



COUNTY OF EL PASO

OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
COUNTY AUDITOR
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County Administrative Offices
800 East Overland Street, Rm. 406
EL PASO, TEXAS 79901-2407
(915) 546-2040
(915) 546-8172 FAX

February 17, 2012

The Honorable Veronica Escobar, County Judge
and County Commissioners
County of El Paso
County Courthouse Building, Suite 301
El Paso, Texas 79901

Dear Judge and County Commissioners:

Attached are the reports issued by the County Auditor's Internal Audit Division to the various departments from October 2010 through November 2011. There were 53 audit reports issued by the Internal Audit Division during the period noted above. Twenty one out of 53 reports, or 40 percent, did not have adequate internal controls or were not in compliance with contract stipulations. The County Auditor's Internal Audit Division has made recommendations to the departments to help strengthen the internal control structure. The following is a listing of the departments which were characterized as having weak or extremely weak internal controls:

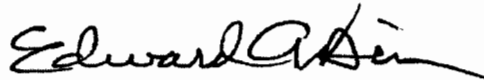
<u>Department</u>	<u>Date of Report</u>	<u>Page No.</u>
Ascarate Golf Course	April 18, 2011	7
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Justice of the Peace, Precinct No. 4	January 4, 2011	54
Justice of the Peace, Precinct No. 4	March 22, 2011	58
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El Paso County Purchasing Department	October 21, 2010	112
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Veronica Escobar, County Judge
and County Commissioners
February 17, 2012
Page 2

Furthermore, subsequent management responses or additional county auditor correspondence relating to specific audits may be found in Appendix A.

If you have any questions in this matter, please don't hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Edward A. Dion
County Auditor

EAD:JO:ya

**El Paso County
Ascarate Golf Course
Ascarate Toll Booth**



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01-58

January 27, 2011

Ms. Rosemary Neill
Director
Family and Community Services
800 East Overland, Suite 208
El Paso, TX 79901

Dear Ms. Neill:

A copy of a memorandum from Ms. Gaby Paredes-Ferro, internal auditor, dated January 27, 2011, is attached. This memorandum is a report on your financial records for the Ascarate Toll Booth for June 2010 through December 2010. Because of certain statutory duties required of the County Auditor, this office is not independent as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Paredes-Ferro.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

EAD:GPF:ya

Attachments




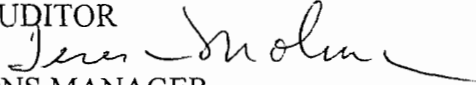


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01-59

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: GABY PAREDES-FERRO, INTERNAL AUDITOR 
DATE: JANUARY 27, 2009
SUBJECT: REVIEW OF THE ASCARATE TOLL BOOTH FINANCIAL RECORDS
FROM JUNE 2010 THROUGH DECEMBER 2010

Overview

A review of the financial records for the Ascarate Toll Booth from June 2010 through December 2010 has been completed. The objective of this review was to provide reasonable assurance that all transactions were properly recorded and reported.

Scope and Purpose

The scope and purpose of the review consisted of:

1. Daily cash count sheets were reviewed for accuracy and completeness. In addition, collections were traced to the bank statements and the Financial Accounting Management System (FAMIS) to ensure that they were posted properly.
2. The deposits were reviewed to ensure compliance with the rapid deposit law, *Texas Local Government Code §113.022*. No discrepancies were noted.
3. A surprise cash count was conducted on January 23, 2011, in accordance with *Texas Local Government Code §113.0035*.
4. An analysis of the gate fee revenue was prepared, worksheet attached.
5. An inventory count was conducted on the ticket rolls. No discrepancies were noted.
6. Previous memorandum was reviewed for proper implementation of prior recommendations.

General

1. Observation: While reviewing the daily cash count sheets, it was noted that on several occasions the cash count sheets were incomplete. It was noted that on one occasion the cash count sheet was not verified by management.
Corrective Action/Recommendation: It is recommended that due care be exercised when filling out the daily cash count sheets to ensure accurate and complete records.
2. Observation: While reviewing the daily collections, it was observed that on many occasions the daily cash count sheets reflected an overage or shortage, netting a total of \$6.60; not including the overage of \$2.02 when the surprise cash count was conducted by the internal auditor on January 23, 2011.
Corrective Action/Recommendation: It is recommended that due care be exercised when collecting the entry fee to avoid overages or shortages.
3. Observation: When the cash count was performed on January 23, 2011, the cashier did not ask for identification, as stated in the policies and procedures, and allowed the cash count to be performed.
Corrective Action/Recommendation: It is recommended that policies and procedures be followed at all times.
4. Observation: While reviewing the daily collections, it was noted that on six occasions a Cash Distribution by Account report from RecWare was not included with the deposit's supporting documentation submitted to Treasury. This observation was discussed with a staff member on January 25, 2011, and measures are being taken to locate the missing reports.
5. Observation: On the collections from June 25th through 27th, there was a discrepancy between the daily cash count sheets and the amount deposited. The daily cash count sheets totaled \$2,284.10, which was the amount receipted in RecWare; however, the Cash Distribution by Account report includes a note that states "\$1.00 over" and \$2,285.10 was deposited.
Corrective Action/Recommendation: It is recommended that daily cash count sheets reflect overages and shortages and not be force balanced. Furthermore, it is recommended that all supporting documentation be accurate.

Review of Past Memorandum

6. Observation: It was previously recommended that a second change fund be requested for the second cashier to avoid sharing the same change fund. It was noted that on June 21, 2010, a request was submitted to the County Auditor's Office. Upon inquiry, it was explained that Ascarate has acquired an additional \$100.00 change fund. Therefore, increasing the total change fund to \$200.00.

Summary

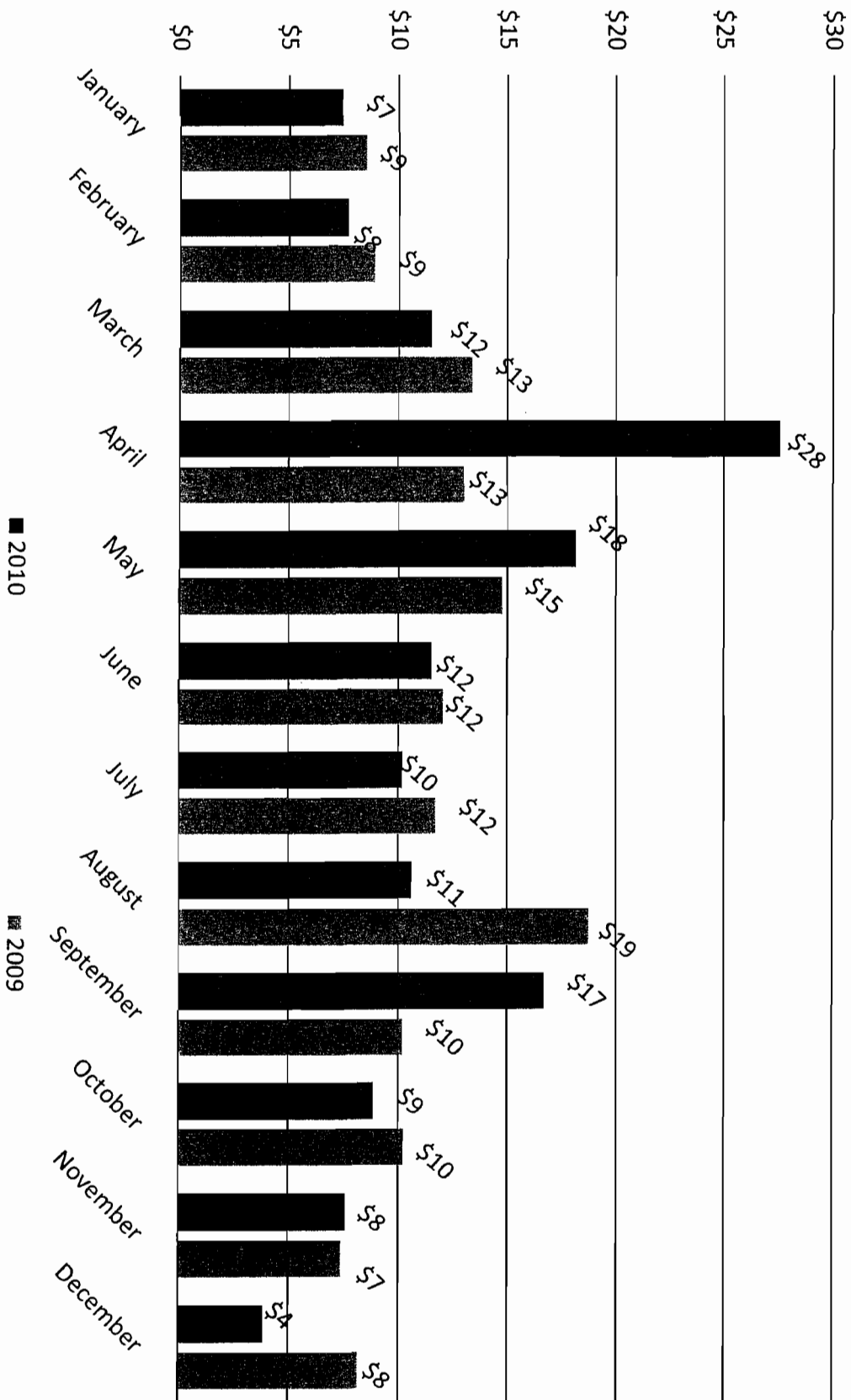
This review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. 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. Based on this review, the internal control structure of the Ascarate Toll Booth, appears to be adequate and should be further strengthened with the implementation of the above mentioned recommendations.

GFP:ya

El Paso County, Texas
Ascarate Gate Fees
Revenue Analysis
by Calendar Year

Month	2010	2009	Variance from PY	Percentage Change
January	\$7,410	\$8,505	-\$1,095	-14.78%
February	7,677	8,906	-\$1,229	-16.01%
March	11,539	13,386	-\$1,847	-16.01%
April	27,581	13,017	\$14,564	52.80%
May	18,185	14,787	\$3,398	18.69%
June	12,186	12,087	\$99	0.81%
July	10,236	11,745	-\$1,509	-14.74%
August	10,633	18,760	-\$8,127	-76.43%
September	16,729	10,234	\$6,495	38.82%
October	8,877	10,279	-\$1,402	-15.79%
November	7,602	7,391	\$211	2.78%
December	3,886	8,168	-\$4,282	-110.21%
Total	\$142,542	\$137,265	\$5,277	3.70%

Ascarate Toll Booth Analysis of Gate Fees 2009 Through 2010 (In Thousands)





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04-15

April 26, 2011

Ms. Rosemary Neill
Interim Director
Parks and Recreation/Golf Course
800 East Overland, Suite 208
El Paso, TX 79901

Dear Ms. Neill:

A copy of a memorandum from Mr. Rene Balderrama and Mrs. Claudia Parra, internal auditors, dated April 18, 2011 is attached. This memorandum is a report on a review of your financial records. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Ascarate Golf Course Department as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Balderrama and Mrs. Parra.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:RB:CP:ya

Attachments

cc: The Honorable Veronica Escobar, County Judge
The Honorable Anna Perez, County Commissioner
The Honorable Sergio Lewis, County Commissioner
The Honorable Daniel R. Haggerty, County Commissioner
The Honorable Willie Gandara, County Commissioner




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OFFICE OF THE COUNTY AUDITOR

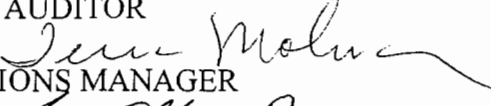
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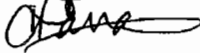
04-16

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 

THRU: TERESA MOLINAR, OPERATIONS MANAGER 

THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 

FROM: RENE BALDERRAMA, INTERNAL AUDITOR 
CLAUDIA PARRA, INTERNAL AUDITOR 

DATE: APRIL 18, 2011

SUBJECT: REVIEW OF THE ASCARATE GOLF COURSE

Overview

A review of the financial records for the Ascarate Golf Course has been completed. The objective of this review was to provide reasonable assurance that all transactions were properly recorded and reported.

Scope and Purpose

The scope and purpose of the review consisted of:

1. A surprise cash count was performed on March 1, 2011, at the Golf Course Pro Shop in accordance with *Local Government Code §115.0035*. No discrepancies were noted.
2. Manual receipts issued from October 2009 through February 2011 were reviewed to ensure that register receipts coincide with information entered on the RecWare cashiering system.
3. Deposits were reviewed to ensure proper preparation and that documentation submitted to the County Auditor's Office was complete and accurate.
4. Deposits were reviewed to ensure compliance with the rapid deposit law, *Texas Local Government Code §113.02*. No discrepancies were noted.
5. Previous memoranda were reviewed for proper implementation of prior recommendations.

General

1. Observation: Upon review of the manual receipts, the following items were noted:

- Three manual receipts had two different amounts listed on the receipt
- Three receipts had a note with no explanation of a \$1.00 overage
- One manual receipt did not have the corresponding register receipt attached
- One manual receipt had the incorrect register receipt attached to it

Corrective Action/Recommendation: It is recommended that the cashiers exercise due care when handling transactions and issuing manual receipts. It is further recommended, that cashiers review the manual receipts for accuracy and completeness before issuing it to the customer. It is also recommended that cashiers enter the correct amounts into RecWare from the information provided on the manual receipts and that a supervisor review and approve manual receipts for accurate entry.

2. Observation: While reviewing a 5% sample or 33 out of 667 deposit slips the following was noted:

- One deposit had a \$49.00 shortage when compared to the RecWare daily report
- One deposit had a \$1.00 overage when compared to RecWare reports
- One deposit had a \$6.00 difference when compared to RecWare reports and a \$16.00 difference from the cash count sheet
- One deposit showed a \$.30 shortage in credit cards when compared to Link2Gov and RecWare reports
- One deposit listed a \$3.15 overage in cash when compared to RecWare and a \$73.75 shortage in credit cards when comparing Link2Gov to RecWare
- One deposit in the amount of \$50.00 was not entered into RecWare

Corrective Action/Recommendation: It is recommended that due care be exercised when preparing the daily deposits to ensure that deposit totals coincide with RecWare and Link2Gov. It is further recommended that cashiers explain any overages or shortages in a detailed manner and that a supervisor review and approve the cashiers' daily work for accuracy and completeness.

3. Observation: While reviewing the void log it was noted that there were 23 items with discrepancies, as reflected on Schedule C. The discrepancies included credit card voids that were not recorded on Link2Gov, voided receipts that were not attached to the corresponding month, and poor explanations on voided transactions.

Corrective Action/Recommendation: It is recommended that when issuing a replacement, the new receipt number be referenced on the voided receipt for tracking purposes. It is further recommended that when refunding a credit card charge, a receipt showing the credit back to the credit card should be attached to voided receipt. It is also recommended that management review the voids on RecWare and Link2Gov and provide a clear explanation of the reason why the transaction was voided.

Review of Past Memoranda

4. Observation: In a previous audit, it was explained by Ms. Ramirez that the pro shop would utilize an old cash register when the RecWare cashiering system was unavailable. Upon inquiry, management was uncertain as to who had custody of the old cash register. Corrective Action/Recommendation: It is recommended that the old register be turned over to the purchasing department as soon possible. Upon inquiry this recommendation has been addressed.

Summary

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. The internal control structure of the Ascarate Golf Course continues to appear weak, but should be strengthened with implementation of the above-mentioned recommendations.

RB:CP:ya

**El Paso County Attorney
Hot Check Division
Protective Order Division**



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OFFICE OF THE COUNTY AUDITOR

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(915) 546-2040
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01-43

January 19, 2011

The Honorable Jo Anne Bernal
County Attorney
County Courthouse, Room 503
500 East San Antonio Street
El Paso, Texas 79901

Dear Ms. Bernal:

A copy of a memorandum from Mrs. Gaby Paredes-Ferro, internal auditor, dated January 19, 2011, is attached. This memorandum is a report on a review of your financial records from September 2010 through November 2010. 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, this review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Paredes-Ferro.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:GPF:ya

Attachment

cc: Mr. Manuel Romero, Assistant County Attorney



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01-44

MEMORANDUM

Edward A. Dion

TO: EDWARD A. DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa Molinar*

THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR *J. O'Neal*

FROM: GABY PAREDES-FERRO, INTERNAL AUDITOR *Gaby Paredes-Ferro*

DATE: JANUARY 19, 2011

SUBJECT: REVIEW OF THE COUNTY ATTORNEY'S HOT CHECKS DIVISION FROM SEPTEMBER 2010 THROUGH NOVEMBER 2010

Overview

A review of the County Attorney's Hot Check Division from September 2010 through November 2010 has been completed. The objective of this review was to verify information contained within the County Attorney's financial reports. These financial reports, generated from TRACER, County Attorney's Hot Check Division's information system software, are a recapitulation of all transactions that occurred during the audit period.

Scope and Purpose

The scope and purpose of the review was as follows:

1. A surprise cash count was conducted on December 21, 2010, in accordance with *Local Government Code §115.0035*. No discrepancies were noted.
2. Collections for the hot checks division were traced to the Financial Accounting Information System (FAMIS) and ultimately the bank to ensure all collections were accounted for properly.
3. Voided receipts were reviewed to ensure legitimacy of the transaction and supervisory review.
4. A cursory review of the overpayment report was performed.
5. Manual receipts were reviewed to ensure that collections were properly accounted for. No discrepancies were noted.
6. An inventory of the manual receipt books was performed. No discrepancies were noted.
7. Previous memorandum was reviewed for implementation of prior recommendations.

General

1. *Observation:* On November 8, 2010, a bank deposit correction was identified in the amount of \$.05, resulting in another bank correction to adjust the deposit total. The Inter National Bank charges \$5 per correction, resulting in a \$10 total bank charge.
Corrective Action/Recommendation: It is recommended that due care be exercised when preparing the deposit slips to avoid unnecessary bank charges.
2. *Observation:* While reviewing the voided receipts it was noted that on one void, supporting documentation could not be located.
Corrective Action/Recommendation: It is recommended that once a void is processed and approved by management, that all supporting documentation be filed immediately to avoid any misplacement.
3. *Observation:* Upon a cursory review of the overpayment report, it was noted that a total of \$98.79 in overpayment transactions were processed during the period under review.
Corrective Action/Recommendation: It was previously recommended that a change fund be established, in an effort to eliminate the issue of overpayments. Upon inquiry on the status of the establishment of a change fund, it was noted that the development of the procedures has been delayed due to other projects. It is strongly recommended that a change fund be approved by Commissioners Court and procedures be established.

Summary

This 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. Based on this review, the internal control structure of the County Attorney's Hot Check Division appears to be adequate, and should be further strengthened with the implementation of the above mentioned recommendations.

GPF:ya



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01-49

January 25, 2011

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

Dear Ms. Bernal:

A copy of a memorandum from Mrs. Gaby Paredes-Ferro, internal auditor, dated January 25, 2011, is attached. This memorandum is a report on a review of the County Attorney's Protective Orders Division from October 2010 through December 2010. 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, this review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Paredes-Ferro.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

EAD:GPF:ya

Attachment

cc: Mr. Michael Alvarez, Trial Team Chief




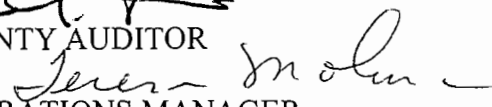
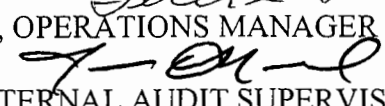
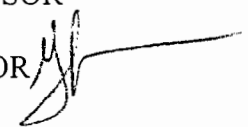
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01-50

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: GABY PAREDES-FERRO, INTERNAL AUDITOR 
DATE: JANUARY 25, 2011
SUBJECT: REVIEW OF THE COUNTY ATTORNEY'S PROTECTIVE ORDER
DIVISION FROM OCTOBER THROUGH DECEMBER 2010

Overview

A review of the County Attorney's Protective Orders Division from October 2010 through December 2010 has been completed. The objective of this review was to verify that collections have been receipted, posted and deposited accurately and in a timely manner.

Scope and Purpose

The scope and purpose of the review was as follows:

1. The manual receipts issued from October through December 2010 were reviewed and traced to the attorney fee ledger, deposit warrants, and bank statements to ensure that payments were accounted for properly. Additionally, it was verified that the collections were deposited timely and in accordance with *Texas Local Government Code §113.022*. No discrepancies were noted.
2. Payments were compared to the court order to ensure that the correct amount was collected. No discrepancies were noted.
3. An inventory of all unused manual receipt books was conducted. No discrepancies were noted.
4. Previous memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: It was previously noted that the County Attorney had agreed to discuss the possibility of the District Clerk's Office accepting the Protective Order payments. Upon inquiry, it was explained that there is a tentative meeting scheduled with the new District Clerk administration.
Corrective Action/Recommendation: If the District Clerk's Office agrees to collect payments for the Protective Orders Division, it is recommended that the Protective Orders Division destroy the manual receipt books, under dual control and document the destruction of records. Furthermore, it is recommended that the County Attorney's Office develop new procedures reflecting the changes.

Summary

This 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. Based on this review, the internal control structure of the Protective Orders Division is adequate, but should be strengthened with the implementation of the above mentioned recommendations.

GPF:ya



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10-17

October 7, 2011

The Honorable Jo Anne Bernal
County Attorney
County Courthouse, Room 503
500 East San Antonio Street
El Paso, Texas 79901

Dear Ms. Bernal:

A copy of a memorandum from Mr. Ricardo Gabaldon, internal auditor, and Ms. Ruth Bernal, internal auditors II, dated October 7, 2011, is attached. This memorandum is a report on a review of your financial records from December 2010 through July 2011. 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, this review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Gabaldon and Ms. Bernal.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal stroke extending to the right.

Edward A. Dion
County Auditor

EAD:RG:RB:ya

cc: Mr. Manuel Romero, Assistant County Attorney





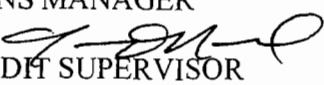


COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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County Administrative Offices
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09-53

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: RUTH BERNAL, INTERNAL AUDITOR II 
RICARDO GABALDON, INTERNAL AUDITOR 
DATE: OCTOBER 7, 2011
SUBJECT: COUNTY ATTORNEYS- CASH COUNT

Overview

The objective of this review was to verify the County Attorney's Hot Check daily collections and that proper controls are in place to safeguard collections.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. A surprise cash count was performed in accordance with Local Government Code §115.0035.

General

1. Observation: The following items were noted at the time of the cash count:
 - On August 3, 2011 an attempt to perform a cash count was made; however, it was indicated that cash counts can only be done from 7:30 a.m. to 8:30 a.m. because that is the time that the safe is opened.
 - A cash count was performed on August 5, 2011; however, the County Attorney's Office was not open at the time that was indicated previously.
 - Although access to the office was permitted, we were asked to wait in the lobby until the person in charge, Ms. Vanessa Rosales, Legal Collections Analyst, arrived. We had to wait in the lobby for 10 to 15 minutes.
 - When Ms. Rosales arrived, she indicated that the collections report was being downloaded and it would take a while to generate the report. In the mean time, we asked if funds could be counted while the report was being generated, but Ms. Rosales insisted that she would feel more comfortable opening the box after the report was ready.

- After the report was printed, she proceeded to open the drop box, but only gave us two small yellow envelopes that contained the funds that pertained to the report for the prior day.
 - When we requested that the drop box be opened again, it was noted that a white envelope was inside. It was later explained that the envelope contained a credit card that belonged to an individual that accidentally left it behind.
 - The safe box located next to the drop box was also requested to be opened. We were told that approval is required by the supervisor before the safe can be checked due to confidential information also stored in the safe. Mr. Manuel Romero, Assistant County Attorney, was contacted for authorization. It was explained that the safe box is not only used for collections for their department, but also the collections for the Justice of the Peace Number 3 and restitution payments for the Deceptive Business Practice department. It was also explained that the Justice of the Peace Number 3 collections are picked up by the armored car carrier at the County Attorney's Office and that a log from the armored car carrier is used as documentation for the transport of Justice of the Peace Number 3 collections. Furthermore, the Deceptive Business Practice collections are also recorded on a log of what is received and submitted to the corresponding businesses.
 - Mr. Romero authorized us to check the safe and observed the inspection. However, it was indicated that we could not look at the contents of a yellow envelope and a carton box. It was explained that the envelope and the box contained documents for cases that were still under investigation and are confidential.
- Corrective Action / Recommendation: The following items are recommended:
- Pursuant to the meeting with the County Attorney's that took place on Tuesday October 4, 2011, it was agreed that cash counts could be conducted anytime during regular business hours in accordance with Local Government Code §115.0035, copy attached. Moreover, the contents of the safe will also be open for examination.
 - County Attorney's cashiers should be given a cash drawer with a change fund; this should help eliminate overpayments and in turn provide for efficiencies. It is also recommended that the County Attorney consider acquiring lock bags to secure the change funds.
 - County Attorney should look into obtaining an extra safe to be used in their department. This will allow for sensitive material, such as cases that are still under investigation, to be separate from daily collections.

Summary

This 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, error or irregularities may occur and not be detected. Based on this review, the internal control structure of the County Attorney's Hot Check Division appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

RG:ya



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09-25

September 20 2011

The Honorable Jo Anne Bernal
County Attorney
County Courthouse, Room 503
500 East San Antonio Street
El Paso, Texas 79901

Dear Ms. Bernal:

A copy of a memorandum from Mr. Ricardo Gabaldon and Ms. Bertha Tafoya, internal auditor, dated September 20, 2011, is attached. This memorandum is a report on a review of your financial records from December 2010 through July 2011. 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, this review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Gabaldon and Ms. Tafoya.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:RG:ya

cc: Mr. Manuel Romero, Assistant County Attorney



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09-26

MEMORANDUM

Edward A. Dion
TO: EDWARD A. DION, COUNTY AUDITOR
Teresa Molinar
THRU: TERESA MOLINAR, OPERATIONS MANAGER
James O'Neal
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
Ricardo Gabaldon
FROM: RICARDO GABALDON, INTERNAL AUDITOR
Bertha Tafoya
FROM: BERTHA TAFOYA, INTERNAL AUDITOR
DATE: SEPTEMBER 20, 2011
SUBJECT: REVIEW OF THE COUNTY ATTORNEY'S HOT CHECKS DIVISION FROM
DECEMBER 2010 THROUGH JULY 2011

Overview

A review of the County Attorney's Hot Check Division from December 2010 through July 2011 has been completed. The objective of this review was to verify information contained within the County Attorney's financial reports. These financial reports, generated from TRACER, are a recapitulation of all transactions that occurred during the audit period.

Scope and Purpose

The scope and purpose of the review was as follows:

1. Collections for the Hot Check Division were traced to the Financial Accounting Information System (FAMIS) and to the bank to ensure all collections were accounted for properly.
2. A cursory review of the overpayment report was performed.
3. A sample of eight out of 31 voided receipts, or 26 percent, was reviewed to ensure legitimacy of the transaction.
4. An attempt was made to review the payments by mail.
5. Policies and procedures for the County Attorney's Hot Check Division were reviewed to ensure that controls are in place to account for all collections.

6. Manual receipts were reviewed to ensure that collections were properly accounted. No discrepancies were noted.
7. An inventory of the manual receipt books was performed. No discrepancies were noted.
8. Previous memorandum was reviewed for implementation of prior recommendations.

General

1. Observation: While reviewing deposits, it was noted that the daily deposit information is not being submitted to the treasury division of the County Auditor's Office on a daily basis. Consequently, this results in time consuming research by treasury personnel to identify deposits from several different departments. On June 7, 2011, a bank deposit was made in the amount of \$1,376.00 which included currency and cashier's checks totaling \$560 and \$816, respectively. While the deposit total was correct, bank personnel corrected the deposit because the cash listed on the deposit slip was incorrect. The correction resulted in a \$5.00 bank service charge to the County.
Corrective Action/Recommendation: It is recommended that daily deposit information be scanned and forwarded daily to the treasury division. It is also recommended that tender types listed on the deposit slip be compared to the daily deposit report to ensure that both reports match. Further, it is recommended that due care be exercised when preparing the deposit slips to avoid unnecessary service charges to the County.
2. Observation: While reviewing credit card and web payments the following was noted:
 - Daily credit card and web transactions do not always match to the daily collections receipted in TRACER.
 - Web collections received on February 13, 2011 and February 15, 2011 in the amount of \$172.35 and \$1,644.22, respectively, were not reflected in the daily deposit TRACER report. Furthermore, these receipts were not reflected on any subsequent TRACER reports. On August 31, 2011, with the assistance of Ms. Margie Medina, county attorney secretary, this office verified that the web payments not reflected in the daily deposit report for February 13, and 15, 2011 were receipted in TRACER on the day they were received.
 - A credit card transaction received March 14, 2011 in the amount of \$5 was receipted as cash and voided on the same date; however, the credit card payment was re-receipted in TRACER on March 16, 2011.
 - Credit card payments are not always receipted in TRACER on the day they are received.
 - Daily Link2Gov, El Paso County's electronic payment processor, receipts do not always match to the daily collections in TRACER.
 - Daily Link2Gov reports are not always included with deposit information.Corrective Action/Recommendation: Although, this office was eventually able to verify that all web payments were receipted in TRACER, it is recommended that daily transactions in TRACER and Link2Gov reports be reconciled. It is also recommended that County Attorney consider the possibility of providing this office with viewing access to the TRACER program; thus, minimizing time consuming research and unnecessary

questions to County Attorney personnel. Furthermore, it is recommended that due care be exercised when selecting the appropriate date range for web and credit card collections. It is also recommended that voided transactions, which may result from receipting a wrong tender type, be re-receipted on the same date.

3. Observation: Upon inquiry, Ms. Medina indicated that a hard copy of the voided payment log is not maintained. Furthermore, requested information on voided transactions was not provided because Ms. Medina does not work in the hot check division nor does she have the time to verify the information requested in TRACER. Mr. Manuel Romero, criminal division chief, indicated he would assign one of his secretaries in the hot check's division to research the requested information on the voided transactions. See attached email.

Corrective Action/Recommendation: It is recommended that the hot check division ensure a hard copy of the voided payment log is maintained and that it be available for inspection.

4. Observation: This office was not able to obtain a log of the payments by mail for the hot check's division. Upon inquiry, this office was informed that Ms. Vanessa Robles, legal collections analyst, is out on sick leave; thus, this office was not able to verify the log of payments by mail.

Corrective Action/Recommendation: It is recommended that a hard copy of the payments by mail log be maintained and that it be available for inspection.

5. Observation: While reviewing daily collections procedures for the hot check division the following was noted:

- Procedures to reconcile web and credit card payments to TRACER were not reflected in the existing procedures manual.
- Daily collection procedures for the hot check division are not reflected in their existing policies. See attached payment policies.

Corrective Action/Recommendation: It is recommended that the County Attorney's Office update the existing policies to reflect current procedures for the hot check division.

6. Observation: Upon review of the overpayment report, it was noted that 17 transactions, each over \$5.00 totaled \$72.66. However, refunds have not been issued for these overpayments. Also, it was noted that 190 transactions, each under \$5.00 totaled \$130.66. Furthermore, some of these overpayments resulted from collections dating back to 1999.

Corrective Action/Recommendation: In an effort to eliminate the continuous need for refunds, it is again recommended that a change fund be established. In order to clear the overpayment balances, it is recommended that refunds be requested from Auditor's Office for balances exceeding \$5.00 and for those cases with overpayments under \$5.00 have their balances cleared and a lump sum request be transferred to the County's General Fund. A detail listing of the overpayments should be submitted to the Auditor's Office with the request for refunds.

EDWARD A. DION
SEPTEMBER 20, 2011
PAGE 4

Summary

This 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. Based on this review, the internal control structure of the County Attorney's Hot Check Division appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

RG:ya

**El Paso County
District Clerk Office**



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03-33

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR *Edward A. Dion*

THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa Molinar*

THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR *James O'Neal*

FROM: BERTHA TAFOYA, INTERNAL AUDITOR *Bertha Tafoya*

DATE: MARCH 17, 2011

SUBJECT: REVIEW OF THE DISTRICT CLERK FINANCIAL RECORDS FOR JULY THROUGH DECEMBER 2010

Overview

A review of the District Clerk's Office financial records for July 2010 through December 2010 has been completed. The objective of this review was to verify the information contained within the District Clerk's financial records and to evaluate office operations and internal controls.

Scope and Purpose

The scope and purpose of this review consisted of:

1. The bank reconciliation for the Fee, Trust, Deposit and Juvenile account were reviewed for accuracy, completeness and legitimacy. Additionally, the reconciliations were reviewed to ensure that they are being reviewed and documented by a supervisor. No discrepancies were noted.
2. Prior memoranda were reviewed for proper implementation of recommendations made prior to January 1, 2011.

General

1. Observation: On February 9, 2011, a meeting was held with Ms. Norma Favela, District Clerk, to discuss recommendations made by this office but not implemented by her predecessor. Ms. Favela was responsive and indicated that prior recommendations are being implemented. Further, this office will be provided with an updated copy of the District Clerk procedures manual as soon as it is finalized.

EDWARD A. DION
MARCH 17, 2011
PAGE 2

Summary

Based on the February 9th meeting, the current administration has taken a pro-active approach in strengthening the previous administration's weak internal control structure. This office will continue to monitor and evaluate the current administration's internal control structure and procedures in future reviews.

BT:ya



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09-40

September 21, 2011

The Honorable Norma L. Favela
District Clerk
Room 103, County Courthouse Building
500 East San Antonio Street
El Paso, Texas 79901

Dear Ms. Favela:

A copy of a memorandum from Ms. Bertha Tafoya, internal auditor, dated September 21, 2011, is attached. This memorandum is a report on your financial records from January 2011 through July 2011. Because of statutory duties required of the County Auditor, this office is not independent in regard to your office. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Tafoya.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:BT:ya

Attachment



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09-41

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR *Edward A. Dion*

THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa Molinar*

THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR

FROM: BERTHA TAFOYA, INTERNAL AUDITOR *Bertha Tafoya*

DATE: SEPTEMBER 21, 2011

SUBJECT: REVIEW OF THE DISTRICT CLERK FINANCIAL RECORDS FOR JANUARY THROUGH JULY 2011

Overview

A review of the District Clerk's financial records for January 2011 through July 2011 has been completed. The objective of this review was to verify the information contained within the District Clerk's financial records and to evaluate office operations and internal controls.

Scope and Purpose

The scope and purpose of this review consisted of:

1. A surprise cash count was performed on July 28, 2011, in accordance with *Local Government Code § 115.0035*. No discrepancies were noted.
2. The bank reconciliation for the Fee, Custodial, Deposit and Juvenile accounts were reviewed for accuracy, completeness, and proper supervisor approval. No discrepancies were noted.
3. A sample of 33 out of 616 registry investments, or six percent, was reviewed to ensure that the balance for each investment reflected in the Judicial Information Management System (JIMS) and by the financial entities matched. No discrepancies were noted.
4. Policies and procedures for the District Clerk's Office were reviewed to ensure that controls are in place to account for all collections.
5. Manual receipts were reviewed to ensure that the transactions were receipted correctly and timely in JIMS.

6. A sample of JIMS receipts for passport collections was compared to the daily passport transmittal report submitted to the State Department for January through July 2011 to ensure that they were reconciled. No discrepancies were noted.
7. Quarterly reports submitted to the Texas State Comptroller for reimbursement of juror payments to the County were reviewed to ensure that the reports are submitted timely and the supporting documentation is correct. No discrepancies were noted.
8. Prior memorandum was reviewed for implementation of prior recommendations.

General

1. *Observation:* While reviewing the manual receipts, it was noted that manual receipts are not cross-referenced in JIMS. Further, the system generated receipts are not referenced to the manual receipts, not all manual receipts are properly completed, and two manual receipts that had been skipped were not properly voided. After inquiring, the skipped receipts were voided on September 14, 2011.
Recommendation/Corrective Action: It is recommended that the manual receipt number be referenced to JIMS and that the system generated receipt be referenced to a manual receipt. It is also recommended that any skipped receipts be voided and that the reason for skipping the receipts be documented. Furthermore, it is recommended that a supervisor review the manual receipts to ensure completeness.
2. *Observation:* While conducting a cursory review of the District Clerk's Office policies and procedures, it was noted that current cash handling procedures for daily collections are not included in the existing policies and procedures manual. Furthermore, the existing manual receipts policy does not reflect a procedure to address manual receipts that are skipped.
Recommendation/Corrective Action: It is recommended that the District Clerk's Office update the existing policies to reflect current cash handling procedures for daily collections. It is also recommended that the existing manual receipts policy be updated to reflect a procedure relating to manual receipts that may be skipped.

Summary

This 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. The internal control structure of the District Clerk's Office appears to be adequate, and should be further strengthened with the implementation of the above-mentioned recommendations.

BT:ya

**El Paso County
Domestic Relations Office**



COUNTY OF EL PASO
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(915) 546-2040
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11-08

November 12, 2010

Mr. Jim Fashing
Interim Executive Director
Domestic Relations Office
500 E. San Antonio Rm. LL-108
El Paso, Texas 79901

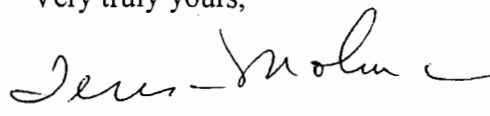
Dear Mr. Fashing:

A copy of a memorandum from, Mrs. Sylvia Pacheco, internal audit supervisor, dated November 12, 2010 is attached. This memorandum is a report on a review of your financial records from July 2010 through September 2010. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Domestic Relations Office as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Pacheco.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,


for Edward A. Dion
County Auditor

EAD:SP:ya

Attachment



COUNTY OF EL PASO

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11-09

MEMORANDUM

TO: *Teresa - Molinar* EDWARD A. DION, COUNTY AUDITOR
THRU: *Teresa - Molinar* TERESA MOLINAR, OPERATIONS MANAGER
FROM: *Sylvia Pacheco* SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR
DATE: NOVEMBER 12, 2010
SUBJECT: REVIEW OF THE DOMESTIC RELATIONS OFFICE FINANCIAL RECORDS
FOR JULY 2010 THROUGH SEPTEMBER 2010

Overview

A review of the financial records for the Domestic Relations Office (DRO) from July 2010 through September 2010 has been completed. The objective of this review was to verify that all collections were accounted for properly.

Scope and Purpose

The scope and purpose consisted of:

1. Monthly bank reconciliations were reviewed for accuracy, completeness, and timeliness. No discrepancies were noted.
2. All daily fee collection reports were reconciled to the deposit warrants posted in the Financial Accounting Management Information System (FAMIS). In addition, all refunds processed were traced to the Judicial Information Management System (JIMS) to ensure that the transactions were properly documented and posted. No discrepancies were noted.
3. All manual receipts were traced to JIMS to ensure that fee receipts were recorded. Additionally, child support payments noted on the manual receipts were traced to the log maintained by DRO.
4. A surprise cash count was performed on November 5, 2010, for the inspection of funds in accordance with the *Texas Local Government Code §115.0035*. No discrepancies were noted.

5. A sample of 297 mail payments was traced to the Judicial Information Management System (JIMS) or the child support log to ensure that all payments were accounted for properly.
6. The billings to the Office of the Attorney General (OAG) were reviewed to ensure that the amount invoiced was actually received.
7. Previous memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: It was noted that there were no manual receipts issued during the period under review.
2. Observation: While reviewing the sample of mail payments, the following items were noted:
 - Only one employee signs off on the mail payment logs as the employee opening and logging in the mail payments; therefore, it appears that the mail is not being processed under dual control. Upon inquiry and review of the mail procedures, it was noted that two employees simultaneously open the mail.
 - One of the employees opening and logging in the mail is also conducting the review process to ensure that mail payments are receipted in JIMS.Corrective Action/Recommendation: It is recommended that the two employees simultaneously opening the mail payments should sign the mail log to document the initial process. Having two signatures will verify that the mail payments are being processed under dual control. It is further recommended that the employee reviewing the mail payments should be independent of the mailed in payment processing. On November 9, 2010, Mrs. Flor Galvan, Child Support Monitoring and Customer Division Chief, has agreed to assign the reviewing process to the senior clerk, since Mrs. Galvan is often involved in the mailed in payment process.
3. Observation: While reviewing the for the OAG billings, it was noted that the County has not received payment for the September 2010 billing. This item will be verified during the next audit period.

Review of Past Memoranda

4. Observation: It was previously noted that while reviewing the mail logs, it was not clear as to the employee's role in processing the mail. There were signatures documented on the log, but it was not clear which employee opened, logged, or receipted the mail payments.
Corrective Action/Recommendation: DRO personnel have modified the log to reflect each employee's role in the mail payment process.
5. Observation: It was previously noted that the mail handling procedures did not specify who is responsible for reviewing the mail log to ensure that all mail payments have been receipted.

EDWARD A. DION
NOVEMBER 12, 2010
PAGE 3

Corrective Action/Recommendation: The mail handling procedures have been updated to assign the supervisor or senior clerk to randomly select payments from the mail logs and trace payments to JIMS or the SDU system. The verification of mail payments will be documented on the mail logs.

Summary

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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Based on this review, the internal control structure of the Domestic Relations Office appears to be adequate, and should be further strengthened with the implementation of the above-mentioned recommendation.

SP:ya



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09-47

September 27, 2011

Mr. Jim Fashing
Interim Executive Director
Domestic Relations Office
500 E. San Antonio Rm. LL-108
El Paso, Texas 79901

Dear Mr. Fashing:

A copy of a memorandum from, Mr. James O'Neal, internal audit supervisor, dated September 26, 2011 is attached. This memorandum is a report on a review of your financial records from October 2010 through June 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Domestic Relations Office as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. O'Neal.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

EAD:JO:ya

Attachment




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09-48

MEMORANDUM

TO:  EDWARD A. DION, COUNTY AUDITOR

THRU:  TERESA MOLINAR, OPERATIONS MANAGER

FROM:  JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR

DATE: SEPTEMBER 27, 2011

SUBJECT: REVIEW OF THE DOMESTIC RELATIONS OFFICE FINANCIAL RECORDS
FOR OCTOBER 2010 THROUGH JUNE 2011

Overview

A review of the financial records for the Domestic Relations Office (DRO) from October 2010 through June 2011 has been completed. The objective of this review was to verify that all collections were accounted for properly.

Scope and Purpose

The scope and purpose consisted of:

1. Monthly bank reconciliations were reviewed for accuracy, completeness, and timeliness. No discrepancies were noted.
2. All daily fee collection reports were reconciled to the deposit warrants posted in the Financial Accounting Management Information System (FAMIS). In addition, all refunds processed were traced to the Judicial Information Management System (JIMS) to ensure that the transactions were properly documented and posted. No discrepancies were noted.
3. All online and web payments were traced to JIMS to ensure proper and timely recording of fees. Furthermore, these payments were traced to FAMIS to ensure posting to the proper account.

4. All manual receipts were traced to JIMS to ensure that fee receipts were recorded. Additionally, child support payments noted on the manual receipts were traced to the log maintained by DRO.
5. A surprise cash count was performed on September 22, 2011 for the inspection of funds in accordance with the *Texas Local Government Code §115.0035*.
6. A sample of 386 mail payments was traced to the Judicial Information Management System (JIMS) or the child support log to ensure that all payments were accounted for properly.
7. The billings to the Office of the Attorney General (OAG) were reviewed to ensure that the amount invoiced was actually received.
8. Previous memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: While conducting the cash count, it was noted that in order to cover for lunch breaks two different cashiers are utilized. However, there was no record showing that the funds were verified by both cashiers neither at the beginning nor at the end of the lunch break.
Corrective Action/Recommendation: It is recommended that some form of documentation, to include both cashier's signatures, be used to reconcile collections both before the lunch break shift change and after the lunch break shift change. Further, two separate cash drawers could be used in order to refrain from comingling funds.
2. Observation: While reviewing the sample of mail payments and the receiving log, the following items were noted:
 - There were several mail log sheets that contained incomplete information. Case numbers, payer and payee information and reviewer and researcher information was missing.
 - There were several manual corrections to the logs without any documentation of who made these corrections.
 - Some child support fee payments were refunded back to the DRO department due to overpayments. However, the initial payment was not voided or reversed in the payee's JIMS transaction history.Corrective Action/Recommendation: It is recommended that due care be exercised when completing the mail log sheets. Furthermore, it is recommended that any manual corrections made to the logs have some form of documentation as to who made these corrections and why. Finally, it is recommended that any voided transactions be documented properly in the transaction history portion of the JIMS system.

Review of Past Memoranda

1. *Observation:* It was previously noted that there was a lack of dual control when opening and reviewing the mail payments.
Corrective Action/Recommendation: DRO personnel have modified the log to reflect each employee's role in the mail payment process, to show dual control and dual reviewing of all mail payments.

Summary

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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Based on this review, the internal control structure of the Domestic Relations Office appears to be adequate, and should be further strengthened with the implementation of the above-mentioned recommendation.

**El Paso County
General Assistance Department**



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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EL PASO, TEXAS 79901-2407
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01-15

January 12, 2011

Ms. Rosemary Neill
Director of Family and Community Services
800 E. Overland, Suite 208
El Paso, TX 79901

Dear Ms. Neill:

A copy of a memorandum from Ms. Bertha Tafoya, internal auditor, dated January 12, 2011 is attached. This memorandum is a report on a review of the General Assistance financial records for May 2010 through August 2010. 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 review was performed with objectivity and due professional care. I concur with the recommendation made by Ms. Tafoya.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion". The signature is stylized with a large, sweeping "E" and a prominent "A" at the end.

Edward A. Dion
County Auditor

EAD:BT:ya

Attachment

cc: Mr. Michael Flores, General Assistance Manager



COUNTY OF EL PASO


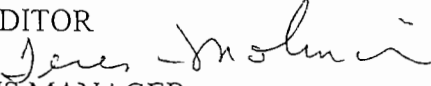

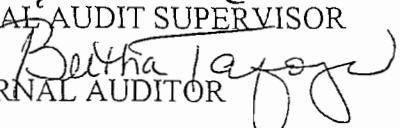
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01-16

MEMORANDUM


TO: EDWARD A. DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER

FROM: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR

FROM: BERTHA TAFOYA, INTERNAL AUDITOR
DATE: JANUARY 12, 2011
SUBJECT: REVIEW OF THE GENERAL ASSISTANCE AGENCY FOR MAY 2010
THROUGH AUGUST 2010

Overview

A review of the financial records for General Assistance (GA), for May 2010 through August 2010 has been completed. The objective of this review was to ensure compliance with program guidelines.

Scope and Purpose

The scope and purpose of this review consisted of:

1. A sample of 21 out of 270 general assistance disbursements or eight percent was reviewed to verify that assistance was provided within general assistance guidelines. The client files were reviewed to ensure sufficient documentation was obtained to justify assistance. Additionally, the cancelled checks were examined for proper endorsement.
2. Previous memorandum was reviewed for implementation of prior recommendations.

General

1. Observation: While reviewing payment backup for sampled checks, it was noted that the client's sensitive information such as social security cards, driver's licenses, birth certificates, and passports are scanned and they are included as back-up for payment. It was further noted that copies of children's social security cards and birth certificates are also scanned and attached as supportive documentation.

Corrective Action/Recommendation: Because of the increase in identity thefts, it is recommended that documentation that is not required to process a payment not be submitted as supportive documentation.

Review of Past Memorandum

1. Observation: It was previously recommended that General Assistance obtain access to the IRS website to validate any tax identification numbers submitted to their office with requests for assistance. This process will expedite the approval of the vouchers submitted to the accounts payable division of the County Auditor's Office. As of the date of this report Mr. Michael Flores, GA program director, has not made a decision on obtaining access to the IRS website.
2. Observation: The following recommendations were previously proposed:
 - Assistance should be limited to three consecutive years.
 - The policies and procedures should be updated to reflect that assistance may be provided for more than one type of assistance in the same month.
 - Current identification should be obtained every time the client is provided assistance.
 - Bank statements should be obtained to confirm that the savings account has been exhausted.

Corrective Action/Recommendation: Mr. Flores indicated that in extreme circumstances, assistance is sometimes extended and is done on a case by case basis. He also indicated that the policies and procedures are updated as changes occur. However, current identification is now being requested from clients each time assistance is provided. Further, Mr. Flores indicated that clients who declare ownership of a checking and/or savings account are asked to provide his office with a copy of current bank statements.

Summary

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, and 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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Currently the internal control structure of the General Assistance Department appears to be weak, but should be strengthened with the implementation of the above mentioned recommendation.

BT:ya

**El Paso County
Justice of the Peace
All Precincts**



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08-14

August 11, 2011

The Honorable Robert T. Pearson
Justice of the Peace, Precinct Number 1
424 Executive Center Boulevard, Suite 100
El Paso, Texas 79902

Dear Judge Pearson:

A copy of a memorandum from Mr. Ricardo Gabaldon, internal auditor, dated August 11, 2011, is attached. This memorandum is a report on a review of your financial records for August 2010 through May 2011. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Gabaldon.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:RG:ya

Attachment



COUNTY OF EL PASO


OFFICE OF THE COUNTY AUDITOR

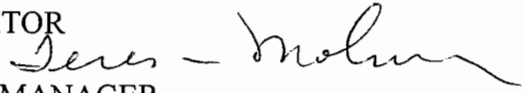
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08-15

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 

THRU: TERESA MOLINAR, OPERATIONS MANAGER 

THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 

FROM: RICARDO GABALDON, INTERNAL AUDITOR 

DATE: AUGUST 11, 2011

SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 1,
FINANCIAL RECORDS FOR AUGUST 2010 THROUGH MAY 2011

Overview

A review of the financial records for Justice of the Peace, Precinct Number 1, for August 2010 through May 2011 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports. These financial reports, generated from the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. A surprise cash count was performed on April 19, 2011, in accordance with *Local Government Code Section 115.0035*. No discrepancies were noted.
2. All deposit slips were compared to daily balance reports and treasury records in order to verify that collections were deposited timely, in accordance with *Local Government Code Section 113.022* and properly posted on the Financial Accounting Management Information System (FAMIS). No discrepancies were noted.
3. All necessary schedules were prepared for the appropriate allocation of court costs. No discrepancies were noted.
4. A sample of dismissed cases was reviewed for supporting documentation and proper disposition of the case.

5. A sample of criminal cases was reviewed for the implementation of the Texas Law Enforcement Officer Fund (TLEOF) fee that went into effect January 1, 2010.
6. Warrants issued were reviewed to ensure that they were issued 10 days after the demand letter was mailed out. No discrepancies were noted.
7. Justice of the Peace and Constable manual receipt books were reviewed to ensure their completeness, cross-referencing to JIMS and to verify the posting and timeliness of transactions.
8. A sample of mail log payments was reviewed to ensure completeness of the log and that the payments were posted to JIMS in a timely manner.
9. The Justice of the Peace's education requirements were reviewed to ensure compliance with *Government Code Section 27.005*.
10. Previous recommendations were reviewed for implementation.

General

1. Observation: While reviewing the dismissed cases, it was noted that a lack of supporting documentation was present on three cases and one case could not be located.
Corrective Action/Recommendation: It is recommended that when clerks dismiss a case, supporting documentation should be kept on file. Furthermore, the supporting documentation should be signed by the clerk dismissing the case to reflect acknowledgement.
2. Observation: Upon review of the Constable and Justice of the Peace manual receipts, several discrepancies were noted. It was noted that the amounts on four manual receipts did not total to the amount on JIMS. Upon inquiry, it was explained that the manual receipts reflected the incorrect amount. Furthermore, it was noted that the Constables do not turn in the funds in a timely manner as required by *Texas Local Government Code Section 113.022*.
Corrective Action/Recommendation: It is recommended that all manual receipts be compared to JIMS and correct any discrepancies immediately. This will decrease the likelihood of incorrect postings in JIMS. Furthermore, the manual receipt number should be entered into JIMS; this in turn will aid in cross referencing in both Constable and Justice of the Peace manual receipts. In addition, it is also recommended that the Constables turn in all collections within 7 days as required by *Texas Local Government Code Section 113.022*.
3. Observation: While reviewing a sample of the payments received by mail, it was noted that 55 out of 57 payments did not provide a case number. Moreover, incorrect descriptions were being entered into the mail log.
Corrective Action/Recommendation: It is recommended that due care be exercised when entering the information on mailed payments to ensure accuracy on the log and to avoid incorrect postings on JIMS. It is also recommended that the Justice of the Peace personnel input the correct description to reference the payment and case.

4. Observation: While attempting to verify the Judge's educational requirements pursuant to *Government Code § 27.005*, it was noted that the educational documentation was not available for review.
Corrective Action/Recommendation: It is recommended that documentation be provided to the County Auditor's Office to validate the Judge's compliance.

Review of Past Memoranda

1. Observation: It was previously noted that the Texas Law Enforcement Officer Fund (TLEOF) fee, which went into effect on January 1, 2010, has not been correctly accessed to moving violations. While reviewing a sample of cases with the offense of "Disregard stop signs and yield signs", it was noted that of the sample cases, 67 percent did not include the TLEOF fee.

Corrective Action/Recommendation: Justice of the Peace personnel should verify that the TLEOF fee is being accessed on all moving violations. It is also recommended that the court coordinator contact the El Paso County's Information Technology Department (ITD) for additional help if needed.
2. Observation: Additionally, as stated on the June 17, 2010 memorandum, it is recommended that all supporting documentation be reviewed on all dismissed cases to ensure all required information is present before filing.

Summary

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. Based on this review, the internal control structure continues to appear weak, but should be strengthened with the implementation of the above mentioned recommendations.

RG:ya



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08-43

August 24, 2011

The Honorable Brian Haggerty
Justice of the Peace, Precinct Number 2
4641 Cohen Ave, Ste A
El Paso, Texas 79924

Dear Judge Haggerty:

A copy of a memorandum from Ms. Bertha Tafoya internal auditor, dated August 24, 2011 is attached. This memorandum is a report on a review of your financial records from August 2010 through June 2011. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Tafoya.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "E. Dion", is written over a horizontal line.

Edward A. Dion
County Auditor

EAD:BT:ya

Attachment



COUNTY OF EL PASO
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08-44

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
FROM: BERTHA TAFOYA, INTERNAL AUDITOR
DATE: AUGUST 24, 2011

SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 2,
FINANCIAL RECORDS FOR AUGUST 2010 THROUGH JUNE 2011.

Overview

A review of the financial records for the Justice of the Peace, Precinct Number 2, from August 2010 through June 2011 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports. These financial reports, generated from the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. The operating procedures were reviewed to ensure effective internal controls are in place.
2. A surprise cash count was performed on July 26, 2011, in accordance with *Local Government Code §115.0035*. No discrepancies were noted.
3. All deposit slips were compared to the treasury records and daily balance reports in order to verify that collections were deposited in accordance with *Local Government Code §113.022* and properly posted on the Financial Accounting Management Information System (FAMIS).

4. All necessary schedules were prepared for the appropriate allocation of court costs.
5. A sample of 14, or 7 percent out of 209 payments received by mail was traced to JIMS to ensure payments were accounted for properly.
6. Future-dated or back-dated transactions were reviewed to determine the legitimacy of the transactions and to ensure that supporting documentation was included.
7. A sample of 51, or six percent out of 849 dismissed cases was reviewed to ensure that supporting documentation was included.
8. A sample of 16, or four percent out of 459 acquitted cases was reviewed to ensure that supporting documentation was included. No discrepancies were noted.
9. Previous memorandum was reviewed for implementation of prior recommendations.

General

1. Observation: While reviewing bank deposits it was noted that deposits were not always completed correctly, resulting in bank charges for the County. Mr. Rodrigo Garcia, court coordinator, indicated that some of the discrepancies were associated to office personnel turnover.
Corrective Action/Recommendation: Although deposit discrepancies appear to have diminished and/or eliminated, it is recommended that due care continue to be exercised in order to prevent future bank charges to the County.
2. Observation: Upon review of cases dismissed, it was noted that 22 out of 51, or 43 percent of cases were dismissed due to lack of witness. It was further noted that eleven officers were from DPS, six from the Sheriff's Department, and five from the El Paso Independent School District. Four of the Sheriff's cases were dismissed because evidence was not submitted timely by two officers from the El Paso Sheriff's Department.
Corrective Action/Recommendation: Due to the high percentage of dismissals for lack of witness, it is recommended that court administration revisit the notification procedures currently utilized to advise officers of scheduled court hearings.
3. Observation: Upon review of the check by mail log, it was noted that prior to January 2011 several entries on the log did not include a system generated receipt number, the date it was receipted, or the signature of the cashier receipting the payment in JIMS. Upon inquiry, Mr. Garcia indicated that the change in administration resulted in a high level of employee turnover. Thus, some of the discrepancies noted are related to the lack of training of new staff.

Corrective Action/Recommendation: Although payments by mail for the selected sample were accounted for and receipted to JIMS timely, it is recommended that the check by mail log be completed to ensure that all pertinent information is being documented. It should be noted that the Justice of the Peace staff continues to utilize the check by mail log recommended June 16, 2010 and it is being maintained under dual control.

4. Observation: While reviewing daily collections for December 2010 and January 2011, it was noted that credit card payments appeared to have been receipted incorrectly. Upon further review, it was discovered that cash had been receipted in conjunction with credit card payments. Conclusively, the credit card and cash collections did not match. Mr. Garcia indicated that JIMS does not allow more than one tender type for any transaction. He assured that cashiers will be prompted to include a comment for transactions that may contain more than one tender type. Furthermore, implementation of Odyssey will provide the capability of receipting multiple tender types for a single transaction.

Corrective Action/Recommendation: Even though comments are included in JIMS for cases that include multiple tender type transactions, it is recommended that cashiers continue to exercise due care.

5. Observation: While reviewing the future-dated or back-dated transactions, the following items were noted:

- There were a total of 12 cases that contained future-dated transactions.
- Four out of the 12 defendants were issued two or more citations on the same day; however, only one was future dated.
- The citation for case 211-0862CR was future-dated.
- Citations were not scanned for four different cases.

Corrective Action/Recommendation: It appears as if future-dated transactions may be a typographical error, and Mr. Garcia indicated that cases with future-dated transactions have been corrected. However, no action has taken place on two of them. It is recommended that Mr. Garcia obtain and review a future-dated and back-dated transaction report to ensure the accuracy of the transactions. Furthermore, it is recommended that Justice of the Peace personnel exercise due care in posting transactions in JIMS. This observation was also noted on the August 26, 2010 report.

Review of Previous Memoranda

1. Observation: Previously, this office was informed that a policies and procedures manual would be developed by the Justice of the Peace as soon as the office was fully staffed. Upon inquiry, Mr. Garcia indicated he will provide this office with a copy of the policies and procedures as it relates to the operation of the Justice of the Peace office before September 30, 2011.

Summary

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. The internal control structure of the Justice of the Peace, Precinct Number 2, appears to be adequate, and should be further strengthened with the implementation of the above- mentioned recommendations.

BT:ya



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08-34

August 19, 2011

The Honorable Guadalupe Aponte
Justice of the Peace, Precinct Number 3
500 E. San Antonio
3rd Floor, Suite 308
El Paso, Texas 79901

Dear Judge Aponte:

A copy of a memorandum from Mr. Rene Balderrama, internal auditor, dated August 19, 2011 is attached. This memorandum is a report on a review of your financial records for March 2010 through May 2011. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Balderrama.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "E. Dion", is written over a circular stamp. The stamp contains the text "Edward A. Dion" and "County Auditor".

Edward A. Dion
County Auditor

EAD:RB:ya

Attachment



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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08-35

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
FROM: RENE BALDERRAMA, INTERNAL AUDITOR
DATE: AUGUST 19, 2011
SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 3,
FINANCIAL RECORDS FOR MARCH 2010 THROUGH MAY 2011.

Overview

A review of the financial records for Justice of the Peace, Precinct Number 3, for March 2010 through May 2011 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports. These financial reports, generated off the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. A surprise cash count was performed on July 7, 2011 in accordance with *Local Government Code §115.0035*.
2. A report listing future dated citations was reviewed to determine the reasonableness of those transactions.
3. All deposit slips were compared to daily balance reports and treasury records in order to verify that collections were deposited timely in accordance with *Local Government Code §113.022* and properly posted on the Financial Accounting Management Information System (FAMIS).
4. All necessary schedules were prepared for the appropriate allocation of court costs.

5. The outstanding bond schedule was reviewed to ensure that cases are resolved on a timely basis.
6. All payments collected by the Sheriff's Office from March 2010 to May 2011 were reviewed to verify they were promptly and accurately entered in JIMS.
7. Previous memoranda recommendations were reviewed for implementation.

General

1. Observation: While performing a cash count on July 6, 2011, it was noted that a money order dated February 23, 2011 for \$518.60 and cash collections totaling \$120.00 were not posted into JIMS nor deposited to the bank. Upon inquiry, \$113.00 of these funds were not applied to the cases since the cases were already closed in JIMS. Therefore, the clerk was not certain how to apply the overages.
Corrective Action/Recommendation: It was recommended to Justice of the Peace personnel that these funds be deposited immediately. These funds were deposited with collection of July 6, 2011. It is further recommended that the Justice of the Peace personnel post payments to cases as funds are received. It is also recommended that any overpayments received are applied to the correct case and refund vouchers should be submitted to this office in a timely manner.
2. Observation: While reviewing cases for future dated citations, it was noted that 16 cases had future dated citation dates.
Corrective Action/Recommendation: It is recommended that the Justice of the Peace personnel review the cases being entered into JIMS and ensure that all the information entered is correct. Also, it is recommended that these 16 cases be researched and corrected as applicable.
3. Observation: While reviewing the Sheriff's collections to be entered into JIMS, it was noted that as of the date of this memo case numbers 302-1051FTA and 302-1051 have not been entered into JIMS; however, the payment was received and delivered to the office of the Justice of the Peace on March 29, 2011.
Corrective Action/Recommendation: It is recommended that the Justice of the Peace personnel enter payments received from the Sheriff's office immediately into JIMS.
4. Observation: While reviewing the office procedures of the Justice of the Peace, it was noted that each individual clerk has a mail log, records the case information, and posts the payments.
Corrective Action/Recommendation: It is recommended that the Justice of the Peace office implement a single mail log where employees use dual control procedures when logging in mail payments and posting payments into JIMS.
5. Observation: While reviewing the manual receipts log, it was noted that three manual receipts, totaling \$1,210.00, could not be accounted.

Corrective Action/Recommendation: It is recommended that the Justice of the Peace personnel research the status of the unaccounted funds. If the funds are ultimately determined missing further corrective action will require indemnification from Commissioners Court.

Review of Past Memoranda

6. Observation: While reviewing the outstanding bonds, it was noted that the bond schedule is not being reviewed periodically and cases have not been resolved in a timely manner.

Corrective Action/Recommendation: It is recommended that the Justice of the Peace personnel assign a staff member to periodically review and resolve the cases listed on the bond schedule.

Summary

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. The Justice of the Peace, Precinct 3 has implemented some of the previous recommendations and made improvements in the operations. However, based on this review, the internal control structure appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

RB:ya



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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01-04

January 4, 2011

The Honorable David J. Ferrell
Justice of the Peace, Precinct Number 4
1219 Barranca, Suite B
El Paso, Texas 79925

Dear Judge Ferrell:

A copy of a memorandum from Mrs. Gaby Paredes-Ferro, internal auditor, dated January 4, 2011 is attached. This memorandum is a report on a review of your financial records for July 2010 through October 2010. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Paredes-Ferro.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", followed by a horizontal line and a small flourish.

Edward A. Dion
County Auditor

EAD:GPF:ya

Attachment



COUNTY OF EL PASO


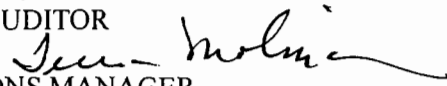
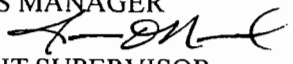

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01-09

MEMORANDUM


TO: EDWARD A. DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER

THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
FROM: GABY PAREDES-FERRO, INTERNAL AUDITOR 
DATE: JANUARY 4, 2011
SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 4, FINANCIAL RECORDS FROM JULY 2010 THROUGH OCTOBER 2010

Overview

A review of the financial records for the Justice of the Peace, Precinct Number 4, from July 2010 through October 2010 has been completed. The objective of this review was to verify the accuracy of information contained in the financial reports of the Justice of the Peace. The financial reports, generated off the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose consisted of:

1. A surprise cash count was performed on November 10, 2010, in accordance with the *Texas Local Government Code §115.0035*.
2. All deposit slips were compared to daily balance reports and treasury records in order to verify that collections were deposited timely and in accordance with *Local Government Code §113.022* and properly posted on the Financial Accounting Management Information System (FAMIS). No discrepancies were noted.
3. All necessary schedules were prepared for the appropriate allocation of court costs. No discrepancies were noted.
4. A sample of dismissed cases was reviewed to ensure that supporting documentation was included to support the dismissal of the case.
5. A sample of driver safety course cases was reviewed to verify that the certificate was received or the fine was paid.
6. The manual receipt book was reviewed to ensure that receipts were complete and posted in JIMS in a timely manner.
7. A sample of cases was reviewed for the implementation of the TLEOF and CSSF fees.
8. The mail log was reviewed to ensure that mailed payments were posted in JIMS.
9. Previous memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: While performing the cash count, it was noted that a Justice of the Peace employee accepted an incomplete Constable manual receipt.
Corrective Action/Recommendation: It is recommended that all manual receipts, issued and accepted, should include all applicable case numbers, the amount paid, and the method of payment with a reference number, to ensure correct supporting documentation is saved to the defendant's file.
2. Observation: On July 15, 2010, and again on September 10, 2010, a \$10 total bank charge was added for having a \$.30 and \$.10 error made on the deposit slips.
Corrective Action/Recommendation: It is recommended that Justice of the Peace staff exercise due care when filling out deposit slips, to avoid any unnecessary bank charges.
3. Observation: While reviewing supporting documentation for dismissed cases, it was noted that 11 cases do not have a judge's signature. Of those 11 cases, six cases did not have supporting documentation filed in JIMS. Upon inquiry, most cases have been corrected.
Corrective Action/Recommendation: It is recommended that each case have complete supporting documentation. Also, it is recommended that due care be exercised when scanning supporting documentation.
4. Observation: While reviewing the driver's safety course disposition cases, it was noted that 14 percent did not have the completion certificate on file. It was further noted that on one occasion the certificate was submitted after the deferral expiration date. Upon inquiry it was explained that defendants have 90 days to complete the course, not necessarily to turn the certificate in. If the case has not been closed by the 90 days, the case is tracked and a 10 day notice letter is issued if the defendant has not complied.
Corrective Action/Recommendation: It is recommended that all cases have a valid driver's safety course certificate on file.

Review of Past Memoranda

5. Observation: It was previously recommended that the mail should be opened under dual control. Upon inquiry it was explained that as per the Judge, the mail should be opened by only one employee. However, the written procedures state that two employees should include their signature when opening mail. Furthermore, it was noted that not all the information included in the procedures are being followed. For example, 42.5 percent of entries sampled did not include a case number, six percent had incomplete or incorrect case numbers, six percent had no reference number, and three percent had missing additional case numbers. The remaining 42.5 were complete entries.
Corrective Action/Recommendation: It is again recommended that due care be exercised when logging mail-in payments to ensure correct information is posted. It is further recommended that established procedures be followed at all times.
6. Observation: It was previously recommended that written procedures be developed for jail time credit transactions. Upon inquiry, it was explained that JP4 does not receive many jail time credit requests.
Corrective Action/Recommendation: It is again recommended that although JP4 does not receive many jail time credit request, that written policies and procedures be developed.

7. Observation: It was previously noted that a check payable to Judge Felix Saldivar, dated January 29, 1990, was being held in the vault. It was recommended that if all attempts to contact the payor or payee have failed, the check should be voided. This recommendation has been implemented.
8. Observation: After reviewing cases for the correct implementation of the TLEOF and CSSF fees, it was noted that JIMS continues to apply these fees incorrectly. It was previously noted that the TFC and STF fees were being assessed to violations for which these fees do not apply. Throughout the testing period, the Justice of the Peace over-collected about \$5,610.
Corrective Action/Recommendation: It is strongly recommended that office management review the fee structure periodically, or before posting a payment, to ensure that the correct fees are being assessed, and contact the County Information Technology (ITD) department to correct any discrepancies in the system.

Summary

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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Based on this review, the internal control structure of the Justice of the Peace, Precinct Number 4 appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

GPF:ya



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03-29

March 22, 2011

The Honorable Barbara Perez
Justice of the Peace, Precinct Number 4
1219 Barranca, Suite B
El Paso, Texas 79925

Dear Judge Perez:

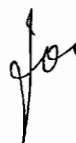
A copy of a memorandum from Mrs. Gaby Paredes-Ferro, internal auditor, dated March 22, 2011, is attached. This memorandum is a report on a review of your financial records for November 2010 through January 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Paredes-Ferro.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in cursive script, appearing to read "E. A. Dion".

 Edward A. Dion
County Auditor

EAD:GPF:ya

Attachment



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03-30

MEMORANDUM

TO: *for* EDWARD A. DION, COUNTY AUDITOR *Teresa - Molinar*
THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa - Molinar*
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR *James O'Neal*
FROM: GABY PAREDES-FERRO, INTERNAL AUDITOR *Gaby Paredes-Ferro*
DATE: MARCH 22, 2011
SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 4,
FINANCIAL RECORDS FROM NOVEMBER 2010 THROUGH JANUARY
2011

Overview

A review of the financial records for the Justice of the Peace, Precinct Number 4, from November 2010 through January 2011 has been completed. The objective of this review was to verify the accuracy of information contained in the financial reports of the Justice of the Peace. The financial reports, generated off the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose consisted of:

1. A surprise cash count was performed on March 1, 2011, in accordance with the *Texas Local Government Code §115.0035*. No discrepancies were noted.
2. All deposit slips were compared to daily balance reports and treasury records in order to verify that collections were deposited timely in accordance with *Local Government Code §113.022* and properly posted on the Financial Accounting Management Information System (FAMIS).
3. All necessary schedules were prepared for the appropriate allocation of court costs. No discrepancies were noted.
4. A sample of dismissed cases was reviewed for proper disposition of the case and to ensure supporting documentation was present.

5. A sample of driver safety course cases was reviewed to verify that the certificate was received or the fine was paid.
6. The manual receipt book was reviewed to ensure that receipts were complete and posted in JIMS in a timely manner.
7. A sample of the mail log was reviewed to ensure that payments received by mail were posted in JIMS.
8. A list of outstanding bonds was provided to Mrs. Becky Gonzalez, court coordinator, to take appropriate action.
9. Previous memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: While reviewing the deposit slips and comparing them to the daily balance reports it was noted that on one occasion the deposit slip was over \$10. This discrepancy was brought to the attention of Mrs. Gonzalez. It was later explained that a payment of \$20 had been received for two cases at \$10 each; however, only one case was updated in JIMS resulting in an overage on the deposit slip. Since then, the second case has been updated in JIMS.
Corrective Action/Recommendation: It is recommended that due care be exercised when balancing the collections to the daily balance reports to ensure all money is accounted for in JIMS and that all defendants are receiving credit for their payments.
2. Observation: While reviewing supporting documentation for dismissed cases, it was noted that on four occasion JIMS does not reflect the judgment as "dismissed". Furthermore, on four other occasions the cases do not have a judge's signature.
Corrective Action/Recommendation: It is recommended that a copy of the judgment showing the judge's signature be in the defendant's file and for the disposition given to be accurately reflected in JIMS. The cases in question have been brought to the attention of Mrs. Gonzalez and corrections to the cases pertaining to the new judge's term are in progress.
3. Observation: While reviewing the driver's safety course cases, it was noted that on one occasion the defensive driving completion certificate was not on file.
Corrective Action/Recommendation: As discussed with Mrs. Gonzalez, although this finding was during the prior administration, all defensive driving cases should have a completion certificate on the defendant's file to validate the disposition.
4. Observation: Upon a cursory review of the mail log, it was noted that the entries with mail payments do not include the case number; therefore, verification of payment postings in JIMS was not possible.
Corrective Action/Recommendation: It was discussed with Mrs. Gonzalez that the mail should be opened under dual control and a case number should be included. A copy of the attached mail log was provided to Mrs. Gonzalez on March 1, 2011.

5. Observation: A list of the outstanding bonds, as of the end of January 2011, was provided to Mrs. Gonzalez on March 1, 2011 for research.
Corrective Action/Recommendation: It was recommended that Mrs. Gonzalez research all outstanding bonds and take appropriate measures to update the bond list.

Review of Past Memoranda

6. Observation: It was previously noted that the TLEOF, CSSF, TFC, and STF fees were being assessed to violations for which these fees do not apply. During the meeting, Mrs. Gonzalez explained that she was aware of this and has been reviewing each fee to correct it on the system.
Corrective Action/Recommendation: It is recommended that Mrs. Gonzalez contact the County's Information Technology Department (ITD) for additional guidance, if needed.
7. Observation: It was previously noted that a procedures manual has not been produced. Upon inquiry it was explained that all procedures are being modified by the new administrative staff and completion of an updated procedures manual will take time.
Corrective Action/Recommendation: It is recommended that as soon as an updated procedures manual is available, a copy be submitted to the County Auditor's Office. Furthermore, the procedures manual should be reviewed periodically to ensure that it is maintained up to date.

Summary

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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Based on this review, the internal control structure of the Justice of the Peace, Precinct Number 4 appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

GPF:ya

[illegible]



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10-46

October 22, 2010

The Honorable Monica Teran
Justice of the Peace, Precinct Number 5
9521 Socorro Rd. Suite B-2
El Paso, Texas 79927

Dear Judge Teran:

A copy of a memorandum from Mrs. Sylvia Pacheco, internal auditor, dated October 22, 2010 is attached. This memorandum is a report on a review of your financial records for July 2010 through September 2010. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Pacheco.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:SP:rao



COUNTY OF EL PASO
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EL PASO, TEXAS 79901-2407
(915) 546-2040
(915) 546-8172 FAX

MEMORANDUM

Edward A. Dion

TO: EDWARD A. DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa Molinar*

FROM: SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR *Sylvia Pacheco*

DATE: OCTOBER 22, 2010

SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 5,
FINANCIAL RECORDS FOR JULY 2010 THROUGH SEPTEMBER 2010.

Overview

A review of the financial records for Justice of the Peace, Precinct Number 5, for July 2010 through September 2010 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports. These financial reports, generated off the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. The operating policies and procedures were reviewed to ensure that proper internal controls are in place.
2. A surprise cash count was performed on October 14, 2010, in accordance with *Local Government Code §115.003*.
3. All deposit slips were compared to daily balance reports and treasury records in order to verify that collections were deposited timely in accordance with *Local Government Code §113.022* and properly posted on the Financial Accounting Management Information System (FAMIS).
4. All necessary schedules were prepared for the appropriate allocation of court costs.
5. A sample of 46, or 10 percent out of 457 dismissed cases was reviewed for supporting documentation and proper disposition of the case. No discrepancies were noted.

6. Manual receipt books were reviewed to ensure completeness, cross-referenced to JIMS, and to verify the posting and timeliness of transactions. No discrepancies were noted.
7. Mail in payment logs were reviewed to ensure completeness of the log and that the payments were posted in JIMS.
8. A sample of 77 confirmation letters was mailed to defendants for criminal cases in order to verify the accuracy of the information in JIMS.
9. A future dated citation report from JIMS listing cases with citation dates greater than October 13, 2010, was reviewed for legitimacy.
10. A deleted case file was reviewed for legitimacy.
11. Previous memoranda was reviewed for implementation of prior recommendations.

General

1. Observation: It was noted that the procedures manual has not been updated to reflect the suggested recommendations noted on the July 29, 2010 report.
Corrective Action/Recommendation: It is recommended that the procedures include the following proposed recommendations:
 - Two employees should simultaneously open and log in the mail. The log should document the date received, payor, the check amount, the signature of employees opening and logging in the mail, the docket number, the JIMS receipt number, the date transaction was posted in JIMS, the signature of employee posting the payment in JIMS, and the signature of reviewer. The log should not be limited to the suggested recommendations. A sample log is attached.
 - The checks, money orders, and cashier's checks should be restrictively endorsed upon receipt.
 - The checks should be distributed to the appropriate clerk soon after logging them in.
 - The checks should be posted in JIMS immediately upon receipt, but no later than the next business day. Checks held for the next business day should be secured overnight in the safe. Checks should never be left unattended or unsecured.
 - The Court Coordinator should review the log and trace the payments to JIMS to ensure accountability of the transaction.
2. Observation: While reviewing the operating procedures manual, it was noted that the procedures have not been updated to reflect the proposed recommendations regarding the issuing, voiding, reviewing, and safeguarding of manual receipts, which were noted on the July 29, 2010 report.

Corrective Action/Recommendation: It is recommended that the procedures be updated to reflect the following proposed recommendations:

- A supervisor should safeguard and distribute the unused manual receipts.
- A supervisor should periodically review the manual receipts.
- Manual receipts should only be issued when JIMS is unavailable.
- The manual receipt number should be cross-referenced in JIMS and the JIMS receipt number should be cross-referenced on the manual receipt.
- In the event that a manual receipt needs to be voided, a detailed explanation should be documented on the manual receipt. The original manual receipt should be attached to the carbon copy. Furthermore, supervisor approval should be obtained and documented on the manual receipt.

3. Observation: While conducting the surprise cash count, it was noted that the collections for various clerks were combined. It was explained by Court Coordinator, Eileen Ashley, that at the end of the day, each clerk prepares a calculator tape listing all the collections. Ms. Ashley then reconciles the collections to the JIMS report. This observation was noted on the July 29, 2010 report.

Corrective Action/Recommendation: In order to provide better accountability of the clerk's collections, it is recommended that each clerk prepare a cash count sheet at the end of the day and document any out of balance conditions. The collections should be verified by a second employee. A copy of a cash count sheet is attached.

4. Observation: While reconciling the collections, the following items were noted:
- A court order to dismiss case number T07-01578JP5 was signed by the Justice of the Peace on February 8, 2010. The refund request in the amount of \$185.00 was received at the County Auditor's Office on July 6, 2010, five months after the court order was signed. The County Auditor's Office was unable to process the refund because the fines and court costs were not zeroed out to reflect the refund in JIMS. On August 31, 2010, the fees were updated in JIMS by the court coordinator to reflect the dismissal of the case at the request of the internal audit supervisor. Finally, a check was issued to the defendant seven months after the case was dismissed.
 - A court order to dismiss case number T08-02379JP5FTA was signed by the Justice of the Peace on April 26, 2010. The refund request in the amount of \$185.00 was received at the County Auditor's Office on July 6, 2010, more than two months after the court order was signed. The refund amount was incorrectly noted on the refund request. The refund should have been requested for \$213.20. The internal auditor contacted the Justice of the Peace personnel to request a corrected refund form. The corrected refund form was received at the County Auditor's Office on August 30, 2010 and the fees were zeroed out in JIMS the same day. Finally, a check was issued to the defendant five months after the case was dismissed.

- A refund was issued on case numbers T08-01723JP5, T09-03286JP5 and T08-01723JP5FTA which were processed in July 2010, but the cases did not reflect the refund, dismissal of the case, and fees were not zeroed out in JIMS. The cases were not updated in JIMS until August 31, 2010, at the request of the internal audit supervisor.
- Justice of the Peace personnel submits to the County Auditor's Office refund requests without ensuring that JIMS has been updated to reflect current and updated information.
- There is an extreme delay in processing refunds, updating the cases in JIMS, and most importantly defendants receiving their money.
- Untimely updating the cases in JIMS results in unnecessary research and waste of resources by the County Auditor's Office in identifying these transactions while reconciling the monthly collections. Unnecessary journal vouchers must be prepared monthly to move the funds in FAMIS from one month to the next until transactions are updated in JIMS. It takes a significant amount of time and resources to process a journal voucher as it requires several levels of approval before a journal voucher is posted in FAMIS. Additionally, the County Auditor's Office continually has to communicate with Justice of the Peace personnel to update JIMS as soon as possible.

Corrective Action/Recommendation: It is recommended that the JP staff process refunds in a timely manner. A refund request should be submitted to the County Auditor's Office as soon as the court order is signed by the Judge. The Court Coordinator should review all refund forms to ensure that the correct refund amount is being requested by JP staff.

5. Observation: The following bank corrections were noted:

- On deposit slip number 22222343 dated August 27, 2010, the bank correction amounted to 10 cents. The deposit slip was prepared for \$1,138.10, but did not include the 10 cents.
- On deposit slip number 22222342 dated August 26, 2010, the bank correction amounted to \$840.00. The deposit slip was prepared for \$3,567.10 by the Justice of the Peace personnel. The bank noted that the correct amount should have been \$4,407.10.
- On deposit slip number 22222322 dated July 28, 2010, the bank correction amounted to 10 cents. The deposit slip was prepared for \$1,351.00, but the correct amount should have been \$1,351.10. Coin was listed as 10 cents, but did not include the coin.

The bank charges \$5.00 for each bank correction. Additionally, the County Auditor's Office has to prepare a journal voucher to reduce or increase the deposit warrant amount in FAMIS. As noted in the previous observation, it takes a significant amount of time and resources to process a journal voucher, as it requires several levels of approval before a journal voucher is posted in FAMIS.

Corrective Action/Recommendation: It is recommended that the staff exercise due care in preparing the daily deposit. It is further recommended that a second level of verification be implemented to minimize errors and ultimately eliminate unnecessary bank charges.

6. Observation: Upon review of the mail in payment logs, the following items were noted:
- The case number is not always documented on the mail log; therefore, it makes it extremely difficult to trace the payments to JIMS.
 - The mail is not opened under dual control.
 - The Justice of the Peace staff has not incorporated the checks by mail log that was suggested on the July 29, 2010 and June 7, 2010 report.

Corrective Action/Recommendation: It is again recommended that the checks by mail log be used to document all the payments received by mail.

7. Observation: Upon review of the confirmation letters, the following items were noted:
- Confirmation letters were returned as undeliverable on eight out of 77, or 11 percent.
 - There were no discrepancies noted on 12 out of 77, or 16 percent of the confirmation letters.
 - On three out of 77, or four percent, the defendant did not provide sufficient information pertaining to the case status to verify the accuracy in JIMS.
 - Responses were not received on 54 out of 77, or 71 percent of the confirmation letters.

Corrective Action/Recommendation: It is recommended that accurate and current information be entered in JIMS to reduce the cost of returned mail. Accurate information is especially important when issuing and executing warrants.

8. Observation: While conducting a cursory review of the future dated citation report, it was noted that 26 cases were identified as having a future date greater than October 13, 2010.

Corrective Action/Recommendation: A copy of the report was provided to the Court Coordinator on October 14, 2010. It is recommended that the Court Coordinator review the report to determine the legitimacy of the transactions. It is further recommended that the Court Coordinator periodically request from the ITD and review this type of report to ensure that citation dates are not future dated inadvertently. This recommendation was noted on the July 29, 2010 report.

9. Observation: Upon review of the deleted case file, it was noted that on September 9, 2010, case number CR10-0029JP5 with case identification number 1006481 was deleted from JIMS. A second case was added using the same case number and case identification number 1006482 on the same day. Upon inquiry, it was explained that the employee

EDWARD A. DION
OCTOBER 22, 2010
PAGE 6

does not recall deleting the case from JIMS. It was further explained that the employee who deleted the case is unfamiliar with deleting cases. Ultimately, the employee had no explanation to justify the deletion of the case.

Corrective Action/Recommendation: It is recommended that the JP staff desist from deleting cases in JIMS.

Summary

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. The internal control structure of the Justice of the Peace, Precinct Number 5 continues to appear extremely weak, but should be strengthened with the implementation of the above mentioned recommendations.

EAD;SP:rao



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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06-03

June 3, 2011

The Honorable Monica Teran
Justice of the Peace, Precinct Number 5
9521 Socorro Rd. Suite B-2
El Paso, Texas 79927

Dear Judge Teran:

A copy of a memorandum from Mrs. Claudia Parra, internal auditor, dated June 1, 2011 is attached. This memorandum is a report on a review of your financial records for October 2010 through March 2011. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Parra.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:CP:ya

Attachment





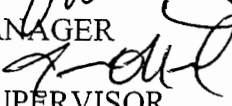

COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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(915) 546-2040
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06-04

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: CLAUDIA PARRA, INTERNAL AUDITOR 
DATE: JUNE 1, 2011
SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 5,
FINANCIAL RECORDS FOR OCTOBER 2010 THROUGH MARCH 2011

Overview

A review of the financial records for Justice of the Peace, Precinct Number 5, for October 2010 through March 2011 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports. These financial reports, generated off the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. A surprise cash count was performed on May 2, 2011, in accordance with *Local Government Code §115.003*. No discrepancies were noted.
2. All deposit slips were compared to daily balance reports and treasury records in order to verify that collections were deposited timely and in accordance with *Local Government Code §113.022* and properly posted on the Financial Accounting Management Information System (FAMIS). No discrepancies were noted.
3. A ten percent sample or 26 out of 264 dismissed cases was reviewed for supporting documentation and proper case disposition.
4. Manual receipts were reviewed to ensure their completeness and cross-referenced to JIMS to verify transaction posting.

5. Inquiry of access to the Judge's signature stamp was performed for security verification.
6. A current Oath of Office and the Public Official Bond were requested to verify compliance with *TEX, Const., art. XVI, §1(a)* and *TEX, Gov. Code §88.001*, respectively.
7. All of the sheriff's collections were reviewed to verify the disposition, posting of fees and the timeliness of posting in JIMS.
8. A sample of mail in payment log was reviewed to ensure completeness of the log and accurate posting of payments in JIMS.
9. Voided transactions were reviewed for completeness, timeliness, and accuracy.
10. Previous memoranda recommendations were reviewed for implementation.

General

1. Observation: While reviewing a sample of dismissed cases, it was noted that five cases did not have the appropriate supporting documentation available in JIMS.
Corrective Action/Recommendation: It is recommended that when the disposition of a case is entered, the supporting documentation be on file. It is further recommended that a supervisor randomly review this procedure to ensure accurate data entry and docket completeness.
2. Observation: While reviewing the manual receipts, it was noted that one out of the eight receipts had a different name other than the Defendant's.
Corrective Action/Recommendation: It is recommended that the defendant's name be referenced on the manual receipt when the payer is someone other than the defendant. It is also recommended that cashiers review the manual receipts for accuracy and completeness before issuing to the customer.
3. Observation: While inquiring about the Judge's signature stamp, it was determined that there are two stamps kept in desk drawers which are not properly secured.
Corrective Action/Recommendation: It is recommended that each signature stamp be kept in a secure location. It is further recommended that access to the stamp be limited to the court coordinator only and that the stamp be used on a limited basis.
4. Observation: While inquiring about the Judge's Oath of Office, it was discovered that neither Payroll nor the County Clerks Department had a copy of a current oath on file.
Corrective Action/Recommendation: It is recommended that the appropriate steps be taken to ensure that a current oath is on file with the County Clerk, Auditor's Payroll Division and that a copy also be kept on file by the Justice of Peace.
5. Observation: Sheriff's collections were reviewed for proper posting into JIMS with two discrepancies noted:
 - One receipt showed collections for three cases, in which JIMS did not reflect the payment collected at the jail.
 - One receipt showed collections for five cases, however four of the cases still showed an outstanding warrant in JIMS. Jail time had been served and fees had been paid but were not reflected in JIMS. Upon notifying Justice of the Peace personnel, the outstanding warrants were recalled.

Corrective Action/Recommendation: It is recommended that the Sheriff's collections be entered on JIMS as soon as they are received. It is further recommended that the entry of these collections be reviewed on a random basis by a supervisor.

6. Observation: While reviewing the mail in payments, it was noted that there were 15 items with discrepancies as reflected on the attached Schedule C. The discrepancies included payments not posted on JIMS, no recording of logged activity, and incomplete docket numbers logged in.

Corrective Action/Recommendation: It is recommended that detailed information be used when entering information on the mail log. It is further recommended that a supervisor on a random basis, review and verify the entry of data to ensure accuracy.

7. Upon inquiry of the voided transactions it was noted that because these transactions are processed and completed immediately they are not recorded on a log.

Review of Past Memoranda

1. Observation: While reviewing the signature stamp security, it was noted that previous auditors have recommended that the signature stamp not be used on Judgments, Dismissal and Refunds.

Corrective Action/Recommendation: It is once again recommended that the signature stamp not be used on these types of court orders.

Summary

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. The Justice of the Peace, Precinct 5 has implemented some of the previous recommendations and made improvements in the operations. However, based on this review, the internal control structure continues to appear weak, but should be strengthened with the implementation of the above mentioned recommendations.

CP:ya

Schedule C - Mail Log

Audit: JP 5- Mail Log

Posting Period: October 2010 to March 2011

Objective: To review log data entry and verify accurate posting in JIMS

Date	Name	Amount	Docket #	Comments	Note
2/06/10	Adriana Corral	\$85.00	510-00222A	Plea-County Coll	No pymt of \$85 posted in JIMS
2/08/10	Luis Ruiz	\$85.00	510-00194P	CC	No pymt of \$85 posted in JIMS; Name referenced does not match Def.'s name in JIMS
2/10/10	Cynthia Morales	\$201.50	709-01663	MO #14-191539581	Incomplete docket number
1/03/11	Paula Gonzales	\$201.50		CK #528	Def. name does not match name on log
1/20/11	Rausch Sturm	\$31.00		Ck #803829	No docket # listed
1/28/11	Juanita Gonzalez			Return	Return for which docket #
1/28/11	Eric Torrez			Return	Return for which docket #
2/07/11	M. Wolf Zientz mawn	\$190.00	E510-0355	Ck #109532	No pmt or event posted in JIMS
2/18/11			C07-0332JP5	Mot. Compel Judgement Discovery	No event posted in JIMS
2/25/11	Manuel Loera	\$193.70	T05-0515	MO#0879370; Pmt on ticket	Incomplete docket number
3/08/11	Rausch, Sturm		C510-0181	Mtn for Def. Judgement	No activity posted in JIMS for that date
3/08/11	Rausch, Sturm		C510-0170	Mtn for Def. Judgement	No activity posted in JIMS for that date
3/08/11	Atty Rodolfo Romero		T510-00680	Req. Show Cause	No activity posted in JIMS for that date
3/15/11	Maria Acosta			Agreed Judgement	No amt, docket #, date posted, or Intl's of employee who posted
3/31/11	Maria Garcia		C511-053	Rtn of Serv.	No activity posted in JIMS for that date



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10-41

October 20, 2010

The Honorable Ruben Lujan
Justice of the Peace, Precinct Number 6
P.O. Box 597
Clint, Texas 79836

Dear Judge Lujan:

A copy of a memorandum from Mrs. Sylvia Pacheco, internal audit supervisor, and Ms. Bertha Tafoya, internal auditor, dated October 20, 2010, is attached. This memorandum is a report on a review of your financial records for May 2010 through August 2010. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Pacheco and Ms. Tafoya.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:BT:ya

Attachment



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10-42

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR *Edward A. Dion*

THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa - Molinar*

FROM: SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR *Sylvia Pacheco*
BERTHA TAFOYA, INTERNAL AUDITOR *Bertha Tafoya*

DATE: OCTOBER 20, 2010

SUBJECT: REVIEW OF JUSTICE OF THE PEACE PRECINCT NUMBER 6 PLACE 1

Overview

A review of the financial records for the Justice of the Peace, Precinct Number 6 Place 1, for May 2010 through August 2010 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports and to evaluate office operations and internal controls. These financial reports, generated from the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of this review consisted of:

1. The operating procedures were reviewed to ensure effective internal controls are in place.
2. A surprise cash count was performed on August 4, 2010, in accordance with the *Texas Local Government Code (TLGC) §115.0035*.
3. Deposits were reviewed and compared to treasury records and daily balance reports to ensure that they are deposited in accordance with the rapid deposit law, *TLGC § 113.022* and properly posted on the Financial Accounting Management Information System. No discrepancies were noted.
4. All necessary schedules were prepared for the appropriate allocation of court costs. No discrepancies were noted.
5. Manual receipt books were reviewed to ensure completeness, cross-referenced to JIMS, and to verify the posting and timeliness of transactions. No discrepancies were noted.
6. A sample of 42, or 12 percent of 360 mail payments was traced to JIMS to ensure that payments were accounted for properly.
7. A random sample of 83, or three percent of 2,776 cases with balances was selected for review. Confirmation letters were mailed to defendants to ensure that the information recorded in Judicial Information Management System (JIMS) is accurate.

8. A sample of 84, or 10 percent of 835 cases with a dismissed disposition was reviewed to ensure proper supporting documentation was on file and ensure proper disposition of the case, with no discrepancies noted.
9. A sample of 62, or seven percent out of 966 future-dated or back-dated transactions was reviewed to determine the legitimacy of the transactions and ensure that supporting documentation was included to justify the transaction. In addition, a future dated citation report from JIMS, listing cases with citation dates greater than August 3, 2010 was reviewed for legitimacy.
10. Prior memorandum was reviewed for proper implementation of prior recommendations.

General

1. Observation: It was noted that the JP office has policies and procedures; however, the internal audit division was not able to access or review.
Corrective Action/Recommendation: According to Judge Lujan, the policies and procedures need to be updated. A copy would be available for the internal audit division to review once they are finalized.
2. Observation: While conducting the surprise cash count, it was noted that a clerk was out of balance by \$10. The clerk receipted a transaction in JIMS in the amount of \$20, but only collected \$10. The clerk immediately identified the error and corrected the transaction in JIMS.
Corrective Action/Recommendation: It is recommended that employees exercise due care in receipting transactions in JIMS to minimize errors.
3. Observation: Upon review of the mail payments, the following items were noted:
 - There is no indication of supervisory review.
 - One mail payment for case number 610-05547 in the amount of \$260 was received on June 17, 2010; however, the payment was receipted in JIMS in July 14, 2010. The payment was posted 18 working days after it was received.
 - One mail payment for case number 610-06791 in the amount of \$303 was received on May 24, 2010; however, the payment was receipted in JIMS on June 21, 2010. The payment was posted 20 working days after it was received.Corrective Action/Recommendation: It is recommended that a supervisor or an employee that is not involved in the processing of mail review the mail log to ensure that all payments are accounted for. It is further recommended that mail payments be receipted the same day they are received, but no later than the next business day.
4. Observation: Upon review of the confirmation letters, the following items were noted:
 - Confirmation letters were returned as undeliverable on 16 out of 83, or 20 percent.
 - There were no discrepancies noted on seven out of 83, or nine percent of the confirmation letters.
 - Responses were not received on 60 out of 83, or 73 percent of the confirmation letters.Corrective Action/Recommendation: It is recommended that accurate and current information be entered in JIMS to reduce the cost of returned mail. Accurate information is especially important when issuing and executing warrants.
5. Observation: Upon inquiry of future and back dated transactions, Ms. Rosie Perez, court coordinator, indicated that while time served transactions are recorded in JIMS, the system records the date that the defendant was released from jail as the disposition date. The date that the time served is recorded in the defendant's case may be days or even months after the defendant is released from jail; consequently, creating the appearance that the transactions are being back dated.

Corrective Action/Recommendation: It is recommended that a report of future/back dated transactions be requested from the Information Technology Department (ITD) and that the report be reviewed periodically to ensure that transactions are dated properly. This recommendation was noted on the June 14, 2010 report.

6. *Observation:* While conducting a cursory review of the future dated citation report, it was noted that six cases were identified as having a citation date greater than August 3, 2010.
Corrective Action/Recommendation: A copy of the report was provided to the Court Coordinator on August 4, 2010. Ms. Perez immediately corrected the citation dates. This observation was noted on the June 14, 2010 and June 25, 2009 report. It is recommended that the Court Coordinator continue to periodically request this type of report from ITD and review to ensure that citation dates are not future dated inadvertently.

Review of Prior Memorandum

1. *Observation:* While reviewing the daily transactions, it was noted that shortages and overages continue to be a problem. Ms. Perez indicated that deposit discrepancies are addressed on the day that they occur and that cashiers are written up.

Summary

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, and 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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Currently, the internal control structure of the Justice of the Peace, Precinct Number 6 Place 1, appears to be adequate and should be further strengthened by implementing the above-mentioned recommendations.

BT:ya



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11-36

November 17, 2010

The Honorable Rosalie Dominguez
Justice of the Peace, Precinct Number 6 Place 2
14608 Greg Drive
El Paso, TX 79938

Dear Judge Dominguez:

A copy of a memorandum from Ms. Linda Hemme, internal auditor, dated November 17, 2010 is attached. This memorandum is a report on a review of your financial records for March 2010 through September 2010. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Hemme.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:LH:ya

Attachment



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(915) 546-2040
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11-37

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
THRU: SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR
FROM: LINDA HEMME, INTERNAL AUDITOR
DATE: NOVEMBER 17, 2010
SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 6 PLACE 2

Overview

A review of the financial records for the Justice of the Peace, Precinct Number 6 Place 2, for March 2010 through September 2010 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports and to evaluate office operations and internal controls. These financial reports, generated from the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of this review consisted of:

1. A surprise cash count was performed on October 20, 2010, in accordance with the *Texas Local Government Code (TLGC) §115.0035*. No discrepancies were noted.
2. Daily balance reports were reviewed and compared to the deposit warrants. Deposits were also verified for proper posting in the Financial Accounting Management System (FAMIS).
3. Daily balance reports were reviewed for excessive out of balance conditions.
4. Deposits were reviewed to ensure that they were deposited in accordance with the rapid deposit law, *TLGC § 113.02*. No discrepancies were noted.
5. A sample of 39 cases, or five percent out of 809 cases with a disposition of jail time served was reviewed to verify that the credit applied to the case had supporting documentation.

6. A sample of 12 cases, or 21 percent out of 58 cases with a disposition of community service was reviewed to verify that credit applied to the case had supporting documentation.
7. A report was generated from the Judicial Information Management System (JIMS) to identify future and back dated transactions.
8. The Justice of the Peace Judge's bond was verified to ensure that the judge is properly bonded in accordance to *Government Code Sect. 27.001*. No discrepancies were noted.
9. A sample of 67 confirmation letters was mailed to defendants for criminal cases in order to verify the accuracy of the information in JIMS.
10. Manual receipt books were reviewed to ensure that they are completed properly, cross-referenced to JIMS and to verify the posting and timeliness of transactions, no discrepancies were noted.
11. The Justice of the Peace Judge's continuing education requirements were verified in accordance with *Government Code Sect. 27.005*. No discrepancies were noted.

General

1. Observation: While reviewing a sample daily balance reports and deposits for excessive out of balance conditions, it was noted that there was one deposit that was short \$20.00.
Recommendation/Corrective Action: It is recommended that due care be exercised when handling money. It is further recommended that the immediate supervisor monitor for excessive out of balances and immediately address any discrepancies.
2. Observation: It was noted that Justice of the Peace personnel returned a money order to a defendant after it had been receipted in JIMS. Upon inquiry, it was explained that the transaction was voided because the defendant who is from out of town, requested defensive driving. However, Justice of the Peace personnel had already endorsed the money order which prevented the defendant from being able to cash the money order.
Recommendation/Corrective Action: It is recommended that once funds are received and negotiable instruments are endorsed, JP personnel should refrain from returning money. Refunds should be requested through the County Auditor's Office.
3. Observation: While reviewing a sample of cases with a disposition of jail time served and community service, it was noted that 25 or 64 percent, and two or 17 percent, respectively, of the sampled cases did not have the time served and community service documentation scanned on file. However, if a defendant receives credit for time served or community service for several cases, the Justice of the Peace staff will scan the supporting documentation in only one case instead of all cases. It gives the appearance that there is lack of documentation for cases that have a disposition of jail time served or community service.
Recommendation/Corrective Action: It is recommended that the case that has the scanned jail time credit and the community service documentation be referenced in all of the other cases that the documentation pertains to.

4. Observation: Upon review of the confirmation letters, the following items were noted:
- Confirmation letters were returned as undeliverable on 15 out of 67, or 23 percent.
 - There were no discrepancies noted on six out of 67, or nine percent of the confirmation letters.
 - Responses were not received on 46 out of 67, or 69 percent of the confirmation letters.

Corrective Action/Recommendation: It is recommended that accurate and current information be entered in JIMS to reduce the cost of returned mail. Accurate information is especially important when issuing and executing warrants.

Summary

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, and 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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Currently, the internal control structure of the Justice of the Peace, Precinct Number 6 Place 2, appears to be adequate, and should be further strengthened by implementing the above-mentioned recommendations.

LH:ya



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09-35

September 20, 2011

The Honorable Rosalie Dominguez
Justice of the Peace, Precinct Number 6 Place 2
14608 Greg Drive
El Paso, Texas 79938

Dear Judge Dominguez:

A copy of a memorandum from Mr. Ricardo Gabaldon, internal auditor, dated September 20, 2011, is attached. This memorandum is a report on a review of your financial records for October 2010 through May 2011. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Gabaldon.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

EAD:RG:ya

Attachment



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09-36

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
FROM: RICARDO GABALDON, INTERNAL AUDITOR
DATE: SEPTEMBER 20, 2011
SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 6 PLACE 2,
FINANCIAL RECORDS FOR OCTOBER 2010 THROUGH MAY 2011

Overview

A review of the financial records for Justice of the Peace, Precinct Number 6 Place 2, for October 2010 through May 2011 has been completed. The objective of this review was to verify the information contained within the Justice of the Peace's financial reports. These financial reports, generated from the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. A surprise cash count was performed on August 4, 2011, in accordance with *Local Government Code Section 115.0035*. No discrepancies were noted.
2. All deposit slips were compared to daily balance reports and treasury records in order to ensure collections were deposited timely, in accordance with *Local Government Code Section 113.022*, and properly posted in the Financial Accounting Management Information System (FAMIS).
3. All necessary schedules were prepared for the appropriate allocation of court costs. No discrepancies were noted.
4. A sample of dismissed cases was reviewed for supporting documentation and proper disposition of cases.
5. A sample of criminal cases was reviewed for the implementation of the Texas Law Enforcement Officer Fund (TLEOF) fee that went into effect January 1, 2010. No discrepancies were noted.
6. A sample of warrants issued was reviewed for supporting documentation.

7. Justice of the Peace Number 6 Place 2 manual receipt books were reviewed to ensure their completeness and timely posting of payments to JIMS. No discrepancies were noted.
8. A sample of the mail log payments was reviewed to ensure completeness of the log and that the payments were posted to JIMS in a timely manner. No discrepancies were noted.
9. The Judge's compliance with the education requirements of *Government Code Section 27.005* was reviewed. No discrepancies were noted.
10. The cases with installment payments and the cases that are referred to County Clerk collection department were reviewed in order to verify that cases are properly documented and monitored. No discrepancies were noted.
11. Previous memoranda recommendations were reviewed for implementation.

General

1. Observation: While reviewing all deposit slips, daily balance reports, and treasury back- up it was noted that on February 10, 2011 there was a shortage of \$22.00.
Corrective Action/Recommendation: It is recommended that due care be exercised when handling payments and entering data into JIMS.
2. Observation: While reviewing the dismissed cases, it was noted that 12 out of 42 cases do not have a signature acknowledging that the clerk verified the supporting documentation.
Corrective Action/Recommendation: It is recommended that when a case is dismissed with proof, a signed copy of the supporting documentation be kept on file.
3. Observation: While reviewing the warrant cases, it was noted that 25 out of 30 cases with a warrant did not have the actual warrant scanned into JIMS. Since this specific Justice of the Peace scans all documents and does not individually separate each case with a folder, it's essential that all documents are scanned into each respective case or relevant cases.
Corrective Action/Recommendation: It is recommended that when a warrant is issued, the warrant should be scanned into each respective case and should be kept as supporting documentation.

Summary

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. Based on this review, the internal control structure continues to appear weak, but should be strengthened with the implementation of the above mentioned recommendations.

RG:ya



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11-27

November 12, 2010

The Honorable Bruce King
Justice of the Peace, Precinct Number 7
P.O. Box 1936
Canutillo, Texas 79835

Dear Judge King:

A copy of a memorandum from Mrs. Sylvia Pacheco, internal audit supervisor, dated November 12, 2010 is attached. This memorandum is a report on your financial records for May 2010 through September 2010. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Justice of the Peace as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Pacheco

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Division.

If we can be of any assistance in this regard, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:SP:ya

Attachments



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
COUNTY AUDITOR
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County Administrative Offices
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EL PASO, TEXAS 79901-2407
(915) 546-2040
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11-28

MEMORANDUM

TO: *for* EDWARD A. DION, COUNTY AUDITOR *Tere - Molinar*
THRU: TERESA MOLINAR, OPERATIONS MANAGER *Tere - Molinar*
FROM: SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR *Sylvia Pacheco*
DATE: NOVEMBER 12, 2010
SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 7,
FINANCIAL RECORDS FOR MAY 2010 THROUGH SEPTEMBER 2010

Overview

A review of the financial records for Justice of the Peace, Precinct Number 7, for May 2010 through September 2010 has been completed. The objective of this review was to verify the information contained in the financial records of the Justice of the Peace. The financial reports, generated off the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of:

1. The operating policies and procedures were reviewed to ensure that proper internal controls are in place.
2. Daily balance reports and cash count sheets were reviewed and compared to the deposit warrants. Deposits were verified for proper posting in the Financial Accounting Management System (FAMIS).
3. Deposits were reviewed to ensure that they were deposited in accordance with the rapid deposit law, *Texas Local Government Code §113.02*.
4. A surprise cash count was performed on August 12, 2010, in accordance with *Local Government Code §115.0035*. No discrepancies were noted.

5. The manual receipts were reviewed to ensure that receipts were completed properly, cross-referenced to JIMS, and to verify proper posting and timeliness of transactions.
6. An inventory of unused manual receipt books was conducted.
7. A sample of 14, or 10 percent out of 147 future-dated or back-dated transactions was reviewed to determine the legitimacy of the transactions and ensure that supporting documentation was included to justify the transaction. Additionally, a future dated citation report from JIMS listing cases with citation dates greater than October 19, 2010, was reviewed for legitimacy.
8. A sample of 53 cases, or three percent out of 1,776 cases dismissed was reviewed to ensure that proper documentation was on file.
9. Previous memoranda were reviewed for proper implementation of prior recommendations.

General

1. Observation: Upon review of the operating procedures manual, it was noted that the procedures manual was last updated on November 26, 2007. It was further noted that the procedures manual does not delineate the operations of the office.
Corrective Action/Recommendation: It is recommended that the procedures manual be updated to clearly delineate the operations of the office and a copy be available for review by the County Auditor's Office. It is important to note that the warrant clerk developed a procedures manual for his assigned position. A copy was provided to the County Auditor's Office on November 2, 2010. It is further recommended that the Texas Justice Court Financial Management Manual be utilized in updating the procedures manual. A copy of the Texas Justice Court Financial Management Manual was mailed to the Justice of the Peace Office on November 2, 2010.
2. Observation: Upon review of the operating procedures manual, it was noted that the procedures do not address the processing of incoming mail.
Corrective Action/Recommendation: It is recommended that the procedures include the following proposed recommendations:
 - Two employees should simultaneously open and log in the mail payments. The log should document the date received, payor, the check amount, the signature of employees opening and logging in the mail, the docket number, the JIMS receipt number, the date transaction was posted in JIMS, the signature of employee receipting the payment in JIMS, and the signature of reviewer. A sample log was e-mailed to the Court Coordinator on November 2, 2010. The log should not be limited to the suggested recommendations.

- The checks, money orders, and cashier's checks should be restrictively endorsed upon receipt.
- The checks should be distributed to the appropriate clerk soon after logging them in.
- The checks should be posted in JIMS immediately upon receipt, but no later than the next business day. Checks held for the next business day should be secured overnight in the safe. Checks should never be left unattended or unsecured.
- The Court Coordinator or an employee not involved in the processing of mail should review the log and trace the payments to JIMS to ensure accountability of the transaction. Additionally, the employee reviewing the manual receipts should sign and date the log to document the review.

3. Observation: While reviewing the operating procedures, it was noted that the procedures do not address the issuing, voiding, reviewing, and safeguarding of the manual receipts.

Corrective Action/Recommendation: It is recommended that the procedures be updated to reflect the following proposed recommendations:

- A supervisor should safeguard and distribute the unused manual receipts.
- A supervisor should periodically review the manual receipts.
- Manual receipts should only be issued when authorized by supervisory staff.
- The manual receipt number should be cross-referenced in JIMS and the JIMS receipt number should be cross-referenced on the manual receipt.
- In the event that a manual receipt needs to be voided, a detailed explanation should be documented on the manual receipt. The original manual receipt should be attached to the carbon copy. Furthermore, supervisor approval should be obtained and documented on the manual receipt.

4. Observation: While performing the monthly reconciliation of the daily collections, it was noted that the Justice of the Peace has \$12,043.80 pending bonds as of September 30, 2010. On November 10, 2010, a copy of the bond schedule was provided to the Court Coordinator.

Corrective Action/Recommendation: It is recommended that the Justice of the Peace take the appropriate action to refund or forfeit the pending bonds as soon as possible.

5. Observation: Upon review of the manual receipts, it was noted that the office utilizes the manual receipts to issue receipts for transactions that are received from 4:00 to 4:30 p.m. Staff counts their daily collections at 4:00 p.m. and the deposit is prepared shortly thereafter, but the office does not close until 4:30 p.m. It was further noted that there is no indication of supervisory review on the manual receipts. It was further noted that seven manual receipts were not posted timely during the period under review. This observation was noted on the June 22, 2010 and October 8, 2009 reports. The following chart lists the manual receipts that were not posted timely:

Manual Receipt No.	Case No.	Date Issued	Date Received	No. of Working Days to Receipt	Amount of Receipt
54381	710-02522	6/28/2010	7/1/2010	3	\$105.00
54383	710-02599/600	6/29/2010	7/7/2010	6	\$251.10
54389	710-04026	8/17/2010	8/26/2010	7	\$113.10
54390	710-03728	8/20/2010	8/25/2010	3	\$20.00
54400	708-04600/01/02	9/14/2010	9/21/2010	5	\$866.30
54410	710-04402	9/30/2010	10/5/2010	3	\$20.00
54411	710-04010	9/30/2010	10/6/2010	4	\$70.00

Corrective Action/Recommendation: It is recommended that manual receipts be receipted as soon as possible, but no later than the next business day.

6. Observation: Upon review of the incoming mail procedures, the following items were noted:

- The Internal Audit Division was unable to trace the incoming mail payments to JIMS since the JP staff does not maintain a log of the incoming mail. Therefore, accountability and timeliness of receipting payments could not be verified. This observation was noted on the June 22, 2010 report.
- The Court Coordinator is unable to review or follow up on incoming mail, since there is no record or audit trail of the incoming mail.
- The mail is not processed under dual control.
- The Senior Clerk processes the mail and distributes the checks to the appropriate division for payment to be receipted in JIMS.

Corrective Action/Recommendation: In order to provide an audit trail and improve the accountability of incoming mail payments, it is recommended that the proposed recommendations noted on observation number two be implemented.

7. Observation: During the November 2, 2010 on site visit, it was noted that a \$20.00 check dated September 22, 2010 was found in the safe. This check pertained to case number 710-04324. Upon inquiry, it was explained that the check could not be applied to the case because the proof of inspection was pending from the defendant. A letter was mailed to the defendant requesting proof of inspection. The case was pending to be dismissed with a \$20.00 administrative fee upon submitting proof of a valid inspection.

Corrective Action/Recommendation: It is recommended that the Justice of the Peace establish procedures to address this type of situations. It is further recommended that JP staff return payments to the defendant if they are unable to receipt the transaction in JIMS when supporting documentation is lacking in order to update the case.

8. Observation: Upon review of the future dated and back dated transactions, it was noted that on case number 708-05722 the disposition date was future dated to December 22, 2010.

Corrective Action/Recommendation: It is recommended that the JP staff exercise due care in posting transactions in JIMS. It is further recommended that the JP staff seek guidance from ITD on how to correct the disposition date on the case noted above. Furthermore, it is recommended that procedures be established to address future and back dated transactions. Moreover, it is recommended that the Court Coordinator periodically obtain from ITD a report listing future/back dated transactions and review to verify the legitimacy of the transactions. Additionally, the Court Coordinator should verify that these cases have supporting documentation to justify the transaction.

9. Observation: While conducting a cursory review of the future dated citation report, it was noted that 14 cases were identified as having a future date greater than October 19, 2010.

Corrective Action/Recommendation: A copy of the report was provided to the Court Coordinator on October 22, 2010. The Senior Clerk reviewed and corrected the citation dates. It is further recommended that the Court Coordinator periodically request from ITD and review this type of report to ensure that citation dates are not inadvertently future dated.

10. Observation: While reviewing the dismissed cases, it was noted that case numbers 709-07213, 709-01281, and 709-06260 were dismissed in JIMS prior to obtaining the Judge's signature authorizing the dismissal.

Corrective Action/Recommendation: It is recommended that the JP staff obtain the judge's signature prior to dismissing the case in JIMS. It is further recommended that the Court Coordinator periodically review the dismissed cases to verify the legitimacy of the dismissal.

Review of Past Memoranda

11. Observation: It was previously noted that checks and money orders were not restrictively endorsed upon acceptance.

Corrective Action/Recommendation: While conducting the August 12, 2010 surprise cash count, it was noted that all checks were restrictively endorsed.

Summary

This 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. Based on this review, the internal control structure of the Justice of the Peace, Precinct Number 7, appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

SP:ya



COUNTY OF EL PASO
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11-18

November 18, 2011

The Honorable Bruce King
Justice of the Peace, Precinct Number 7
P.O. Box 1936
Canutillo, Texas 79835

Dear Judge King:

A copy of a memorandum from Mr. Rene Balderrama, internal auditor, dated November 18, 2011 is attached. This memorandum is a report on your financial records for October 2010 through September 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Justice of the Peace as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Balderrama.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Division.

If we can be of any assistance in this regard, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:RB:ya

Attachment



COUNTY OF EL PASO

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11-19

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER

THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR

FROM: RENE BALDERRAMA, INTERNAL AUDITOR

DATE: NOVEMBER 18, 2011

SUBJECT: REVIEW OF JUSTICE OF THE PEACE, PRECINCT NUMBER 7, FINANCIAL RECORDS FOR OCTOBER 2010 THROUGH SEPTEMBER 2011

Overview

A review of the financial records for Justice of the Peace, Precinct Number 7, for October 2010 through September 2011 has been completed. The objective of this review was to verify the information contained in the financial records of the Justice of the Peace. The financial reports, generated off the Justice Information Management System (JIMS), are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of:

1. A report listing future dated citations was reviewed to determine the reasonableness of those transactions
2. Outstanding bonds were reviewed to ensure that cases are being resolved in a timely manner.
3. Daily balance reports and cash count sheets were reviewed and compared to the deposit warrants. Deposits were verified for proper posting in the Financial Accounting Management System (FAMIS).
4. Deposits were reviewed to ensure that they were deposited in accordance with the rapid deposit law, *Texas Local Government Code §113.02*.
5. A cash count was performed on September 29, 2011 in accordance with *Local Government Code §115.0035*.
6. The mail log was reviewed for completeness and accuracy and to ensure that payments were properly entered into JIMS.
7. A sample of 22 out of 498, or four percent of cases dismissed or acquitted during the audit time period was reviewed to ensure that proper information was entered into the JIMS system.
8. Previous memoranda were reviewed for proper implementation of prior recommendations.

General

1. Observation: While reviewing cases for future dated citations, it was noted that 13 cases have a future date in the citation date field in JIMS.
Corrective Action/Recommendation: It is recommended that the clerk entering citations in JIMS review all information inputted into the system for accuracy and completeness.
2. Observation: While reviewing the outstanding bonds, it was noted that the office personnel are not periodically reviewing the pending bonds to ensure proper allocation.
Corrective Action/Recommendation: It is recommended that the Justice of the Peace personnel continue to ensure that all bond collections are reviewed and updated in a timely manner.
3. Observation: While performing a surprise cash count on September 29, 2011, it was noted that the cashier at the front counter did not secure the funds received for the day. The funds received were kept in a drawer with no locking mechanism.
Corrective Action/Recommendation: It is recommended that the justice of the peace personnel ensure that funds received are secured in a drawer that can be locked to prevent any loss of County funds.
4. Observation: While reviewing the mail log it was noted that the log is not always verified by a second person when processing the payments received for the day.
Corrective Action/Recommendation: It is recommended that the Justice of the Peace Personnel review the payments received by mail to ensure that payments are properly logged and reviewed for completeness and accuracy. It is also recommended that the court coordinator periodically review the mail log to ensure that complete and accurate records are kept and that a clear audit trail has been established.
5. Observation: While reviewing a sample of dismissed cases, it was noted that two of the cases did not have a motion to dismiss signed by the Judge.
Corrective Action/Recommendation: It is recommended that the office personnel ensure that all forms for dismissal have the proper signatures from the judge and that all dismissed cases have been completely documented in JIMS.

Review of Past Memoranda

1. Observation: It was previously noted that an updated procedures manual has not been provided to the County Auditor's Office.
Corrective Action/Recommendation: It is once again recommended that the Justice of the Peace office submit an updated office procedure manual as soon as it is available.

Summary

This 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. Based on this review, the internal control structure of the Justice of the Peace, Precinct Number 7, appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

El Paso County
Juvenile Probation Department



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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11-54

November 30, 2010

Mr. Roger Martinez
Chief Juvenile Probation Officer
Juvenile Justice Center
6400 Delta Drive
El Paso, TX 79905

Dear Mr. Martinez:

A copy of a memorandum from Mrs. Gaby Paredes-Ferro, internal auditor, dated November 30, 2010 is attached. This memorandum is a report on a review of your financial records for July 2010 through September 2010. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Paredes-Ferro.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:GPF:ya

Attachment





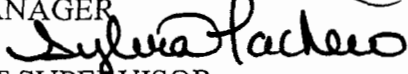

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11-55

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR 
FROM: GABY PAREDES-FERRO, INTERNAL AUDITOR 
DATE: NOVEMBER 30, 2010
SUBJECT: REVIEW OF THE JUVENILE PROBATION DEPARTMENT FOR JULY 2010 THROUGH SEPTEMBER 2010

Overview

A review of the Juvenile Probation Department's (JPD) financial records for July 2010 through September 2010 has been completed. The objective of this review was to provide reasonable assurance that all funds were accounted for properly, deposited in a timely manner, and appropriately disbursed.

Scope and Purpose

The scope and purpose of this review consisted of:

1. A surprise cash count was performed on October 29, 2010, in accordance with the *Texas Local Government Code §115.0035*. No discrepancies were noted.
2. All Daily Fee Summary Reports were compared to the deposit slips, the monthly reconciliations, and Financial Management Information System (FAMIS) to ensure that all revenue has been accounted correctly. No discrepancies were noted.
3. All mail payments were reviewed to ensure proper controls are in effect and that the payments were deposited in accordance with the *Texas Local Government Code §113.02*.
4. A random sample of waived cases was reviewed to ensure that the supporting documentation justifies the waiver. No discrepancies were noted.

5. A random sample of transferred cases was reviewed to verify that funds were appropriately allocated. No discrepancies were noted.
6. A random sample of restitution disbursements was reviewed to verify the legitimacy of the payment by reviewing the supporting documentation and tracing to CaseWorker to ensure restitution payment amount agrees.
7. Manual and daily receipts were reviewed for completeness and accountability. No discrepancies were noted.
8. Previous memorandum was reviewed for implementation of prior recommendations.

General

1. *Observation:* While reviewing the mail logs, two discrepancies were noted throughout the testing period. On July 5, 2010, the juvenile's personal identification number was used as the reference instead of the money order number; and on July 22, 2010, the money order number was referenced incorrectly.
Corrective Action/Recommendation: It is recommended that due care be exercised when posting payments to ensure all necessary information is present in the juvenile's file in order to facilitate referencing when needed.

Review of Previous Memoranda

1. *Observation:* While reviewing the restitution payments it was noted that on nine instances the amount paid out to the victim was originally receipted to a different victim. It was previously recommended that policies and procedures be updated to reflect new changes that have taken effect throughout the years. This measure has not been implemented.
Corrective Action/Recommendation: On November 22, 2010, the Juvenile Department and the County Auditor's Office met to discuss the restitution policies and procedures. It was noted that CaseWorker will be replaced by the Juvenile Case Management System (JCMS) in January 2011; therefore, it was agreed that the updating of the restitution policies and procedures be postponed until the new system is operational.

Summary

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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. The internal control structure of the JPD appears to be adequate, and should be further strengthened with implementation of the above-mentioned recommendations. '



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08-29

August 11, 2011

Mr. Roger Martinez
Chief Juvenile Probation Officer
Juvenile Justice Center
6400 Delta Drive
El Paso, TX 79905

Dear Mr. Martinez:

A copy of a memorandum from Ms. Bertha Tafoya, internal auditor, dated August 11, 2011 is attached. This memorandum is a report on a review of your financial records for October 2010 through June 2011. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Tafoya.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:BT:ya

Attachment



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08-30

MEMORANDUM

Edward A. Dion

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
FROM: BERTHA TAFOYA, INTERNAL AUDITOR
DATE: AUGUST 11, 2011
SUBJECT: REVIEW OF THE JUVENILE PROBATION DEPARTMENT FOR OCTOBER 2010 THROUGH JUNE 2011

Overview

A review of the Juvenile Probation Department's (JPD) financial records for October 2010 through June 2011 has been completed. The objective of this review was to provide reasonable assurance that all funds were accounted for properly, deposited in a timely manner, and appropriately disbursed.

Scope and Purpose

The scope and purpose of this review consisted of:

1. A surprise cash count was performed on March 24, 2011, in accordance with the *Texas Local Government Code §115.0035*. No discrepancies were noted.
2. All Daily Fee Summary Reports were compared to the deposit slips, the monthly reconciliations, and the Financial Management Information System (FAMIS) to ensure that all collections had been accounted for correctly. No discrepancies were noted.
3. Payments received by mail were reviewed to ensure proper controls were in effect and that the payments were deposited in accordance with the *Texas Local Government Code §113.02*.

4. A random sample of waived cases was reviewed to ensure that the supporting documentation justifies the waiver. No discrepancies were noted.
5. A random sample of transferred fees was reviewed to verify that funds were appropriately allocated. No discrepancies were noted.
6. Thirty out of 98 restitution disbursements, or 31 percent were reviewed to ensure the legitimacy of the disbursements. Furthermore, payments were verified by reviewing the supporting documentation and tracing the disbursement to CaseWorker to ensure the payment amount and victim information matched. No discrepancies were noted.
7. Manual and daily receipts were reviewed for completeness and accountability. No discrepancies were noted.
8. Previous memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: While reviewing refunds, it was noted that CaseWorker was updated in October 2010 for refunds processed in June and July 2010. Conclusively, it appeared as if refunds for June and July 2010 totaling \$3,052.92 had been processed in October 2010. Upon inquiry, Ms. Angelique Gaxiola, accountant I, indicated that this was an oversight. Furthermore, she indicated CaseWorker should be updated when refunds and/or other transactions occur.
Corrective Action/Recommendation: It is recommended that refunds be posted to CaseWorker in the same month that they occur.
2. Observation: While reviewing checks received by mail, it was noted that a payment of \$500 for case number 900279 was receipted in CaseWorker four days after being received. Upon inquiry, Ms. Adelaida Ramirez, accounting clerk, indicated that at times payments require research or feed-back from the juvenile's probation officer. Therefore, payment posting in CaseWorker is delayed.
Corrective Action/Recommendation: It is recommended that a notation be included in the juvenile's case to indicate the reason for the delay.
3. Observation: It should be noted that JPD personnel have been cooperative and receptive to recommendations made by this office. Further, monthly reports are well prepared and refunds, waivers, transfers, and other transactions relevant to the individual juvenile cases are well documented.

Review of Previous Memoranda

1. Observation: Previously, this office was informed that that restitution policies and procedures would be updated after CaseWorker was replaced with the Juvenile Case

EDWARD A. DION
AUGUST 11, 2011
PAGE 3

Management System (JCMS). Upon inquiry, Mr. Albert Mendez III, financial services manager, indicated that CaseWorker has not been replaced due to operational issues with JCMS. Further, he indicated that the software for both programs is State provided and that as of the date of this memorandum the State has not informed JPD personnel of the date when the implementation will take place for the County of El Paso. However, once JCMS is implemented and fully operational restitution policies and procedures will be updated.

2. Corrective Action/Recommendation: It is recommended that this office be provided with updates relating to the implementation of JCMS.

Summary

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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. The internal control structure of the JPD appears to be adequate, and should be further strengthened with implementation of the above-mentioned recommendations.

BT:ya

El Paso County Concessions
Primos Café and Grill
El Paso County Courthouse
Ascarate Golf Course
El Paso County Sheriff Annex



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10-04

October 12, 2010

Ms. Monique Aguilar
Office Administrator/ Support Manager
El Paso County Facilities Management
Room M-1, County Courthouse Building
500 E. San Antonio Street
El Paso, TX 79901

Dear Ms. Aguilar:

A copy of a memorandum from Ms. Ruth Bernal, internal auditor, dated October 12, 2010 is attached. This memorandum is a report on a review of the Primo's Café & Catering for January 2010 through July 2010. Our review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Bernal.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Handwritten initials "for" in black ink.

Edward A. Dion
County Auditor

EAD:RB:ya

Attachments

cc: Martha Bañales, Office Administrator/ Support Manager
Mr. & Mrs. Dominguez, Owners
Primo's Café & Catering



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
COUNTY AUDITOR
edion@epcounty.com
www.epcounty.com/auditor

County Administrative Offices
800 East Overland Street, Rm. 406
EL PASO, TEXAS 79901-2407
(915) 546-2040
(915) 546-8172 FAX

10-05

MEMORANDUM

TO: *for* EDWARD A. DION, COUNTY AUDITOR *Teresa Molinar*
THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa Molinar*
THRU: SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR *Sylvia Pacheco*
FROM: RUTH BERNAL, INTERNAL AUDITOR *[Signature]*
DATE: OCTOBER 12, 2010
SUBJECT: REVIEW OF PRIMO'S CAFÉ & CATERING LOCATED AT THE COUNTY COURTHOUSE FOR JANUARY 2010 THROUGH JULY 2010.

Overview

A review of the Courthouse Cafeteria contract with Primo's Café & Catering for January 2010 through July 2010 has been completed. The objective of this review was to ensure compliance with contract stipulations.

Scope and Purpose

The scope and purpose of the review was as follows:

1. A surprise cash count was conducted on September 17, 2010. Minor discrepancies were noted.
2. All monthly commission reports were compared to treasury records and RecWare Cashiering reports to ensure deposits were in compliance with contract stipulations. Additionally, the commission reports were compared to the sales tax reports submitted to the State Comptroller's Office to verify that the sales reported to both entities agree.
3. An analysis was prepared reflecting revenues to the County from January through July for years 2008, 2009, and 2010, copy attached.
4. A review of the invoices issued was performed in order to verify the accuracy of the information on the commission reports and compare to the County juror meal payments.
5. Previous memoranda were reviewed for implementation of prior recommendations.

Review of Past Memoranda

1. *Observation:* While reviewing the invoices issued by Primo's Café, it was noted that some of the invoices were not issued in chronological order. It was further noted that in one instance the jury meals were provided on September 23, 2009, but the invoice was not submitted to the office manager for payment approval until May 2010. Also, it was noted that the amounts reported in RecWare as jury meals did not correspond to the amount of the invoices submitted for payment. Upon inquiry, it was explained that the bailiff submits the juror panel meal voucher to the office manager. Once it is verified by the office manager, then Primo's Café issues the invoice and the office manager signs it authorizing it for payment.
Corrective Action/Recommendation: It is recommended that Primo's Café submit the juror meal invoice for approval to the office manager timely after services have been rendered. Once the invoices are verified and approved by the office manager, the invoice and the juror panel meal voucher should be submitted for payment to the County Auditor's Office.
2. *Observation:* While comparing the Primo's Café commission reports to the RecWare reports, it was noted that the commission reports for February and March 2010 did not agree to the RecWare reports. The sales with tax amount listed on the commission report did not agree to the cash distribution by account on the RecWare report. This resulted in commissions being under stated by \$7.79 for February and \$6.30 for March.
Corrective Action/Recommendation: It is recommended that due care be exercised when preparing the commission reports. The commission reports should agree to the RecWare report. Any discrepancies should be documented on the commission report to justify the variance between both reports. It is also recommended that the commissions balance due be paid as soon as possible.

Summary

Based on this financial review, it appears that the internal control structure of the Primo's Café & Catering presents some weakness, but should be strengthened with the implementation of the above mentioned recommendations in order to be in compliance with the contract.

EAD:RB:ya



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11-13

November 4, 2010

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, TX 79938

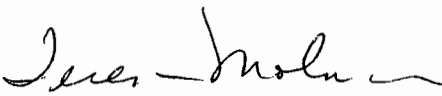
Dear Sheriff Wiles:

A copy of a memorandum from Mrs. Sylvia Pacheco, internal audit supervisor dated November 4, 2010 is attached. This memorandum is a report on a review of the Primo's Café & Catering at the Sheriff's Headquarters from March 2010 through August 2010. Our review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Pacheco.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,


for Edward A. Dion
County Auditor

Attachments

cc: Mr. & Mrs. Dominguez, Owners
Primo's Café & Catering
Ms. Lucille Samuel, Budget Director



COUNTY OF EL PASO

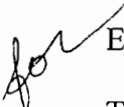
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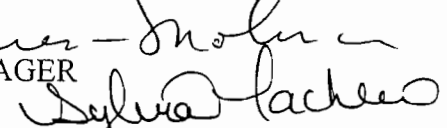
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11-14

MEMORANDUM

TO:  EDWARD A. DION, COUNTY AUDITOR

THRU:  TERESA MOLINAR, OPERATIONS MANAGER

FROM:  SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR

DATE: NOVEMBER 4, 2010

SUBJECT: REVIEW OF PRIMO'S CAFÉ & CATERING LOCATED AT THE SHERIFF'S HEADQUARTERS FOR MARCH 2010 THROUGH AUGUST 2010.

Overview

A review of the Sheriff's Headquarters Cafeteria contract with Primo's Café & Catering for March 2010 through August 2010 has been completed. The objective of this review was to ensure compliance with contract stipulations.

Scope and Purpose

The scope and purpose of the review was as follows:

1. The contract between the County of El Paso and Primo's Café was reviewed.
2. A surprise cash count was conducted on August 26, 2010. Minimal discrepancies were noted.
3. All monthly commission reports were compared to treasury records to ensure accuracy of commission payments and verify compliance with contract stipulations. Additionally, the commission reports were compared to the sales tax reports submitted to the State Comptroller's Office to verify that the sales reported to both entities agree. No discrepancies were noted.
4. An analysis of commissions to the County for fiscal year 2009 through 2010 was prepared, copy attached.

General

1. Observation: It was noted that IOU's are accepted from County employees.
Corrective Action/Recommendation: If IOU's will be accepted, it is recommended that the sales transaction be captured in RecWare at the time the service is rendered. This will ensure that the County is paid the commissions based on services rendered rather than the collection of sale transactions.

EDWARD A. DION
NOVEMBER 4, 2010
PAGE 2

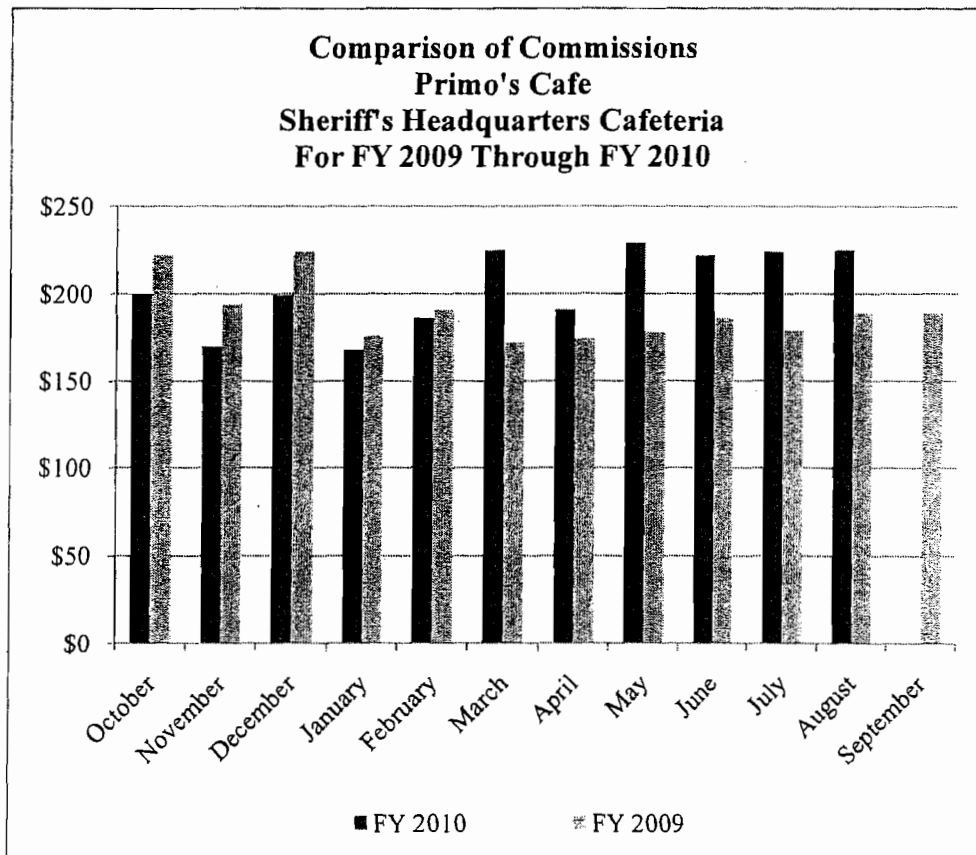
Summary

Based on this financial review, it appears that Primo's Café & Catering is in compliance with the contract.

SP:ya

El Paso County, Texas
Primo's Café - Sheriff's Headquarters Cafeteria
Commission Payments for FY 2009 Through FY 2010

Month	FY 2010	FY 2009	Variance From PY
October	\$200	\$222	\$22
November	\$170	\$194	\$24
December	\$199	\$224	\$25
January	\$168	\$176	\$8
February	\$186	\$191	\$5
March	\$225	\$172	(\$53)
April	\$191	\$174	(\$17)
May	\$229	\$178	(\$51)
June	\$222	\$186	(\$36)
July	\$224	\$179	(\$45)
August	\$225	\$189	(\$36)
September		\$189	\$189
	<u>\$2,239</u>	<u>\$2,274</u>	<u>\$35</u>






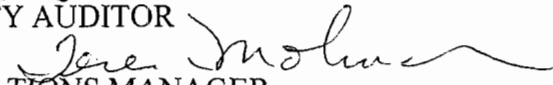
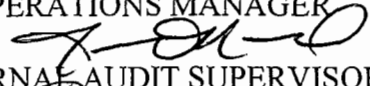
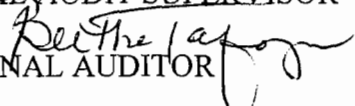
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04-37

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: BERTHA TAFOYA, INTERNAL AUDITOR 
DATE: APRIL 27, 2011
SUBJECT: REVIEW OF THE PRIMOS CAFÉ & GRILL LOCATED AT THE ASCARATE GOLF COURSE FOR APRIL 2009 THROUGH MARCH 2011

Overview

A review of the contract with the Primos Café & Grill located at the Ascarate Golf Course for April 2009 through March 2011 has been completed. The objective of this review was to ensure compliance with contract stipulations.

Scope and Purpose

The scope and purpose of the review consisted of:

1. Commission payments were reviewed to ensure that these were made in accordance with contract stipulations and that they were properly posted in the Financial Accounting Management Information System (FAMIS).
2. A cash count was performed on March 24, 2011 in accordance with *Local Government Code §115.0035*, with no discrepancies noted.
3. Commission reports were compared to the Sales tax reports to ensure revenue reported to the State and the County matched. No discrepancies were noted.

General

1. **Observation:** While reviewing commission payments to the County, it was noted that one payment was not made in a timely manner. Mr. Luis Dominguez, owner, indicated that while he was not sure of the reason why a payment was not made, he delivered the January 2011 payment on April 18, 2011.

EDWARD A. DION
APRIL 27, 2011
PAGE 2

2. Observation: Commission payments were traced to the sales tax reports to ensure revenue reported to the State and County reconcile. Also, payments made the State Comptroller were reviewed to verify the accuracy of the gross sales reported. No exceptions were noted.

Summary

Based on this review, the internal control structure of Primos Café & Grill appears to be adequate.

BT:ya



COUNTY OF EL PASO
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04-36

April 27, 2011

Ms. Rosemary Neill, Director
Parks and Recreation/Golf Course
8001 E. Overland
El Paso, Texas 79901

Dear Ms. Neill:

A copy of a memorandum from Ms. Bertha Tafoya, internal auditor, dated April 27, 2011 is attached. This memorandum is a report on a review of the Primos Café and Grill at the Ascarate Golf Course for April 2009 through March 2011. Our review was performed with objectivity and due professional care.

If we can be of any assistance in this regard, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:BT:ya

Attachment

cc: Mr. Jose Luis Dominguez,
Primos Café & Grill

El Paso County Purchasing Department



COUNTY OF EL PASO
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10-44

October 21, 2010

Mr. Piti Vasquez, Purchasing Agent
Purchasing Department
800 E. Overland, Suite 300
El Paso, Texas 79901

Dear Mr. Vasquez:

A copy of a memorandum from Mr. Rene Balderrama, internal auditor, dated October 21, 2010 is attached. This memorandum is a report on a review of your financial records for July 2009 through July 2010. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Balderrama.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:RB:ya

cc: The Honorable Anthony Cobos, County Judge
The Honorable Ana Perez, Commissioner Precinct 1
The Honorable Veronica Escobar, Commissioner Precinct 2
The Honorable Willie Gandara, Jr., Commissioner Precinct 3
The Honorable Dan Haggerty, Commissioner Precinct 4



COUNTY OF EL PASO


OFFICE OF THE COUNTY AUDITOR

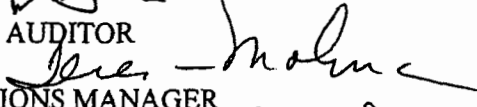
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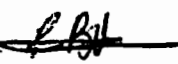
10-45

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 

THRU: TERESA MOLINAR, OPERATIONS MANAGER 

THRU: SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR 

FROM: RENE BALDERRAMA, INTERNAL AUDITOR 

DATE: OCTOBER 19, 2010

SUBJECT: REVIEW OF THE PURCHASING DEPARTMENT FOR JULY 2009 THROUGH JULY 2010

Overview

A review of the Purchasing Department for July 2009 through July 2010 has been completed. The objective of this review was to obtain a clear understanding of the quotation process, sample and review formal and informal bids, review the copy center procedures, and review a sample of items of the surplus inventory.

Scope and Purpose

The scope and purpose of this review consisted of:

1. An evaluation of the internal controls was performed to ensure effective segregation of duties is in place.
2. A random sample of formal bids was reviewed to ensure that documentation was complete and in compliance with the *Texas Local Government Code (TGLC) §262* and *Government Code (GC) §2253*.
3. A random sample of informal bids was reviewed to ensure that protocol on the quotation process has been followed.
4. A surprise cash count was performed on September 30, 2010, at the Purchasing Copy Room in accordance with the *TLGC §115.0035*.
5. A random sample of surplus inventory was reviewed to ensure that items are being properly accounted for.
6. Review prior memoranda for previous recommendations.

General

1. Observation: Upon reviewing a sample of 10 formal bids, the following discrepancies were noted:

- 20 percent of the audit sample did not have a checklist
- 20 percent did not have written documentation of Commissioners Court award approval
- 10 percent did not have proof of advertisement
- 10 percent did not have award letters
- 100 percent did not contain documentation of supervisory review
- Two files contained incorrect amounts reported as the bid; one file had the itemized amounts incorrectly calculated and the other file had an incorrect bid amount stated.

Corrective Action/Recommendation: It is recommended that the Purchasing Department verify and ensure that all required documentation is on file. It is highly recommended that the checklist be followed and used as a guide to ensure that all pertinent documentation was obtained. It is further recommended that all files be reviewed by management for completeness and accuracy. It is also recommended that the bid technicians review the bids for accuracy and completeness.

2. Observation: While reviewing a sample of 24 informal bids, the following items were noted:
- Although the Advanced Purchasing and Inventory Control System (ADPICS) reflects several vendors under each bid, we were unable to confirm a vendor was actually contacted.
 - 25 percent of the bids had only one quote from the several vendors listed.
 - 25 percent of the bids selected were not awarded to the lowest bidder.
 - 100 percent did not have supervisory review.

Corrective Action/Recommendation: It is recommended that the operations and procedures manual be updated to include the informal bid process. It is further recommended that the proper documentation be attached to the informal bids to record the quotation process and avoid inconsistency between the buyers.

3. Observation: While reviewing the deposit warrants for the Copy Room, it was noted that back up is not being provided to the Treasury department.

Corrective Action/Recommendation: It is recommended that the Copy Room personnel provide back up with their deposits to the Treasury department to ensure that all deposits are accurate and timely in accordance with *TLGL code §113.022*. It is further recommended that the cash count sheet be reviewed by two employees to verify the amounts being reported on RecWare to agree to the amounts being deposited to Treasury.

4. Observation: It was noted that the Copy Room invoices do not always have the index section filled out or the proper signatures to process payments by the County Auditor's Office.

Corrective Action/Recommendation: It is recommended that the Copy Room review the invoices for completeness and accuracy before they are sent to the Auditor's Office for processing.

5. Observation: While performing a review of the surplus inventory, the following items were noted:

- Three inventory items were not located due to the items being destroyed by the U. S. Attorney's Office in San Antonio without consent and knowledge that the equipment was County Property. The items were purchased through West Texas HIDTA ISC funds for use in the U.S. Attorney's Office in 1999 and were disposed in 2007.
- An additional three items; a copy machine, facsimile machine and voting machine were not located at the surplus inventory facility.

Corrective Action/Recommendation: It is recommended that all items that have been disposed be removed from the surplus inventory to reflect an accurate inventory. It is further recommended that all items be located to prevent loss and misuse of county property.

Review of prior memorandum

6. Observation: It was previously noted that the policies and procedures manual does not detail the work duties by job position.
Corrective Action/Recommendation: It is again recommended that the policies and procedures manual be expanded in order to establish internal controls. It is further recommended that a job description by job position be included in the policies and procedures manual. This will ensure a level of competency and expectation of each staff member and will further provide proper guidelines for each staff member to follow at all times.
7. Observation: While reviewing the purchasing process, it was previously noted that buyers are assigned specific commodities and are not rotated periodically.
Correction Action: The Assistant Purchasing Agent explained that they rotate buyers only if there is sloppiness in the work. It was further explained that they prefer their buyers be specialized in a particular commodity to obtain the best product at the best price.
8. Observation: Upon review of the purchasing process, the reviewing of the purchase order states the quantity and the amount of the merchandise ordered.
Corrective Action: It was previously recommended that the copy of the receiving report exclude the quantity, amount, and cost of merchandise. The Assistant Purchasing Agent explained that the department does not agree with excluding the quantity, amount, and cost of merchandise because if an employee accepts twelve items when we should have only accepted ten items, the County is responsible for paying for twelve items instead of ten. By documenting the quantity and amount on the receiving report, there is the risk of misappropriation of County assets.
9. Observation: It is required by the *Local Government Code § 262.011* for the purchasing agent to have completed at least 25 of related educational hours every two years. The record of the educational credits was requested on August 27, 2009 and again on October 12, 2010 from the Purchasing Agent, and as of the date of this memo, the information has not been provided.
Corrective Action/Recommendation: It is again recommended that the educational credits be submitted and or immediately completed.

Summary

This 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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. The internal control structure of the Purchasing Department continues to be weak, but should be strengthened with the implementation of the above-mentioned recommendations.

RB:ya



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-32

May 26, 2011

Mr. Piti Vasquez
Purchasing Agent
Purchasing Department
800 E. Overland, Room 300
El Paso, Texas 79901

Dear Mr. Vasquez:

A copy of a memorandum from Mr. Rene Balderrama and Mr. Ricardo Gabaldon, internal auditors, dated May 26, 2011 is attached. This memorandum is a report on a review of your purchasing and financial records for August 2010 through April 2011. 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 review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Balderrama and Mr. Gabaldon.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:RB:RG:ya

Attachment



COUNTY OF EL PASO



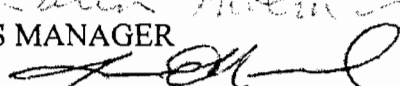
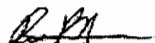

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05-33

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: RENE BALDERRAMA, INTERNAL AUDITOR 
RICARDO GABALDON, INTERNAL AUDITOR 
DATE: MAY 26, 2011
SUBJECT: REVIEW OF THE PURCHASING DEPARTMENT FOR AUGUST 2010 THROUGH APRIL 2011

Overview

A review of the Purchasing Department for August 2010 through April 2011 has been completed. The objective of this review was to obtain a clear understanding of the quotation process, sample and review formal and informal bids, review the copy center procedures, and review a sample of items of the surplus inventory.

Scope and Purpose

The scope and purpose of this review consisted of:

1. A random sample of formal bids was reviewed to ensure that documentation was complete and in compliance with the *Texas Local Government Code (TGLC) §262* and *Government Code (GC) §2253*.
2. A random sample of informal bids was reviewed to ensure that protocol on the quotation process had been followed.
3. A surprise cash count was performed on May 4, 2011, at the Purchasing Copy Room in accordance with the *TLGC §115.0035*. Minimal discrepancies were noted.
4. A random sample of surplus inventory was reviewed to ensure that items are being properly accounted for.
5. An evaluation of the internal controls was performed to ensure that sealed bids are logged properly and secured.
6. A review of prior memoranda for previous recommendations.

General

1. Observation: Upon reviewing a sample of 24 formal bids, the following discrepancies were noted:
 - Two bids did not have proof on file of Commissioners Court bid acceptance.
 - One bid had the incorrect amount on the tabulation sheet.
 - One bid did not have the tabulation sheet signed and dated.
 - One bid had fees incorrectly stated on the tabulation sheet which should be a flat fee instead of an hourly fee.
 - One bid did not have two bidder's signature on the debarment and suspension form.
 - One bid had a price on the tabulation sheet that did not reflect the price given by the vendor.Corrective Action/Recommendation: It is recommended that the Purchasing Department verify and ensure that all required documentation is on file. It is highly recommended that all bids be reviewed by management for completeness and accuracy. It is also recommended that the bid technicians review bids for completeness and accuracy.
2. Observation: While reviewing a sample of 29 informal bids, it was noted that two bids did not have supportive documentation attached to verify that the lowest bidder was selected.
Corrective Action/Recommendation: It is recommended that all supporting documentation be included within the bid file to ensure that the selected bidder was justified. It is further recommended that buyers review bids for completeness and accuracy.
3. Observation: A sample of 36 surplus and auction inventory items was selected for review. It was noted that all 36 items were accounted for and that the required back up for disposed items was provided. No discrepancies were noted.
4. Observation: While conducting a review of the internal controls it was noted that the bid log is being filled out and sealed bids are being kept in a locked area with limited access to restricted personnel. No discrepancies were noted.

Review of prior memorandum

5. Observation: It was previously noted that the policies and procedures manual does not detail the duties and responsibilities by job position.
Corrective Action/Recommendation: It is again recommended that the policies and procedures manual be expanded in order to establish accountability. It is further recommended that a job description by job position be included in the policies and procedures manual. This will ensure a level of competency and expectation of each staff member and will further provide proper guidelines for each staff member to follow at all times.

EDWARD A. DION
MAY 26, 2011
PAGE 2

Summary

This 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 inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. The internal control structure of the Purchasing Department continues to be weak, but should be strengthened with the implementation of the above-mentioned recommendations.

RB:RG:ya

El Paso County Sheriff
Abandoned Evidence
Abandoned Inmate Property






COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
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www.epcounty.com/auditor

County Administrative Offices
800 East Overland Street, Rm. 406
EL PASO, TEXAS 79901-2407
(915) 546-2040
(915) 546-8172 FAX

01-55

MEMORANDUM


TO: EDWARD A. DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER

FROM: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
DATE: JANUARY 26, 2011
SUBJECT: COLLECTION OF SHERIFF'S ABANDONDED EVIDENCE

On January 24, 2011, the Sheriff's abandoned evidence was reviewed by the Purchasing Department and this office for remittance and disposal. The review resulted in a monetary collection of \$152.69. This amount was then deposited on January 25, 2011 into the County's consolidated account. Some non-monetary items such as cell phones, cameras, pocket knives, jewelry and watches were kept by the Purchasing department to be auctioned off at a later time. Other personal items such as clothing, pierced jewelry and items of no value were disposed of.

JO:ya



COUNTY OF EL PASO


OFFICE OF THE COUNTY AUDITOR

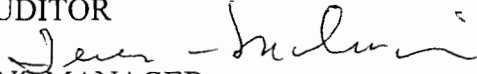
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02-21

MEMORANDUM

TO:  EDWARD A. DION, COUNTY AUDITOR

THRU:  TERESA MOLINAR, OPERATIONS MANAGER

FROM:  JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR

DATE: FEBRUARY 15, 2011

SUBJECT: COLLECTION OF SHERIFF'S ABANDONED INMATE PROPERTY

On February 11, 2011, the Sheriff's abandoned inmate property was reviewed by the Purchasing Department and this office for remittance and disposal. The review resulted in a monetary collection of \$10.25. This amount was then deposited on February 14, 2011 into the County's consolidated account. The following non-monetary items were kept by the Purchasing department to be auctioned off at a later time.

- Black watch with plastic band
- Gold tone pocket watch with chain
- Silver watch with silver link band
- 9 cell phones from various carriers
- Sterling silver ring with skull design
- Gold tone necklace
- Gold tone cross pendant
- Silver tone cross pendant

Other personal items such as clothing, pierced jewelry and items of no value were disposed of.

JO:ya



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04-09

MEMORANDUM

TO: COUNTY AUDITOR FILES
THRU: EDWARD A DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
FROM: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
DATE: APRIL 6, 2011
SUBJECT: COLLECTION OF SHERIFF'S ABANDONDED EVIDENCE

On March 30, 2011 the Sheriff's abandoned evidence was reviewed by the Purchasing department and this office for remittance and disposal. The review resulted in a monetary collection of \$202.92. This amount was then deposited, on the same day, into the County's consolidated account. The following non-monetary items were kept by the Purchasing department to be auctioned off at a later time.

- 14 Cell phones
- 8 Cell phone cases and protectors
- 2 Blue tooth accessories
- 1 MP3 player
- 1 Portable Sony Playstation (PSP)
- 1 Watch
- 2 Gold colored charms
- 1 Flash Drive (8 GB)

Other personal items such as clothing, pierced jewelry and items of no value were disposed of.

JO:ya




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06-19

MEMORANDUM

TO: COUNTY AUDITOR FILES 

THRU: EDWARD A DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER 

FROM: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
RICARDO GABALDON, INTERNAL AUDITOR

DATE: JUNE 16, 2011

SUBJECT: COLLECTION OF SHERIFF'S ABANDONDED EVIDENCE

On June 16, 2011 the Sheriff's abandoned evidence was reviewed by the Purchasing department and this office for remittance and disposal. The review resulted in a monetary collection of \$160.16. Of this amount, 540.00 in pesos was converted, at an exchange rate of 12.04 pesos per dollar, to \$44.85. The total amount was then deposited, on the same day, into the County's consolidated account. The following non-monetary items were kept by the Purchasing department to be auctioned off at a later time.

- 8 Cell phones
- 10 Pairs of Sunglasses
- 1 Plastic Watch
- 1 Silver Colored Watch
- 4 Car Stereo Amplifiers
- 5 Car Speakers
- 1 Car Video Displayer (Monitor)
- 1 Car TV/Video Tuner
- 7 Gold Colored Rings
- 2 Gold Colored Necklaces with charms
- 1 Silver Colored Ring with Green Colored Stones
- 1 Gold Colored Pill Box

Other personal items such as clothing, pierced jewelry and items of no value were disposed of.

JO:ya



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06-23

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
FROM: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
DATE: JUNE 22, 2011
SUBJECT: COLLECTION OF SHERIFF'S ABANDONED INMATE PROPERTY

On June 10, 2011, the Sheriff's abandoned inmate property was reviewed by the Purchasing Department and this office for remittance and disposal. The review resulted in a monetary collection of \$12.01. This amount was then deposited on June 13, 2011 into the County's consolidated account. The following non-monetary items were kept by the Purchasing Department to be auctioned off at a later time.

- 1 Black watch with plastic band
- 1 Black watch with "leather" band
- 1 Silver colored watch with silver colored link band
- 1 Plastic black watch with plastic band
- 2 Gold colored watches with gold colored link bands
- 1 Gold colored watch with black band
- 2 Silver colored rings
- 8 cell phones from various carriers
- 1 Gold tone necklace with charm
- 1 Silver tone necklace with charm

Other personal items such as clothing, pierced jewelry and items of no value were disposed of.

**El Paso County
Road and Bridge Department**



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02-31

March 8, 2011

Mr. Roberto Rivera
Public Works Director
Road and Bridge Department
800 E. Overland, Room 407
El Paso, TX 79901

Dear Mr. Rivera:

A copy of a memorandum from Mr. James O'Neal, internal audit supervisor, dated March 8, 2011 is attached. This memorandum is a report on a review of the County Road and Bridge revenue and operating expenditures for June 2009 through December 2010. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the County Road and Bridge Department, as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. O'Neal.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Division.

If we can be of any assistance in this regard, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal stroke at the end.

Edward A. Dion
County Auditor

EAD:JO:ya

Attachment




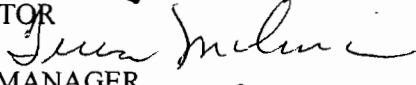

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02-32

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
FROM: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
DATE: MARCH 8, 2011
SUBJECT: REVIEW OF ROAD AND BRIDGE REVENUE AND GENERAL OPERATING
EXPENDITURES FOR JUNE 2009 THROUGH DECEMBER 2010

Overview

A review of the County Road and Bridge revenue and warehouse operations for June 2009 through December 2010 was conducted. The objective of this review was to confirm that collections were properly recorded, reported and deposited; to ensure that materials and supplies are reasonable and necessary for the operations of the department; and to ensure that inventory is not being stockpiled.

Scope and Purpose

The scope and purpose of the review consisted of:

1. A Requisition History Report was requested for requisitions from September 2009 to September 2010. A ten percent sample (72 items) was chosen and a reconciliation to the actual number of items on hand at the Fabens warehouse was attempted.
2. A cash count was attempted on February 8, 2011 in accordance with *Local Government Code §115.0035*. However, no collections were available for review.
3. An on-site inventory was conducted at the Fabens, Montana, and Canutillo warehouses to ensure that there is no evidence of inventory stockpiling.
4. A sample of deposit warrants was reconciled to the receipts and certificates of compliance collections. No discrepancies were noted.
5. Previous memoranda were reviewed for proper implementation of prior recommendations.

General

1. Observation: While reviewing the inventory list maintained by Mr. Raul Lazarin, inventory clerk, it was noted that there was a lack of consistency when entering items into the system. For example, some items received in cases were listed per case while others were listed individually. Furthermore, there was a lack of uniformity when labeling items in the inventory system.

Corrective Action/Recommendation: It is recommended that items received in bundles or cases be entered consistently in the inventory system to avoid confusion. Furthermore, it is recommended that when labeling items to be entered, that item numbers be uniform to allow for easy location when searching for an item.

2. Observation: While conducting the on-site inventory review, it was noted that the list maintained by Mr. Lazarin was not up-to date and had several manual adjustments. When questioned about the manual adjustments, Mr. Lazarin stated that it was easier and faster to manually adjust the worksheet than to enter the information into the inventory system. Further, when asked to run a new updated list, Mr. Lazarin stated that he was never trained on running reports or retrieving additional information, just on entering data.

Corrective Action/Recommendation: It is recommended that all inventory activity be entered into the system and that proper training be given to Mr. Lazarin to utilize the inventory program to its fullest potential.

3. Observation: It was noted that Mr. Lazarin is the only employee at the Fabens warehouse with access to the inventory system. Therefore, if Mr. Lazarin is absent for a lengthy amount of time, items are not entered or updated until his return.

Corrective Action/Recommendation: It is recommended that a back-up employee be trained on using the inventory program in case of Mr. Lazarin's absence.

4. Observation: While reviewing the mechanic shop at the Fabens warehouse, it was noted that items ordered and received in the shop area are not verified by the inventory clerk. Furthermore, the mechanic shop does not utilize the inventory program used by Mr. Lazarin, therefore resulting in many stockpiled items and obsolete items that have not been disposed of.

Corrective Action/Recommendation: It is recommended that all items received and ordered by the mechanic shop be physically verified by the inventory clerk. Furthermore, it is recommended that the mechanic shop implement the inventory program currently being used by the inventory clerk to ensure current and correct information.

5. Observation: While inquiring about the project reports used by each warehouse, it was noted that all back-up documentation is kept manually on yellow legal writing tablets. Once the information has been entered into the computer by each foreman, the tablets are then stored. It was further noted that storage of these tablets dates back more than 20 years.

Corrective Action/Recommendation: It is recommended that a form be created for all project report documentation. It is further recommended that the retention period be researched for the back-up material and those items outside the retention period be disposed of.

6. Observation: A cash count was attempted on February 8, 2011. However, no monies had been collected for verification. It was noted that as of October 2009, dump ticket collections had ceased due to the closure of the dumping facility. Furthermore, the receipt books were still on site and had not been disposed of.

Corrective Action/Recommendation: It is recommended that the receipts previously used for dump ticket collections be disposed of in a secure manner.

Review of Past Memoranda

1. Observation: While reviewing previous memoranda, it was noted that the recommendation regarding the swimming pool equipment purchased over fourteen years ago for the Ascarate swimming pool remains in storage inside the Fabens Warehouse. Also, it was noted that the swimming pool equipment occupies a large area of the warehouse; consequently, limiting Road and Bridge storage area. It should be noted that the equipment is not only losing value as it remains in storage but it is also taking valuable storage needed by the Road and Bridge Department. This issue has been documented in several previous memorandum but continues to be an issue.

Corrective Action/Recommendation: Once again, it is strongly recommended that County Road and Bridge management coordinate with Parks and Aquatics Department and the Purchasing Department to request Commissioners Court guidance on the disposition of the equipment and material from the Fabens Warehouse.

Summary

This 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. The internal control structure of the County Road and Bridge Department, appears to be weak, but should be strengthened with implementation of the above mentioned recommendations.

JO:ya

**El Paso County
Sheriff Department
Jail Commissary
Board Bill Reporting
Auto Auction**



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01-46

January 19, 2011

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, TX 79938

Dear Sheriff Wiles:

A copy of a memorandum from Ms. Linda Hemme, internal auditor, dated January 19, 2011 is attached. This memorandum is a report on a review of your board bill reports for February 2010 through October 2010. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Sheriff's Department, as defined by the AICPA professional standards. However, this review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Hemme.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendation noted on the report provided by the County Auditor's Internal Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:LH:ya

Attachment





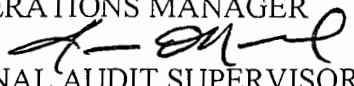
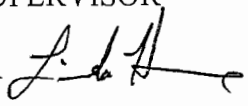
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01-46

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: LINDA HEMME, INTERNAL AUDITOR 
DATE: JANUARY 13, 2011
SUBJECT: REVIEW OF THE SHERIFF'S DEPARTMENT BOARD BILLS

Overview

A review of the Sheriff's Department board bills for February 2010 through October 2010 has been completed. The objective of this review was to verify the accuracy and timeliness of these billings.

Scope and Purpose

The scope and purpose of the review was as follows:

1. The federal board bill reports were reviewed and verified against inmate reports for accuracy.
2. A sample of prisoner remands was traced to the monthly federal board bill reports for February 2010 through October 2010.
3. Report detail was vouched to the prisoner remands on file and the Judicial Information Management System (JIMS).
4. The documentation for federal hospitalized inmates was reviewed to verify the accuracy and legitimacy of the adjustments made to the monthly federal inmate reports used to invoice the U.S. Marshals.
5. Federal board bill revenues were reviewed and all payments were traced to the Treasury Division and the Financial Accounting Management Information System (FAMIS) to ensure that all transactions were accounted for properly.
6. The invoices billed to extradition transport service companies were reviewed to insure that all payments had been received.

General

1. Observation: While verifying the accuracy of the federal board bill reports, it was noted that two of the sampled remands for two federal inmates were misfiled.
Corrective Action/Recommendation: It is recommended that the jail staff ensure that all federal remand forms be submitted to BITS (Bond & Inmate Trust Section) and be kept as supporting documentation in case of any discrepancies.
2. Observation: While reviewing the extradition transport service company invoices, it was noted that there was a transport company that did not pay the \$420.00 owed for housing their inmates at the County jails in April 2010. The BITS section repeatedly tried to contact the company to request payment. A second invoice for demand of payment was sent on August 3, 2010. This transport company never returned their phone calls nor responded to the invoices sent to them requesting payment.
Corrective Action/Recommendation: It is recommended that the Sheriff's department no longer accept prisoners from this company. It is further recommended that the Sheriff's Department contact the County Attorney's Office to request that a demand letter be sent to the transport company.
3. Observation: On June 7, 2010, Commissioners Court approved the new municipal board bill contract. The new contract stipulates that the City of El Paso will pay a total of \$374,093.25 per fiscal year in monthly installments for the booking, processing and housing of municipal code violation prisoners. The City of El Paso is current, up to December 2010, in their payments to the County.

Summary

This 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. Based on this review, the internal control structure of the Sheriff's Department as it pertains to the bookkeeping, billing, and receipting of board bills appears to be adequate, and should be further strengthened with implementation of the above-mentioned recommendation.

LH:ya



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02-14

February 14, 2011

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, TX 79938

Dear Sheriff Wiles:

A copy of a memorandum from Ms. Linda Hemme and Mrs. Gaby Paredes-Ferro, internal auditors, dated February 14, 2011, is attached. This memorandum is a report on a review of your financial records from May 2010 through November 2010. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Sheriff's Department, as defined by the AICPA professional standards. However, this review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Hemme and Mrs. Paredes-Ferro.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Division.

If we can be of further assistance, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:LH:GPF:ya

Attachment



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02-15

MEMORANDUM

Edward A. Dion

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER *Teresa Molinar*
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR *James O'Neal*
FROM: LINDA HEMME, INTERNAL AUDITOR *Linda Hemme*
GABY PAREDES-FERRO, INTERNAL AUDITOR *Gaby Paredes-Ferro*
DATE: FEBRUARY 14, 2011
SUBJECT: REVIEW OF SHERIFF'S DEPARTMENT FINANCIAL RECORDS

Overview

A review of the Sheriff's Department financial records for May 2010 through November 2010 has been completed. The objective of this review was to provide reasonable assurance that the records are accurate in all material respects.

Scope and Purpose

The scope and purpose of the review was as follows:

1. The commission payments received for inmate telephone revenues from Digital Solution/ Inmate Telephone Inc. (DSI/ITI) were reviewed for accuracy.
2. The bank reconciliations for the state forfeiture fund, justice forfeiture fund, asset sharing fund, general, legal, abandoned vehicle, abandoned vehicle escrow, and special bond accounts from May 2010 through November 2010 were reviewed for accuracy and completeness. No discrepancies were noted.
3. A review of the Sheriff's forfeiture funds was conducted to ensure that incurred expenses were allowable under the "Guide to Equitable Sharing for Foreign Countries and Federal, State, & Local Law Enforcement Agencies", also known as "The Green Book". Also, the Federal Annual Certification and Chapter 59 Asset Forfeiture reports were reviewed.

4. A sample of receipts for Execution of Sales, Foreign Civil, Identification & Records was reviewed to ensure funds receipted were deposited. Further, all deposits were traced to the County Auditor's Treasury Division and the Financial Accounting Management Information System (FAMIS) to ensure that all transactions were accounted for properly.
5. A sample of receipts issued for the Sheriff's Legal account was reviewed to ensure that all transactions were deposited and accounted for. No discrepancies were noted.
6. The State monthly paper ready inmate reports from May 2010 to November 2010, which are submitted to the Texas Commission on Jail Standards (TCJS) were reviewed for accuracy. Minor discrepancies were noted.
7. The Sheriff's monthly Bail Bond Posting fee reports were reviewed to ensure that all transactions were accounted for properly. A sample of receipts was verified and all deposits were traced to FAMIS. Bond fees were transferred to the State, as required. No discrepancies were noted.
8. Surprise cash counts were performed at the Sheriff's Criminal Records Evidence Forensic Section (CREFS) on July 12, 2010, at Sheriff's Vinton Station on August 4, 2010, and at the Jail Annex Intake Section on January 31, 2011, to account for the receipts collected for the day. No discrepancies were noted.

General

1. Observation: Commission reports were generated from the DSI/ITI Offender Communication System (OCS) for the period under review. It was noted that the commission amounts appear to be short by \$173.20 and \$918.21, for June and July 2010, respectively. Currently the County Auditor's Office is provided a monthly report that balances to the commission checks received by DSI/ITI. However, our office is unable to independently verify the commissions since the OCS reports generated from the onsite system do not balance to the commission amounts received. The County Auditor's Office contacted Mr. Corby Kenter, DSI/ITI Regional Sales Manager, to inquire about these differences and report issues. After several emails and phone calls, Global Tel Link on behalf of DSI/ITI determined that the variances between the monthly commissions and the OCS onsite reporting was due to their systems based in their Altoona, PA office and the onsite systems not being integrated. Also, according to Global Tel Link, all of the data is being captured but not in the correct period before they close their period and issue the commission check.
Corrective Action/Recommendation: Currently the DSI/ITI representatives are looking into resolving these issues.
2. Observation: While reviewing the Justice Forfeiture Account, it was noted that a 46 inch Dynex LCD HDTV, which is considered an unallowable expense under "The Green Book", was purchased in October 2010. Upon inquiry, it was explained that this expense would be reimbursed by the County of El Paso Council of Judges' account.
Corrective Action/Recommendation: The Sheriff's Department has provided the County Auditor's Office the supporting documentation needed to process the reimbursement.

3. Observation: While reviewing the Justice Forfeiture Account, it was noted that the salary difference for two Sheriff employees was paid out of this account. According to "The Green Book", this expense is only allowed for one year on new positions; thereafter, the salary and benefits for that position must be paid entirely from the agency's appropriated funds. It is also noted that one of the new employees covered by the Justice Forfeiture Account filled an existing Deputy Sheriff position. Upon inquiry, it was explained by the Human Resources Department, that the job description of the Deputy Sheriff position does not reflect the current responsibilities which qualify this position to be paid out of the Justice Forfeiture account.
Corrective Action/Recommendation: It is recommended that the Sheriff Department include this item in the Commissioners Agenda so that the entire salary and benefits expense for these employees be absorbed by the County's General Fund as soon as possible. Furthermore, it is recommended that the job description for the Deputy Sheriff position be updated to reflect the assigned duties of the new position.
4. Observation: While tracing a sample of Identification & Records receipts issued from CREFS, it was noted that there was a shortage on a deposit made in December 2010. On January 28, 2011, the County Auditors contacted the Sheriff's Department to inquire about the shortage. It was then explained that a refund was approved by Sergeant Marco A. Vargas.
Corrective Action/Recommendation: It is recommended that the CREFS division not process refunds. In the event that a refund must be processed, a formal request should be made to the Bond and Inmate Trust Section who will then follow the normal refund procedures.

Summary

This review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from lost, 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. The internal control structure of the Sheriff's Department appears to be adequate, and should be further strengthened with the implementation of the above-mentioned recommendations.

LH:GPF:ya



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05-10

May 10, 2011

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, Texas 79938

Dear Sheriff Wiles:

A copy of a memorandum from Ms. Linda Hemme, internal auditor, dated May 10, 2011 is attached. This memorandum is a report on a review of the County Jail Commissary Inmate Profit Fund from October 2009 through February 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Sheriff's Department, as defined by the AICPA professional standards. However, this review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Hemme.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Division.

If we can be of any further assistance, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

Attachment

cc: Aramark Correctional Services



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
COUNTY AUDITOR
edion@epcounty.com
www.epcounty.com/auditor

County Administrative Offices
800 East Overland Street, Rm. 406
EL PASO, TEXAS 79901-2407
(915) 546-2040
(915) 546-8172 FAX

05-11

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR
THRU: TERESA MOLINAR, OPERATIONS MANAGER
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
FROM: LINDA HEMME, INTERNAL AUDITOR
DATE: MAY 10, 2011
SUBJECT: REVIEW OF THE COUNTY JAIL COMMISSARY INMATE PROFIT FUND

In accordance with *Government Code §511.016*, a review of the County Jail Commissary account from October 2009 through February 2011 has been completed. The objective of this review was to provide reasonable assurance that the records are accurate in all material respects.

Scope and Purpose

The scope and purpose of this review was as follows:

1. The bank reconciliation for the Inmate Trust account was reviewed for accuracy and completeness.
2. The jail commissary commissions received by the County were verified to ensure that they were accurately calculated, timely remitted, and properly posted to the Financial Accounting Management Information System (FAMIS).
3. Operating, equipment, and contracted services expenditures from the commissary inmate profit fund were reviewed to ensure that the expenditures were in accordance with *Local Government Code 351.0415(c)*.
4. Deposits and disbursements through the Inmate Trust account were reviewed to ensure proper postings to the correct inmates' account. These transactions were also traced to the bank statements.
5. Inmate order and return credit tickets were traced and vouched to Aramark Correctional Services' weekly Sales and Commissions reports for accuracy.
6. Procedures for the Sheriff's Indigent Inmate Program were reviewed.

7. Cash counts were performed on July 12, 2010 and May 3, 2011 at the Annex and Downtown jail facilities, respectively, in accordance with *Local Government Code § 115.0035*.
8. An analysis was performed on the yearly jail commissary sales and commissions.

General

1. Observation: While reviewing the Inmate Trust bank reconciliation, minor discrepancies were noted. The February 2011 bank reconciliation has not been submitted as of the date of this memorandum and will be reviewed in the next audit.
2. Observation: While reviewing the jail commissary commissions, it was noted that the commission rate of 42 percent was correctly applied and all commission payments were received in a timely manner. It was also noted that commissions are not being paid for sales made through the Aramark iCare online ordering system. The iCare packages offered by Aramark allow family and friends of inmates to order commissary gift packages once per week online.
Upon inquiry, Mr. Joseph Valenzuela, Aramark Retail Manager, explained that the iCare online ordering system is an additional program offered to families and friends not the inmates. Aramark handles all of the accounting and sales for these orders. Since Aramark pays all additional costs incurred, such as monthly website hosting fees, and credit card fees, no commission is paid for iCare orders.
3. Observation: While reviewing a sample of contract services expenditures, it was noted there is no contract in place for Inmate Education Services. The vendor that was awarded the bid is providing services based on their bid. Other sampled operating and equipment expenses were made in compliance with *Local Government Code 351.0415 (c)*.
Corrective Action/Recommendation: The Sheriff's Department requested new bids for Inmate Education Services on April 13, 2011. It is recommended that when bids are awarded, the Sheriff's Department should ensure that a contract is signed to avoid any disruption of service or unauthorized price changes.
4. Observation: While reviewing the 2010 Period 10 Week 3 and 2011 Period 2 Week 4 sales reports for accuracy, it was noted that there were several sales and return credit receipts not accounted for. All of the sales and return credit receipts for these sales weeks were traced to the Sales and Commission report. A worksheet listing the inmates whose sales and return credits could not be verified was provided to Aramark. Upon inquiry, Mr. Valenzuela agreed that he would attempt to locate the original receipts. As of the date of this memorandum, he has not provided the missing sales and return credit receipts. Once provided they will be reviewed and will be reported on the next audit report.
Corrective Action/Recommendation: It is recommended that Aramark ensure that all printed receipts reconcile to the weekly Sales and Commission report prior to submitting the report to the Sheriff's Department for payment.

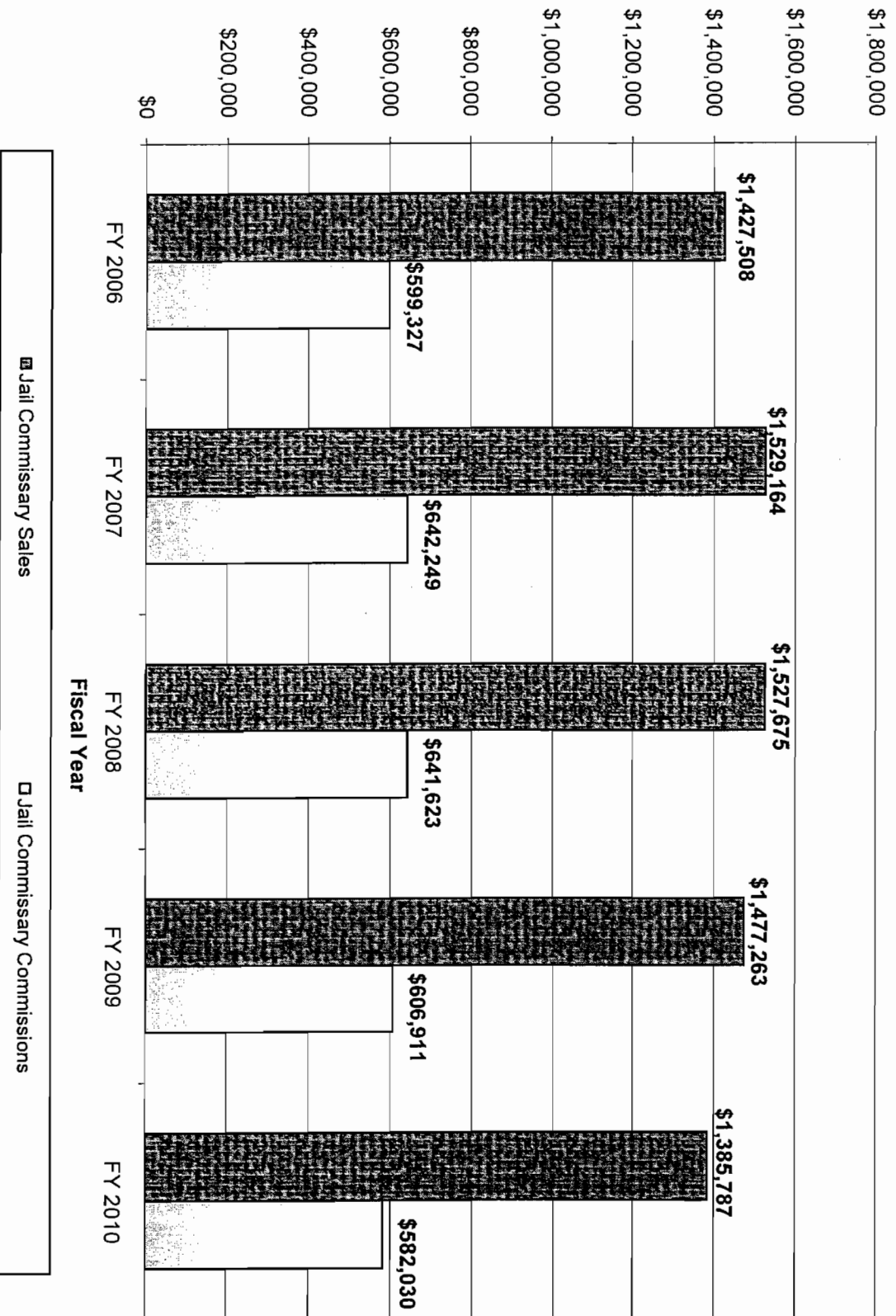
5. Observation: While performing cash counts at the Downtown jail facility, it was noted that there was a \$0.09 overage at the Intake cashier station, and a \$0.10 overage at the Administration cashier station. No discrepancies were noted at the Annex jail facility.
6. Observation: As reflected on the attached analysis, jail commissary sales and commissions decreased by 6% and 4%, respectively, during fiscal year 2010 compared to fiscal year 2009. However, it should be noted that beginning July 2010 sales and commissions increased compared to the same time in 2009. This could be attributed to GoCart Commissary sales, which began in July 2010. The GoCart Commissary offers commissary items to inmates at the jail facilities using wireless technology. One of the many advantages of utilizing the GoCart ordering system is that the inmates can order and receive their commissary items on the spot; therefore, increasing sales, commissions, and reducing return credits and inmate grievances.

Summary

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. Based on this review, the current internal control structure established by the Sheriff's Department, as it pertains to the jail commissary account, appears to be adequate, and should be further strengthened with the implementation of the above-mentioned recommendations.

LH:ya

Jail Commissary Sales & Commissions





COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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08-16

August 8, 2011

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, TX 79938

Dear Sheriff Wiles:

A copy of a memorandum from Ms. Linda Hemme and Mr. Ricardo Gabldon, internal auditors, dated August 8, 2011, is attached. This memorandum is a report on the County Sheriff auto auction held on Saturday, August 6, 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Sheriff's Department, as defined by the AICPA professional standards. However, this review was performed with objectivity and due professional care.

If we can be of any further assistance, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

EAD:LH:RG:ya

Attachment




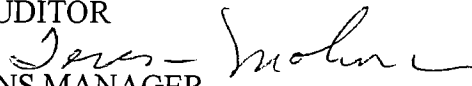

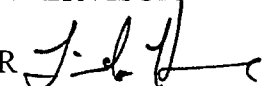
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08-17

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: LINDA HEMME, INTERNAL AUDITOR 
RICARDO GABLDON, INTERNAL AUDITOR
DATE: AUGUST 8, 2011
SUBJECT: SHERIFF'S AUTO AUCTION HELD ON AUGUST 6, 2011

The Sheriff's Department Abandoned Motor Vehicle Section held an auto auction on Saturday, August 6, 2011 at the Sheriff's Jail Annex. Eight vehicles were sold generating receipts totaling \$11,300.00, which were verified to the auction list, copy attached. A cash count was performed, with no discrepancies noted.

The Sheriff's Department TASK Force Special Operations also held an auto auction on Saturday, August 6, 2011 at the Sheriff's Jail Annex. Twenty-five vehicles, a safe and a pallet of miscellaneous items were sold generating receipts totaling \$48,730.00, which were verified to the auction list, copy attached. A cash count was performed, with no discrepancies noted.

LH:RG:ya

EL PASO COUNTY SHERIFF'S OFFICE
ABANDONED MOTOR VEHICLE SECTION
12501-F MONTANA, EL PASO COUNTY, TEXAS

PAGE 1 OF 1

ABANDONED MOTOR VEHICLES AUCTION
AUCTION DATE: AUGUST 6, 2011

#	CASE#	YR	MAKE/MODEL	STYLE	VIN:	BUYER	PRICE
1	AD/2011-03592	2005	CHEVROLET AVEO LT <i>K</i>	4DRHT	KL1TG52675B482234	<i>76</i>	<i>3400⁰⁰</i>
2	AD/2011-01433	2001	DODGE RAM 1500 - SALVAGE	P/U	1B7HC16X61S135395	<i>67</i>	<i>1200⁰⁰</i>
3	AD/2011-01204	2004	KIA RIO - SALVAGE	4DRHT	KNADC125746330550	<i>28</i>	<i>750⁰⁰</i>
4	SO/2011-02811	1996	DODGE STRATUS	4DRHT	1B3EJ46X6TN257042	<i>49</i>	<i>700⁰⁰</i>
5	AD/2011-00853	1994	BMW 325i	4DRHT	WBACB3327RFE16093	<i>1</i>	<i>800⁰⁰</i>
6	AD/2011-04158	2001	SATURN LS2 <i>K</i>	4DRHT	1G8JW52R01Y578530	<i>54</i>	<i>775⁰⁰</i>
7	AD/11-0200424	2000	CHEVROLET CAMARO SC - SALVAGE	2DRHT	2G1FP22K1Y2100045	<i>71</i>	<i>1025⁰⁰</i>
8	AD/2011-04684	2001	CHEVROLET IMPALA <i>K</i>	4DRHT	2G1WF55E719223422	<i>43</i>	<i>2650⁰⁰</i>
TOTAL SALE:							<i>\$11,300⁰⁰</i>

GATES OPEN AT 07:30 AM. THE AUCTION STARTS AT 09:00 AM SHARP.

NOTE: NO PERSONS UNDER THE AGE OF 16 WILL BE ALLOWED INSIDE THE SALE LOT AT ANY TIME.

THE TERMS OF THE SALE ARE CASH ONLY--ALL VEHICLES ARE SOLD "AS IS/WHERE IS"
PAYMENT IS REQUIRED IMMEDIATELY AFTER THE SALE ENDS.

EL LOTE SE ABRIRA A LAS 07:30 AM. LA SUBASTA COMENSARA A LAS 09:00 AM EN PUNTO.

NOTA: PERSONAS DE MENOR DE 16 AÑOS NO SE LES PERMITIRA ENTRAR.

LOS TERMINOS DE LA VENTA SON - DINERO EN EFECTIVE--TODOS LOS VEHICULOS SON VENDIDOS
"EN LAS CONDICIONES QUE ESTEN". PAGO SE REQUIERE INMEDIATAMENTE AL TERMINAR LA SUBASTA.

EL PASO COUNTY SHERIFF'S OFFICE
ABANDONED MOTOR VEHICLE SECTION
12501-F MONTANA, EL PASO COUNTY, TEXAS

PAGE 1 OF 2

ABANDONED MOTOR VEHICLES AUCTION

AUCTION DATE: AUGUST 6, 2011

#	CASE#	YR	MAKE/MODEL	STYLE	VIN	BUYER	PRICE
1	AD/2011-03592	2005	CHEVROLET AVEO LT	4DRHT	KL1TG52675B482234		
2	AD/2011-01433	2001	DODGE RAM 1500 - SALVAGE	P/U	1B7HC16X61S135395		
3	AD/2011-01204	2004	KIA RIO - SALVAGE	4DRHT	KNADC125746330550		
4	SO/2011-02811	1996	DODGE STRATUS	4DRHT	1B3EJ46X6TN257042		
5	AD/2011-00853	1994	BMW 325i	4DRHT	WBACB3327RFE16093		
6	AD/2011-04158	2001	SATURN LS2	4DRHT	1G8JW52R01Y578530		
7	AD/11-0200424	2000	CHEVROLET CAMARO SC - SALVAGE	2DRHT	2G1FP22K1Y2100045		
8	AD/2011-04684	2001	CHEVROLET IMPALA	4DRHT	2G1WF55E719223422		
TASK FORCE							
1		1984	GMC JIMMY	SUV	1G5CT18BXE8520092	71	350 ⁰⁰
2		1986	CHEVROLET ASTRO	VAN	1G8DM15Z1GB114522	12	425 ⁰⁰
3		1989	FORD LTD CROWN VICTORIA LX	4DRHT	2FABP74F4KX170481	71	425 ⁰⁰
4		1983	MERCURY GRAND MARQUIS LS	4DRHT	1MEBP95F0DZ690354	12	400 ⁰⁰
5		1989	HONDA CIVIC LX	4DRHT	1HGED3641KA050734	71	425 ⁰⁰
6		1987	MERCURY COUGAR	2DRHT	1MEBM6039HH672435	12	350 ⁰⁰
7		1997	FORD ESCORT LX	S/W	3FALP15P6VR106387	116	625 ⁰⁰
8		1980	FORD THUNDERBIRD	2DRHT	0G87F176152	67	300 ⁰⁰
9		1999	DODGE CARAVAN - SALVAGE	VAN	2B4FP253XXR460915	71	650 ⁰⁰
10		1996	CHEVROLET SUBURBAN - RBLT SLVGE	SUV	1GNFK16R7TJ417363	12	1125 ⁰⁰
11		2000	JEEP CHEROKEE	SUV	1J4FF48S2YL155451	28	2000 ⁰⁰
12		1999	DODGE INTREPID ES - SALVAGE	4DRHT	2B3HD56J9XH660842	87	2000 ⁰⁰ 1,050 ⁰⁰
13		2003	LINCOLN NAVIGATOR	SUV	5LMFU27R23LJ26094	49	4100 ⁰⁰
14		2003	CADILLAC CTS	4DRHT	1G6DM57N730110586	75	2600 ⁰⁰
15		1997	NISSAN PATHFINDER	SUV	JN8AR05Y5VW150333	45	1500 ⁰⁰
16		2006	NISSAN ALTIMA	4DRHT	1N4AL11D06N385242	45	5800 ⁰⁰
17		2002	PONTIAC AZTEK SRV	SUV	3G7DA03E32S608935	70	1700 ⁰⁰
18		2002	CHEVROLET AVALANCHE	P/U	3GNEC13T32G119305	46	5600 ⁰⁰
19		1994	HONDA CIVIC DX	4DRHT	1HGEG865XRL040294	34	1450 ⁰⁰
20		1999	FORD F-150 4x4	P/U	1FTRX08L4XKA40257	45	3200 ⁰⁰
21		1999	FORD F-250	P/U	1FTNW20L7XEE17834	2	2800 ⁰⁰
22		1977	DODGE MAXIVAN	VAN	B25BJ7X251042	79	325 ⁰⁰
23		2002	CHEVROLET SILVERADO 1500	P/U	1GCEC14W02Z341852	87	2050 ⁰⁰

\$ -

48,730

GATES OPEN AT 07:30 AM. THE AUCTION STARTS AT 09:00 AM SHARP.

NOTE: NO PERSONS UNDER THE AGE OF 16 WILL BE ALLOWED INSIDE THE SALE LOT AT ANY TIME.

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"EN LAS CONDICIONES QUE ESTEN". PAGO SE REQUIERE INMEDIATAMENTE AL TERMINAR LA SUBASTA.

#	CASE#	YR	MAKE/MODEL	STYLE	VIN:	BUYER	PRICE
24		2000	MAZDA 626	4DRHT	1YVGF22C2Y5116079	<u>48</u>	<u>1500⁰⁰</u>
25		2007	CHRYSLER PT CRUISER	SUV	3A4FY58B77T609566	<u>13</u>	<u>6100⁰⁰</u>
26		2000	MAZDA 626	4DRHT	1YVGF22C2Y5116079		
26			Sale.			<u>17</u>	<u>200⁰⁰</u>
27			Pallet of Stuff			<u>57</u>	<u>80⁰⁰</u>

48,730



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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EL PASO, TEXAS 79901-2407
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10-15

October 11, 2011

The Honorable Richard D. Wiles
El Paso County Sheriff
3850 Justice Drive
El Paso, TX 79938

Dear Sheriff Wiles:

A copy of a memorandum from Ms. Linda Hemme, internal auditor, dated October 11, 2011 is attached. This memorandum is a report on a review of your financial records from December 2010 through August 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Sheriff's Department, as defined by the AICPA professional standards. However, this review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Hemme.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Division.

If we can be of further assistance, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long, sweeping horizontal line extending to the right.

Edward A. Dion
County Auditor

EAD:LH:ya

Attachment




COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

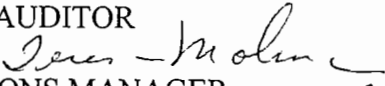
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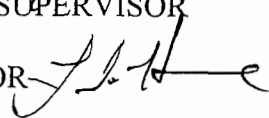
10-16

MEMORANDUM

TO:  EDWARD A. DION, COUNTY AUDITOR

THRU:  TERESA MOLINAR, OPERATIONS MANAGER

THRU:  JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR

FROM:  LINDA HEMME, INTERNAL AUDITOR

DATE: OCTOBER 11, 2011

SUBJECT: REVIEW OF SHERIFF'S DEPARTMENT FINANCIAL RECORDS

Overview

A review of the Sheriff's Department financial records for December 2010 through August 2011 has been completed. The objective of this review was to provide reasonable assurance that the records are accurate in all material respects.

Scope and Purpose

The scope and purpose of the review was as follows:

1. The bank reconciliations for the state forfeiture fund, justice forfeiture fund, asset sharing fund, general, legal, abandoned vehicle, abandoned vehicle escrow, and special bond accounts from December 2010 through August 2011 were reviewed for accuracy and completeness. No discrepancies were noted.
2. A review of the Sheriff's forfeiture funds was conducted to ensure that incurred expenses were allowable under the "Guide to Equitable Sharing for Foreign Countries and Federal, State, & Local Law Enforcement Agencies" or Chapter 59.06 of the Code of Criminal Procedures.
3. A sample of receipts issued for the Sheriff's Legal account was reviewed to ensure that all transactions were deposited and accounted for.
4. A sample of receipts for execution of sales, foreign civil, identification & record and justice of the peace fines was reviewed. Further, all deposits were traced to the County Auditor's Treasury Division and the Financial Accounting Management Information System (FAMIS) to ensure that all transactions were accounted for properly.
5. The Sheriff's Prisoner Transportation Travel expenses were reviewed to ensure that the expenses are allowable and that the correct amount with proper documentation was returned to the County in a timely manner. No discrepancies were noted.

6. An analysis of the Sheriff's General Account was conducted to identify the composition of the account balance.
7. The State monthly paper ready inmate reports from December to September 2011, which are submitted to the Texas Commission on Jail Standards (TCJS), were reviewed for accuracy. No discrepancies were noted.
8. The Sheriff's monthly Bail Bond Posting fee reports were reviewed to ensure that all transactions were accounted for properly. A sample of receipts was verified and all deposits were traced to FAMIS. Bond fees were transferred to the State, as required. No discrepancies were noted.
9. Surprise cash counts were performed at the Sheriff's Civil Section, Crime Records, Evidence and Forensics Section (CREFS) and the Strike Team fund from the Criminal Investigation Division to verify the daily receipts collected. Minor discrepancies were noted.

General

1. Observation: While reviewing the Sheriff's forfeiture funds, it was noted that there were some expenses made from the Justice Forfeiture account to pay for registration fees for memorial races or walks. The "*Guide to Equitable Sharing for State and Local Enforcement Agencies*" (The Guide) is unclear if these type of expenses are allowed. The County Auditor's office contacted the U.S. Department of Justice (DOJ) to inquire about these types of expenses. According to the DOJ, these expenses as considered impermissible that may have an appearance of personal gain.
Corrective Action/Recommendation: It was recommended to the Sheriff Budget Director that the Justice Forfeiture account be reimbursed for these expenditures from another account.
2. Observation: While reviewing the Justice Forfeiture account expenses, it was further noted that there was a donation made to a drill and dance academy for \$1,000.00. The Guide does not allow for cash transfers to non-law enforcement agencies. The Sheriff's Department contacted the academy and requested a breakdown of what this money was used for. The academy promptly provided the breakdown and copies of the receipts.
Corrective Action/Recommendation: It is recommended that when organizations request donations, the organizations should provide a breakdown of what the funding will be used for. The Sheriff's Department should also request receipts after the donation as been provided or directly make the purchases for the organization as described in The Guide.
3. Observation: A sample of receipts issued from the Legal account was reviewed for accuracy. It was noted that there was \$1,000.00 that was collected for a case in January 14, 2011. These funds were misplaced and not deposited until the funds were located in April 2011. The results of a Sheriff's Department investigation are pending.
4. Observation: While conducting an onsite review of the Sheriff's Civil Section, a money order dated 5/2/2002 for \$75.00 was found in the office safe.
Corrective Action/Recommendation: It was recommended to the Civil Section Supervisor, that Western Union be contacted to find out if the money order still has value. It was also recommended that if the money order has value to deposit the money

order listed in the deposit slip at its current value and to notify the bank about the deposit to avoid confusion and bank fees. It is further recommended that the safe be periodically checked to ensure that all funds have been deposited in a timely manner.

5. Observation: While reviewing a sample of Legal Account receipts, it was noted that it was difficult to trace the detective's manual receipts to the Legal Account receipts, which also made it difficult to determine if the money collected was deposited to the bank in a timely manner.

Corrective Action/Recommendation: It was recommended to the Sheriff Civil Section that the detective's manual receipts be cross referenced in the Legal Account receipts to make it easier to trace and ensure that all funds collected are properly and timely deposited. Beginning September 2011, the money collected for the Legal account is being recorded in Odyssey.

6. Observation: The Sheriff's department began accepting credit card payments in the Crime Records, Evidence and Forensics Section (CREFS) in July 2011. While reviewing the ID&R receipts and monthly reports for August 2011, it was noted that the Sheriff's department issued a receipt for a credit card transaction for the wrong amount. The cashier mistakenly issued the Recware receipt for \$10.00, instead of the \$6.00 charged on the credit card.

Corrective Action/Recommendation: It was recommended to the CREFS Supervisor that they begin preparing a monthly collections report that they can use to reconcile to what was collected and deposited. It is further recommended that due care be exercised when receipting money received.

7. Observation: An account analysis was conducted on the General Account in order to identify the composition of the account balance. The Sheriff Travel expenditures and reimbursements related to the General Account and other miscellaneous deposits and disbursements were reviewed for October 2010 to July 2011. This analysis revealed an unidentifiable balance of \$381.38.

Corrective Action/Recommendation: It is recommended that Bond and Inmate Trust Section (BITS) continue to conduct an analysis of the General account balance semi-annually to help prevent future unidentifiable amounts from accumulating.

Summary

This 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. The internal control structure of the Sheriff's Department appears to be adequate, and should be further strengthened with the implementation of the above-mentioned recommendations.

El Paso County Sportspark



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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COUNTY AUDITOR
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EL PASO, TEXAS 79901-2407
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09-42

September 19, 2011

Ms. Rosemary Neill
Director
Parks and Recreation/Golf Course
800 E. Overland, Suite 208
El Paso Texas 79901

Dear Ms. Neill:

A copy of a memorandum from Mr. James O'Neal, internal auditor supervisor, dated September 19, 2011 is attached. This memorandum is a report on a review of the El Paso County Sportspark from October 2010 through August 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the El Paso County Sportspark as defined by AICPA professional standards. However, our review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. O'Neal.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Division

If we can be of any assistance in this regard, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a stylized flourish at the end.

Edward A. Dion
County Auditor

EAD:JO:ya

Attachment






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OFFICE OF THE COUNTY AUDITOR

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09-43

MEMORANDUM


TO: EDWARD A. DION, COUNTY AUDITOR

THRU: TERESA MOLINAR, OPERATIONS MANAGER

FROM: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR
DATE: SEPTEMBER 19, 2011
SUBJECT: REVIEW OF THE EL PASO COUNTY SPORTSPARK FROM OCTOBER
2010 THROUGH AUGUST 2011

Overview

A review of the El Paso County Sportspark from October 2010 through August 2011 has been completed. This time period coincides with the spring and fall baseball seasons. The objective of this review was to evaluate the registration process, the revenue collection and deposit procedures implemented by the Sportspark staff.

Scope and Purpose

The scope and purpose of the review consisted of:

1. Deposits were reviewed and reconciled to the Financial Accounting Management System (FAMIS) to ensure timely submission and proper posting.
2. Recware system receipts were compared to the daily deposit slips and reports submitted to this office to ensure proper reconciliation. Minor discrepancies were noted.
3. The Recware system receipts were also compared to the team rosters to ensure proper player placement.
4. Processed refund vouchers were traced back to team rosters to ensure refunded player removal.
5. A surprise cash count was performed on September 14, 2011 in accordance with *Local Government Code §115.0035*.
6. Registration forms were reviewed for completeness and accuracy.
7. Previous memoranda were reviewed for proper implementation of prior recommendations.

General

1. Observation: While reviewing the daily deposits it was noted that some deposits were not made in a timely manner. These deposits were not received by the bank until after 7 business days. It was further noted that on several occasions checks were accepted as forms of payment. Upon inquiry, it was discovered that even though there is a notice stating no checks accepted, some exceptions were made.
Corrective Action/Recommendation: It is recommended that all monies collected be deposited in a more timely manner. Further, it is recommended that check acceptance policies be followed or eliminated. It is also recommended that management explore the possibility of accepting credit cards as an alternate form of payment.
2. Observation: While reviewing the team rosters, it was noted that several players were still listed on the roster even after a refund had been issued for that player.
Corrective Action/Recommendation: It is recommended that once a refund has been issued for a player or a player has been found ineligible; that player be removed from the roster to avoid any confusion. It is further recommended that a master refund list be created to easily monitor any refunded or ineligible players.
3. Observation: It was noted that when the daily collections information is faxed to this office, only a copy of the deposit slip is submitted.
Corrective Action/Recommendation: It is recommended that a Recware receipt report be submitted along with the deposit slip on a daily basis.
4. Observation: During the surprise cash count the following observations were noted:
 - Several days collections were comingled making it very difficult to reconcile on a daily basis.
 - Large bill denominations were not inspected for possible counterfeit activity.
 - Collections made by the league director's assistant are stored in a locked drawer in the director's absence. The assistant does not have access to safe; therefore collections made by the assistant are stored in a different location with limited access.
 - Large amount of coinage is collected on a daily basis and not sorted by denomination for easier accountability.Corrective Actions/Recommendations: It is recommended that collections be separated per day and funds not be comingled to ensure proper accountability. It is also recommended, that large bill denominations be inspected and noted by a UV detector pen to prevent the acceptance of possible counterfeit bills. Furthermore, it is recommended that management inquire into acquiring a coin sorter to sort coin collections by denomination for easier accountability and a more rapid reconciliation process. Finally, it is recommended that the assistant be granted access to the safe to maintain daily collections in one secure area. Also, dual control of the safe should be implemented when there is a shift change between the assistant and the league director.

Previous Memorandum

1. Observation: It was previously noted that only one staff member handles all collections, prepares daily deposits and is in charge of all change funds.
Corrective Action/Recommendation: It is again recommended that a more effective separation of duties policy be established to assure that proper internal controls are in place.
2. Observation: It was previously noted that registration forms for coaches and assistant coaches are sometimes incomplete and missing vital information.
Corrective Action/Recommendation: It is again recommended that all coach and assistant coach registration forms be filled out completely.

Summary

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. The internal control structure of the El Paso County Sportspark appears to be weak, but should be strengthened with implementation of the above mentioned recommendations.

JO:ya

El Paso County Tax Office
Licensing Division
Enforcement Division



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
COUNTY AUDITOR
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06-01

June 2, 2011

The Honorable Victor Flores
County Tax Assessor- Collector
500 East Overland
El Paso, Texas 79901

Dear Mr. Flores:

A copy of a memorandum from Ms. Ruth Bernal, senior internal auditor and Mr. Ricardo Gabaldon, internal auditor, dated June 1, 2011 is attached. This memorandum is a report on a review of your financial records pertaining to the Licensing Division for September 2010 through April 2011. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Tax Office, as defined by AICPA professional standards. However, this review was performed with objectivity and due professional care. I concur with the recommendations made by Ms. Bernal and Mr. Gabaldon.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", is written over a circular stamp.

Edward A. Dion
County Auditor

EAD:RB:RG:ya

Attachment



COUNTY OF EL PASO


OFFICE OF THE COUNTY AUDITOR

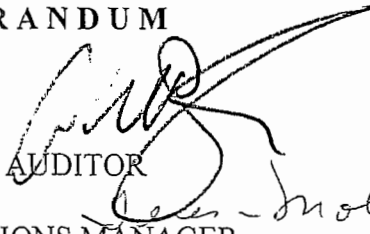
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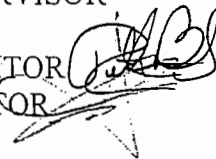
06-02

MEMORANDUM

TO:  EDWARD A. DION, COUNTY AUDITOR

THRU:  TERESA MOLINAR, OPERATIONS MANAGER

THRU:  JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR

FROM:  RUTH BERNAL, SENIOR INTERNAL AUDITOR
RICARDO GABALDON, INTERNAL AUDITOR

DATE: JUNE 1, 2011

SUBJECT: REVIEW OF THE COUNTY TAX OFFICE – LICENSING DIVISION FOR SEPTEMBER 2010 THROUGH APRIL 2011

Overview

A review of the financial records for the County Tax Assessor-Collector's Office pertaining to the Licensing Division from September 2010 through April 2011 has been completed. The objective of this review was to verify the information contained within the Tax Office's financial reports. These financial reports are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. A surprise cash count was performed on April 18, 2011, in accordance with *Local Government Code §115.0035*. No discrepancies were noted.
2. The bank reconciliation for the Ad Valorem account was reviewed for accuracy and completeness and verified that supervisor review was performed.
3. Voided transactions were reviewed in order to validate legitimacy, proper documentation for justification, and that supervisor approval was obtained and documented.
4. Internal controls were reviewed to verify the proper handling of the occupancy permits stickers issued.

5. The collections listed on the weekly balance sheets were traced to the bank statements to ensure that the collections were deposited and accounted for properly. The weekly balance sheets were compared to the RecWare cashiering reports to verify that both reports agree.
6. Past memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: No discrepancies were noted while reviewing the bank reconciliations; however, the accounting manager used to send an email to the Auditor's Office as a confirmation that the bank reconciliations were reviewed. These confirmations have not been received acknowledging that the bank reconciliations were reviewed for the months of December 2010 through April 2011.
Corrective Action/Recommendation: It is recommended that the program coordinator document that the bank reconciliations were reviewed.
2. Observation: It was noted that a control log is not maintained for the manual receipts and the occupancy decals.
Corrective Action/Recommendation: It is recommended that a log be maintained, as it is specified on the policies and procedures manual of the Tax Office in order to keep an inventory of the receipts on hand and the books assigned.
3. Observation: While reviewing the daily deposits, it was noted that daily collections submitted to the accounting division are not verified against the RecWare Cash Receipt Report on a daily basis. The collections are verified once a week. It was also noted that the program coordinator does not have access to RecWare in order to verify the collections submitted.
Corrective Action/Recommendation: It is recommended that collections submitted to the accounting division be verified against the collections posted on RecWare on a daily basis. It is also recommended that the review be documented.
4. Observation: It was noted that the same cash drawer is used by the Beer and Wine clerk and the backup person.
Corrective Action/Recommendation: It is recommended that each clerk who uses RecWare be provided their own change fund and be responsible for their assigned cash drawer and collections.

Review of Past Memoranda

5. Observation: While reviewing the voided transactions, it was noted that 7 out of 11 voided transactions were not approved by a supervisor.
Corrective Action/Recommendation: Once again, it is recommended that a supervisor approval be obtained before voiding a transaction.

EDWARD A. DION
JUNE 1, 2011
PAGE 3

6. Observation: It was previously recommended that an explanation be documented on the weekly balance report for all voids. This measure has been implemented. Currently, a comment is included on the weekly balance report, explaining the reason for the void.

Summary

This 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. Based on this review, the internal control structure of the County Tax Office as it relates to the Licensing Division appears to be weak, but should be strengthened with the implementation of the above mentioned recommendations.

RB:RG:ya



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02-06

February 14, 2011

The Honorable Victor Flores
County Tax Assessor- Collector
500 East Overland
El Paso, Texas 79901

Dear Mr. Flores:

A copy of a memorandum from Mr. Rene Balderrama, internal auditor, dated February 14, 2011 is attached. This memorandum is a report on a review of the Enforcement Division financial reports from May 2010 through December 2010. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Tax Office, as defined by AICPA professional standards. However, this review was performed with objectivity and due professional care. I concur with the recommendations made by Mr. Balderrama.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", is written over a horizontal line.

Edward A. Dion
County Auditor

EAD:RB:ya

Attachment




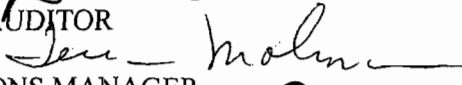
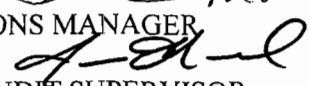
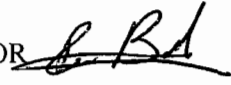
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02-07

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR 
THRU: TERESA MOLINAR, OPERATIONS MANAGER 
THRU: JAMES O'NEAL, INTERNAL AUDIT SUPERVISOR 
FROM: RENE BALDERRAMA, INTERNAL AUDITOR 
DATE: FEBRUARY 14, 2011
SUBJECT: REVIEW OF THE COUNTY TAX OFFICE – ENFORCEMENT DIVISION
FINANCIAL RECORDS FOR MAY 2010 THROUGH DECEMBER 2010.

A review of the financial records for the County Tax Assessor-Collector's Office Enforcement Division has been completed from May 2010 through December 2010. The objective of this review was to verify the information contained within the Tax Office Enforcement Division financial reports.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. A surprise cash count was performed on January 6, 2011 in accordance with *Local Government Code § 115.0035*. No discrepancies were noted.
2. Deposit slips were compared to the treasury records and daily balance reports to verify that collections were deposited in accordance with *Local Government Code § 113.022* and properly posted on the Financial Accounting Management Information System (FAMIS).
3. Bank reconciliations for the Vehicle Inventory Escrow and Discretionary accounts were verified against the cash receipts and disbursements journals for accuracy and completeness.
4. Discretionary account disbursements were reviewed in order to verify that expenditures were made in accordance with *Tax Code § 23.122(c)*.
5. A review of the Vehicle Registration Abuse Program (VRAP) cases was performed to ensure that proper fines and taxes were paid.
6. Previous memorandum was reviewed for proper implementation of prior recommendations.

General

1. **Observation:** While reviewing disbursements for the V.I.T. discretionary account, it was noted that in a three month period there were payments totaling \$4,617.25 for repairs and maintenance agreements for office copiers.

Corrective Action/Recommendation: It is recommended that the enforcement division perform a cost benefit analysis of the maintenance agreements to determine if it is beneficial to continue the maintenance agreements on office equipment or to pay for maintenance on an as needed basis.

2. Observation: While reviewing the disbursements for training from the V.I.T. discretionary account, it was noted that a total amount of \$3,876.00 was paid for peace officer training. The employee receiving the training was not awarded the investigator position due to the position being a temporary position. Therefore, another applicant had to be hired to fill the intended position.

Corrective Action/Recommendation: It is recommended that any future training be reviewed before any positions are to be filled and ensure that the position is approved by Commissioners Court prior to awarding the position.

3. Observation: While reviewing the interest and fees transferred from the V.I.T. escrow account to the V.I.T. discretionary account, it was noted that the transfers are being done on an annual basis.

Corrective Action/Recommendation: It is recommended that the interest and fees be transferred from the V.I.T. account to the V.I.T. discretionary account at a minimum on a quarterly basis.

Review of past Memoranda

4. Observation: It was previously recommended that the V.I.T. office operating manual be updated to include policies and procedures for the different programs of the Enforcement Division. At the time of this review, the County Auditor's Office was not provided with an updated manual.

Correction Action/Recommendation: Once again, it is recommended that the policies and procedures manual be submitted to the County Auditor's Office as soon as possible.

5. Observation: It was previously noted that the Enforcement Division inventory reflected two Motorola portable radios that did not have the County inventory tag number.

Corrective Action: It was noted that the Motorola radios have been tagged and are now included in the inventory of the Enforcement Division.

Summary

This 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. Based on this review, the internal control structure of the County Tax Office, as it relates to the Enforcement Division, appears to be weak, but should be further strengthened with the implementation of the above mentioned recommendations.



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10-26

October 13, 2010

The Honorable Victor Flores
County Tax Assessor- Collector
500 East Overland
El Paso, Texas 79901

Dear Mr. Flores:

A copy of a memorandum from Mrs. Sylvia Pacheco, internal audit supervisor dated October 13, 2010 is attached. This memorandum is a report on a review of your financial records pertaining to the Licensing Division for June 2010 through August 2010. Because of certain statutory duties required of the County Auditor, this office is not independent in regard to the Tax Office, as defined by AICPA professional standards. However, this review was performed with objectivity and due professional care. I concur with the recommendations made by Mrs. Pacheco.

As a follow up to this report, please provide a written management response relating to each recommendation. The management response should provide feedback on how management will implement the recommendations noted on the report provided by the County Auditor's Internal Audit Division.

If we can be of any assistance in this regard, please let us know.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Edward A. Dion".

Handwritten initials "EAD" in cursive script.

Edward A. Dion
County Auditor

EAD:SP:ya

Attachment



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OFFICE OF THE COUNTY AUDITOR

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10-27

MEMORANDUM

TO: *for* EDWARD A. DION, COUNTY AUDITOR
THRU: *Teresa Molinar* TERESA MOLINAR, OPERATIONS MANAGER
FROM: *Sylvia Pacheco* SYLVIA PACHECO, INTERNAL AUDIT SUPERVISOR
DATE: OCTOBER 14, 2010
SUBJECT: REVIEW OF THE COUNTY TAX OFFICE – LICENSING DIVISION FOR
JUNE 2010 THROUGH AUGUST 2010

Overview

A review of the financial records for the County Tax Assessor-Collector's Office pertaining to the Licensing Division from June 2010 through August 2010 has been completed. The objective of this review was to verify the information contained within the Tax Office's financial reports. These financial reports are a recapitulation of all transactions that occurred during each month.

Scope and Purpose

The scope and purpose of the review consisted of the following:

1. The bank reconciliation for the Ad Valorem account was reviewed for accuracy and completeness and verified that supervisor review was performed. No discrepancies were noted.
2. A random sample of 23, or 11 percent out of 203 manual receipts for the Beer and Wine was reviewed to ensure accuracy and legitimacy of the transactions. Additionally, the manual receipts were traced to the weekly balance sheets and the bank statements to ensure the receipts were accounted for properly. No discrepancies were noted.
3. The manual receipt logs were reviewed to ensure that the issuance and completion of receipt books are properly documented and inventory of all unused manual receipt books were noted. No discrepancies were noted.
4. The collections listed on the weekly balance sheets were traced to the bank statements to ensure that the collections were deposited and accounted for properly. The weekly balance sheets were compared to the RecWare cashiering reports to verify that both reports agree. No discrepancies were noted.

5. A review was conducted to verify that management is performing periodic reviews of the manual receipts processed by the licensing division. No discrepancies were noted.
6. A surprise cash count was performed on August 19, 2010, in accordance with *Local Government Code §115.0035*. No discrepancies were noted.
7. The checks pending processing log was reviewed to ensure payments were processed and verify that the Tax Office Accounting Manager accounted for all the transactions.
8. The voided transactions were reviewed to verify legitimacy, proper documentation for justification, and that supervisor approval was obtained and documented.
9. A listing of hotel/motels was compiled utilizing the internet and the phone book. The quarterly reports were reviewed to verify that taxes were paid timely for small local hotel/motels.
10. A comparative analysis of the revenue collected by the licensing division was prepared, as reflected on the attachment.
11. Past memoranda were reviewed for implementation of prior recommendations.

General

1. Observation: Upon review of the voided receipts, it was noted that there is no indication of supervisor approval or review. This observation was noted on the June 16, 2010, April 12, 2010, and November 20, 2009 reports. It was further noted that the reason for voiding beer and wine manual receipt number 571152 was not documented on the weekly balance sheet.
Corrective Action/Recommendation: Ms. Norma Favela, chief deputy, agreed to institute a procedure which will require the licensing clerk to obtain supervisor approval prior to voiding a receipt. It is recommended that supervisor approval be documented on the voided receipt. It is further recommended that an explanation be documented on the weekly balance sheet.
2. Observation: Upon review of the checks pending to be processed, it was noted that the checks are not deposited upon acceptance. It was further noted that a continuous log is not maintained for these types of transactions. These two observations were noted on the June 16, 2010, April 12, 2010 and November 20, 2009 reports.
Corrective Action/Recommendation: Ms. Favela has agreed to deposit checks upon acceptance, except for post-dated checks. The licensing clerk will log in the checks in the checks pending to be processed log to account for these types of transactions.
3. Observation: Upon review of the hotel/motel tax payments, the following items were noted:
 - Thirteen hotel/motels paid their taxes late. A late penalty or interest was not assessed for reporting or paying the taxes late.
 - The licensing division does not have an enforcement method of ensuring that all hotel/motels in El Paso County pay the taxes. The licensing clerk relies on the State's website to determine if a hotel/motel has not reported to the County's Tax Assessor Collector's Office. In the event that a hotel/motel does not report to the State, the licensing clerk would not be able to identify if the entity failed to pay the taxes to the County of El Paso.

EDWARD A. DION
OCTOBER 14, 2010
PAGE 3

Corrective Action/Recommendation: It is recommended that the Tax Office assess a penalty and/or interest to hotel/motels that do not report or pay the taxes timely in accordance with *Tax Code §352.004*, copy attached. It is further recommended that the Tax Office explore the feasibility of developing an enforcement method to ensure that hotel/motels conducting business in El Paso County report and pay the taxes due. Moreover, it is recommended that Tax Office personnel conduct an on-site visit to determine if the Artisan Hotel El Paso is open for business.

Summary

This 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. Based on this review, the internal control structure of the County Tax Office as it relates to the Licensing Division appears to be weak, but should be strengthened with the implementation of the above mentioned recommend

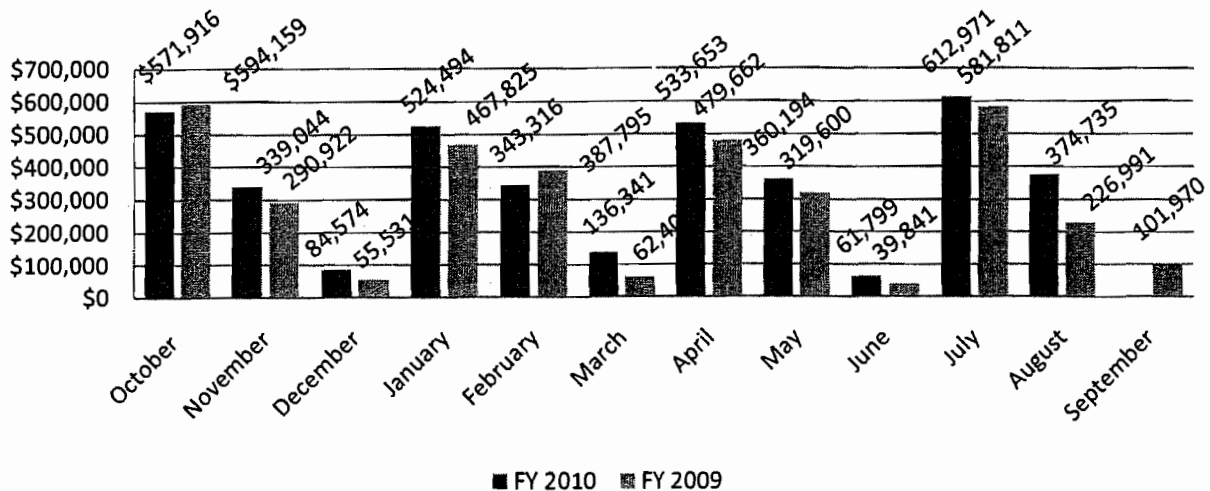
SP:ya

Tax Office

Revenue Analysis for the Licensing Division FY 2010 and FY 2009

Month	FY 2010	FY 2009	Variance	% Variance
October	\$571,916	\$594,159	-22,243	-3.74%
November	339,044	290,922	48,122	16.54%
December	84,574	55,531	29,043	52.30%
January	524,494	467,825	56,669	12.11%
February	343,316	387,795	-44,479	-11.47%
March	136,341	62,408	73,933	118.47%
April	533,653	479,662	53,991	11.26%
May	360,194	319,600	40,594	12.70%
June	61,799	39,841	21,958	55.11%
July	612,971	581,811	31,160	5.36%
August	374,735	226,991	147,744	65.09%
September		101,970	-101,970	-100.00%

Tax Office Licensing Division Revenue Analysis FY 2010 and FY 2009



Sec. ~~0352.0040~~. TAX COLLECTION; PENALTY. (a) The owner or operator of a hotel shall report and send the taxes collected under this chapter to the county as provided by the resolution or order imposing the tax.

(b) If the owner fails to report when required or pay the tax when due, the owner shall pay a penalty of five percent of the amount of the tax due. If the owner fails to file the report or pay the tax before the 31st day after the date that the report or tax payment was due, he shall pay an additional penalty of five percent of the amount of the tax due.

(c) Delinquent taxes and accrued penalties draw interest at the rate of 10 percent a year beginning 60 days after the date on which the tax was due.

(d) The county attorney may bring suit against a person who is required to collect the tax imposed by this chapter and pay the collections over to the county and who has failed to file a tax report or pay the tax when due to collect the tax not paid or to enjoin the person from operating a hotel in the county until the tax is paid or the report filed, as applicable, as provided by the court's order. The remedy provided by this subsection is in addition to other available remedies.

APPENDIX A



JO ANNE BERNAL
EL PASO COUNTY ATTORNEY
500 EAST SAN ANTONIO
ROOM 503, COUNTY COURTHOUSE
EL PASO, TEXAS 79901

(915) 546-2050
FAX: (915) 546-2133

October 6, 2011

Ricardo Gabaldon
El Paso County Auditor's Office
800 E. Overland Street, Room 406
El Paso, Texas 79901-2040

RE: County Attorney's Cash Count

Mr. Gabaldon,

This letter is to follow up from our meeting on Tuesday, October 4, 2011. You indicated you will be correcting your draft memorandum regarding the County Attorney's-Cash Count. It is my understanding the changes to your draft memorandum are to reflect the clarifications and agreements that were noted during our meeting. Changes to the "*Observation*" section of your memo should include the following:

- The first bullet point in your report indicates "cash counts can only be done from 7:30 a.m. to 8:30 a.m. because that is the time that the safe is opened." This statement is incorrect as we noted at our meeting. The safe can be opened at your request at any time. You are free to conduct a cash count at anytime. The County Attorney's office hours are from 8:00 a.m. – 5:00 p.m., Monday through Friday. During our meeting, it was noted that at the beginning of each business day, the previous day's receipts are logged and prepared for deposit. The money is secured in a sealed money bag with a unique identifying number. If Auditor's chooses to physically count the previous day's deposits after the money has been sealed, Auditor's are free to do so knowing that the money bag is non-resealed. Each money bag must be accounted for.

- The second bullet point indicates the County Attorney's Office was not open at a time indicated. The County Attorney's Office maintains office hours from 8:00 a.m. – 5:00 p.m. You indicate on August 5, 2011, auditors arrived at the County Attorney's Office before our office opened. The County Attorney's Office was unaware that the Auditors were waiting in the hallway outside our office before it opened its door for business. It was agreed, if auditors want to conduct a cash count outside the normal business hours of the County Attorney's Office, auditors should notify the County Attorney's Office so that arrangements can be made.
- The first and second bullet points on page two of your memorandum will be rewritten so as to not infer that there was an effort to withhold information from the Auditor's Office. As you noted, at the time of the cash count, the drop box contained two yellow envelopes and one white envelop. The yellow envelopes contained monies received the previous day. Those two envelopes were presented to you as they were the subject of your cash count visit. The white envelope was a credit card of a person who made a credit card payment, left without their card, and had not returned to collect their card. A hot check employee who does not have access to the safe, placed the card in a white envelope and placed the envelope in the drop box for safe keeping until the individual returned for their card or the card could be placed in the safe.

Additionally, contrary to your report, Justice of the Peace, Precinct 3 collections are not placed in the hot checks drop box. The County Attorney's Office, as a courtesy, receives from JP3 and the County Law Library, sealed money bags from those respective offices that are picked-up by armored carrier for deposit. The sealed bags are hand delivered to either Vanessa Rosales or myself in the County Attorney's Office. We sign for receipt of the money bag and then immediately place the sealed money bag in the County Attorney's safe until the carrier picks-up the money for deposit. This courtesy is done to save the County the expense of multiple pick-up charges by the carrier.

Deceptive Business Practice (DBP) restitution payments do not involve cash deposits. DBP restitutions are not payable to the County but are made payable to the complaining witness in a criminal case. DBP restitution payments may be placed in the drop box until such time as the restitution payment can be placed in the County Attorney's safe. DBP restitution payments are placed in the safe for safekeeping until the complaining witness is able to pick up the payment in person. If the complaining witness chooses, the County Attorney's office will forward the restitution payment to the complaining witness via certified mail/return receipt when requested. The County Attorney invited the Auditor's Office to review County Attorney policy and practices regarding DBP restitution payments and other monetary matters.

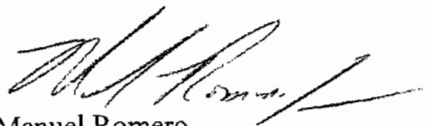
- The third bullet point on page two of your report indicates "approval is required by the supervisor before the safe can be checked." This statement is incorrect. During cash counts, your office has historically not asked for the safe to be opened. Ms. Rosales, in an abundance of caution, notified me, her supervisor, of your request. I immediately instructed Ms. Rosales to open the safe for your review. The safe is available for your review at any time. As indicated in our meeting, for security reasons, only a limited number of people in the County Attorney's Office have access to the safe; that access and responsibility is closely safeguarded.
- The forth bullet point on page two of your memo indicates that you were not permitted to review the contents of an envelope and a box that were in the safe. I explained during your visit and again during our meeting, that as a law office, the County Attorney's Office must from time to time maintain certain confidential files. The items your office sought to review did not relate to your cash count but were extremely confidential legal documents. As for any items that relate to any monies held by the County Attorney's Office, it was then and continues to be the practice of the County Attorney's Office that the Auditor's Office should have complete access and disclosure.

It is the position of the County Attorney's Office that the "*Corrective Action/Recommendation*" section of you draft report should also be corrected to reflect the following as per the clarifications or understandings that occurred between our offices.

- The first bullet point of the *Recommendations* section of your memo should be re-worded so as to not infer that the County Attorney's Office in some form hindered the efforts of your office. At no point has the County Attorney's Office ever tried to prohibit the Auditor's Office from performing its duties. As we discussed at our meeting and as I believe was mutually agreed, certain misunderstandings occurred, as pointed out above and at our meeting.
- The second bullet point of the *Recommendations* sections refers to the use of cash drawers by County Attorney's cashiers. As indicated at our meeting, the County Attorney's office is in agreement with the implementation of that practice once our expressed concerns of netting deposit can be accommodated.
- The third bullet point is well made and the County Attorney's Office looks forward to working with the Auditor's Office in identifying county funds to accommodate the recommendation.

Thank you for your attention to this matter. The County Attorney's Office looks forward to continue working with you and is committed to providing your office any and all information you request in completion of your duties.

If you have any questions or concerns, please do not hesitate to contact me.



Manuel Romero
Criminal Division Chief
El Paso County Attorney's Office

cc: Edward D. Dion, County Auditor
Teresa Molinar, Operations Manager, Auditor's Office
Jo Anne Bernal, County Attorney
Joe Gonzalez, First Assistant, County Attorney's Office
Vanessa Rosales, Collections Analyst, County Attorney's Office



JO ANNE BERNAL
COUNTY ATTORNEY

EL PASO COUNTY TEXAS
COUNTY COURTHOUSE
500 E. SAN ANTONIO, ROOM 503
EL PASO, TX 79901

(915) 546-2050
FAX: (915) 546-2133

October 19, 2011

Edward A. Dion, CPA, CIO
Office of County Auditor
County of El Paso
800 E. Overland Street, Room 406
El Paso, Texas 79901-2040

RE: County Attorney's Cash Count

Mr. Dion,

I am writing in response your County Attorney- Cash Count Memorandum dated October 7, 2011. I would like to re-address some of the information, which I believe is erroneous, contained within the memorandum. As you recall, we met October 4, 2011 to discuss the Cash Count. I believe during that meeting my office clarified the outstanding issues and incorrect information your office was citing in its report. Manuel Romero from my office further memorialized the clarifications and corrections in a letter addressed to Ricardo Gabaldon dated October 6, 2011. Unfortunately, much of the information was not corrected and thus the memo's conclusion is still based on erroneous information and contradicts previous findings by your office.

I again reiterate what was previously noted and the changes we understood were to be made to the "*Observation*" section of your memo:

- The first bullet point in your report indicates "cash counts can only be done from 7:30 a.m. to 8:30 a.m. because that is the time that the safe is opened." This statement is incorrect as we noted at our meeting. The safe can be opened at your request at any time during business hours which are from 8:00 a.m. – 5:00 p.m., Monday through Friday. During our meeting, it was noted that at the beginning of each business day, the previous

day's receipts are logged and prepared for deposit. The money is secured in a sealed money bag with a unique identifying number. If your office chooses to physically count the previous day's deposits after the money has been sealed, you are free to do so knowing that money bag is non-resealed. Each money bag must be accounted for.

- The second bullet point indicates the County Attorney's Office was not open at a time indicated. Again, the County Attorney's Office maintains office hours from 8:00 a.m. – 5:00 p.m. The County Attorney's Office, like the Auditor's Office, maintains customary working hours with such hours of operation being noted on the County web page. Your memo indicates on August 5, 2011, auditors arrived at the County Attorney's Office before our office opened. The auditors did not notify anyone in the County Attorney's Office that they were waiting in the hallway outside the County Attorney's Office. It was agreed, if auditors want to conduct a cash count outside the normal business hours of the County Attorney's Office, auditors should notify the County Attorney's Office so that arrangements can be made.
- The first and second bullet points on page two of your memorandum were to be completely rewritten as they are incorrect or at the minimum possibly infer an effort to withhold information from the Auditor's Office. At the time of the cash count, the drop box contained two yellow envelopes and one white envelope. The yellow envelopes contained monies received the previous day. Those two envelopes were presented to you as they were the subject of your cash count visit. The white envelope was a credit card of a person who made a credit card payment, left without their card, and had not returned to collect their card. The memorandum should have been written clearly to not infer any withholding of information relating to the cash count. The credit card of a private individual is not public funds and was not the subject of the cash count.
- The third bullet point on the second page of your memo was also to be corrected. The memo indicates "approval is required by the supervisor before the safe can be checked." This statement is incorrect. During cash counts, your office has historically not asked for the safe to be opened. Ms. Rosales, in an abundance of caution, notified Manuel Romero, her supervisor, of your staff's unique request. Mr. Romero immediately instructed Ms. Rosales to open the safe for your review. Public monies in the safe are available for your review at any time. As indicated in our meeting, the safe is also used to hold confidential legal documents that do not relate to public monies and are not subject for cash count inspections.

Additionally, the memo should have been corrected to properly refer to Deceptive Business Practice (DBP) restitutions as restitutions; not collections. Collections, as in the case of Hot Check collections, infers monies payable to the County. DBP restitutions are

monies payable directly to victims of DBP by criminal defendants. The County Attorney's Office does not collect any public monies in its prosecution of DBP cases. The memo did not correct the erroneous classification of DBP restitutions.

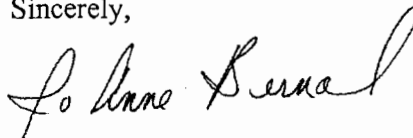
I am further concerned that the *Corrective Action/Recommendations* portion of your memo failed to state or address the issues raised by my office during our October 4, 2011 meeting. The first bullet point of the *Recommendations* section of your memo continues to infer that the County Attorney's Office in some form hindered the efforts of your office. At no point has the County Attorney's Office ever tried to prohibit the Auditor's Office from performing its duties. As we discussed at our meeting, and as was mutually agreed, while your office is free to examine any issue relating to the collection of public monies by the County Attorney's Office, that right does not extend to unrelated confidential legal matters handled by my office.

In relation to your office's recommendation relating to the use of cash drawers by the County Attorney's Office, your memo remained silent to unresolved questions I raised on the issue of netting of collections, an issue that has been previously raised by my staff. Additionally, the memo is silent as to my request for your assistance in identifying available equipment or funds that would permit the physical implementation of your office's recommendations.

Based on the matters and concerns stated above, I again respectfully request modifications of your findings and conclusions.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jo Anne Bernal". The signature is fluid and cursive, with the first name "Jo" and last name "Bernal" clearly distinguishable.

Jo Anne Bernal
El Paso County Attorney

This letter is a follow up response to your letter dated October 19, 2011 and our internal audit memorandum dated October 7, 2011. First of all, I would like again thank you and your staff for meeting with me and my internal audit staff on October 4, 2011. At that meeting we discussed our preliminary internal audit memorandum regarding a review of the collections of the County Attorney Hot Check Division. I appreciate the time and effort you and your management staff took out of your busy schedules to meet with us. Furthermore, it was very clear from your presence and from our discussions your genuine concern and sincerity to address our concerns. Although there was some disagreement with my internal auditor's personal observations, at no time did we specifically agree to alter our observations but rather the discussion focused on further clarification and resolution moving forward.

Historically this office does not changed our documented observations but rather we amend our memorandum to further document discussion coming out of the exit interview with the department prior to the final release in order to incorporate feedback received from the auditee regarding each observation. Our meeting was extremely positive and very productive. Subsequent to our meeting, I personally did a limited review of the October 7 memorandum prior to release and emphasized ensuring reflection of the cooperative spirit and intent of the County Attorney's office as discussed to each of our observations, and your feedback was incorporated.

In an attempt to move forward on this matter and to further clarify this matter, below I will address each comment in your recent letter as follows:

Comment: "I believe during that meeting my office clarified the outstanding issues and incorrect information your office was citing in its report."

Response: An internal audit memorandum typically includes documentation substantiating the internal auditor's understanding and representations made by the auditee during our review. Based on this audit as well as past audits and this exchange of new information between my internal audit staff and staff of your department, it is vitally important that our observations be documented. Furthermore, to ensure feedback to our observations and recommendations, we typically request in our memorandum that a department formally respond to our observations and recommendations in writing. In your response to the October 7, 2011 memorandum you expressed your disagreement but you also indicated your desire for a correction or deletion of our observations. Typically an exit interview with auditee department is mainly for the purpose of ensuring the department head is aware of our observations and recommendations prior to publication and to solicit feedback. Based on that interaction, typically we will incorporate comments by expanding our recommendations to acknowledge the department's intended course of action in addressing the issue at hand. Documentation of our internal auditor's personal observations as a custom and practice are not retracted but rather our audit document is amended to include the department's exit interview comments as warranted or subsequently the department may respond to document any disagreements.

Comment: The first bullet point in your report indicates "cash counts can only be done from 7:30 a.m. to 8:30 a.m. because that is the time that the safe is opened." This statement is incorrect as we noted at our meeting. The safe can be opened at your request at any time during business hours which are from 8:00 a.m. - 5:00 p.m., Monday through Friday. During our meeting, it was

noted that at the beginning of each business day, the previous day's receipts are logged and prepared for deposit. The money is secured in a sealed money bag with a unique identifying number. If your office chooses to physically count the previous day's deposits after the money has been sealed, you are free to do so knowing that money bag is non-resealed. Each money bag must be accounted for.

Response: It was the intent of the internal auditor to work with your office based on representations made to him which was also the understanding of various internal auditors as the appropriate time to conduct a cash count as suggest by your staff. It was our understanding that this was the County Attorney's custom and practice of opening the safe at the scheduled time of 7:30 a.m. Additionally, this had been the same understanding many other internal auditors have had over the years that have performed this audit. Although this has been the personal experience and observation of my internal auditors as represented by your cashiering staff, management appears not to have been aware of this practice or representation to my staff. As a matter of custom and practice with other departments, it is typical for cash counts to be conducted within normal office hours unless arrangements are made otherwise which appears to have been the case or the understanding here. This office makes every effort to remain cognizant of the workload and scheduling within a department so as to work around a department's schedule with emphasis on minimizing disruptions as a result of our review.

Comment: The second bullet point indicates the County Attorney's Office was not open at a time indicated. Again, the County Attorney's Office maintains office hours from 8:00 a.m. - 5:00 p.m. The County Attorney's Office, like the Auditor's Office, maintains customary working hours with such hours of operation being noted on the County web page. Your memo indicates on August 5, 2011, auditors arrived at the County Attorney's Office before our office opened. The auditors did not notify anyone in the County Attorney's Office that they were waiting in the hallway outside the County Attorney's Office. It was agreed, if auditors want to conduct a cash count outside the normal business hours of the County Attorney's Office, auditors should notify the County Attorney's Office so that arrangements can be made.

Response:

As indicated above, the understanding of my staff was that this was a custom and practice and based on discussion to date, our reviews will be conducted between 8:00 a.m. to 5:00 p.m.

Comment: The first and second bullet points on page two of you memorandum were to be completely rewritten as they are incorrect or at the minimum possibly infer an effort to withhold information from the Auditor's Office. At the time of the cash count, the drop box contained two yellow envelopes and one white envelop. The yellow envelopes contained monies received the previous day. Those two envelopes were presented to you as they were the subject of your cash count visit. The white envelope was a credit card of a person who made a credit card payment, left without their card, and had not returned to collect their card. The memorandum should have been written clearly to not infer any withholding of information relating to the cash count. The credit card of a private individual is not public funds and was not the subject of the cash count. Due to county attorney staff having to seek authorization from management, yes internal audit staff was left waiting and were not given immediate access. Subsequently, at our October 4, 2011 meeting, this was discussed in detail wherein the County Auditor's office agreed that these

items should be segregated away from the collections and that we recommended procurement of another safe and would see if we could assist locating a safe from county inventory.

Response:

As indicated previously, our memorandum documents our observations which pointed out an issue of items being in the safe for which management considered confidential and unrelated to the cashing function and not considered relevant to our cash count. Our acknowledgement of your explanation was not an agreement for this office to delete the observation.

Comment: The third bullet point on the second page of your memo was also to be corrected. The memo indicates "approval is required by the supervisor before the safe can be checked." This statement is incorrect. During cash counts, your office has historically not asked for the safe to be opened. Ms. Rosales, in an abundance of caution, notified Manuel Romero, her supervisor, of your staff's unique request. Mr. Romero immediately instructed Ms. Rosales to open the safe for your review. Public monies in the safe are available for your review at any time. As indicated in our meeting, the safe is also used to hold confidential legal documents that do not relate to public monies and are not subject for cash count inspections.

Response:

This issue was addressed above and depicts documentation of our observations. Based on our recent meeting, I am confident that this observation will not recur.

Comment: Additionally, the memo should have been corrected to properly refer to Deceptive Business Practice (DBP) restitutions as restitutions; not collections. Collections, as in the case of Hot Check collections, infers monies payable to the County. DBP restitutions are monies payable directly to victims of DBP by criminal defendants. The County Attorney's Office does not collect any public monies in its prosecution of DBP cases. The memo did not correct the erroneous classification of DBP restitutions.

Response:

We have noted your comment above regarding Deceptive Business Practices and even though these funds are not considered county collections, our review will remain to the extent that internal controls are adequate to document the flow of financial activity through your office.

Comment: I am further concerned that the *Corrective Action/Recommendations* portion of your memo failed to state or address the issues raised by my office during our October 4, 2011 meeting. The first bullet point of the *Recommendations* section of your memo continues to infer that the County Attorney's Office in some form hindered the efforts of your office. At no point has the County Attorney's Office ever tried to prohibit the Auditor's Office from performing its duties. As we discussed at our meeting, and as was mutually agreed, while your office is free to examine any issue relating to the collection of public monies by the County Attorney's Office, that right does not extend to unrelated confidential legal matters handled by my office.

Response:

As previously stated, an observation of the internal auditors was delayed due to confusion about the contents of the safe and subsequent discussion addressed this issue. It is inappropriate for my office to alter its observations. We accepted the County Attorney's clarification and agree that the intent was not to hinder or prohibit my office from performing its review.

Comment: In relation to your office's recommendation relating to the use of cash drawers by the County Attorney's Office, your memo remained silent to unresolved questions I raised on the issue of netting collections, an issue that has been previously raised by my staff. Additionally, the memo is silent as to my request for your assistance in identifying available equipment or funds that would permit the physical implementation of your office's recommendations.

Response:

My office has evaluated the issues of cash drawers which were not mentioned in the original memorandum and therefore this was being treated as a separate matter. Since our meeting we have located a safe in our office which Mr. Romero has indicated is acceptable and therefore this office will place an item on the Commissioners Court agenda transferring this item. Discussion also included use of two cash drawers and we have identified money bags that can be purchased to be utilized by each cashier.

Furthermore, Ricardo Gabaldon and myself met in your office with Manny Romero on November 1, 2011 to further discuss a variety of issues including the handling of the cash collection process, handling of overages/shortages if any, evaluation of cash drawers identified from county surplus inventory and the establishment of a change fund for the County Attorney Hot Check Division to be allocated to individual cashiers. As previously discussed, assuming the use of an additional safe, utilization of cash drawers and establishment of an office wide change fund, the County Attorney's office will discontinue use of the individual deposit envelope method and each cashier will use a cash drawer, keep track of and balance funds in their control and maintain their own assigned money bag.

The issues of collection overages and shortages has been discussed extensively been staff of our offices and it is my understanding that both offices are amenable to the creation of a daily cash collections template that will facilitate each cashier balancing and reconciling with daily system collection activities. This template will furthermore, allow for the tracking of overages and shortages, if any by cashier. It was also agreed that differences, if any occur, are the department head's responsibility and would be netted with fees typically remitted from the Merchant Account to the County Attorney Hot Check Fee Account. Additionally, at our meeting, it was agreed that the County Auditor would place an item on for Commissioners Court approval to establish a Cash Change Fund for the County Attorney Hot Check Division totaling \$800 or \$100 per cashier. In the interim, it was agreed that Mr. Gabaldon and Mr. Romero would continue to work together on modifying the division's operating and cashiering procedures with an anticipated implementation date of January 3, 2012.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
COUNTY AUDITOR
edion@epcounty.com
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County Administrative Offices
800 East Overland Street, Rm. 406
EL PASO, TEXAS 79901-2407
(915) 546-2040
(915) 546-8172 FAX

11-39

December 20, 2011

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

Dear Ms. Bernal:

This letter is a follow up response to your letter dated October 19, 2011, copy attached, and our internal audit memorandum dated October 7, 2011, copy attached. First of all, I would like again thank you and your staff for meeting with me and my internal audit staff on October 4, 2011. At that meeting we discussed our preliminary internal audit memorandum regarding a review of the collections of the County Attorney Hot Check Division. I appreciate the time and effort you and your management staff took out of your busy schedules to meet with us. Furthermore, it was very clear from your presence and from our discussions your genuine concern and sincerity to address our concerns. Although there was some disagreement with my internal auditor's personal observations, at no time did we specifically agree to alter our observations but rather the discussion focused on further clarification and resolution moving forward.

Historically this office does not changed our documented observations but rather we amend our memorandum to further document discussion coming out of the exit interview with the department prior to the final release in order to incorporate feedback received from the auditee regarding each observation. Our meeting was extremely positive and very productive. Subsequent to our meeting, I personally did a limited review of the October 7 memorandum prior to release and emphasized ensuring reflection of the cooperative spirit and intent of the County Attorney's office as discussed to each of our observations, and your feedback was incorporated. In an attempt to move forward on this matter and to further clarify this matter, below I will address each comment in your recent letter as follows:

Comment: "I believe during that meeting my office clarified the outstanding issues and incorrect information your office was citing in its report."

Response: An internal audit memorandum typically includes documentation substantiating the internal auditor's understanding and representations made by the auditee during our review. Based on this audit as well as past audits and this exchange of new information between my internal audit staff and staff of your department, it is vitally important that our observations be

documented. Furthermore, to ensure feedback to our observations and recommendations, we typically request in our memorandum that a department formally respond to our observations and recommendations in writing. In your response to the October 7, 2011 memorandum you expressed your disagreement but you also indicated your desire for a correction or deletion of our observations. Typically an exit interview with an auditee department is mainly for the purpose of ensuring the department head is aware of our observations and recommendations prior to publication and to solicit feedback. Based on that interaction, typically we will incorporate comments by expanding our recommendations to acknowledge the department's intended course of action in addressing the issue at hand. Documentation of our internal auditor's personal observations as a custom and practice are not retracted but rather our audit document is amended to include the department's exit interview comments as warranted or subsequently the department may respond to document any disagreements.

Comment: The first bullet point in your report indicates "cash counts can only be done from 7:30 a.m. to 8:30 a.m. because that is the time that the safe is opened." This statement is incorrect as we noted at our meeting. The safe can be opened at your request at any time during business hours which are from 8:00 a.m. - 5:00 p.m., Monday through Friday. During our meeting, it was noted that at the beginning of each business day, the previous day's receipts are logged and prepared for deposit. The money is secured in a sealed money bag with a unique identifying number. If your office chooses to physically count the previous day's deposits after the money has been sealed, you are free to do so knowing that money bag is non-resealed. Each money bag must be accounted for.

Response: It was the intent of the internal auditor to work with your office based on representations made to him which was also the understanding of various internal auditors as the appropriate time to conduct a cash count as suggest by your staff. It was our understanding that this was the County Attorney's custom and practice of opening the safe at the scheduled time of 7:30 a.m. Additionally, this had been the same understanding many other internal auditors have had over the years that have performed this audit. Although this has been the personal experience and observation of my internal auditors as represented by your cashiering staff, management appears not to have been aware of this practice or representation to my staff. As a matter of custom and practice with other departments, it is typical for cash counts to be conducted within normal office hours unless arrangements are made otherwise which appears to have been the case or the understanding here. This office makes every effort to remain cognizant of the workload and scheduling within a department so as to work around a department's schedule with emphasis on minimizing disruptions as a result of our review.

Comment: The second bullet point indicates the County Attorney's Office was not open at a time indicated. Again, the County Attorney's Office maintains office hours from 8:00 a.m. - 5:00 p.m. The County Attorney's Office, like the Auditor's Office, maintains customary working hours with such hours of operation being noted on the County web page. Your memo indicates on August 5, 2011, auditors arrived at the County Attorney's Office before our office opened. The auditors did not notify anyone in the County Attorney's Office that they were waiting in the hallway outside the County Attorney's Office. It was agreed, if auditors want to conduct a cash count outside the normal business hours of the County Attorney's Office, auditors should notify the County Attorney's Office so that arrangements can be made.

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Response: As indicated previously, our memorandum documents our observations which pointed out an issue of items being in the safe for which management considered confidential and unrelated to the cashiering function and not considered relevant to our cash count. Our acknowledgement of your explanation was not an agreement for this office to delete the observation.

Comment: The third bullet point on the second page of your memo was also to be corrected. The memo indicates "approval is required by the supervisor before the safe can be checked." This statement is incorrect. During cash counts, your office has historically not asked for the safe to be opened. Ms. Rosales, in an abundance of caution, notified Manuel Romero, her supervisor, of your staff's unique request. Mr. Romero immediately instructed Ms. Rosales to open the safe for your review. Public monies in the safe are available for your review at any time. As indicated in our meeting, the safe is also used to hold confidential legal documents that do not relate to public monies and are not subject for cash count inspections.

Response: This issue was addressed above and depicts documentation of our observations. Based on our recent meeting, I am confident that this observation will not recur.

Comment: Additionally, the memo should have been corrected to properly refer to Deceptive Business Practice (DBP) restitutions as restitutions; not collections. Collections, as in the case of Hot Check collections, infers monies payable to the County. DBP restitutions are monies payable directly to victims of DBP by criminal defendants. The County Attorney's Office does not collect any public monies in its prosecution of DBP cases. The memo did not correct the erroneous classification of DBP restitutions.

Response: We have noted your comment above regarding Deceptive Business Practices and even though these funds are not considered county collections, our review will remain to the extent that internal controls are adequate to document the flow of financial activity through your office.

Comment: I am further concerned that the *Corrective Action/Recommendations* portion of your memo failed to state or address the issues raised by my office during our October 4, 2011 meeting. The first bullet point of the *Recommendations* section of your memo continues to infer that the County Attorney's Office in some form hindered the efforts of your office. At no point has the County Attorney's Office ever tried to prohibit the Auditor's Office from performing its duties. As we discussed at our meeting, and as was mutually agreed, while your office is free to examine any issue relating to the collection of public monies by the County Attorney's Office, that right does not extend to unrelated confidential legal matters handled by my office.

Response: As previously stated, an observation of the internal auditors was delayed due to confusion about the contents of the safe and subsequent discussion addressed this issue. It is inappropriate for my office to alter its observations. We accepted the County Attorney's clarification and agree that the intent was not to hinder or prohibit my office from performing its review.

Comment: In relation to your office's recommendation relating to the use of cash drawers by the County Attorney's Office, your memo remained silent to unresolved questions I raised on the issue of netting collections, an issue that has been previously raised by my staff. Additionally, the memo is silent as to my request for your assistance in identifying available equipment or funds that would permit the physical implementation of your office's recommendations.

Response: My office has evaluated the issues of cash drawers which were not mentioned in the original memorandum and therefore this was being treated as a separate matter. Since our meeting we have located a safe in our office which Mr. Romero has indicated is acceptable and therefore this office will place an item on the Commissioners Court agenda transferring this item. Discussion also included use of two cash drawers and we have identified money bags that can be purchased to be utilized by each cashier.

Furthermore, Ricardo Gabaldon and myself met in your office with Manny Romero on November 1, 2011 to further discuss a variety of issues including the handling of the cash collection process, handling of overages/shortages if any, evaluation of cash drawers identified from county surplus inventory and the establishment of a change fund for the County Attorney Hot Check Division to be allocated to individual cashiers. As previously discussed, assuming the use of an additional safe, utilization of cash drawers and establishment of an office wide change fund, the County Attorney's office will discontinue use of the individual deposit envelope method and each cashier will use a cash drawer, keep track of and balance funds in their control and maintain their own assigned money bag.

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Ms. Jo Anne Bernal
December 20, 2011
Page 5

approval to establish a Cash Change Fund for the County Attorney Hot Check Division totaling \$800 or \$100 per cashier. In the interim, it was agreed that Mr. Gabaldon and Mr. Romero would continue to work together on modifying the division's operating and cashing procedures with an anticipated implementation date of January 9, 2012.

If you need further assistance in this regard, please let me know.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Dion", with a long horizontal flourish extending to the right.

Edward A. Dion
County Attorney

EAD:ya

Attachments



**EL PASO COUNTY PURCHASING DEPARTMENT
500 EAST SAN ANTONIO, ROOM 500
EL PASO, TEXAS 79901
(915) 546-2048
FAX: (915) 546-8180**

Memorandum

To: Mrs. Teresa Molinar, Operations Manager
Cc: Piti Vasquez El Paso County Purchasing Agent
From: Jose Lopez, Jr., Assistant Purchasing Agent
Date: April 12, 2011
Re: Audit Current Year Comments for 2011

Thank you for the copy of the draft comments submitted by Dunbar/Broadus/Gibson for the current year. I find their comments and suggestions helpful, and they keep us looking into doing our jobs better. I have reviewed their comments and what follows is our response.

1. Observation: In performing our inquiries regarding Federal and State compliance, it was noted that vendors who submit bids are required to sign a suspension and debarment certification. However, since the bid threshold has been increased to \$50,000, there appears to be no procedures in place to ensure that vendors with whom the County expends more than \$25,000, using Federal funds, for goods/services not bid out, are not suspended or debarred. Similarly, for sole source purchases and purchases through cooperatives, the County does retain documentation that the vendor is not suspended or debarred.

Recommendation: The County should implement procedures to document compliance with this requirement for vendors to whom the County expends more than \$25,000, including sole source vendors and vendors selected through cooperatives. The County Auditor's Grants division has informed us that they are planning on working out the details with the Purchasing department to ensure that verification is obtained before the time of purchase.

Dunbar is correct, the suspension and debarment form is a requirement in all formal bids by purchasing policy based on the recommendation of a previous external audit recommendation, even though it is not a requirement defined by

law in the Purchasing Act—it is a requirement of the Federal Government on all bids utilizing federal funding. And, like we did with Dunbar's recommendation to make the suspension and debarment form a requirement in the formal bid packet, the Purchasing Department will look into utilizing this form in our informal bid process: we will discuss with the Auditor's office the Federal requirements; we will look at the benefits and the logistics of implementing this process, and make a determination on whether to proceed in incorporating the suspension and debarment form as a part of our informal bid process. I concur that the suspension and debarment form should be a part of all sole and single source items approved by the court.

2. Observation: During our walkthrough we noted that the sealed bid packets received are kept in an unlocked file cabinet, and when they are taken to be opened there is no documentation to indicate they have been checked against the bid log.

Recommendation: We recommend that the bid log be used as a crosscheck to ensure that all bids received are included in the opening of the bids.

I concur and we will take steps to assure this process is implemented.

3. Observation: Local Government Code 262.024(a)(7) and 262.024(c), states that after accepting a signed statement from the County official who makes purchases for the County as to the existence of only one source, the County must enter in its minutes a statement to that effect. Based on our inquiry, this is not done on a consistent basis.

Recommendation: We recommend that steps be taken to ensure the County is in compliance with the law cited above, and that the Commissioners' Court minutes recognize all sole source vendors.

Again, I concur with the recommendation of Dunbar. When sole or single source requests are made to the purchasing by a County department, the purchase is researched and a sole source or single source document is given to the department if the request is determined to be a true sole/single source. For the most part, the majority of sole and single source requests are denied. However, when determined to be true, it is our responsibility to make sure the statement is on file with the court. In the past, the sole/single source document is given to the department to place with their back up for authorization of the purchase. The Purchasing Department, specifically the Assistant Purchasing agent shall make it a part of his procedure to check all commissioners court sole/single source documentation is on record.

4. Observation: We noted in one instance that an explanation for not awarding the bid to the lowest bidder was not included with the bid documents. After our inquiry, we were provided correspondence to support the decision to award to another bidder, which appeared proper.

Recommendation: The bid files should be complete and document all information related to the award. We recommend the person(s) responsible for evaluating and recommending the award, include remarks on the bid tabulation when the lowest bidder (measured in dollars) is not awarded.

Dunbar is correct; after reviewing this comment, I can't find any reason why this bid was placed on the agenda without any documentation and this will be corrected. While it is somewhat common to place solicitations on the agenda for disposition prior to receiving written documentation from the end user department because of deadlines and time constraints, all award documentation should be received and a part of public record prior to the item being disposed of in commissioners court. We will readdress this item with our staff.

Thank you again for the information and we will use this audit report as a tool to better serve the County of El Paso, and its constituents.



COUNTY OF EL PASO

Domestic Relations Office

Jim Fashing
Executive Director

500 E. SAN ANTONIO • RM. LL-108
EL PASO, TX 79901
☎ (915) 834-8200 ☎ (915) 834-8299
www.epcountv.com/dro

Ouisa D. Davis, Chief – Friend of Court Division
Edna Telles, Chief – Family Court Services Division
Flor Galvan, Office Manager

Mr. Edward A. Dion, CPA, CIO
County Auditor

October 18, 2011

Dear Mr. Dion,

Your office recently conducted a review of the Domestic Relations Office from October 2010 through June 2011. I would like to respond to the following issues:

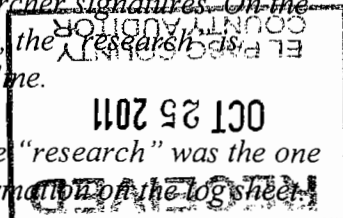
1. While conducting the cash count, it was noted that in order to cover for lunch breaks two different cashiers are utilized. However, there was no record showing that the funds were verified by both cashiers neither at the beginning nor at the end of the lunch break.

Mr. O'Neal was unaware that our cashiers are provided with their own cashbox and thus do not comingle their funds. This assures accountability amongst each individual cashier.

2. While reviewing the sample of mail payments and the receiving log, the following items were noted:
 - There were several mail log sheets that contained incomplete information. Case numbers, payer and payee information and reviewer and researcher information was missing.
 - There were several manual corrections to the logs without any documentation of who made these corrections.
 - Some child support fee payments were refunded back to the DRO department due to overpayments. However, the initial payment was not voided or reversed in the payee's JIMS transaction history.

We capture ALL information provided on the check that is received. In a cursory review of our check log I was unable to identify missing reviewer/researcher signatures. On the child support log – all procedural stops are signed for; however, the research is conducted at our paybox and dutifully signed on the "process" line.

It was explained to Mr. O'Neal that the employee conducting the "research" was the one who would fill in missing information or correct erroneous information on the log sheet.

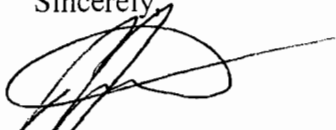


These overpayments are refunded to the CP/NCP, not the DRO. Any corrections are actually made in the paybox system or in the events field in JIMS (as to not create an overpayment in paybox).

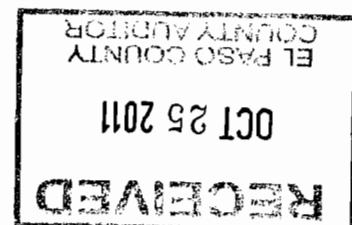
If I may request that during future audits that Mr. O'Neal, or his successor, conduct a verbal follow-up before the actual written report is produced. We feel that this Q & A process will assist in a more thorough understanding of our operations.

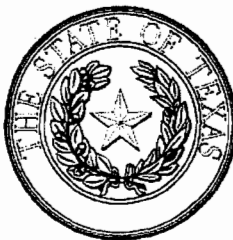
As always we are grateful to you and your staff.

Sincerely,



Jim Fashing





RECEIVED

OCT 06 2011

EL PASO
COUNTY AUDITOR

NORMA L. FAVELA

DISTRICT CLERK

EL PASO COUNTY COURTHOUSE
500 E. SAN ANTONIO ST. SUITE 103
PH (915) 546-2021 • FAX (915) 546-8139
epcountytv.com/districtclerk

October 5, 2011

Edward A. Dion, CPA
County Auditor
El Paso County Administrative Offices
800 E. Overland, Room 406
El Paso, TX 79901

Dear Mr. Dion:

This letter is to address the observations noted during the review of financial records that was conducted by Ms. Bertha Tafoya, Internal Auditor, from January 2011 through July 2011.

1. **Observation:** While reviewing the manual receipts, it was noted that manual receipts are not cross-referenced in JIMS. Further, the system generated receipts are not referenced to the manual receipts, not all manual receipts are properly completed, and two manual receipts that had been skipped were not properly voided. After inquiring, the skipped receipts were voided on September 14, 2011.

Recommendation/Corrective Action: It is recommended that the manual receipt number be referenced to JIMS and that the system generated receipt be referenced to a manual receipt. It is also recommended that any skipped receipts be voided and that the reason for skipping the receipts be documented. Furthermore, it is recommended that a supervisor review the manual receipts to ensure completeness.

Management Response: Management agrees with this recommendation. We will keep emphasizing to our staff that all manual receipts must be cross-referenced in JIMS/Odyssey, the JIMS/Odyssey receipt number should be cross-referenced on the manual receipt, and all receipts should be completed properly. Any skipped manual receipts will be voided immediately. Usually, receipts are skipped in error.

Equal Opportunity Employer

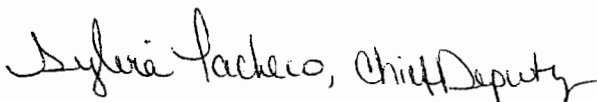
2. **Observation:** While conducting a cursory review of the District Clerk's Office policies and procedures, it was noted that current cash handling procedures for daily collections are not included in the existing policies and procedures manual. Furthermore, the existing manual receipts policy does not reflect a procedure to address manual receipts that are skipped.

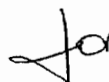
Recommendation/Corrective Action: It is recommended that the District Clerk's Office update the existing policies to reflect current cash handling procedures for daily collections. It is also recommended that the existing manual receipts policy be updated to reflect a procedure relating to manual receipts that may be skipped.

Management Response: Management will update the policies and procedures to reflect the current cash handling procedures for daily collections. Management will also incorporate the procedures relating to manual receipts that are erroneously skipped. Management will instruct the Supervisors to conduct a cursory review to ensure that manual receipts are not skipped. In the event a manual receipt is skipped, the Supervisors shall immediately void the manual receipt. Management will also conduct a cursory review of the manual receipts to ensure that policies and procedures relating to issuing and voiding manual receipts are being followed by the District Clerk staff.

It is a pleasure to work with your Audit Team and most importantly, we appreciate the feedback. I am open to the recommendations made by your Audit Team in order to strengthen the internal control structure of the District Clerk's Office.

Sincerely,

 Sylvia Pacheco, Chief Deputy

 Norma L. Favela
District Clerk

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