



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA  
COUNTY AUDITOR  
[edion@epcounty.com](mailto:edion@epcounty.com)  
[www.epcounty.com/auditor](http://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

12-04

December 4, 2019

The Honorable Richard D. Wiles  
El Paso County Sheriff  
3850 Justice Drive  
El Paso, Texas 79938

Dear Sheriff Wiles:

The County Auditor's Internal Audit division performed an audit of the El Paso County Sheriff's Office financial records to determine if internal controls are adequate to ensure proper preparation of Sheriff'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 eight financial controls and one operating control with a total of 324 samples. There was one finding noted as a result of the audit procedures. We wish to thank the management and staff of the Sheriff'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:PT:ya

cc: Ms. Betsy Keller, County Chief Administrator



# EI PASO COUNTY SHERIFF’S OFFICE AUDIT



## EXECUTIVE SUMMARY

### BACKGROUND

The audit focused on the Sheriff’s Civil Section; the records section for Crime Records Evidence & Forensics Section (CREFS); the Bond Inmate Trust Section (BITS); and Texas Commission on Jail Standards (TCJS) State Paper Ready reporting. Financial reports are generated from the Odyssey Courts and Justice System (Odyssey), E-BOND system, RecWare, Tyler Cashiering and Contract Manager. Internal Sheriff’s office reporting was also used during the course of the audit. The audit was performed by Phillip Trevizo, internal auditor. The most recent prior audit report was issued January 8, 2018. The status of prior audit action plans may be found in the *Findings and Action Plans* section of this report.

### OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the El Paso County Sheriff’s Office. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Complete and accurate bank reconciliations	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Review and approval of disbursements from the General, Legal and Cash Bond bank accounts	Satisfactory
4. Manual receipt book log and manual receipts controls	Satisfactory
5. Complete and accurate State Paper Ready Inmate Reports	Satisfactory
6. Complete and accurate monthly bail bond posting of fee collections and reporting	Needs Improvement
7. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
8. Proper voided or reversed financial entries	Satisfactory

### SCOPE

The scope of the audit is from July 2017 through January 2019.

### METHODOLOGY

To achieve the audit objectives we:

- Performed cash counts at Sheriff’s CREFS and Civil Sections per Local Government Code §115.0035.
- Reviewed a sample of bank reconciliations and outstanding items.
- Reviewed a sample of daily collections and traced them to deposits.
- Reviewed the manual receipts log and tested a sample of manual receipts to Odyssey, or Tyler Cashiering as applicable.
- Reviewed a sample of monthly State Paper Ready Inmate Reports.
- Reviewed a sample of Bail Bond Posting Fee Collections Reports.
- Reviewed a sample of disbursements from the Sheriff’s Cash Bond, Legal and General bank accounts
- Tested a sample of mail log entries for completeness and traced them to Odyssey.
- Tested a sample of voided transactions for legitimacy.

### RESULTS

Listed below are control and findings 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>• Reconciliation of bank accounts (Obj. 1)</li> <li>• Cash Handling Procedures (Obj. 2)</li> <li>• Disbursement controls for General, Legal and Cash Bond bank accounts (Obj. 3)</li> <li>• Manual Receipt Log Control (Obj. 4)</li> <li>• Review of State Paper Ready Inmate Reports (Obj. 5)</li> <li>• Mail log controls (Obj. 7)</li> <li>• Voided and reversed transactions (Obj. 8)</li> </ul>	<ul style="list-style-type: none"> <li>• Bail Bond Posting Fee Collections (Obj. 6)</li> </ul>



## EI PASO COUNTY SHERIFF'S OFFICE AUDIT



### EXECUTIVE SUMMARY

#### Findings Summary

1. Three E- Bond fees were refunded in error.

#### **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 El Paso County Sheriff's Office met seven of eight business objectives for this audit. Implementation of recommendations provided in this report should assist the Sherriff's Office in improving the E-Bond Bail Bond Posting Fee Reporting.



## EL PASO COUNTY SHERIFF'S OFFICE AUDIT



### Findings and Action Plans

#### Prior Audit Findings Summarized with Current Status

##### Status

**Closed** (M)

- Finding:** Daily credit card transaction reports from Value Payment Systems (VPS), the County's third party credit card processor, were not matching the Daily E-BOND Transactions Reports

**Recommendation:** BITS staff should research the cause of discrepancies through collaborative work with County Information Technology Department (ITD), the County Auditor's Office and bail bond companies and determine an appropriate plan to correct the discrepancies and ensure accurate posting of future E-BOND transactions.

**Action Plan:** BITS will continue to research the discrepancies in collaboration with County ITD, the County Auditor's Office and bail bond companies to correct the discrepancies and ensure accurate posting of future E-BOND transactions. Resolved - *ITD created a New E-BOND Activity Log Report to include voided transactions that had a successful payment processed by VPS to improve matching with daily VPS reports. VPS also created a separate daily report for American Express transactions to better match the bank settlement of transactions. These new reports have reduced the discrepancies to reasonable timing differences due to the 24 hour operation of the jail.*



# EL PASO COUNTY SHERIFF'S OFFICE AUDIT



## Findings and Action Plans

### Current Audit Findings & Action Plans

Finding #1		Risk Level <b>M</b>										
<p><b>Three E-Bond fees were refunded in error-</b> While reviewing the New E-Bond Daily Transaction Reports it was noted a surety bond transaction from 12/19/18 was submitted by the bail bond company and successfully processed by VPS, however, the surety was voided by jail staff. BITS staff refunded the voided transaction on 1/14/19, however, the bail bond company submitted the surety bond again on 1/19/19 and credit for the \$15.00 bail bond posting fee from 12/19/18 was given by the E-Bond system. ITD was made aware this system issue could lead to discrepancies in reporting because refunds are issued monthly by BITS staff on voided transactions, and bail bond companies could receive bail bond posting fee credits for refunded transactions.</p> <p>Furthermore, there were also two instances of bail bond posting fee refunds for the following transactions which had a payment status of "Hold":</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Confirmation #</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>12/5/2018</td> <td>1418625</td> <td>\$ 15.00</td> </tr> <tr> <td>1/16/2019</td> <td>9273815</td> <td>\$ 30.00</td> </tr> </tbody> </table> <p>The payments were not successfully processed by VPS and upon further inquiry with ITD it was explained a payment status of "Executed" is confirmation of a successfully processed transaction. After further review it was noted the confirmation #1418625 transaction was voided, the bail bond company reposted the surety bond and paid the bail bond posting fee in person. Furthermore, the confirmation # 9273815 transaction was attempted on 8/30/18, but was never executed by the jail and it remained in the incoming queue before it was cleared (voided) by jail staff on 1/16/19.</p>				Date	Confirmation #	Amount	12/5/2018	1418625	\$ 15.00	1/16/2019	9273815	\$ 30.00
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1/16/2019	9273815	\$ 30.00										
<p><b>Recommendation</b></p> <p>We recommend in instances of voided and reposted surety bonds in the E-BOND system, the bail bond posting fee payment availability should be limited to the 24 hour hold by VPS, thereafter; the bail bond companies will need to repay the fee and a refund will be issued for the voided transaction. We also recommend BITS staff contact the bail bond companies that received the refunds issued in error and request payment be made to the County. Furthermore, due care should be exercised by BITS staff to ensure payments are successfully processed by VPS before issuing a refund for voided transactions. Also, we recommend jail staff void submitted powers of attorneys in a timely manner to avoid transactions lingering in the incoming queue for long periods of time.</p>												
<p><b>Action Plan</b></p> <table border="1"> <thead> <tr> <th>Person Responsible</th> <th>BITS/ITD</th> <th>Estimated Completion Date</th> <th>10/24/2019</th> </tr> </thead> <tbody> <tr> <td colspan="4"> <p>ITD fixed the system issue in its latest system update, and the reposting payment credit availability will be limited to the 24 hour hold by VPS. The three bond posting fee transactions highlighted in the Auditor's report have been reimbursed to El Paso County. The initial collection of these posting fees through the E-BOND system was correct but due to unforeseen events the bonding companies withdrew the E-Bond transaction. At the behest of BITS, a new "E-Bond Activity" report was created by ITD that helps us identify E-Bond transactions that have been voided and thereby will require a posting fee refund to the bond company. It is not uncommon for E-Bond transactions to be voided by bonding companies or by Detention Officers especially when wrong warrant numbers, case numbers, charges, or bond amounts are discovered in the Odyssey system.</p> </td> </tr> </tbody> </table>				Person Responsible	BITS/ITD	Estimated Completion Date	10/24/2019	<p>ITD fixed the system issue in its latest system update, and the reposting payment credit availability will be limited to the 24 hour hold by VPS. The three bond posting fee transactions highlighted in the Auditor's report have been reimbursed to El Paso County. The initial collection of these posting fees through the E-BOND system was correct but due to unforeseen events the bonding companies withdrew the E-Bond transaction. At the behest of BITS, a new "E-Bond Activity" report was created by ITD that helps us identify E-Bond transactions that have been voided and thereby will require a posting fee refund to the bond company. It is not uncommon for E-Bond transactions to be voided by bonding companies or by Detention Officers especially when wrong warrant numbers, case numbers, charges, or bond amounts are discovered in the Odyssey system.</p>				
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