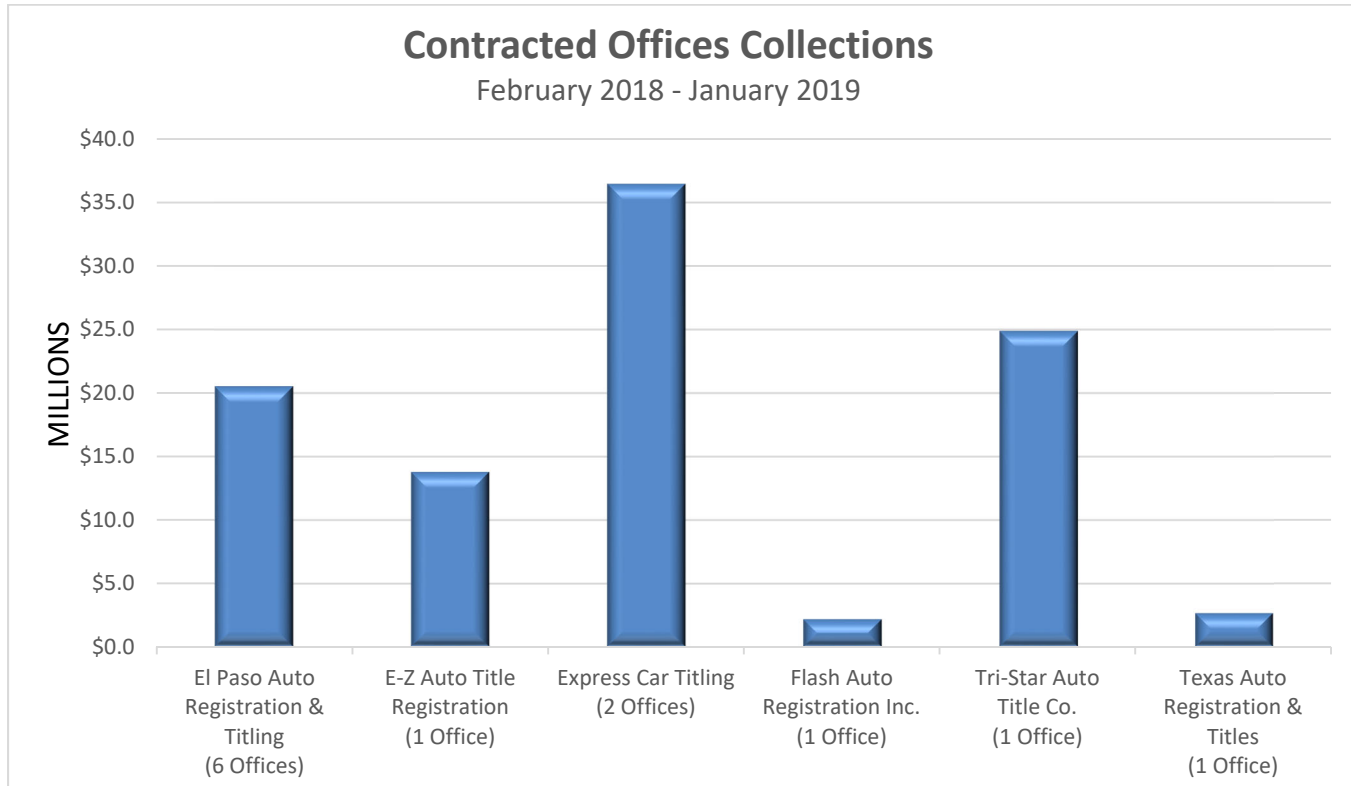
cc: Ms. Betsy Keller, Chief Administrator



EXECUTIVE SUMMARY

BACKGROUND

The current Tax Assessor Collector has been in Office since 2015. The office of the County Tax Assessor Collector is committed to the enforcement of the Texas Motor Vehicle laws. Such a commitment can only be attained through competence, dedication, and integrity on the part of all deputies. Pursuant to Texas Transportation Code §520.0071, the County Tax Assessor collector may, with the approval of the El Paso County Commissioners Court, deputize an individual or a business entity on a “full service basis” to issue motor vehicle registration license receipts (stickers) and prepare or accept applications for title transfers on behalf of the County Tax Assessor Collector, all in adherence with the law. There are six deputized businesses with a total of 12 full service contracted office locations. The following chart shows collections by contracted office for the scope of this audit.



Source: Registration and Title System (RTS) reports

The audit was performed by Bertha Tafoya, internal auditor. The prior audit was issued April 8, 2018.

SCOPE

The scope of the audit includes financial records from February 2018 through January 2019.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to Tax Office full service contracted offices. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Collections reflect RTS activity only	Satisfactory
2. Contract compliance - Deputy Fees Charged <i>Transportation Code §520.0071(a)(4)</i>	Satisfactory
3. Effective inventory controls	Satisfactory
4. Posting disclaimer affidavit compliance with County’s contract	Satisfactory
5. Contract compliance - Deputations <i>Transportation Code §520.0071(a)(b)</i>	Satisfactory
6. Contract compliance - Bonds & Insurance <i>Transportation Code §520.0071(3)</i>	Satisfactory



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Reviewed bond and insurance requirements to ensure compliance with *Transportation Code §520.0071(a)(3)*
- Reviewed employee deputation records to ensure compliance with *Transportation Code §520.0071(b)(2)*
- Performed surprise cash counts in accordance with *Local Government Code (LGC) §115.0035* as follows:
 - December 20 - Tri-Star Auto Title Co.
 - January 8 - Express Car Titling I and Texas Auto Registrations & Titles
 - January 9 - El Paso Auto Registration & Titling VI and EZ Auto Title Registration
 - January 14 - Express Car Titling II and Flash Title Registration Inc.
 - January 15 - El Paso Auto Registration & Titling I and IV
 - January 16 - El Paso Auto Registration & Titling II, III, and V
- Reviewed Deputy processing fees to ensure compliance with *Transportation Code §520.0071(4)*
- Reviewed access records to ensure only authorized personnel have access to the Registration Title System.
- Surprise physical inventory of license plates and handicap placards.
- Verify implantation of prior audit action plans.

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"> • Collections to RTS (Obj. 1) • Posting of fee schedule (Obj. 2) • Adequate Inventory controls • Posting of disclaimer sign (Obj. 4) • Employee deputation records (Obj. 5) • Bond compliance (Obj. 6) 	
Findings 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

The County Tax Office, as it relates to the full service contracted offices, met all objectives of this audit. Internal controls are adequate to ensure proper preparation of the full service contracted offices in producing complete and accurate financial reports. Processes documented appear to be operating efficiently.



Findings and Action Plans

Prior Audit Findings Summarized with Current Status

Status

- M** Closed

1. **Finding:** Flash Title Registrations Inc. did not display the disclaimer as required in the approved contract.
Recommendation: To ensure contractual compliance, all full service contracted offices must display the required disclaimer.
Action Plan: Management agrees with recommendation, required disclaimer sign is now displayed at Flash Title Registrations Inc. *Resolved.*
- L** Closed

2. **Finding:** Missing blue disabled placard at the El Paso Auto Registration and Titling II. Item No. 23 of the contract states an accurate inventory of placards must be maintained at all times.
Recommendation: To ensure contractual compliance, an accurate inventory of placards must be maintained by the full service contracted offices at all times.
Action Plan: Management agrees with recommendation, the outlined procedures on TAC Directive #011-2018 are to ensure all full service contracted offices maintain accurate inventory of disabled placards. *Resolved.*
- L** Closed

3. **Finding:** Checks are made payable to the order of the El Paso County for services rendered at Flash Title Registrations Inc.
Recommendation: To ensure contract compliance, Flash Title Registration Inc. should ensure their customers make checks payable to the order of the full service Deputy's individual name and/or business.
Action Plan: Management agrees with recommendation, effective March 1, 2018, payments by check will be accepted by the full service contracted office only if made payable to Flash Title Registrations Inc. *Resolved.*