



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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04-05

April 7, 2022

Mr. Robin D. Sully
Facilities Director
500 E. San Antonio, Suite M1
El Paso, Texas 79901

Dear Mr. Sully:

The County Auditor's Internal Audit division performed an audit of the County Parking Garage financial records to determine if internal controls are adequate to ensure proper preparation of the Parking Garage financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested three financial controls and three operating controls with a total of 135 samples. There were six findings noted as a result of the audit procedures; three were repeat findings. We wish to thank the management and staff of the Facilities Management-Parking Garage 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

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cc: Mrs. Betsy Keller, Chief Administrator
Mrs. Norma Palacios, Executive Director, Public Works Department
Ms. Viviana Alvidrez, Facility Services Manager



**Facilities Management, Parking Garage Audit
For the Period of March 2020 thru February 2021**

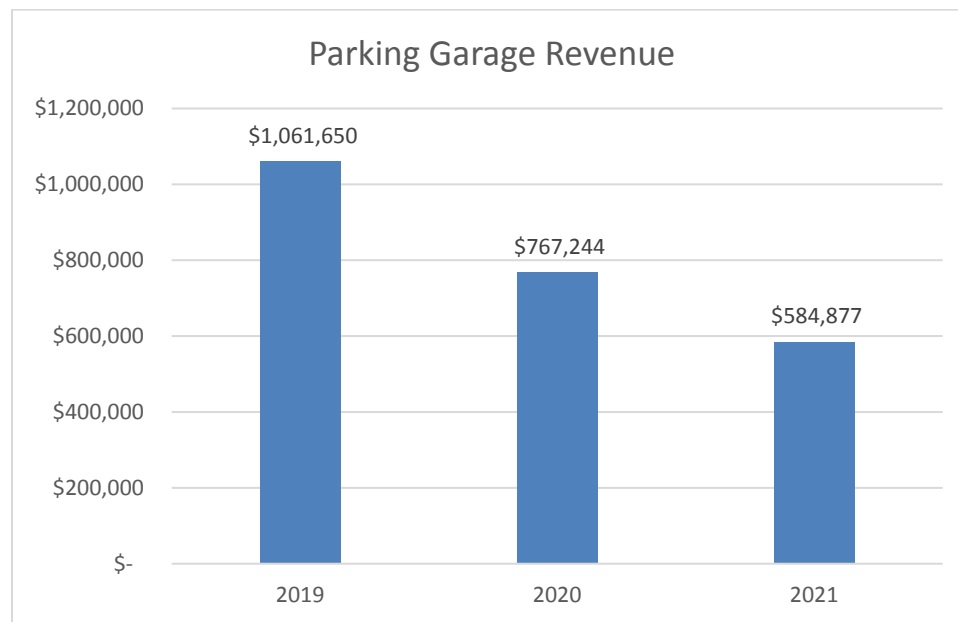


EXECUTIVE SUMMARY

BACKGROUND

The County owns two parking garages. One is open to the public for hourly, daily, or monthly parking. This parking garage is also for patrons summoned for jury duty. The second parking garage is for County employees, other government entities, and non-profit organizations with fees charged monthly. The parking garage manager handles the daily operating activities of both parking garages. The Facilities Management Office oversees the parking garage operations and administers monthly parking including leases, access cards, monthly billing, and monthly parking lease payments. Administration of the employee parking is handled by the Human Resources Department. Due to reporting limitations and faulty equipment, the parking garage implemented new equipment in September 2018. The new equipment and software offer access controls for both parking garages such as the capability to grant and customize access as needed and remote access to rolling gates and arm gates. Additional software is expected to be purchased and implemented in the first quarter of FY 2023 that will allow the Facilities Management Office to receive payments, print receipts, and run financial reports for monthly parking. This modernized software will replace RecWare and will be linked to the new parking garage equipment. It will help with billing and provide better reporting capabilities. This audit was performed by Daisy Caballero, internal auditor certified. The most recent prior audit was in July 2019.

Financial reports are generated from RecWare showing all transactions occurring each month. The following chart is a comparison of fees collected by Facilities Management-Parking Garage for the past three fiscal years as recorded in the County financial system (Munis). The 45% drop in revenue from FY 2019 to FY 2021 is due to COVID-19 related closures.



Source: Munis

SCOPE

The scope of the audit includes financial records from March 2020 through February 2021. The scope of the audit was limited as it did not include a surprise cash count due to office closures related to COVID-19. The delay in issuance is related to receiving requested documentation and scheduling of calls and meetings during the audit. Reported findings are still relevant as of the issue date of this report.



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EXECUTIVE SUMMARY

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Parking Garage financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Voids are properly justified, approved, and documented	Needs Improvement
2. Compliance with timely deposit law <i>Local Government Code (LGC) §113.022</i> and complete deposit documentation	Needs Improvement
3. Completeness of the mail log and timely posting to RecWare	Needs Improvement
4. Adequate safe access controls	Satisfactory
5. Procurement process has proper segregation of duties	Needs Improvement
6. Documentation of updated policies and procedures	Needs Improvement



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METHODOLOGY

To achieve the audit objectives we:

- Tested a sample of void transactions for justification, management approval, and proper documentation
- Reviewed a sample of daily deposit documentation for completeness and compliance with *LGC §113.022*
- Tested a sample of mailed payment log entries for completeness, compliance with *LGC §113.022*, and timely posting to RecWare
- Inquired about safe access controls
- Reviewed a sample of expenditure workflows for proper segregation of duties during the procurement process
- Tested a sample of invoices for proper management authorization
- Reviewed policies and procedures for completeness and updates
- Reviewed previous audit action plans for implementation

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 details and management action plans, as well as the status of prior audit action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Safe access controls (Obj. 4) 	<ul style="list-style-type: none"> • Void transaction controls (Obj. 1) • Complete deposit documentation (Obj. 2) • Procurement process controls (Obj. 5) • Mailed payment controls (Obj. 3) • Documentation of policies and procedures (Obj. 6)
Findings Summary	
<ol style="list-style-type: none"> 1. Void transactions do not have documented management review and are not documented in voids log (prior audit issue). 2. Of deposits tested, 100% were not verified by a second person and 47% were not logged in the Miracle Delivery log. 3. Of expenditures sampled, 40% lacked segregation of duties in the ordering and receiving functions within the Facilities Management-Parking Garage. 4. Of invoices sampled, 89% did not have documented management approval for payment. 5. Lack of documented review of the mailed payment log (prior audit issue). 6. Documented policies and procedures need to be updated (prior audit issue). 	

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

Facilities Management-Parking Garage has implemented some improvements in their operations per prior recommendations. However, the department only met one of the current six objectives. Implementation of the recommendations provided in this report should assist the Facilities Management-Parking Garage in producing complete and accurate financial reports by strengthening their internal control structure.



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FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- H Closed** 1. **Finding:** Cash boxes are shared by cashiers.
Recommendation: Each cashier should have a cash box assigned to them.
Action Plan: Management concurs with the recommendation. **Resolved**
- H Open**
See current finding #1 2. **Finding:** Voided transaction controls are not implemented.
Recommendation: All voided transactions should be approved by management and a void log should be implemented.
Action Plan: A voids log has been implemented. Management will discuss and document the parking garage voided transaction procedures. **Unresolved.**
- H Open**
See current finding #1 3. **Finding:** While reviewing ticket count accuracy, 2% of reported parking garage tickets were missing and cash receipt was attached to three tickets with validations for payments waivers.
Recommendation: Controls over accurate ticket counts should be reviewed and enforced. Revenue receipts erroneously printed should be marked void, procedures for handling voids at the parking garage should be reviewed and documented.
Action Plan: Management concurs with the recommendation. **Unresolved**
- M Open**
See current finding #5 4. **Finding:** Mail log reviews are not documented.
Recommendation: Documented reviews of the mail log should be done.
Action Plan: The facility services manager will conduct weekly documented reviews of the mail log. **Unresolved**
- L Closed** 5. **Finding:** 15% of jury duty checks sampled did not have the juror endorsement.
Recommendation: Jury duty checks policy should be reiterated to the parking garage staff
Action Plan: The parking garage manager will retrain cashiers on handling jury duty checks. **Resolved**
- L Open**
See current finding #6 6. **Finding:** Documented policies and procedures need to be updated.
Recommendation: The written policies and procedures should be updated to reflect current procedures and policies in use.
Action Plan: Management concurs with the recommendation. **Unresolved**



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FINDINGS AND ACTION PLANS

Current Audit Findings

Finding #1		Risk Level
<p><u>Void Transaction Review</u> Facilities Management- Void transactions do not have documented management review. Voids are processed by an administrative specialist and not documented in the voids log.</p> <p>Parking Garage- Use of the void log has not been implemented. The auditor was unable to perform a review of void transactions due to the lack of a report and void log. The financial reporting software that would supply the log has not been implemented due to staff shortages resulting from the pandemic.</p> <p>As per policies and procedures, all void transactions should be initiated and approved by management. Lack of management approval on voids and proper documentation could result in misappropriation of County funds. This is a repeat finding.</p>		H
Recommendation		
<p>The financial reporting software should be implemented to have system generated reports, including a void transactions report. Until the system is implemented, a manual void log should be used. Void transactions should be reviewed and approved by management. Only authorized personnel should have access to void transactions in RecWare. Voids should be properly documented in the voids log. The parking garage void transaction procedures should be documented in the policies and procedures manual.</p>		
Action Plan		
Person Responsible	Facilities Director, Facility Services Manager	Estimated Completion Date
		3/31/2022
<p>Facilities Management- Management will implement a manual void log. The void log will be reviewed by the facilities director or facility services manager on a quarterly basis. The facilities management financial reporting software is still unavailable, additional funding is needed to implement the financial reporting portion of the software.</p> <p>Parking Garage- The facilities director or facility services manager will run a void transactions report and perform a documented review on a quarterly basis. The reporting software for the parking garage is already available.</p> <p>These procedures will be documented in the policies and procedures manual.</p>		



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FINDINGS AND ACTION PLANS

Finding #2		Risk Level H	
<p>Daily Deposits- There were a total of 244 daily deposits during the audit scope. A sample of 30 deposits was reviewed and the following was noted:</p> <ul style="list-style-type: none"> • 30 (100%) were not verified by a second person • 14 (47%) were not logged in the Miracle Delivery log <p>According to the El Paso County cash handling guidelines, cash count sheets shall be signed by cashier and presented to a supervisor for review and approval. Once approved, a supervisor or an individual not involved with the collection process shall prepare the monies for deposit. All deposits should be logged in the Miracle Delivery log to have proper documentation for tracking of the deposits between the County and the bank. Weak cash controls could result in misappropriation of County funds.</p>			
Recommendation			
<ul style="list-style-type: none"> • Daily deposits from the parking garage and the facilities office should be reviewed and verified by a second person. This procedure should be documented in the department policies and procedures manual. • All deposits should be logged in the Miracle Delivery log for proper documentation. 			
Action Plan			
Person Responsible	Facilities Director, Facility Services Manager	Estimated Completion Date	3/31/2022
<p>Management concurs with the recommendations.</p> <p>Facilities Management- An administrative specialist will prepare the deposit. The facilities director or the facility services manager will review and approve the daily deposit documentation.</p> <p>Parking Garage- The deposit documentation will be prepared by the parking garage manager and reviewed by one of the cashiers.</p> <p>These procedures will be documented in the policies and procedures manual.</p>			



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FINDINGS AND ACTION PLANS

Finding #3		Risk Level H	
<p><u>Segregation of Duties</u> – Of the 35 expenditure workflows sampled, 14 (40%) lacked segregation of duties in the ordering and receiving functions within the Facilities Management-Parking Garage office. The same person entered the purchase requisition and received the goods. Purchase requisitions do not have documented management approval and the Munis purchase requisition approval workflow is not set up. Lack of segregation of duties over the purchasing and receiving process creates the opportunity to misuse County funds.</p>			
Recommendation			
<p>The Munis purchase requisition workflow should be updated to include management approval. The approval workflow should be set up so the same person cannot approve their own purchase requisition entries.</p>			
Action Plan			
Person Responsible	Facilities Director, Facility Services Manager	Estimated Completion Date	3/31/2022
<p>The Munis purchase requisition workflow will be set up to include management approval. The updated procedure will be documented in the policies and procedures manual.</p>			

Finding #4		Risk Level H	
<p><u>Payment Authorization</u> – Of 35 paid invoices sampled, 31 (89%) did not have documented management approval. The administrative specialists are approving most of the invoices for payment. Best practices require management review and approval of expenditures. Lack of controls over the expenditure approval process could result in misappropriation of County funds.</p>			
Recommendation			
<p>Implementation of the Munis management approval workflow for purchase requisitions as recommended in finding #3 will strengthen expenditure controls. Policies and procedures should be updated for this process and include a list of personnel with invoice approval authority.</p>			
Action Plan			
Person Responsible	Facilities Director, Facility Services Manager	Estimated Completion Date	3/31/2022
<p>Management concurs with the recommendation. The policies and procedures manual will be updated with a list of personnel with invoice approval authority.</p>			



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FINDINGS AND ACTION PLANS

Finding #5		Risk Level M	
<p><u>Mail Payment Log</u> – There were a total of 157 mailed payments during the audit scope. Of 31 mailed payments sampled, 31 (100%) did not have documented management review (repeat finding). All sampled payments were properly documented and posted to RecWare in compliance with LGC § 113.022.</p> <p>Weak controls over mail payments could result in misappropriation of funds. The facilities services manager stated she occasionally reviews the mail payment log but it was not documented.</p>			
Recommendation			
<p>A documented review of the mail payment log should be done periodically by management to verify all mail payments are recorded in RecWare.</p>			
Action Plan			
Person Responsible	Facilities Director, Facility Services Manager	Completion Date	2/28/2022
<p>Management concurs with the recommendation. The facilities director or facility services manager will review the log on a quarterly basis.</p>			

Finding #6		Risk Level L	
<p><u>Policies and Procedures</u> – The following policies and procedures have not been documented:</p> <ul style="list-style-type: none"> • Void transaction procedures for parking garage (repeat finding) • Documented review of daily deposits by a second person • Safe access controls • Ordering and receiving process within the Facilities Management-Parking Garage office • Management review and approval of invoices • List of personnel with invoice approval authority <p>Policies and procedures serve as an accountability and training guide for employees and sets guidelines for best practices. Lack of documented procedures can increase the risk of inconsistent practices and possible losses to the County.</p>			
Recommendation			
<p>The written policies and procedures should be updated to include the current policies and procedures in use.</p>			
Action Plan			
Person Responsible	Facilities Director, Facility Services Manager	Estimated Completion Date	04/29/2022
<p>Management concurs with the recommendation.</p>			