



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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03-29

March 26, 2024

Mr. John Sarah
Budget Director
500 E. San Antonio, Suite 106
El Paso, Texas 79901

Dear Mr. Sarah:

The County Auditor's Internal Audit division performed an audit of the Budget and Finance Financial Recovery Division's (FRD) financial records to determine if internal controls are adequate to ensure proper preparation of FRD'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 six financial controls and reviewed three operational controls with a total of 179 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of the FRD 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 "Barbara Parker".

Barbara Parker
County Auditor

BP:HM:ya

cc: Ms. Betsy Keller, County Chief Administrator
Ms. Jessica C. Garza, Budget Assistant Director
Mr. Derek Ware, Financial Recovery Division Manager

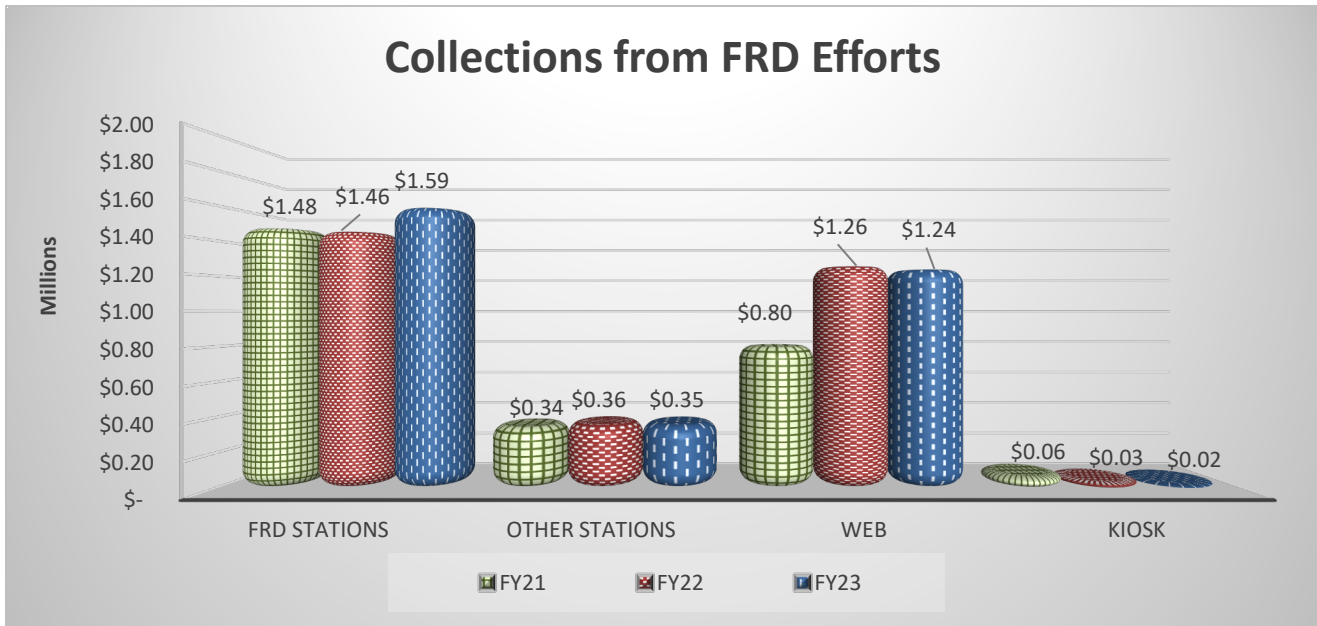


EXECUTIVE SUMMARY

BACKGROUND

The Financial Recovery Division (FRD) is a division under the Budget and Finance 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 FRD is to assist in making the County of El Paso and its taxpayers whole by collecting funds to optimize services to the public.

Financial reports are generated from the Enterprise Justice Software (EJS) showing all transactions occurring each month. The following chart is a comparison of collections for the past three fiscal years at the main FRD office and satellites to include recoveries through electronic payment services (E-Pay), remote kiosks and other stations located throughout the County of El Paso. FRD collections for fiscal years 2021, 2022 and 2023 are illustrated below.



Source: Enterprise Justice System

The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was January 2022 through December 2022 and the report was issued on February 28, 2023; 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
9. Compliance with deputation requirements authorized by the <i>Code of Criminal Procedure (CCP) §103.003</i>	Satisfactory



The Office of The Financial Recovery Department
For the period of January 2023 to December 2023



EXECUTIVE SUMMARY

SCOPE

The scope of the audit is from January 2023 through December 2023. 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 EJS 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 EJS.
- 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.
- Tested a sample of currently employed FRD employees' deputation forms to determine compliance with CCP §103.003 and subsequent appointment by District Clerk and County Clerk.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. There were no findings identified during this audit.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Maintain and follow department policies and procedures (Obj. 1) • Cash handling procedures (Obj. 2) • Timely deposit controls (Obj. 3) • Void controls and procedures (Obj. 4) • Manual receipt controls (Obj. 5) • Mail log controls (Obj. 6) • CIP controls and procedures (Obj. 7) • Non-financial security and operational controls (Obj.8) • Current employee deputation controls (Obj. 9) 	
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

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