



COUNTY OF EL PASO  
OFFICE OF THE COUNTY AUDITOR

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05-17

May 20, 2021

Mr. Wallace Hardgrove  
Budget Executive Director  
500 E. San Antonio, Suite 106  
El Paso, Texas 79901

Dear Mr. Hardgrove:

The County Auditor's Internal Audit division performed an audit of the Budget and Fiscal Policy Financial Recovery Division's financial records to determine if internal controls are adequate to ensure proper preparation of Financial Recovery Division's financial reports. Policies, procedures, and regulations were also reviewed to ensure process are documented, operating and efficient.

The audit report is attached. We reviewed two operational controls and tested six financial controls with a total of 157 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of the Financial Recovery Division 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:HM:ya

cc: Ms. Betsy Keller, County Chief Administrator  
Mr. Derek Ware, Financial Recovery Division Manager



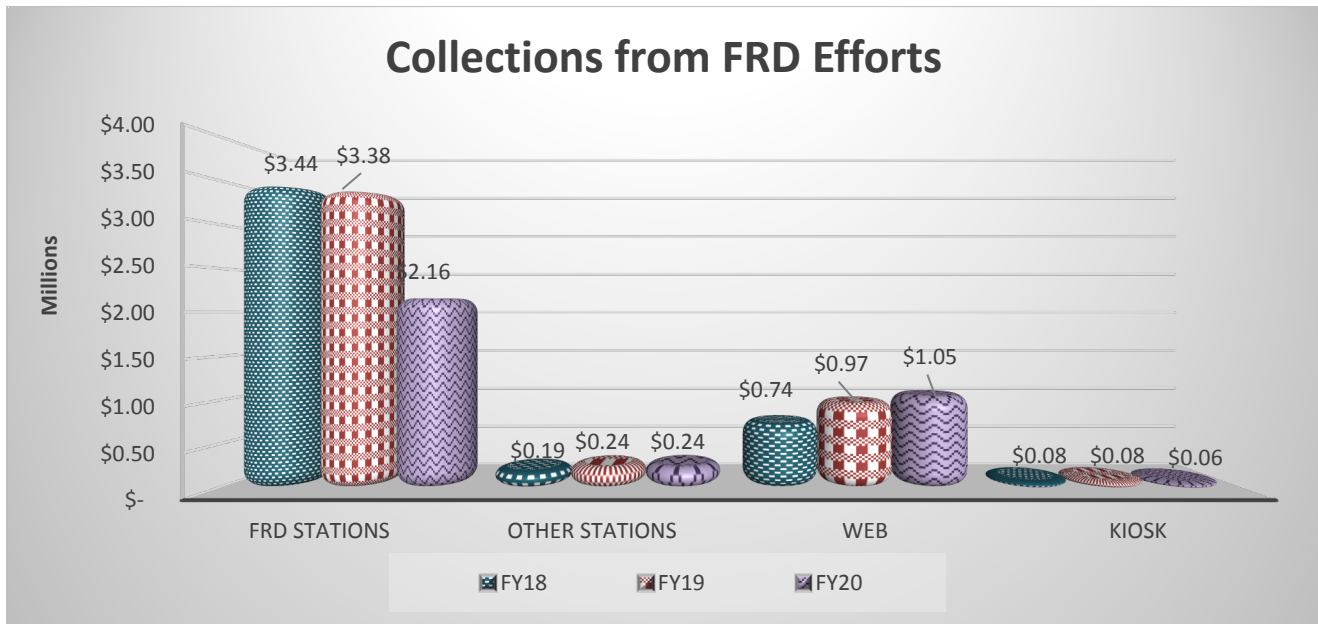
Findings and Action Plans

**BACKGROUND**

Financial Recovery is a division under the Budget and Fiscal Policy Department. The division is responsible for collecting monies from those that have exhausted resources throughout the judicial process. Through court orders, payment plans and other resources, the goal of the Financial Recovery Division (FRD) is to assist in making the County of El Paso and its taxpayer's whole by collecting funds to optimize services to the public.

**FINANCIAL REPORTING**

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of collections for the past three fiscal years at the main Financial Recovery office and satellites to include recoveries through electronic payment services (E-Pay), remote kiosks and other stations located throughout the County of El Paso. There was a drop in collections for FY20 due to the Covid-19 pandemic. FRD collections for fiscal years 2018, 2019, and 2020 are illustrated below.



Source: Odyssey system

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was September 2018 through December 2019 and the report was issued on May 4, 2020; there were no findings.

**AUDIT OBJECTIVES**

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

Business Objective	Control Assessment
1. Adherence to documented policies and procedures	Satisfactory
2. Functioning appropriate collections controls	Satisfactory
3. Timely deposits of collections in accordance with <i>Local Government Code (LGC) 113.022</i>	Satisfactory
4. Functioning appropriate void controls	Satisfactory
5. Appropriate storage and timely posting of manual receipts	Satisfactory
6. Accuracy of mail log information and timely posting	Satisfactory
7. Compliance with FRD duties of cases under the Collection Improvement Program	Satisfactory
8. Adequate non-financial security and operational measures	Satisfactory



## The Office of The Financial Recovery Department



### Findings and Action Plans

#### SCOPE

The scope of the audit is from January 2020 through December 2020. Due to the Covid-19 pandemic and associated Stay Home Work Safe order, a surprise cash count was not conducted. The scope of this audit does not include third party payments or procedures.

#### METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Traced a sample of deposit slips to the Miracle delivery log and the financial accounting system for compliance with LGC §113.022
- Verified staff Odyssey user rights and tested a sample of void entries to verify legitimacy of transactions and proper management verification log documentation.
- Reviewed manual receipt internal controls and tested a sample of manual receipts for appropriate and timely posting to Odyssey.
- Tested a sample of mail log entries for appropriate documentation and timely posting.
- Tested a sample of cases referred to FRD for compliance with OCA recommendations.
- Observed current security and operational processes and controls.

#### RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> <li>• Maintain and follow department policies and procedures (Obj. 1)</li> <li>• Cash handling procedures (Obj. 2)</li> <li>• Timely deposit controls (Obj. 3)</li> <li>• Void controls and procedures (Obj. 4)</li> <li>• Manual receipt controls (Obj. 5)</li> <li>• Mail log controls (Obj. 6)</li> <li>• CIP controls and procedures (Obj. 7)</li> <li>• Non-financial security and operational controls (Obj.8)</li> </ul>	
Findings Summary	
None	

#### 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 Financial Recovery division continues to implement improvements in their operations and have met all the objectives of this audit. Therefore, no recommendations were provided in this report.