



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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05-15

May 12, 2020

The Honorable Oscar Ugarte  
Constable Precinct 1  
424 Executive Center, Suite 100  
El Paso, Texas 79902

Dear Constable Ugarte:

The County Auditor's Internal Audit division performed an audit of the El Paso County Constable Precinct 1 office to determine if internal controls are adequate to ensure preparation of Constable 1 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested five financial controls and two operational controls using 214 samples. There were two findings noted as a result of the audit procedures; one was a repeat finding. We wish to thank the management and staff of the Constable Precinct 1 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 blue ink that reads "Edward A. Dion".

Edward A. Dion  
County Auditor

EAD:JO:ya

cc: Mrs. Betsy C. Keller, Chief Administrator



**EI PASO COUNTY  
CONSTABLE PRECINCT 1 AUDIT  
July 2018 through December 2019**



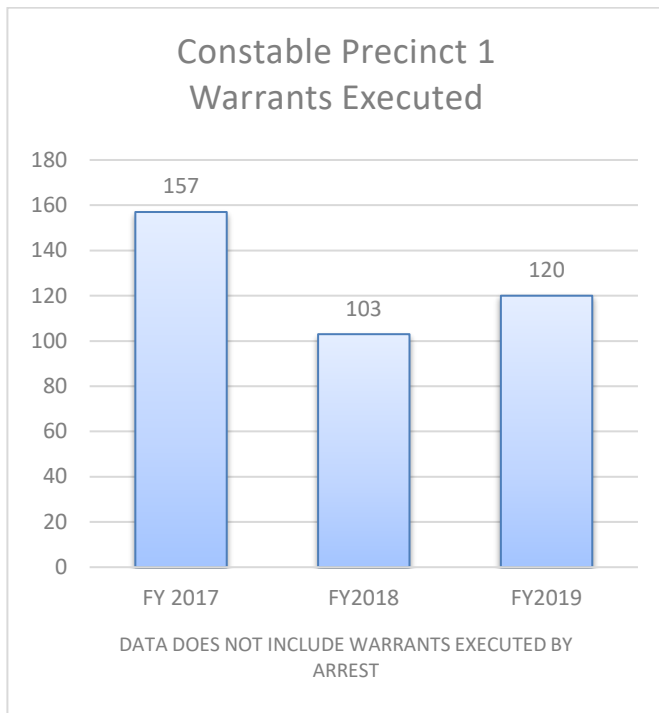
**EXECUTIVE SUMMARY**

**BACKGROUND**

Constables are elected officials and serve four year terms within each justice precinct. Constables have the same duties and powers as do police officers and sheriffs, and have the duty to serve warrants, precepts, and civil process lawfully directed to them. Constables are also required by law to be present, or ensure one of their Deputy Constables is present, during hearings held by the Justice of the Peace. Constable Ugarte was appointed Constable as of March 14, 2016. The audit was performed by James O’Neal, internal auditor manager – senior. The previous audit report was issued on October 31, 2018.

**FINANCIAL REPORTING**

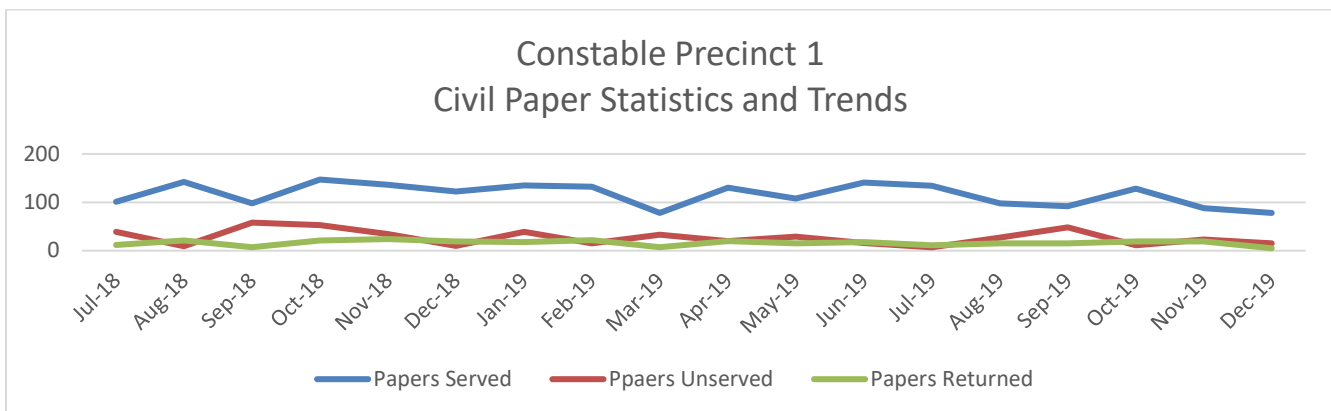
Financial and statistical reports are generated from the Odyssey Courts and Justice System (Odyssey). The following charts represent statistical and financial data for the Constable Precinct 1 office. The first statistical chart shows the actual number of warrants executed (served) by the Constable’s office per fiscal year. The second financial chart shows the actual collections of warrant and civil processing fees by the Constable’s office. The third statistical chart shows the trend of civil papers served, unserved and returned for the scope of this audit.



Source: Odyssey Courts and Justice System



Source: Odyssey Courts and Justice System



Source: Odyssey Courts and Justice System



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**EXECUTIVE SUMMARY**

**OBJECTIVES**

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the Constable Precinct 1 office. Following are the business objectives and related control assessment.

<b>Business Objective</b>	<b>Control Assessment</b>
1. Establish and document policies and procedures	<b>Satisfactory</b>
2. Completeness and posting of manual receipts in Odyssey	<b>Satisfactory</b>
3. Compliance with timely deposit law Local Government Code (LGC) §113.022	<b>Satisfactory</b>
4. Maintenance and review of fuel card usage, documentation and controls	<b>Needs Improvement</b>
5. Maintenance and review of logged civil service documentation and controls	<b>Satisfactory</b>
6. Compliance with weapons proficiency requirements Occupations Code §1701.355	<b>Satisfactory</b>
7. Maintenance of manual receipt book log documentation and controls	<b>Needs Improvement</b>

**SCOPE**

The scope of the audit is July 2018 through December 2019.

**METHODOLOGY**

To achieve the audit objectives we:

- Reviewed applicable policies, procedures and regulations.
- Tested a sample of manual receipts for appropriate documentation and posting in Odyssey.
- Tested a sample of collections for timely deposit in accordance with *LGC § 113.022*.
- Tested a sample of monthly fuel card statements to ensure proper usage, documentation and controls.
- Tested a sample of logged foreign civil services to ensure proper Odyssey entry and controls
- Reviewed weapons proficiency records for compliance with *Occupations Code §1701.355*.
- Requested departmental manual receipt book log for review.

**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.

<b>Control Summary</b>	
<b>Good Controls</b>	<b>Weak Controls</b>
<ul style="list-style-type: none"> <li>• Adequate policies and procedures (Obj. 1)</li> <li>• Posting of manual receipts in Odyssey (Obj. 2)</li> <li>• Timely deposit compliance (Obj. 3)</li> <li>• Proper logged civil service documentation and controls (Obj. 5)</li> <li>• Compliance with weapons proficiency requirements (Obj. 6)</li> </ul>	<ul style="list-style-type: none"> <li>• Proper fuel card usage, documentation and controls (Obj. 4)</li> <li>• Manual receipt book logs and monitoring (Obj. 7)</li> </ul>
<b>Finding Summary</b>	
<ol style="list-style-type: none"> <li>1. Three percent of the sampled fuel card transactions had inconsistent odometer or miles per gallon readings.</li> <li>2. Lack of a manual receipt book log documenting which manual receipt books are assigned or disposed (prior audit issue).</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.



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**EXECUTIVE SUMMARY**

**CONCLUSION**

Although improved, the El Paso County Constable Precinct 1 office did not meet all objectives of this audit. Implementation of recommendations provided in this report should assist the Constable's office in improving the internal control structure of its operations.



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FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

**M** Closed

1. **Finding: *Deposits not timely*** - In a sample of 60 manual receipts, seven or 12% of receipts did not comply with *LGC § 113.022*.

**Recommendation:** Constable Precinct 1 should enforce the office policies and procedures to ensure compliance with *LGC § 113.022*. Constable should further reiterate to his deputies, through additional training if necessary, the importance and statutory requirement of depositing funds within the five business day time frame.

**Action Plan:** Constable 1 will be conducting monthly meetings to emphasize the importance of meeting the designated five business day time frame. Further, the Constable will be reviewing random deposits on a monthly basis made by his deputies to ensure compliance. The results of these reviews will be discussed with the deputies and will help determine if additional training is necessary. Also, Constable will update his policies and procedure to document the proper time frame allowed for depositing receipts and reference the government code mentioned above. **Resolved**

**M** Closed

2. **Finding: *Completeness of Deposit Slips*** - There were 2 deposit slips out of the 60 transactions sampled where the deposit slip was incomplete and did not have a date. Incomplete deposit slips could lead to unnecessary bank fees, improper posting and possible non-compliance with *LGC § 113.022*.

**Recommendation:** Constable Precinct 1 deputies should exercise due care when preparing deposits and submitting all supportive documentation.

**Action Plan:** Constable will be conducting meetings and training sessions to ensure the deputies are re-familiarized with proper bank depositing procedures. **Resolved**

**M** Closed

3. **Finding: *Improper Receipting and Recording*** - One manual receipt transaction was labeled as a Justice of the Peace 5 warrant fee collection instead of a Justice of the Peace 1 collection. Further, out of the 49 civil and miscellaneous fees collected, 67% were posted and labeled as warrant fee collections in error. Also, while comparing manual receipt amounts to amounts posted in Odyssey, it was noted that one manual receipt did not match. After further review, it was discovered that the deputy accepted a cash payment and filled out the manual receipt before verifying the amount in Odyssey. Once the overpayment error was discovered, the deputy altered one of the receipts to match the actual collection and returned the overpayment back to the individual. However, even though the original receipt was altered, the carbon copy receipts kept in the receipt book were not.

**Recommendation:** All deputies should exercise due care in accurately posting collections into Odyssey. If an error on a manual receipt is discovered, the receipt should be labeled as "void" and a new receipt should be issued; altering receipts is unacceptable. The office Policies and Procedures should be updated to include procedures on proper receipt issuance and voiding. The Constable may weigh the option of additional training if he feels necessary.

**Action Plan:** Constable will share and discuss the findings listed in this audit report to ensure proper receipting and recording of payments received. Further, Constable will update his policies and procedures to include a section relating to proper handling and voiding of receipts. **Resolved**

**M** Closed

4. **Finding: *Recording of mailed payments*** - Lack of segregation of duties and mail log issues exist. We sampled 27 mailed in foreign civil processing payments received by the Constable's office, the following issues were noted:

- One foreign civil process payment in the amount of \$100 was logged in as received and served on June 23, 2017. However, the transaction could not be traced to a bank deposit. Constable was made aware of the situation and is currently investigating the incident.



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**FINDINGS AND ACTION PLANS**

- Three foreign civil processing payments, totaling \$300, were recorded in Odyssey system but were not logged into the Constable's Office mail log.
- Lack of separation of duties amount the deputies. One deputy receives, records on the mail log and records and receipts information into Odyssey.

Lack of segregation of duties and improper posting of collections in the Odyssey system and on the office mail log could lead to potential misuse of funds or loss of revenue for the County.

**Recommendation:** Constable Precinct 1 should ensure all deputy collections are entered into Odyssey with the proper payment type. Further, ALL payments should be recorded into the office mail log upon receipt. Also, the Constable should implement a segregation of duties policy when dealing with mailed in foreign civil fee payments and the office policies and procedures should be updated with the new policy. In regard to the unaccounted transaction, the Constable is liable for the \$100 shortage in accordance with Article XVI, § 61 of the Texas Constitution.

**Action Plan:** Constable will begin to implement the following action plans:

- In regards to the unaccounted for \$100 mailed in payment, the Constable has agreed to perform his due diligence and continue his research of the matter. **Resolved**
- The Constable agrees to separate the duties regarding the acceptance, recording, posting and depositing of payments received by mail between two deputies. The first deputy will receive the mailed payments and record the information on the payment received log. The second deputy will post the payment into Odyssey and prepare the deposit to be submitted to the bank. Assignments will be rotated. **Resolved**

**L** Open  
See current  
finding # 2

5. **Finding: Manual Receipt Book Log** – Manual receipt books are assigned to deputies without recording the receipt book and assignment information. This lack of internal control can lead to misappropriation of receipt books, fraud and undocumented collections.

**Recommendation:** Constable Precinct 1 should institute a manual receipt book log showing which receipt book is assigned to which deputy. Further, this log should also be used to show when used receipt books have been remitted to the County Auditor's Cash Management division.

**Action Plan:** Constable has agreed to implement a manual receipt book log to ensure proper assignment of all issued receipt books. Further, any books not in use shall be placed in a secure location with limited access. **Unresolved**



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**FINDINGS AND ACTION PLANS**

**Current Audit Findings**

Finding #1							Risk Level <span style="background-color: yellow; border: 1px solid black; border-radius: 50%; padding: 2px;">M</span>
<p>Departmental Fuel Cards – In a sample of six monthly fuel card statements, containing a total of 161 transactions, two or 1% of the transactions had inconsistent odometer readings. Fueling requires odometer readings and fuel card pin numbers to be entered to begin the fueling process. The odometer reading entered and the number of gallons purchased calculates the miles per gallon. If the odometer readings inputted are not consistent, the miles per gallon cannot be calculated. Each monthly statement contains fuel purchases for five vehicles, inconsistent readings were for two vehicles as shown below.</p>							
<b>Date</b>	<b>Card Number</b>	<b>Vehicle Description</b>	<b>Previous Odometer Reading</b>	<b>Current Odometer Reading</b>	<b>Difference</b>	<b>Gallons Purchased</b>	<b>Miles Per Gallon</b>
9/5/19	4143779	17-Ford Exp 4117	47958	47801	(157)	13.87	Could not be calculated
6/8/19	4143779	17-Ford Exp 4117	42408	42365	(43)	15.12	Could not be calculated
<p>Inconsistent or incorrect information entry could lead to possible fraud, misuse or loss of County funds. Further, the lack of correct data entry could lead to incorrect or misleading departmental fuel consumption statistics.</p>							
Recommendation							
<p>Constable Precinct 1 should communicate the importance of proper fuel card usage and accurate odometer reading input to staff fueling departmental vehicles. Odometer readings per vehicle assigned fuel cards should be consistent without deviation. Further, this should be documented in the office policies and procedures to ensure proper acknowledgement by department staff.</p>							
Action Plan							
<b>Person Responsible</b>	<b>Constable Precinct 1</b>	<b>Estimated Completion Date</b>	<b>5/31/2020</b>				
<p>Constable agrees with odometer reading input recommendation and will relay and discuss these inconsistencies and the importance of accurate odometer reading input during the fueling process with all deputies. Further, Constable will update office policies and procedures with fueling practices discussed and recommended.</p>							

Finding #2							Risk Level <span style="background-color: lightgreen; border: 1px solid black; border-radius: 50%; padding: 2px;">L</span>
<p><u>Manual receipt books</u> - The Constable’s office does not have a log documenting which receipt books are assigned to which deputy and which receipt books have been remitted for disposal. It is best practice to document and track the distribution and retirement of all manual receipt books used by the Constable’s office. This log will reduce the risk of receipt misuse and possible theft of County funds (prior audit issue).</p>							
Recommendation							
<p>As previously recommended, Constable Precinct 1 should implement a manual receipt book log. The receipt log should contain the receipt book number, date of issuance, name and signature of deputy acceptance, date of return and date of submission to the County Auditor’s office for review and disposal.</p>							



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**FINDINGS AND ACTION PLANS**

<b>Action Plan</b>			
<b>Person Responsible</b>	<b>Constable Precinct 1</b>	<b>Estimated Completion Date</b>	<b>5/31/2020</b>
Constable has agreed to implement a manual receipt book log to ensure proper assignment of all issued receipt books. Further, any books not in use shall be placed in a secure location with limited access.			