



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-01

May 9, 2022

The Honorable Jo Anne Bernal
County Attorney
Room 503, County Courthouse Building
500 E. San Antonio
El Paso, Texas 79901

Dear Ms. Bernal:

The County Auditor's Internal Audit division performed an audit of the County Attorney's Office financial records for January 2020 through December 2021 to determine if internal controls are adequate to ensure proper preparation of County Attorney'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 two operational controls and five financial controls with a total of 118 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of County Attorney'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 black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:RB:ya

cc: Mrs. Betsy Keller, Chief Administrator

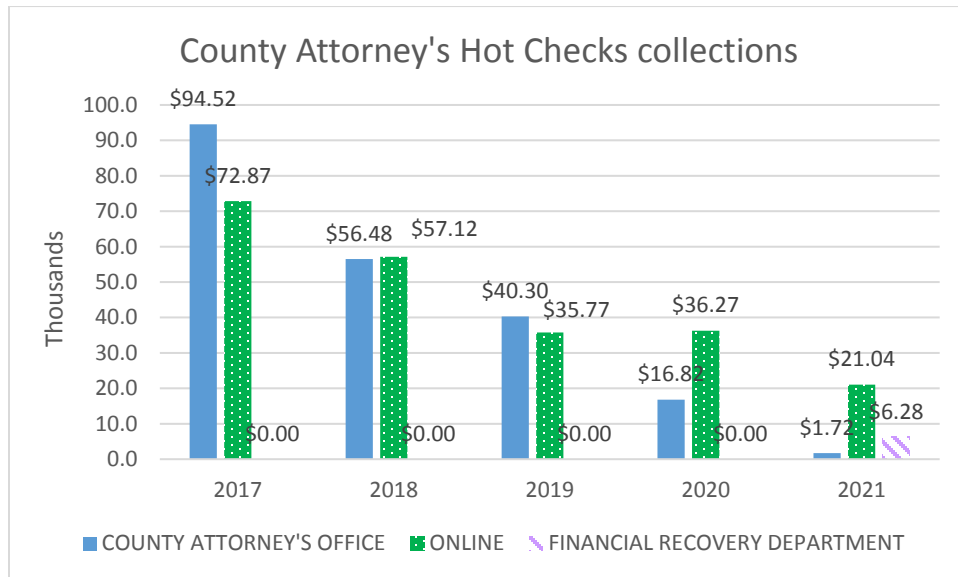


**County Attorney's Office
Hot Check Division
For the period of April 2020 – December 2021
EXECUTIVE SUMMARY**

BACKGROUND

The County Attorney's Office enforces state laws which prohibit the passing of insufficiently funded checks (hot checks) serving as payments to both merchants and individuals. Victims of these hot checks file a theft by check case with the El Paso County Attorney's Office. Texas statute authorizes the El Paso County Attorney to process and attempt collection of hot checks if the amount is less than \$2,500.00. Checks are pre-screened for probable cause of a Theft by Check (TPC §31.06), Theft of Service (TPC §31.04) or issuance of a Bad Check (TPC §32.41.) Victim restitution payments and County Attorney fees (based on CCP §102.007) are issued once settlement payments are received from the defendant. County Attorney's Office no longer accepts payments of any kind. Payments (made before a plea is taken) are made payable to the Financial Recovery Division (FRD) and delivered to FRD. FRD accepts all types of payments except personal checks. County Attorney's Office reviews collections transactions and initiate the Hot check restitution payments which are printed at the Auditor's Office. Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. This audit was performed by Ruth Bernal, internal auditor senior. The most recent prior audit report was issued on July 30, 2020, with two documented findings.

The following chart is a comparison of hot checks and fees collected at County Attorney's Office, Online payments, and Financial Recovery Department collections for the past five fiscal years. The steady decline in collections is attributed to payment methods at merchants migrating from checks to credit cards, leading to fewer hot checks.



Source: Odyssey report

OBJECTIVES AND RESULTS

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to County Attorney financial reports. Following are the business objectives, related control assessment based on the work performed.

Business Objective	Control Assessment
1. Maintain and follow policies and procedures.	Satisfactory
2. Timely bank deposits in accordance with Local Government Code (LGC) §113.022.	Satisfactory
3. Functioning appropriate cash controls.	Satisfactory
4. Proper internal control to safeguard safes.	Satisfactory
5. Maintain proper supporting documentation of transactions.	Satisfactory



**County Attorney's Office
Hot Check Division
For the period of April 2020 – December 2021**

EXECUTIVE SUMMARY

SCOPE

The scope is January 2020 through December 2021. Cash count was not conducted as there were only seven transactions during the audit scope and a cash fund was not maintained.

METHODOLOGY

To achieve the audit objectives, we:

- Reviewed policies and procedures for completeness and updates.
- Tested a sample of daily collections to verify they were deposited in accordance with *LGC § 113.022*.
- Reviewed a sample of daily collections to determine deposit completeness, accuracy and posting to the County financial system.
- Reviewed voided transactions to determine adequate controls are in place.
- Tested a sample of restitution checks issued to verify disbursements were made only after funds were received.
- Reviewed a sample of checks from the Bad Check fee account were selected to verify expenses are in accordance with *CCP § 102.007*.
- Reviewed combination and key safe procedures for appropriate internal controls.

RESULTS

Listed below are control and finding summaries. Please see the *Findings and Action Plans* section of this report for the status of prior audit management action plan(s).

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Maintain and follow policies and procedures. (Obj. 1) • Timely deposits. (Obj. 2) • Cash Controls. (Obj. 3) • Proper internal controls to safeguard safes. (Obj. 4) • Maintain proper supporting documentation of transactions. (Obj. 5) 	
Finding 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

County Attorney's met all objectives of this audit. Internal controls are adequate to ensure proper preparation of County Attorney's financial reports. Processes documented appear to be operating efficiently.



**County Attorney's Office
Hot Check Division
For the period of April 2020 – December 2021**

FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

H Closed

1. Finding: Credit adjustment internal controls -

While reviewing a sample of 30 theft by check cases with credit adjustments the following was noted:

- The cashier who collects for theft by check cases can also post credit adjustments which results in a lack of segregation of duties. This lack of segregation of duties increases the risk of fraud and records manipulation by providing the opportunity for posting a payment as a credit adjustment.
- In Odyssey, an explanation for the credit adjustments are not posted. Posting a credit adjustment without an explanation, increases the risk of posting an unauthorized credit adjustment. Proper documentation provides evidence of what has occurred and provides information for research as necessary.

Recommendation: We recommend credit adjustments be posted by employees who do not collect payments. Further, when credit adjustments are posted, posting must include a detailed explanation as to the reason why the adjustment was made.

Action Plan: Administrative closures will be performed only by the Administrative Assistant Senior and notes for the reason of the administrative closure will be included in Odyssey on the Attorney and Check manager modules. Policies and procedures have been updated to reflect the change on the procedure.

H Closed

2. Finding: Credit Card copies - Customer credit cards are photocopied when they are presented for payment. These copies are then included in the deposit as supporting documentation when submitted to the County Auditor's Cash Management division for posting in the Munis system. This documentation is accessible to any employee with inquiry access in the Munis system. This practice increases the risk of unauthorized or fraudulent use of credit card information. In addition, the storing of full credit card information is a high risk to the County as it may result in monetary fines for non-compliance with Payment Card Industry Data Security Standards.

Recommendation: Photo coping credit cards when presented for payment is not best practice. If a photocopy is needed, credit card numbers must be redacted leaving only the last four numbers visible to prevent credit card information being compromised.

Action Plan: County Attorney's Office will cease to make copies of the payee's ID or credit card. Policies and procedures have been updated to reflect the change on the procedure.