



COUNTY OF EL PASO

OFFICE OF THE COUNTY AUDITOR

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04-19

April 24, 2017

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

Dear Judge and County Commissioners:

Attached are the financial audit reports issued by the County Auditor's Internal Audit Division to the various departments relating to activity from October 2015 through September 2016. The following is a listing of the departments which were audited and are included in this report:

<u>Department</u>	<u>Page No.</u>
El Paso County Clerk – Eastside Satellite Office (Special Review)	1
El Paso County Law Library	4
El Paso County Treasury Department	9
El Paso County Sheriff's Jail Commissary Inmate Fund	15
El Paso County Checks by Mail Policies and Procedures	22
El Paso County Sheriff's Abandoned Evidence Property	26
El Paso County Ascarate Toll Booth	29
El Paso County Oaths of Office Review	35
Justice of the Peace, Precinct Number 5	43
El Paso County Sheriff's Abandoned Evidence Property	47
Justice of the Peace, Precinct Number 6 Place 2	50
El Paso County Attorney's Office	57
El Paso County Sheriff's Abandoned Evidence Property	62
Justice of the Peace, Precinct Number 3	65
Justice of the Peace, Precinct Number 7	70
Justice of the Peace, Precinct Number 2	75
El Paso County District Attorney's Seizure and Forfeiture Funds	81
Justice of the Peace, Precinct Number 1	83
El Paso County Tax Office – Auto Registration	90
El Paso County District Clerk's Office	96
El Paso County Juvenile Probation Department	99
El Paso County Constable, Precinct Number 6	104
El Paso County Sheriff's Office	110

The Honorable Veronica Escobar, County Judge
and County Commissioners
April 24, 2017
Page 2

<u>Department</u>	<u>Page No.</u>
El Paso County Purchasing Department – Fuel Credit Card	115
El Paso County Swimming Pools	120
El Paso County Sheriff Federal Forfeiture Accounts	125
El Paso County Sheriff State Forfeiture Accounts	130
El Paso County District Attorney – 34 th Judicial District Review	137
El Paso County Clerk's Office	142
Justice of the Peace, Precinct Number 4	147
El Paso County Ascarate Golf Course	153
El Paso County Tax Office – Licensing Division and Ad Valorem Account	158

Departmental responses to audits performed for the period noted above have been incorporated into the new audit report format implemented September 2015.

The County Auditor's Internal Audit Division strives to be a resource to County departments and has made recommendations to help strengthen the internal control structure. In the interest of transparency, future financial audit reports will be placed on the El Paso County Auditor's webpage (http://www.epcounty.com/auditor/publications/audit_report.html) on a quarterly basis.

My sincere thanks goes to the County departments and officials for their cooperation and assistance.

Sincerely,

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

Edward A. Dion
County Auditor

EAD:JO:ya



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11-13

November 4, 2015

The Honorable Delia Briones
El Paso County Clerk
500 E. San Antonio
El Paso, Texas 79901

Dear Mrs. Briones:

The County Auditor's Internal Audit division performed a special audit assessment as requested of the internal controls and completed an assessment of the Eastside satellite office located at 2350 George Dieter, Suite B.

The audit report is attached. There was one observation noted as a result of the audit procedures. We wish to thank the management and staff of the County Clerk for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

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

Edward A. Dion
County Auditor

EAD:RB:ya



County Clerk
EXECUTIVE SUMMARY



BACKGROUND

The internal controls and building assessment was completed by Rene Balderrama, Internal Auditor – Intermediate.

SCOPE

The scope of the audit includes:

- Internal controls
- Assessment of the building and cashier station

OBJECTIVES AND RESULTS

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the County Clerk. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Functioning workstations	Needs Improvement

Control Summary	
Good Controls	Weak Controls
	<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Current cashiering workspace for two employees (Obj. 2)

OBSERVATIONS AND ACTION PLAN

Please see the *Detail Observation and Actions Plans* section of this report for a table detailing observations from the audit in order of risk with management's action plans to address those issues.

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The County Clerk has implemented improvements in their operations. However, they did not meet all objectives of this audit. Implementation of the recommendations provided in this report should assist the County Clerk in strengthening their internal control structure.



County Clerk



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #1		Risk Level (M)
<p>On October 30, 2015, the County Auditor's office was asked to review the internal controls, specifically physical controls, of the County Clerk's Eastside satellite office located at 2350 George Dieter, Suite B. A review was conducted on November 2, 2015, and during the review it was noted that having two cashiers from different departments (County Clerk and Tax Office) would create an issue with the possibility of comingling funds, information and inventory.</p>		
Recommendation		
<p>Due to the sensitivity of each department's function, inventory and customer information, a two-window customer station should be created, along with a partition to separate the employees each with separate cash registers. There would also be a need for an additional safe to ensure monies collected and change funds are not comingled. An assessment of whether or not the County Clerk should continue staffing at this location was not within the scope of this review.</p>		
Action Plan		
Person Responsible	Carol Sagaribay	Estimated Completion Date
<p>It was determined by the County Clerk's Office that the Eastside satellite office should be closed effective November 2, 2015 due to insufficient service volume warranting staffing at this location. All staff and inventory was removed and relocated to the main downtown office. Use of this space is pending a determination by County Administration and Commissioners Court.</p>		



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01-18

January 20, 2016

Ms. Lynn Sanchez
Law Library Manger
Law Library
Room 1202, County Courthouse Building
El Paso, Texas 79901

Dear Ms. Sanchez:

The County Auditor's Internal Audit division performed an audit of the Law Library financial records to determine if internal controls are adequate to ensure Law Library revenues are deposited timely and properly recorded. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were four observations noted as a result of the audit procedures. We wish to thank the management and staff of the Law Library for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

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

Edward A. Dion
County Auditor

EAD:LV:ya



Law Library

EXECUTIVE SUMMARY



BACKGROUND

The County Law Library provides traditional and electronic format materials to meet the legal research needs of the professional and law community. Daily cash box receipts include monies received for printer copies, pre-copies, pre-assembled packets, and fax and notary services. There are also three coin operated copy machines with proceeds deposited weekly. Daily logs supporting revenues were reviewed. The audit was performed by Lizeth Veliz, Internal Auditor – Intermediate.

SCOPE

The scope of the audit includes:

- County Law Library financial records
- July 2012 through November 2015

OBJECTIVES AND RESULTS

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to Law Library revenues. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Timely deposits of daily cash box receipts and weekly copy machine receipts	Needs Improvement
3. Standard operating procedures documenting processes and controls	Needs Improvement
4. Implementation of prior audit recommendations	Needs Improvement

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Cash controls for cash box receipts 	<ul style="list-style-type: none"> • Timely deposits in compliance with <i>Local Government Code §113.022</i>. (Obj. 2) • Accuracy of copy machine monetary meters (Obj. 1) • Updated documentation of policies and procedures (Obj.3)

OBSERVATIONS AND ACTION PLAN

Please see the *Detailed Observations and Action Plans* section of this report for a table detailing observations from the audit in order of risk with management's action plan to address those issues.

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The County Law Library did not meet all objectives of this audit. Implementation of the recommendations provided in this report should help ensure Law Library revenues are deposited timely and properly recorded by strengthening their internal control structure.



Law Library



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #1		Risk Level (M)	
<p>Copy machine deposits are not made timely - A sample of daily deposit logs for the five months ended November 30, 2015, were reviewed. It was observed that deposits were being made every two and a half to five weeks for the copy machine revenues. <i>Texas Local Government Code §113.022</i> states money shall be deposited on or before the next regular business day after the date on which the money is received, or when that deadline cannot be met, the money must be deposited without exception by the fifth business day after the day on which the money is received.</p> <p>Discussions with staff revealed not all coin tubes in the machines are being emptied every time a cash count is made. It takes about three hours to complete a whole cash count and empty all coin tubes in the machines. The Law Library Manager stated that due to a shortage in personnel it is difficult to do a complete cash count on a regular basis. They have not been authorized to hire more personnel due to budget constraints.</p>			
Recommendation			
<p>Complete cash counts for the copy machines must be performed at least once a week. All deposits should be made in accordance with the <i>Texas Local Government Code §113.022</i>. If the time it takes to complete a whole cash count is the primary reason for not being in compliance with the code, management may consider the purchase of one or more coin counters to expedite the process.</p>			
Action Plan			
Person Responsible	Lynn Sanchez, Sandra Andrade	Estimated Completion Date	Immediately
<p>Coin counters will not significantly impact the process. The removal of cash, taking readings of the meters, through a detailed menu system on the unit, verifying the counts, recording the counts, clearing the meters, calculating the coins needed to be procured to return to beginning petty cash amount, exchange at the bank for the required coins, verifying the meters accurately recorded and the reconciliation sheets to submit for deposit back-up is the time consuming part.</p> <p>We are immediately re-setting the weekly counts as a priority. This past year unplanned staff reduction made meeting the weekly count difficult. If we find we cannot complete the weekly count during operating hours we will consider closing the Law Library one morning a week. Closing will allow for copier reconciliation but will cause a reduction of service to the community.</p>			



Law Library



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #2	Risk Level (M)
<p>A sample of 64 out of 224 combined daily deposits (cash box and copy machine) were reviewed. Sixteen of the daily deposits or 25% were deposited one to ten days after the fifth business day. This observation was noted in multiple prior audit reviews.</p>	
Recommendation	
<p>Collections should be deposited in accordance with the <i>Texas Local Government Code §113.022</i>.</p>	
Action Plan	
Person Responsible	Lynn Sanchez, Sandra Andrade
Estimated Completion Date	Immediately
<p>Deposits of cash box and cards activity will be made every Monday morning of the week. We will make a priority of ensuring deposits are made timely. If an emergency situation arises where only one employee is available on deposit day (depositing requires staff to leave the Law Library, may not be able to leave the Law Library unattended) we will note any variance from the requirement. In previous audits, non-compliance was almost 100% due to such situation.</p>	

Observation #3	Risk Level (L)
<p>The coin operated copy machine meter readers were not reflecting the actual cash counted on each machine due to the following:</p> <ul style="list-style-type: none">• Machines not operating properly due to jams of foreign coins used by the public.• Cash counters in the copy machines are not accounting for payments made to add funds to copy cards (reported in the previous two audits).• Machines are not being emptied on a regular basis <p>It was noted during the audit that after the tubes for two of the machines were emptied for the cash count, the machines still showed a monetary balance when it should have been zero.</p> <p>For the cash count performed during this audit, the total overage for the three machines was \$6. Incorrect cash totals on the machines may increase the risk of loss or theft.</p>	
Recommendation	
<p>Maintenance on machines and/or replacement parts should be requested as soon as a problem is observed. Management should consider the cost benefits of replacing rather than repairing the coin operated copy machines.</p>	
Action Plan	
Person Responsible	Lynn Sanchez
Estimated Completion Date	October 2016
<p>We cannot control misuse of the equipment by the public but make every effort to minimize misuse through written notice and verbal instruction.</p> <p>The counters are not designed to account for valuation of copy cards. The menu system does not have that specific category. The correction may only be made through new coin operated machines. The Law Library special revenue fund is not adequate to purchase or lease new units in this budget cycle.</p> <p>We will submit a Capital Improvement Plan request to purchase new coin operated machines in the next budget cycle. If we are provided the funding, we will replace them. The Law Library collection and the staffing have suffered too many cut-backs to sustain any additional losses in those categories.</p>	



Law Library



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #4		Risk Level (L)
Written policies and procedures were incomplete and should be updated to reflect changes in procedures and personnel responsibilities. Documented policies and procedures will be helpful as training tools, reference documents, and may provide for continuity of internal controls when changes in personnel occur.		
Recommendation		
Review and update the written policies and procedures to include the key operating functions of the County Law Library. Written policies and procedures should be reviewed at least annually and updated as necessary.		
Action Plan		
Person Responsible	Lynn Sanchez	Estimated Completion Date October 2016
As the staffing of the Law Library is very stable, we have not made updating policies a priority. Although, we have been reviewing and modifying components as changes are warranted. This has been done manually on paper, but was not readily available during audit as most of the library files were boxed due to the re-carpeting. Most files remain boxed at this time but as this year progresses we will ensure the manuals are up to date and are maintained in an easily accessible location. We will schedule a regular review as part of our summer budget review.		



County Treasury Audit

EXECUTIVE SUMMARY



BACKGROUND

Local Government Code §83.007 provides that, in a county for which the office of county treasurer has been abolished, a reference to the county treasurer in the Local Government Code or other state statute means the person who performs the powers or duties of the county treasurer in that county. Since Commissioners Court directed the County Auditor to perform all of the statutorily mandated treasury functions after the office of County Treasurer was abolished, state law provisions referring to County Treasurer duties now are read as applying to the County Auditor.

Local Government Code §113.002 states the County Treasurer shall keep an account of the receipts and expenditures of all money the Treasurer receives by virtue of the office and of all debts due to and owe by the County. The Treasurer shall keep accurate, detailed accounts of all the transactions of the Treasurer's office. The Treasury division of the El Paso County Auditor's Office receives, records, and processes deposits from various sources for all funds received by the County into its depository account. The division is responsible for the recording and disbursement of all checks to their respective payees. The audit was performed by Ruth Bernal, Internal Auditor Senior.

OBJECTIVES

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

Business Objective	Control Assessment
1. Appropriate cash controls to safeguard County assets.	Need Improvement
2. Safeguarding of deposit warrant books.	Unsatisfactory
3. Maintain and follow collections policies and procedures.	Need Improvement
4. Timely deposits of daily collections.	Satisfactory
5. Maintain proper supporting documentation of transactions.	Satisfactory
6. Complete, timely, and accurate bank reconciliations.	Satisfactory

SCOPE

The scope is October 2014 through January 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes;
- Performed a surprise cash count on March 10, 2016, in accordance with *Texas Local Government Code §115.0035*;
- Tested a sample of daily cash count sheets and deposit slips to determine deposit completeness, accuracy, timeliness, and retention of appropriate deposit information.
- Conducted interviews with County Treasury personnel to determine current processes and controls, such as adequate segregation of duties, dual controls, and safeguarding of information and assets.
- Reviewed a sample of non-sufficient funds (NSF) checks to verify the procedures are followed.
- Reviewed a sample of bank reconciliations for completeness and accuracy.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk. Please see the *Detailed Observations and Action Plans* section of this report for details and management action plan(s).



County Treasury Audit

EXECUTIVE SUMMARY



Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Procedures to ensure timely deposits (Obj. 4)• Procedures to maintain supporting documentation of transactions. (Obj.5)• Procedures to ensure proper controls when performing bank reconciliations (Obj. 6)	<ul style="list-style-type: none">• Procedures ensuring proper change fund security controls (Obj. 1)• Procedures and controls to ensure deposit warrant books safekeeping (Obj. 2)• Policies and procedures for the NSF check process (Obj. 1)
Observation Summary	
<ol style="list-style-type: none">1. Change fund is shared by Treasury employees and there is a lack of segregation of duties.2. A log of deposit warrant books is not kept.3. Controls for securing County manual receipt books are weak.4. District Attorney's deposits are hand carried from one building to another, increasing risks.5. A cashiering system is needed for collections at Treasury's window.6. NSF checks are not handled in accordance with notice of dishonor letters.7. There were some reconciling items over six months old and Treasury was not notified of three voided checks.	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The internal control structure of the County Auditor's Treasury division was satisfactory for 3 of the 6 objectives of this audit. Implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



County Treasury Audit



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #1		Risk Level H	
<p><u>Treasury change fund</u> – The change fund is shared by all Treasury employees that collect funds at the window. A shared change fund does not allow for accountability when there are overages or shortages. Also, the change fund is verified on a monthly basis by the same clerks that handle the change fund when collecting, not by the supervisor or senior accountant.</p>			
Recommendations			
<p>A set amount from the change fund should be assigned to each of the clerks that collect funds at the window. Each clerk should be responsible for reconciling their assigned change fund every day and the supervisor or senior accountant should do periodic reviews to ensure the change fund is in balance.</p>			
Action Plan			
Person Responsible	Mr. Ray Gomez, Treasury Manager	Estimated Completion Date	September 30, 2016
<p>For now, Treasury will implement procedures to limit access to the change fund to only one clerk. Mr. Aleman, accountant senior, will randomly verify the change fund once a month. Post ERP implementation the Treasury Manager is requesting an increase of \$100.00 so that each clerk will have their own \$200 change fund.</p>			

Observation #2		Risk Level H	
<p><u>Deposit warrant books</u> – Treasury division does not keep an inventory list or log of the deposit warrant books on hand. A log will ensure all deposit warrant books are accounted for.</p>			
Recommendations			
<p>Treasury division should maintain a log of the deposit warrants books on hand, the log should include receipt of new books and distribution of books as they are put into use.</p>			
Action Plan			
Person Responsible	Mr. Ray Gomez, Treasury Manager	Estimated Completion Date	Implemented
<p>Treasury has completed an inventory of deposit warrants books on hand and created a log to account for them.</p>			



County Treasury Audit



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #3		Risk Level H	
<p><u>Manual receipts books</u> – When the electronic systems used for receipting collections is down, County departments issue manual receipts. Historically, each County department orders their receipt books and has custody of the books. Some departments issue receipts with the County logo and some issue generic receipts. This practice increases the risk of loss to the County through issuance of possible illegitimate receipts.</p>			
<p>Recommendations</p> <p>Treasury division should be the custodian of manual receipt books inventory for all County departments. Receipt format should include some standard items like the official County seal, be sequential numbered, Department name and address, tender type, and reason for issuing the receipt; for better tracking of the collections.</p>			
<p>Action Plan</p>			
Person Responsible	Mr. Ray Gomez, Treasury Manager	Estimated Completion Date	January 31, 2017
<p>Treasury division has custody of a few County department receipt books already and created logs for inventory control. Mr. Gomez will contact remaining County departments to notify them that Treasury will be the custodian of the manual receipt books and explain the procedures to obtain official manual receipts books for their respective department use.</p>			

Observation #4		Risk Level H	
<p><u>District Attorney office's deposit</u> – The District Attorney's office hand delivers a deposit bag to the Treasury division several times a month. Traveling from one building to another increases the risk of theft and/or misuse of funds and harm to physical safety of the employee.</p>			
<p>Recommendation</p> <p>Treasury should advise the District Attorney's office to give their deposits to a department located at the Courthouse with an existing armored car service for delivery to the bank. Such department should have a log of deposits received from other departments that can be traced to the armored car service log of deposits picked up for delivery to the bank.</p>			
<p>Action Plan</p>			
Person Responsible	Mr. Ray Gomez, Treasury Manager	Estimated Completion Date	Completed
<p>Effective August 15, 2016, Financial Recovery division located in the Courthouse is receiving the District Attorney's office deposit.</p>			



County Treasury Audit



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #5		Risk Level (M)	
<p><u>Treasury Collections</u> – Treasury division issues deposit warrant receipts for both funds received at their window and funds received directly at the bank from the various County departments. Treasury indicates the source of the collection or tender type if collected through the window on the deposit warrant; however, the deposit warrants do not include a line to include that information. The reconciliation of the funds collected through the window is based on that information.</p>			
Recommendations			
<p>In order to prevent that the source of the collection or the tender type is not included on the deposit warrant; it is recommended that deposit warrants include a printed line to include that information. Auditor's office is in the process of acquiring a cashiering system that will be easier to identify, post, and reconcile collections received at the window.</p>			
Action Plan			
Person Responsible	Mr. Ray Gomez, Treasury Manager	Estimated Completion Date	October 1, 2016
<p>The new cashiering system is schedule to go live on October 1, 2016. The new system will identify the source of collection and the tender type.</p>			


Observation #6		Risk Level (M)	
<p><u>NSF checks</u> – During the audit scope, there were 22 NSF checks; 11 were tested. On seven cases the funds were not recovered and took more than 90 days to be referred to County Attorneys' office or the Justice of the Peace departments, instead of the 10 days documented in the notice of dishonor letter sent to the check writer. Also, the notice of dishonor letter indicates that the cases will be referred to County Attorney's office, but not all cases are referred to that department because of legal requirements.</p>			
Recommendations			
<p>NSF checks should be referred to County Attorney's office or the Justice of the Peace departments, depending of the NSF type, within the time period indicated on the notice of dishonor letter sent to the check writer. The sooner the cases are referred, the better chance the funds can be recuperated. The notice of dishonor letter should indicate the department that is going to proceed with the case. Written policies and procedures should be updated.</p>			
Action Plan			
Person Responsible	Mr. Ray Gomez, Treasury Manager	Estimated Completion Date	October 1, 2016
<p>Mr. Gomez will update procedures on how to handle the different type of NSF checks. Letters issued to NSF check writers will be revised to indicate the appropriate action that will be taken if funds are not received within the specified time frame.</p>			



County Treasury Audit



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #7		Risk Level 	
<u>Bank Reconciliations</u> – 1. Health and Life: A voided check paid by the bank in November 2013 is being carried as a reconciling item. 2. Sheriff's State Forfeiture: There were three checks outstanding for more than six months. After inquiry, we found the Sheriff's office voided the checks and notified the Accounts Payable division, but not Treasury. The Accounts Payable division voided the checks on FAMIS, but did not prepare a memo to Treasury.			
Recommendations			
1. Due care should be exercised and reconciling items investigated and resolved timely. <i>Auditor's note: The Health and Life reconciling item noted in the finding was cleared in June 2016 after being identified during the audit.</i> 2. Treasury should remind other divisions and departments of the documentation flow required to properly void checks in FAMIS and Treasury at the same time when procedures are not followed. <i>Auditor's note: As a result of the finding, the Sheriff's office was contacted and they now copy Treasury on the email to Accounts Payable when they notify them of a voided check.</i>			
Action Plan			
Person Responsible	Mr. Ray Gomez, Treasury Manager	Estimated Completion Date	Implemented
1. Treasury employees will work to ensure reconciling items are investigated and resolved timely. Management review of reconciliations will also verify age of reconciling items. 2. If notification of void checks is not received timely, Treasury will remind the originating department of proper procedures.			



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04-48

April 26, 2016

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

Dear Sheriff Wiles:

The County Auditor's Internal Audit division performed an audit of the El Paso County Sheriff's Jail Commissary to determine if internal controls are adequate to ensure proper statement of inmate accounts and proper preparation of Commissary Inmate Profit Fund financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were two observations noted as a result of the audit procedures. We wish to thank the management and staff of the Sheriff's Office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:PT:ya

cc: The Honorable Jo Anne Bernal, County Attorney



El Paso County Sheriff's Office Jail Commissary Audit EXECUTIVE SUMMARY



BACKGROUND

The Jail Commissary is for the use of inmates committed to the county jail to purchase personal hygiene items, snacks, stationery, and phone time. The Inmate Profit Fund is funded by jail commissary sales commissions. The Inmate Profit Fund can only be used for expenditures outlined in *Local Government Code § 351.0415 (c)*. Financial reporting was reviewed using the Inmate Trust Bank Statement, FAMIS (Financial Accounting Management Information System) and the Aramark Core System. Internal Sheriff's Office reporting was also used during the course of the audit. The audit was performed by Phillip Trevizo, Internal Auditor – Intermediate.

FINANCIAL REPORTING

The Commissary Inmate Profit Fund fiscal year 2015 balance sheet, income statement and budget are attached. The 2015 El Paso County Comprehensive Annual Financial Report (CAFR) can be accessed at http://www.epcounty.com/auditor/publications/cafr/cafr_15/main.htm. The following chart is an analysis of jail commissary sales and commissions for the past six fiscal years.



AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the El Paso County Sheriff's Office Jail Commissary. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Complete and accurate bank reconciliations	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Accurate inmate commissary account transactions	Satisfactory
4. Manual receipts log and manual receipt books controls	Unsatisfactory
5. Indigent program policies and procedures	Satisfactory
6. Accurate and complete commissary sales commissions	Satisfactory
7. Review and approval of allowable expenditures	Satisfactory
8. Jail commissary operation vendor contract execution	Needs Improvement

SCOPE

The scope of the audit is from October 2014 through November 2015.



**El Paso County Sheriff's Office
Jail Commissary Audit
EXECUTIVE SUMMARY**



METHODOLOGY

To achieve the audit objectives we:

- Reviewed applicable policies, procedures and regulations.
- Performed Cash Counts at Jail Annex and Detention Center collection stations.
- Reviewed Bank Reconciliations.
- Reviewed a sample of Inmate Commissary orders and return credits.
- Reviewed the manual receipts log and tested a sample of manual receipts to the Aramark Core System.
- Conducted a site visit to review the Sheriff's Indigent Program and its Policies and Procedures.
- Reviewed Jail Commissary Profit Fund Commissions and verified posting to FAMIS.
- Tested a sample of personnel, operating, equipment and contracted services expenditures.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk. Please see the *Detailed Observations and Action Plans* section of this report for details and management action plan(s).

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Reconciliation of bank accounts (Obj. 1)• Statement of Inmate Commissary Accounts (Obj. 3)• Indigent Program Policies and Procedures (Obj. 5)• Weekly report of Commissary Sales Commissions (Obj. 6)• Cash handling procedures (Obj. 2)• Review of Inmate Profit Fund expenditures (Obj. 7)	<ul style="list-style-type: none">• Manual receipt logs and manual receipt books (Obj. 4)• Monitoring execution of jail commissary vendor contract (Obj. 8)
Observation Summary	
<ol style="list-style-type: none">1. Manual receipt books are not used sequentially, duplicate receipt number sequences were ordered and the log does not include all pertinent information.2. A bid was awarded for the jail commissary services in February 2015 but a contract has yet to be finalized.	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The El Paso County Sheriff's Office did not meet all objectives of this audit. Implementation of the recommendations provided in this report should assist the Sheriff's Office in improving its internal controls of the Jail Commissary.



**El Paso County Sheriff's Office
Jail Commissary Audit
DETAIL OBSERVATIONS AND ACTION PLANS**



Observation #1	Risk Level (H)		
<p>While reviewing manual receipt books and related log, the following was noted:</p> <ul style="list-style-type: none">18 manual receipt books had duplicated receipt number sequences; one was issued on 10/24/14 but was not used, however, subsequently issued receipt books were used.The manual receipt book log does not have a section for the issuing and receiving persons, book number, return date and return and receiving persons.			
Recommendation			
<p>We recommend due care be exercised when ordering manual receipt books to avoid repeating previous receipt number sequences. We also recommend the manual receipt log be updated to include the missing sections noted in bullet point #2.</p>			
Action Plan			
Person Responsible	BITS Manager	Estimated Completion Date	4/21/2016
<p>Per Sylvia Aguilar, Executive Chief Deputy, the unused manual receipt book was destroyed on April 21, 2016. Furthermore, the Sheriff's Department will create a new manual receipt log to include the missing sections noted in bullet point #2, and due care will be exercised when ordering manual receipt books.</p>			

Observation #2	Risk Level (M)		
<p>It was noted the Jail Commissary Services BID# 14-049 was awarded on February 10, 2015; however, the County and the vendor have not come to terms on a contract and the bid has not been executed. Currently the County and vendor are operating under the old contract terms on a month to month basis.</p>			
Recommendation			
<p>We recommend the contract for BID# 14-049 be finalized to ensure bid specifications for the awarded bid are implemented.</p>			
Action Plan			
Person Responsible	County Attorney's Office	Estimated Completion Date	05/31/2016
<p>Per Carlos Madrid, Assistant County Attorney, the contract was overlooked during contract negotiations when the County Attorney's Office was reviewing contract specifications with the County Information Technology Department regarding IT request from the vendor. The contract has been assigned to a new attorney, and is currently in draft form ready for presentation to the County Information Technology Department for vendor IT request review.</p>			

County of El Paso, Texas
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2015

Exhibit B-1

	Road and Bridge	County Tourist Promotion	Alternative Dispute Resolution Center	District Attorney Drug Forfeitures	Coliseum Tourist Promotion	Commissary Inmate Profit
ASSETS						
Cash and cash equivalents	\$7,575,340	\$1,149,445		\$139,912	\$323,911	\$345,699
Accounts receivable	235,300		\$480			24,148
Due from other funds	480					
Total assets	<u>\$7,811,120</u>	<u>\$1,149,445</u>	<u>\$480</u>	<u>\$139,912</u>	<u>\$323,911</u>	<u>\$369,847</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	\$ 415,178.48	\$62,385		\$1,266	\$27,242	\$117,001
Payroll liabilities	148,011					7,004
Due to others						
Due to other funds			\$480			
Due to other Governments						
Total liabilities	<u>\$563,189</u>	<u>\$62,385</u>	<u>\$480</u>	<u>\$1,266</u>	<u>\$27,242</u>	<u>\$124,005</u>
Fund balances:						
Restricted:						
Temporary budgetary stabilization	\$3,019,956	\$150,793		\$134,462	\$40,000	\$120,000
General assistance						103,360
Public safety						
Records management						
Road construction/maintenance	2,016,645	936,267		3,734	256,669	
Other purposes						
Assigned:						
Other purposes	2,211,330			450		27,482
Total fund balances	<u>\$7,247,931</u>	<u>\$1,087,060</u>	<u>\$480</u>	<u>\$138,646</u>	<u>\$296,669</u>	<u>\$245,842</u>
Total liabilities and fund balances	<u>\$7,811,120</u>	<u>\$1,149,445</u>	<u>\$480</u>	<u>\$139,912</u>	<u>\$323,911</u>	<u>\$369,847</u>

(Continued)

County of El Paso, Texas
Combining Statement of Revenues, Expenditures, and
Change in Fund Balance
Noted for Special Revenue Funds
For the Year Ended September 30, 2015

Exhibit B-2

	Read and Bridge	County Tourist Promotion	Alternative Dispute Resolution Center	District Attorney Drug Perforations	Children's Tourist Promotion	Commissary Inmate Profit
REVENUES						
Taxes					\$3,653,087	
Intergovernmental	\$90,144					
Charges for services	6,651,970		\$178,325			\$715,406
Fines and forfeitures						
Interest	6,778	609		159	565	288
Miscellaneous	6,484	2				910
Total revenues	6,755,376	611	178,325	159	3,653,652	716,604
EXPENDITURES						
Current						
General government	1,573					
Administration of justice			192,868	22,612		
Public safety						793,303
Health and welfare						
Culture and recreation		306,180			2,641,881	
Public works	5,070,870					
Capital outlays	92,890					
Total expenditures	5,165,333	306,180	192,868	22,622	2,641,881	793,303
Excess (deficiency) of revenues over (under) expenditures	1,590,043	(305,569)	(14,543)	(22,463)	1,011,771	(76,699)
OTHER FINANCING SOURCES (USES)						
Transfers in		958,469				
Transfers out					(958,469)	
Total other financing sources (uses)		958,469			(958,469)	
Net Change in Fund Balances	1,590,043	432,900	(14,543)	(22,463)	55,302	(76,699)
Fund balances - beginning	5,646,488	634,160	14,543	161,109	241,367	322,341
Prior period adjustment	11,400					
Fund balances - ending	\$7,247,931	\$1,067,060		\$338,646	\$296,669	\$245,642

(Continued)

Exhibit B-6

County of El Paso, Texas
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Coliseum Tourist Promotion Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$3,400,000	\$3,400,000	\$3,655,087	\$255,087
Interest	350	350	565	215
Total revenues	3,400,350	3,400,350	3,655,652	255,302
EXPENDITURES				
Culture and recreation				
Operating	2,635,398	2,641,881	2,641,881	
Total culture and recreation	2,635,398	2,641,881	2,641,881	
Capital outlays				
Total expenditures	2,635,398	2,641,881	2,641,881	
Excess (deficiency) of revenues over (under) expenditures	764,952	758,469	1,013,771	255,302
OTHER FINANCING SOURCES (USES)				
Transfers out	(964,952)	(958,469)	(958,469)	
Total other financing sources (uses)	(964,952)	(958,469)	(958,469)	
Net Change in Fund Balances	(200,000)	(200,000)	55,302	255,302
Fund balances - beginning	241,367	241,367	241,367	
Fund balances - ending	\$41,367	\$41,367	\$296,669	\$255,302

County of El Paso, Texas
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Commissary Inmate Profit Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$725,000	\$725,000	\$715,406	(\$9,594)
Interest	475	475	288	(187)
Miscellaneous			910	910
Total revenues	725,475	725,475	716,604	(8,871)
EXPENDITURES				
Public Safety				
Personnel	151,801	153,160	142,007	11,153
Operating	845,429	844,070	651,296	192,774
Total public safety	997,230	997,230	793,303	203,927
Capital outlays				
Total expenditures	997,230	997,230	793,303	203,927
Excess (deficiency) of revenues over (under) expenditures	(271,755)	(271,755)	(76,699)	195,056
Net Change in Fund Balances	(271,755)	(271,755)	(76,699)	195,056
Fund balances - beginning	322,541	322,541	322,541	
Fund balances - ending	\$50,786	\$50,786	\$245,842	\$195,056



County Auditor's Office Checks by Mail Audit



EXECUTIVE SUMMARY

BACKGROUND

Mail is accepted by the Administrative Division of the Auditor's Office daily. The mail includes payments to the County. The Administrative Division logs such payments and forwards them to the County Treasury Division for deposit in appropriate bank accounts. The audit was performed by Ruth Bernal, Internal Auditor Senior.

AUDIT OBJECTIVES

This audit evaluated the adequacy of controls and processes to achieve key business objectives related to mail payments. Following are the business objectives and related control assessment based on the audit work performed.

Business Objective	Control Assessment
1. Maintain and follow departmental and County policies and procedures.	Needs Improvement
2. Effective and efficient processing of mail payments	Needs Improvement
3. Timely deposits	Unsatisfactory
4. Retention of adequate supporting documentation for deposits	Satisfactory

SCOPE

- October 2014 through January 2016.

METHODOLOGY

To achieve the audit objectives we:

- Conducted interviews with Administrative and Treasury Division staff to determine current processes and controls, such as adequate segregation of duties, dual controls, and safeguarding of information and assets,
- Reviewed policies, procedures, and applicable statutes,
- Tested a sample of mail logs and related deposit records to determine deposit completeness, accuracy, timeliness, and retention of appropriate deposit information.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk, as identified in this audit. Please see the *Detailed Observations and Action Plans* section of this report for details of the observations and management action plan(s).

Control Summary	
Good Controls	Weak Controls
1. Maintenance of supporting documentation for deposits of mail payments. (Obj. 4)	1. Follow-up on pending deposits. (Obj. 3) 2. Policies and Procedures are not updated. (Obj. 1) 3. Administrative Division log controls are not adequate. (Obj. 2)
Observation Summary	
1. Not all mail payments are deposited timely. 2. Not all mail payments are scanned on a daily basis. 3. Daily mail payment logs do not include critical control information at the Administrative Division level. 4. Deposit slip information was missing from some mail payment deposit logs. 5. Policies and procedures were not updated.	

INHERENT LIMITATIONS

This audit 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.



County Auditor's Office Checks by Mail Audit



EXECUTIVE SUMMARY

CONCLUSION

The internal control structure of the County Auditor's Office checks by mail did not meet all objectives of this audit. Procedures were not updated and some controls and processes need strengthening. Implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



County Auditor's Office
Checks by Mail Audit



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #1	Risk Level (H)								
<p><u>Mail payments not deposited timely</u> – Treasury Division was in possession of four checks that were not deposited timely in accordance with Time for Making deposits law (<i>Local Government Code §113.022</i>). A check received by mail on January 19, 2016, was still pending deposit two weeks later. Treasury was waiting for Payroll Division for direction on how to classify the payment or return the check. Three additional checks from the same company received October 27, 2015, were also still pending deposit.</p>									
<p>Recommendations</p> <p>Mail payments should be deposited the day they are received. If that is not possible, monies must be deposited within five business days to be in compliance with the Time for Making deposits law. If the payment doesn't provide enough information to properly classify the collection, it should be returned to the sender with a request for additional information.</p>									
<p>Action Plan</p> <table border="1"><thead><tr><th>Person Responsible</th><th>Raymond Gomez</th><th>Estimated Completion Date</th><th>5/19/16</th></tr></thead><tbody><tr><td colspan="4"><p>Per Treasury Manager Ray Gomez, if the Treasury Clerk gets a mail payment without enough information to properly classify the collection, and doesn't get a quick response after inquiry, he will follow up to get the information in time to meet the rapid deposit law.</p></td></tr></tbody></table>		Person Responsible	Raymond Gomez	Estimated Completion Date	5/19/16	<p>Per Treasury Manager Ray Gomez, if the Treasury Clerk gets a mail payment without enough information to properly classify the collection, and doesn't get a quick response after inquiry, he will follow up to get the information in time to meet the rapid deposit law.</p>			
Person Responsible	Raymond Gomez	Estimated Completion Date	5/19/16						
<p>Per Treasury Manager Ray Gomez, if the Treasury Clerk gets a mail payment without enough information to properly classify the collection, and doesn't get a quick response after inquiry, he will follow up to get the information in time to meet the rapid deposit law.</p>									

Observation #2	Risk Level (H)								
<p><u>Insufficient logs and documentation</u> – From a sample of 30 days reviewed, checks were scanned only on four days. Administrative Division procedures require daily scanning of checks.</p>									
<p>Recommendations</p> <p>The payments received by mail should be scanned on a daily basis.</p>									
<p>Action Plan</p> <table border="1"><thead><tr><th>Person Responsible</th><th>Esteban Fernandez</th><th>Estimated Completion Date</th><th>5/19/16</th></tr></thead><tbody><tr><td colspan="4"><p>Administrative Division will ensure the mail payments are scanned on a daily basis.</p></td></tr></tbody></table>		Person Responsible	Esteban Fernandez	Estimated Completion Date	5/19/16	<p>Administrative Division will ensure the mail payments are scanned on a daily basis.</p>			
Person Responsible	Esteban Fernandez	Estimated Completion Date	5/19/16						
<p>Administrative Division will ensure the mail payments are scanned on a daily basis.</p>									

Observation #3	Risk Level (M)								
<p><u>Mail Log</u>- The log prepared by the Administrative Division does not indicate the date mail payments were received and who updated the log. The log is an excel spreadsheet that is not protected to prevent changes when it is electronically sent to the Treasury Division. A copy of the log is not kept by the Administrative Division.</p>									
<p>Recommendation</p> <p>The log should indicate when the mail payments were received and the person that updated the mail log. The log should be scanned in addition to the checks each day. The Administrative Division should protect the data they provide on the excel spreadsheet prior to electronically sending it to the Treasury Division. This mitigates the risk of changes being made to the log. Procedures should be updated for this best practice.</p>									
<p>Action Plan</p> <table border="1"><thead><tr><th>Person Responsible</th><th>Esteban Fernandez</th><th>Estimated Completion Date</th><th>6/30/16</th></tr></thead><tbody><tr><td colspan="4"><p>Administrative Division agrees and will implement the recommendations. The log will be scanned after being signed by Treasury Division that checks were received.</p></td></tr></tbody></table>		Person Responsible	Esteban Fernandez	Estimated Completion Date	6/30/16	<p>Administrative Division agrees and will implement the recommendations. The log will be scanned after being signed by Treasury Division that checks were received.</p>			
Person Responsible	Esteban Fernandez	Estimated Completion Date	6/30/16						
<p>Administrative Division agrees and will implement the recommendations. The log will be scanned after being signed by Treasury Division that checks were received.</p>									



County Auditor's Office
Checks by Mail Audit



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #4		Risk Level (M)
<u>Deposit record tracking information</u> – On five of the 30 days sampled, Treasury Division did not indicate on the log the deposit slip numbers for the checks deposited.		
Recommendations		
Due care should be exercised to ensure deposit slip numbers are recorded for each Deposit Warrant on the mail log to maintain accurate and complete records.		
Action Plan		
Person Responsible	Raymond Gomez	Estimated Completion Date 5/19/16
Mr. Gomez will remind Treasury staff to update the logs to maintain accurate and complete records.		

Observation #5		Risk Level (M)
<u>Policies and procedures</u> - Policies and procedures were not provided when requested for this audit. Policies and procedures from prior audits were used for audit testing. It was noted that some procedures changed since the last audit.		
Recommendation		
Check by mail policies and procedures should be reviewed and updated to reflect current procedures. The policies and procedures should be updated at least once a year.		
Action Plan		
Person Responsible	Esteban Fernandez & Raymond Gomez	Estimated Completion Date 6/30/2016
Mr. Fernandez and Mr. Gomez will update their respective Division's documented policies and procedures to reflect current processes.		



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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07-10

May 17, 2016

Mrs. Kennie Downing
Purchasing Agent
800 E. Overland, Suite 300
El Paso, Texas 79901

Dear Mrs. Downing:

The County Auditor's Internal Audit division performed a review of the collection and disposal of the El Paso County Sheriff's abandoned evidence property on April 20, 2016, to determine if internal controls are adequate to ensure proper storage and disposal of monetary and physical abandoned evidence.

The audit report is attached. There were no observations noted as a result of the audit procedures. We wish to thank the management and staff of the Purchasing department for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:JO:ya

cc: Ms. Betsy C. Keller, County Administrator



El Paso County Purchasing Abandoned Evidence



Executive Summary

BACKGROUND

Abandoned evidence is stored by the El Paso County Sheriff's office for 3 months. All unclaimed evidence after this time period is transferred to the El Paso County Purchasing department for disposal. Disposal is monitored by an internal auditor and purchasing agent. The audit was performed by James O'Neal, Internal Auditor Manager – Senior.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the disposal of abandoned evidence held by the Sheriff's Office. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Appropriate controls during transfer of items from Sheriff's to Purchasing department	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Proper disposal of unusable and auction ready items by purchasing agents	Satisfactory
4. Documented department policies and procedures	Satisfactory

SCOPE

The scope of the audit includes abandoned evidence stored by El Paso County Sheriff's Office approved for disposal by Commissioners Court on April 18, 2016.

METHODOLOGY

To achieve the audit objectives we:

- Accompanied the Purchasing Department to the Sheriff's evidence warehouse to collect abandoned evidence and property.
- Verified all monetary and non-monetary items with Commissioners Court order submitted by Sheriff's Evidence Clerk Ms. Silvia Flores.
- Reviewed policies and procedures to ensure compliance
- Transported all non-monetary items to Purchasing warehouse for auctions to be held at a later date.
- Personal property such as clothing, pierced jewelry and items of no value were disposed of. Items containing sensitive information (social security numbers, driver's license numbers, dates of birth, etc.) were shredded.
- Monetary items were separated and delivered to the bank via a purchasing agent and a county auditor. Funds were deposited into the County general fund.

RESULTS

There were no observations resulting from the audit. On April 20, 2016, the El Paso County Sheriff's abandoned evidence was turned over to the Purchasing department and this office for disposal. The abandoned evidence resulted in a monetary collection of \$375.42.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Signatures from Sheriff's office acquired by Purchasing department during transfer (Obj. 1)• Cash accounted for and verified by internal auditor and purchasing agent. (Obj.2)• Disposal of unusable items and storage of auction ready items reviewed and verified by internal auditor and purchasing agent. Auction ready items stored securely at County Purchasing warehouse for auction. (Obj. 3)• Documented policies and procedures (Obj. 4)	



El Paso County Purchasing Abandoned Evidence



Executive Summary

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The transfer and disposal of abandoned evidence has met all objectives of this audit. Therefore, no recommendations were provided in this report.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-14

May 17, 2016

Mr. Eric L. Storrie
Director of Parks, Recreation, and Tourism
500 East San Antonio
El Paso, Texas 79901

Dear Mr. Storrie:

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

The audit report is attached. There were four observations noted as a result of the audit procedures. We wish to thank the management and staff of the Ascarate Park for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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:HM:ya

cc: Ms. Betsy Keller, County Administrator



Ascarate Toll Booth



EXECUTIVE SUMMARY

BACKGROUND

The Ascarate Toll Booth collects gate entrance fees for Ascarate Park. The park is open every day but only charges on Fridays, Saturdays, and Sundays. It charges a \$2 fee on weekends and a \$5 fee for any scheduled special event or holiday. Financial reports are generated from RecWare showing daily collections for each month. A sequential ticketing system is used as receipts for customers and on the following Monday collections for each day are entered as an individual RecWare receipt. There was a change in management of the Ascarate Park resulting from a County reorganization that moved responsibility of managing parks to the Public Works Department; the Director of Parks, Recreation and Tourism position was filled in October 2015. The audit was performed by Hadi Medina, Internal Auditor – Intermediate.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Ascarate Toll Booth's financial reports. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Accurate posting in RecWare of revenue collected	Needs Improvement
3. Maintain and follow departmental policies and procedures	Needs Improvement
4. Vendor contract compliance	Satisfactory
5. Resolution of prior audit issues	Needs Improvement

SCOPE

The scope of the audit is from January 2015 through January 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies and procedures.
- Identified every designated special event and holiday during the scope of the audit and verified the appropriate fees were charged.
- Performed a cash count at the Toll Booth.
- Reviewed 100% of the RecWare receipts.
- Due to lack of cooperation from prior administration, we reviewed every cash count sheet completed in support of each deposit slip.
- Reconciled and traced every Toll Booth deposit posting to FAMIS.

RESULTS

Please see the *Detail Observations and Action Plans* section of this report for detailed observations in order of risk with management's action plans to address those issues.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Timely deposit in compliance with <i>Local Government Code §113.02</i>. (Obj. 1) • Contract Agreement (Obj. 4) 	<ul style="list-style-type: none"> • Cash handling procedures (Obj. 1) • Revenue receipt controls (Obj. 2) • Maintain and follow department policies and procedures (Obj. 3)
Observation Summary	
<ol style="list-style-type: none"> 1. Deposit slips were prepared inaccurately for 5% of deposits. 2. Some deposits were missing completed cash count sheets, verification signatures, and a RecWare receipt number. 3. The majority of daily cash counts had overages or shortages. 4. Not all special events or holidays charged a \$5 entry fee. 	



Ascarate Toll Booth



EXECUTIVE SUMMARY

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The Ascarate Toll Booth has implemented improvements in their operations. However, they did not meet all objectives of this audit. Implementation of the recommendations provided in this report should assist the Ascarate Toll Booth in producing complete and accurate financial reports by strengthening their internal control structure.



Ascarate Toll Booth



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #1	Risk Level (M)								
<p><i>Deposit Slips:</i> Every deposit slip prepared during the audit period was review for accuracy and timeliness. The following was noted:</p> <ul style="list-style-type: none">• Nine out of 175 deposit slips (5%) prepared were inaccurate• Seven deposits were understated by less than \$5 and two were understated by more than \$5 for a net understatement of \$73.06• The two understated deposit slips for amounts over \$5 resulted in total bank correction fees of \$10									
<p>Recommendation</p> <p>Management should verify every deposit slip is filled out accurately. We recommend that once a deposit slip is filled out, a second individual verify and initial the deposit slip.</p> <p><i>County Auditor's Comments:</i> A cash handling training was conducted by Inter National Bank on December 17, 2015. This training was recommended by our office and agreed to by Eric Storrie, Director of Parks, Recreation, and Tourism. The training consisted on how to prepare a deposit slip. All parks personnel and management attended the training. There were no errors on deposit slips prepared after the training.</p>									
<p>Action Plan</p> <table border="1"><thead><tr><th>Person Responsible</th><th>Eric Storrie</th><th>Estimated Completion Date</th><th>Continuous</th></tr></thead><tbody><tr><td colspan="4">Management will continue to follow Auditor's recommended process for verification of deposits to ensure deposit slips are filled out and processed appropriately.</td></tr></tbody></table>		Person Responsible	Eric Storrie	Estimated Completion Date	Continuous	Management will continue to follow Auditor's recommended process for verification of deposits to ensure deposit slips are filled out and processed appropriately.			
Person Responsible	Eric Storrie	Estimated Completion Date	Continuous						
Management will continue to follow Auditor's recommended process for verification of deposits to ensure deposit slips are filled out and processed appropriately.									

Observation #2	Risk Level (M)								
<p><i>Cash Count Sheets and RecWare Receipts:</i> The backup attached to each deposit slip was reviewed for accuracy and completeness. Of the 175 deposit slips reviewed, the following was noted:</p> <ul style="list-style-type: none">• Six deposit slips (3%) were missing cash count sheets• Seven cash count sheets(4%) were missing a secondary verification signature• 17 deposit slip(10%) were prepared without receipting in RecWare									
<p>Recommendation</p> <p>Verifying cash count sheets completed by the cashiers is a security measure set in place to validate payment for park attendance. Entering the daily transactions in RecWare is another important financial tracking mechanism. We recommend management ensure each cash count sheet is reviewed and signed by a second individual. Cash count sheets and RecWare receipts should always be attached as backup to deposit slips.</p>									
<p>Action Plan</p> <table border="1"><thead><tr><th>Person Responsible</th><th>Eric Storrie</th><th>Estimated Completion Date</th><th>Continuous</th></tr></thead><tbody><tr><td colspan="4">Management will remind staff to enter daily transactions into RecWare, attach all documentation to deposit slips, and ensure two verification signatures are on the cash count sheets to avoid future discrepancies.</td></tr></tbody></table>		Person Responsible	Eric Storrie	Estimated Completion Date	Continuous	Management will remind staff to enter daily transactions into RecWare, attach all documentation to deposit slips, and ensure two verification signatures are on the cash count sheets to avoid future discrepancies.			
Person Responsible	Eric Storrie	Estimated Completion Date	Continuous						
Management will remind staff to enter daily transactions into RecWare, attach all documentation to deposit slips, and ensure two verification signatures are on the cash count sheets to avoid future discrepancies.									



Ascarate Toll Booth



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #3

Risk Level **(M)**

Overages and Shortages: While reviewing the cash count sheets, we noted the following:

- 170 out of 432 daily collections (39%) included either an overage or shortage
- Cashiers were over by a total of \$264.03
- Cashiers were short by a total of \$278.20
- Cashiers responsible for overages and shortages were not disciplined in accordance with the policies and procedures

DAILY COLLECTIONS	\$1 to \$10	\$10 to \$20	\$20 to \$55	TOTAL
# Overages	93	4	2	99
\$ Overages	\$ 159.43	\$ 51.60	\$ 53.00	\$ 264.03
# Shortages	66	1	4	71
\$ Shortages	\$ (106.27)	\$ (16.80)	\$ (155.13)	\$ (278.20)
Total per \$ Category	159	5	6	

Recommendation

Due care should be exercised by Toll Booth staff when performing cashiering duties to avoid overages or shortages of funds. If overages or shortages occur, policies and procedures should be followed and additional cashiering training provided as needed.

County Auditor's Comments: A cash handling training was conducted by Inter National Bank on December 17, 2015. This training was recommended by our office and agreed to by Eric Storrie, Director of Parks, Recreation, and Tourism. The training consisted of cashiering duties. All parks personnel and management attended the training.

Action Plan

Person Responsible	Eric Storrie	Estimated Completion Date	Continuous
---------------------------	--------------	----------------------------------	------------

Policies and procedures will be followed as recommended and additional cashiering training will be implemented as needed. Shortages and overages will be addressed immediately and appropriate actions will be taken.



Ascarate Toll Booth



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #4		Risk Level (M)	
<p><i>Entrance Fee:</i> Every approved special event and holiday was reviewed to verify a \$5 entrance fee was being charged. We found the \$5 fee was not charged for one of 12 special events or holidays. Commissioner's Court has approved charging a \$5 entrance fee on six holidays, and any special event with an estimated attendance of 750 or more people.</p>			
Recommendation			
<p>Management should ensure staff is aware of all days a \$5 entrance fee needs to be charged.</p>			
Action Plan			
Person Responsible	Eric Storrie	Estimated Completion Date	Continuous
<p>Management will ensure staff is informed of policies pertaining to holidays and special event entrance fees.</p>			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-24

May 31, 2016

The Honorable Delia Briones
El Paso County Clerk's Office
500 E. San Antonio, Suite 105
El Paso, Texas 79901

Dear Ms. Briones:

The County Auditor's Internal Audit Division performed an audit of the Payroll Division and County Clerk's Office oaths of office records as of January 2016 to determine if internal controls are adequate to ensure County employees have forwarded a required oath of office to be filed for the record with the County Auditor Payroll Division and the County Clerk's Office as mandated by the *Texas Local Government Code, 154.043(b)* and *Article XVI of the Texas Constitution*. Policies, procedures and regulations were also reviewed to ensure processes are documented, operating and efficient.

The attached audit report depicts that there were four observations noted as a result of the audit procedures. We wish to thank the management and staff of the Payroll Division and County Clerk's Office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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:LV:ya

cc: Ms. Melissa Carrillo, Chief Human Resources Officer
Human Resources Department
Ms. Jo Anne Bernal, County Attorney
Ms. Betsy Keller, Chief Administrator



**Payroll Division and County Clerk's Office
Oaths of Office Records**



EXECUTIVE SUMMARY

BACKGROUND

Local Government Code §154.043 (b) states that a payment cannot be made from a salary fund to an employee before an oath of office has been taken and filed for record at the County Auditor's Office and County Clerk's Office. *Article XVI* of the *Texas Constitution* mandates that all elected and appointed officials should take the official oath of office before the performance of their duties. Renewal of the oath of office must be made every time an officer is reelected or reappointed as well as any designated personnel required to take the oath when the official starts a new term. As indicated in the *Texas Government Code §601.008*, failure to comply with an oath of office by an official that has the power to exercise jurisdiction can lead to voidance of the official jurisdictional actions.

Currently, the Human Resources Department includes an oath of office form in the new employee packet for the employees that are required to have an oath. Departments forward to the County Auditor's Payroll Division and County Clerk's Office a copy of the signed oath of office to be filed for record. The Payroll Division keeps oaths received in a file. They also have a reference list, by department, of positions that require an oath of office. The County Clerk's Office scans oaths submitted by departments into WebXtender, a County application that allows authorized users to view the oaths filed for the record. They also keep a monthly log of all oaths received.

The audit was performed by Lizeth Veliz, Internal Auditor, Intermediate.

AUDIT OBJECTIVES

This audit evaluated the adequacy of controls and processes to achieve key business objectives related to the County Auditor's Payroll Division and County Clerk's Office maintenance of the County employees oath of office records to comply with *Local Government Code §154.043 (b)* and *Article XVI of the Texas Constitution*. Following are the business objectives and related control assessment based on the audit work performed.

Business Objective	Control Assessment
1. Compliance with the oath requirements of the <i>Texas Local Government Code §154.043 (b)</i> and <i>Article XVI of the Texas Constitution</i> .	Needs improvement
2. Review of operating procedures and controls	Needs improvement
3. Implementation of prior audit recommendations	Needs improvement

SCOPE

The scope is September 2011 through January 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed procedures and applicable statutes.
- Conducted interviews with County Clerk's Administrative Assistants, Payroll Division personnel, Human Resources Supervisor and Deputy Human Resources Director to determine current processes and controls to maintain up to date oath of office filing records.
- Established communication with two Assistant County Attorneys to obtain legal advice and an updated official Oath of Office requirement list by department and position.
- Tested samples (20%) of newly hired County employees' and active elected and appointed officials' oaths of office to determine compliance with *Texas Local Government Code §154.043 (b)* and *Article XVI of the Texas Constitution*.
- Tested a sample (20%) of oaths of office for departments that had findings in the prior audit.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk. Please see the *Detailed Observations and Action Plans* section of this report for details and management action plan(s).



**Payroll Division and County Clerk's Office
Oaths of Office Records**



EXECUTIVE SUMMARY

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Payroll Division periodically reviews newly hired employees that require an oath of office (Obj 1, 2). • Record keeping of the oath of office by County Clerk's Office and Payroll Division in their respective offices (Obj 1, 2). 	<ul style="list-style-type: none"> • Updated oath of office list by department and position (Obj. 1, 2) • Current list of elected and appointed officials and their respective term of office (Obj. 1). • Follow up on the oaths of office not filed (Obj 1, 2, 3). • Coordination between County Clerk's office and Payroll Division to maintain updated oath of office files. (Obj. 1, 2, 3).
Observation Summary	
<ol style="list-style-type: none"> 1. Not all of the oaths of office records were filed with the Payroll Division and the County Clerk's Office. 2. Not all of the oaths of office on file were current. 3. Not all departments use the official oath of office form as mandated in Article XVI of the Texas Constitution. 4. Prior audit recommendations have not been implemented completely. 	

INHERENT LIMITATIONS

This operational review was designed to provide reasonable assurance that the internal control structure is adequate to maintain the County employees' oath of office records on file. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The County procedures need improvement to ensure compliance with the oath requirements of the *Texas Local Government Code §154.043 (b)* and *Article XVI of the Texas Constitution*. Implementation of the recommendations provided in this report should assist in mitigating the risk of non-compliance with *Texas Local Government Code §154.043 (b)* *Article XVI of the Texas Constitution* by strengthening the existing internal control structure.



Payroll Division and County Clerk's Office
Oaths of Office Records



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #1

Risk Level **H**

Incomplete filings of records - Not all of the oaths of office records were filed with the Payroll Division and the County Clerk's Office. Two sets of samples were selected for review. The first set was oaths of office records for newly hired employees and the second set was of active elected and appointed officials.

The percentage of oaths of office filed as required is very low. As noted in the table below, newly hired employees are more likely to submit an oath of office at the Payroll Division and County Clerk's office than Elected and Appointed officers.

Type	Sample Size (20%)	Oaths Filed			
		Payroll	County Clerk	Both	% of Both
Newly Hired Employees	73	35	44	24	33%
Elected/Appointed	15	3	7	2	13%

One of the reasons for the increased rate of new hires filing oaths in both offices is Human Resources provides an oath of office form to new hired employees and instructs them to forward a copy to the County Clerk's Office and Payroll Division. Another reason is every pay period the Payroll Division runs New Hired employee reports and identifies employees required to submit an oath of office. If the oath has not been submitted, Payroll contacts County Clerk's office or the department head to request the oath.

The low percentage rates of appropriately filed oaths may be attributed to lack of follow up. The County Clerk's Office performs no follow up and the Payroll Division only notifies the County Clerk's Office or department heads once. Conversations with Payroll staff indicate it is the department head's responsibility to ensure their staff forward a copy to both offices.

Local Government Code 154.043 (b) states "**A payment may not be made from the salary fund to an employee for a service performed before the person has taken the constitutional oath of office, if applicable, and the person's authorized appointment and oath, if any, have been filed for record with the county clerk and the county auditor, if the county has a county auditor.**" Federal law, however, requires people be paid for work performed.

Article §601.008 of the *Texas Government Code* indicates if an official, elected or appointed, fails to comply with the oath of office requirement, the actions taken by that official may be void or null.

Recommendations

1. A centralized list of elected and appointed officials and employee positions that require an oath of office needs to be created. Responsibility for maintaining this list should be assigned. The *Texas Association of Counties' 2015 Oath & Bond Requirements for County Officials* provides detailed information on the positions required to have an oath. A web link to this publication should also be available on the County's website for transparency purposes.
2. The County Clerk's Office and the Payroll Division should perform a 100% audit of their respective files to identify missing oaths of office.
3. Procedures should be updated to provide for a more effective and efficient process of ensuring all oaths of office are received timely. The Payroll Division, County Clerk's Office, Human Resources, and the County Attorney's Office should be included in this procedural update. Internal Audit may be included in an advisory capacity regarding internal controls for the updated procedures.



**Payroll Division and County Clerk's Office
Oaths of Office Records**



DETAIL OBSERVATIONS AND ACTION PLANS

Action Plan			
Person Responsible	Human Resources Payroll Division County Clerk's Office County Auditor's Office	Estimated Completion Date	11/12/2016
<p>Human Resources will maintain the oath of office list, consulting with the County Attorney's Office as necessary to ensure it is complete. They will also obtain required oaths of office and forward them to the County Clerk's Office for scanning and official recording of the oath. This applies to oaths for new employees and newly elected, appointed, reelected, or reappointed officials.</p> <p>County Auditor's Office will request ITD to place in the County intranet under the Auditors section the oath of office list by position and the <i>2015 Oath & Bond Requirements for County Officials</i>.</p> <p>County Clerk's Office will forward to Payroll Division and Human Resources a copy of the stamped and dated oath of office to be filed for record or in the employee file as applicable.</p> <p>Payroll Division will review County Clerk's electronic files, compare them to the Payroll files and the list of oaths that are needed to identify oaths that are currently missing or outdated at both places. Once those oaths are identified, the information will be forwarded to Human Resources for follow-up.</p> <p>The County Clerk's Office, Payroll Division and Human Resources will update and document their respective procedures related to oaths of office.</p>			



**Payroll Division and County Clerk's Office
Oaths of Office Records**



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #2

Risk Level (M)

Oaths of office on record were not current - Elected or appointed officials that have started a new term of office are not renewing their oath of office. And as a consequence, none of their designated personnel are renewing their oaths of office.

The tables below indicate elected/appointed officials sampled have a higher percentage of records not being in compliance with the *Texas Local Government Code §154.043 (b)* and *Article XVI of the Texas Constitution* because they are outdated or not filed. There is also a higher percentage of outdated oaths of office than not filed oaths.

Article §601.008 of the *Texas Government Code* indicates if an official, elected or appointed, fails to comply with the oath of office requirement, the actions taken by that official may be void or null.

Payroll	Sample Size	Not in Compliance					
		Total		Outdated		Not Filed	
		Records	%	Records	%	Records	%
Newly Hired	73	38	52%	15	21%	23	32%
Elected/Appointed	15	12	80%	8	53%	4	27%

County Clerk	Sample Size	Not in Compliance					
		Total		Outdated		Not filed	
		Records	%	Records	%	Records	%
Newly Hired	73	29	40%	3	4%	26	36%
Elected/Appointed	15	8	53%	5	33%	3	20%

The County Clerk's Office does not have a list of elected and appointed officials with their respective term of service, and the list used by Human Resources and Payroll Division is not current, which makes it difficult to determine who is required to take or renew the oath. For example, the Budget Executive Director appointed to office in 2015 was not included on the list, as well as the Financial Recovery Division positions which continue to be deputized county clerks. Upon inquiry on the oath of office process, County Clerk personnel indicated they do not keep track of departments not filling an oath of office for record and do not have list of all County positions required to have an oath of office.

Recommendations

1. The centralized list recommended in Observation #1 should include the term of office for elected and appointed officials as appropriate. The County Attorney's Office is currently reviewing and updating a 2002 oaths of office list for departments.
2. Human Resources Department, if possible, should consider updating the employee records database to add a code identifying appointed positions that are considered official by statute. This will facilitate the creation of future reports by using a specific code. In addition, the term of service information should be added to the employee record for informational purposes.
3. A notice should be sent after every election to remind elected and reelected officials to submit a copy of the oath of office as required by statute.



**Payroll Division and County Clerk's Office
Oaths of Office Records**



DETAIL OBSERVATIONS AND ACTION PLANS

Action Plan			
Person Responsible	Human Resources and County Attorney's Office	Estimated Completion Date	11/12/16
<p>Josie Brostrom from County Attorney's Office will update the oaths of office list by position and department to include appointed and elected officials and deputized employees. The list will be forwarded to the County Clerk's Office, Payroll Division, and Human Resources by 6/12/16.</p> <p>Human Resources will include a starting and ending term of service date to the oaths of office list for elected and appointed official positions. Codes to identify appointed and elected officials and respective terms of service will be added to the employee records with the implementation of the ERP system (expected implementation October 1, 2016).</p> <p>Once the new oath of office process is in place, Human Resources will evaluate the necessity of sending a notice to elected and reelected officials to obtain oaths of office as required.</p>			


Observation #3		Risk Level (M)	
Not all departments use the official oath of office form – We found some departments use their own oath of office form that does not include required sections or has them listed in the wrong order. The official oath as required in <i>Article XVI</i> of the <i>Texas Constitution</i> includes two sections that must be signed by all elected and appointed officials before undertaking the duties of their offices. These sections are the oath or affirmation and the statement of officer (anti-bribery statement). The statement of officer must be signed before an elected or appointed state official takes the oath of office.			
Recommendation			
County offices must ensure required elements of the official oath of office are included in the correct order on all oath of office forms used as official records filed at the Payroll Division and County Clerk's Office to ensure compliance with <i>Article XVI</i> of the <i>Texas Constitution</i> .			
Action Plan			
Person Responsible	NA	Estimated Completion Date	NA
A new form that meets the statutory requirements has been implemented effective May 2016. County Attorney's Office has specialized forms on file for different offices if they are needed.			



Payroll Division and County Clerk's Office
Oaths of Office Records



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #4		Risk Level 	
<p>Prior audit recommendations have not been implemented completely - A sample of 33 current oaths of office was selected for departments that had a finding in the 2011 audit. We found:</p> <ul style="list-style-type: none">• 28 out of the 33 employees' oaths were not in compliance with the <i>Texas Local Government Code §154.043 (b)</i> and <i>Article XVI of the Texas Constitution</i>. No implementation was made on keeping the oaths of office current and filed at both the County Clerk's Office and the Payroll Division.• The prior audit found the oaths of office on record for the Juvenile Probation Department were missing the date the oath was administered. Five Juvenile Probation Department oath of office records were reviewed from both the County Clerk's database and the Payroll Division files. The date the oath was taken is still not being printed on the oath.			
Recommendation			
Periodic reviews should be conducted to ensure oaths of office files are current. A record should be kept of the reviews performed.			
Action Plan			
Person Responsible	Human Resources	Estimated Completion Date	Weekly
The process for the oaths of office has changed. Human Resources will follow up weekly on oaths that have not been received or are out of compliance with statutory requirements.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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07-15

July 11, 2016

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

Dear Judge Chatman:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 5 (JP5) financial records to determine if internal controls are adequate to ensure proper preparation of JP5 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There was one observation noted as a result of the audit procedures. We wish to thank the management and staff of JP5 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:HM:ya

cc: Ms. Betsy Keller, County Administrator



Justice of the Peace, Precinct Number 5



EXECUTIVE SUMMARY

BACKGROUND

Justice of the Peace are elected officials and serve four year terms. Precinct five has judicial power over criminal cases involving minor offenses under their jurisdiction and civil matters where the amount in controversy does not exceed \$10,000. Other duties include issuing search and arrest warrants and the performance of marriage services. The audit was performed by Hadi Medina, Internal Auditor – Intermediate.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP5 financial reports. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Court order compliance in dismissed cases	Satisfactory
2. Timely posting and supporting documentation of Bond and Inmate Trust Section (BITS) payments received from the Sheriff's Office	Satisfactory
3. Accurate posting of credit card transaction in Odyssey and to the Financial Accounting Management Information System (FAMIS)	Satisfactory
4. Proper posting of jail time credits	Satisfactory
5. Functioning appropriate cash controls	Satisfactory
6. Posting of deposits to FAMIS	Satisfactory
7. Accuracy of mail log information and timely posting to Odyssey	Satisfactory
8. Appropriate and timely posting of manual receipts to Odyssey	Needs Improvement
9. Maintaining and following of policies and procedures	Satisfactory
10. Resolution of prior audit issues	Satisfactory
11. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is from August 2015 through April 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Identified every dismissed case during the scope of the audit and tested a sample to verify court order compliance and supporting documentation.
- Tested a sample of cases with jail time credit to verify jail time served and supporting documentation.
- Performed a surprise cash count in accordance with *Local Government Code* §115.0035.
- Tested all BITS payments for timely posting and supporting documentation.
- Analyzed a sample of credit card payments for timely and accurate posting to Odyssey and FAMIS.
- Tested a sample of mail logs to determine deposit completeness, accuracy, and timeliness (compliance with *Local Government Code* §113.02).
- Tested all manual receipts for appropriate and timely posting.
- Reconciled and traced every deposit slip to FAMIS.
- Observed current security and operational processes and controls, such as safeguarding of collections, security system, building and vault access, and emergency action plan for adequacy.

RESULTS

Listed below are controls and observation summaries, with observations listed from highest to lower risk, as identified in this audit. Please see the *Detail Observations and Action Plans* section of this report for detailed observations in order of risk with management's action plans to address those issues. All prior audit issues were appropriately resolved.



Justice of the Peace, Precinct Number 5



EXECUTIVE SUMMARY

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Proper documentation on dismissed cases (Obj. 1)• Posting and documentation of jail time credit and collections by Sheriff's Office (Obj. 2,4)• Revenue receipt controls (Obj. 3)• Cash handling procedures (Obj. 5)• Timely deposit controls (Obj. 6)• Mail log controls (Obj. 8)• Maintain and follow department policies and procedures (Obj. 9)• Non-financial security and operational controls (Obj. 11)	<ul style="list-style-type: none">• Manual receipt controls (Obj. 7)
Observation Summary	
1. A manual receipt payment was posted to the incorrect case.	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The JP5 has implemented improvements in their operations. They met all but one of the objectives of this audit. Implementation of the recommendations provided in this report should assist JP5 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 5

DETAIL OBSERVATIONS AND ACTION PLANS



Observation #1	Risk Level (M)
<i>Manual Receipts:</i> One out of 34 manual receipts (3%) issued was posted to the wrong case in Odyssey.	
Recommendation	
Management should verify every manual receipt is filled out and entered accurately. It is recommended that once a manual receipt is entered into Odyssey, a second individual should verify and initial the manual receipt.	
Action Plan	
Person Responsible	Estimated Completion Date
Rosie Perez	Continuous
Management will follow Auditor's recommended process for a second individual to verify and initial manual receipts once they are entered into Odyssey.	



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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08-08

August 9, 2016

Mr. Jose Lopez, Jr.
Interim Purchasing Agent
800 E. Overland, Suite 300
El Paso, Texas 79901

Dear Mr. Lopez:

The County Auditor's Internal Audit division performed a review of the collection and disposal of the El Paso County Sheriff's abandoned evidence property on August 4, 2016, to determine if internal controls are adequate to ensure proper storage and disposal of monetary and physical abandoned evidence.

The audit report is attached. There were no observations noted as a result of the audit procedures. We wish to thank the management and staff of the Purchasing department for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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

Edward A. Dion
County Auditor

EAD:JO:ya

cc: Mrs. Betsy C. Keller, Chief Administrator



El Paso County Purchasing Abandoned Evidence



Executive Summary

BACKGROUND

Abandoned evidence is stored by the El Paso County Sheriff's office for 3 months. All unclaimed evidence after this time period is transferred to the El Paso County Purchasing department for disposal. Disposal is monitored by an internal auditor and purchasing agent. The audit was performed by James O'Neal, Internal Auditor Manager – Senior.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the disposal of abandoned evidence held by the Sheriff's office. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Appropriate controls during transfer of items from Sheriff's to Purchasing department	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Proper disposal of unusable and auction ready items by purchasing agents	Satisfactory

SCOPE

The scope of the audit includes abandoned evidence stored by El Paso County Sheriff's office approved for disposal by Commissioners Court on July 18, 2016.

METHODOLOGY

To achieve the audit objectives we:

- Accompanied the purchasing agent to the Sheriff's evidence warehouse to collect abandoned evidence and property.
- Verified all monetary and non-monetary items with Commissioners Court order submitted by Sheriff's Evidence Clerk Ms. Silvia Flores.
- Transported all non-monetary items to Purchasing warehouse for auctions to be held at a later date.
- Personal property such as clothing, pierced jewelry and items of no value were disposed of. Items containing sensitive information (social security numbers, driver's license numbers, dates of birth, etc.) were shredded.
- Monetary items were separated and delivered to the bank via a purchasing agent and a county auditor. Funds were deposited into the County general fund.

RESULTS

There were no observations resulting from the audit. On August 4, 2016, the El Paso County Sheriff's abandoned evidence was turned over to the Purchasing department and this office for disposal. The abandoned evidence resulted in a monetary collection of \$318.73.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Signatures from Sheriff's office acquired by purchasing agent during transfer (Obj. 1)• Cash accounted for and verified by an internal auditor and purchasing agent. (Obj.2)• Disposal of unusable items and storage of auction ready items reviewed and verified by internal auditor and purchasing agent. Auction ready items stored securely at County Purchasing warehouse for auction. (Obj. 3)	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed



El Paso County Purchasing Abandoned Evidence



Executive Summary

to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The transfer and disposal of abandoned evidence has met all objectives of this audit. Therefore, no recommendations were provided in this report.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA
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

09-21

September 20, 2016

The Honorable Enedina Nina Serna
Justice of the Peace, Precinct Number 6, Place 2
14608 Greg Dr.
El Paso, Texas 79938

Dear Judge Serna:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 6 Place 2 (JP6-2) financial records to determine if internal controls are adequate to ensure proper preparation of JP6-2 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were three observations noted as a result of the audit procedures; two are repeat observations. We wish to thank the management and staff of JP6-2 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:PT:ya

cc: Ms. Betsy Keller, County Chief Administrator



Justice of the Peace, Precinct Number 6 Place 2



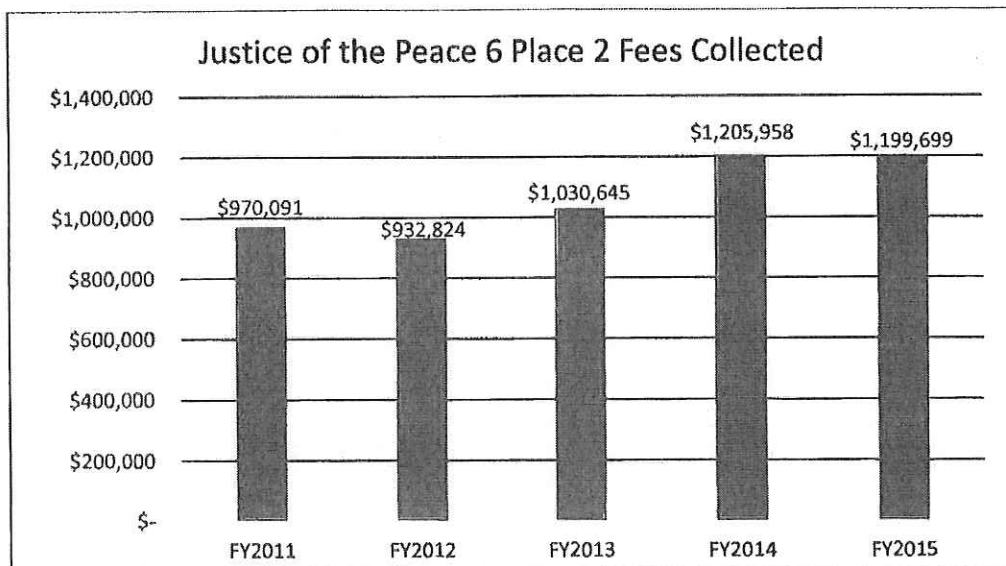
EXECUTIVE SUMMARY

BACKGROUND

Justice of the Peace are elected officials and serve four year terms. Precinct 6 Place 2 has judicial power over criminal cases involving minor offenses under their jurisdiction and civil matters where the amount in controversy does not exceed \$10,000. Other duties include issuing search and arrest warrants and the performance of marriage services. There was a change in management in July 2016 with the Court Coordinator position. The audit was performed by Phillip Trevizo, Internal Auditor – Intermediate. The most recent prior audit report was issued on October 2, 2015.

FINANCIAL REPORTING

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of fees collected at Precinct 6 Place 2 for the past five fiscal years.



OBJECTIVES AND RESULTS

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP6-2 financial reports. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Needs Improvement
2. Functioning appropriate cash controls	Satisfactory
3. Completeness and timely posting of manual receipts issued	Satisfactory
4. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
5. Timely posting of Bond and Inmate Trust Section (BITS) Payments	Satisfactory
6. Court order compliance in dismissed cases	Satisfactory
7. Timely processing of cash bonds	Needs Improvement
8. Proper posting of jail time credits	Satisfactory
9. Judge's compliance with education requirements of Government Code § 27.005	Satisfactory
10. Adequate non-financial security and operational measures	Needs Improvement

SCOPE

The scope of the audit is from August 2015 through May 2016.



Justice of the Peace, Precinct Number 6 Place 2



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reconciled and traced every deposit slip to FAMIS.
- Reviewed the courts deposit logs for completeness and accuracy.
- Tested all manual receipts for appropriate documentation and timely posting.
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code §113.022*.
- Tested a sample of dismissed cases to verify proper supporting documentation.
- Reviewed cash bond schedule to verify bonds were being addressed in a timely manner.
- Tested a sample of jail time credit cases to verify jail time served and supporting documentation.
- Reviewed Judge's training certificates for compliance with *Government Code § 27.005*.
- Observed current security and operational processes and controls, such as safeguarding of collections, security system, building and vault access, and emergency action plan for adequacy.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk, as identified in this audit. Please see the *Detail Observations and Action Plans* section of this report for related details and management action plans to address those issues.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Cash handling procedures (Obj. 2) • Manual receipts procedures (Obj. 3) • Review of the payment mail log for completeness (Obj. 4) • Posting and documentation of jail time credit and collections by Sheriff's Office (Obj. 5, 8) • Proper documentation on dismissed cases (Obj. 6) • Compliance with educational requirements (Obj. 9) 	<ul style="list-style-type: none"> • Documentation of established policies and procedures (Obj. 1) • Review of pending cash bonds (Obj. 7) • Non- financial security and operational controls (Obj. 10)
Findings/Observations Summary	
<ol style="list-style-type: none"> 1. Policies and procedures are not documented. (Repeat finding) 2. Cash bonds are not addressed in a timely manner. (Repeat finding) 3. Operational controls related to security and the change fund need to be addressed. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JP6-2 met seven of the ten business objectives of this audit. The court operations have improved since its last audit; however, two findings from this audit were also noted in the prior audit report. Implementation of the recommendations provided in this report should assist JP6-2 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 6 Place 2

DETAIL OBSERVATIONS AND ACTION PLANS



Observation #1	Risk Level (M)
<p>Documented Policies and Procedures – JP6-2 has not implemented a policies and procedures manual (repeat observation). The following key operating functions should be addressed in the written policies and procedures for the justice court:</p> <ul style="list-style-type: none">• Daily Deposit Procedures• Refund Procedures• Manual Receipts Policies and Procedures• Mail Log Policies and Procedures• Cashiering Duties <p>Formal operating policies and procedures of key office operations help ensure implementation of controls, consistent processes and may also address areas where employee training is needed.</p>	
Recommendation	
A policies and procedures manual addressing key operating functions should be created.	
Action Plan	
Person Responsible	Court Coordinator
Estimated Completion Date	10/01/2016
The court coordinator presented a draft copy of the policies and procedures manual during the audit exit conference. Some key operating functions are still missing; however, they will be completed and implemented by the agreed estimated completion date.	

Observation #2	Risk Level (M)
<p>Cash Bonds – Cash bonds are not addressed timely (repeat observation). A review of outstanding cash bonds listed on the bond schedule for more than 90 days was conducted to ensure bonds are addressed in a timely manner. The monthly average number of cash bonds received during the audit scope was 25. Of 106 cash bonds reviewed, the following exceptions were noted:</p> <ul style="list-style-type: none">• 40% need a follow up from court personnel for notation of proper disposition in Odyssey• 20% need to be set up for a bond hearing.• 18% need a refund voucher sent to the Auditor's office for processing	
Recommendation	
Hearings for cash bonds should be scheduled in a timely manner, and follow up after such hearings should be conducted accordingly. A monthly review of cash bonds by court personnel is recommended to ensure timeliness of hearings and forfeitures/refunds.	
Action Plan	
Person Responsible	Court Coordinator
Estimated Completion Date	11/01/2016
New cash bond procedures have been implemented by the new court coordinator to address the cash bonds in a timely manner. Furthermore, additional bond hearing dates have been added to the court schedule.	



Justice of the Peace, Precinct Number 6 Place 2

DETAIL OBSERVATIONS AND ACTION PLANS



Observation #3

Risk Level (M)

Operational Controls - A review of non-financial security and operational controls was conducted and discussed with court staff. The following concerns were noted and should be addressed by the court in a timely manner:

- The employee parking area does not have proper lighting and provides a security concern for employees when leaving work during evening hours. (See Exhibit A)
- The court does not have security alarm service.
- The court does not have a panic button.
- The front of the court building is not covered by current security camera positioning. (See Exhibit B)
- The court does not have a key log and safe access log.
- The court, on occasion, has operational issues with their change fund not being adequate to support the daily cash transaction volume.

On February 22, 2016, Commissioner's Court approved security improvements for JP6-2 to include: bullet resistant wall coverings, upgraded transaction windows and exterior door controls. The project is currently on hold pending bid specifications by Public Works. Public Works personnel have indicated the security alarm service and panic button would have to be addressed through a vendor that provides those services. Public Works also stated the camera system was not County owned and repositioning would need to be addressed with the original equipment vendor.

Recommendations

We recommend JP6-2 management address the parking light issues with Public Works since the recommended security improvements are already in the bid specification process. Any changes to the recommended security improvements would have to be approved by the Council of Justices and Commissioners Court. Also, management should consider requesting Commissioners Court to approve allocation of funding for security alarm service, panic button installation, security camera repositioning and to increase the change fund by \$100.00. Furthermore, a change order request form may be obtained from the County's depository institution to request smaller bill denominations on an as needed basis for the change fund to be more effective.

Action Plan

Person Responsible	Judge/Court Coordinator	Estimated Completion Date	March 1, 2017
--------------------	-------------------------	---------------------------	---------------

JP6-2 will meet with Public Works to address the parking light issues and possible changes to the approved security improvements. JP6-2 will request funding from Commissioners Court to address security concerns and an increase to the change fund. The court coordinator will use the change order request form as needed and will create a key and safe access log for the court.



Justice of the Peace, Precinct Number 6 Place 2
DETAIL OBSERVATIONS AND ACTION PLANS



Exhibit A.



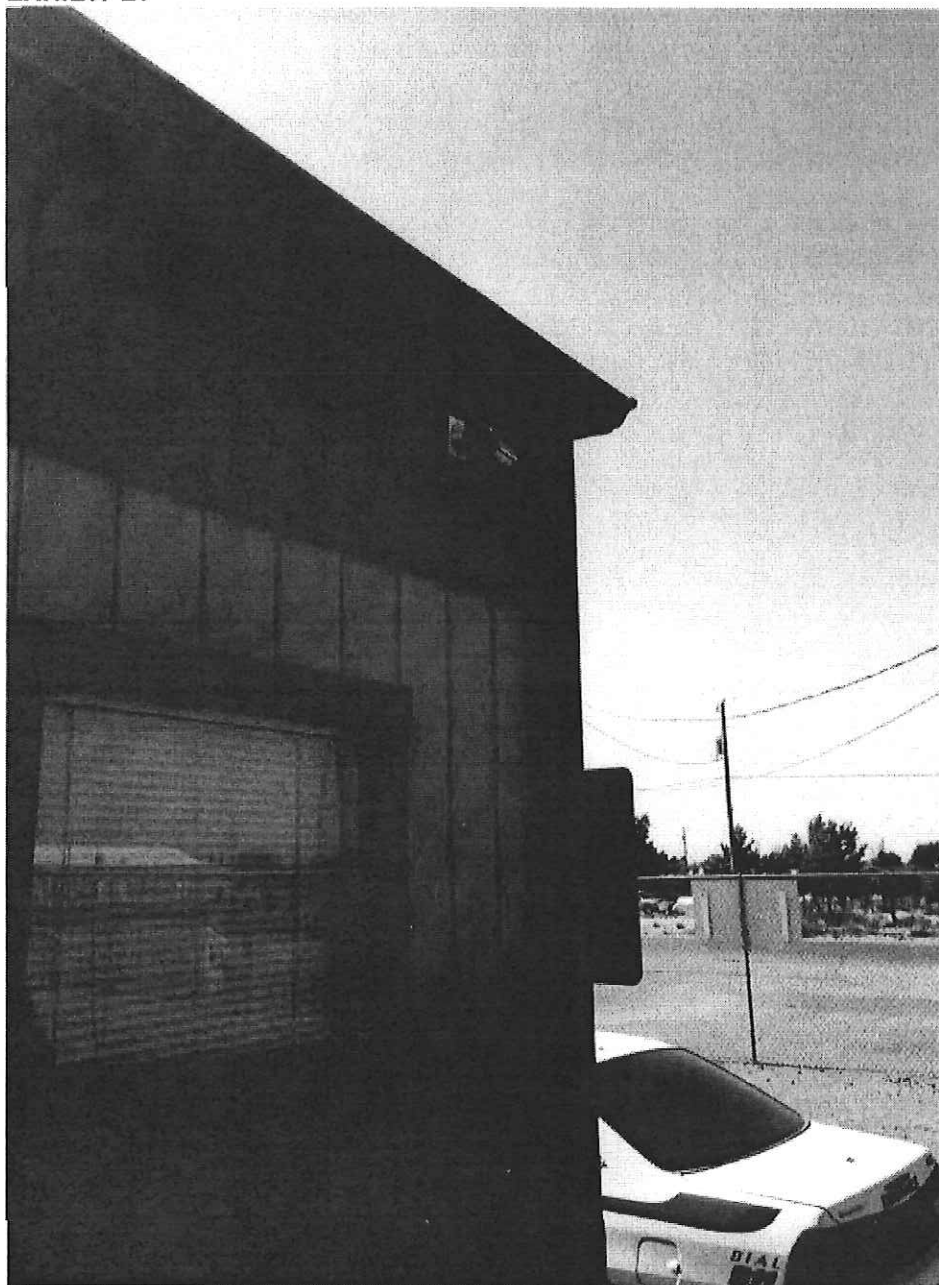
No adequate lighting for employees when leaving during evening hours.



Justice of the Peace, Precinct Number 6 Place 2
DETAIL OBSERVATIONS AND ACTION PLANS



EXHIBIT B.



Camera positioning does not provide a view of the front of the building.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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09-30

September 30, 2016

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

Dear Ms. Bernal:

The County Auditor's Internal Audit division performed an audit of the County Attorney's Office financial records for October 2014 through December 2015 to determine if internal controls are adequate to ensure proper preparation of County Attorney's financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. There were four observations noted as a result of the audit procedures. We wish to thank the management and staff of County Attorney's Office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:PT:ya

cc: Ms. Betsy C. Keller, Chief Administrator



County Attorney's Office
EXECUTIVE SUMMARY



BACKGROUND

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. The County Attorney's Office collects payments for hot checks and issues restitution checks to the victims when monies are recovered. A surprise cash count was performed on November 2, 2015, in accordance with *Texas Local Government Code § 115.0035*. The audit was performed by Ruth Bernal, Internal Auditor Senior, and Ricardo Gabaldon, Internal Auditor Intermediate.

OBJECTIVES

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

Business Objective	Control Assessment
1. Maintain and follow collections policies and procedures.	Satisfactory
2. Supporting documentation is submitted to the Auditor's Office for posting of deposits to Financial Accounting Management Information System (FAMIS).	Satisfactory
3. Appropriate cash controls to safeguard County assets.	Unsatisfactory
4. Prompt and accurate posting in Odyssey of mail payments.	Unsatisfactory
5. Maintain proper supporting documentation of transactions.	Satisfactory
6. Resolution of prior audit issues.	Unsatisfactory

SCOPE

The scope is October 2014 through December 2015.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes;
- Performed a surprise cash count in accordance with Texas Local Government Code §115.0035;
- Tested a sample of daily cash count sheets, and deposit slips to determine deposit completeness, accuracy, timeliness, and retention of appropriate deposit information;
- Conducted interviews with County Attorney personnel to determine current processes and controls, such as adequate segregation of duties, dual controls, and safeguarding of information and assets;
- Tested a sample of restitution checks issued to verify disbursements were made only after funds were received.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk. Please see the *Detailed Observations and Action Plans* section of this report for details and management action plan(s).

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Maintain policies and procedures (Obj. 1). • Timely deposits in compliance with Local Government Code §113.022 (Obj. 2). • Maintain transactions supporting documentation (Obj. 5). 	<ul style="list-style-type: none"> • Verification of Cash count sheets (Obj. 3). • Credit card and web payment reconciliation (Obj. 3) • Payments by mail (Obj. 4, Obj. 6). • Manual receipt books (Obj. 3).
Observation Summary	
<ol style="list-style-type: none"> 1. Receipt of credit card monies not always verified prior to disbursement. 2. Cash count sheets (daily and consolidated) do not always have signatures of the preparer and reviewer. 3. Mail log and depositing of funds are not segregated duties. 4. Generic manual receipts were used rather than County receipt books and the generic receipts were not always consecutive and were missing information. 	



County Attorney's Office
EXECUTIVE SUMMARY



INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The internal control structure of the County Attorney's Office was satisfactory for three of the six objectives of this audit. However, implementation of the recommendations provided in this report should assist in strengthening the internal control structure. Please note recommendations 1-3 have already been implemented and procedures updated.



County Attorney's Office

DETAIL OBSERVATIONS AND ACTION PLANS



Observation #1		Risk Level (H)	
<p>Verification of receipt of credit card monies - Credit card collections and web payments received for NSF checks are not being verified for bank receipt of funds prior to disbursement to victims. Currently the account has \$3,426.94 in web payments that have not been received by the bank, but have been posted in the Odyssey system as collected and restitution checks have already been disbursed to the victims.</p>			
Recommendation			
<p>Verify funds have been received by the bank for credit cards and web payments before issuing restitution checks.</p>			
Action Plan			
Person Responsible	Patricia Lopez	Estimated Completion Date	Completed
<p>The Hot Check Division receives a daily report from Value Payment Systems (VPS) that lists the funds that are received by the bank for web payments. The staff person responsible for deposits now reconciles the VPS report with the Odyssey e-pay transaction report. Should there be any discrepancies, the staff person responsible for deposits will void any Odyssey transaction that is not confirmed as deposited on the VPS report. The staff person responsible for the second count will confirm there is a discrepancy and that the undeposited transaction is voided in Odyssey. Both staff persons will sign off on the VPS report upon completion of their respective review. The VPS report with signature will be kept with all the daily deposit reports.</p>			

Observation #2		Risk Level (M)	
<p>Cash count sheets –</p> <ul style="list-style-type: none">Daily cash count sheets prepared by the cashiers are not signed by the cashier and the verifying employee. Cash Count Sheets prepared by the cashiers that collected and posted the payments have the printed name of the person that collected the funds and the person that verifies the collection, but not their signatures.Of the 25 deposits reviewed, one consolidated cash sheet had no employee signatures and four had only one employee signature. The consolidated cash count sheet is an additional cash count sheet that consolidates the collections of the cashiers. It is prepared and verified by two different employees.			
Recommendations			
<p>The daily cash count sheets should be signed by the employee that collected the funds and the employee that verifies the funds. The consolidated cash count sheets should have the preparer and reviewer signatures. This procedure should be included in the department policies and procedures.</p>			
Action Plan			
Person Responsible	Patricia Lopez	Estimated Completion Date	Completed
<p>Policies and procedures have been updated to reflect the recommended procedure. Hot Checks division personnel have implemented this procedure.</p>			



County Attorney's Office



DETAIL OBSERVATIONS AND ACTION PLANS

Observation #3		Risk Level (M)	
Mail log - The mail log was prepared by the same person that prepares the deposit.			
Recommendations			
Separation of duties is very important. Mail payments should be logged by a different person than the one that prepares the deposits or has access to post the payments. This procedure should be included in the policies and procedures.			
Action Plan			
Person Responsible	Patricia Lopez	Estimated Completion Date	Completed
Policies and procedures have been updated to reflect the recommended procedure. Payments received by mail are now logged in by the receptionist who receives the mail. The receptionist then submits the mail payments to Hot Check division secretary, who confirms the payment was logged and posts the payment to the account. When the staff person responsible for making deposits receives the secretary's till report she again confirms that the mail payment was logged by the receptionist and that the payment was posted. The mail payment log is locked for editing and cannot be edited by the staff that posts or deposits payments.			

Observation #4		Risk Level (M)	
Manual Receipt books - There were only four manual receipts issued. The following issues were noted:			
<ul style="list-style-type: none">a. Generic manual receipts are used instead of official County receipt books.b. Three manual receipts in the book were skipped so issued receipts were not consecutively numbered; one of the skipped receipts was not complete; it did not have the original white copy nor was it marked as voided.c. Two did not indicate the tender type received.d. One did not have the signature of the person receiving the funds.e. None of the manual receipt numbers were cross-referenced in Odyssey, nor were the Odyssey receipt numbers and case numbers cross-referenced on the manual receipts.			
Recommendations			
We recommend the following actions be taken:			
<ul style="list-style-type: none">a. Official County receipt books should be used.b. Manual receipts should be issued in sequential order. Voided receipts should be marked as void and all three copies maintained in the receipt book.c. Tender type received should be indicated on the receipt.d. Receipts should be signed by the recipient of the funds.e. Manual receipt numbers should be cross-referenced on Odyssey, and the Odyssey receipt and case numbers should be cross-referenced on the manual receipts.			
Action Plan			
Person Responsible	Patricia Lopez	Estimated Completion Date	November 30, 2016
Policies and procedures have been updated to reflect the recommended procedure. The Hot Check division has requested receipt books with the required information and County seal.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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09-29

September 30, 2016

Mr. Jose Lopez
Purchasing Agent - Interim
800 E. Overland, Suite 300
El Paso, Texas 79901

Dear Mr. Lopez:

The County Auditor's Internal Audit division performed a review of the collection and disposal of the El Paso County Sheriff's abandoned evidence property on September 20, 2016, to determine if internal controls are adequate to ensure proper storage and disposal of monetary and physical abandoned evidence.

The audit report is attached. There were no observations noted as a result of the audit procedures. We wish to thank the management and staff of the Purchasing department for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:JO:ya

cc: Ms. Betsy C. Keller, Chief Administrator



El Paso County Purchasing Abandoned Evidence



Executive Summary

BACKGROUND

Abandoned evidence is stored by the El Paso County Sheriff's office for 3 months. All unclaimed evidence after this time period is transferred to the El Paso County Purchasing department for disposal. Disposal is monitored by an internal auditor and purchasing agent. The audit was performed by James O'Neal, Internal Auditor Manager – Senior.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the disposal of abandoned evidence held by the Sheriff's Office. Following are the business objectives and related control assessment based on the audit work performed.

Business Objective	Control Assessment
1. Appropriate controls during transfer of items from Sheriff's to Purchasing department	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Proper disposal of unusable and auction ready items by purchasing agents	Satisfactory

SCOPE

The scope of the audit includes abandoned evidence stored by El Paso County Sheriff's Office approved for disposal by Commissioners Court on September 12, 2016.

METHODOLOGY

To achieve the audit objectives we:

- Accompanied the Purchasing Department to the Sheriff's evidence warehouse to collect abandoned evidence and property.
- Verified all monetary and non-monetary items with Commissioners Court order submitted by Sheriff's Evidence Clerk Ms. Silvia Flores.
- Transported all non-monetary items to Purchasing warehouse for auctions to be held at a later date.
- Personal property such as clothing, pierced jewelry and items of no value were disposed of. Items containing sensitive information (social security numbers, driver's license numbers, dates of birth, etc.) were shredded.
- Monetary items were separated and delivered to the bank via a representative from the Purchasing and County Auditor offices. Funds were deposited into the County general fund.

RESULTS

On September 20, 2016, the El Paso County Sheriff's abandoned evidence was turned over to the Purchasing department and this office for disposal. The abandoned evidence resulted in a monetary collection of \$223.56. Listed below are control and observation summaries, with observations listed from highest to lowest risk.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Signatures from Sheriff's office acquired by Purchasing department during transfer (Obj. 1)• Cash accounted for and verified by internal auditor and purchasing agent. (Obj.2)• Disposal of unusable items and storage of auction ready items reviewed and verified by an internal auditor and assistant purchasing agent. Auction ready items stored securely at the County Purchasing warehouse for auction. (Obj. 3)	
Observation Summary	
No observations.	



El Paso County Purchasing Abandoned Evidence



Executive Summary

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The transfer and disposal of abandoned evidence has met all objectives of this audit. Therefore, no recommendations were provided in this report.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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10-01

October 4, 2016

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

Dear Judge Aponte:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct 3 (JP3) financial records for the period of July 2015 through July 2016 to determine if internal controls are adequate to ensure proper preparation of the JP3 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were four findings noted as a result of the audit procedures. We wish to thank the management and staff of JP3 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:RB:ya

Attachment



Justice of the Peace, Precinct Number 3



EXECUTIVE SUMMARY

BACKGROUND

Justice of the Peace are elected officials and serve four year terms. Precinct 3 has judicial power over criminal cases involving minor offenses under their jurisdiction and civil matters where the amount in controversy does not exceed \$10,000. Other duties include issuing search and arrest warrants and the performance of marriage services. The audit was performed by Rene Balderrama, Internal Auditor – Intermediate. The most recent prior audit report was issued on September 2, 2015.

SCOPE

The scope of the audit is from July 2015 through July 2016.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP3 financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Needs Improvement
2. Functioning appropriate cash controls	Satisfactory
3. Completeness and timely posting of manual receipts issued	Satisfactory
4. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
5. Timely posting of Bond and Inmate Trust Section (BITS) Payments	Satisfactory
6. Court order compliance in dismissed cases	Satisfactory
7. Timely processing of cash bonds	Needs Improvement
8. Proper posting of jail time credits	Unsatisfactory

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reconciled and traced every deposit slip to FAMIS.
- Reviewed the courts deposit logs for completeness and accuracy.
- Tested all manual receipts for appropriate documentation and timely posting.
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code §113.022*.
- Tested a sample of dismissed cases to verify proper disposition and supporting documentation.
- Reviewed cash bond schedule to verify bonds were being addressed in a timely manner.
- Tested a sample of jail time credit cases to verify jail time served and supporting documentation.
- Reviewed Judge's training certificates for compliance with *Government Code § 27.005*.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk, as identified in this audit. Please see the *Findings and Action Plans* section of this report for detailed findings with management action plans to address those issues. Two of the findings were also noted in the prior audit.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Cash handling procedures (Obj. 2) • Manual receipts procedures (Obj. 3) • Review of the payment mail log for completeness (Obj. 4) • Compliance with educational requirements (Obj. 9) 	<ul style="list-style-type: none"> • Documentation of established policies and procedures (Obj. 1) • Proper documentation on dismissed cases (Obj. 6) • Review of pending cash bonds (Obj. 7) • Posting and documentation of jail time credit and collections by Sheriff's Office (Obj. 5, 8)
Findings Summary	



Justice of the Peace, Precinct Number 3



EXECUTIVE SUMMARY

1. Sheriff's collections are not being posted timely. (Repeat finding)
2. Policies and procedures are not documented.
3. Cash bonds are not addressed in a timely manner. (Repeat finding)
4. Dismissed/disposed cases did not always have proper supporting documentation in Odyssey.

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JP3 met four of the eight business objectives of this audit. The court operations have improved since the last audit; however, two findings from this audit were also noted in the prior audit report. Implementation of recommendations provided in this report should assist JP3 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 3



FINDINGS AND ACTION PLANS

Finding #1		Risk Level (H)	
Sheriff's Collections – Justice of the Peace collections made by the Sheriff's Office totaling \$1,594.89 are at least a month behind being posted in Odyssey due to missing information. Collections should be posted in Odyssey immediately.			
Recommendation			
Justice of the Peace should ensure all payments received from Sheriff's Office are promptly posted in Odyssey. Any outstanding payments should be immediately researched and posted in Odyssey.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	10/1/2016
The Court Coordinator will review this issue with the staff for resolution and ensure future cases are reviewed and all payments are posted in a timely basis.			

Finding #2		Risk Level (M)	
Documented Policies and Procedures – The justice court has not implemented a policies and procedures manual. The following key operating functions should be addressed in the written policies and procedures for the justice court:			
<ul style="list-style-type: none">• Daily Deposits• Refunds• Manual Receipts• Mail Log• Cashiering Duties			
Formal operating policies and procedures of key office operations help ensure implementation of controls, consistent processes and may also address areas where employee training is needed.			
Recommendation			
A policies and procedures manual addressing key operating functions should be created.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	10/01/2016
The Court Coordinator will be creating a policies and procedures manual that will be reviewed with the Judge and the staff.			



Justice of the Peace, Precinct Number 3



FINDINGS AND ACTION PLANS

Finding #3		Risk Level (M)	
Cash Bonds – Pending bonds are not being reviewed (prior audit issue). Pending bonds currently total \$113,811.02.			
Recommendation			
Review all bond collections at least quarterly to ensure cases are heard in a timely fashion to meet statutory requirements.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	December 2016
The Court Coordinator will review the outstanding bond list monthly and prepare for the cases to be heard. Once judgment is rendered, action will be taken on the bonds.			

Finding #4		Risk Level (S)	
Dismissed/disposed Cases – We reviewed a sample of 735 of 3480 dismissed/disposed cases from Odyssey for supporting documentation. Five cases were dismissed and still had a balance on the case, three cases had a driver's safety course granted and not completed with no further action taken, and nine cases had defaulted on Financial Recovery payment plans.			
Recommendation			
Ensure dismissed cases have proper documentation scanned into Odyssey to validate court orders. In addition, as soon as a judgment is granted, Justice of the Peace personnel should review the court orders for completeness and accuracy.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	Immediately
All dismissed/disposed cases will be reviewed for accuracy and completeness. The Court Coordinator will work with the staff ensure all documentation is provided on each case.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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10-02

October 4, 2016

The Honorable Kelly Dickson
Justice of the Peace, Precinct 7
435 E. Vinton Rd, Suite C
Vinton, Texas 79281

Dear Judge Dickson:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct 7 (JP7) financial records for the period of August 2015 through July 2016 to determine if internal controls are adequate to ensure proper preparation of the JP7 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were four findings noted as a result of the audit procedures. We wish to thank the management and staff of JP7 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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:RB:ya

Attachments



Justice of the Peace, Precinct Number 7



EXECUTIVE SUMMARY

BACKGROUND

Justice of the Peace are elected officials and serve four year terms. Precinct 7 has judicial power over criminal cases involving minor offenses under their jurisdiction and civil matters where the amount in controversy does not exceed \$10,000. Other duties include issuing search and arrest warrants and the performance of marriage services. The audit was performed by Rene Balderrama, Internal Auditor – Intermediate. The most recent prior audit report was issued on October 7, 2015.

SCOPE

The scope of the audit is from August 2015 through July 2016.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP7 financial reports. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Needs Improvement
2. Functioning appropriate cash controls	Satisfactory
3. Completeness and timely posting of manual receipts issued	Satisfactory
4. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
5. Timely posting of Bond and Inmate Trust Section (BITS) Payments	Satisfactory
6. Court order compliance in dismissed cases	Needs Improvement
7. Timely processing of cash bonds	Needs Improvement
8. Proper posting of jail time credits	Unsatisfactory

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reconciled and traced every deposit slip to FAMIS.
- Reviewed the courts deposit logs for completeness and accuracy.
- Tested all manual receipts for appropriate documentation and timely posting.
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code §113.022*.
- Tested a sample of dismissed cases to verify proper disposition and supporting documentation.
- Reviewed cash bond schedule to verify bonds were being addressed in a timely manner.
- Tested a sample of jail time credit cases to verify jail time served and supporting documentation.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk, as identified in this audit. Please see the *Findings and Action Plans* section of this report for detailed findings with management action plans to address those issues.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Cash handling procedures (Obj. 2) • Manual receipts procedures (Obj. 3) • Review of the payment mail log for completeness (Obj. 4) • Compliance with educational requirements (Obj. 9) 	<ul style="list-style-type: none"> • Documentation of established policies and procedures (Obj. 1) • Proper documentation on dismissed cases (Obj. 6) • Review of pending cash bonds (Obj. 7) • Posting and documentation of jail time credit and collections by Sheriff's Office (Obj. 5, 8)



Justice of the Peace, Precinct Number 7



EXECUTIVE SUMMARY

Findings Summary

1. Policies and procedures are not documented.
2. Cash bonds are not addressed in a timely manner. (Repeat finding)
3. Cases are not being properly dismissed or disposed.
4. Sheriff's collections are not being posted.

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JP7 met four of the eight business objectives of this audit. The court operations have improved since the last audit; however, one finding from this audit was also noted in the prior audit report. Implementation of the recommendations provided in this report should assist JP7 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 7



EXECUTIVE SUMMARY

Finding #1		Risk Level (H)
<p>Documented Policies and Procedures – The justice court has not implemented a policies and procedures manual. The following key operating functions should be addressed in the written policies and procedures for the justice court:</p> <ul style="list-style-type: none">• Daily Deposit Procedures• Refund Procedures• Manual Receipts Policies and Procedures• Mail Log Policies and Procedures• Cashiering Duties <p>Formal operating policies and procedures of key office operations help ensure implementation of controls, consistent processes and may also address areas where employee training is needed.</p>		
Recommendation		
A policies and procedures manual addressing key operating functions should be created.		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date 12/31/2016
The Court Coordinator will create a policies and procedures manual that will be reviewed with the Judge and the staff.		

Finding #2		Risk Level (M)
<p>Cash Bonds - Pending bonds are not being reviewed (prior audit issue). Pending bonds currently total \$69,742.30.</p>		
Recommendation		
Review all bond collections at least quarterly to ensure cases are heard in a timely fashion to meet statutory requirements.		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date 12/31/16
The Court Coordinator will review the outstanding bond list and prepare for the cases to be heard. Once judgment is rendered, an action will be taken on the bonds.		



Justice of the Peace, Precinct Number 7



FINDINGS AND ACTION PLANS

Finding #3	Risk Level M
We reviewed a sample of 419 of 7171 dismissed cases from Odyssey for supporting documentation. Five cases had defaulted on the payment plan and no warrant was issued, six cases had a been dismissed with no back up scanned in Odyssey, nine cases had been dismissed with a balance on the case and two cases are still active when the defendant had passed away.	
Recommendation	
Ensure dismissed cases have proper documentation scanned into Odyssey to validate court orders. In addition, as soon as a judgment is granted, the Justice of the Peace personnel should review the court orders for completeness and accuracy.	
Action Plan	
Person Responsible	Court Coordinator
Estimated Completion Date	Immediately
All dismissals will be reviewed for accuracy and completeness. The Court Coordinator will work with the staff ensure that all documentation is provided on each.	

Finding #4	Risk Level L
<u>Sheriff's Jail Time Credit</u> – Justice court employees incorrectly posted jail time credit on 17 cases.	
Recommendation	
Justice of the Peace should ensure all jail time credits received from Sheriff's Office are promptly and accurately posted in Odyssey.	
Action Plan	
Person Responsible	Court Coordinator
Estimated Completion Date	10/1/2016
The Court Coordinator will review this issue with the staff for resolution and ensure future cases are reviewed and all jail time credits are applied correctly.	



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10-04

October 5, 2016

The Honorable Brain Haggerty
Justice of the Peace, Precinct Number 2
4641 Greg Cohen, Suite A
El Paso, Texas 79924

Dear Judge Haggerty:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 2 (JP2) financial records to determine if internal controls are adequate to ensure proper preparation of JP2 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested eight financial and eight operational controls with a total of 200 samples. There were seven observations noted as a result of the audit procedures. We wish to thank the management and staff of JP2 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:DC:ya

Attachments



Justice of the Peace, Precinct Number 2
DETAIL OBSERVATIONS AND ACTION PLANS



BACKGROUND

Justice of the Peace Precinct Number 2 (JP2) has jurisdiction of criminal cases with a fine of \$500 or less and of civil cases with a disputed amount of \$10,000 or less. JP2 can issue search and arrest warrants, perform marriages, and conduct preliminary hearings. Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. The audit was performed by Daisy Caballero, Internal Auditor – Intermediate.

SCOPE

The scope of the audit includes financial records from July 2015 through June 2016

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP2 financial reports. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Posting of deposits to FAMIS	Needs Improvement
3. Proper disposition and supporting documentation of dismissed cases	Needs Improvement
4. Timely bond hearings and follow-up	Needs Improvement
5. Completeness of the payment mail log and timely posting to Odyssey	Needs Improvement
6. Documentation of updated SOP	Needs Improvement
7. Complete and accurate credit card payment postings to Odyssey	Satisfactory
8. Proper posting and documentation of jail time credits	Satisfactory
9. Compliance with education requirements of <i>Local Government Code § 27.005</i>	Satisfactory
10. Safeguarding of assets	Satisfactory
11. Adequate office security and safety	Needs Improvement

METHODOLOGY

- Performed a surprise cash count on 08/02/2016 in accordance with *Local Government Code §115.0035*
- Reviewed deposit logs to verify collections were deposited in accordance with *Local Government Code §113.022* and properly posted in the Financial Accounting Management Information System (FAMIS)
- Reviewed the Miracle Delivery log to ensure deposits are being picked up daily
- Tested a 9% sample of dismissed cases to ensure cases have been updated with proper documentation and information and have been granted a dismissal or other proper disposition.
- Tested a 20% sample of bonds from the bond schedule to verify cases are being heard in a reasonable time period and if court orders are being followed
- Verified JP2 does not have any manual receipt books
- Tested a 5% sample of mail log entries for completeness and accurate posting to Odyssey
- Traced mail log payments to deposit documentation to verify compliance with the rapid deposit law
- Reviewed the Standard Operating Procedures (SOP) for completeness and updates
- Observed workstations for secured lock boxes
- Traced a 2% sample of cases with credit card transactions to the daily transaction reports to verify completeness and accuracy
- Tested a 20% sample of cases with a jail time credit disposition for completeness and proper documentation
- Inquired about the Judge's 20 hour training certificate
- Observed and inquired about office safety and security measures



Justice of the Peace, Precinct Number 2
DETAIL OBSERVATIONS AND ACTION PLANS



RESULTS

Listed below are controls and observation summaries, with observations listed from highest to lowest risk, as identified in this audit. Please see the Detail Observations and Action Plans section of this report for detailed observations with management's action plans to address those issues. Prior audit issues were appropriately resolved except compliance with *Local Government Code §113.022* and continuing issues with dismissed cases.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Credit card transactions controls (Obj. 7) • Posting and documentation of jail time credits (Obj. 8) • JP2 staff frequently attend training and continuing education (Obj. 9) • Safeguarding of assets measures (Obj. 10) 	<ul style="list-style-type: none"> • Mail payment deposits (Obj. 1) • Mail log controls (Obj. 1 & 5) • Timely posting of deposits to FAMIS (Obj. 2) • Proper documentation of dismissed cases (Obj. 3) • Review of pending bonds (Obj. 4) • Documentation of SOP (Obj. 6) • Office security and safety controls (Obj. 11)
Observations Summary	
<ol style="list-style-type: none"> 1. Two mail payments were not deposited in accordance with the rapid deposit law 2. Bonds are not being addressed in a timely manner 3. Dismissed cases are not always properly documented 4. The SOP need to be updated 5. There are no combination and key logs 6. Front desk windows are not bullet proof 7. There is no emergency plan 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JP2 has implemented improvements in their operations. However, they did not meet all objectives of this audit. Financial reports generated from Odyssey do not recapitulate all transactions occurring each month. Implementation of the recommendations provided in this report should assist JP2 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 2
DETAIL OBSERVATIONS AND ACTION PLANS



Observation #1	Risk Level H		
<p><u>Mail Payments</u> – There were a total of 611 mail payments received during the audit scope. In a sample of 30 mail payment entries, 17% did not have a case number entered. There was no record of where the check payment was applied. Further, two mailed-in checks were deposited six business days after they were received (prior audit issue). This is in violation of <i>Local Government Code § 113.022</i>.</p>			
Recommendation			
<p>Mailed payments should be entered into Odyssey and deposited on a daily basis. Due care should be exercised when filling out the mail log. Every section of the log should be filled out in order to keep accurate record of the mail payments received.</p>			
Action Plan			
Person Responsible	Judge Haggerty	Estimated Completion Date	Effective Immediately
<p>The deposit date will now be entered in the mail log to ensure mail payments are deposited timely. Judge Haggerty will ensure mail log entries are complete when he does his monthly mail log review.</p>			

Observation #2	Risk Level M		
<p><u>Bonds</u> – Of a total of 118 bonds, a sample of 24 (20%) was reviewed and the following was noted:</p> <ul style="list-style-type: none">• 46% were not updated to reflect the bond forfeitures ordered by the judge• 13% did not follow court order• 13% were appealed and closed at a County Court of Law and bonds were still outstanding in the JP2 account• 8% had a hearing but there was no supportive documentation on the judgment			
Recommendation			
<p>The bond schedule needs to be reviewed, reconciled and monitored on a weekly basis.</p>			
Action Plan			
Person Responsible	Judge Haggerty	Estimated Completion Date	March 31, 2017
<p>Bond schedule will be reviewed and cleared.</p>			



Justice of the Peace, Precinct Number 2
DETAIL OBSERVATIONS AND ACTION PLANS



Observation #3	Risk Level ●		
<p><u>Dismissed Cases</u> – Of 501 dismissed cases, a sample of 45 was reviewed. The following exceptions were noted (prior audit issues):</p> <ul style="list-style-type: none">• 11% did not have a signed dismissal form attached to the case• 1 case did not have an updated case and financial status			
Recommendation			
<p>Proper documentation should be attached to the defendant's file to support the validity of the dismissals. The case status and financial balance should be updated to reflect the current status of the case.</p>			
Action Plan			
Person Responsible	Judge Haggerty	Estimated Completion Date	March 31, 2017
<p>The dismissed cases with findings will be updated and the dismissal form will be attached. JP2 staff will work diligently to maintain cases updated and properly documented.</p>			

Observation #4	Risk Level ●		
<p><u>Documented Procedures</u> – The SOP were not updated for changes implemented as a result of the previous audit dated September 25, 2015.</p>			
Recommendation			
<p>The following updates are recommended:</p> <ul style="list-style-type: none">• A sample of the mail log entries will be reviewed every month by supervisor• Mail payments that do not have a case to apply the payment to will be held for research for 4 business days, funds will be returned by the 5th business day• Daily deposit reconciliation documentation will be reviewed and verified by a supervisor on a daily basis• The duties of each employee should be stated• Add the refund procedures			
Action Plan			
Person Responsible	Judge Haggerty	Estimated Completion Date	March 31, 2017
<p>The SOP will be amended to include the recommended updates.</p>			



Justice of the Peace, Precinct Number 2
DETAIL OBSERVATIONS AND ACTION PLANS



Observation #5		Risk Level ●
<u>Combination and Key Logs</u> - There are no logs to document who has the safe combination and key cards to the office.		
Recommendation		
There should be a log in place documenting who has an office key card and the safe combination.		
Action Plan		
Person Responsible	Judge Haggerty	Estimated Completion Date Effective Immediately
Combination and key logs will be created.		

Observation #6		Risk Level ●
<u>Office Safety</u> - JP2 staff feel unsafe because front desk windows that separate the lobby area from the office are plastic and not bullet proof.		
Recommendation		
Management should continue to follow up on the process to get bullet proof windows installed. The windows have been requested, approved, and the money is available in the budget.		
Action Plan		
Person Responsible	Judge Haggerty	Estimated Completion Date Immediately
Judge Haggerty will send an email to commissioner's court to inquire about the status of the project.		

Observation #7		Risk Level ●
<u>Emergency Plan</u> - There is no emergency action plan as required by the International Fire Code § 401.4.		
Recommendation		
An emergency action plan should be created, posted in the office and explained to the staff.		
Action Plan		
Person Responsible	Judge Haggerty	Estimated Completion Date March 31, 2017
An emergency action plan will be created and implemented.		



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10-14

October 18, 2016

The Honorable Jaime Esparza
District Attorney
Ste. 203, County Courthouse Building
500 East San Antonio
El Paso, Texas 79901

Dear Mr. Esparza:

A copy of a memorandum from Ms. Daisy Caballero, internal auditor, dated October 18, 2016, is attached. This memorandum is a report on a review of your seizure and forfeiture funds for the reporting period September 1, 2015, through August 31, 2016.

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

Sincerely,

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

Edward A. Dion
County Auditor

EAD:DC:ya

Attachment




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10-15

MEMORANDUM

TO:  EDWARD A. DION, COUNTY AUDITOR

THRU: VICTOR PEREZ, DIRECTOR OF FINANCIAL OPERATIONS 

THRU:  JAMES O'NEAL, COUNTY AUDITOR, MANAGER SENIOR 

FROM: DAISY CABALLERO, INTERNAL AUDITOR, INTERMEDIATE 

DATE: OCTOBER 18, 2016

SUBJECT: REVIEW OF THE DISTRICT ATTORNEY'S SEIZURE AND FORFEITURE FUNDS
FOR THE REPORTING PERIOD OF SEPTEMBER 1, 2015 THROUGH AUGUST 31,
2016

Overview

A review of the District Attorney's seizure and forfeiture funds has been performed for the reporting period of September 1, 2015 through August 31, 2016. The objective of this review was to verify compliance with the requirements of *Code of Criminal Procedure, Article 59.06 (g)*, copy attached.

Scope and Purpose

The proceeds and expenditures of the seizure and forfeiture funds were reviewed to ensure that they were accounted for properly. The Chapter 59 Asset Forfeiture Report, copy attached, was reviewed for accuracy and completeness.

Summary

While reviewing the proceeds and expenditures of the Asset Forfeiture Report, no discrepancies were noted.

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 District Attorney's Office, as it pertains to seizure and forfeiture funds, appears to be adequate.

DC:ya



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10-14

October 19, 2016

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

Dear Judge Pearson:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 1 (JP1) financial records as of June 2016 to determine if internal controls are adequate to ensure proper preparation of JP1 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report depicts five findings noted as a result of the audit procedures. We wish to thank the management and staff of JP1 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Franco for Edward A. Dion".

Edward A. Dion
County Auditor

EAD:LV:ya

cc: Ms. Betsy Keller, Chief Administrator



Justice of the Peace, Precinct Number 1



EXECUTIVE SUMMARY

BACKGROUND

Justice of the Peace Precinct 1 (JP1) is located in a building leased by the County. Its office space is currently shared with Constable Precinct 1 and four Deputy Constables. JP1 personnel consist of the Justice of the Peace, the Court Coordinator, an Office Specialist, and an Administrative Assistant.

The Justice of the Peace is elected for a term of four years and is the presiding officer of the justice court. Precinct one has judicial power over criminal cases involving minor offenses under their jurisdiction where the fine does not exceed \$500, and civil matters where the amount in controversy does not exceed \$10,000. Other duties include issuing search and arrest warrants, conducting preliminary hearings, and the performance of marriage services.

The audit was performed by Lizeth Veliz, Internal Auditor, Intermediate.

SCOPE

The scope of the audit is from September 2015 through June 2016.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP1 financial reports. Following are the business objectives, related control assessment, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Proper posting and supporting documentation of Bond and Inmate Trust Section (BITS) payments and jail time credit.	Needs Improvement
3. Court order compliance regarding dismissed cases	Needs Improvement
4. Proper posting of voids and adjustments to cases	Satisfactory
5. Monitoring of outstanding cases on the Bond Schedule	Needs Improvement
6. Ensure deposits are in accordance with <i>Local Government Code § 113.022</i>	Satisfactory
7. Accuracy of mail log information and timely posting to Odyssey	Satisfactory
8. Periodic review of standard operating procedures for updates and completeness	Needs Improvement
9. Accurate posting of credit card transactions in Odyssey and the Financial Accounting Management Information System (FAMIS)	Satisfactory
10. Judge's compliance with education requirements of <i>Government Code § 27.005</i>	Satisfactory
11. Adequate non-financial security and operational measures	Needs Improvement

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count in accordance with *Local Government Code § 115.0035*.
- Tested a sample of cases with jail time credit to verify jail time served and supporting documentation.
- Tested all BITS payments for timely posting and supporting documentation.
- Tested a sample of dismissed cases to verify court order compliance and supporting documentation.
- Tested a sample of cases that had voids or adjustments to verify proper posting of transactions
- Reviewed the bond schedule to verify cases were being addressed in a timely manner
- Tested a sample of deposits to verify they were deposited the next day of collection or within the next five business days in accordance with *Local Government Code § 113.022*
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code § 113.022*.
- Reviewed policies, procedures, and applicable statutes.
- Analyzed monthly credit card payments for timely and accurate posting to Odyssey and FAMIS.
- Observed current security and operational processes and controls, such as safeguarding of collections, security system, building and vault access, and emergency action plan for adequacy.



Justice of the Peace, Precinct Number 1



EXECUTIVE SUMMARY

RESULTS

Listed below are controls and finding summaries, with findings listed from highest to lowest risk, as identified in this audit. Please see the *Detail Findings and Action Plans* section of this report for details and management action plans. All prior audit issues were appropriately resolved.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Proper posting and supporting documentation of voids and adjustments to cases (Obj. 4)• Timely deposit controls (Obj. 6)• Review of the payment mail log for completeness (Obj. 7)• Accurate posting of credit card transactions (Obj. 9)• Compliance with educational requirements (Obj. 10)	<ul style="list-style-type: none">• Posting and documentation of jail time credit and collections by Sheriff's Office (Obj. 2)• Proper documentation on dismissed cases (Obj. 3)• Review of pending cash bonds (Obj. 5)• Completeness of department policies and procedures (Obj. 8)• Non-financial security and operational controls (Obj. 11)
Findings Summary	
<ol style="list-style-type: none">1. Weak non-financial security and operational controls2. Cash bonds are not addressed timely3. Not all dismissal cases were complete and accurate4. Not all receipts from Bond and Inmate Trust (BITS) Intake related to cases with Jail Time Credit were scanned into Odyssey5. Incomplete written policies and procedures	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JP1 has implemented improvements in their operations. They met all but five of the objectives of this audit. Implementation of the recommendations provided in this report should assist JP1 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 1



DETAIL FINDINGS AND ACTION PLANS

Finding #1	Risk Level (M)
<p><u>Security and Operational Measures:</u> An onsite visit was conducted at JP1 to verify security and operational measures. The following was noted:</p> <ul style="list-style-type: none"> JP1 security alarm system is not being used. JP1 has a security alarm system that includes two panic buttons. No reports were obtained from contracted vendor indicating testing or monitoring been conducted at JP1 after the alarm system was installed in 2014. The contracted vendor visited JP1 on June 23, 2016, to perform an alarm test. The alarm was enabled to send daily testing reports to the central station as required. Staff was not aware of any testing of the alarms. The alarm system is not currently in use due to Constable, Deputy Constables, and Facilities Maintenance access to the office which would require the assignment of multiple access codes. The court does not have an emergency evacuation plan posted in the office. In case of an emergency, the only exit for employees and the public would be the two entrance doors. Personnel has indicated, due to security reasons and the need for more space, they have been looking for another office. However, due to budget constraints no final decision has been made. A fire extinguisher located in the Judge's office was on the floor, not secured or properly identified and placed in a designated area. Key logs did not include the Judge's keys and one of the keys that opens the entrance door that leads to the main street. The court does not have a log documenting who has access to the safe. Zipper money bags used by the administrative assistant and office specialist are not placed in a secure location during the day. At the end of the day they are secured in the office safe. 	
Recommendations	
<ul style="list-style-type: none"> As a protection for employees, the public, and the County's assets, it is important that the court start using the alarm system or discuss other available security options with Facilities Management. If the alarm service is continued, JP1 should request periodic monitoring reports from the contracted vendor to ensure the system is functioning properly. As required by the Occupational Safety and Health Administration (OSHA) standard 29 CFR 1910.38(a), a basic emergency evacuation plan should be developed and evacuation signs should be placed in visible places for personnel and public safety. As required by OSHA standard 29 CFR 1910.157(c)(1), the fire extinguisher should be located in a designated place and properly identified for easy access by employees. Key logs should be kept current and include all personnel that have access to the building. A log documenting who has access to the safe should be created. Zipper money bags should be kept in a secure cabinet or drawer during the day. 	
Action Plan	
Person Responsible	Judge and Court Coordinator
Estimated Completion Date	11/30/16
<ul style="list-style-type: none"> The risk level of not having the alarm system being activated is minimal. In addition, giving an access code to multiple people could generate false alarm signals. The court would like to keep the panic buttons but, not the alarm panel. Facilities Management will be contacted to discuss security options and the possibility of lowering the monthly service rate if the alarm panel is removed. An evacuation plan will be developed and discussed among personnel. The fire extinguisher belongs to the Constable 1 office. Because there is not sufficient space in their office, the Constable's office keeps the fire extinguisher in the Judge's office. Judge will discuss this issue with the Constables office. Key logs will be updated to include the Judge's keys. A safe log will be created. Zipper money bags will be kept in a drawer during the day and in the safe at the end of the day. 	



Justice of the Peace, Precinct Number 1

DETAIL OBSERVATIONS AND ACTION PLANS



Finding #2

Risk Level (M)

Bonds outstanding: Not all bonds are addressed in a timely manner. There were 20 cases on the June 2016 bond schedule of which 13 cash bonds were outstanding for more than 90 days. The following table provides a summary of the observations:

Observation	Cases Reviewed	Percentage
Cases addressed in a Timely Manner	7	35%
Needed Refund Voucher Request	12	60%
Pending a Bond Hearing	1	5%
Total Cases Reviewed	20	

From the 12 cases that needed a refund, five cases had deferred disposition granted and were completed, however, they were pending JP1 personnel review to submit a refund request to the Auditor's office. Five other cases dated between 2006 and 2014 needed a 30 day notice mailed to the individuals to claim the funds. If no response is obtained after the 30 days the funds will be escheated to the state. Currently, those cases have been addressed by the court. Cases outstanding for more than 90 days now include only the one pending a bond hearing.

Recommendation

The court should review outstanding bonds on a monthly basis. Bonds that are outstanding for more than 90 days should be addressed in a timely manner with appropriate follow up.

Action Plan

Person Responsible	Judge and Court Coordinator	Estimated Completion Date	10/14/16
--------------------	-----------------------------	---------------------------	----------

Outstanding bonds will be reviewed monthly and addressed in a timely manner.



Justice of the Peace, Precinct Number 1

DETAIL OBSERVATIONS AND ACTION PLANS



Observation #3		Risk Level (M)																		
<p><u>Incomplete dismissal cases:</u> Out of 45 cases reviewed 20 or 45% were incomplete due to missing State Attorney's signature, scanned supporting documentation, or unclear dismissal conditions. The table below provides details of the sample reviewed:</p>																				
<table border="1"><thead><tr><th>Observation</th><th>Cases Reviewed</th><th>Percentage</th></tr></thead><tbody><tr><td>Complete & Accurate</td><td>25</td><td>55%</td></tr><tr><td>Motion to Dismiss Missing State Attorney's Signature</td><td>10</td><td>22%</td></tr><tr><td>No Supporting Documentation Scanned in Odyssey</td><td>7</td><td>16%</td></tr><tr><td>Unclear Dismissal Conditions</td><td>3</td><td>7%</td></tr><tr><td>Total Cases Reviewed</td><td>45</td><td></td></tr></tbody></table>			Observation	Cases Reviewed	Percentage	Complete & Accurate	25	55%	Motion to Dismiss Missing State Attorney's Signature	10	22%	No Supporting Documentation Scanned in Odyssey	7	16%	Unclear Dismissal Conditions	3	7%	Total Cases Reviewed	45	
Observation	Cases Reviewed	Percentage																		
Complete & Accurate	25	55%																		
Motion to Dismiss Missing State Attorney's Signature	10	22%																		
No Supporting Documentation Scanned in Odyssey	7	16%																		
Unclear Dismissal Conditions	3	7%																		
Total Cases Reviewed	45																			
Recommendation																				
<p>Due care must be exercised when processing of dismissal cases to ensure proper documentation is scanned to the defendant's file in Odyssey to support the validity of the dismissals. The dismissal conditions and reason for dismissal should be clearly stated. Motion to dismiss orders must have the appropriate approval signatures.</p>																				
Action Plan																				
Person Responsible	Judge and Court Coordinator	Estimated Completion Date	Immediately																	
<p>The court will be more careful while processing dismissal cases to ensure the conditions and reasons for dismissal are clearly stated, motion to dismiss orders have the appropriate signatures, and supporting documentation is scanned to the cases.</p>																				

Observation #4		Risk Level (M)	
<p><u>Jail Time Credit:</u> Three of five cases related to jail time credit did not have the supporting documentation scanned into Odyssey. The three cases were related to two other cases that did have the scanned documents. Each individual case record should have a scanned copy of the supporting documentation.</p>			
Recommendation			
<p>Scan supporting documentation to each individual case so a history exists for future reviews.</p>			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	Immediately
<p>Supporting documentation will be scanned to each individual case.</p>			



Justice of the Peace, Precinct Number 1
DETAIL OBSERVATIONS AND ACTION PLANS



Observation #5	Risk Level (L)		
<p>Policies and Procedures: The justice court has developed and implemented written policies and procedures. Upon review, more detailed information needs to be added regarding the main office duties and personnel responsibilities such as:</p> <ul style="list-style-type: none">• Deferred Disposition Procedures• Refund Process• Daily Deposits Procedures• Cashiering Functions			
Recommendation			
<p>Documented policies and procedures should be updated to include all main operations of the justice court as well as personnel responsibilities. Documented policies and procedures should serve as training tools, reference documents, and may provide for continuity of internal controls when changes in personnel occur.</p>			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	10/31/16
<p>Policies and procedures will be reviewed and updated to include the items indicated in the above observation. The justice court will merge their current two sets of policies and procedures into one.</p>			



COUNTY OF EL PASO
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10-17

October 19, 2016

The Honorable Ruben P. Gonzalez
County Tax Assessor-Collector
301 Manny Martinez Dr., 1st Floor
El Paso, Texas 79905

Dear Mr. Gonzalez:

The County Auditor's Internal Audit division performed an audit of the Tax Office – Auto Registration financial records for July 2015 through July 2016 to determine if internal controls are adequate to ensure proper preparation of Tax Office's financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. There were five findings noted as a result of the audit procedures. We wish to thank the management and staff of Tax Office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Franco for Edward Dion".

Edward A. Dion
County Auditor

EAD:RB:ya

Attachment



County Tax Office Audit



EXECUTIVE SUMMARY

BACKGROUND

The Motor Vehicle Registration division of the County Tax office is responsible for the collection of fees associated with vehicle registration, certificate title application, and motor vehicle taxes. Collections are received at the main office, five branches, and 11 contracted offices. Financial reports are generated from the Registration and Titling System (RTS). The audit was performed by Ruth Bernal, Internal Auditor Senior.

OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to motor vehicle registration. Following are the business objectives and related control assessment based on the audit work performed.

Business Objective	Control Assessment
1. Document and follow policies and procedures.	
2. Functioning appropriate cash controls.	
3. Timely deposits of daily collections in accordance with Local Government Code 113.022.	Satisfactory
4. Functioning manual receipt books controls	Unsatisfactory
5. Maintain proper supporting documentation of transactions.	Need Improvement
6. Complete and accurate bank reconciliations.	Satisfactory
7. Appropriate review and approval of expenditures	Unsatisfactory
8. Adequate non-financial security and operational measures	Unsatisfactory

SCOPE

The scope is July 2015 through July 2016. Contracted offices not included in the scope of this audit.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes for non-sufficient fund (NSF) checks and expenses;
- Performed a surprise cash count on June 22, 2016, in accordance with *Texas Local Government Code §115.0035*;
- Tested a sample of daily RTS collection reports and verified deposit completeness, accuracy, and timeliness;
- Reviewed a sample of NSF checks to ensure procedures are followed;
- Reviewed a sample of bank reconciliations for completeness and accuracy;
- Conducted interviews with Tax Office personnel to determine current processes and controls, such as adequate segregation of duties, dual controls, and safeguarding of information and assets;
- Reviewed a sample of supplies and equipment expenses to determine if procedures are followed;
- Reviewed and analyzed voided transactions;
- Reviewed non-financial security and operational measures to safeguard County assets.

RESULTS

Listed below are control and finding summaries, with observations listed from highest to lowest risk. Please see the *Detailed Findings and Action Plans* section of this report for details and management action plan(s).



County Tax Office Audit

EXECUTIVE SUMMARY



Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Procedures to ensure timely deposits (Obj. 3)• Procedures for bank reconciliations (Obj. 6)	<ul style="list-style-type: none">• Policies and procedures for the authorization and approval of expenses. (Obj. 1, 7)• Procedures and controls to ensure manual receipts safekeeping. (Obj. 2, 4)• Procedures to maintain supporting documentation (Obj. 5)• Non-financial security and operational measures (Obj. 8)
Finding Summary	
<ol style="list-style-type: none">1. Documentation of who is responsible for vault keys is not maintained.2. Eleven refund checks were issued without a secondary authorization signature.3. Used manual receipts books are not returned to the main office.4. Expenditure authorization policies and procedures are not documented; and a few expenditures did not include a secondary signature for authorization.5. The scofflaw release form is not kept as part of the supporting documentation.	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The internal control structure of the Tax Office as it relates to the auto registration was satisfactory for two of the eight objectives of this audit. Implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



County Tax Office Audit



DETAILED FINDINGS AND ACTION PLANS

Finding #1		Risk Level	
Tax Office vaults - A log or record of which employees have keys to the vault of each Tax office are not maintained.			
Recommendations			
Management should keep a log of the employees who have a key to access the vault and/or the storage room of each of the Tax offices.			
Action Plan			
Person Responsible	Mr. Ruben P. Gonzalez, Tax Assessor Collector	Estimated Completion Date	November 15, 2016
To maintain records of the keys issued, a log will be created that will include the employee's name, vault location, date issued, signature, and date returned when applicable.			

Finding #2		Risk Level	
Refund checks processed without second signature – While reviewing bank reconciliations, we found the month of October 2015 had 11 refund checks clear without a second signature. Procedures require two authorized signatures on refund checks.			
Recommendations			
The Tax office should exercise due care and verify refund checks have two authorized signatures before mailing them out.			
Action Plan			
Person Responsible	Mr. Ruben P. Gonzalez, Tax Assessor Collector	Estimated Completion Date	November 15, 2016
Procedures will be reviewed and updated to prevent that this situation from happening again.			



County Tax Office Audit



DETAILED FINDINGS AND ACTION PLANS

Finding #3		Risk Level (H)	
Manual Receipts –Used manual receipts books in the branches are not being submitted to the main Tax office for proper storage and disposal. The prior audit noted the Tax office had 61 unused generic manual receipt books; it was recommended the Tax office keep at least eight receipt books and submit the rest of the generic receipt books to the Auditor's office. That recommendation has not being implemented.			
Recommendations			
Manual receipt books with the County logo should be ordered through the Treasury division and unused inventory will be kept under Treasury custody. As part of Treasury procedures, departments will submit used receipt books and request new books from Treasury. Until the new receipt books are acquired, the Tax office should keep one generic receipt book per office/branch generic receipt books to Treasury for their custody.			
Action Plan			
Person Responsible	Mr. Ruben P. Gonzalez, Tax Assessor Collector	Estimated Completion Date	November 15, 2016
Tax office will submit the generic manual receipt books to Treasury division and evaluate their need of manual receipt books before they place an order for official receipts.			

Finding #4		Risk Level (M)	
Supplies and equipment expenses -Tax office policies and procedures for the authorization of equipment and supplies expenses are not documented. Procedures were provided verbally at the time of the review. Each purchase is requested with an internally generated Supply/Equipment Order Request form. While reviewing supporting documentation, the following exceptions were noted:			
<ol style="list-style-type: none">1. The Supply/Equipment Order Request form does not require the signature or initials of the person initiating the request.2. Three Supply/Equipment Order Request forms had no authorizing signature.3. On two Supply/Equipment Order Request forms the same person initiated the request, authorized the request, and authorized the payment.			
Recommendation			
Tax Office should document the policies and procedures for authorization of their supply and equipment expenditures. We also recommend the Supply/Equipment Order Request forms be updated to include the initials of the initiator of the request. It is very important that a strong separation of duties be in place to ensure the requesting, authorizing and receiving of equipment and supplies are not performed by the same person. It should require at least one different authorization signature.			
Action Plan			
Person Responsible	Mr. Ruben P. Gonzalez, Tax Assessor Collector	Estimated Completion Date	December 31, 2016
Tax office will analyze and document their policies and procedures for the authorization of equipment and supplies expenses and separation of duties.			



County Tax Office Audit



DETAILED FINDINGS AND ACTION PLANS

Finding #5		Risk Level (L)	
Scofflaw policies and procedures – The Tax Office does not have written policies and procedures for Scofflaw.			
Recommendations			
Tax Office should document their policies and procedures for Scofflaw. The policies and procedures should indicate if any documentation is required, and the proper disposition of the documentation. It is also recommended that procedures be reviewed periodically and be updated to reflect any changes or upgrades on the system that could modify the procedures.			
Action Plan			
Person Responsible	Mr. Ruben P. Gonzalez, Tax Assessor Collector	Estimated Completion Date	December 31, 2016
Tax office will analyze and document their policies and procedures for Scofflaw.			



COUNTY OF EL PASO
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10-24

October 25, 2016

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

Dear Ms. Favela:

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

The audit report is attached. There were no findings noted. Policies and procedures in place appear to be operating efficiently. As a result of management's proactive involvement, bank accounts for juvenile, deposit, custodial, and investment funds are being reconciled to Odyssey. The District Clerk's office, specifically the accounting division, should be commended for their professionalism and excellent work.

We wish to thank the management and staff of the District Clerk's office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:BT:ya



The Office of The District Clerk
EXECUTIVE SUMMARY



BACKGROUND

The office of the District Clerk is created by the Texas Constitution, Article V, Section 9. The District Clerk is an elected official whose term of office is four years. The District Clerk's office is responsible for coordinating the notification, swearing in and impaneling of jurors, securing court records, maintaining court dockets, and collecting various fees. There are eight sections in the District Clerk's Office: Accounting, Adoptions, Appeals, Attorney General, Civil, Criminal, Family Jury, and Records Management. The District Clerk's office provides service to the District Courts, County Courts, Visiting Judges and the Jail Magistrate. The audit was performed by Bertha Tafoya, Internal Auditor – Intermediate. The most recent prior audit report was issued on October 8, 2015, and had no findings.

FINANCIAL REPORTING

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the District Clerk's office financial reports. Following are the business objectives and related control assessment based on the audit work performed.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Timely and complete bank reconciliations	Satisfactory
4. Investments at various financial institutions are properly recorded in Odyssey	Satisfactory
5. Disbursement controls for invested and un-invested funds	Satisfactory
6. Timely processing of reimbursement requests for Title IV-D cases in compliance with <i>Texas Family Code Chapter 231 § 231.202 and Chapter 110 and Texas Government Code § 51.317, 318(b)(2) and § 51.319(2)</i>	Satisfactory
7. Completeness and timely posting of manual receipts issued	Satisfactory
8. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
9. Timely processing of refunds and due-to-other payments	Satisfactory
10. District Clerk's compliance with education requirements of Government Code §51.605	Satisfactory
11. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is August 2015 through July 2016

METHODOLOGY

To achieve the audit objective we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reviewed the bank reconciliations for the Deposit, Trust, and Juvenile accounts for appropriate documentation, timeliness, and management review and approval,
- Tested a sample of minor investment releases for appropriate documentation and management review and approval.
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code §113.022*.



The Office of The District Clerk
EXECUTIVE SUMMARY



- Reviewed manual receipt books for completeness and timely posting.
- Reviewed District Clerk's training certificates for compliance with Government Code §51.605
- Observed current security and operational processes and controls, such as safeguarding of collections, security system, building and vault access for adequacy.

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Documentation of established policies and procedures (Obj. 1)• Cash handling procedures (Obj. 2)• Manual receipt procedures (Obj. 7)• Review of the payment mail log for completeness (Obj. 8)• Collection procedures (Obj. 6)• Properly completed bank reconciliations (Obj. 3)• Reconciliation of investment accounts (Obj. 4)• Disbursement controls for invested funds (Obj. 5)• Timely processing of refund requests (Obj. 9)• Compliance with educational requirements (Obj. 10)• Non-financial security and operational controls (Obj. 11)	
Findings Summary	
None	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The District Clerk's office met all objectives of this audit. Financial reports generated from Odyssey contain all transactions occurring each month.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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10-19

October 25, 2016

Mr. Roger Martinez
Chief Juvenile Probation Officer
6400 Delta Drive
El Paso, Texas 79905

Dear Mr. Martinez:

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

The audit report is attached. There were two findings noted as a result of the audit procedures, both are repeat findings from prior audits. We wish to thank the management and staff of Juvenile Probation for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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

Edward A. Dion
County Auditor

EAD:HM:ya

cc: Ms. Betsy Keller, County Administrator



Juvenile Probation

EXECUTIVE SUMMARY



BACKGROUND

The Juvenile Probation Department (JPD) is committed to transforming young lives and creating safer communities while holding youth accountable for their actions. They provide an effective system that gives youth access to services which enhance personal growth, development, and opportunities for a productive life. Juvenile justice jurisdiction is strictly regulated by state law but probation is administered at the county level. JPD collections consist of all fees associated with probation, supervision, court costs, and court ordered victim restitution. The software used by JPD to account for financial information is Case Worker, a Texas Juvenile Justice Department software. The audit was performed by Hadi Medina, Internal Auditor – Intermediate.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Treatment of restitution payments in accordance with <i>Family Code §54.0482</i>	Unsatisfactory
2. Timely processing of refunds and due-to-others payments	Satisfactory
3. Functioning appropriate cash controls	Satisfactory
4. Posting of deposits to the Financial Accounting Management Information System (FAMIS)	Satisfactory
5. Accuracy of mail log information and timely posting to Case Worker	Satisfactory
6. Appropriate and timely posting of manual receipts to Case Worker	Satisfactory
7. Adherence to documented policies and procedures	Satisfactory
8. Resolution of prior audit issues	Unsatisfactory
9. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is September 2015 through July 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Identified restitution payments during the scope of the audit. Multiple reports were used to test a sample and verify disbursement and compliance in accordance with *Family Code §54.0482*.
- Tested all refunds processed to verify timeliness and supporting documentation.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Tested a sample of mail logs to determine deposit completeness, accuracy, and timeliness (compliance with *Local Government Code §113.02*).
- Tested a sample of manual receipts for appropriate and timely posting.
- Traced a sample of daily deposit slips to FAMIS and to individual daily transactions in Case Manager.
- Observed current security and operational processes and controls, such as safeguarding of collections, security system, building and vault access, and emergency action plan for adequacy.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk, as identified in this audit. Please see the *Findings and Action Plans* section of this report for details and management action plans.



Juvenile Probation
EXECUTIVE SUMMARY



Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Processing of refund request (Obj. 2)• Cash handling procedures (Obj. 3)• Timely deposit controls (Obj. 4)• Mail log controls (Obj. 5)• Manual receipt controls (Obj. 6)• Maintain and follow department policies and procedures (Obj. 7)• Non-financial security and operational controls (Obj. 9)	<ul style="list-style-type: none">• Treatment of restitution payments (Obj. 1, 8)
Findings Summary	
<ol style="list-style-type: none">1. Notification to victims of restitution payments is not consistent with <i>Family Code §54.0482</i>.2. Unclaimed funds have not been identified for transfer to a special fund of the County treasury in compliance with <i>Family Code §54.0482</i>.	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JPD has implemented improvements in their operations but failed to resolve prior audit issues. Implementation of the recommendations provided in this report should assist JPD in producing complete and accurate financial reports by strengthening their internal control structure.



Juvenile Probation

FINDINGS AND ACTION PLANS



Finding #1

Risk Level **H**

Restitution Payments Compliance: Notification to victims is not consistent with what is required by *Family Code §54.0482*. A sample of 45 was reviewed and interviews with JPD staff were conducted to verify compliance.

Family Code §54.0482 states a juvenile probation department that receives a restitution payment should notify the victim that a payment has been received. If a victim does not make a claim for payment on or before the 30th day after the notification date, the JPD shall notify the victim by certified mail, sent to the last known address of the victim, that a payment has been received.

Prior to May 2016, JPD procedures were to notify victims by phone when a payment was received. However, checks for all restitution payments to victims were sent out regardless of whether phone notification was successful. In May 2016, JPD began to send checks only to the victims they were able to reach by phone and verify their address. No certified letters have been sent to those they were unable to reach by phone. Mailing restitution payments to victims without initial notification was also a prior audit issue. Following are statistics on restitution payments received and issued for the audit scope:

	Quantity	Dollars
Payments received	1,656	\$ 97,709.70
Checks issued to victims	1,809	\$ 95,134.79
Checks voided*	182	\$ 8,284.23

* Checks returned undeliverable, or not cashed within six months of issuance.

Recommendation

JPD management should ensure procedures are implemented to comply with notification requirements of *Family Code §54.0482*. If phone notification is not successful, certified letters should be sent 30 days after initial notification attempt. Notification to victims of the receipt of restitution payments prior to sending the checks not only ensures compliance with the code, but will reduce the risk and expense of unnecessary mail and administrative costs associated with accounting for and voiding checks that are returned or not cashed.

Case Worker is not capable of properly tracking all restitution payments received but not disbursed. JPD's solution was to issue all checks, regardless of successful notification to the victim. A new software is being developed internally by JPD and they have stated it will be able to maintain all restitution payments and any follow up information. Expected implementation is March 2017. We recommend a spreadsheet be used to track disbursed and undisbursed payments until implementation is complete.

Action Plan

Person Responsible	Lorena Heredia	Estimated Completion Date	December 1, 2016
--------------------	----------------	---------------------------	------------------

JPD shall comply with the requirements of *Family Code §54.0482* and the County Auditors recommendation. Restitution will not be processed for payment until a claim has been made by the victim. If a claim is not made, the department will mail a certified letter 30 days after initial notification. Additionally, the department will implement a spreadsheet to track disbursed and undisbursed payments until the Juvenile Management Information System is modified to comply with *Family Code §54.0482*.



Juvenile Probation



FINDINGS AND ACTION PLANS

Finding #2		Risk Level H	
<p><i>Interest-Bearing Account:</i> Unclaimed funds have not been identified for transfer to a special fund of the County treasury in compliance with <i>Family Code §54.0482</i>.</p> <p><i>Family Code §54.0482</i> states on or before the fifth anniversary of the date that JPD receives a payment for a victim that is not claimed by the victim, the department shall make and document a good faith effort, to locate and notify the victim that an unclaimed payment exist. These efforts include, if possible, confirming the victim's most recent address with the Department of Public Safety and making at least one additional certified mailing to the victim. If the victim still does not claim a payment, the department has no liability to the victim or anyone else in relation to the payment and shall transfer the payment from the interest-bearing account to a special fund of the county treasury, the unclaimed juvenile restitution fund. The county may spend money in the unclaimed juvenile restitution fund only for the same purposes for which the county may spend juvenile state aid.</p> <p>JPD has not kept any records to determine how much money is no longer a liability and can be transferred to a special fund of the County treasury. As of July 31, 2016, the restitution interest-bearing account has a balance of \$62,200.77.</p>			
Recommendation			
JPD management should ensure procedures are implemented to comply with requirements of <i>Family Code §54.0482</i> . Reconciliation of the restitution interest-bearing account to specific payments made will provide an accurate accounting of restitution monies JPD still has a liability to pay to victims. We recommend a spreadsheet be used to identify and track restitution payments received that the JPD is no longer liable to pay to others until implementation of new software is complete. Identified payments that qualify to be transferred to a special fund of the County treasury should be transferred.			
Action Plan			
Person Responsible	Lorena Heredia	Estimated Completion Date	April 1, 2016
JPD shall implement procedures to comply with the requirements of <i>Family Code §54.0482</i> . The department will create a spreadsheet identifying and tracking restitution payments that JPD is no longer liable to pay. JPD will reconcile the restitution account in order to identify payments that qualify to be transferred to a special fund in the County treasury.			



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10-20

October 26, 2016

The Honorable Javier Garcia
Constable Precinct 6
190 N. San Elizario Rd.
P.O. Box 661
Clint, Texas 79836

Dear Constable Garcia:

The County Auditor's Internal Audit division performed an audit of the El Paso County Constable Precinct 6 office to determine if internal controls are adequate to ensure preparation of Constable 6 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were six findings noted as a result of the audit procedures. We wish to thank the management and staff of the Constable Precinct 6 office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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

Edward A. Dion
County Auditor

EAD:PT:RG:ya

cc: Ms. Betsy C. Keller, County Chief Administrator



EL PASO COUNTY CONSTABLE PRECINCT 6 AUDIT EXECUTIVE SUMMARY

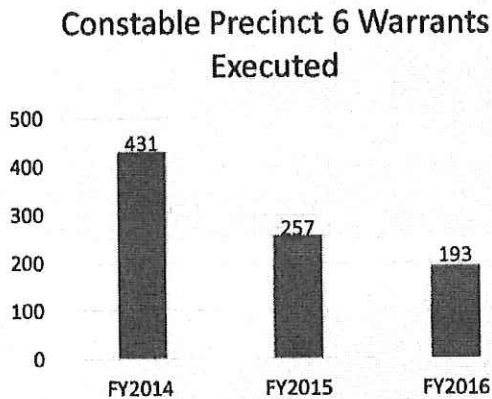


BACKGROUND

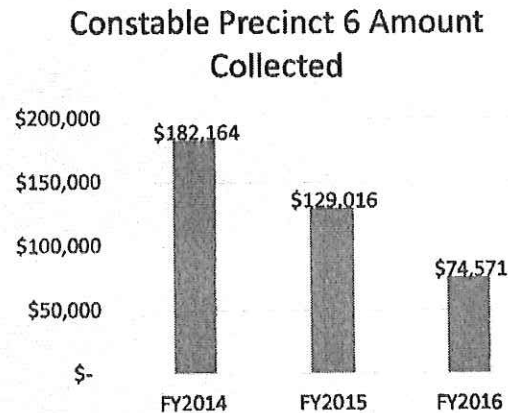
Constables are elected officials and serve four year terms within each justice precinct. Constables have the same duties and powers as do police officers and sheriffs, and have the duty to serve warrants, precepts, and civil process lawfully directed to them. Constables are also required by law to be present, or ensure one of their Deputy Constables is present, during hearings held by the Justice of the Peace. The audit was performed by Phillip Trevizo and Ricardo Gabaldon, Internal Auditors – Intermediate.

FINANCIAL REPORTING

Financial and statistical reports are generated from the Odyssey Courts and Justice System (Odyssey) and internal reporting from the County Auditor's Office. The following charts represent statistical and financial data for Constable Precinct 6 office.



Notes: FY 2016 Figures up to May 2016
Does not include warrants closed by arrest in the County Jail.



Notes: FY 2016 Figures up to May 2016

OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the Constable Precinct 6 office. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Establish and document policies and procedures	Needs Improvement
2. Functioning appropriate cash controls	Needs Improvement
3. Completeness and posting of manual receipts in Odyssey	Needs Improvement
4. Manual receipts log and manual receipt books controls	Unsatisfactory
5. Compliance with timely deposit law Local Government Code §113.022	Unsatisfactory
6. Compliance with continuing education requirements Occupations Code §1701.351	Satisfactory
7. Compliance with weapons proficiency requirements Occupations Code §1701.355	Unsatisfactory
8. Updating of warrant status in Odyssey	Satisfactory

SCOPE

The scope of the audit is November 2013 through May 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed applicable policies, procedures and regulations.
- Tested a sample of manual receipts for appropriate documentation and posting in Odyssey.
- Tested a sample of collections for timely deposit compliance in accordance with *Local Government Code* § 113.022.



EI PASO COUNTY CONSTABLE PRECINCT 6 AUDIT EXECUTIVE SUMMARY



- Reconciled Auditor's manual receipt book log to manual receipt books on hand.
- Tested a sample of warrant status changes in Odyssey for legitimacy.
- Reviewed training records for compliance with *Occupations Code §1701.351*.
- Reviewed weapons proficiency records for compliance with *Occupations Code §1701.355*.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *Detail Findings and Action Plans* section of this report for related details and management action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Compliance with educational requirements (Obj. 6) • Updating warrant status in Odyssey (Obj. 8) 	<ul style="list-style-type: none"> • Timely deposit compliance (Obj. 5) • Compliance with weapons proficiency demonstration requirements (Obj. 7) • Manual receipt logs and manual receipt books (Obj. 4) • Posting of manual receipts in Odyssey (Obj. 3) • Cash handling procedures (Obj. 2) • Adequate policies and procedures (Obj. 1)
Finding Summary	
<ol style="list-style-type: none"> 1. 17 % of manual receipts sampled did not comply with <i>Local Government Code § 113.022</i> (Time for Making Deposits). 2. Weapons proficiency demonstration documentation was not provided for three department employees to verify compliance with <i>Occupations Code § 1701.355</i>. 3. There is no manual receipt log and two manual receipt books that were issued on 1/26/10 and 12/15/11 could not be located by the office staff. 4. One manual receipt collection was not posted in Odyssey; furthermore, the funds were refunded by the Constable's office because the case had been dismissed at a bond hearing and the funds had not been deposited in the County's depository, which deviates from the normal refund procedure. 5. The office has no safety deposit box to hold funds overnight. 6. Current policies and procedures do not address compliance with the timely deposit law, receipting of collections in Odyssey and procedures to forward bond paper work to the justice courts. 	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The El Paso County Constable Precinct 6 office did not meet all objectives of this audit. Implementation of recommendations provided in this report should assist the Constable's office in improving the internal control structure of its operations.



**EI PASO COUNTY
CONSTABLE PRECINCT 6 AUDIT
DETAIL FINDINGS AND ACTION PLANS**



Finding #1	Risk Level H		
<p><u>Deposits not timely</u> – In a sample of 152 manual receipt collections, 17 % of receipts did not comply with <i>Local Government Code § 113.022</i> (Time for Making Deposits). The discrepancies ranged from six days to over 200 days. Two collections, one from 12/20/15 and another from 2/14/16, were deposited upon inquiry by the County Auditor's Office between 100 and 226 days late. When questioning the 2/14/16 collection it was stated the Constable locked the funds in a drawer pending deposit and forgot about the funds. When questioning the 12/20/15 collection it was stated the Constable collected the funds late at night, placed them in a portfolio and forgot about the funds.</p>			
Recommendation			
<p>Constable Precinct 6 should implement procedures to comply with <i>Local Government Code § 113.022</i> and ensure appropriate safekeeping of funds to decrease the risk of misappropriation of County funds.</p>			
Action Plan			
Person Responsible	Constable Precinct 6	Estimated Completion Date	11/30/2016
<p>A new office procedures manual will be created to address compliance with <i>Local Government Code § 113.022</i>.</p>			

Finding #2	Risk Level H		
<p><u>Weapons proficiency</u> – On 8/31/16 and 9/13/16 the auditor requested documentation to verify compliance with <i>Occupations Code § 1701.355</i> (Demonstration of Weapons Proficiency). The requested documentation was not provided to the Auditor's office for review.</p>			
Recommendation			
<p>Constable Precinct 6 should ensure all Constable Precinct 6 employees weapons proficiency compliance is documented and provide the County Auditor's office such documentation upon request.</p>			
Action Plan			
Person Responsible	Constable Precinct 6	Estimated Completion Date	
<p>During the audit exit conference Constable Precinct 6 provided weapons proficiency documentation on four out of seven precinct employees. The missing documentation for the three employees was not provided as of the issuance of this memorandum.</p>			



**EI PASO COUNTY
CONSTABLE PRECINCT 6 AUDIT
DETAIL FINDINGS AND ACTION PLANS**



Finding #3	Risk Level M		
<p><u>Manual receipt books</u> - Two manual receipt books issued to Constable Precinct 6 office on 1/26/2010 and 12/15/2011 were not located and the office does not have a manual receipt book log implemented. It was explained by Constable Precinct 6 that an effort to locate the missing receipt books was done, and the manual receipt books were issued before he came into office.</p>			
Recommendation			
<p>We recommend a manual receipt book log, (copy attached), be implemented by the Constable's office to provide better internal controls.</p>			
Action Plan			
Person Responsible	Constable Precinct 6	Estimated Completion Date	Immediately
<p>Constable Precinct 6 office will implement the manual receipt book log effective immediately.</p>			

Finding #4	Risk Level M		
<p><u>Posting of manual receipts</u> - In a sample of 152 manual receipts, it was noted that one constable collection was not posted in Odyssey; furthermore, the funds were refunded to the defendant 13 days after the collection date by the Constables office because the funds were not deposited before the case was dismissed by the justice court.</p>			
Recommendation			
<p>Constable Precinct 6 should ensure all collections are entered in Odyssey upon receipt and funds are deposited in accordance with Local Government Code § 113.022. All refunds should be referred to the County Auditor's office as required by current procedures.</p>			
Action Plan			
Person Responsible	Constable Precinct 6	Estimated Completion Date	11/30/2016
<p>The new office procedures manual will address timely deposit compliance to ensure all funds are deposited before a disposition is entered by the justice courts. All refunds will be referred to the County Auditor's office.</p>			



**EI PASO COUNTY
CONSTABLE PRECINCT 6 AUDIT
DETAIL FINDINGS AND ACTION PLANS**



Finding #5	Risk Level (M)		
<p><u>Safekeeping of funds</u> - Upon inquiry it was noted the Constables office does not have a safe located in its office. This creates a risk for funds that are held overnight, due to the fact that the closest county depository is located 17 miles away on Lee Trevino Ave.</p>			
Recommendation			
<p>Constable Precinct 6 office should purchase a safe to properly safeguard County funds pending to be deposited.</p>			
Action Plan			
Person Responsible	Constable Precinct 6	Estimated Completion Date	12/31/2016
<p>Constable Precinct 6 office will inquire with the Purchasing Department about obtaining a safe from the surplus inventory if available. If no safe is available in the surplus inventory then it will be purchased with the department's operating budget.</p>			

Finding #6	Risk Level (M)		
<p><u>Documented policies and procedures</u> - The following key operating functions were not addressed in the manual:</p> <ul style="list-style-type: none">• Timely deposit law compliance• Receipting of collections in Odyssey• Procedures to forward bond paper work to the justice courts			
Recommendation			
<p>The policies and procedures manual should be updated to address key operating functions of the Constable's office.</p>			
Action Plan			
Person Responsible	Constable Precinct 6	Estimated Completion Date	11/30/2016
<p>Constable Precinct 6 office will create an office procedures manual to expand on the current manual which address the missing key operating functions.</p>			



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11-02

November 1, 2016

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

Dear Sheriff Wiles:

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

The audit report is attached. We tested seven financial controls and two operating controls with a total of 206 samples. There were two findings noted as a result of the audit procedures, one of which was a repeat finding from the prior audit. We wish to thank the management and staff of the Sheriff's Office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:PT:ya

cc: Ms. Betsy Keller, County Chief Administrator



EL PASO COUNTY SHERIFF'S OFFICE AUDIT



EXECUTIVE SUMMARY

BACKGROUND

The audit focused on the Sheriff's Civil Section; the records section for Crime Records Evidence & Forensics Section (CREFS); non-jail commissary functions for the Bond Inmate Trust Section (BITS); and Texas Commission on Jail Standards (TCJS) State Paper Ready reporting. Financial reports are generated from the Odyssey Courts and Justice System (Odyssey), RecWare and Contract Manager showing all financial transactions occurring each month. Internal Sheriff's office reporting was also used during the course of the audit. The audit was performed by Phillip Trevizo, Internal Auditor – Intermediate.

OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the El Paso County Sheriff's office. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Satisfactory
2. Complete and accurate bank reconciliations	Satisfactory
3. Functioning appropriate cash controls	Satisfactory
4. Review and approval of disbursements from the General, Legal and Cash Bond bank accounts	Satisfactory
5. Manual receipt book log and manual receipts controls	Needs Improvement
6. Complete and accurate State Paper Ready Inmate Reports	Needs Improvement
7. Complete and accurate monthly bail bond posting fee collections and reporting	Satisfactory
8. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory

SCOPE

The scope of the audit is from September 2015 through June 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed applicable policies, procedures and regulations.
- Performed cash counts at Sheriff's CREFS, BITS and Civil Sections per Local Government Code §115.0035.
- Reviewed bank reconciliations and outstanding items.
- Reviewed a sample of daily collections and traced them to deposits.
- Reviewed the manual receipts log and tested a sample of manual receipts to Odyssey, RecWare or Contract Manager as applicable.
- Reviewed State Paper Ready Inmate Reports.
- Reviewed the monthly Bail Bond Posting Fee Collections Report.
- Reviewed a sample of disbursements from the Sheriff's Cash Bond, Legal and General bank accounts
- Tested a sample of mail log entries for completeness and traced them to Odyssey.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *Detailed Findings and Action Plans* section of this report for related details and management action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Documented policies and procedures (Obj. 1) • Reconciliation of bank accounts (Obj. 2) • Cash handling procedures (Obj. 3) • Disbursements from the General, Legal and Cash Bond bank accounts (Obj. 4) • Reconciliation of Bail Bond Posting Fees (Obj. 7) • Review of the payment mail log (Obj. 8) 	<ul style="list-style-type: none"> • Review of State Paper Ready Inmate Reports (Obj. 6) • Manual receipt logs and manual receipt books (Obj. 5)



EL PASO COUNTY SHERIFF'S OFFICE AUDIT



EXECUTIVE SUMMARY

Findings Summary

1. Eight State Paper Ready Inmate Reports were submitted incorrectly to the TCJS. (Repeat finding)
2. The records section for CREFS does not have a manual receipt book log implemented.

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The El Paso County Sheriff's office met six out of eight business objectives for this audit. The prior audit report issued November 4, 2015, had two issues, one was resolved and one was a repeat finding in this audit. Implementation of the recommendations provided in this report should assist the Sheriff's office in improving their internal control structure and producing accurate state paper ready reporting.



EL PASO COUNTY SHERIFF'S OFFICE AUDIT
DETAIL FINDINGS AND ACTION PLANS



Finding #1		Risk Level (M)	
Of the 10 monthly State Paper Ready Inmate Reports reviewed, eight reports were submitted incorrectly to the TCJS. (Repeat observation).			
Recommendation			
It is again recommended that monthly State Paper Ready Inmate Reports be reviewed by management for accuracy and completeness prior to submission to TCJS.			
Action Plan			
Person Responsible	Detention Chief	Estimated Completion Date	Immediately
Several layers of upper management will review the reports for accuracy before submitting them for approval. Additionally, an additional staff member will be assigned to the TCJS reporting section to assist with TCJS reporting duties. Any future revised reports along with a justification letter will be submitted to the County Auditor's office.			

Finding #2		Risk Level (L)	
The records section of CREFS does not have a manual receipt book log implemented.			
Recommendation			
We recommend the records section of CREFS implement a manual receipt book log, copy attached, to provide better internal controls over manual receipt books.			
Action Plan			
Person Responsible	CREFS Supervisor	Estimated Completion Date	Immediately
The records section of CREFS will implement the manual receipt book log effective immediately.			

[illegible]



COUNTY OF EL PASO
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November 8, 2016

Mr. Joe Lopez
Interim Purchasing Agent
800 E. Overland, Suite 300
El Paso, Texas 79901

Dear Mr. Lopez:

The County Auditor's Internal Audit division performed an audit of the Purchasing department's administration of the County's fuel credit card usage from October 2015 to July 2016 to determine if internal controls are adequate to assist in the proper deterrence of fraud or misuse. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of the Purchasing Department and the Fleet Services Department for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

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:JO:ya

cc: Ms. Betsy Keller, County Chief Administrator
Mr. Hopeton Staple, Fleet Manager



**El Paso County Purchasing Department
(Administration of Fuel Card Usage)**



EXECUTIVE SUMMARY

BACKGROUND

The El Paso County Purchasing department maintains and assigns all fuel credit cards procured from Western Refining Wholesale. These fuel cards are to be used by authorized County employees for fuel purchases for County vehicles, small equipment and other fuel operated County assets. The Western Refining Wholesale credit cards are controlled by a dispensing and monitoring system. In order for the credit card to be used, an odometer reading must be entered to activate the system's fuel pumping process. Monthly statements are issued to the various departments which, after proper reconciliation are remitted to the County Auditor's office for payment. Western Refining Wholesale electronic monthly statements for all departments were obtained through Mr. Hopeton Staple, Fleet Management Department Manager. However, as of the date of this report, all monthly statements are now sent directly to this office for review. The audit was performed by James O'Neal, Internal Auditor Manager – Senior.

AUDIT OBJECTIVES

This audit evaluated the adequacy of policies and procedures, internal controls and processes to achieve key business objectives related to the County Purchasing department's assignment, custody and use of all fuel credit cards. Further, the audit evaluated the process to insure proper maintenance and monitoring of fuel cards to reduce the risk of fraud and/or misuse. Following are the business objectives and related control assessment based on the audit worked performed.

Business Objective	Control Assessment
1. IRS compliance regarding fringe benefit valuations for assigned take home vehicles	Satisfactory
2. Comprehensive up to date operating policies and procedures.	Unsatisfactory
3. Adequate fuel card internal controls and restrictions	Unsatisfactory
4. Fuel card practices and transactions are in compliance with policies and procedures	Unsatisfactory

SCOPE

The scope of the audit is October 1, 2015, through July 31, 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed current policies and procedures
- Reviewed current internal controls and fuel card restrictions (if any)
- Reviewed and tested a sample of fuel credit card transactions
- Reviewed Fleet Services GPS reports to establish reasonableness of fuel card purchases
- Tested a sample of credit card statement payments for reconciliation, review and approval
- Established communication with Fleet Management Department Manager, Mr. Hopeton Staple, to obtain current policies and procedures, created by the Purchasing department, and monthly credit card statements for tested samples

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *Detailed Findings and Action Plans* section of this report for details and management action plan(s).

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Compliance with IRS regulations pertaining to tax treatment and reporting of employer provided vehicles involving work to home commuting. (Obj. 1)	<ul style="list-style-type: none">• Updated policies and procedures (Obj. 2)• Internal controls are weak and not monitored to prevent possible fraud and/or abuse (Obj. 3).• Reconciliation of monthly statements by either department, Purchasing or Fleet Services employees (Obj. 2, 3).



**El Paso County Purchasing Department
(Administration of Fuel Card Usage)**



EXECUTIVE SUMMARY

	Coordination between Fleet Services GPS reporting and fuel card reporting not feasible. (Obj. 2, 3).
Observation Summary	
<ol style="list-style-type: none">1. Current policies and procedures are out dated and some policies no longer in place2. Not all internal controls placed on fuel card usage being enforced or followed, resulting in:<ol style="list-style-type: none">a. Transactions within minutes or hours of each other with inconsistent odometer readings on the same cardb. Premium fuel purchasesc. Transactions on cards assigned to employees no longer employed by the Countyd. Purchase of non-fuel itemse. Some statements not reconciled prior to submission for payment	

INHERENT LIMITATIONS

This operational review was designed to provide reasonable assurance that the internal control structure related to the assignment and use of fuel cards is adequate to protect related County assets. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The County Purchasing department did not meet all objectives of this audit. Implementation of the recommendations provided in this report should assist the Purchasing department in strengthening their internal control structure.



El Paso County Purchasing Department
(Administration of Fuel Card Usage)



DETAIL FINDINGS AND ACTION PLANS

Finding #1		Risk Level (H)	
<u>Outdated Policies and Procedures</u> - Several policies and procedures are either not being followed or are no longer applicable to the current practices.			
Recommendation			
Both the Purchasing and Fleet Services departments should work together in updating any policies and procedures that have changed or are no longer being utilized. After being updated, they should be distributed and changes discussed with applicable departments to ensure they are implemented and followed.			
Action Plan			
Person Responsible	Mr. Lopez and Mr. Staple	Estimated Completion Date	02/01/2017
The Purchasing and Fleet Services departments will work together to update and enforce the policies and procedures regarding assignment, usage and storage of the fuel cards.			

Finding #2	Risk Level (H)
<u>Fuel Card Usage and Internal Controls</u> – A six month sample of fuel credit card transactions, totaling approximately 14,100 transactions, was analyzed and tested to determine if internal controls were in place to help reduce the risk of fraud and/or misuse. The following discrepancies were noted:	
<ul style="list-style-type: none">• 883 transactions, or 6.3% had inconsistent or "dummy" odometer numbers entered to commence fueling. These transactions occurred within several minutes of each other or within a four to six hour time period under the same assigned card. These transactions do not include instances in which the county employee was involved in out-of-city travel.• 407 transactions, or 2.9% had transactions for premium fuel. The additional cost associated with these transactions could be costly over a full fiscal year. Policy states only regular fuel is to be purchased unless diesel fuel is required.• 20 transactions, or .14% had transactions in which the assigned card holder was no longer employed by the County. The use of fuel cards assigned to former employees could lead to misuse or fraud.• 3 transactions, or .01% included non-fuel items.• Several departments are not requiring or reconciling paper receipts to the monthly statements.	
These statistics show a lack of internal controls which may lead to misuse or fraud. In addition, the GPS report utilized by Fleet Services cannot be used to verify reasonableness of fuel purchases because the GPS report is categorized by vehicle and a majority of the fuel card statements are categorized by the individuals assigned to the card.	
Recommendations	
Management should meet with a representative of Western Refining Wholesale to discuss electronic options available that can increase and tighten the fuel card usage internal controls. Possible recommendations may be:	
<ul style="list-style-type: none">• Limit transactions on fuel cards to once every couple of hours. An exception would be for those individuals who use vehicles for out-of-city operations. This would eliminate transactions occurring within a few minutes of each other.• Inability to purchase non-fuel items.• Restrict the use of upper graded fuels, unless specifically needed or specified.	
Management should also:	



**El Paso County Purchasing Department
(Administration of Fuel Card Usage)**



DETAIL FINDINGS AND ACTION PLANS

- Ensure all statements are reconciled to paper receipts and have documented review and approval prior to submission for payment.
- Consider assigning cards to County vehicles and not to individuals. This would eliminate the use of cards assigned to former employees and would allow the GPS reports to be used for better control of mileage, fuel usage and fuel transactions.

Action Plan

Person Responsible	Mr. Lopez and Mr. Staple	Estimated Completion Date	04/01/2017
---------------------------	---------------------------------	----------------------------------	-------------------

Both departments will work together to implement and enforce the new policies and procedures. Further, both departments will work on the proposed recommendations in order to strengthen the fuel card usage controls.



COUNTY OF EL PASO
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11-10

November 8, 2016

Mr. Eric L. Storrie
Associate Deputy Director
Parks and Special Events Division of Public Works
6900 Delta Ave.
El Paso, Texas 79905

Dear Mr. Storrie:

The County Auditor's Internal Audit division performed an audit of the Parks and Recreation swimming pools for the 2016 summer season to determine if internal controls are adequate to ensure proper preparation of the Swimming Pool's financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There were three findings noted as a result of the audit procedures. We wish to thank the management and staff of Ascarate Park for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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

Edward A. Dion
County Auditor

EAD:HM:ya

cc: Ms. Betsy Keller, County Administrator



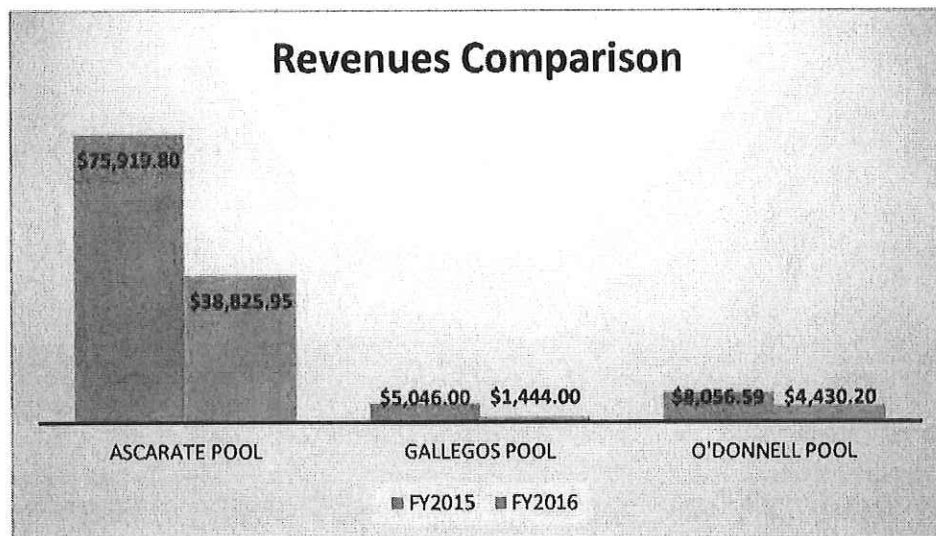
Parks and Recreation Swimming Pools



EXECUTIVE SUMMARY

BACKGROUND

The aquatics division of Parks and Recreation consists of the Ascarate, Gallegos, and O'Donnell pools. The Ascarate pool has an Olympic size outdoor pool and is one of the few pools suitable for competitive swim events in El Paso County. The area includes an enclosed picnic area shaded by tents that are available for rental. The other two pools are located in Fabens and Canutillo, Texas. All the Parks and Recreation pools are available to the public as well as for private party rentals. Pool collections consist of admission fees of \$1 for youth under 17 years of age, \$2 for adults 18 years and older, and \$1 for seniors 60 years and older. Prior to 2015, management of pool operations was outsourced. Revenue for 2015 and 2016 are illustrated below. The 2016 season was shorter as the pools were opened late due to maintenance and repairs.



Ascarate pool began using RecWare cashiering system last season to account for revenues. The other two locations continue to use a sequential bracelet system and cash box. The audit was performed by Hadi Medina, Internal Auditor – Intermediate.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Swimming Pool's financial reports. Following are the business objectives and related control assessments, and a summary of good and weak controls noted in the audit.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Accurate posting in RecWare of revenue collected	Needs Improvement
3. Timely processing and proper documentation of refunds	Satisfactory
4. Posting of deposits to the Financial Accounting Management Information System (FAMIS)	Satisfactory
5. Adherence to documented policies and procedures	Needs Improvement
6. Resolution of prior audit issues	Satisfactory

SCOPE

The scope of the audit is May 2015 through September 2016.



Parks and Recreation Swimming Pools



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*
- Reviewed 100% of the RecWare receipts and cash count sheets completed in support of each deposit slip.
- Tested all party rental agreements and refunds processed to verify timeliness and supporting documentation.
- Traced a sample of daily deposit slips to FAMIS for compliance in accordance with *Texas Local Government Code §113.022*.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Processing of refund requests (Obj. 3)• Timely deposit controls (Obj. 4)• Resolution of prior audit issues (Obj. 6)	<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Revenue receipt controls (Obj. 2)• Adherence to documented policies and procedures (Obj. 5)
Findings Summary	
<ol style="list-style-type: none">1. Several overages and shortages were noted and disciplinary action under cash handling policy was not followed.2. Transactions were entered incorrectly in RecWare, causing an over/under stating of revenue.3. Some cash count sheets were missing a supervisor verification signature and one was missing the sequential bracelets beginning and ending numbers.	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The Swimming Pools have implemented improvements in their operations but need to continue working on their cash handling procedures. Implementation of the recommendations provided in this report should assist the Swimming Pools in producing complete and accurate financial reports by strengthening their internal control structure.



Parks and Recreation Swimming Pools



FINDINGS AND ACTION PLANS

Finding #1		Risk Level (M)	
<p><i>Cash Overages and Shortages:</i> Cashiers responsible for overages and shortages were not disciplined in accordance with the policies and procedures.</p> <p>There were a total of 137 collection days for the three locations and all cash count sheets were reviewed.</p> <ul style="list-style-type: none">• Ascarate – Four shortages totaling \$4.40 and 4 overages totaling \$11.00.• O'Donnell – One overage of \$.20• Gallegos – No overages or shortages			
Recommendation			
<p>Due care should be exercised by pool staff members when performing cashiering duties to avoid overages or shortages of funds. If overages or shortages occur, policies and procedures should be followed and additional cashiering training provided as needed.</p>			
Action Plan			
Person Responsible	Eric Storrie	Estimated Completion Date	Continuous
<p>Policies and procedures will be followed by staff and additional/continual training will be provided. Management will enforce policies and procedures and provide corrective action when necessary.</p>			

Finding #2		Risk Level (M)	
<p><i>Cash Count Sheets:</i> All cash count sheets were reviewed for accuracy and completeness. The following exceptions to procedural requirements were noted:</p> <ul style="list-style-type: none">• One was missing the beginning and ending numbers for sequential bracelets• Two were missing a secondary verification signature			
Recommendation			
<p>Verifying cash count sheets completed by the cashiers is a security measure set in place to validate payment for pool entry. The sequential bracelets are used as the receipt of entry at the Gallegos and O'Donnell pools and are used to balance at end of shift. We recommend management ensure each cash count sheet is reviewed for completeness and accuracy and signed by a second individual.</p>			
Action Plan			
Person Responsible	Eric Storrie	Estimated Completion Date	Continuous
<p>Verification of cash count sheets will continue and supervisor/head lifeguards will be held responsible for ensuring cash count forms are properly completed. Management will enforce policies and procedures and provide corrective action when necessary.</p>			



Parks and Recreation Swimming Pools
FINDINGS AND ACTION PLANS



Finding #3

Risk Level (M)

Revenues posted incorrectly in RecWare: Daily close out reports were reviewed for individual transaction accuracy based upon the number of wrist bands sold. Ten of 61 daily reports (16%) were either over or under stated.

	Overstated		Understated	
	Qty	Total Amt	Qty	Total Amt
\$1 to \$5	2	\$ 3.00	4	\$ 7.00
\$5 to \$10	2	\$ 10.00		
Over \$10	2	\$ 27.00		

RecWare is the cashing system used by Ascarate pool. The above overstated figures indicate transactions are not being recorded in RecWare or are being recorded incorrectly, and the opposite for the understated figures. Observations and discussions with staff determined cash balancing is done to the wrist bands and not RecWare.

Recommendation

We recommend management ensure staff is properly trained to use RecWare before the start of the 2017 summer season. RecWare should be used for daily balancing and should accurately reflect transactions if reporting from RecWare is to be relied upon.

Action Plan

Person Responsible	Eric Storrie	Estimated Completion Date	Continuous
---------------------------	---------------------	----------------------------------	-------------------

Supervisors and cash-handling staff will be trained in proper use of the recreation management software before the start of the 2017 summer season. RecWare (or the new recreation management software in procurement) will be utilized for daily balancing by Ascarate Pool as recommended. Management will enforce policies and procedures and provide corrective action when necessary.



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11-25

November 16, 2016

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

Dear Sheriff Wiles:

A copy of a memorandum dated November 16, 2016, from Mr. Phillip Trevizo, Internal Auditor Intermediate, is attached. This memorandum is a report on a review of your Federal Forfeiture Accounts for the reporting period October 1, 2015, through September 30, 2016.

If we can be of any further 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:PT:ya

Attachment



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11-26

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR

THRU: BARBARA FRANCO, COUNTY AUDITOR, FIRST ASSISTANT *Barbara Franco*

THRU: JAMES O'NEAL, COUNTY AUDITOR, MANAGER SENIOR *James O'Neal*

FROM: PHILIP TREVIZO, INTERNAL AUDITOR, INTERMEDIATE *Philip Trevizo*

DATE: NOVEMBER 16, 2016

SUBJECT: REVIEW OF THE EL PASO COUNTY SHERIFF'S FEDERAL FORFEITURE
ACCOUNTS FOR THE REPORTING PERIOD OF OCTOBER 1, 2015 THROUGH
SEPTEMBER 30, 2016

Overview

A review of the El Paso Sheriff's Office Federal Forfeiture Accounts has been performed for the reporting period of October 1, 2015, through September 30, 2016. This is in accordance with The Guide to Equitable Sharing for State and Local Law Enforcement Agencies.

Scope and Purpose

The proceeds and expenditures of the seizure and forfeiture funds were reviewed to ensure that they were accounted for properly. The Fiscal Year 2016 Equitable Sharing Agreement and Certification Report, copy attached, was reviewed for accuracy and completeness.

Summary

No discrepancies were noted.

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 Sheriff's Office, as it pertains to federal forfeiture accounts, appears to be adequate.

EAD:PT:ya



Equitable Sharing Agreement and Certification



NCIC/ORI/Tracking Number: TX0710000
Agency Name: El Paso County Sheriff's Office
Mailing Address: 3850 Justice Road
El Paso TX 79938

Type: Sheriff's Office

Finance Contact

Name: Wiles, Richard D.
Phone: 9155382286

Email: lsamuel@epcounty.com

ESAC Preparer

Name: Samuel, R. Lucille
Phone: 9155382286

Email: lsamuel@epcounty.com

Last FY End Date: 9/30/2016

Agency Current FY Budget: \$101,954,791.00

Annual Certification Report

Summary of Equitable Sharing Activity		Justice Funds ¹	Treasury Funds ²
1	Beginning Equitable Sharing Fund Balance (Must match Ending Balance from prior FY)	\$73,831.42	\$70,264.87
2	Equitable Sharing Funds Received	\$164,416.91	\$8,965.94
3	Equitable Sharing Funds Received from Other Law Enforcement Agencies and Task Force (Complete Table B)	\$0.00	\$0.00
4	Other Income	\$0.00	\$0.00
5	Interest Income	\$0.00	\$0.00
6	Total Equitable Sharing Funds Received (total of lines 1-5)	\$238,248.33	\$79,230.81
7	Equitable Sharing Funds Spent (total of lines a - n below)	\$30,613.72	\$4,007.27
8	Ending Equitable Sharing Funds Balance (difference between line 7 and line 6)	\$207,634.61	\$75,223.54

¹Department of Justice Asset Forfeiture Program participants are: FBI, DEA, ATF, USPIS, USDA, DCSIS, DSS and FDA

²Department of the Treasury Asset Forfeiture Program participants are: IRS, ICE, CBP and USSS.

Summary of Shared Funds Spent		Justice Funds	Treasury Funds
a	Law enforcement operations and investigations	\$0.00	\$0.00
b	Training and education	\$500.00	\$0.00
c	Law enforcement, public safety and detention facilities	\$0.00	\$0.00
d	Law enforcement equipment	\$2,832.84	\$0.00
e	Joint law enforcement/public safety operations	\$0.00	\$0.00
f	Contracting for services	\$0.00	\$0.00
g	Law enforcement travel and per diem	\$1,380.88	\$4,007.27
h	Law enforcement awards and memorials	\$21,900.00	\$0.00
i	Drug, gang and other education or awareness programs	\$0.00	\$0.00
j	Matching grants (Complete Table C)	\$0.00	\$0.00
k	Transfers to other participating law enforcement agencies (Complete Table D)	\$0.00	\$0.00
l	Support of community-based programs (Complete Table E)	\$4,000.00	
m	Non-categorized expenditures (Complete Table F)	\$0.00	\$0.00
n	Salaries (Complete Table G)	\$0.00	\$0.00
Total		\$30,613.72	\$4,007.27

Table B: Equitable Sharing Funds Received From Other Agencies

Transferring Agency Name	Justice Funds	Treasury Funds

Table C: Matching Grants

Matching Grant Name	Justice Funds	Treasury Funds

Table D: Transfers to Other Participating Law Enforcement Agencies

Receiving Agency Name	Justice Funds	Treasury Funds

Table E: Support of Community-based Programs

Recipient	Justice Funds	
Advocacy Center for the Children of El Paso	\$500.00	
Crime Stoppers of El Paso Inc.	\$3,000.00	
Jennifer Ann's Group Teen Dating Violence	\$500.00	

Table F: Non-categorized expenditures in (a) - (n) Above

Description	Justice Funds	Treasury Funds
Error and Adjustment from previous year		

Table G: Salaries

Salary Type	Justice Funds	Treasury Funds

Paperwork Reduction Act Notice

Under the Paperwork Reduction Act, a person is not required to respond to a collection of information unless it displays a valid OMB control number. We try to create accurate and easily understood forms that impose the least possible burden on you to complete. The estimated average time to complete this form is 30 minutes. If you have comments regarding the accuracy of this estimate, or suggestions for making this form simpler, please write to the Asset Forfeiture and Money Laundering Section: 1400 New York Avenue, N.W., Washington, DC 20005.

Did your agency purchase any controlled equipment? ☐ YES ☒ NO

Affidavit

Under penalty of perjury, the undersigned officials certify that they have read and understand their obligations under the **Equitable Sharing Agreement** and that the information submitted in conjunction with this Document is an accurate accounting of funds received and spent by the Agency under the Guide during the reporting period and that the recipient Agency is compliant with the National Code of Professional Conduct for Asset Forfeiture.

The undersigned certify that the recipient Agency is compliant with the applicable nondiscrimination requirements of the following laws and their implementing regulations: Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.), Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.), which prohibit discrimination on the basis of race, color, national origin, disability, or age in any federally assisted program or activity, or on the basis of sex in any federally assisted education program or activity. The Agency agrees that it will comply with all federal statutes and regulations permitting federal investigators access to records and any other sources of information as may be necessary to determine compliance with civil rights and other applicable statutes and regulations.

During the past fiscal year: (1) has any court or administrative agency issued any finding, judgment, or determination that the Agency discriminated against any person or group in violation of any of the federal civil rights statutes listed above; or (2) has the Agency entered into any settlement agreement with respect to any complaint filed with a court or administrative agency alleging that the Agency discriminated against any person or group in violation of any of the federal civil rights statutes listed above?

☐ Yes ☒ No

Agency Head

Name: Wiles, Richard D.
Title: Sheriff
Email: RWiles@epcounty.com

Governing Body Head

Name: Escobar, Veronica
Title: County Judge
Email: Escobar@epcounty.com

To the best of my knowledge and belief, the information provided on this form is true and accurate and has been duly reviewed and authorized by the Law Enforcement Agency Head and the Governing Body Head whose names appear above. Their typed names indicate their acceptance of and their agreement to abide by the policies and procedures set forth in the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, this Equitable Sharing Agreement, and any policies or procedures issued by the Department of Justice or the Department of the Treasury related to the Asset Forfeiture or Equitable Sharing Programs.

☐ I certify that I am authorized to submit this form on behalf of the Agency Head and the Governing Body Head.



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11-23

November 16, 2016

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

Dear Sheriff Wiles:

A copy of a memorandum dated November 16, 2016, from Mr. Phillip Trevizo, Internal Auditor Intermediate, is attached. This memorandum is a report on a review of your State Forfeiture Accounts for the reporting period October 1, 2015 through September 30, 2016.

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:PT:ya

Attachment



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11-24

MEMORANDUM

TO: EDWARD A. DION, COUNTY AUDITOR

THRU: BARBARA FRANCO, COUNTY AUDITOR, FIRST ASSISTANT *B. Franco*

THRU: JAMES O'NEAL, COUNTY AUDITOR, MANAGER SENIOR *J. O'Neal*

FROM: PHILIIP TREVIZO, INTERNAL AUDITOR, INTERMEDIATE *Philip Trevizo*

DATE: NOVEMBER 16, 2016

SUBJECT: REVIEW OF THE EL PASO COUNTY SHERIFF'S STATE FORFEITURE
ACCOUNTS FOR THE REPORTING PERIOD OF OCTOBER 1, 2015 THROUGH
SEPTEMBER 30, 2016

Overview

A review of the El Paso Sheriff's Office State Forfeiture Accounts has been performed for the reporting period of October 1, 2015, through September 30, 2016. This review is to verify compliance with the requirements of *Code of Criminal Procedure, Article 59.06 (g)*.

Scope and Purpose

The proceeds and expenditures of the seizure and forfeiture funds were reviewed to ensure they were accounted for properly. The Fiscal Year 2016 Chapter 59 Asset Forfeiture Report, copy attached, was reviewed for accuracy and completeness.

Summary

No discrepancies were noted.

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 Sheriff's Office, as it pertains to state forfeiture accounts, appears to be adequate.

EAD:PT:ya



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FY 2016
CHAPTER 59 ASSET FORFEITURE REPORT
BY LAW ENFORCEMENT AGENCY

Agency: El Paso County Sheriff's Dept.
Mailing Address: 3850 Justice Road
City: El Paso
State: TX
ZIP: 79938
Agency County: El Paso
Phone Number: (916) 638-2286
Agency Fiscal Beginning Month: October
Agency Fiscal Ending Month: September

[Save](#) [Cancel](#)

NOTE: PLEASE ROUND ALL FIGURES TO NEAREST WHOLE DOLLAR

I. SEIZED FUNDS PURSUANT TO CHAPTER 59

A) Beginning Balance: \$ 0.00

B) Seizures During Reporting Period:

1) Amount seized and retained in your agency's custody: \$ 21,019.00

2) Amount seized and transferred to the District Attorney pending forfeiture: \$ 0.00

3) Total Seizures: \$21,019.00

C) Interest Earned on Seized Funds During Reporting Period: \$ 58.00

D) Amount Returned to Defendants/Respondents: \$ 0.00

E) Amount Transferred to Forfeiture Account: \$ 0.00

F) Other Reconciliation Items (Must provide detail in box below): \$ 0.00

Description:

D) Ending Balance: \$21,077.00

II. FORFEITED FUNDS AND OTHER COURT AWARDS PURSUANT TO CHAPTER 59

A) Beginning Balance: \$ 221,746.00

B) Amount Forfeited to and Received by Reporting Agency (Including Interest) During Reporting Period: \$ 4,102.00

C) Interest Earned on Forfeited Funds During Reporting Period: \$ 0.00

D) Amount Awarded Pursuant to §9.022: \$ 0.00

E) Amount Awarded Pursuant to §9.023: \$ 0.00

F) Proceeds Received by Your Agency From Sale of Forfeited Property: \$ 0.00

G) Amount Returned to Crime Victims: \$ 0.00

H) Other Reconciliation Items (Must provide detail in box below): \$ 111,556.00

Description:

Transfer from Sheriff's BCI Account

I) Total expenditures of Forfeited Funds During Reporting Period: \$75,825.00

J) Ending Balance (balance will be automatically calculated after expenditures are entered): \$261,578.00

III. OTHER PROPERTY

A) MOTOR VEHICLES (Include cars, motorcycles, tractor trailers, etc.)

1) Seized: 0

2) Forfeited to Agency: 0

3) Returned to Defendants/Respondents: 0

4) Put into use by Agency: 0

B) REAL PROPERTY (Count each parcel seized as one item) 2

1) Seized: 0

2) Forfeited to Agency: 0

3) Returned to Defendants/Respondents: 0

4) Put into use by Agency: 0

C) COMPUTERS (Include computer and attached system components, such as printers and monitors, as one item) 2

1) Seized: 0

2) Forfeited to Agency: 0

3) Returned to Defendants/Respondents: 0

4) Put into use by Agency: 0

D) FIREARMS (Include only firearms seized for forfeiture under Chapter 59. Do not include weapons disposed under Chapter 18) 2

1) Seized: 0

2) Forfeited to Agency: 0

3) Returned to Defendants/Respondents: 0

4) Put into use by Agency: 0

E) Other Property 2

Description	Seized	Forfeited to Agency	Returned to Defendants/Respondents	Put into use by Agency
	0	0	0	0

IV. FORFEITED PROPERTY RECEIVED FROM ANOTHER AGENCY 2

A) Motor Vehicles: 0

B) Real Property: 0

C) Computers: 0

D) Firearms: 0

E) Other: 0

V. FORFEITED PROPERTY TRANSFERRED OR LOANED TO ANOTHER AGENCY 2

A) Motor Vehicles: 0

B) Real Property: 0

C) Computers: 0

D) Firearms: 0

E) Other: 0

VI. EXPENDITURES 2

A) SALARIES

1) Increase of Salary, Expense or Allowance for Employees (Salary Supplement(s)): \$ 0.00

2) Salary Budgeted Solely From Forfeited Funds: \$ 0.00

3) Number of Employees Paid Using Forfeiture Funds: 0

4) TOTAL SALARIES PAID OUT OF CHAPTER 59 FUNDS: \$0.00

B) OVERTIME

1) For Employees Budgeted by Governing Body:

1)

2) For Employees Budgeted Salary out of Forfeiture Funds:

3) Number of Employees Paid Using Forfeiture Funds:

4) TOTAL OVERTIME PAID OUT OF CHAPTER 69 FUNDS: \$0.00

C) EQUIPMENT

1) Vehicles:

2) Computers:

3) Firearms, Protective Body Armor, Personal Equipment:

4) Furniture:

5) Software:

6) Maintenance Costs:

7) Uniforms:

8) K9 Related Costs:

9) Other (Must provide detail in box below):

Description:

Vehicle Repair

10) TOTAL EQUIPMENT PURCHASED WITH CHAPTER 69 FUNDS: \$2,600.00

D) SUPPLIES

1) Office Supplies:

2) Mobile Phone and Data Account Fees:

3) Internet:

4) Other (Must provide detail in box below):

Description:

Printing

5) TOTAL SUPPLIES PURCHASED WITH CHAPTER 69 FUNDS: \$3,220.00

E) TRAVEL**1) In State Travel**

a) Transportation:

b) Meals & Lodging:

c) Mileage:

d) Incidental Expenses:

e) Total In State Travel: \$243.00

2) Out of State Travel

a) Transportation:

b) Meals & Lodging:

c) Mileage:

d) Incidental Expenses:

e) Total Out of State Travel: \$3,016.00

3) TOTAL TRAVEL PAID OUT OF CHAPTER 69 FUNDS

Total Travel Paid Out of Chapter 69 Funds: \$3,259.00

F) TRAINING

1) Fees (Conferences, Seminars):

2) Materials (Books, CDs, Videos, etc.): \$ 0.00

3) Other (Must provide detail in box below): \$ 0.00

Description:

4) TOTAL TRAINING PAID OUT OF CHAPTER 69 FUNDS: \$8,805.00

4) INVESTIGATIVE COSTS

1) Informant Costs: \$ 0.00

2) Buy Money: \$ 0.00

3) Lab Expenses: \$ 0.00

4) Other (Must provide detail in box below): \$ 0.00

Description:

5) TOTAL INVESTIGATIVE COSTS PAID OUT OF CHAPTER 69 FUNDS: \$0.00

6) PREVENTION / TREATMENT PROGRAMS / FINANCIAL ASSISTANCE / DONATIONS

1) Total Prevention/Treatment Programs (pursuant to 69.06 (d-3)(b), (h), (j)):

2) Total Financial Assistance (pursuant to Articles 69.06 (n) and (o)):

3) Total Donations (pursuant to Article 69.06 (d-2)):

4) Total Scholarships to Children of Officers Killed in the Line of Duty (pursuant to Article 69.06 (f)):

6) TOTAL PREVENTION/TREATMENT PROGRAMS/FINANCIAL ASSISTANCE/DONATIONS (pursuant to Articles 69.06 (d-3)(b),(h), (j),(n),(o),(d-2),(f)):

7) FACILITY COSTS

1) Building Purchase: \$ 0.00

2) Lease Payments: \$ 0.00

3) Remodeling: \$ 0.00

4) Maintenance Costs: \$ 4,455.00

5) Utilities: \$ 0.00

6) Other (Must provide detail in box below): \$ 170.00

Description:

7) TOTAL FACILITY COSTS PAID OUT OF CHAPTER 69 FUNDS: \$4,625.00

8) MISCELLANEOUS FEES

1) Court Costs: \$ 0.00

2) Filing Fees: \$ 0.00

3) Insurance: \$ 500.00

4) Witness Fees (including travel and security): \$ 0.00

5) Audit Costs and Fees (including audit preparation and professional fees): \$ 0.00

6) Other (Must provide detail in box below): \$ 51,816.00

Description:

7) TOTAL MISCELLANEOUS FEES PAID OUT OF CHAPTER 69 FUNDS: \$52,316.00

9) PAID TO STATE TREASURY / GENERAL FUND / HEALTH & HUMAN SERVICES COMMISSION

1) Total paid to State Treasury due to lack of local agreement pursuant to 69.06 (c): \$ 0.00

2) Total paid to State Treasury due to participating in task force not established in accordance with 69.06 (q)(1): \$ 0.00

3) Total paid to General Fund pursuant to 59.08 (c-3) (C) (Texas Department of Public Safety only):	\$ 0.00
4) Total forfeiture funds transferred to the Health and Human Services Commission pursuant to 59.08 (p):	\$ 0.00
5) TOTAL PAID TO STATE TREASURY/ GENERAL FUND/ HEALTH & HUMAN SERVICES COMMISSION OUT OF CHAPTER 59 FUNDS:	\$0.00
L) TOTAL PAID TO COOPERATING AGENCY(IES) PURSUANT TO LOCAL AGREEMENT	
TOTAL PAID TO COOPERATING AGENCY(IES) PURSUANT TO LOCAL AGREEMENT:	\$ 0.00
N) TOTAL OTHER EXPENSES PAID OUT OF CHAPTER 59 FUNDS WHICH ARE NOT ACCOUNTED FOR IN PREVIOUS CATEGORIES	
TOTAL OTHER EXPENSES PAID OUT OF CHAPTER 59 FUNDS WHICH ARE NOT ACCOUNTED FOR IN PREVIOUS CATEGORIES (Must provide detail in box below):	\$ 0.00
Description:	
N) TOTAL EXPENDITURES	
TOTAL EXPENDITURES:	\$75,325.00
	Refresh totals

AUDITOR/ TREASURER/ACCOUNTING PROFESSIONAL/PREPARER CERTIFICATION

By pressing "Save" below using your email address and password account access, and pursuant to the terms of service you swear or affirm that the Commissioners Court, City Council or Head of Agency (if no governing body) has requested that you conduct the audit required by Article 59.06 of the Code of Criminal Procedure and that upon diligent inspection of all relevant documents and supporting materials, you believe that the information contained in this report is true and correct to the best of your knowledge.

SIGNATURE OF
AUDITOR/ TREASURER/
ACCOUNTING
PROFESSIONAL/
PREPARER:

TITLE:

HEAD OF AGENCY CERTIFICATION

By pressing "Submit" below using your email address and password account access, and pursuant to the terms of service you swear or affirm, under penalty of perjury, that you have accounted for the seizure, forfeiture, receipt, and specific expenditure of all proceeds and property subject to Chapter 59 of the Code of Criminal Procedure, and that upon diligent inspection of all relevant documents and supporting materials, this asset forfeiture report is true and correct and contains all information required by Article 59.06 of the Code of Criminal Procedure. You further swear or affirm that, to the best of your knowledge, all expenditures reported herein were lawful and proper, and made in accordance with Texas law.

SIGNATURE OF HEAD OF
AGENCY:

TITLE:

DATE: 11/8/2016

NOTICE OF CRIMINAL PENALTY

By checking this box I acknowledge that I have read and understand the foregoing notice. (This box must be checked in order to submit your report.)

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COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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EL PASO, TEXAS 79901-2407
(915) 546-2040
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11-30

November 17, 2016

The Honorable Jaime Esparza
District Attorney, 34th Judicial District
500 E. San Antonio, 2nd Floor
El Paso, Texas 79901

Dear Mr. Esparza:

The County Auditor's Internal Audit division performed an audit of the 34th Judicial District financial records to determine if internal controls are adequate to ensure proper preparation of District Attorney's financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested four financial controls and one operating control with a total of 96 samples. There were four findings noted as a result of the audit procedures. We wish to thank the management and staff of the District Attorney's office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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:DC:ya

Attachment



District Attorney, 34th Judicial District Audit



EXECUTIVE SUMMARY

BACKGROUND

Jaime Esparza, District Attorney (DA) for the 34th Judicial District prosecutes State cases in the El Paso, Culberson, and Hudspeth Counties. His office also administers the Victim Assistance Program for victims of misdemeanor, felony, and juvenile crimes. Financial reports are generated from QuickBooks showing all transactions occurring each month. The audit was performed by Daisy Caballero, Internal Auditor – Intermediate.

SCOPE

The scope of the audit includes financial records from September 2015 through August 2016.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Timely completion of bank reconciliations	Needs Improvement
2. Functioning check disbursement controls	Needs Improvement
3. Timely deposits and properly documented manual receipts	Needs Improvement
4. Accurate and complete Equitable Sharing Agreement report	Satisfactory
5. Documentation of updated policies and procedures	Needs Improvement

METHODOLOGY

To achieve the audit objectives we:

- Reviewed and verified the DA's monthly reconciliations of the QuickBooks financial reports to the bank statements for the DA Forfeiture/seizures, DA Special, and DA Asset Sharing accounts
- Tested a sample of the DA Special account disbursements for proper documentation, justification, and approval
- Reviewed a sample of the Forfeiture/Seizures Account manual receipts for completeness, proper documentation, timely deposit and posting to QuickBooks
- Verified FY 15 Equitable Sharing Agreement Report is complete and correct
- Reviewed FY 16 Equitable Sharing account's activity for proper documentation and approvals
- Reviewed policies and procedures
- Previous memoranda recommendations were reviewed for implementation

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk, as identified in this audit. Please see the Detail Findings and Action Plans section of this report for related details and management action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Equitable Sharing Agreement and Certification Report (Obj. 4) 	<ul style="list-style-type: none"> • Timely bank reconciliations (Obj. 1) • Check disbursement controls (Obj. 2) • Documentation of policies and procedures (Obj. 5) • Manual receipt controls/process (Obj. 3)
Findings Summary	
<ol style="list-style-type: none"> 1. The staff member who issues checks also issues his/her own checks 2. Bank reconciliations were not always done timely 3. Voided transactions do not have an explanation justifying the void 4. The policies and procedures manual does not include the check disbursement process 	



District Attorney, 34th Judicial District Audit

EXECUTIVE SUMMARY



INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The DA's office has implemented improvements in their operations. However, they did not meet all objectives of this audit. Implementation of the recommendations provided in this report should assist the DA's office in producing complete and accurate financial reports by strengthening their internal control structure.



District Attorney, 34th Judicial District Audit

DETAIL FINDINGS AND ACTION PLANS



Observation #1		Risk Level (M)	
<u>Check disbursements</u> – Of a total of 787 check disbursements from the DA Special account, a sample of 45 was reviewed and the following was noted: <ul style="list-style-type: none">• 3 voided checks did not state the reason why they were voided in the supporting documentation• The senior clerk issues her own checks			
Recommendation			
<ul style="list-style-type: none">• Voided transactions should have an explanation in the supporting documentation as to why the transaction was voided• When the senior clerk needs to be reimbursed, another authorized employee needs to issue the check to implement proper separation of duties			
Action Plan			
Person Responsible	Dinna Spencer, Office Manager	Estimated Completion Date	Immediately
The voided check backup will now include an explanation as to why the check was voided. Nobody will write their own disbursement check.			

Observation #2		Risk Level (M)	
<u>Bank Reconciliations</u> – Of the 12 DA Special bank reconciliations for the year, 5 were up to 150 days late. Of the 12 Forfeiture/Seizures and Asset Sharing bank reconciliations, 4 were up to 60 days late.			
Recommendation			
Bank reconciliations should be completed as soon as the monthly bank statement is available.			
Action Plan			
Person Responsible	Dinna Spencer, Office Manager	Estimated Completion Date	Immediately
The monthly bank reconciliations will be done within 30 days after the end of each month by policy. In the event the reconciliation is not done on time, Dinna will document the reason it was late and send it to the auditor.			



District Attorney, 34th Judicial District Audit
DETAIL FINDINGS AND ACTION PLANS



Observation #3		Risk Level (M)	
<u>Manual Receipts</u> – When attorneys leave the County, some pay \$100 to keep their badge and the money goes back to the DA Special account. There are no manual receipts for the attorney badge proceeds.			
Recommendation			
There should be a manual receipt issued when a badge payment is received. Department should get a manual receipt book for the DA Special account.			
Action Plan			
Person Responsible	Dinna Spencer, Office Manager	Estimated Completion Date	Immediately
A manual receipt book for the DA Special account has been requested from the Auditor's office. In the meantime, a hand written receipt will be issued.			

Observation #4		Risk Level (H)	
<u>Documented Procedures</u> – The policies and procedures manual does not include the check disbursement procedure.			
Recommendation			
The policies and procedures manual should be updated to include the check disbursement procedure. The policy should have a general guide for allowable expenditures.			
Action Plan			
Person Responsible	Dinna Spencer, Office Manager	Estimated Completion Date	12/01/2016
The policies and procedures manual will be updated to include the following : <ul style="list-style-type: none">• Check disbursement procedure• Voided checks procedure• Manual receipts procedure for the DA Special account• 30 day deadline after the end of each month to complete the bank reconciliations			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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EL PASO, TEXAS 79901-2407
(915) 546-2040
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12-23

December 20, 2016

The Honorable Delia Briones
El Paso County Clerk
500 E. San Antonio
El Paso, Texas 79901

Dear Delia Briones:

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

The audit report is attached. We tested eight financial controls and two operating controls with a total of 206 samples. There were four findings noted as a result of the audit procedures, one of which was a repeat finding from the prior audit. We wish to thank the management and staff of the County Clerk's Office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely

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

Edward A. Dion
County Auditor

EAD:RB:ya

Attachment



EL PASO COUNTY CLERK'S OFFICE AUDIT



EXECUTIVE SUMMARY

BACKGROUND

The County Clerk is an elected official who serves as clerk and custodian of records for the Commissioners Court, Constitutional County Court and Statutory County Courts. The County Clerk acts as a recorder and custodian of important public records, including all bonds, deeds, birth and death certificates, assumed names and livestock brands, ensuring that records are maintained in a secure, archival manner and issues marriage licenses. The audit was performed by Rene Balderrama, Internal Auditor – Intermediate.

OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the El Paso County Clerk's office. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Completeness and timely posting of manual receipts issued	Satisfactory
4. Completeness of the payment mail log and timely posting to TrackNet	Needs Improvement
5. Timely posting of Bond and Inmate Trust Section (BITS) payments	Satisfactory
6. Court order compliance in dismissed cases	Unsatisfactory
7. Timely processing of cash/civil bonds	Satisfactory
8. The reconciliation of the Probate Registry	Satisfactory
9. The reconciliation of the Civil/Criminal accounts	Needs Improvement
10. The reconciliation of the Escrow account	Needs Improvement

SCOPE

The scope of the audit is from September 2015 through October 2016.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reviewed monthly bank reconciliations for the Probate, Civil/Cash Bonds, and Escrow accounts.
- Tested all manual receipts for appropriate documentation and timely posting.
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code §113.022*.
- Tested a sample of dismissed cases to verify proper disposition and supporting documentation.
- Reviewed cash bond schedule to verify bonds were being addressed in a timely manner.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *Detailed Findings and Action Plans* section of this report for related details and management action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Documented policies and procedures (Obj. 1) • Cash controls (Obj. 2) • Manual receipt controls (Obj. 3) • Posting controls for BITS payments (Obj. 5) • Processing controls for cash/civil bonds (Obj. 7) • Probate Registry reconciliation (Obj. 8) 	<ul style="list-style-type: none"> • Payment mail log and timely posting to TrackNet (Obj. 4) • Controls to ensure court order compliance in dismissed cases (Obj. 6) • Civil/Criminal accounts reconciliation (Obj. 9) • Escrow account reconciliation (Obj. 10)



EL PASO COUNTY CLERK'S OFFICE AUDIT



EXECUTIVE SUMMARY

Findings Summary

1. Dismissals entered into Odyssey have been done incorrectly. The court clerks are entering fee dismissals as credits because their Odyssey access has been incorrectly setup and they do not have the ability to post charge reductions.
2. The Escrow account has been dormant for several years with a balance of \$3,994.30. (Repeat finding)
3. The County Clerk's civil account deposits and transfers are now deposited directly to the consolidated fund; however, there is a balance of \$46.44 that has not been transferred.
4. TrackNet receipt numbers for mail payments are not documented on the mail payments log.

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The El Paso County Clerk's office met six out of ten business objectives for this audit. The prior audit report issued August 26, 2015, had two issues, one was resolved and one was a repeat finding in this audit. Implementation of the recommendations provided in this report should assist the County Clerk's office in improving their internal control structure and producing accurate reporting.



EL PASO COUNTY CLERK'S OFFICE AUDIT
DETAIL FINDINGS AND ACTION PLANS



Finding #1			Risk Level (H)
Fees waived or dismissed have been entered into Odyssey incorrectly. The Court Clerks are entering fee dismissals as credits because the clerks are not set up to adjust fees in Odyssey properly.			
Recommendation			
It is recommended the County Clerk request for Court Clerks to be given the proper permissions to be able to post charge reductions instead of credits to into Odyssey.			
Action Plan			
Person Responsible	Chief Deputy	Estimated Completion Date	1/12/17
The County Clerk's Chief Deputy is working with ITD and the County Courts to provide updated Clerk permissions to be able to properly post fees that have been waived or dismissed.			

Finding #2			Risk Level (M)
The Escrow account has been dormant for several years with a balance of \$3994.30 (Repeat finding)			
Recommendation			
Escrow funds that have not been disbursed should be reviewed and escheated to the State if the business/entity to which the funds belong to are no longer in business. It is again recommended the bank account be reviewed and closed if no activity is occurring.			
Action Plan			
Person Responsible	Accounting Manager	Estimated Completion Date	2/1/17
The Accounting Manager is researching the bank account and is in the process of sending the remaining money to State for escheatment.			

Finding #3			Risk Level (M)
The County Clerk's civil account deposits and transfers are now deposited directly to the Consolidated fund; however, there is a balance of \$46.44 that has not been transferred.			
Recommendation			
It is recommended that the remaining funds be transferred to the County's consolidated account and the civil account be closed to avoid any charges from the bank.			
Action Plan			
Person Responsible	Accounting Manager	Estimated Completion Date	2/1/17
The Accounting Manager is researching the bank account and is in the process to send the money to County's consolidated account.			



EL PASO COUNTY CLERK'S OFFICE AUDIT
DETAIL FINDINGS AND ACTION PLANS



Finding #4		Risk Level (M)	
TrackNet receipt numbers for mail payments are not documented on the mail payments log.			
Recommendation			
It is recommended that all mail payments posted to TrackNet have the corresponding receipt number documented on the mail payments log.			
Action Plan			
Person Responsible	Cashiering Supervisor	Estimated Completion Date	Immediate
The Cashiering Supervisor will ensure all payments logged will have the corresponding receipt number logged.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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800 East Overland Street, Rm. 406
EL PASO, TEXAS 79901-2407
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02-20

February 27, 2017

The Honorable Jesus Urenda
Justice of the Peace, Precinct Number 4
2350 George Dieter, Ste A
El Paso, Texas 79936

Dear Judge Urenda:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 4 (JP4) financial records to determine if internal controls are adequate to ensure proper preparation of JP4 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. We tested ten financial and eight operational controls using 979 samples. There were four findings noted as a result of the audit procedures, including one repeat finding from the prior audit. We wish to thank the management and staff of JP4 for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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:BT:ya

Attachment



Justice of the Peace, Precinct Number 4



Executive Summary

BACKGROUND

Justice of the Peace are elected officials and serve four year terms. Justice of the Peace Precinct 4 (JP4) has judicial power over criminal cases involving minor offenses and civil matters where the amount in controversy does not exceed \$10,000. Other duties include issuing search and arrest warrants, conduct preliminary hearings, and perform marriages. Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. The audit was performed by Bertha Tafoya, Internal Auditor – Intermediate. The most recent prior audit report was issued October 8, 2015.

SCOPE

The scope of the audit includes financial records from September 2015 through September 2016

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP4 financial reports. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Documented policies and procedures	Needs Improvement
2. Functioning appropriate cash controls	Satisfactory
3. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
4. Timely posting of Bond and Inmate Trust Section (BITS) payments and credits	Satisfactory
5. Timely processing of cash bonds	Satisfactory
6. Court order compliance in dismissed cases	Needs Improvement
7. Court process of warrant requests for failed payment plans	Needs Improvement
8. Judge's compliance with education requirements of Government Code § 27.005	Satisfactory
9. Adequate non-financial security and operational measures	Satisfactory

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count 02/25/2016 in accordance with *Local Government Code §115.0035*.
- Reconciled and traced every deposit slip to the Financial Management Information System (FAMIS).
- Tested a 6% sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code §113.022*.
- Tested a 61% sample of cases referred by the Financial Recovery Division to verify warrants are being issued for failing to comply with court granted payment plans.
- Tested a 3% sample of dismissed cases to verify proper disposition and supporting documentation.
- Reviewed cash bond schedule to verify bonds are being addressed in a timely manner.
- Tested a 12% sample of cases with a jail time credit disposition for completeness and proper documentation.
- Randomly selected and tested 582 transactions from daily transaction reports to verify voids, reversals, and adjustments included comments and supporting documentation.
- Verified the court does not utilize manual receipts.
- Reviewed Judge's training certificates for compliance with *Government Code § 27.005*.
- Observed current security and operational processes and controls, such as safeguarding of collections, security system, building and vault access, and emergency action plan for adequacy.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk, as identified in this audit. Please see the *Detail Findings and Action Plans* section of this report for related details and management action plans.



Justice of the Peace, Precinct Number 4



Executive Summary

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 2)• Review of the payment mail log for completeness (Obj. 3)• Posting and documentation of jail time credit and collections by Sheriff's Office (Obj. 4)• Review of pending cash bonds (Obj. 5)• Compliance with educational requirements (Obj. 8)• Non-financial security and operational measures (Obj. 9)	<ul style="list-style-type: none">• Documentation of established policies and procedures (Obj. 1)• Proper documentation on dismissed cases (Obj. 6)• Court procedures on issuing warrants for failure to comply with payment plans (Obj. 7)
Findings Summary	
<ol style="list-style-type: none">1. Procedures relating to collections of funds are not documented. (Repeat finding)2. Supporting documentation is not scanned on the same date that adjustments are made3. Clerks have capability to back and future date statistical closures in Odyssey4. Warrants are not being issued as requested for non-compliance of payment plans	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

JP4 has implemented improvements in their operations. They met six of the nine objectives of this audit. Implementation of the recommendations provided in this report should assist JP4 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 4

Detail Findings and Action Plans



Finding #1		Risk Level H	
Documented procedures – The justice court has not documented detailed policies and procedures as they relate to the collection of funds (repeat finding). Such procedures should be updated regularly to reflect current practices and the duties of each employee should be clearly stated. The following operating functions should be addressed in the written policies and procedures of the justice court:			
<ul style="list-style-type: none">• Cashiering duties• Daily deposit verification process• Cashiering procedures, include tender type acceptance• Adjustment till procedures• Overpayment procedures• Procedures to adjust cases in Odyssey• Approval procedures• Refund procedures			
Recommendation			
A policies and procedures manual outlining key operating functions such as the daily activities of the office should be created and implemented. Such procedures will be helpful as training tools, reference documents, and may provide for continuity of internal controls when changes in personnel occur.			
Action Plan			
Person Responsible	Jose L Melendez	Estimated Completion Date	March 1, 2017
Policies and procedures will be documented, a draft copy will be provided to the County Auditor's Office for review.			



Justice of the Peace, Precinct Number 4

Detail Findings and Action Plans



Finding #2		Risk Level (M)						
<p>Supporting documentation – A sample of 582 transactions with voids, adjustments, and reversals was reviewed. Some cases had multiple exceptions. The following exceptions were noted:</p>								
<table border="1"><thead><tr><th>Exception</th><th>Cases</th></tr></thead><tbody><tr><td>Missing Comment</td><td>497</td></tr><tr><td>Missing Scanned Back-up</td><td>7</td></tr></tbody></table>			Exception	Cases	Missing Comment	497	Missing Scanned Back-up	7
Exception	Cases							
Missing Comment	497							
Missing Scanned Back-up	7							
Recommendation								
<p>Supporting documentation should be scanned to the case the same date updates are posted in Odyssey. Also, comments should be included for all case adjustments, voids, and reversals.</p>								
Action Plan								
Person Responsible	Judge Urenda	Estimated Completion Date Immediately						
<p>Management agrees with recommendations, supporting documentation will be scanned to the case the same date updates are posted to Odyssey. Also, comments will be included for all case adjustments, voids, and reversals.</p>								

Finding #3		Risk Level (M)
<p>Back and future dating of statistical closures – A sample of 33 out of 1,454 (2.5%) dismissed disposition cases was reviewed. The following was noted:</p>		
<ul style="list-style-type: none">• The statistical closure for case 415-00092-TR was back dated 16 months. The judge's dismissal dated January 29, 2015, was reprinted May 29, 2016, to obtain the Assistant District Attorney's signature.• The statistical closure was back dated ten months for Case 402-7781C. The judge's trial notes are signed by the Assistant District Attorney but not the judge.• The statistical closure in Odyssey for case 415-01741-TR is 11/30/2016. The Office Specialist Senior indicated the future dating in Odyssey was a typographical error; the statistical closure was created 11/30/2015. Supporting documentation confirms that statement.		
<p>The statistical closure dates are important because these are the dates reported to The Texas Office of Court Administration.</p>		
Recommendation		
<p>The roles and rights for all clerks should be reviewed to ensure access to back and future date is removed.</p>		
Action Plan		
Person Responsible	Judge Urenda	Estimated Completion Date Immediately
<p>Management will contact the Information Technology Department to ensure access to back and future dating of transactions, if any, is removed.</p>		



Justice of the Peace, Precinct Number 4

Detail Findings and Action Plans



Finding #4		Risk Level (M)	
<p>Warrants for payment plan non-compliance – A sample of 37 out of 61 cases (61%) referred to the court by Financial Recovery Division requesting warrants for failure to comply with payment plans were reviewed. Action to issue warrants on 33 of the 37 cases sampled, 89%, are still pending action as indicated below:</p> <ul style="list-style-type: none">• 14 No action taken• 16 Set for court, no show and no warrant issued• 2 Final 10 day letters but warrant not issued• 1 Extension to pay, no payment and no warrant			
Recommendation			
<p>Every effort is made by Financial Recovery Division to collect on cases referred to them by the court. Warrants should be issued for defendants that violate the payment plans to which they committed.</p>			
Action Plan			
Person Responsible	Judge Urenda	Estimated Completion Date	March 1, 2017
<p>Reports are no longer being sent to Judge Urenda's court, he will contact Financial Recovery Manager to ensure that a list of payment plan violators is referred to his court monthly.</p>			



COUNTY OF EL PASO
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03-02

March 7, 2017

Mrs. Norma Rivera Palacios
Public Works Deputy Director
800 East Overland, Suite 407
El Paso, Texas 79901

Dear Mrs. Rivera:

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

The audit report is attached. We tested six financial controls and four operating controls with a total of 219 samples. There were four findings noted as a result of the audit procedures; two are repeat findings. We wish to thank the management and staff of the Ascarate Golf Course for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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

Edward A. Dion
County Auditor

EAD:HM:ya

cc: Mrs. Betsy Keller, County Administrator
Mr. Eric L. Storrie, Associate Deputy Director



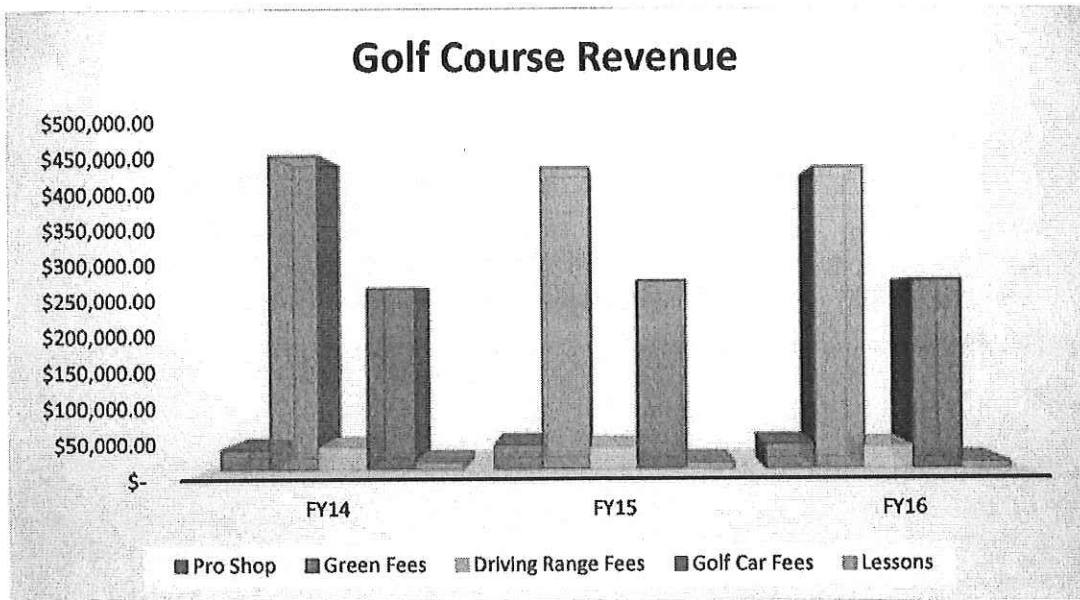
Ascarate Golf Course

EXECUTIVE SUMMARY



BACKGROUND

The Ascarate Golf Course is a 27-hole facility that was designed by architect George Hoffman and has been open for business since 1955. This makes the Golf Course at Ascarate Park one of the oldest golf courses in El Paso. The Golf Course welcomes all golfers from individual tee times to golf tournaments year round. The lighted practice facility and driving range makes it the ideal location to accommodate golfers practice needs. The course also offers a Pro-Shop that is equipped with a wide range merchandise and apparel. The Golf Course is headed by the Pro-Shop supervisor Christopher Gomez and PGA Golf Professional Mike Smith. Financial reports are generated from RecWare showing daily transactions on a monthly basis and are accounted for in the County's Financial Accounting System. Revenue for 2014, 2015, and 2016 is illustrated below.



The audit was performed by Hadi Medina, Internal Auditor – Intermediate.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Ascarate Golf Course's financial reports. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Functioning appropriate Pro Shop inventory control	Needs Improvement
2. Proper handling and controls of gift certificates	Needs Improvement
3. Functioning appropriate cash controls	Satisfactory
4. Accuracy of void log information and functioning controls	Unsatisfactory
5. Posting of deposits to the Financial Accounting System	Satisfactory
6. Appropriate and timely posting of manual receipts	Satisfactory
7. Adherence to documented policies and procedures	Unsatisfactory
8. Adequate non-financial security and operational measures	Satisfactory
9. Resolution of prior audit issues	Unsatisfactory

SCOPE

The scope of the audit is February 2015 through September 2016.



Ascarate Golf Course

EXECUTIVE SUMMARY



METHODOLOGY

To achieve the audit objectives we:

- Interviewed staff to gain an understanding of their current policies and procedures over sales, lessons, customer service, tournaments and Pro shop operations.
- Identified all purchase orders received after June 28, 2016, when a full inventory was conducted, to verify the inventory is being entered accurately and updated when sold.
- Tested a sample of gift certificates to determine appropriate RecWare entry, use, and enforcement of expiration dates.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Tested all voided transactions entered in RecWare to determine accuracy, proper documentation, and approval.
- Tested a sample of manual receipts for appropriate and timely posting.
- Traced a sample of daily deposit slips to the County's Financial Accounting System and to individual daily transactions in RecWare.
- Reviewed previous audit recommendations for implementation.
- Observed current security and operational processes and controls.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk, as identified in this audit. Please see the *Findings and Action Plans* section of this report for details and management action plans.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 3)• Timely deposit controls (Obj. 5)• Manual receipt controls (Obj. 6)• Non-financial security and operational controls (Obj. 8)	<ul style="list-style-type: none">• Pro Shop inventory controls (Obj. 1)• Gift Certificate controls (Obj. 2)• Void log controls and procedures (Obj. 4, 9)• Maintain and follow department policies and procedures (Obj. 7, 9)
Findings Summary	
<ol style="list-style-type: none">1. The Golf Course Pro Shop inventory is not maintained properly and there is a lack of dual control when ordering and receiving merchandise.2. Gift certificates are not reviewed to verify enforcement of expiration dates.3. Current void procedures are inadequate and lack separation of duties (prior audit issue).4. Documented Policies and Procedures are vague and incomplete (prior audit issue).	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected

CONCLUSION

The Golf course has implemented improvements in their operations but failed to resolve prior audit issues and still requires strengthening of controls. Implementation of the recommendations provided in this report should assist the Golf Course in producing complete and accurate financial reports by strengthening their internal control structure.



Ascarate Golf Course



FINDINGS AND ACTION PLANS

Finding #1		Risk Level H	
<p><i>Pro Shop Inventory:</i> Due to the limitations of the current Pro Shop software, RecWare, a detailed physical inventory was conducted on June 28, 2016, to begin implementing a manual inventory system. This allows the Golf Pro Shop to update the inventory every time merchandise is received or sold through excel. A total of ten purchase orders received after June 28, 2016, were reviewed for accurate inventory entry and traced to merchandise sales for proper updating.</p> <ul style="list-style-type: none">• Three purchase orders were not entered correctly into the inventory spreadsheet or updated to reflect sales. Due to the incorrect use of charge codes on sales, an accurate reconciliation of the merchandise purchased with these purchase orders was not feasible.• Three purchase orders were not updated correctly to reflect sales. After conducting a physical inventory of the items in question, a total of two items were unaccounted for. <p>There is also a lack of dual control when inventory is ordered and received. The individual who submits the requisition is the same one who is receiving the inventory. The absence of an adequate inventory system can create an overstock of inventory and the opportunity for fraudulent activity.</p>			
Recommendation			
<p>The Golf Pro Shop supervisor should update all merchandise received and sold on a weekly basis. Due to the difficulty of updating the current software, it is recommended charge codes be deactivated for items that are obsolete. This will help staff avoid choosing the incorrect codes at point of sale and facilitate the accuracy of the inventory process.</p>			
Action Plan			
Person Responsible	Eric Storrie, Associate Deputy Director	Estimated Completion Date	September 30, 2017
<p>Golf Course Cashiers were scanning the "new" balls and processing the transaction as usual, but because the UPC that was being scanned was incorrect (assigned to previous year balls), the actual quantity being removed from the inventory was coming off the wrong product. A process will be created to standardize the manner in which products are entered into the system. Staff have begun standardization of naming in the system, but need a better understanding of what Recware is capable of doing and how the software can maximize revenue potential here at the Golf Course. Staff have received no formal training on the software. This will be corrected when the new recreation management software is procured in June 2017. Starting immediately, the Golf Pro Shop will be submitting requisitions and a person assigned by the Associate Deputy Director will be responsible of receiving inventory.</p>			

Finding #2		Risk Level H	
<p><i>Policies and Procedures:</i> With the exception of some cashiering duties, policies and procedures documented are vague. Documented policies and procedures help ensure implementation of controls, consistent processes and may also help with employee training. This is a prior audit issue.</p>			
Recommendation			
<p>Management should document policies and procedures as soon as possible to address each area of the Golf Course and Pro Shop operations.</p>			
Action Plan			
Person Responsible	Eric Storrie, Associate Deputy Director	Estimated Completion Date	September 30, 2017
<p>Policies and Procedures are currently a work in progress. With current reduced staffing levels, the Golf Course will seek to have these in place by September 30, 2017.</p>			



Ascarate Golf Course
FINDINGS AND ACTION PLANS



Finding #3		Risk Level (H)	
<p><i>Voided Transactions:</i> All 65 void transactions during the audit period were reviewed for accuracy.</p> <ul style="list-style-type: none">• All voided transactions were receipted and voided by the same individual• A voided transaction was not recorded on the void log• 18 voided transactions were done when the cashier was closing their batch instead of when the mistake occurred. The mistakes were related to entering the incorrect tender method.• Two voided transactions were done when the cashier was closing their batch but for lessor amounts, for a total difference of \$78. <p>The lack of proper controls in the use of voids can lead to the misrepresentation of revenue or create the opportunity for fraud. This is a prior audit issue.</p>			
Recommendation			
<p>A supervisor should verify all voids are processed and recorded appropriately. Adequate separation of duties should be implemented. Management has stated that due to other Golf Course duties, it is difficult to have a second individual present at all times in the Pro Shop. Under no circumstance should an employee void his or her own transactions.</p>			
Action Plan			
Person Responsible	Eric Storrie, Associate Deputy Director	Estimated Completion Date	March 31, 2017
<p>Golf Course issued too many voids last year, regardless of the reasons for them. Staff have been directed to stop processing voids at the end of a shift in order to reconcile totals. As part of our ongoing policies and procedures, voids will require the customer's signature when a supervisor is not available. Golf Course staff will make every effort to improve communicating with our customers in order to eliminate any miscommunication when processing transactions. A prepared script will be created to assist cashiers with transactions.</p>			

Finding #4		Risk Level (L)	
<p><i>Gift Certificates:</i> Customers can purchase gift certificates at no additional charge. Gift Certificates expire within six months of purchase. A sample 45 of 244 gift certificates was reviewed to determine appropriate RecWare entry, use, and enforcement of expiration dates. Two certificates were used after they had expired.</p>			
Recommendation			
<p>Golf Course management should ensure expired gift certificates are not being accepted by staff and that staff is receiving proper training as needed.</p>			
Action Plan			
Person Responsible	Eric Storrie, Associate Deputy Director	Estimated Completion Date	March 1, 2017
<p>The expired gift certificates were redeemed in order to increase customer satisfaction. Course membership includes a senior majority, of which many have to undergo medical treatments that keep them away from the course for months at a time. The alternative case happens when our tournament hosts issue the gift certificates to golfers who don't play here on a regular basis, these golfers hold those certificates until their return trip which can sometimes fall outside the 6 month window that our gift certificates allow. The Golf Course will now honor gift certificates on a calendar year basis, with all gift certificates expiring on December 31st. All current gift certificates will be valid until the end of 2017, regardless of when issued. Staff will reach out to all current gift certificate holders to notify users of this change and signage will be posted at the course.</p>			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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03-12

March 21, 2017

The Honorable Ruben P. Gonzalez
County Tax Assessor-Collector
301 Manny Martinez Dr.
El Paso, Texas 79905

Dear Mr. Gonzalez:

The County Auditor's Internal Audit division performed an audit of the Tax Office Licensing Division and Ad Valorem account financial records to determine if internal controls are adequate to ensure proper preparation of related Tax office financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested eight financial controls and one operating control with a total of 92 samples. The audit report depicts five findings noted as a result of the audit procedures; one was a prior audit finding. We wish to thank the management and staff of the Tax Office for their assistance and courtesies extended during this audit.

Because of certain statutory duties required of the County Auditor, this office is not independent in regard to your office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Sincerely,

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

Edward A. Dion
County Auditor

EAD:LV:ya

cc: Ms. Betsy Keller, Chief Administrator



**Tax Office
Licensing Division & Ad Valorem Account**



Executive Summary

BACKGROUND

The Tax Office Licensing Division collects taxes on County liquor licenses, occupational permits on coin-operated machines, hotel/motel occupancy, and beer and wine licenses. The cashiering system utilized by the Tax Office was RecWare SAFARI. RecWare was replaced with Tyler cashiering system October 2016.

Collections received at the Tax Office are paid to the County through a wire transfer from its Ad Valorem account. Property taxes are transferred electronically from the City Tax Office to the County Tax Office Ad Valorem account. The Tax Office Accounting Division wire transfers the funds from the Ad Valorem account to the County Consolidated account.

The audit was performed by Lizeth Veliz, Internal Auditor, Intermediate.

SCOPE

The scope of the audit is from September 2015 through September 2016.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Tax Office Licensing Division financial reports. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Needs Improvement
2. Functioning appropriate cash controls	Satisfactory
3. Complete and accurate monthly bank reconciliations for the Ad Valorem account	Needs Improvement
4. Complete and accurate monthly reconciliations of RecWare reports and weekly balance sheets.	Satisfactory
5. Supporting documentation and legitimacy of voided transactions	Satisfactory
6. Proper documentation and completeness of the manual receipt logs	Needs Improvement
7. Completeness of the payment mail log and timely posting to RecWare	Needs Improvement
8. Ad Valorem account transfers to the County are made for the correct amount and in a timely manner.	Satisfactory
9. Hotel/Motel tax payments are complete, properly posted, and received in a timely manner.	Needs Improvement

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count in accordance with *Local Government Code (LGC) §115.0035*.
- Reviewed a sample of monthly bank reconciliations for timeliness, accuracy and completeness.
- Tested a sample of weekly balance sheets and compared them to RecWare cashiering reports.
- Tested a sample of voided transactions to verify proper documentation and posting
- Tested a sample of mail log entries for appropriate documentation and timely posting in RecWare in accordance with *LGC §113.022*.
- Reviewed a sample of Hotel/Motel tax payments to ensure payment of County occupancy tax is made in a timely manner.
- Selected a sample of Ad Valorem account transfers made to the County to verify amount and timely posting in accordance with *LGC §113.022*.



**Tax Office
Licensing Division & Ad Valorem Account**



Executive Summary

RESULTS

Listed below are control and findings summaries, with findings listed from highest to lowest risk, as identified in this audit. Please see the *Detail Findings and Action Plans* section of this report for related details and management action plans.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 2)• Proper posting of payments in RecWare (Obj. 4)• Proper posting and supporting documentation of voided transactions (Obj. 5)• Accurate and complete Ad Valorem account transfers (Obj. 8)	<ul style="list-style-type: none">• Completeness of department policies and procedures (Obj. 1,7)• Supervisor review of bank reconciliations (Obj. 3)• Implementation of manual receipts custody procedures (Obj. 6)• Completeness and procedures of mail log payments (Obj. 7)• Hotel/Motel tax collection procedures (Obj. 9)
Findings Summary	
<ol style="list-style-type: none">1. Incomplete mail log entries and a related lack of segregation of duties.2. Hotel/motel tax collection procedures lack segregation of duties; 40% of payments sampled were late and late fees were not assessed; the state quarterly tracking spreadsheet is not maintained; interest rate on the statements was incorrect and due dates were not always accurate.3. Incomplete implementation of manual receipt safekeeping procedures.4. Incomplete/out of date written policies and procedures.5. Not all bank reconciliations are being reviewed on a monthly basis (repeat finding).	

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard the County's assets from loss, theft, or misuse. The County's internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of implementing the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires the use of estimates and judgment by management. Because of the inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected.

CONCLUSION

The Tax Office Licensing Division has implemented improvements in their operations. They met all but five of the objectives of this audit. Implementation of the recommendations provided in this report should assist the Tax office in producing complete and accurate financial reports by strengthening their internal control structure.



**Tax Office
Licensing Division & Ad Valorem Account**



Findings and Action Plans


Finding #1		Risk Level III	
Mail log entries: Ten or 25% of 41 mail log entries, were selected for review. The following was noted:			
<ul style="list-style-type: none">• No mail log is maintained for payments received via regular mail. Mail log only includes mail delivered by paid courier services such as Federal Express, UPS, DHL, etc.• The overnight payments for the Licensing Division are recorded in the log by the same person that receives and posts the payments in RecWare. Before a payment is posted to RecWare, a supervisor, manger or assistant manager from another division verifies the mail payment received and enters his/her initials in the log. No mail payment verification is done by the supervisors or managers for the regular mail.• Four mail log entries did not have the customer description for which the payment was applied. Only one sample item was identified by the Licensing Specialist. The rest were not verified due to lack of information.• Three different businesses had two receipt numbers each for payments made on the same date. Since the mail log does not include amount, check and license numbers, the associated receipt number for each of the payments could not be identified.			
Recommendation			
<ul style="list-style-type: none">• A mail log should be created for all payments received, either by regular or paid mail couriers.• There should be segregation of duties to receive, distribute, and post regular mail payments in RecWare.• The amount, check and business license numbers should be added to the log to facilitate payment verification. All fields on the log should be completed.			
Action Plan			
Person Responsible	Mario A. Rodriguez	Estimated Completion Date	Immediately
Tax office agrees to maintain a mail log for regular mail payments.			
Due to lack of personnel, the Licensing Specialist will continue receiving and posting the mail payments to Tyler cashiering system. However, Arturo Pastrana, Letty Ramos, or Angela M. Brinkley will verify and document receipt of payment in the log before posting of payments.			
Payment amount, check number and business license number will be added to the log to leave a payment trail.			



**Tax Office
Licensing Division & Ad Valorem Account**



Findings and Action Plans

Finding #2	Risk Level 
<p>Hotel/Motel Occupancy Tax: The sample selected was 19%, or 42 of 217 hotel/motel statements for quarters one and two. The following was noted:</p> <ul style="list-style-type: none">• Late payment penalties were not assessed on payments received within five business days after the payment due date. Tax office written procedures state payments must be postmarked by the due date. No postmark date record was available to verify payments were submitted on time. The Licensing Specialist indicated RecWare's receipt date is the date the payment was received at the Tax Office. The only exception is on payments received after 3pm, which are posted the following day. The Licensing Specialist also stated the Tax office uses a five day grace period when determining if a payment is late. <p>Based on the receipt date, 17 hotels/motels (40%) were late on their occupancy tax payments: one hotel was 55 days late, and has been billed on two occasions by the Licensing Specialist for the delinquent fees. As of March 8, 2017, no collection has been made on the fees. The remaining 16 hotels were late between one and four days. Estimated lost revenue due to late payments, not including interest, was \$12,779.29 for the items sampled.</p> <ul style="list-style-type: none">• Procedures state a spreadsheet is maintained to track quarterly County and State taxes. State information is no longer maintained on the spreadsheet and the Licensing Specialist indicated that effective January 1, 2016, reports obtained from the State Comptroller's web page were no longer used at the Tax Office since state tax reporting is done on a monthly basis and the County of El Paso bills on a quarterly basis.• The interest rate printed on the statement is 0.0833 and should be 0.00833. Correction was made upon request from the County Auditor's Office.• Due dates on statements sent to hotel/motels reflect end of month dates, not 30 days as required by documented policies and procedures.	
Recommendation	
<ul style="list-style-type: none">• Document the use of a five day grace period in written procedures.• Develop procedures to document postmark dates.• Statements accompanying payments should be date stamped on the date the payment is received at the Tax Office. This is necessary to ensure documented compliance with LGC §113.022.• The Tax office should notify and bill hotels/motels that become delinquent in their quarterly Hotel Occupancy Tax payments and follow up on collection.• Obtain State quarterly reports from the Texas Comptroller of Public Accounts by submitting email requests to them at: open.records@cpa.texas.gov. This will allow the Tax office to verify the number of hotel/motels reporting to the State also report to the County.• Ensure due dates on statements sent to hotel/motels are 30 days after the end of each quarter.• Update written procedures for implanted changes.	



**Tax Office
Licensing Division & Ad Valorem Account**



Findings and Action Plans

Action Plan			
Person Responsible	Mario A. Rodriguez	Estimated Completion Date	07/30/17
<p>Over the last eight to nine years, the Tax office has been granting hotel/motels a grace period of five business days after the payment is due. We would like to continue with this practice since it had worked well for the Tax office and customers. Written policies and procedures will be updated to include this policy.</p> <p>We will continue using the postmark date to determine if a payment is late and keep a copy of the postal marking as back up for payments that are late.</p> <p>Tax office will date stamp the hotel/motel statements when a payment is received.</p> <p>Tax office will notify hotel/motels that become delinquent in their payments and follow up on collection.</p> <p>Quarterly reports will be obtained from the State Comptroller's web page.</p> <p>The due date imposed on hotel/motels will be the last day of the month following the end of the quarter. If the last day of the month falls on a weekend or holiday, the last day of the month will be considered the next following business day. Tax office will notify hotel/motels that become delinquent in their payments and follow up on collection.</p> <p>Written policies and procedures will be updated. Quarterly reports will be obtained from the State Comptroller's web page.</p>			

Finding #3		Risk Level (M)	
<p>Manual Receipts: Upon inquiry of the manual receipt procedures it was noted that the Licensing Specialist had four manual receipt books (three new and one partially used) and no manual receipt log is currently in place. Since the implementation of RecWare, manual receipts have not been used at the Licensing Division. The last receipt used was 11482 dated 3/04/09 from book 13. Tax office procedures state a "RECEIPT LOG should be maintained by the Chief Deputy or a Tax Office employee assigned by the Chief Deputy and whose duties are not at all related or involved with the Licensing Division." The Licensing Specialist should have possession of only one manual receipt book and it should be documented on the log.</p>			
Recommendation			
<ul style="list-style-type: none">• Only one manual receipt book should be maintained at the Licensing Division and the Tax office should maintain a log as documented in the procedures.• Official manual receipt books with the County logo should be ordered from the Treasury division as necessary. It is advised the Licensing Division keep book 13 (partially used) while new receipt books are acquired.• As part of the County Auditor's Office – Treasury Division Procedures, unused books must be submitted to Treasury for inventory and custody of the books.			
Action Plan			
Person Responsible	Mario A. Rodriguez	Estimated Completion Date	12/5/16
<p>The Tax office will no longer use manual receipt books. All the manual receipt books were turned in to the Treasury Division on 12/5/16.</p>			



**Tax Office
Licensing Division & Ad Valorem Account**



Findings and Action Plans

Finding #4	Risk Level (M)		
<p>Incomplete Policies and Procedures: Policies and procedures were reviewed. The policy manual is well organized, however, there are no written procedures for bank reconciliations, Ad Valorem wire transfers, and approval procedures for voided transactions. In addition, hotel/motel and mail payment procedures must be updated for any procedural changes implemented as a result of the preceding findings.</p>			
Recommendation			
<p>Update policies and procedures manual. Policies and procedures must include the main operations of the office. They should be reviewed annually for any updates or changes.</p>			
Action Plan			
Person Responsible	Letty Ramos	Estimated Completion Date	06/30/17
<p>Tax office concurs with the recommendation</p>			

Finding #5	Risk Level (L)		
<p>Bank Reconciliation Reviews (prior audit finding): Three bank reconciliations were tested. October 2015 and September 2016 were reviewed by a supervisor within a month, but November 2015 was reviewed 71 days after the date of submission to the Auditor's Office. Documentation of review is based on emails received by the Auditor's office.</p>			
Recommendation			
<p>Update the bank reconciliation form to include:</p> <ul style="list-style-type: none">• Preparer's name and date• Supervisor's approval signature or initials and date of review <p>Once the reconciliation review has been completed, the reconciliation and the bank statement can be scanned and emailed to the Auditor's office each month.</p>			
Action Plan			
Person Responsible	Letty Ramos	Estimated Completion Date	01/31/17
<p>Tax office concurs with the recommendation.</p>			