



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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07-04

July 7, 2020

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 process are documented, operating and efficient.

The audit report is attached. We tested seven financial controls and one operational control with a total of 229 samples. There were two findings noted as a result of the audit procedures, both are repeat audit findings still unresolved. 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,

A handwritten signature in blue ink that reads "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:RB:PT:ya

cc: Ms. Betsy Keller, Chief Administrator



**The Office of The County Clerk Audit
January 2019 to January 2020
EXECUTIVE SUMMARY**

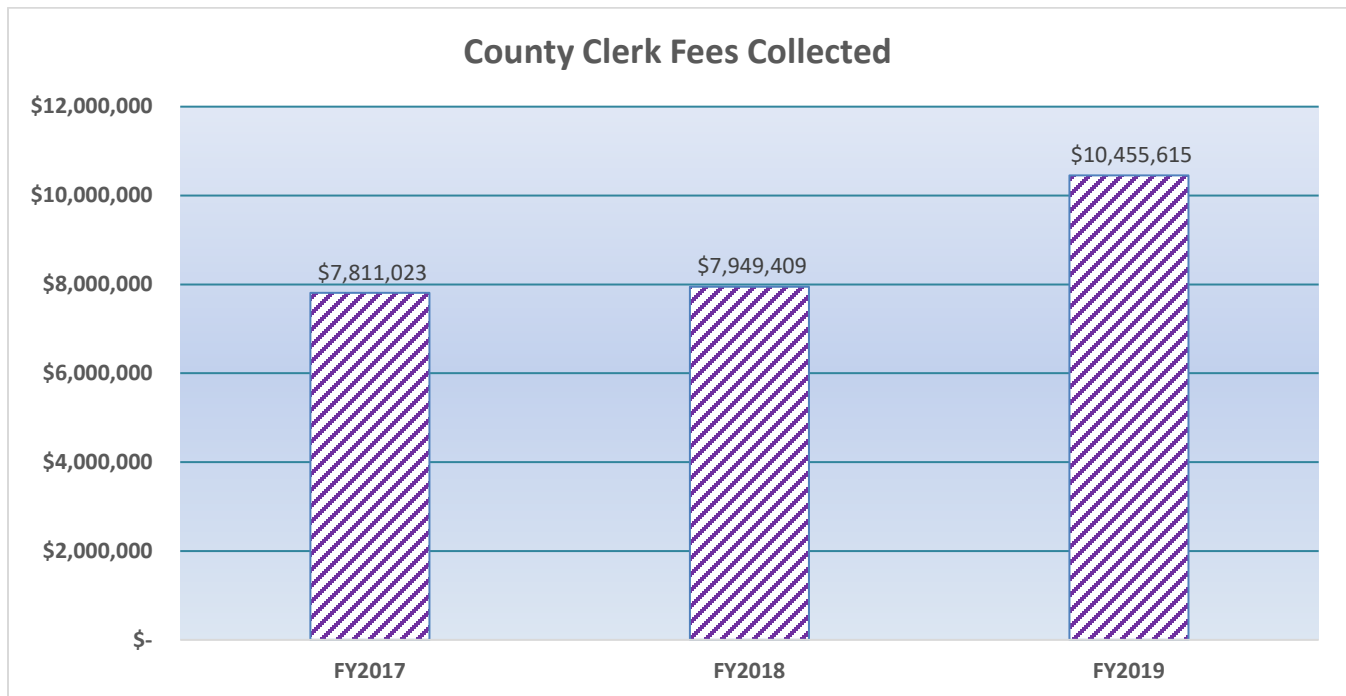


BACKGROUND

The Office of the County Clerk is the clerk of the Commissioners Court and serves as 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 County Clerk has been in office since January 2007. The audit was performed Phillip Trevizo, internal auditor. The most recent prior audit report was issued on January 14, 2019.

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 three fiscal years. The increase in collections for 2019 is due to a substantial increase in filings and recording of deeds.



Source: El Paso County Funds and Fees of Office Report

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. Policies and Procedures	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Void and reversed Odyssey/TrackNet entry controls	Satisfactory
4. Storage and timely posting of manual receipts	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

SCOPE

The scope of the audit is from January 2019 to January 2020.



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METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies and procedures and applicable statutes.
- Performed a surprise cash count at County Clerk collections stations in accordance with *Local Government Code (LGC) §115.0035*.
- 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.
- Reviewed the Probate and Lunacy bank account reconciliations for completeness and accuracy
- Reviewed a sample of Probate and Lunacy bank account disbursements for appropriate documentation and management review and approval.
- Reviewed the Cash Bond bank account reconciliations for completeness and accuracy
- Reviewed a sample of Cash Bond bank account disbursements for appropriate documentation and management review and approval.
- Reviewed a sample of investment accounts for appropriate documentation of transactions
- Reviewed a sample of investment accounts for confirmation of account balances from financial institutions.
- Tested a sample of mail log entries for appropriate documentation and timely posting.

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 and the status of prior audit report findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Policies and procedures (Obj. 1) • Cash handling procedures (Obj. 2) • Voided transactions controls (Obj. 3) • Manual receipt log controls (Obj. 4) • Investment accounts controls (Obj. 7) • Mail log controls (Obj. 8) 	<ul style="list-style-type: none"> • Cash bond account reporting (Obj. 6) • Probate and Lunacy account reporting (Obj. 5)
Findings Summary	
<ol style="list-style-type: none"> 1. Odyssey Cash Bond Balance Report does not reconcile with the cash bond bank account (previous finding). 2. Odyssey Probate Balance Report does not reconcile with the probate bank account. Three checks were voided in Odyssey but not in the bank in a timely manner (previous finding). 	

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 six of eight 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
January 2019 to January 2020
Findings and Action Plans



Prior Audit Findings Summarized with Current Status

Status

H Open

1. **Finding:** Odyssey Cash Bond Balance Report does not balance with the cash bond bank account.

Recommendation: County Clerk staff should research the reporting discrepancies.

Action Plan: Staff will review the Cash Bond Balance Report to identify and correct cases with discrepancies. *Unresolved see Finding #1.*

H Open

2. **Finding:** Odyssey Probate Balance Report does not balance with the probate bank account.

Recommendation: We recommend staff research conversion discrepancies in Odyssey to ensure reports are balanced against the probate bank account.

Action Plan: Staff will review the Cash Bond Balance Report to identify and correct cases with discrepancies. *Unresolved see Finding #2.*

M Closed

3. **Finding:** Four former employees have access to void in County Clerk operating systems.

Recommendation: We recommend that system access be removed for the former employees. Furthermore, we recommend employee separation procedures be followed to ensure proper removal of system access.

Action Plan: System access for the former employees was removed. The functional analyst will review system access to ensure employees have the correct system access. *Action plan implemented.*

M Closed

4. **Finding:** There is no log for unused manual receipt books in storage.

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: A separate inventory log was implemented and is being maintained to document the physical count of manual receipt books in storage. *Action plan implemented.*



The Office of The County Clerk Audit
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Findings and Action Plans



Current Audit Findings & Action Plans

Finding #1		Risk Level H									
<p>Cash Bond Account – While reviewing the Cash Bond account the following was noted as of the audit period ending January 2020:</p> <ol style="list-style-type: none"> Odyssey Registry Trust Accounts with Balances Report (Cash Bond Odyssey Report) does not balance with the reconciled bank account. <table style="margin-left: 100px;"> <tr> <td>January 2020 Bank Reconciled Balance</td> <td style="text-align: right;">\$ 2,288,034.27</td> </tr> <tr> <td>January 2020 Odyssey Report Balance</td> <td style="text-align: right;">\$ 2,040,901.92</td> </tr> <tr> <td style="border-top: 1px solid black;">Bank Overage</td> <td style="border-top: 1px solid black; text-align: right;">\$ 247,132.35</td> </tr> </table> <p>The discrepancy is an overage of \$247,132.35 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. However; the overage on the monthly reconciliations changes, which may be due to incorrect Cash Bond Odyssey Report parameters. Unreconciled bank accounts can increase the risk of misuse of funds and inaccurate financial reporting.</p>				January 2020 Bank Reconciled Balance	\$ 2,288,034.27	January 2020 Odyssey Report Balance	\$ 2,040,901.92	Bank Overage	\$ 247,132.35		
January 2020 Bank Reconciled Balance	\$ 2,288,034.27										
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<p>Recommendation</p> <p>To improve Cash Bond account financial reporting accuracy, we recommended staff research the conversion discrepancies in Odyssey to ensure reports are balanced against the bank account and that cash bond account balances be reviewed periodically to ensure transaction accuracy. Furthermore, we recommend staff work in collaboration with and the County Auditor’s Office to resolve this recurring finding.</p>											
<p>Action Plan</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Person Responsible</th> <th style="width: 25%;">Accounting Manager</th> <th style="width: 25%;">Estimated Completion Date</th> <th style="width: 25%;">3/31/2021</th> </tr> </thead> <tbody> <tr> <td colspan="4"> <p>The report parameters will be reviewed to ensure District Clerk cases do not appear in the Cash Bond Odyssey report. Once it has been established, there are no District Court cases, the Cash Bond Odyssey report will then be reviewed case by case to identify any other discrepancies. Once the discrepancies are identified and noted, the Auditors Division will be notified and the Accounting Division will work with the Auditors Division to see how the discrepancies will be corrected.</p> </td> </tr> </tbody> </table>				Person Responsible	Accounting Manager	Estimated Completion Date	3/31/2021	<p>The report parameters will be reviewed to ensure District Clerk cases do not appear in the Cash Bond Odyssey report. Once it has been established, there are no District Court cases, the Cash Bond Odyssey report will then be reviewed case by case to identify any other discrepancies. Once the discrepancies are identified and noted, the Auditors Division will be notified and the Accounting Division will work with the Auditors Division to see how the discrepancies will be corrected.</p>			
Person Responsible	Accounting Manager	Estimated Completion Date	3/31/2021								
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Finding #2		Risk Level H							
<p>Probate and Lunacy Account – While reviewing the Probate and Lunacy account, the following discrepancies were noted as of the audit period ending January 2020:</p> <ol style="list-style-type: none"> The Odyssey Registry Trust Accounts with Balances Report (Probate Odyssey Report) does not balance with the reconciled bank account. <table style="margin-left: 100px;"> <tr> <td>January 2020 Bank Reconciled Balance</td> <td style="text-align: right;">\$ 9,579,333.07</td> </tr> <tr> <td>January 2020 Odyssey Reconciled Report</td> <td style="text-align: right;">\$ 9,571,744.69</td> </tr> <tr> <td style="border-top: 1px solid black;">Bank Overage</td> <td style="border-top: 1px solid black; text-align: right;">\$ 7,588.38</td> </tr> </table> <ol style="list-style-type: none"> Three checks were voided in Odyssey, however, they were reconciling items in the reconciliation because they were not voided in the bank until March 2020. Note: due to management review of the reconciliation, the department created new policies and procedures increasing controls to ensure this type of reconciling item does not recur. 				January 2020 Bank Reconciled Balance	\$ 9,579,333.07	January 2020 Odyssey Reconciled Report	\$ 9,571,744.69	Bank Overage	\$ 7,588.38
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Findings and Action Plans**



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. It is also recommended that staff continue to follow the new check voiding procedures to ensure checks are voided simultaneously in Odyssey and the bank.

Action Plan

Person Responsible	Accounting Manager	Estimated Completion Date	3/31/2021
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The report parameters will be reviewed to ensure District Clerk cases do not appear in the Probate and Lunacy Odyssey report. Once it has been established, there is no District cases, the Probate and Lunacy Odyssey report will then be reviewed case by case to identify any other discrepancies. Once the discrepancies are identified and noted, the Auditors Division will be notified and the Accounting Division will work with the Auditors Division to see how the discrepancies will be corrected.