



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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05-16

May 24, 2019

The Honorable Richard A. Samaniego, County Judge
And County Commissioners
County of El Paso County
Room 301, County Courthouse Building
El Paso, Texas 79901

Dear Judge and County Commissioners:

The financial audit reports issued by the County Auditor's Internal Audit division relating to activity from October 2017 through September 2018 can be found online at www.epcounty.com/auditor/publications/auditreport.htm. Most of these are statutorily required audits by Local Government Code §115.0035. The following is an index for the attached reports:

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The Honorable Richard A. Samaniego, County Judge
and County Commissioners
May 24, 2019
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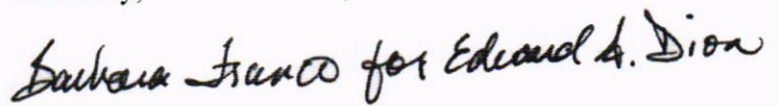
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Management responses (if any) to findings and recommendations documented in the audits are incorporated in the audit reports.

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

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

Sincerely,



Edward A. Dion
County Auditor



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07-01

July 10, 2018

Mr. Brian Kennedy
President/CEO
El Paso Sports Commission
4100 Paisano
El Paso, Texas 79905

Dear Mr. Kennedy:

The County Auditor's Internal Audit division performed an audit of the contractual management agreement between the County of El Paso and the El Paso Sports Commission. In addition to contract compliance, this audit included a review of the Sports Commission's financial records, revenue collection and deposit procedures and a sample of expenditures and contracts to ensure completeness and accuracy. These factors were evaluated to ensure proper preparation and calculation of the El Paso Sports Commission's annual incentive payment. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating as intended and efficient.

The audit report is attached. There was one high risk finding and three medium risk findings noted as a result of the audit procedures; one was a repeat finding. We wish to thank the management and staff of the El Paso Sports Commission 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", followed by a horizontal line.

Edward A. Dion
County Auditor

EAD:JO:ya

cc: Mrs. Betsy Keller, County Administrator
Mr. Ronald Pate, Coliseum Accountant



El Paso County Coliseum Audit



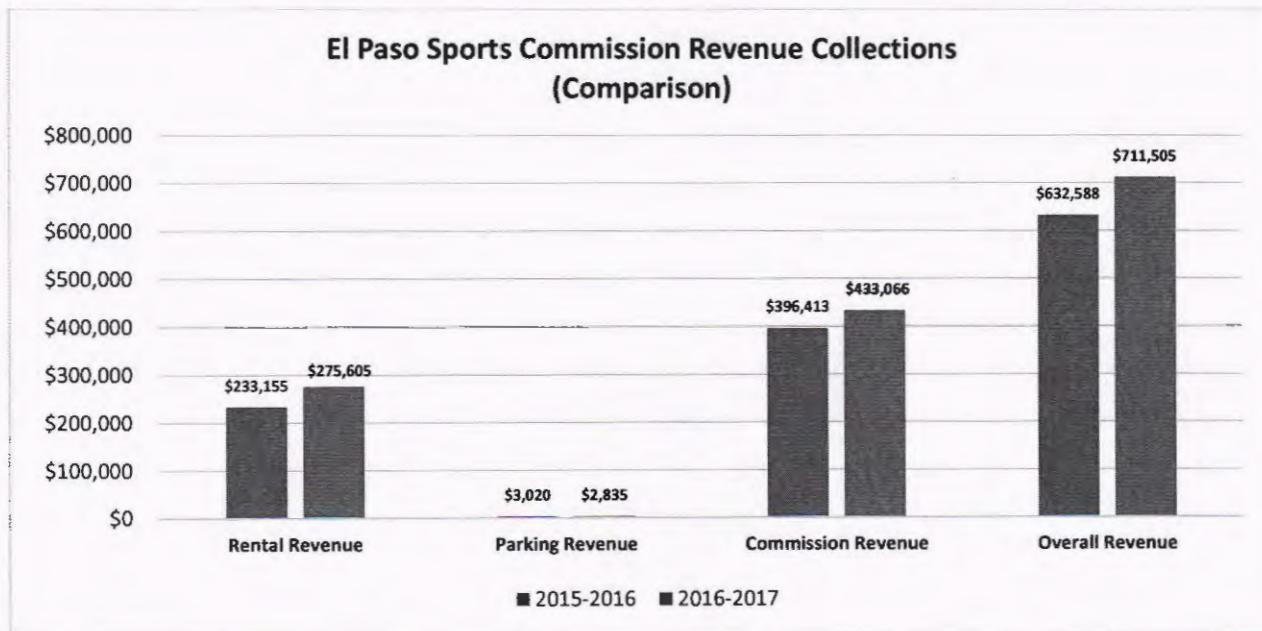
EXECUTIVE SUMMARY

BACKGROUND

In 2003, the County of El Paso contracted with The El Paso Sports Commission (EPSC) to manage, operate and promote the County Coliseum and El Paso tourism in general. At the beginning of each fiscal year, the County supplements the EPSC with a contractual monthly management fee paid from hotel occupancy tax revenue. The EPSC further receives an incentive payment based on the amount of revenue generated and submitted to the County. This revenue is comprised of Coliseum rental, parking for events, concession commissions and other commissions paid by outside vendors contracted with EPSC. To verify and assist in the incentive payment calculations, financial reports and supportive documentation are provided on a monthly basis by the El Paso Sports Commission accountant. Once this information is reviewed and audited, the annual management incentive payment is remitted to EPSC. The audit was performed by James O'Neal, internal audit manager – senior. The most recent audit report was issued on July 27, 2017.

FINANCIAL REPORTING

The following financial statistics were noted when compared to previous year collections:



Pursuant to section 9.2.1 of the contractual agreement, an incentive payment in the amount of \$147,277.58 was paid to the EPSC for the period under review. Further, the Coliseum base revenue target decreased from \$462,071.41 to \$460,200.02 due to a decrease in the Consumer Price Index (CPI) of .405%. As with the funds derived from the Hotel Motel Taxes, these funds should be utilized in an acceptable fiduciary manner.



El Paso County Coliseum Audit



EXECUTIVE SUMMARY

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the EPSC's financial reports in managing the El Paso County Coliseum. Following are the business objectives and related control assessment.

Business Objective	Control Assessment
1. Contractual agreement compliance with the County of El Paso	Needs Improvement
2. Accurate reporting of Coliseum revenue collections	Satisfactory
3. Acceptable usage of hotel occupancy tax revenue	Needs Improvement
4. Sample of inventory items purchased with hotel occupancy tax funds	Satisfactory
5. On-site review of internal controls and security measures	Satisfactory
6. Timely recording and depositing of revenue collections	Needs Improvement
7. Compliance with regard to contractual agreements and outside vendors	Unsatisfactory

SCOPE

The scope of the audit was October 2016 through September 2017.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed the contractual agreement between the County of El Paso and the EPSC.
- Reviewed all collections and deposits made related to the use of the El Paso County Coliseum and the surrounding County facilities and parking areas.
- Reviewed a sample of deposits to ensure rapid deposit compliance per Local Government Code § 113.022.
- Reviewed a sample of expenditures with hotel occupancy tax funds and contractual agreements of outside vendors with the EPSC.
- Reviewed all bank accounts associated with the EPSC.
- Performed an on-site review of internal controls, security measures and overall daily operations.
- Performed an inventory review of sampled items purchased with hotel occupancy tax funds.

RESULTS

Listed below are control and finding 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.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Accurate reporting of collections (Obj. 2) • Inventory items purchased with Hotel Occupancy tax (Obj. 4) • Review of internal controls and security measures (Obj. 5) 	<ul style="list-style-type: none"> • Contractual Compliance with County of El Paso (Obj. 1) • Acceptable usage and recording of hotel occupancy tax funds (Obj. 3) • Timely depositing and recording of revenue collections (Obj. 6) • Compliance with outside vendor contractual agreements (Obj. 7)
Finding Summary	
<ol style="list-style-type: none"> 1. Outside vendor contractual compliance not enforced by EPSC. 2. Timeliness of monthly information packet submission to the County not made in compliance with contractual agreement. 3. Some items purchased with hotel occupancy tax funds not documented properly or were questionable. 4. Thirteen out of 30 deposits were not deposited within the 5 business day time frame per Local Government Code §113.022 (repeat finding). 	



El Paso County Coliseum 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 EPSC has not met all objectives of this audit. A timelier recording of collections and submission of supportive documentation should be implemented. Further, stricter controls on the use of hotel occupancy funds and contractual agreements with outside vendors must be implemented to ensure proper controls. Implementation of the recommendations provided in this report should assist the Sports Commission in meeting all future objectives and strengthen internal controls.



El Paso County Coliseum

FINDINGS AND ACTION PLANS



Prior Audit Findings Summarized with Current Status

Status

(M) Open

See current finding # 4

1. **Finding:** Five of 21 sampled deposits not made in compliance with Local Government Code §113.022

Recommendation: All deposits should be made to the bank within five business days of receipt to ensure compliance with Local Government Code §113.022

Action Plan: EPSC agrees with auditor recommendation. New policies and procedures are to be implemented immediately to ensure compliance.

Status

● Closed

2. **Finding:** EPSC maintained and operated bank account for ice rink managed by outside vendor

Recommendation: Outside vendor to open and maintain own bank account

Action Plan: EPSC agrees with recommendation. Bank account currently closed and new account has been opened by outside vendor.

Status

(M) Closed

3. **Finding:** Outside vendor usage of Coliseum office space

Recommendation: Outside vendor contractual agreement to be amended to document usage of office space.

Action Plan: EPSC agrees with recommendation. Amendment of contract to be addressed when renewal comes due.

Current Audit Findings & Action Plans

Finding #1		Risk Level H	
<p><u>Non-enforcement of outside vendor contractual compliance</u> – While reviewing a sample of EPSC contractual agreements with outside vendors, it was noted that one vendor's compliance was not enforced. The El Paso Coyotes Soccer team pays a rental fee for use of the Coliseum on a per game basis. However, per contract, all medical, security and staffing expenses are to be paid using hotel occupancy tax funds and later reimbursed by the Coyotes at the end of the season. When reconciling the costs incurred by the Coyotes to the amount reimbursed, there was a shortage of \$8,783.04. When questioned, the EPSC stated that Mr. Brian Kennedy will meet with the Coyotes management team and determine if extra expenses are needed before a game is to begin. Mr. Kennedy has the authority to allow these extra game expenses and categorize them as "building expenses" and therefore, will not require the Coyotes to reimburse those costs. This practice is in contradiction with what is presented in the contract between the Coyotes and EPSC.</p>			
<p>Recommendation</p>			
<p>We recommend the EPSC adhere to all terms presented within the contract between them and the El Paso Coyotes soccer team. Therefore, the \$8,783.04 difference shall be reimbursed to the hotel occupancy tax account immediately.</p>			
<p>Action Plan</p>			
Person Responsible	B. Kennedy, R. Pate	Estimated Completion Date	New contract year
<p>Mr. Kennedy has agreed to add an addendum to the Coyotes contract explicitly stating that at his discretion the Sports Commission will pay any additional game expenses based upon certain game day facts and/or circumstances.</p>			
<p><i>Auditors Note: After discussing this issue with the County Attorney's office, we recognize Mr. Kennedy's authority to increase event staff requirements (as stated in the contract) but not his authority to increase staffing expenses. However, the County Attorney's office does recognize an increase in staffing requirements naturally will lead to an increase in staffing expense and, therefore, the language presented in this contract is unclear and argumentative. The County Attorney's and Auditor's office both recommend the Sports Commission update its contract(s) to</i></p>			



El Paso County Coliseum
FINDINGS AND ACTION PLANS



accurately reflect the Sports Commission's business practices and the authorities allowed by Mr. Kennedy and his staff. Further, the County Attorney's Office recommends the Sports Commission commit the event settlements to writing, preferably before the event and submit these settlements as part of the monthly submissions by the Sports Commission to the County Auditor's Office.

Finding #2

Risk Level (M)

Submission of Financial Reports – Per section 6.2 of the contractual agreement between the County of El Paso and the EPSC, all financial reports must be submitted within 15 days after the end of each month. The EPSC failed to submit all financial packets, for the time period under review, in compliance with the contractual agreement. This, in turn, does not allow the audit to be performed in a timely manner. The following list shows the submission date for each month's financial packet:

<u>Financials</u>	<u>Due Date</u>	<u>Submitted</u>	<u>Days late</u>
Oct-16	11/15/2016	2/6/2017	83
Nov-16	12/15/2016	2/6/2017	53
Dec-16	1/15/2017	3/29/2017	73
Jan-17	2/15/2017	4/20/2017	64
Feb-17	3/15/2017	6/19/2017	96
Mar-17	4/15/2017	7/17/2017	93
Apr-17	5/15/2017	8/14/2017	91
May-17	6/15/2017	9/11/2017	88
Jun-17	7/15/2017	10/9/2017	86
Jul-17	8/15/2017	11/14/2017	91
Aug-17	9/15/2017	11/17/2017	63
Sep-17	10/15/2017	12/15/2017	61

Recommendation

We recommend EPSC adhere to the contractual agreement and submit all financial documentation in a timely manner.

Action Plan

Person Responsible	B. Kennedy, R. Pate	Estimated Completion Date	Immediate
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Mr. Kennedy has stated that some of the data that is to be included in the audit packets is not received by the Sports Commission until the end of the following month. Therefore, the Sports Commission and Mr. Kennedy have agreed to use its best efforts to deliver the audit packet by the end of the following month. This is only 15 days later than what is stipulated in the contract.

Auditors Note: Since the 15 day stipulation mentioned above is still in violation of the contractual agreement between the County and the Sports Commission, we recommend the Sports Commission contact the County Attorney's Office or the Office of County Administration to discuss a possible amendment to the current contract.



El Paso County Coliseum
FINDINGS AND ACTION PLANS



Finding #3

Risk Level (M)

Hotel Occupancy Tax Purchases – The EPSC is allowed to use hotel occupancy tax funds to promote the Coliseum and overall El Paso tourism. While reviewing a sample of purchases, the following discrepancies were noted:

- Records show a large purchase from Best Buy in the amount of \$3,739.35 was delivered to a residential non-Coliseum address. This amount was charged to a Sports Commission American Express card and then paid using hotel occupancy tax funds. The items were included in an inventory sample and were located at the Coliseum. Items purchased for the Coliseum should have the Coliseum address not personal addresses on all invoices and delivery receipts.
- Several invoices received and paid with hotel occupancy tax funds for monthly services do not contain any detailed documentation or copies of contractual agreements for the services. A sample of these monthly services are as follows:

▪ Kanof Photography	\$1,250.00/per month
▪ Lopez Marketing Group Inc	\$3,000.00/per month
▪ Encore Marketing and Promotions	\$1,600.00/per month

Recommendation

We recommend EPSC exercise due care when submitting items for payment via hotel occupancy tax funds and that all items be delivered directly to the Coliseum. We also recommend the Sports Commission submit any procurement policies and procedures to the County Auditor's office for compliance purposes. Further, we recommend that EPSC request and submit detailed invoices and copies of any contractual agreements for any monthly services performed and submitted for payment.

Action Plan

Person Responsible	B. Kennedy, R. Pate	Estimated Completion Date	No Action
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The following are the responses by the Sports Commission in regards to the above findings:

- The address on the Best Buy invoice was a mistake. Best buy has never delivered merchandise for the Sports Commission to a residential address.
- The three invoices mentioned, are relationships on a month-to-month basis and therefore no contracts have been presented to the County. To be very specific, Kanof Photography takes pictures of events that are used in marketing the coliseum. Lopez Advertising is the creator and implementer of the marketing plan for the coliseum. Encore Marketing is tasked with searching for and gathering information on amateur sporting events that might be brought to El Paso as part of the sports tourism objective.

Auditors Note: Even though the three invoices mentioned above are on a month-to-month basis, they have been paid monthly for over a year and therefore seem to circumvent section 3.7 of the contract between the County and the Sports Commission, which states:

"Contractor (EPSC) shall reduce to writing all agreements entered into by Contractor regarding the scope of services to be performed hereunder clearly stating the rights and obligations of each party thereto....."

Therefore, our recommendation above regarding submission of any contractual agreements (regardless of the time frame) entered into by the Sports Commission be submitted to this office within 30 days of execution.



El Paso County Coliseum
FINDINGS AND ACTION PLANS



Finding #4	Risk Level (M)		
<p><u>Deposits not Timely</u> – While reviewing the Coliseum attraction reports and deposit slips, seven of 30 sampled deposits made by outside vendors were not deposited within the five business days required by Local Government Code §113.022. Further, four out of the 30 sampled deposits showed non-compliance by outside vendors regarding submission of contracted fees or commissions owed to the Sports Commission and the County. The five day deposit finding was presented in the last audit report and still continues to be an issue.</p>			
Recommendation			
<p>All deposits should be made to the County depository within five business days of receipt to ensure compliance with Local Government Code §113.022. Further, enforcement of outside vendor contractual agreements regarding timely submission of fees and commissions should be enforced to ensure compliance.</p>			
Action Plan			
Person Responsible	B. Kennedy, R. Pate	Estimated Completion Date	TBD
<p>The comment about late deposits of parking receipts is valid. These cash deposits are placed in a drop box safe the night of the event. These events are often on the weekend and should be counted on Monday and deposited on Tuesday when the armored car service picks up deposits. This is a personnel problem and steps are being taken to correct the problem.</p> <p>The remaining items have to do with deposits that come from other sources such as El Paso Ticketing, Southwest Sports Solutions, National Concessions and ATM Commissions. Concerning El Paso Ticketing, disbursements are not made until an event is closed and events are not closed until all income and expense items have been received. An event is usually closed within 90 days but can be delayed for over a year by such things as the IRS placing a hold on performer disbursements.</p>			



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03-20

March 21, 2018

Ms. Maggie Morales Aina
El Paso County Community
Supervision and Corrections Department
800 East Overland, Suite 100
El Paso, Texas 79901

Dear Ms. Morales Aina:

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

The audit report is attached. We tested one operational and ten financial controls using 404 samples. There were six findings noted as a result of the audit procedures, including two repeat findings from the prior audit. We wish to thank the management and staff of EPC CSCD 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 cursive script that reads "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:SA:ya

cc: The Honorable Alma Trejo, Council of Judges Administrative Judge
County Criminal Court at Law Number 1
The Honorable Maria Salas-Mendoza, Local District Court Administrative Judge
120th Judicial District



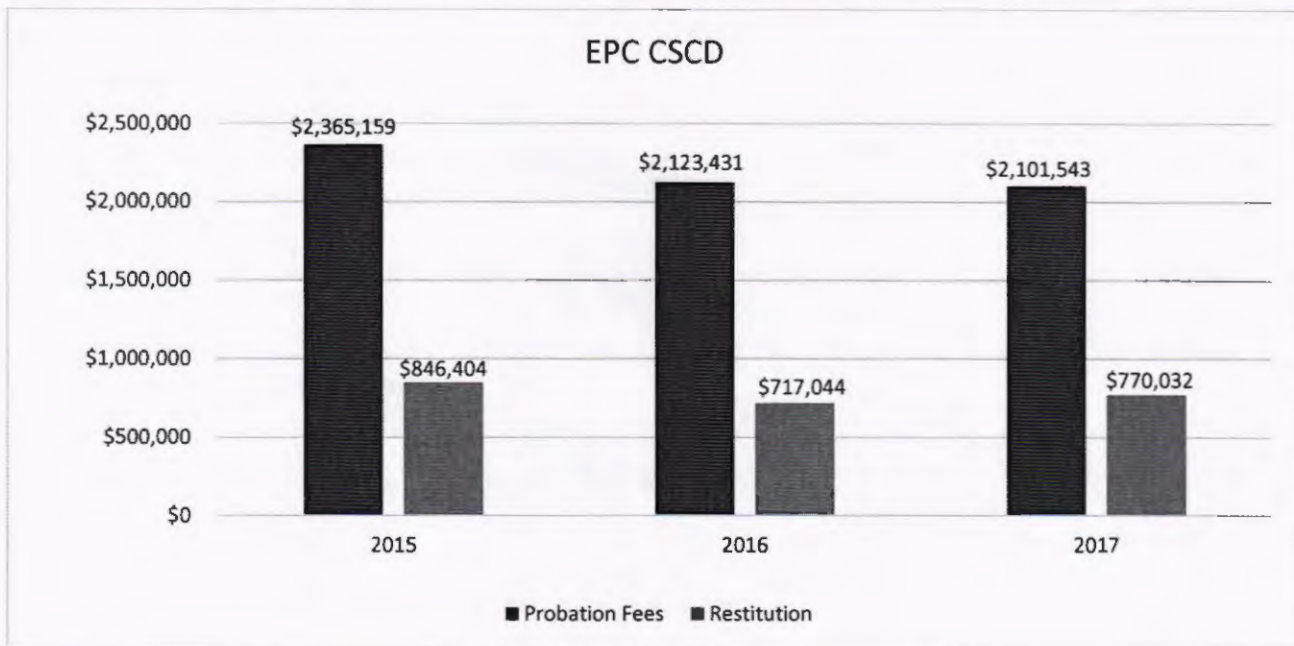
EPC CSCD EXECUTIVE SUMMARY



BACKGROUND

The El Paso County Community Supervision and Corrections Department (EPC CSCD) provides probation and community corrections services to County, District dealing with criminal cases in the region. This region includes El Paso, Culberson and Hudspeth counties. The department is responsible for, among other duties, the management of court ordered payments, which include probation fees and restitution payments. The director is appointed every two years by District and Statutory County Court Judges trying criminal cases in the County or counties served by the judicial district. There is one main fiscal office and five satellite field offices that receive payments. The audit was performed by Bertha Tafoya, internal auditor – intermediate. The most recent prior audit report was issued on June 6, 2017.

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 Community Supervision fees collected at the EPC CSCD for the past three fiscal years. The fiscal year for EPC CSCD ends August 31 each year.



OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to EPC CSCD. Following are the business objectives and related controls assessments.

Business Objective	Control Assessment
1. Documented policies and procedures	Unsatisfactory
2. Functioning appropriate cashiering controls	Satisfactory
3. Timely deposits of daily collections in accordance with Local Government Code 113.022.	Satisfactory
4. Timely and complete bank reconciliations	Satisfactory
5. Completeness and timely posting of manual receipts issued.	Satisfactory
6. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
7. Disbursement of Restitution as per <i>Government Code 76.013(b)</i>	Needs Improvement

SCOPE

The scope of the audit includes financial records from October 2016 through August 2017. This audit is for the operational procedures of the EPC CSCD and does not include fiscal processing and reporting responsibilities.



EPC CSCD EXECUTIVE SUMMARY



METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures and applicable statutes.
- Performed surprise cash counts of all offices receiving payments in accordance with *Local Government Code (LGC) §115.0035* as follows: George Dieter field office, June 22; Socorro field office, July 12; main fiscal office, July 31; Industrial field office, August 2; Cohen field office, August 8; and Vinton field office August 15, 2017.
- Tested a sample of daily deposit slips and verified posting to the County's financial system.
- Reviewed the bank reconciliations for the Main and Restitution to the Victim accounts for timeliness, completeness and accuracy.
- Tested a sample of mail log entries (fiscal office) for timely deposit in accordance with *LGC §113.022*, completeness, and timely posting to Odyssey.
- Reviewed void payments, adjustments, and reversals to ensure supporting documentation was included.
- Reviewed victim payments returned due to incorrect addresses and verified disbursement and compliance in accordance with *Government Code (GC) 76.013(b)*
- Reviewed manual receipt book for adherence to usage procedures and controls.
- Verified resolution of prior audit issues.

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Functioning cash controls (Obj. 2) • Timely deposits of cash collections in accordance with <i>LGC 113.022</i> (Obj. 3) • Timely and complete bank reconciliations (Obj. 4) • Manual receipt procedures (Obj.5) • Payment by mail log (Obj.6) 	<ul style="list-style-type: none"> • Documented policies and procedures (Obj.1) • Procedures for restitution received and disbursed (Obj. 7)
Findings Summary	
<ol style="list-style-type: none"> 1. Restitution process for disbursements to victims is not in accordance with <i>GC 76.013(b)</i>. (Repeat finding) 2. Restitution receipts issued to three payers with victim name and address information. 3. Restitution victim addresses are not always updated in Odyssey for returned payments. 4. Prior uncashed payments are not being re-issued after a victim's address is updated. 5. Procedures relating to collections of funds are not documented. (Repeat finding) 6. Supporting documentation is not always included in the case on Odyssey for voids, adjustments, and reversals. 	

INHERENT LIMITATIONS

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



EPC CSCD EXECUTIVE SUMMARY



CONCLUSION

EPC CSCD has implemented improvements in their operations. Out of the seven objectives of this audit five were met, one needs improvement, and one was unsatisfactory. Implementation of the recommendations provided in this report should assist EPC CSCD in producing complete and accurate financial reports by strengthening their internal control structure.



EPC CSCD FINDINGS AND ACTION PLANS



Prior Audit Findings Summarized with Current Status

Status

Open ●

See current finding #5

1. **Finding:** Procedures relating to collections of funds are not documented.
Recommendation: A policies and procedures manual outlining key operating functions such as the daily activities of the office should be created, implemented, and periodically updated to reflect current procedures.
Action Plan: A copy of policies and procedures will be provided to the Auditor's Office. Estimated completion date September 1, 2017.

Open ●

See current finding #1

2. **Finding:** Restitution process for disbursements to victims is not in accordance with GC 76.013(b).
Recommendation: Victim Services should be proactive to ensure they are in compliance with GC 76.013(b). The department should review the list of returned and unclaimed payments to ensure victim addresses are updated and complete in Odyssey.
Action Plan: Procedures will be developed to ensure victim addresses are updated in Odyssey. Further, procedures will be implemented to ensure victims are notified of restitution received and payments are mailed to the correct victim's addresses. Estimated completion date September 30, 2017.

Closed (M)

3. **Finding:** A mail log is not being utilized at the field offices.
Recommendation: Although payments by mail may not be received regularly, a log will serve as confirmation of payments received. It will also reduce the possible risk of payments being lost and ensure accountability of payments receipted to Odyssey. Having a mail log is best practice. Payments by mail should not be receipted by the same person opening the mail.
Action Plan: A mail log will be utilized at all field offices. Also, payments received by mail will not be receipted to Odyssey by the same person. Estimated completion date July 31, 2017.

Closed (M)

4. **Finding:** Cash drawer at the cashier's fiscal office is shared and it does not close or lock.
Recommendation: We recommend best practice of providing each cashier with a functional and secured cash drawer for their collections. Separate secure cash drawers for each cashier reduces the risk of loss by providing greater accountability if shortages, overages, or comingling of funds occurs.
Action Plan: A separate cash box with a locking key will be provided for each cashier. Estimated completion date September 30, 2017.

Closed (M)

5. **Finding:** Inventory of office supplies is not secured.
Recommendation: The inventory of all office supplies should be safeguarded in a secured area. Management should review retention laws to ensure old records are properly and securely destroyed and obsolete supplies should be properly disposed of in a timely manner to alleviate the overcrowded hallway.
Action Plan: Retention laws will be reviewed to ensure old records are properly and securely destroyed. New office supplies will be moved to Admin and obsolete/broken money bags will be returned to County's Purchasing Department for proper disposal. Estimated completion date September 30, 2017.

Closed (M)

6. **Finding:** There is no security or cameras at the fiscal office.
Recommendation: In order to safeguard assets and prevent possible injury to employees, management should consider installation of security cameras to monitor the front and rear access doors to the cashier's office. A panic button should also be installed as probationers and others can easily gain access to the cash area.
Action Plan: Management will explore options for security of the front and rear access doors to the cashier's office. Estimated completion date September 30, 2017.

Closed ●


7. **Finding:** Web site listing for the field office locations is not accurate.
Recommendation: In order ensure that customers and visitors have access to reliable information, it is recommended that the department's website be updated to reflect accurate location of existing field offices.
Action Plan: County ITD personnel will be contacted to ensure the EPC CSCD's website is updated to reflect the current locations for all field offices. Estimated completion date June 30, 2017.



EPC CSCD
FINDINGS AND ACTION PLANS



Current Audit Findings & Action Plans

Finding #1		Risk Level 	
<p>Restitution process for disbursements to victims (repeat finding) - Payments returned by the postmaster were reviewed to verify proper procedures were followed to locate victims as per GC 76.013(b). The code states "if an initial restitution payment is received by a department, the department immediately shall notify the victim of that fact by certified mail, mailed to the last known address of the victim. If a victim then makes a claim for the payment, the department promptly shall remit the payment to the victim. A department is obligated to make a good faith effort to locate and notify a victim that an unclaimed payment exists. The department satisfies the good faith requirement under this subsection by sending to the victim by certified mail on any one occasion during the period the defendant is required to make payments a notice that the victim is entitled to an unclaimed payment."</p> <p>The following was found:</p> <ul style="list-style-type: none">• Notification to victims of the initial restitution payment received as stated in GC 76.013(b) is not being done.• None of the cases reviewed reflect a restitution claim being made by the victim prior to the disbursement as required by GC 76.013(b).• Current process is to disburse all restitution payments received to the address listed in Odyssey with no verification or claim prior to disbursement.			
Recommendation			
Victim Services should ensure they are in compliance with GC 76.013(b). Current procedures should be reviewed and changed to ensure such compliance. This will reduce the risk of disbursements being mailed to incorrect addresses.			
Action Plan			
Person Responsible	Ray Valdez	Estimated Completion Date	February 2, 2018
Management agrees with recommendation, to ensure restitution is delivered to the rightful owner; however, at this time initial restitution payments cannot be consistently or easily identified. County ITD personnel will be contacted to request a report of initial restitution received by the department. This will ensure payments will be remitted only to those victims who have made a claim for payment.			



**EPC CSCD
FINDINGS AND ACTION PLANS**



Finding #2

Risk Level 1

Restitution receipts issued to three payers with victim personal information – All 37 voids or adjustments during the audit period were reviewed. The following issues related to restitution to victims were noted:

- Victim names are listed in the same drop down box as payers in Odyssey. This is a result of the 2011 conversion from the Judicial Information Management System (JIMS) to Odyssey.
- Victim names appears first on the drop down box for some cases. Users are supposed to select the payer name.
- Cashiers immediately void and re-receipt the transaction if the error (victim name selected) is noted. The error was not noted on receipts for three payers; the receipts included victim name and address information.

It is possible there are more than the three instances found during this audit. We only reviewed transactions for cases that had voids or adjustments. Cases with no voids or adjustments were not reviewed.

Recommendation

Management should reinforce staff training to select the payer and not the victim when receipting restitution payments. We also recommend management contact Tyler Technologies to pursue a possible remedy to prevent and/or eliminate the risk of issuing receipts to clients with printed victim information. Corrective action may prevent possible liability to the County from victims who may be affected by this type of error.

Action Plan

Person Responsible	Caroline Martinez	Estimated Completion Date	June 14, 2017
---------------------------	-------------------	----------------------------------	---------------

Management agrees with recommendation; staff has received additional training stressing the importance of ensuring the correct payer is selected from the drop down box. Management has contacted Tyler Technologies to request the victim names not be the default on the drop down list in the system and were told Tyler would need to get approval from all counties before any programming changes could be made. If such agreement were obtained, this would be a long term systemic solution.



**EPC CSCD
FINDINGS AND ACTION PLANS**



Finding #3	Risk Level (M)								
<p>Address updates - 180 payments returned by the postmaster for the current audit period were reviewed to ensure victim addresses were updated in Odyssey. Some cases had multiple exceptions. The following exceptions were noted:</p>									
<table border="1" style="margin: auto; border-collapse: collapse;"><thead><tr style="background-color: #d3d3d3;"><th style="text-align: center; padding: 5px;">Exceptions</th><th style="text-align: center; padding: 5px;">Transactions</th></tr></thead><tbody><tr><td style="padding: 5px;">No address update</td><td style="text-align: center; padding: 5px;">85</td></tr><tr><td style="padding: 5px;">Duplicate victim not updated*</td><td style="text-align: center; padding: 5px;">19</td></tr><tr><td style="padding: 5px;">Address update is incomplete</td><td style="text-align: center; padding: 5px;">2</td></tr></tbody></table>		Exceptions	Transactions	No address update	85	Duplicate victim not updated*	19	Address update is incomplete	2
Exceptions	Transactions								
No address update	85								
Duplicate victim not updated*	19								
Address update is incomplete	2								
<p>*Cases prior to 2011 may have the victim name duplicated on the case. Address updates are being made in the system, however they are not being made to the duplicate victim names; hence, payments continue to be issued with the incorrect address.</p>									
Recommendation									
<p>We recommend procedures be implemented for all address updates to be posted correctly to Odyssey to ensure payments are issued with the updated address.</p>									
Action Plan									
Person Responsible	Ray Valdez								
Estimated Completion Date	January 1, 2018								
<p>Management has implemented procedures to ensure address updates are posted correctly in Odyssey.</p>									

Finding #4	Risk Level (M)
<p>Uncashed payments to victims issued before address updates in Odyssey are not being re-issued – Of the 180 transactions reviewed in finding #3, 81 had addresses updated in Odyssey; however, uncashed payments issued prior to the address update have not been voided and re-issued.</p>	
Recommendation	
<p>We recommend victim payments returned undelivered or mailed but not cashed be voided and re-issued to victims whose addresses have been updated in Odyssey. This process should be documented in the procedures for updating victim addresses and should reduce unclaimed property being escheated to the State.</p>	
Action Plan	
Person Responsible	Ray Valdez
Estimated Completion Date	03/31/2018
<p>Management agrees with recommendation, procedures for updating victim addresses will be documented to ensure restitution is sent to the correct address. Only prior uncashed payments claimed by the victim (as requested as part of the address change verification process) will be reissued. This will in turn reduce unclaimed property escheated to the State.</p>	



**EPC CSCD
FINDINGS AND ACTION PLANS**



Finding #5	Risk Level (M)		
<p>Documented procedures (repeat finding) – EPC CSCD did not provide documented procedures as they relate to the collection of funds. Such procedures should be updated regularly to reflect current practices. The following operating functions should be addressed in the written policies and procedures:</p> <ul style="list-style-type: none">• Notification and disbursement process of restitution received• Overage/shortages processes for the fiscal and field offices• Cashiering duties• Cashier adjustment till procedures• Procedures to adjust cases in Odyssey• Approval procedures for voids, reversals, and adjustments.			
Recommendation			
<p>A policies and procedures manual outlining key operating functions such as the daily activities of the office should be periodically updated to reflect current procedures. Such procedures will be helpful as training tools, reference documents and may provide for continuity of internal controls when changes in personnel occur.</p>			
Action Plan			
Person Responsible	Annalisa Davila	Estimated Completion Date	February 28, 2018
<p>Management agrees with recommendation; revised policies and procedures are in the review stage and a copy of updated policies and procedures will be provided to the Auditor's Office.</p>			



**EPC CSCD
FINDINGS AND ACTION PLANS**



Finding #6		Risk Level (M)	
Supporting documentation – All 37 voids or adjustments during the audit period were reviewed. There was no supporting documentation in Odyssey for the following transactions:			
<ul style="list-style-type: none">• An adjustment for a \$250 cash payment was receipted as if received online. No supporting documentation.• A \$20 cash payment was receipted Nov 7, 2016 at 10:05 a.m. and reversed Nov 16, 2016 at 4:00 p.m. The same payment was receipted and reversed Nov 16, 2017. There are no other immediate transactions indicating the \$20 reversal was re-receipted.• A \$200 payment was receipted at 9:10 a.m. was voided at 9:21 a.m. comment indicates client returned and requested void. Void was completed.• Transaction for \$1,230 was receipted at 9:10 a.m. and voided at 4:31 June 28, 2017, because the amount was incorrect. The transaction was re-receipted at 4:37 in Odyssey for the exact same amount as the voided transaction.• A client's payment for \$350 was voided because the payment was being applied to victims whose restitution had been rescinded. The judge's order to rescind restitution totaling \$56,009.35 is not scanned for case 20090D05576.			
Recommendation			
Supporting documentation should be scanned to Odyssey and comments should be included for all case adjustments, voids, and reversals. Adjustments, voids and reversals should be approved by a supervisor and approval should be documented to reduce the risk of theft or fraud.			
Action Plan			
Person Responsible	Caroline Martinez	Estimated Completion Date	February 28, 2018
Management agrees with recommendation, procedures to address above issues are incorporated in the policies and procedures currently being updated.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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COUNTY AUDITOR
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10-19

October 31, 2018

The Honorable Oscar Ugarte
Constable Precinct 1
424 Executive Center
Suite 100
El Paso, Texas 79902

Dear Constable Ugarte:

The County Auditor's Internal Audit division performed an audit of the El Paso County Constable Precinct 1 office to determine if internal controls are adequate to ensure preparation of Constable 1 financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested nine financial controls using samples consisting of 60 criminal cases, 27 foreign civil cases and 49 civil and miscellaneous fee cases. There were five findings noted as a result of the audit procedures. We wish to thank the management and staff of the Constable Precinct 1 office for their assistance and courtesies extended during this audit.

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

Respectfully,

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

Edward A. Dion
County Auditor

EAD:PT:RG

cc: Ms. Betsy C. Keller, Chief Administrator



EL PASO COUNTY CONSTABLE PRECINCT 1 AUDIT EXECUTIVE SUMMARY



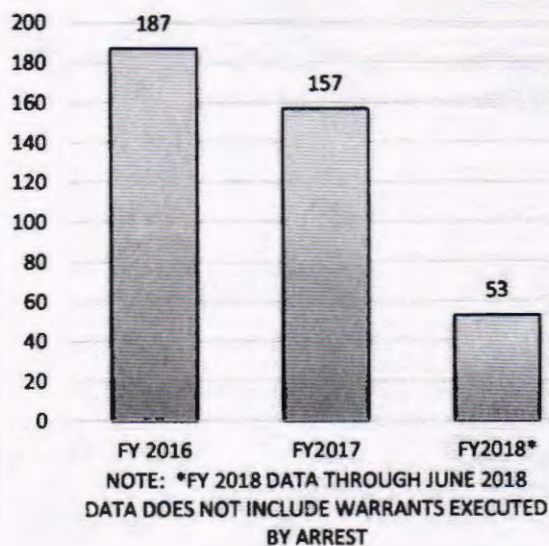
BACKGROUND

Constables are elected officials and serve four year terms within each justice precinct. The Office of the Constable is mandated by Article 5, Section 18 of the Texas Constitution. 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. Constable Ugarte was appointed and licensed for Precinct 1 as of March 14, 2016. The audit was performed by James O'Neal, audit manager - senior.

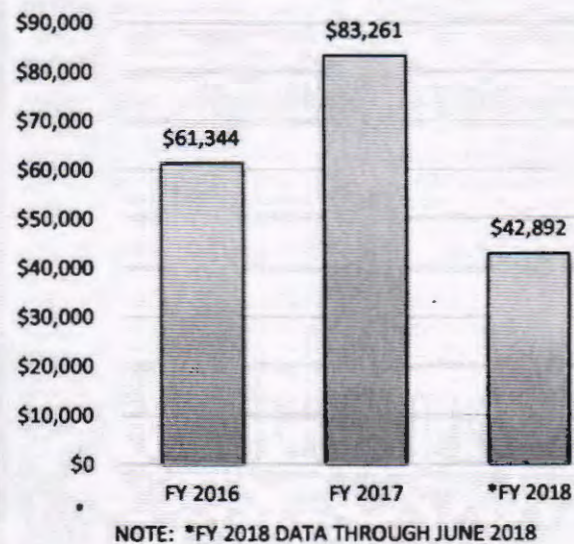
FINANCIAL REPORTING

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 1 office. The first statistical chart shows the actual number of warrants executed (served) by the Constable's office per fiscal year. The second financial chart shows the actual collections of warrant and civil processing fees by the Constable's office.

**Constable Precinct 1
Warrants Executed**



**Constable Precinct 1
Collection Amounts**



OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the Constable Precinct 1 office. Following are the business objectives and related control assessment.

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



EL PASO COUNTY CONSTABLE PRECINCT 1 AUDIT EXECUTIVE SUMMARY



SCOPE

The scope of the audit is January 2017 through June 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed applicable policies, procedures and regulations.
- Requested log of mailed-in payments received by the Constable's Office
- 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 (LGC) § 113.022*.
- 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 *Findings and Action Plans* section of this report for related details, management action plans and the status of prior audit issues.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Adequate policies and procedures (Obj. 1)• Compliance with educational requirements (Obj. 7)• Compliance with weapons proficiency requirements (Obj. 8)• Updating warrant status in Odyssey (Obj. 9)	<ul style="list-style-type: none">• Cash handling procedures (Obj. 2)• Logging and coding of mailed-in payments (Obj. 3)• Posting of manual receipts in Odyssey (Obj. 4)• Manual receipt book logs and monitoring (Obj. 5)• Timely deposit compliance (Obj. 6)
Finding Summary	
<ol style="list-style-type: none">1. 12% of manual receipts sampled did not comply with <i>LGC § 113.022</i> (Time for Making Deposits).2. Two deposit slips were not complete.3. Improper receipting and recording. Criminal manual receipts sampled had multiple issues, including one labeled for the wrong Justice of the Peace Precinct and one with an altered amount. Criminal payments posted erroneously as mailed payments when payments were collected in person. Civil and miscellaneous receipts sampled had 67% of fees coded incorrectly.4. Mail log and/or Odyssey records were missing recorded payment(s) received by the Constable Office. There is no separation of duties when receiving and logging mailed in civil fee payments.5. There is no manual receipt book log indicating the assignment of manual receipt books to specific officers.	

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 1 office met four of the nine 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 1 AUDIT
FINDINGS AND ACTION PLANS**



Prior Audit Findings Summarized with Current Status

This is the first full scope internal audit for the Office of Constable, Precinct 1. There were no prior findings on limited scope reviews for this office.

Current Audit Findings

Finding #1	Risk Level M																																								
<p>Deposits not timely – In a sample of 60 manual receipt collections, seven or 12% of receipts did not comply with LGC § 113.022. The discrepancies ranged from 8 to 22 days (see table below). This increases the risks of fraud, misuse or loss of funds and is not in compliance with LGC § 113.022, which could lead to lost revenues for the County.</p> <table border="1" style="margin: 10px auto; width: 80%; border-collapse: collapse;"><thead><tr style="background-color: #d3d3d3;"><th style="text-align: center;">Receipt Number</th><th style="text-align: center;">Receipt Date</th><th style="text-align: center;">Amount</th><th style="text-align: center;">Bank Deposit Date</th><th style="text-align: center;">Days Late</th></tr></thead><tbody><tr><td style="text-align: center;">25211</td><td style="text-align: center;">06/26/17</td><td style="text-align: center;">\$409</td><td style="text-align: center;">07/10/17</td><td style="text-align: center;">14</td></tr><tr><td style="text-align: center;">2017-00130-C1</td><td style="text-align: center;">08/24/17</td><td style="text-align: center;">\$6</td><td style="text-align: center;">09/15/17</td><td style="text-align: center;">22</td></tr><tr><td style="text-align: center;">24240</td><td style="text-align: center;">10/08/17</td><td style="text-align: center;">\$336</td><td style="text-align: center;">10/24/17</td><td style="text-align: center;">16</td></tr><tr><td style="text-align: center;">25082</td><td style="text-align: center;">10/31/17</td><td style="text-align: center;">\$488</td><td style="text-align: center;">11/9/17</td><td style="text-align: center;">9</td></tr><tr><td style="text-align: center;">2017-02875-JP1</td><td style="text-align: center;">12/22/17</td><td style="text-align: center;">\$100</td><td style="text-align: center;">01/09/18</td><td style="text-align: center;">18</td></tr><tr><td style="text-align: center;">2018-00099-JP1</td><td style="text-align: center;">1/10/18</td><td style="text-align: center;">\$100</td><td style="text-align: center;">1/23/18</td><td style="text-align: center;">13</td></tr><tr><td style="text-align: center;">24963</td><td style="text-align: center;">02/05/18</td><td style="text-align: center;">\$750</td><td style="text-align: center;">2/13/18</td><td style="text-align: center;">8</td></tr></tbody></table>		Receipt Number	Receipt Date	Amount	Bank Deposit Date	Days Late	25211	06/26/17	\$409	07/10/17	14	2017-00130-C1	08/24/17	\$6	09/15/17	22	24240	10/08/17	\$336	10/24/17	16	25082	10/31/17	\$488	11/9/17	9	2017-02875-JP1	12/22/17	\$100	01/09/18	18	2018-00099-JP1	1/10/18	\$100	1/23/18	13	24963	02/05/18	\$750	2/13/18	8
Receipt Number	Receipt Date	Amount	Bank Deposit Date	Days Late																																					
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25082	10/31/17	\$488	11/9/17	9																																					
2017-02875-JP1	12/22/17	\$100	01/09/18	18																																					
2018-00099-JP1	1/10/18	\$100	1/23/18	13																																					
24963	02/05/18	\$750	2/13/18	8																																					
Recommendation																																									
Constable Precinct 1 should enforce the office policies and procedures to ensure compliance with LGC § 113.022. The Constable should further reiterate to his deputies, through additional training if necessary, the importance and the statutory requirement of depositing funds within the five business day time frame.																																									
Action Plan																																									
Person Responsible	Constable Precinct 1																																								
Estimated Completion Date	11/15/18																																								
Constable 1 will be conducting monthly meetings to emphasize the importance of meeting the designated five business day time frame. Further, the Constable will be reviewing random deposits on a monthly basis made by his deputies to ensure compliance. The results of these reviews will be discussed with the deputies and will help determine if additional training is necessary. Also, Constable will update his policies and procedure to document the proper time frame allowed for depositing receipts and reference the government code mentioned above.																																									



**EI PASO COUNTY
CONSTABLE PRECINCT 1 AUDIT
FINDINGS AND ACTION PLANS**



Finding #2	Risk Level (M)		
<p><u>Completeness of Deposit Slips</u> – There were 2 deposit slips out of the 60 transactions sampled where the deposit slip was incomplete and did not have a date. Incomplete deposit slips could lead to unnecessary bank fees, improper posting and possible non-compliance with LGC § 113.022 (Time for Making Deposits).</p>			
Recommendation			
<p>Constable Precinct 1 deputies should exercise due care when preparing deposits and submitting all supportive documentation.</p>			
Action Plan			
Person Responsible	Constable Precinct 1	Estimated Completion Date	11/15/18
<p>Constable will be conducting meetings and training sessions to ensure the deputies are re-familiarized with proper bank depositing procedures.</p>			

Finding #3	Risk Level (M)		
<p><u>Improper Receipting and Recording</u> – While reviewing a sample of 60 manual receipt transactions, the following issues were identified:</p> <ul style="list-style-type: none">• One receipt was labeled as a Justice of the Peace 5 warrant fee collection instead of the correct Justice of the Peace 1 collection.• One manual receipt did not match the amount posted in Odyssey. The deputy accepted a cash payment and filled out the receipt before verifying the amount in Odyssey. Once the overpayment error was discovered, the deputy altered the original receipt, but not the carbon copies, to match the actual amount owed and returned the overpayment to the individual.• Two of the 60 sampled transactions, or 3%, had transactions listed as "mail payments". When these were brought to the Constable's attention, he stated that they only receive civil and foreign civil processing payments in the mail and not criminal citation payments. Therefore, the warrant payments posting as a "mail payment" was an error by the deputy.• While reviewing a sample of 49 civil and miscellaneous fee Odyssey receipts, 33 or 67% were erroneously posted and labeled as criminal warrant fee collections. <p>Erroneous posting increases the risk of improper financial reporting and altered receipts can increase the risk of monetary loss to the County.</p>			
Recommendation			
<p>All deputies should exercise due care in accurately posting collections into Odyssey. If an error on a manual receipt is discovered, the receipt should be labeled as "void" and a new receipt should be issued; altering receipts is unacceptable. The office Policies and Procedures should be updated to include procedures on proper receipt issuance and voiding. The Constable may weigh the option of additional training if he feels necessary.</p>			
Action Plan			
Person Responsible	Constable Precinct 1	Estimated Completion Date	11/15/18
<p>Constable will share and discuss the findings listed in this audit report to ensure proper receipting and recording of payments received. Further, Constable will update his policies and procedures to include a section relating to proper handling and voiding of receipts.</p>			



**EI PASO COUNTY
CONSTABLE PRECINCT 1 AUDIT
FINDINGS AND ACTION PLANS**



Finding #4

Risk Level M

Recording of mailed payments – Lack of segregation of duties and mail log issues exist. We sampled 27 mailed in civil and foreign civil processing payments received by the Constable's office, the following issues were noted:

- One foreign civil processing payment in the amount of \$100 was logged in as received and served on June 23, 2017. However, the transaction could not be traced to a bank deposit. Constable was made aware of the situation and is currently investigating the incident.
- Three foreign civil processing payments, totaling \$300, were recorded in the Odyssey system but were not logged into the Constable's office mail log.
- Seven tax case civil processing payments totaling \$700 for warrant service for other counties, were recorded in Odyssey but could not be located on the mail payment logs for the time period under review. It was later discovered that these tax cases were logged into mail logs outside of the scope of this review when initial paperwork was remitted by the other county. When the case is settled at a later date by the other county, court costs are collected and the civil process fee owed to the El Paso County Constable office is remitted for services rendered. The receipt of payment was not logged because the case was already documented on an earlier log.
- Lack of separation of duties among the deputies. One deputy receives, records on the mail log and records and receipts the information into Odyssey.

Lack of segregation of duties and improper posting of collections in the Odyssey system and on the office mail log could lead to potential misuse of funds or loss of revenue for the County.

Recommendation

Constable Precinct 1 should ensure all deputy collections are entered into Odyssey with the proper payment type. Further, ALL payments should be recorded into the office mail log upon receipt. If the receipt of paperwork has been logged on a previous date, the current receipt of payment should be logged and referenced to the initial paperwork receipt date. Also, the Constable should implement a segregation of duties policy when dealing with mailed in civil fee payments and the office policies and procedures should be updated with the new policy. In regard to the unaccounted transaction, the Constable is liable for the \$100 shortage in accordance with Article XVI, §61 of the Texas Constitution.

Action Plan

Person Responsible	Constable Precinct 1	Estimated Completion Date	11/15/18
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Constable will begin to implement the following action plans:

- In regards to the unaccounted for \$100 mailed in payment, the Constable has agreed to perform his due diligence and continue his research of the matter. However, if this matter cannot be resolved the Constable has agreed to remit to the County the amount in question in accordance with Article XVI, §61 of the Texas Constitution within a two week time period.
- Solutions to documenting payments through the office mail log to ensure tracking to initial receipt of paperwork will be explored and the best option implemented.
- The Constable has agreed to separate the duties regarding the acceptance, recording, posting and depositing of payments received by mail between two deputies. The first deputy will receive the mailed payments and record the information on the payment received log. The second deputy will post the payment into Odyssey and prepare the deposit to be submitted to the bank. These assignments will be rotated on a quarterly basis among all deputies.



**EI PASO COUNTY
CONSTABLE PRECINCT 1 AUDIT
FINDINGS AND ACTION PLANS**



Finding #5	Risk Level (L)		
<p>Manual Receipt Book Log – Manual receipt books are assigned to deputies without recording the receipt book and assignment information. This lack of internal control can lead to misappropriation of receipt books, fraud and undocumented collections.</p>			
Recommendation			
<p>Constable Precinct 1 should institute a manual receipt book log showing which receipt book is assigned to which deputy. Further, this receipt log should also be used to show when used receipt books have been remitted to the County Auditor's Cash Management division (formerly the Treasury Division).</p>			
Action Plan			
Person Responsible	Constable Precinct 1	Estimated Completion Date	Immediately
<p>Constable has agreed to implement a manual receipt book log to ensure proper assignment of all issued receipt books. Further, any books not in use shall be placed in a secure location with limited access.</p>			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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11-02

November 1, 2018

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 July 2017 through March 2018 to determine if internal controls were adequate to ensure proper preparation of County Attorney's financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. We tested one operational control and six financial controls with a total of 85 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of County Attorney's Office for their assistance and courtesies extended during this audit.

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

Respectfully,

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

Edward A. Dion
County Auditor

EAD:RB:ya

cc: Mrs. Betsy Keller, County Chief Administrator



County Attorney's Office

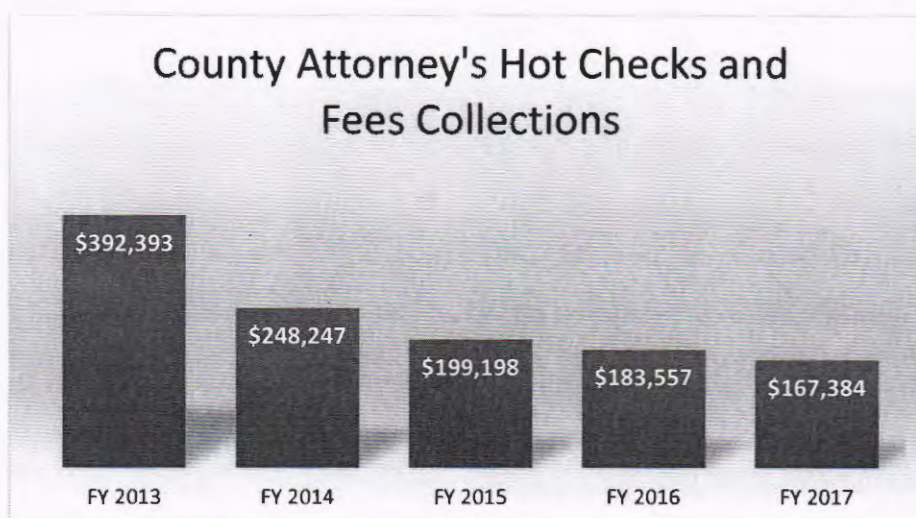
EXECUTIVE SUMMARY



BACKGROUND

The County Attorney's Criminal Unit is responsible for the prosecution of those engaging in abusive and dishonest business practices (DBP), writing hot checks, engaging in environmental crimes. The Criminal Unit also files civil law suits when people fail to appear to court or own or operate a property where habitual criminal activity occurs. Criminal business practices can only be prosecuted by the State. The County Attorney has the responsibility to determine which cases should be prosecuted, and which cases should be declined. In the past, defendants made restitution through the CA's office, but this practice has stopped and has not been in effect since October of 2017. Restitution is collected by the El Paso County Community Supervision and Corrections Department (EPC CSCD), unless a defendant was already placed on probation, then the payments are collected by the County's Financial Recovery Department. Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month, except DBP. This audit was performed by Ruth Bernal, internal auditor senior. The most recent prior audit report was issued on September 1, 2017.

The following chart is a comparison of hot checks and fees collected at County Attorney's Office for the past five fiscal years.



AUDIT 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 and related control.

Business Objective	Control Assessment
1. Document and follow policies and procedures	Needs Improvement
2. Functioning appropriate cash controls.	Needs Improvement
3. Timely deposits of daily collections in accordance with <i>Local Government Code</i> 113.022.	Satisfactory
4. Adequate controls of voided transactions.	Satisfactory
5. Maintain proper supporting documentation of transactions.	Satisfactory

SCOPE

The scope is July 2017 through March 2018.

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count of hot checks collections on April 17, 2018, in accordance with Texas *Local Government Code* §115.0035;



County Attorney's Office



EXECUTIVE SUMMARY

- Reviewed a sample of hot checks daily cash count sheets to determine deposit completeness, accuracy and posting to the County financial system, Munis;
- Reviewed Miracle Delivery logs and compared them to deposits slips from hot checks and bad checks accounts to verify proper documentation and timely deposit;
- 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;
- Reviewed Bad check account bank reconciliations and compared them to County Attorney records to verify information completeness, accuracy and posting to Munis;
- Reviewed voided transactions to determine adequate controls are in place;
- Reviewed prior audit recommendations and action plan(s) to determine implementation status.

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Timely deposit of daily collections. (Obj. 3)• Adequate controls of voided transactions (Obj. 4)• Maintain proper supporting documentation (Obj. 5)	<ul style="list-style-type: none">• Policies and procedures. (Obj. 1)• Cash controls (Obj. 2)
Finding Summary	
<ol style="list-style-type: none">1. Policies and procedures need to be updated.2. Bad Check account has outstanding checks for more than six months.	

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 five objectives of this audit. However, implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



County Attorney's Office



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

● Closed

1. **Finding:** Two checks payable to two different individuals dated November 30 and December 31, 2010, and an envelope with documentation and money orders from 1998 were found in the safe.

Recommendation: All funds received should be deposited according to County policy. Old checks and money orders found in the safe should be researched in order to properly process them.

Action Plan: The checks and money orders in the safe were placed there as a result of an investigation completed in 2009 and as such are an exception to the policies and procedures in place. All checks and money orders have been categorized, the following actions have been taken: CA will be depositing American Express and US Postal Money Orders, CA has contacted Comptroller Office regarding re-issuance of checks made out to CA, CA contacted Auditors regarding checks made out to merchants for re-issuance. The 2010 checks named above are void; however, the issuing entity has been contacted and re issuance has been requested. It is the County Attorney's policy to deposit all funds received the next working day. *Resolved.*

● Closed

2. **Finding:** DBP restitution payments are recorded on an Access Data Base system. However, the system does not prevent the user from backdating the collection of the payments. Also, the system cannot provide a list of cases with pending balances.

Recommendation: The County Attorney's Office should consider the possibility of utilizing Odyssey to post DBP restitution payments on cases that do not have probation. This will ensure payments are not backdated and documentation will be all in one system for any future inquiries on these types of cases.

Action Plan: Beginning October 1, 2017, probation cases with restitution will be handled by the Probation department. The recommendation to have DBP restitution payments posted utilizing Odyssey is not a function that is available to us in Odyssey. It should be noted that "backdating" is not an issue due to the procedure requiring copying all payment instruments when posted. However, an excel worksheet carrying pending balances will be developed. *Auditor's note: The excel worksheet was developed and provided to the Auditor; the CA's office worked with the Probation Department, the county courts, ITD, the Financial Recovery Department, and individual probation officers to modify the probation of every single person on probation ordered to pay restitution to the CA's office (those cases resolved and still active prior to October 17, 2017). For our efforts, only 24 probation cases remain outstanding to have payments transferred over to the FRD, and the majority of those cases have not transitioned because the probationers have absconded from probation (therefore, the CA's office is not collecting restitution in those cases).*



County Attorney's Office



FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1	Risk Level H
<p>Policies and Procedures – Documented Policies and Procedures are not updated.</p> <ul style="list-style-type: none">• Collections discrepancies - While reviewing the hot check collections at the Ysleta Annex, there were two instances in which the cash count sheets submitted to the County Attorney's Office had a small difference to the amount submitted to the Auditor's office. It was explained that at the annex, they don't have a change fund and they should receive the exact amount. Policies and procedures do not indicate payments should only be accepted for the exact amount.• Voided transactions - The County Attorney's Office has procedures in place for voided transactions; however, details such as only authorized employees can void transactions on Odyssey are not documented. <p>It is important to have detail policies and procedures to provide guidance to the County employees on how to safeguard public assets and to help strengthen the internal controls. Documented current policies and procedures also help ensure consistent practices among employees, accurate financial documentation, ability to enforce employee responsibility and reduce processing errors due to a lack of knowledge.</p>	
Recommendations	
<p>Policies and procedures should be updated and include specific details as follows:</p> <p>Collections:</p> <ul style="list-style-type: none">• Acceptable tender types• Overage and shortages policy• Posting on Odyssey• Robbery guidelines• Disciplinary action• Cash handling training requirements <p>VOIDS:</p> <ul style="list-style-type: none">• Transactions that need to be voided• Supporting documentation that should be attached.• Authorized personnel <p>Updated policies should be distributed to employees and acknowledgement documented.</p> <p>Auditor's note: Updated policies and procedures for collections were received on June 28, 2018 and void procedures were received on October 9, 2018. No further action is necessary.</p>	
Action Plan	
Person Responsible	Trial Team Chief Estimated Completion Date October 9, 2018
Recommendations have been met.	



County Attorney's Office
FINDINGS AND ACTION PLANS



Finding #2		Risk Level (M)	
Outstanding checks for more than six months – As of March 2018, eleven checks issued from March 2014 through September 2017 are still outstanding from the Bad check account. From those 11 checks, three checks were issued to County employees and one to the County of El Paso which could easily be contacted to determine why they haven't cashed the checks.			
Recommendations			
County Attorneys' Office should coordinate with Cash Management-Audit division (formerly Treasury) to obtain a copy of the bank reconciliation on a monthly basis. County Attorney's Office should review transactions cleared and in transit. It is also recommended that if checks issued to County employees or El Paso County are outstanding for more than 90 days, the corresponding party should be contacted to determine the reason for the check not being cashed and ask if the check could be reissued.			
Action Plan			
Person Responsible	Office Administrator Administrative Unit	Estimated Completion Date	November 30, 2018
County Attorney's office voided checks outstanding for more than six months; they are doing some research to determinate if the checks issued to County employees and the County need to be reissued. Also, Cash Management Audit division had been contacted to obtain the bank reconciliations on a monthly basis in order to County Attorneys' Office can have access to the information and take the corresponding action to correct any problems.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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11-01

November 1, 2018

The Honorable Maria Salas-Mendoza
Local District Court Administrative Judge
120th Judicial District
500 E. San Antonio Street
El Paso, Texas 79901

Dear Judge Salas-Mendoza:

The County Auditor's Internal Audit division performed an audit of the County Auditor's office Cash Management Audit division (formerly Treasury division) financial records and processes for February 2016 through June 2018 to determine if internal controls were adequate to ensure payments are appropriately deposited and statutory compliance. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. We tested one operational control and three financial controls with a total of 80 samples. There were three findings noted as a result of the audit procedures; including one repeat finding. We wish to thank the management and staff of Cash Management Audit division 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 the subject of this audit, 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", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

EAD:RB:ya



Cash Management Audit division
El Paso County Auditor's Office



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 (LGC) or other state statute means the person who performs the powers of 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 El Paso County Treasurer was abolished, state law provisions referring to county treasurer duties now are read as applying to the County Auditor.

LGC § 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 owed by the county. The Cash Management Audit (CMA) 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.

A new ERP system, Munis, was implemented since the last audit, including a new cashiering system. The implementation of the new system required significant changes to the daily processing, posting and bank reconciliation processes of CMA. The new system also required a shift in responsibilities that added functions such as coding of revenues and reconciliation of treasury records to general ledger records to CMA that were previously performed by other divisions and furthermore this required reallocation of staffing resources to this division. The audit was performed by Ruth Bernal, internal auditor senior. The prior audit was issued September 1, 2016.

OBJECTIVES

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

Business Objective	Control Assessment
1. Document and follow policies and procedures	Needs Improvement
2. Functioning appropriate cash controls.	Needs Improvement
3. Timely deposits of daily collections in accordance with <i>LGC 113.022</i> .	Satisfactory
4. Adequate controls of voided transactions.	Needs Improvement
5. Complete, timely, and accurate bank reconciliations	Need Improvement

SCOPE

The scope is February 2016 through June 2018.

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count of CMA division collections on May 31, 2018, in accordance with *LGC §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 CMA division personnel to determine current processes and controls, such as adequate segregation of duties, dual controls, and safeguarding of information and assets.
- Reviewed Miracle Delivery logs and compared them to deposits slips to verify proper documentation and timely deposit;
- Reviewed Deposit Warrant logs to verify they balance to the collections.
- Reviewed a sample of bank reconciliations for completeness and accuracy.
- Reviewed a sample of voided transactions for proper authorization.



**Cash Management Audit division
El Paso County Auditor's Office**



EXECUTIVE SUMMARY

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Timely deposit of daily collections. (Obj. 3)	<ul style="list-style-type: none">• Policies and procedures. (Obj. 1)• Cash controls (Obj. 2)• Adequate controls of voided transactions (Obj. 4)• Timely and accurate bank reconciliations (Obj. 5)
Finding Summary	
<ol style="list-style-type: none">1. Cashiers collections are combined for daily balancing.2. Voided transactions were not properly documented.3. Some bank reconciliations had reconciling items pending over six months and procedures need to be updated.	

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 CMA division was satisfactory for one of the five objectives of this audit. However, implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



Cash Management Audit Division
El Paso County Auditor's Office



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

● Closed

1. **Finding:** Change fund is shared by Treasury employees and there is a lack of segregation of duties.

Recommendation: Each clerk should be responsible for reconciling their own change fund.

Action Plan: Treasury will implement procedures to limit access to the change fund to only one clerk. The accountant senior, will randomly verify the change fund once a month. Post ERP implementation the Treasury manger will request an increase so each clerk will have their own change fund. *Resolved. The change fund is no longer shared, but is split between the employees.*

● Closed

2. **Finding:** A log of deposit warrant books is not kept.

Recommendation: Treasury division should maintain a log of the deposit warrants books on hand, the log should include receipt of the new books and distribution of books as they are put into use.

Action Plan: Treasury has completed an inventory of deposit warrants books on hand and created a log to account for them. *Resolved.*

● Closed

3. **Finding:** Controls for securing County manual receipt books are weak.

Recommendation: Treasury division should be the custodian of manual receipt books inventory for all County departments.

Action Plan: Treasury division has custody of a few County department receipt books already and created logs for inventory control. Remaining County departments will be contacted 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. *Resolved. Auditor's note: Due to storage capacity at the Auditor's office, CMA, (formerly Treasury), will not be able to keep receipt book inventories for all departments. CMA will keep a list of the departments that are responsible for their own manual receipt book inventories.*

● Closed

4. **Finding:** District Attorney's deposits are hand carried from one building to another, increasing risks.

Recommendation: 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.

Action Plan: Effective 15, 2016, Financial Recovery division located in the Courthouse is receiving the District Attorney's office deposit. *Resolved.*

● Closed

5. **Finding:** A cashiering system is needed for collections at Treasury's window.

Recommendation: Deposit warrants should include a printed line for source of collection and tender type. 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.

Action Plan: The new cashiering system is scheduled to go live on October 1, 2016. The new system will identify the source of collections and the tender type. *Resolved.*

Ⓜ Closed

6. **Finding:** NSF checks are not handled in accordance with notice of dishonor letters.

Recommendation: Consequences of the dishonor letters should be followed and letters updated. Written policies and procedures should be updated.

Action Plan: Policies and procedures regarding NSF letters will be updated. *Resolved.*



**Cash Management Audit Division
El Paso County Auditor's Office**



FINDINGS AND ACTION PLANS

Status

Open


See finding #3

7. Finding: There were some reconciling items over six months old and Treasury was not notified of three voided checks.

Recommendations: Due care should be exercised and reconciling items investigated and resolved timely with the respective divisions to post entries in Munis.

Action Plan: Treasury employees will work to ensure reconciling items are investigated and resolved timely. Management review of reconciliations will also verify age of reconciling items. If notification of void checks is not received timely, Treasury will remind the originating department of proper procedures and take proactive follow up action to ensure timely resolution.

Current Audit Findings & Action Plans

Finding #1		Risk Level 	
<p>Daily balancing – A sample of 84 collection dates were reviewed and no cash discrepancies were noted. However; a cash count sheet is prepared for each deposit slip but not for each cashier. In case of a discrepancy, it would be difficult to determine which cashier was responsible for the difference. Best practice is for each cashier to balance separately before combining funds for the deposit.</p>			
<p>Recommendations</p> <p>On a daily basis, each clerk should reconcile their till individually to the Tyler cashiering system, and prepare a cash count sheet. Cash count sheets should be signed by each cashier and presented to a supervisor for review and approval. Any overages or shortages should be noted and logged. The log should be reviewed to identify any cash handling issues.</p>			
<p>Action Plan</p>			
Person Responsible	CMA Audit Manger	Estimated Completion Date	10/31/18
<p>The cash count sheet was amended on August 22, 2018. The cash count sheet now includes space to detail the cash count per cashier, their respective signatures and the supervisor who reviewed it. Also, the CMA manager agrees to start a log to ensure documentation of overages or shortages, if any. Policies and procedures for the division are being updated and will incorporate these procedures.</p>			



Cash Management Audit Division
El Paso County Auditor's Office



FINDINGS AND ACTION PLANS

Finding #2		Risk Level (M)									
<p>Voided Transactions: A sample of eight of 96 voided transactions were reviewed. The following was observed:</p> <ul style="list-style-type: none">• There is no detail explanation for the voided transitions, nor supporting documentation. When CMA personnel were questioned about some voided transactions, they couldn't remember exactly the reason for the void and they couldn't provide any supporting documentation.• On Tyler cashiering system the field labeled "Comment" is not utilized consistently to give more details about the reason for the void. <p>Lack of documentation increases the chances of manipulation of records or misappropriation of funds. Proper documentation provides evidence of what has occurred as well as provides information for researching discrepancies if it is needed.</p>											
<p>Recommendation</p> <p>Voided transactions should be better documented and include more detail explanation on the comment field. Also, policies and procedures should be updated and include specific details for voided transactions such as:</p> <ul style="list-style-type: none">• Transactions that can to be voided• Supporting documentation that should be included• Authorized personnel.											
<p>Action Plan</p> <table><tr><th>Person Responsible</th><th>CMA Audit Manager</th><th>Estimated Completion Date</th><th>Implemented</th></tr><tr><td colspan="4">Voided transactions will be monitored to ensure voids are documented. Clerks have been instructed to always include an explanation on the comment field for the reason the transaction had to be voided. Please note system controls require senior accountant or manager approval on all voids. Policies and procedures have been updated to include voided transactions procedures.</td></tr></table>				Person Responsible	CMA Audit Manager	Estimated Completion Date	Implemented	Voided transactions will be monitored to ensure voids are documented. Clerks have been instructed to always include an explanation on the comment field for the reason the transaction had to be voided. Please note system controls require senior accountant or manager approval on all voids. Policies and procedures have been updated to include voided transactions procedures.			
Person Responsible	CMA Audit Manager	Estimated Completion Date	Implemented								
Voided transactions will be monitored to ensure voids are documented. Clerks have been instructed to always include an explanation on the comment field for the reason the transaction had to be voided. Please note system controls require senior accountant or manager approval on all voids. Policies and procedures have been updated to include voided transactions procedures.											



Cash Management Audit Division
El Paso County Auditor's Office



FINDINGS AND ACTION PLANS

Finding #3

Risk Level (M)

Bank Reconciliations: Some bank reconciliations had reconciling items pending over six months and procedures need to be updated. February and March 2018 bank reconciliations, 38 of 228 total monthly reconciliations, were reviewed for the bank accounts handled by CMA. The following was noted:

- Seven of the bank accounts had outstanding checks more than six months old. Policies and procedures include writing off outstanding checks that are older than six months old for departments who handle separate bank accounts, but it doesn't address the procedures for outstanding checks on the bank accounts handled by the CMA.
- Regarding the consolidated bank account reconciliations, there were seven credit card charge back transactions pending to be corrected older than six months. CMA doesn't have documented policies and procedures on how to handle credit card charge backs.
- Five of the account reconciliations had outstanding reconciling items for transactions pending to be posted on Munis since October 2017.

Old reconciling items was a finding on the prior audit. Bank reconciliations identify receipts and payments to ensure they are all correctly recorded in both the bank and the financial general ledger in Munis. A regular review of the bank accounts helps to identify potential problems and resolve differences in a timely matter. Best practices for outstanding items recommends that they be cleared within 90 days and requires support documenting why they have yet to be cleared.

Recommendations

1. Due care should be exercised and reconciling items and should be followed up on to ensure items are resolved timely with the bank and/or credit card company. Divisions responsible for the corrections should be contacted and issues escalated if not resolved timely.
2. Policies and procedures should be updated and include the process for credit cards charge backs and follow up for outstanding checks older than six months.

Action Plan

Person Responsible	CMA Audit Manager	Estimated Completion Date	10/31/18
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The change in posting methodology of payroll entries due to implementation of the Munis payroll module in October of 2017 created many outstanding items in several accounts. This process has been thoroughly examined involving multiple divisions and executive staff and all outstanding items have been cleared as of the date of this report. Controls will be put in place to communicate with the respective parties for timely clearance of items in the future. Policies and procedures will be updated to include such controls.



COUNTY OF EL PASO
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April 20, 2018

The Honorable Maria Salas-Mendoza
Local District Court Administrative Judge
120th Judicial District
500 East San Antonio Street
El Paso, Texas 79901

Dear Judge Salas-Mendoza:

The County Auditor's Internal Audit division performed an audit of Mail payment records and procedures of the Financial System Maintenance Support-Audit and Cash Management-Audit divisions (formerly Administrative and Treasury divisions) of the County Auditor's office for March 2016 through November 2017 to determine if internal controls are adequate to ensure payments are deposited and statutory compliance. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

The audit report is attached. We tested one operational and two financial controls using 165 samples. There were three findings noted as a result of the audit procedures, including two repeat findings from the prior audit. We wish to thank the management and staff of the Financial System Maintenance Support-Audit and Cash Management-Audit divisions 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 the subject of this audit, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

Barbara Franco for Edward A. Dion

Edward A. Dion
County Auditor

EAD:RB:ya

cc: Mrs. Betsy Keller, Chief Administrator



County Auditor's Office Payments by Mail Audit

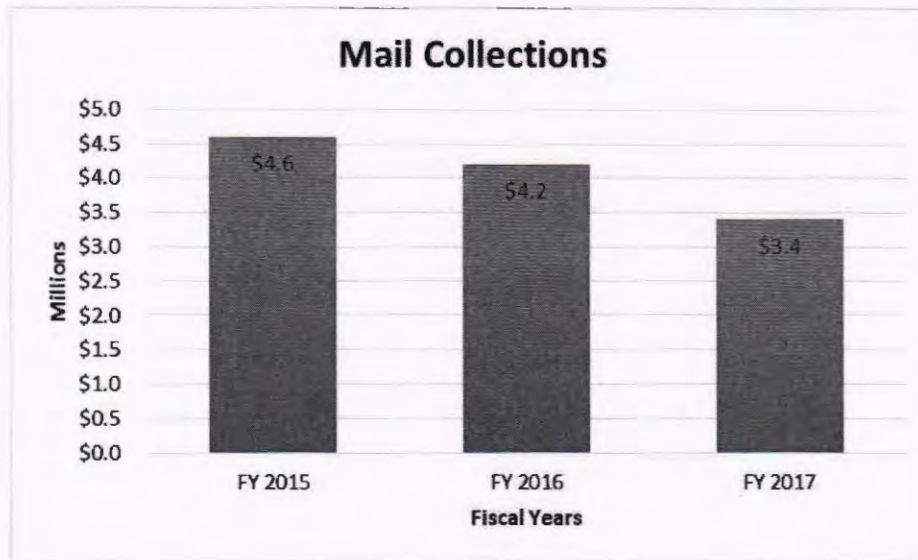


EXECUTIVE SUMMARY

BACKGROUND

Mail is accepted by the Financial System Maintenance Support - Audit division of the County Auditor's office daily. The mail includes payments to the County. Proper management of mail collections is particularly important because the payee is not present. All payments are logged and forwarded to the Cash management - Audit division for revenue coding and deposit in appropriate bank accounts. The audit was performed by Ruth Bernal, internal auditor senior. The prior Payments by Mail audit report was issued June 9, 2016.

The following chart is a comparison of the mail collections at the Auditor's Office for the past three fiscal years.



OBJECTIVES

The 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 assessments.

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.	Satisfactory
4. Retention of adequate supporting documentation for deposits.	Need Improvement

SCOPE

- March 2016 through November 2017.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes,
- Tested a sample of 45 days of mail logs and related deposit records to determine deposit completeness, accuracy, timeliness, and retention of appropriate deposit information,
- Compared the last four months of Cash Management-Audit division mail records against Financial System Maintenance Support-Audit division mail records, and
- Conducted interviews with staff to determine current processes and controls, such as adequate segregation of duties, dual controls, and safeguarding of information and assets.



County Auditor's Office Payments by Mail Audit



EXECUTIVE SUMMARY

RESULTS

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

Control Summary	
Good Controls	Weak Controls
1. Timely deposit of mail collections (Obj. 3)	1. Policies and Procedures are not updated. (Obj. 1) 2. Administrative Division log controls are not adequate. (Obj. 2) 3. Maintenance of supporting documentation for deposits of mail payments. (Obj. 4)
Observation Summary	
1. Not all mail payments are logged and scanned on a daily basis, and deposit slip and deposit warrant information was missing from some mail payment logs. 2. Daily mail payment logs do not include critical control information at the Financial System Maintenance Support-Audit division level. 3. Policies and procedures need to be updated and include more procedural details.	

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.

CONCLUSION

The internal control structure of the County Auditor's Office payments by mail did not meet three out of four 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
Payments by Mail Audit



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

● Closed

1. **Finding:** Treasury Division was in possession of four checks that were not deposited timely in accordance with *Local Government Code §113.022*.

Recommendation: 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 *Local Government Code §113.022*. If the payment doesn't provide enough information to properly classify the collections, it should be returned to the sender with a request for additional information.

Action Plan: 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.

● Open

See current
finding # 1

2. **Finding:** From a sample of 30 days reviewed, checks were scanned only on four days. Administrative division procedures require daily scanning of checks.

Recommendation: The payments received by mail should be scanned on a daily basis.

Action Plan: Administrative division will ensure the mail payments are scanned on a daily basis.

Ⓜ Closed

3. **Finding:** 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.

Recommendation: 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.

Action Plan: Administrative division agrees and will implement the recommendations. The log will be scanned after being signed by Treasury division that checks were received.

Ⓜ Open

See current
finding # 1

4. **Finding:** On five of the 30 days sampled, Treasury division did not indicate on the log the deposit slip numbers for the checks deposited.

Recommendation: 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: Mr. Gomez will remind Treasury staff to update the logs to maintain accurate and complete records.

Ⓜ Open

See current
finding # 3

5. **Finding:** Policies and procedures were not provided when requested for this audit. Policies and procedures from prior audit 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: The managers of each division will ensure their respective division's documented policies and procedures are updated to reflect current processes.



**County Auditor's Office
Payments by Mail Audit**



FINDINGS AND ACTION PLANS

Current Audit Findings

Observation #1	Risk Level 1		
<p>Mail logs and documentation – Checks are not always scanned and log control numbers are not static. Checks received in the mail are scanned and logged on a mail log template by Financial System Maintenance Support-Audit. Then checks are submitted to Cash Management- Audit division who signs the log as proof of receipt. Subsequently, the signed log is scanned by Financial System Maintenance Support-Audit and saved together with the checks already scanned. The template is then emailed to Cash Management – Audit division in order for them to keep their own record with the deposit warrant and the deposit slip number. We randomly sampled 45 dates to verify documentation supported the logs, logs were accurate, and deposits were timely. We also compared August through November 2017 scanned logs from both divisions to ensure there were no discrepancies. All the mail payments were deposited timely; however, the following exceptions to the procedures were noted:</p> <p>Financial System Maintenance Support-Audit division:</p> <ul style="list-style-type: none"> On four instances (9%), documents (logs and checks) were not scanned. On four instances (9%), the checks were scanned, but not the logs. On four instances (9%), logs were scanned, but not the checks. On two instances (1%), a check was scanned but not listed on the log. On the four months compared, Financial System Maintenance Support - Audit division only scanned 10 days while Cash Management - Audit division has records for 28 days. <p>Cash Management–Audit division:</p> <ul style="list-style-type: none"> On four instances (3%), deposit warrant and deposit slip number were not indicated on the log. On three instances (2%), the deposit warrant was not indicated on the log. <p>Both Divisions:</p> <ul style="list-style-type: none"> There were 35 instances where the control numbers on the logs did not match between the two divisions. Each time a log is created, a control number is generated on the excel template. Once the checks are logged in, the log is printed and signed then submitted with the checks to Cash Management- Audit division. An electronic copy of the log is emailed to the Cash Management-Audit division to document the deposit process for their records. It appears that when Cash Management-Audit division opens the template on their end, it generates another control number. When records are compared between divisions, the worksheet are a number off). 			
Recommendations			
<p>The payments received by mail should be logged and scanned on a daily basis by the Financial System Maintenance Support- Audit division. Also, daily mail logs should be properly completed by both divisions to document the proper handling of mail collections. The log template field containing the automatically generated control number should be copied as a value before submission to Cash Management-Audit to be sure the control numbers remain consistent. <i>Auditor's note: the control number issue was corrected when brought to management's attention.</i></p>			
Action Plan			
Person Responsible	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Business Applications Project Administrator</td> <td style="width: 50%; padding: 5px;">Estimated Completion Date 3/20/18</td> </tr> </table>	Business Applications Project Administrator	Estimated Completion Date 3/20/18
Business Applications Project Administrator	Estimated Completion Date 3/20/18		
<p>Mr. Fernandez has counseled employees of the Financial System Maintenance Support-Audit division about the proper handling of checks by mail and will have them read and sign the policies and procedures and will periodically monitor for compliance.</p>			



County Auditor's Office
Payments by Mail Audit



FINDINGS AND ACTION PLANS

Observation #2		Risk Level H	
Mail logs – Logs do not include the date, the total of funds received, nor the tender type and document number (check number, money order number, etc.) received.			
Recommendations			
Mail logs should include critical control information such as the tender type, document number, and the total of funds received to establish a clear audit trail.			
Action Plan			
Person Responsible	Business Applications Project Administrator	Estimated Completion Date	3/20/18
The mail log template was modified to include these recommendations on 3/20/18.			

Observation #3		Risk Level M	
Policies and procedures – The Policies and procedures had not been updated to reflect the current procedures for the payments by mail. Policies and procedures provide guidance on how to safeguard public assets and to help ensure internal controls are implemented.			
Recommendation			
Policies and procedures should be reviewed and updated if necessary at least once a year. Detail information should be included in the procedures such as an example of the log; documents that need to be scanned; and information that needs to be logged by the corresponding division. Also, it is very important that the employees know where to locate the policies and procedures for their guidance. It is also recommended that the Internal Auditor Division oversee copies of all division standard operating procedures and furthermore ensure such policies and procedures are reviewed and updated annually or more often as warranted.			
Action Plan			
Person Responsible	Business Applications Project Administrator and Cash management – Audit Manager	Estimated Completion Date	3/20/18
Policies and procedures will be updated to include the recommendations. A copy will be provided to Internal Audit division for their review. A copy also will be provided to the employees be read and signed. These policies and procedures will be incorporated to the Auditor's Office Standard Operating Procedures which is currently a work in progress, and employees will be made aware of where can they locate them for references.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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02-01

February 1, 2018

The Honorable Maria Salas-Mendoza
Local District Court Administrative Judge
120th Judicial District
500 East San Antonio Street
El Paso, Texas 79901

Dear Judge Salas-Mendoza:

The County Auditor's Internal Audit division performed an audit of Utility payment records and procedures of the GL & Disbursement Reporting - Audit (formerly Accounts Payable) division of the County Auditor's Office for October 2015 through September 2016 to determine if internal controls are adequate to ensure proper preparation of utility payments reports and statutory compliance. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating, and efficient.

This audit has been a work in progress and impacted by numerous challenges such as the MUNIS implementation, special investigations, and the shift of duties between divisions in addressing departmental needs with major emphasis on meeting statutory required audits. There were six findings noted as a result of the audit procedures, two were repeat findings. As of the date of this report, the County Auditor instituted a new procedure to ensure prompt processing of payments for all utility accounts upon receipt of bills (examples of the notification email and listing of utility accounts to be sent to departments are attached). We wish to thank the management and staff of GL & Disbursement Reporting - Audit division 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 the subject of this audit, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Very truly yours,

Edward A. Dion
County Auditor

EAD:RB:ya



Utility Bill Audit



EXECUTIVE SUMMARY

BACKGROUND

GL & Disbursement Reporting - Audit division of the County Auditor's Office is responsible for paying the utility bills of County departments some of which have satellite locations. County departments submit utility bills with a utility voucher processing form where payment is authorized. If a utility bill has an amount that varies greatly from previous charges, its validity is questioned and an inquiry is made. The last Utility Bill audit was performed in 2013. There has been a change in management of GL & Disbursement Reporting - Audit since the last audit. This 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 the payments of County utility bills. 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.	Need Improvement
2. Appropriate review and approval of expenditures.	Need Improvement
3. Timely payment of the utility bills.	Unsatisfactory
4. Maintain proper supporting documentation of transactions.	Satisfactory

SCOPE

The scope is October 2015 through September 2016. Cellular accounts are not included in the scope of this audit, however, they will be included in future utility audits.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed utilities policies and procedures.
- Reviewed a sample of Water, Gas, and Electricity accounts to verify proper authorization, timely payments, and that correct amounts were posted to the financial accounting system;
- Reviewed a sample of AT&T transactions to verify proper authorization and timely payments.
- An analysis of El Paso Electric Company payments was conducted to detect unusual variances;
- A physical inspection was conducted on selected utility meters to verify existence.
- Confirmation emails were sent to County departments to confirm accounts were current and classified properly.
- Reviewed prior audit findings to determine status of any action plans.

RESULTS

Listed below are control and finding summaries, with observations listed from highest to lowest risk. Please see the *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"> • Maintain proper supporting documentation of transactions (Obj. 4) 	<ul style="list-style-type: none"> • Policies and procedures need to be updated (Obj. 1) • Review of variance documentation (Obj. 2) • Timely payment controls (Obj. 3)
Finding Summary	
<ol style="list-style-type: none"> 1. Prior recommendations regarding disconnection and payment from appropriate budgets were not implemented. 2. Account variance explanations are not properly documented. 3. Telephone account with a large balance is in dispute. 4. Not all utility accounts are paid timely (repeat finding). 5. A master list of telephone accounts is not kept. 6. Policies and procedures for payment of utility bills need to be updated and opening and closing of utility accounts included in the El Paso County Building Standards and Space allocation Policy. 	



Utility Bill Audit



EXECUTIVE SUMMARY

INHERENT LIMITATIONS

This financial review was designed to provide reasonable assurance that the internal control structure is adequate to safeguard County 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 Utility payments were satisfactory for one of the four objectives of this audit. Implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



Utility Bill Office Audit



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

● Open

See current finding #5

1. **Finding:** For utility payments sampled, 22% were paid after the due date. (Repeat finding) Five were not signed by an authorized signer, and two electric accounts were double paid due to timing issues.

Recommendation: A payment authorization from departments that have consistent delinquent accounts should be requested to expedite the payment process. Due care should be exercised in reviewing utility payments for authorized signers and balance forward amounts on bills should be researched for timing issues.

Action Plan: No formal response received.

● Open


See current finding #1

2. **Finding:** One Ascarate Park no-usage electric utility account was recommended for closure in the prior audit (2010). A water utility account located at Canutillo was paid out of Ascarate Park budget. Two electric meters and one gas meter could not be located for inspection.

Recommendation: Accounts Payable should monitor the electric account to ensure it is disconnected by Ascarate Park management. Public Works should determine if the water utility account in Canutillo is needed and if so, pay it out of the Rural Parks budget. The Ascarate Park staff should contact the utility companies to help them locate meters that could not be located and verify the service is still needed.

Action Plan: No formal response received.

Current Audit Findings & Action Plans

Finding # 1		Risk Level 	
<p>No usage account - El Paso Electric Account # 9067830000 still shows no activity during the current audit period and there is no documentation of follow-up to ensure Ascarate Park management requested disconnection of the account. The current monthly charge for the account is \$19.</p> <p>Payment from inappropriate budget – There no evidence of follow-up with Public Works to determine if service is needed and which department should be paying for El Paso Water Utility account # 61 0283 300.</p> <p>Auditor noted there have been changes in Ascarate Park management and GL & Disbursement Reporting - Audit since these issues were originally identified.</p>			
Recommendations			
GL & Disbursement Reporting - Audit should follow up on these accounts with appropriate departments to resolve the issues.			
Action Plan			
Person Responsible	Manager Senior GL & Disbursement Reporting - Audit	Estimated Completion Date	February 15, 2018
Mr. Luis Martinez will ensure the division researches this information and contacts departments to take the appropriate action. Utility accounts will be monitored closely and any accounts that do not have activity will be brought to the respective department's attention for appropriate action with escalation to County Administration if necessary.			



Utility Bill Office Audit
FINDINGS AND ACTION PLANS



Finding # 2	Risk Level H		
<p>Account variances – An analysis was performed on 158 electricity accounts. Eight gas and 30 water accounts that had minimal or no activity were also reviewed. 12 electricity accounts had considerable variances through fiscal year 2016. Upon inquiry about the procedures when there are variances, it was explained that any change is questioned when it occurs. Sometimes it is documented on the bill statement or an email is received from the corresponding department with the explanation. After reviewing the statements, only two had explanations. Regarding the water accounts, explanations were requested and it was explained that some water accounts are fire lines; however, eight accounts were not documented as fire lines and the reason for them remaining open was not questioned.</p>			
Recommendations			
<p>Variances in the consumption of any utility service should be questioned before payment. Any explanation should be properly documented in the utility expense tracking worksheet in addition to the actual billing document. We also recommend accounts with no activity be communicated to County Administration to be closed unless there is a documented reason for keeping them open.</p>			
Action Plan			
Person Responsible	Manager Senior GL & Disbursement Reporting - Audit	Estimated Completion Date	Implemented November 2017
<p>Mr. Martinez has talked to the clerks responsible for the utility account payments to ensure they will analyze and question significant variances or no activity in the consumption of the utilities accounts. Explanations for variances will be included as part of the supporting payment documentation on the financial system, Munis, and in the Excel utility worksheet.</p>			


Finding # 3	Risk Level H		
<p>Telephone account in dispute - It was noted that ATT account no 915 A05-0880 040 6 has an outstanding balance of \$39,527.32 on September 2016 bill and only the current amount of \$1,940.53 was authorized for payment. Upon inquiry, it was explained by Information Technology Department that the account is being disputed; and was referred to the County Attorney's Office.</p>			
Recommendations			
<p>The GL & Disbursement Reporting - Audit division should follow up with the County Attorney's Office regarding this balance and try to resolve the issue as the account is now more than 120 days past due.</p>			
Action Plan			
Person Responsible	Manager Senior GL & Disbursement Reporting - Audit	Estimated Completion Date	February 15, 2018
<p>Mr. Martinez will inquire with County Attorneys and Information Technology Departments about the status of the dispute on this account. All documentation regarding the referral and any status updates will be put in the utility master worksheet and notes will be made on the processed billings for any pending balances.</p>			



Utility Bill Office Audit



FINDINGS AND ACTION PLANS

Finding # 4		Risk Level 	
<p>Timely payments - Not all utility accounts are paid timely. Fifteen utility accounts (3 electric, 8 water, 4 gas) were reviewed; the following exceptions were noted:</p> <ul style="list-style-type: none">• 5 accounts (33%) have prior balances.• 11 accounts (73%) were paid 3 to 17 days late. <p>27 AT&T transactions were reviewed; the following exceptions were noted:</p> <ul style="list-style-type: none">• 14 transactions (52%) had prior balances• 21 transactions (78%) were paid 3 to 56 days late. <p>Upon inquiry about the delayed payments, it was explained that some invoices are received at the Auditor's office and have to be sent to departments for authorization. Not all the departments send them back timely. Some invoices are received directly by departments, but the departments do not send them to the Auditor's office for payment on time. Policy has been not to pay the bill without prior departmental approval. There have been occasions where two months of an account have been paid in the same check.</p> <p>It was also noted the Master list for utilities does not include a due date for each account, making it difficult for GL & Disbursement Reporting - Audit to monitor accounts for timely payments.</p> <p>These issues were reported in prior audits.</p>			
Recommendations			
<p>County Auditor should develop and document a policy for paying utility bills on time. Such policy should be distributed to affected departments with acknowledgment of receipt and understanding from the departments. The policy should include departmental responsibility for notifying the County Auditor Office of account changes or events that would cause a spike in cost, expectation of departmental review of utility expenses, and the formal notification process when aberrations occur for validation and verification prior to payment which would be an exception to the rule. We also recommend the due date be included on the account master list and be monitored to ensure bills are paid timely.</p>			
Action Plan			
Person Responsible	Manager Senior GL & Disbursement Reporting - Audit	Estimated Completion Date	February 15, 2018
<p>Mr. Martinez has formalized the County Auditor policy for paying utilities and has included the items noted as well as reference to Texas Government and Local Government Codes that allow a county auditor to implement certain processes to ensure timely payment and approval of utility expenditures. Acknowledgement of receipt and understanding of the policy will be requested of affected departments annually at the time of a change of an elected official or department head for which this policy applies. For the future, this will enable the County Auditor to process utility bills promptly upon receipt.</p>			



Utility Bill Office Audit
FINDINGS AND ACTION PLANS



Finding # 5		Risk Level (M)	
Telephone utility accounts master list – A telephone accounts master list is not kept.			
Recommendations			
In order to identify the telephone accounts that belong to the County and to monitor that all accounts are paid timely, we recommend a master list be created for telephone accounts that includes the account number, due date, and department funds from which the account is paid.			
Action Plan			
Person Responsible	Manager Senior GL & Disbursement Reporting - Audit	Estimated Completion Date	February 15, 2018
Mr. Martinez will instruct the clerk responsible for payment of the telephone bills to create a master list of the telephone accounts paid by the County to be used for monitoring timely payments. Mr. Martinez will ensure the division takes appropriate action to ensure compliance.			

Finding #6		Risk Level (M)	
Policies and Procedures – According to GL & Disbursement Reporting – Audits Utilities Policies and Procedures, utility bills are forwarded directly to the corresponding departments with a utility voucher processing form (AP-4). However, not all bills are received by GL & Disbursement Reporting - Audit division, some utility bills are mailed directly to the corresponding department. In addition, GL & Disbursement Reporting - Audit is not always notified of the opening and closing of County utility accounts.			
Recommendations			
Written policies and procedures for utilities should be updated for the following:			
<ul style="list-style-type: none">• To reflect current procedures.• To include any new procedures related to the County's recently implemented financial system.• A method to effectively communicate to GL & Disbursement Reporting - Audit division the opening and closing of County utility accounts. This item should also be part of the El Paso County Building Standards and Space Allocation Policy which requires all requests for the allocation, assignment, designation, renovation, modification, alteration, or expansion of existing space, and any changes thereof, to be processed through the Facilities Management Division of the Public Works Department with subsequent notification to the County Auditor-GL & Disbursement Reporting - Audit Division.			
Action Plan			
Person Responsible	Manager Senior GL & Disbursement Reporting - Audit	Estimated Completion Date	February 15, 2018
Mr. Martinez will contact Public Works Department and County Administration to ensure the responsibility for opening and closing utility accounts is formally documented in County policies. Once responsibility is determined, appropriate policies and procedures will be updated for all of the recommended items. All County Auditor office policies and procedures are currently being update as a result of the Munis implementation.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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01-08

January 14, 2019

The Honorable Delia Briones
El Paso County Clerk
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 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 nine financial controls with a total of 289 samples. There were four findings noted as a result of the audit procedures. 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.

Respectfully,

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:PT:ya

Attachment

cc: Ms. Betsy Keller, County Chief Administrator



The Office of The County Clerk Audit



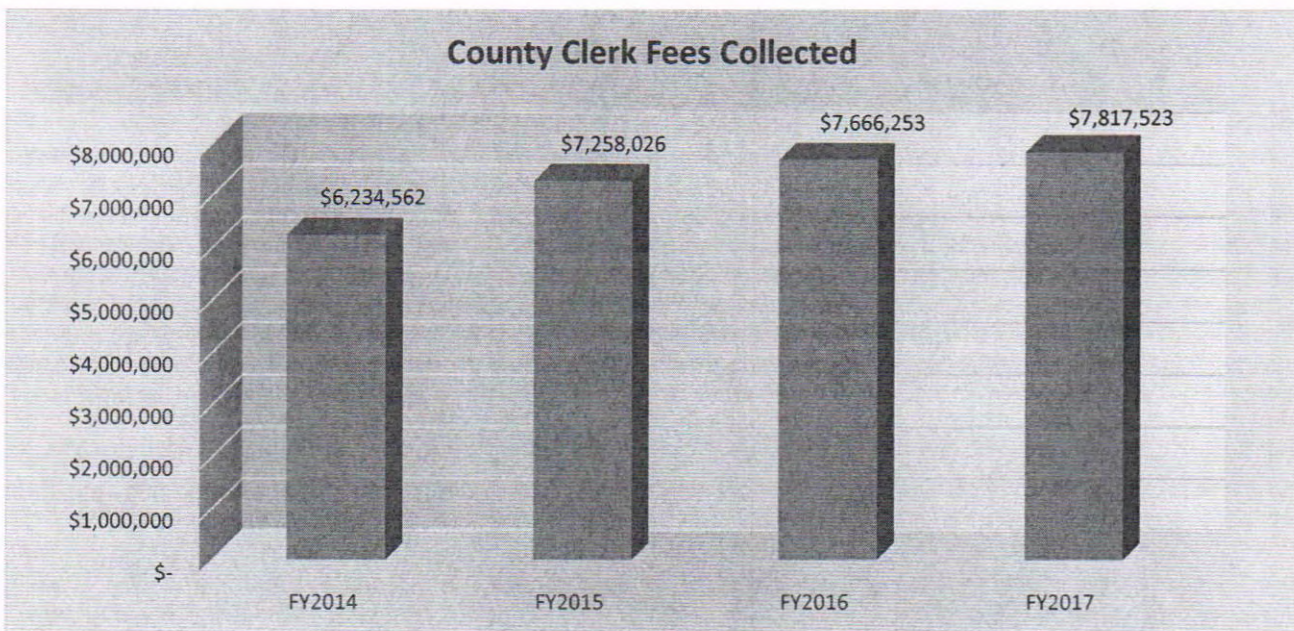
EXECUTIVE SUMMARY

BACKGROUND

The Office of the County Clerk serves as clerk and custodian of records for the Commissioners Court, Constitutional County Courts 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 Ruth Bernal, internal auditor senior and Phillip Trevizo, internal auditor. The most recent prior audit report was issued on December 20, 2016. The status of prior year audit action plans may be found in the *Findings and Action Plans* section of this report.

FINANCIAL REPORTING

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) and TrackNet showing all transactions occurring each month. The following chart is a comparison of fees collected at the Office of the County Clerk for the past four fiscal years.



OBJECTIVES

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

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Void and reversed Odyssey/TrackNet entry controls	Needs Improvement
3. Storage and timely posting of manual receipts	Needs Improvement
4. Daily deposit procedures	Satisfactory
5. Appropriate Probate and Lunacy account controls	Unsatisfactory
6. Appropriate Cash Bond account controls	Unsatisfactory
7. Appropriate Investment accounts controls	Satisfactory
8. Completeness of the payment mail log and timely posting to Odyssey/TrackNet	Satisfactory
9. Court order compliance in dismissed cases	Satisfactory

SCOPE

The scope of the audit is from November 2016 through March 2018. Review of requirements for Commissioners Court meeting minutes is not included in this audit and will be reported on in a separate report.



The Office of The County Clerk Audit



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count at County Clerk collections stations in accordance with *Local Government Code (LGC) §115.0035*.
- Reviewed a sample of daily deposit transactions and traced to deposits with Bank Accounts.
- Reviewed Odyssey and TrackNet systems void user rights and reviewed a sample of void and reversal entries to verify legitimacy of transactions.
- Reviewed manual receipt internal controls and tested a sample of manual receipts for appropriate and timely posting to Odyssey/TrackNet.
- Tested a sample of mail log entries for appropriate documentation and timely posting.
- Tested a sample of dismissed cases to verify disposition and supporting documentation.
- Reviewed the Probate and Lunacy bank account reconciliations for completeness and accuracy; furthermore, reviewed a sample of disbursements for appropriate documentation and management review and approval.
- Reviewed the Cash Bond bank account reconciliations for completeness and accuracy; furthermore, reviewed a sample of disbursements for appropriate documentation and management review and approval.
- Reviewed a sample of investment accounts for appropriate documentation of transactions and confirmation of account balances from financial institutions.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *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. 1, Obj.4) • Investment accounts controls (Obj. 7) • Mail log controls (Obj. 8) • Court order compliance on dismissed cases (Obj. 9) 	<ul style="list-style-type: none"> • Cash bond account reporting (Obj. 6) • Probate and Lunacy account reporting (Obj. 5) • Voided transactions controls (Obj. 2) • Manual receipt log controls (Obj. 3)
Findings Summary	
<ol style="list-style-type: none"> 1. Odyssey Cash Bond Balance Report does not reconcile with the cash bond bank account. 2. Odyssey Probate Balance Report does not reconcile with the probate bank account. 3. Four former employees have user rights to conduct voids in County Clerk operating systems. 4. There is no inventory log for manual receipt books in storage. 	

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's office met five of nine objectives for this audit. Implementation of recommendations provided in this report should assist the County Clerk's office in improving their internal control structure and produce accurate financial reporting.



The Office of The County Clerk Audit



Findings and Action Plans

Prior Audit Findings Summarized with Current Status

Status

- H Closed** 1. **Finding:** Fees waived or dismissed have been entered incorrectly as credits instead of charge reductions in Odyssey because clerks are not set up to adjust fees in Odyssey properly.
Recommendation: Court Clerks be given proper permissions to be able to post charge reductions instead of credits into Odyssey.
Action Plan: 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. *Action plan implemented.*
- M Closed** 2. **Finding:** The Escrow account has been dormant for several years with a balance of \$3994.30
Recommendation: Escrow funds that have not been disbursed should be reviewed and escheated to the State if the business/entity to which those funds belong to are no longer in business.
Action Plan: The Accounting Manager is researching the bank account and is in the process of sending the remaining money to the State for escheatment. *Account closed July 2017, balanced transferred to consolidated fund for escheatment to the State.*
- M Closed** 3. **Finding:** The 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: Remaining funds should be transferred to the County's consolidated account and the civil account be closed to avoid any charges from the bank.
Action Plan: The Accounting Manager is researching the bank account and is in the process to send the money to the County's consolidated account. *Account closed July 2017, balanced transferred to consolidated fund as miscellaneous collections.*
- M Closed** 4. **Finding:** TrackNet receipt numbers for mail payments are not documented on the mail payments log.
Recommendation: All mail payments posted to TrackNet should have the corresponding receipt number documented on the mail payments log.
Action Plan: The Cashiering Supervisor will ensure all payments logged will have the corresponding receipt number logged. *Action plan implemented.*



The Office of The County Clerk Audit



Findings and Action Plans

clearing out the funds left in the registry. The Accounting Division will be in charge of producing the list of cases that are applicable. The list will be produced to the courts twice a year to keep them informed on these pending cases. The Accounting Division will be reviewing the cash bond balance activity on a monthly basis to ensure that the information has been entered and processed correctly.

Finding #2	Risk Level H									
<p>Probate and Lunacy Account – While reviewing the Probate and Lunacy account, the following discrepancy was noted as of the audit period ending March 2018:</p> <ol style="list-style-type: none"> 1. The Odyssey Registry Trust Accounts with Balances Report (Probate Odyssey Report) does not balance with the reconciled bank account. <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: right; padding-right: 20px;">March 2018 Bank Reconciled Balance</td> <td style="text-align: right; padding-right: 20px;">\$</td> <td style="text-align: right;">5,949,687.22</td> </tr> <tr> <td style="text-align: right; padding-right: 20px;">March 2018 Odyssey Report</td> <td style="text-align: right; padding-right: 20px;">\$</td> <td style="text-align: right;">5,942,098.84</td> </tr> <tr style="border-top: 1px solid black; border-bottom: 3px double black;"> <td style="text-align: right; padding-right: 20px;">Bank Overage</td> <td style="text-align: right; padding-right: 20px;">\$</td> <td style="text-align: right;">7,588.38</td> </tr> </table> <p>The discrepancy is an overage of \$7,588.38 in the bank account when compared to the Odyssey report. Upon further inquiry it was explained by County Clerk Accounting Staff that the discrepancy has been in existence since the Civil and Probate conversions from JIMS to Odyssey in August 2011. Incorrect Probate Odyssey Reporting can increase the risk of misuse of funds and inaccurate financial reporting.</p>		March 2018 Bank Reconciled Balance	\$	5,949,687.22	March 2018 Odyssey Report	\$	5,942,098.84	Bank Overage	\$	7,588.38
March 2018 Bank Reconciled Balance	\$	5,949,687.22								
March 2018 Odyssey Report	\$	5,942,098.84								
Bank Overage	\$	7,588.38								
<p>Recommendation</p> <p>To improve Probate and Lunacy account financial reporting accuracy, we recommended staff research the conversion discrepancies in Odyssey to ensure reports are balanced against the bank account and that Probate and Lunacy account balances be reviewed periodically to ensure transaction accuracy.</p>										
<p>Action Plan</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border-bottom: 1px solid black; padding: 2px 5px;">Person Responsible</td> <td style="width: 25%; border-bottom: 1px solid black; padding: 2px 5px;">Accounting Manager</td> <td style="width: 25%; border-bottom: 1px solid black; padding: 2px 5px;">Estimated Completion Date</td> <td style="width: 25%; border-bottom: 1px solid black; padding: 2px 5px;">5/31/2019</td> </tr> </table> <p>The monthly Registry & Trust Accounts with Balances Report will be reviewed to determine a starting point to research the discrepancies. All cases will be reviewed to ensure accurate information and to identify any discrepancy. The account balance will also be reviewed and compared to the bank reconciliation monthly.</p>		Person Responsible	Accounting Manager	Estimated Completion Date	5/31/2019					
Person Responsible	Accounting Manager	Estimated Completion Date	5/31/2019							

Finding #3	Risk Level M
<p>Voided transactions – While reviewing a report of system user rights provided by the Information Technology Department, we noted four former County Clerk employees are authorized to void transactions in County Clerk operating systems; one in Odyssey which the employee moved to a different department and still uses the system and three in TrackNet, of which two of the employees work for another County department and no longer use the system. Upon further inquiry, County Clerk staff stated when an employee leaves the County Clerk's Office their procedures are to remove all systems access; however, these employees user rights were not properly removed from the systems.</p>	
<p>Recommendation</p> <p>We recommend the system user rights and rules of the four former County Clerk's employees be reviewed. Access to TrackNet for the three former employees should be removed; while access to Odyssey for the former County Clerk's employee that still uses the system should be moved under the right department. Also, employee separation procedures should be followed in the future to ensure proper removal of system access. We also recommend</p>	



The Office of The County Clerk Audit



Findings and Action Plans

County Clerk staff periodically verify operating systems user rights with ITD to ensure only authorized active employees of the County Clerk Department have system access.

Action Plan

Person Responsible	Functional Analyst	Estimated Completion Date	10/29/2018
--------------------	--------------------	---------------------------	------------

Access to TrackNet for the three former employees has been removed. The Financial Recovery Division has been informed one of their employees still appears as a County Clerk authorized user for Odyssey and corrective action has been requested on this matter. The County Clerk's Functional Analyst will be reviewing the staff's access to voiding transactions on a yearly basis to ensure that only the appropriate employees have access to these rights in the cashiering systems.

Finding #4

Risk Level (M)

Manual Receipts Storage Log – During a review of manual receipt internal controls, we noted there is no inventory log for new unused manual receipt books that are being held in storage by the County Clerk's Office. The manual receipt book log is only being utilized for manual receipt book issuance to the respective office divisions; however, no inventory of available unused manual receipt books is currently being kept. This increases the risk of manual receipt books to be misused due to no accountability of manual receipt book inventory.

Recommendation

We recommend staff implement an unused manual receipt book inventory log to document the physical count of manual receipt books that are in storage.

Action Plan

Person Responsible	Accounting Manager	Estimated Completion Date	11/09/2018
--------------------	--------------------	---------------------------	------------

A separate inventory log was implemented and is being maintained to document the physical count of manual receipt books in storage.



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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01-07

January 9, 2018

Ms. Christina Sanchez
Human Resource Generalist, Senior
El Paso County Human Resources
800 E. Overland
El Paso, Texas 79901

Dear Ms. Sanchez:

A copy of a memorandum dated January 9, 2018, from Mr. James O'Neal, internal auditor manager senior, is attached. This memorandum is a report on a review of the 2017 El Paso County Employee Picnic donations and expenditures.

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:JO:ya

cc: Honorable Ruben Vogt, El Paso County Judge
Ms. Betsy Keller, County Administrator
Ms. Melissa Carrillo, Director Human Resources



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01-08

MEMORANDUM

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

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

FROM: JAMES O'NEAL, INTERNAL AUDIT MANAGER SENIOR *James O'Neal*

DATE: JANUARY 9, 2018

SUBJECT: REVIEW OF THE 2017 EL PASO COUNTY EMPLOYEE PICNIC
DONATIONS AND EXPENDITURES

Overview

A review of the 2017 El Paso County Employee Picnic donations and expenditures has been performed. Donations were made by various County department heads, elected and appointed officials and were deposited with the County Auditor's office. Expenditures were made by either a temporary credit card obtained from the County Purchasing department or through payment vouchers submitted to the County Auditor's office. This review is to ensure all donations and expenditures were accounted for properly.

Scope and Purpose

The donations and expenditures for the 2017 County Employee Picnic were reviewed to ensure proper documentation and accountability. Donations were traced and reconciled with the Municipal Uniformed Management Information System (MUNIS) subsidiary account. Expenditures were traced to the credit card statement and vouchers were traced to the MUNIS subsidiary account for reconciliation purposes. The residual amount from last year's picnic was verified and accounted for. A summary of all activity is listed below:

Residual amount from 2016.....	\$1,699.26
Current Year Deposits.....	\$2,050.00
Credit Card Expenses.....	\$2,838.22
Payment Vouchers.....	\$466.50
Current Balance.....	\$444.54

Observation(s)

It was noted that patrons who made monetary donations for the picnic were not issued a pre-numbered receipt. We recommend all monetary donations be documented with an official pre-numbered County receipt. These receipts will ensure proper documentation and recording of all donations and will present a more thorough audit trail for reconciliation purposes. Pre-numbered receipt books can be obtained from the County Treasury Department and should be logged and kept in a secure location when not in use. Human Resource employees organizing the picnic concur with said recommendation.

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. The internal control structure of the El Paso County Employee Picnic, as it pertains to donations and expenditures, appears to be adequate.

Summary

All donations and expenditures appear to be accounted for properly; however, implementing the recommendation to use pre-numbered receipts will strengthen controls for documenting donations.

JO:ya



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04-16

April 10, 2018

Ms. Norma R. Palacios
Public Works Deputy Director
800 East Overland, Suite 200
El Paso, Texas 79901

Dear Mrs. Rivera:

The County Auditor's Internal Audit division performed an audit of the financial records of Primo's Cafeteria, located at the County Courthouse, to determine if internal controls are adequate to ensure proper preparation of Primo's Cafeteria'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 three operating control with a total of 62 samples. There was one finding noted as a result of the audit procedures, which was also a prior audit finding. We wish to thank the management and staff of Primo's Cafeteria 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

cc: Ms. Betsy Keller, Chief Administrator
Mr. Robin Sully, Facilities Management, Associate Deputy Director



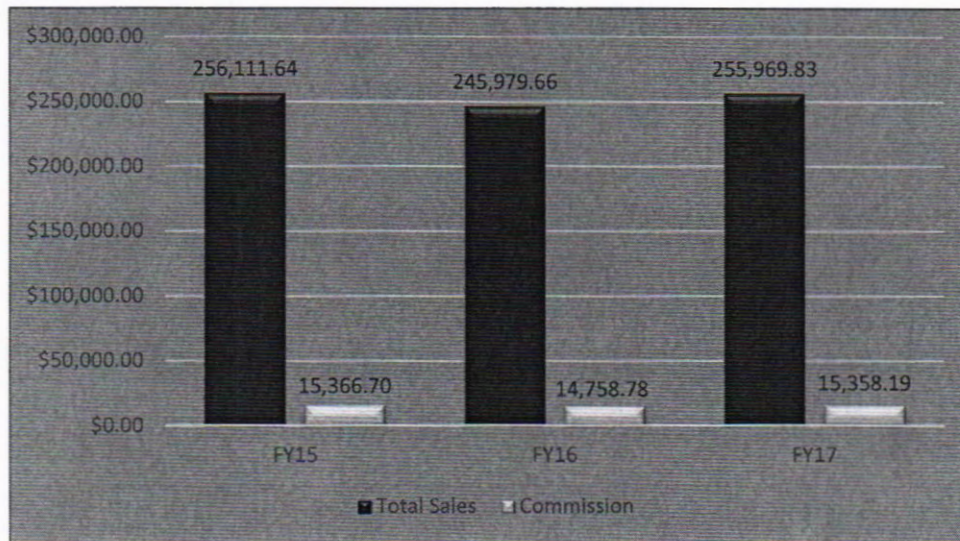
Primo's Cafeteria Audit



EXECUTIVE SUMMARY

BACKGROUND

Primo's Cafeteria, contracted to Lumar Enterprises Inc., has been serving the El Paso County Courthouse since 2003. The restaurant offers a variety food, drinks, and manages a Gourmet coffee shop located on the third floor of the courthouse. El Paso County receives a 6% commission of all sales generated, excluding sales tax, by Primo's Cafeteria. Sales and Commissions for 2015, 2016, and 2017 are illustrated below.



The software used by Primo's Cafeteria to account for financial information is RecWare. For credit card transactions, they use Square Point of Sale to take payments but those transactions are also entered in RecWare. The audit was performed by Hadi Medina, internal auditor. The last audit performed was issued May 2017.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Management of contract in accordance with agreed terms and conditions	Satisfactory
2. Timely and accurate payment of monthly commissions	Satisfactory
3. Accurate posting in RecWare of revenue collected	Needs Improvement
4. Functioning appropriate cash controls	Satisfactory
5. Proper documentation of sales reported and sales tax paid to the State	Satisfactory

SCOPE

The scope of the audit is February 2017 through January 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed current contract for compliance of agreed terms and conditions.
- Reviewed Pest Control terms and food handler safety compliance of current employees.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reviewed 100% of the Concession fee deposit warrants for accuracy and timeliness.
- Analyzed a sample of daily credit card transactions in Square Point of Sale and cash transactions for accurate posting to RecWare.
- Reviewed 100% of monthly sales tax payments for accurate total sales reported and timely payment.
- Reviewed previous audit recommendations and action plans for implementation.



Primo's Cafeteria Audit



EXECUTIVE SUMMARY

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 the status of the prior audit report findings, and related details and management action plans for the current findings.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Management of Contract Agreement (Obj. 1)• Commission payments (Obj. 2)• Cash handling procedures (Obj. 4)• Documentation for sales tax paid to state (Obj. 5)	<ul style="list-style-type: none">• Revenue receipt controls (Obj. 3)
Findings Summary	
1. 53% of sampled Square Point of Sale totals were not recorded correctly in RecWare.	

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

Primo's Cafeteria has implemented improvements in their operations but failed to resolve a prior audit issue and still require strengthening of controls. Implementation of the recommendations provided in this report should assist Primo's Cafeteria in producing complete and accurate financial reports by strengthening their internal control structure.



Primo's Cafeteria



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

● Open

See current finding #1

1. **Finding:** Square Point of Sale is used by Primo's Cafeteria for all credit card transactions. Credit card and cash transactions were not entered correctly in RecWare.

Recommendation: Public Works-Facilities should ensure staff understands the importance of and exercise due care when entering the tender type on all transactions. We also recommend cashiers provide a signed end of day sheet with all cash collections on a daily basis. Furthermore, management should provide additional training on the cashiering process as deemed appropriate based on daily review results.

Action Plan: As part of the negotiation and contract terms, the concessions partner will be required to submit a daily report on sales/cash collections.

Auditor's Comment: The bidding process for a new contract is still ongoing. Discrepancies continue to be an issue with credit card and cash transactions.

● Closed

2. **Finding:** The contract for Primo's Cafeteria has expired.

Recommendation: None. Appropriate action has been taken.

Action Plan: No further action required

Current Audit Findings & Action Plans

Finding #1		Risk Level L	
<p><i>Square Point of Sale totals not recorded correctly in RecWare: A sample of 36 days was reviewed for accurate posting of credit card and cash transactions into RecWare.</i></p> <ul style="list-style-type: none">• Fifteen days (42%) had discrepancies due to cashiers using the incorrect tender method. All individual transactions for those fifteen days were reviewed and verified to reconcile with total sales.• Three days sales were under reported in RecWare by a total of \$23.75.• One day sales were over reported in RecWare by \$35.94. <p>The under and over reporting in RecWare affects the accuracy of the commissions paid to the County by Primo's Cafeteria. By cashiers not recording transactions correctly in RecWare, the County is at risk of receiving incorrect (too much or too little) commission revenue. This is a prior audit issue.</p>			
Recommendation			
<p>Entering daily transactions in RecWare is an important financial tracking mechanism. We recommend Facilities ensures Primo's Cafeteria understands the importance of accurate transactions and exercises due care when entering the tender type on all transactions. Primo's management should ensure the end of day cash sheets balances to the corresponding daily RecWare cash distribution reports. This will ensure all credit card transactions are correctly posted in RecWare and reduce the risk of incorrect commissions.</p>			
Action Plan			
Person Responsible	Robin Sully, Associate Deputy Director	Estimated Completion Date	March 27, 2018
<p>The Concessionaire has assigned a manager to help oversee daily operations. One of the responsibilities will be to reconcile credit card and cash transactions in RecWare on a daily basis. This will help minimize discrepancies and will help identify cashiers who need additional training.</p>			



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08-13

August 13, 2018

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 two operating controls with a total of 73 samples. There was one finding 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.

Respectfully,

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

cc: Ms. Dinna Spencer, Office Manager, District Attorney's Office
Ms. Betsy Keller, County Chief Administrator



**District Attorney, 34th Judicial District Audit
For the Period of March 2017 thru February 2018**



EXECUTIVE SUMMARY

BACKGROUND

The District Attorney (DA) for the 34th Judicial District prosecutes State cases in the El Paso, Culberson, and Hudspeth Counties. The DA 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. The most recent prior audit was in August 2016; all findings from that audit have been resolved.

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. Special DA Account timely bank deposits	Needs Improvement
2. Timely completion of bank reconciliations	Satisfactory
3. Functioning check disbursement controls	Satisfactory
4. Forfeitures/Seizures Account timely deposits and properly documented manual receipts	Satisfactory
5. Accurate and complete Equitable Sharing Agreement report	Satisfactory
6. Safeguarding of unused checks	Satisfactory
7. Documentation of updated policies and procedures	Satisfactory

SCOPE

The scope of the audit includes financial records from March 2017 through February 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed a sample of the DA Special account deposits and compared them to deposit slips to ensure timely deposits;
- 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;
- Reviewed the FY 2017 Equitable Sharing Agreement Report for completeness, accuracy, and timeliness;
- Reviewed the FY 2018 Equitable Sharing account's activity for proper documentation and approvals;
- Inquired about unused checks security;
- Reviewed policies and procedures;
- Previous audit recommendations were reviewed for status of implementation.



**District Attorney, 34th Judicial District Audit
For the Period of March 2017 thru February 2018**



EXECUTIVE SUMMARY

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.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Timely bank reconciliations (Obj. 2)• Manual receipt controls (Obj. 4)• Safeguarding of unused checks (Obj. 6)• Documentation of policies and procedures (Obj. 7)• Check disbursement controls (Obj. 3)• Equitable Sharing Agreement and Certification Report procedure (Obj. 5)	<ul style="list-style-type: none">• Timely bank deposits (Obj. 1)
Findings Summary	
1. Of the DA Special Account deposits sampled, 43% were deposited an average of 19 days after receipt.	

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 met six of the seven 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
For the Period of March 2017 thru February 2018
FINDINGS AND ACTION PLANS**



Finding #1			Risk Level 10
Deposits not timely – There were a total of 141 DA Special account deposits during the audit scope. Of the 28 DA Special account deposits tested, 12 (43%) were deposited in an average of 19 business days.			
Check Date	Deposit Date	# of days until deposit	Amount
5/10/2017	6/7/2017	20	\$ 2,607.62
7/7/2017	7/27/2017	18	\$ 6,218.87
3/27/2017	4/26/2017	22	\$ 1,819.23
3/15/2017	4/26/2017	30	\$ 1,001.00
11/1/2017	11/30/2017	21	\$ 1,336.99
5/2/2017	5/22/2017	14	\$ 1,075.26
7/6/2017	7/27/2017	15	\$ 688.95
8/14/2017	8/31/2017	13	\$ 684.41
3/13/2017	4/26/2017	32	\$ 147.66
12/21/2017	1/12/2018	16	\$ 50,167.94
6/27/2017	7/18/2017	15	\$ 3,438.78
7/10/2017	7/26/2017	12	\$ 4,464.14
<p>The DA deposits consist of forfeiture checks and reimbursement checks. Pursuant to LGC Sec. 113.022, TIME FOR MAKING DEPOSITS. (a) A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.</p>			
Recommendation			
Deposits should be made as soon as possible, preferably within one business day or not to exceed five business days.			
Action Plan			
Person Responsible	Accounting Specialist-Intermediate and Office Manager	Estimated Completion Date	08/01/2018
<p>Management concurs with the recommendation. It was explained that checks are often received a couple of weeks after the check date. All incoming checks will now be time stamped in order to document when they were received by the DA's office. The policies and procedures manual will be updated to include this new procedure.</p>			



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10-31

October 27, 2017

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 and Mr. Hadi Medina, internal auditors intermediate, dated October 26, 2017, is attached. This memorandum is a report on a review of your seizure and forfeiture funds for the reporting period September 1, 2016, through August 31, 2017.

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

Sincerely,

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

Edward A. Dion
County Auditor

EAD;DC:HM:

Attachment

cc: Ms. Betsy Keller, County Chief Administrator




COUNTY OF EL PASO


OFFICE OF THE COUNTY AUDITOR

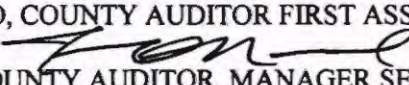
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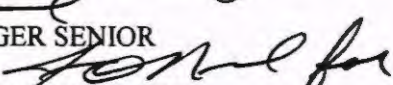
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MEMORANDUM

TO: 
EDWARD A. DION, COUNTY AUDITOR

THRU: BARBARA FRANCO, COUNTY AUDITOR FIRST ASSISTANT 

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

FROM: DAISY CABALLERO, INTERNAL AUDITOR, INTERMEDIATE
HADI MEDINA, INTERNAL AUDITOR, INTERMEDIATE 

DATE: OCTOBER 27, 2017

SUBJECT: REVIEW OF THE DISTRICT ATTORNEY'S SEIZURE AND FORFEITURE FUNDS FOR
THE REPORTING PERIOD OF SEPTEMBER 1, 2016 THROUGH AUGUST 31, 2017

Overview

A review of the District Attorney's seizure and forfeiture funds has been performed for the reporting period of September 1, 2016 through August 31, 2017. 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 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:HM:rao



ATTORNEY GENERAL OF TEXAS
Chapter 59 Asset Forfeiture Reporting System

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FY 2017
CHAPTER 59 ASSET FORFEITURE REPORT
BY ATTORNEY REPRESENTING THE STATE

Agency	34th Judicial District, District Attorney
Mailing Address	500 E. San Antonio Ave. Ste. 201
City	El Paso
State	TX
ZIP	79901
Agency County	Culberson, El Paso, Hudspeth
Phone Number	(915) 546-2059
Agency Fiscal Beginning Month	September
Agency Fiscal Ending Month	August

[Cancel](#)

NOTE: PLEASE ROUND ALL FIGURES TO NEAREST WHOLE DOLLAR

I. SEIZED FUNDS PURSUANT TO CHAPTER 59

A) Beginning Balance:	\$ 1,602,496.00
B) Seizures During Reporting Period:	
1) Amount seized by employees of your agency:	\$ 0.00
2) Amount seized by other agencies:	\$ 950,096.00
C) Total Amount of Forfeiture Petitions Filed for All Agencies You Represent:	\$ 870,659.00
D) Total Amount of Forfeitures Pending for All Agencies You Represent:	\$ 848,004.00
E) Interest Earned on Seized Funds During Reporting Period:	\$ 2,419.00
F) Amount Returned to Defendants/Respondents:	\$ 558,727.00
G) Amount Transferred to Forfeiture Account:	\$ 240,987.00
H) Other Reconciliation Items (Must provide detail in box below):	\$ 0.00
Description:	
I) Ending Balance:	\$2,255,287.00

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

A) Beginning Balance:	\$ 557,325.00
B) Amount Forfeited For All Agencies You Represent and Covered by Local Agreement:	
1) Amount Forfeited and Transferred to all Agencies Covered by Local Agreement:	\$ 543,526.00
2) Amount Forfeited and Received by Your Agency:	\$ 232,940.00
3) Total Amount Forfeited and Transferred to all Agencies Covered by Local Agreement:	\$776,466.00
C) Interest Earned on Forfeited Funds During Reporting Period:	\$ 871.00
D) Amount Awarded For All Agencies You Represent Pursuant to §9.022:	
1) Amount Awarded and Transferred to All Agencies Pursuant to §9.022:	\$ 0.00
2) Amount Awarded and Received by your agency pursuant to §9.022:	\$ 0.00
3) Total Amount Awarded For All Agencies You Represent Pursuant to §9.022:	\$0.00
E) Amount Awarded For All Agencies You Represent Pursuant to §9.023:	
1) Amount Awarded and Transferred for all Agencies You Represent Pursuant to Article §9.023:	\$ 0.00
2) Amount Awarded and Received by Your Agency Pursuant to Article §9.023:	\$ 0.00
3) Total Amount Awarded For All Agencies You Represent 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):	\$ 0.00
Description:	
I) Total Expenditures of Forfeited Funds During Reporting Period:	\$535,720.00

J) Ending Balance (balance will be automatically calculated after expenditures are entered):

\$255,418.00

III. OTHER PROPERTY

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

1) Pending for all agencies at beginning of reporting period: 48
 2) Seized by your agency during reporting period: 0
 3) New petitions filed for all agencies during reporting period: 16
 4) Forfeited to your agency during reporting period: 0
 5) Put into service by your agency during reporting period: 0
 6) Pending for all agencies at end of reporting period: 40

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

1) Pending for all agencies at beginning of reporting period: 6
 2) Seized by your agency during reporting period: 0
 3) New petitions filed for all agencies during reporting period: 0
 4) Forfeited to your agency during reporting period: 0
 5) Put into service by your agency during reporting period: 0
 6) Pending for all agencies at end of reporting period: 6

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

1) Pending for all agencies at beginning of reporting period: 0
 2) Seized by your agency during reporting period: 0
 3) New petitions filed for all agencies during reporting period: 0
 4) Forfeited to your agency during reporting period: 0
 5) Put into service by your agency during reporting period: 0
 6) Pending for all agencies at end of reporting period: 0

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

1) Pending for all agencies at beginning of reporting period: 31
 2) Seized by your agency during reporting period: 0
 3) New petitions filed for all agencies during reporting period: 0
 4) Forfeited to your agency during reporting period: 0
 5) Put into service by your agency during reporting period: 0
 6) Pending for all agencies at end of reporting period: 31

E) Other Property

Description	Pending for all agencies at beginning of reporting period	Seized by your agency during reporting period	New petitions filed for all agencies during reporting period	Forfeited to your agency during reporting period	Put into service by your agency during reporting period	Pending for all agencies at end of reporting period
Freightliner 2 & Trailer	0	0	0	0	2	+

IV. FORFEITED PROPERTY RECEIVED FROM ANOTHER AGENCY

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	
A) Motor Vehicles:	0
B) Real Property:	0
C) Computers:	0
D) Firearms:	0
E) Other:	0

VI. EXPENDITURES	
A) SALARIES	
1) Increase of Salary, Expense or Allowance for Employees (Salary Supplements):	\$ \$192,068.00
2) Salary Budgeted Solely From Forfeited Funds:	\$ \$0.00
3) Number of Employees Paid Using Forfeiture Funds:	15
4) TOTAL SALARIES PAID OUT OF CHAPTER 59 FUNDS:	\$192,068.00
B) OVERTIME	
1) For Employees Budgeted by Governing Body:	\$ \$0.00
2) For Employees Budgeted Solely out of Forfeiture Funds:	\$ \$0.00
3) Number of Employees Paid Using Forfeiture Funds:	0
4) TOTAL OVERTIME PAID OUT OF CHAPTER 59 FUNDS:	\$0.00
C) EQUIPMENT	
1) Vehicles:	\$ \$0.00
2) Computers:	\$ \$3,753.00
3) Firearms, Protective Body Armor, Personal Equipment:	\$ \$0.00
4) Furniture:	\$ \$16,860.00
5) Software:	\$ \$0.00
6) Maintenance Costs:	\$ \$375.00
7) Uniforms:	\$ \$0.00
8) K9 Related Costs:	\$ \$0.00
9) Visual Aid Equipment for Litigation:	\$ \$0.00
10) Other (Must provide detail in box below):	\$ \$8,258.00
Description:	
SHI GOVERNMENT SOLUTIONS, INC. INVOICE # GB00202116; DTD 7/26/16 DA Special Acct 106.80 OFFICE WISE FURNITURE & SUPPLY INVOICE # 590155; DATED 11/7/16 DA Special Acct 2,780.06 SOUTHERN COMPUTER WAREHOUSE INVOICE # 000417359; DTD 4/11/17 DA Special Acct 1,198.90 CDW-G INVOICE # HMB9438; DTD 4/10/17 DA Special Acct 929.60 CHECKPOINT SERVICES, INC INVOICE 17-025861; DATED 5/8/17 DA Special Acct 42.99 TOUCHBOARDS INV # 0536360-IN; DTD 5/12/17 DA Special Acct 1,170.99 TOUCHBOARDS INV # 0536148-IN; DTD 5/10/17 DA Special Acct 155.45 TOUCHBOARDS INV # 0535398-IN; DTD 5/9/17 DA Special Acct 1,509.39 EL PASO COUNTY REIMBURSEMENT FOR INVOICE DA Special Acct 199.99 GT DISTRIBUTORS - AUSTIN INV # INV0624666; DATED 7/14/17 DA Special Acct 268.05 GT DISTRIBUTORS - AUSTIN INV # INV0628545; DATED 8/18/17 DA Special Acct 1,092.15 8,258.47	
11) TOTAL EQUIPMENT PURCHASED WITH CHAPTER 59 FUNDS:	\$29,246.00
D) SUPPLIES	
1) Office Supplies:	\$ \$16,676.00
2) Mobile Phone and Data Account Fees:	\$ \$0.00
3) Internet:	\$ \$0.00
4) Other (Must provide detail in box below):	\$ \$0.00
Description:	
5) TOTAL SUPPLIES PURCHASED WITH CHAPTER 59 FUNDS:	\$16,676.00

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

a) Transportation:	\$ 30,275.00
b) Meals & Lodging:	\$ 27,817.00
c) Mileage:	\$ 300.00
d) Incidental Expenses:	\$ 0.00
e) Total In State Travel:	\$58,392.00

2) Out of State Travel

a) Transportation:	\$ 111.00
b) Meals & Lodging:	\$ 1,111.00
c) Mileage:	\$ 284.00
d) Incidental Expenses:	\$ 0.00
e) Total Out of State Travel:	\$1,506.00

3) TOTAL TRAVEL PAID OUT OF CHAPTER 59 FUNDS

Total Travel Paid Out of Chapter 59 Funds: \$59,898.00

F) TRAINING

1) Fees (Conferences, Seminars):	\$ 25,950.00
2) Materials (Books, CDs, Videos, etc.):	\$ 363.00
3) Other (Must provide detail in box below):	\$ 2,760.00
Description:	CLE courses for the Assistant District Attorneys.
4) TOTAL TRAINING PAID OUT OF CHAPTER 59 FUNDS:	\$29,073.00

G) INVESTIGATIVE COSTS

1) Informant Costs:	\$ 15,634.00
2) Buy Money:	\$ 0.00
3) Lab Expenses:	\$ 0.00
4) Other (Must provide detail in box below):	\$ 1.00
Description:	Certified copy of a judgment.
5) TOTAL INVESTIGATIVE COSTS PAID OUT OF CHAPTER 59 FUNDS:	\$15,635.00

H) PREVENTION / TREATMENT PROGRAMS / FINANCIAL ASSISTANCE / DONATIONS

1) Total Prevention/Treatment Programs (pursuant to 59.06 (d-3)(f), (h), (j)):	\$ 82,771.00
2) Total Financial Assistance (pursuant to Articles 59.06 (n) and (o)):	\$ 0.00
3) Total Donations (pursuant to Articles 59.06 (d-2)):	\$ 13,104.00
4) TOTAL PREVENTION/TREATMENT PROGRAMS/FINANCIAL ASSISTANCE/DONATIONS (pursuant to Articles 59.06 (d-3)(f),(h),(j),(n),(o),(d-2)):	\$95,875.00

I) FACILITY COSTS

1) Building Purchase:	\$ 0.00
2) Lease Payments:	\$ 0.00
3) Remodeling:	\$ 88.00
4) Maintenance Costs:	\$ 0.00
5) Utilities:	\$ 0.00
6) Other (Must provide detail in box below):	\$ 0.00
Description:	
7) TOTAL FACILITY COSTS PAID OUT OF CHAPTER 59 FUNDS:	\$88.00

J) MISCELLANEOUS FEES

1) Court Costs:	\$ \$0.00
2) Filing Fees:	\$ \$11,471.00
3) Insurance:	\$ \$0.00
4) Witness Fees (including travel and security):	\$ \$0.00
5) Audit Costs and Fees (including audit preparation and professional fees):	\$ \$0.00
6) State Bar Dues and Legal Association Dues:	\$ \$27,913.00
7) Legal Library Supplies and Access Fees:	\$ \$0.00
8) Other (Must provide detail in box below):	\$ \$57,308.00

Description:

MISTER CAR WASH INVOICE # 84764; DATED 7/12/17 DA Special Acct 898.2
 INTER NATIONAL BANK BANK FEES: AUGUST 2016 DA Special Acct 554.88
 INTER NATIONAL BANK BANK FEES: SEPTEMBER 2016 DA Special Acct 201.7
 INTER NATIONAL BANK BANK FEES: OCTOBER 2016 DA Special Acct 85.43
 INTER NATIONAL BANK BANK FEES: NOVEMBER 2016 DA Special Acct 101.36
 INTER NATIONAL BANK BANK FEES: DECEMBER 2016 DA Special Acct 113.90
 INTER NATIONAL BANK BANK FEES: JANUARY 2017 DA Special Acct 105.36
 INTER NATIONAL BANK BANK FEES: FEBRUARY 2017 DA Special Acct 111.34
 INTER NATIONAL BANK BANK FEES: MARCH 2017 DA Special Acct 90.79
 INTER NATIONAL BANK BANK FEES: APRIL 2017 DA Special Acct 68.05
 INTER NATIONAL BANK BANK FEES: MAY 2017 DA Special Acct 92.91
 INTER NATIONAL BANK BANK FEES: JUNE 2017 DA Special Acct 47.77
 INTER NATIONAL BANK BANK FEES: JULY 2017 DA Special Acct 180.95
 EL PASO INC. INVOICE # 59294; DATED 8/23/16 DA Special Acct 792.00
 EL PASO INC. INVOICE # 59030; DATED 7/26/16 DA Special Acct 810.00
 LEGAL-NET PROCESS SERVICE INV # 11860; DTD 10/19/16; 2016DCV3665 DA
 LEGAL-NET PROCESS SERVICE INV # 11861; DTD 10/19/16; 2016DCV3666 DA
 LEGAL-NET PROCESS SERVICE INV # 11862; DTD 10/19/16; 2016DCV3598 DA
 LEGAL-NET PROCESS SERVICE INV # 11863; DTD 10/19/16; 2016DCV3696 DA
 LEGAL-NET PROCESS SERVICE INV # 11864; DTD 10/19/16; 2016DCV3666 DA
 LEGAL-NET PROCESS SERVICE INV # 11865; DTD 10/19/16; 2016DCV3821 DA
 LEGAL-NET PROCESS SERVICE INV # 11866; DTD 10/19/16; 2016DCV3621 DA
 LEGAL-NET PROCESS SERVICE INV # 11867; DTD 10/19/16; 2016DCV3133 DA
 LEGAL-NET PROCESS SERVICE INV # 11868; DTD 10/19/16; 2016DCV3346 DA
 LEGAL-NET PROCESS SERVICE INV # 11869; DTD 10/19/16; 2016DCV3081 DA
 LEGAL-NET PROCESS SERVICE INV # 11870; DTD 10/19/16; 2016DCV3216 DA
 LEGAL-NET PROCESS SERVICE INV # 11871; DTD 10/19/16; 2016DCV3271 DA
 LEGAL-NET PROCESS SERVICE INV # 11872; DTD 10/19/16; 2016DCV3378 DA
 LEGAL-NET PROCESS SERVICE INV # 11873; DTD 10/19/16; 2016DCV3378 DA
 LEGAL-NET PROCESS SERVICE INV # 11874; DTD 10/19/16; 2016DCV3127 DA
 LEGAL-NET PROCESS SERVICE INV # 11875; DTD 10/19/16; 2016DCV3121 DA
 LEGAL-NET PROCESS SERVICE INV # 11876; DTD 10/19/16; 2016DCV3121 DA
 LEGAL-NET PROCESS SERVICE INV # 11877; DTD 10/19/16; 2016DCV3110 DA
 LEGAL-NET PROCESS SERVICE INV # 11878; DTD 10/19/16; 2016DCV3214 DA
 LEGAL-NET PROCESS SERVICE INV # 11879; DTD 10/19/16; 2016DCV3216 DA
 LEGAL-NET PROCESS SERVICE INV # 11880; DTD 10/19/16; 2016DCV2295 DA
 ROD ROBERTSON ENTERPRISES, INC CAUSE # 2016DCV2667; CASE # EPC0
 Acct 91.50
 ROD ROBERTSON ENTERPRISES, INC CAUSE # 2015DCV2022; DA Special Ac
 EL PASO INC. INV # 60525; DTD 12/31/16; 2015DCV2003 DA Special Acct 792.00
 LEGAL-NET PROCESS SERVICE INV # 12054; DTD 1/18/17; CV04575205 DA S
 LEGAL-NET PROCESS SERVICE INV # 12055; DTD 1/18/17; 04608 DA Special #
 LEGAL-NET PROCESS SERVICE INV # 12057; DTD 1/18/17; 2016DCV3621 DA
 LEGAL-NET PROCESS SERVICE INV # 12058; DTD 1/18/17; 2016DCV3991 DA
 LEGAL-NET PROCESS SERVICE INV # 12059; DTD 1/18/17; 2016DCV3991 DA
 LEGAL-NET PROCESS SERVICE INV # 12060; DTD 1/18/17; 2016DCV4129 DA
 LEGAL-NET PROCESS SERVICE INV # 12061; DTD 1/18/17; 2016DCV3991 DA
 LEGAL-NET PROCESS SERVICE INV # 12062; DTD 1/18/17; 2016DCV4129 DA
 LEGAL-NET PROCESS SERVICE INV # 12063; DTD 1/18/17; 2016DCV4095 DA
 LEGAL-NET PROCESS SERVICE INV # 12064; DTD 1/18/17; 2016DCV2669 DA
 LEGAL-NET PROCESS SERVICE INV # 12065; DTD 1/18/17; 2016DCV4318 DA
 LEGAL-NET PROCESS SERVICE INV # 12066; DTD 1/18/17; CV04614-394 DA S
 LEGAL-NET PROCESS SERVICE INV # 12067; DTD 1/18/17; 2016DCV4434 DA
 LEGAL-NET PROCESS SERVICE INV # 12068; DTD 1/18/17; 2016DCV4639 DA
 LEGAL-NET PROCESS SERVICE INV # 12069; DTD 1/18/17; 2016DCV4639 DA
 LEGAL-NET PROCESS SERVICE INV # 12070; DTD 1/18/17; 2016DCV4611 DA
 LEGAL-NET PROCESS SERVICE INV # 12071; DTD 1/18/17; 2016DCV4589 DA
 LEGAL-NET PROCESS SERVICE INV # 12072; DTD 1/18/17; 2016DCV4589 DA
 LEGAL-NET PROCESS SERVICE INV # 12073; DTD 1/18/17; 2016DCV4621 DA
 LEGAL-NET PROCESS SERVICE INV # 12074; DTD 1/18/17; 2016DCV4621 DA
 LEGAL-NET PROCESS SERVICE INV # 12075; DTD 1/18/17; 2016DCV4589 DA
 LEGAL-NET PROCESS SERVICE INV # 12076; DTD 1/18/17; 2016DCV4611 DA
 LEGAL-NET PROCESS SERVICE INV # 12077; DTD 1/18/17; 2016DCV4611 DA
 LEGAL-NET PROCESS SERVICE INV # 12078; DTD 1/18/17; 2016DCV4528 DA
 LEGAL-NET PROCESS SERVICE INV # 12079; DTD 1/18/17; 04608-394 DA Spec
 LEGAL-NET PROCESS SERVICE INV # 12080; DTD 1/18/17; 2016DCV2842 DA
 LEGAL-NET PROCESS SERVICE INV # 12081; DTD 1/18/17; 2016DCV4404 DA
 LEGAL-NET PROCESS SERVICE INV # 12082; DTD 1/18/17; 2016DCV4688 DA
 LEGAL-NET PROCESS SERVICE INV # 12083; DTD 1/18/17; 2017DCV0077 DA
 LEGAL-NET PROCESS SERVICE INV # 12084; DTD 1/18/17; 2016DCV1977 DA
 LEGAL-NET PROCESS SERVICE INV # 12085; DTD 1/18/17; 2017DCV0084 DA
 LEGAL-NET PROCESS SERVICE INV # 12086; DTD 1/18/17; 2015DCV2003 DA
 LEGAL-NET PROCESS SERVICE INV # 12087; DTD 1/18/17; CV-04593 DA Spec
 LEGAL-NET PROCESS SERVICE INV # 12088; DTD 1/18/17; CV-04593 DA Spec
 LEGAL-NET PROCESS SERVICE INV # 12089; DTD 1/18/17; 2016DCV1077 DA
 LEGAL-NET PROCESS SERVICE INV # 12090; DTD 1/18/17; 2016DCV1077 DA
 LEGAL-NET PROCESS SERVICE INV # 12091; DTD 1/18/17; 2016DCV1077 DA
 LEGAL-NET PROCESS SERVICE INV # 12092; DTD 1/18/17; 2016DCV2667 DA
 EL PASO INC. INVOICE # 61081; DATED 3/7/17 DA Special Acct 828.00
 LEGAL-NET PROCESS SERVICE INV # 12222; DTD 3/14/17; 2017DCV0514 DA
 LEGAL-NET PROCESS SERVICE INV # 12223; DTD 3/14/17; 2017DCV0515 DA
 LEGAL-NET PROCESS SERVICE INV # 12224; 3/14/17; 2017DCV0480 DA Spec
 LEGAL-NET PROCESS SERVICE INV # 12225; 3/14/17; 2017DCV0536 DA Spec
 LEGAL-NET PROCESS SERVICE INV # 12226; 3/14/17; 2017DCV0472 DA Spec
 LEGAL-NET PROCESS SERVICE INV # 12227; DTD 3/14/17; 2017DCV0516 DA
 LEGAL-NET PROCESS SERVICE INV # 12228; DTD 3/14/17; 2017DCV0515 DA
 LEGAL-NET PROCESS SERVICE INV # 12229; DTD 3/14/17; 2017DCV0425 DA
 LEGAL-NET PROCESS SERVICE INV # 12230; DTD 12/23/16; 2016DCV4102 DA S

LEGAL-NET PROCESS SERVICE INV # 12231: DTD 3/14/17; 2018DCV4102 DA S
LEGAL-NET PROCESS SERVICE INV # 12232: DTD 3/14/17; 2018DCV2990 DA S
LEGAL-NET PROCESS SERVICE INV # 12233: DTD 3/14/17; 2018DCV2989 DA S
LEGAL-NET PROCESS SERVICE INV # 12234: 3/14/17; 2017DCV0744 DA Special
LEGAL-NET PROCESS SERVICE INV # 12210: DTD 3/14/17; 2018DCV3598 DA S
LEGAL-NET PROCESS SERVICE INV # 12211: DTD 3/14/17; 2018DCV4861 DA S
LEGAL-NET PROCESS SERVICE INV # 12212: DTD 3/14/17; 2017DCV0077 DA S
LEGAL-NET PROCESS SERVICE INV # 12213: DTD 3/14/17; 2017DCV0098 DA S
LEGAL-NET PROCESS SERVICE INV # 12214: DTD 3/14/17; 2017DCV0208 DA S
LEGAL-NET PROCESS SERVICE INV # 12215: DTD 3/14/17; 2017DCV0208 DA S
LEGAL-NET PROCESS SERVICE INV # 12216: DTD 3/14/17; 2014DCV1325 DA S
LEGAL-NET PROCESS SERVICE INV # 12217: DTD 3/14/17; 2017DCV0365 DA S
LEGAL-NET PROCESS SERVICE INV # 12218: DTD 3/14/17; 2017DCV0425 DA S
LEGAL-NET PROCESS SERVICE INV # 12219: DTD 3/14/17; 2017DCV0472 DA S
LEGAL-NET PROCESS SERVICE INV # 12220: DTD 3/14/17; 2017DCV0472 DA S
LEGAL-NET PROCESS SERVICE INV # 12221: DTD 3/14/17; 2017DCV0467 DA S
LEGAL-NET PROCESS SERVICE INV # 12235: DTD 3/14/17; 2017DCV0494 DA S
LEGAL-NET PROCESS SERVICE INV # 12236: DTD 3/14/17; 2018DCV4402 DA S
LEGAL-NET PROCESS SERVICE INV # 12237: DTD 3/14/17; 2017DCV0806 DA S
LEGAL-NET PROCESS SERVICE INV # 12238: DTD 3/14/17; 2017DCV0806 DA S
LEGAL-NET PROCESS SERVICE INV # 12239: DTD 3/14/17; 2017DCV0763 DA S
EL PASO INC. INV # 61114; DATED 3/14/17 DA Special Acct 774.00
EL PASO INC. INVOICE 61463, DATED 4/20/17 DA Special Acct 1,008.00
LEGAL-NET PROCESS SERVICE INV # 12342: DTD 5/9/17; 2018DCV4318 DA S
LEGAL-NET PROCESS SERVICE INV # 12343: DTD 5/9/17; 2017DCV0987 DA S
LEGAL-NET PROCESS SERVICE INV # 12344: DTD 5/9/17; 2017DCV1022 DA S
LEGAL-NET PROCESS SERVICE INV # 12345: DTD 5/9/17; 2017DCV1022 DA S
LEGAL-NET PROCESS SERVICE INV # 12346: DTD 5/9/17; 2017DCV0987 DA S
LEGAL-NET PROCESS SERVICE INV # 12347: DTD 5/9/17; CV-04673-394 DA S
LEGAL-NET PROCESS SERVICE INV # 12348: DTD 5/9/17; 2017DCV0514 DA S
LEGAL-NET PROCESS SERVICE INV # 12349: DTD 5/9/17; 2017DCV1320 DA S
LEGAL-NET PROCESS SERVICE INV # 12350: DTD 5/9/17; 2017DCV1314 DA S
LEGAL-NET PROCESS SERVICE INV # 12351: DTD 5/9/17; 2017DCV1320 DA S
LEGAL-NET PROCESS SERVICE INV # 12352: DTD 5/9/17; 2017DCV1332 DA S
LEGAL-NET PROCESS SERVICE INV # 12353: DTD 5/9/17; 2017DCV1333 DA S
LEGAL-NET PROCESS SERVICE INV # 12354: DTD 5/9/17; 2017DCV1333 DA S
LEGAL-NET PROCESS SERVICE INV # 12355: DTD 5/9/17; CV-04673-394 DA S
LEGAL-NET PROCESS SERVICE INV # 12356: DTD 5/9/17; 2017DCV1314 DA S
LEGAL-NET PROCESS SERVICE INV # 12357: DTD 5/9/17; 2017DCV1245 DA S
LEGAL-NET PROCESS SERVICE INV # 12358: DTD 5/9/17; 2017DCV1193 DA S
LEGAL-NET PROCESS SERVICE INV # 12359: DTD 5/9/17; 2017DCV1028 DA S
LEGAL-NET PROCESS SERVICE INV # 12360: DTD 5/9/17; 2017DCV0919 DA S
LEGAL-NET PROCESS SERVICE INV # 12361: DTD 5/9/17; 2017DCV0806 DA S
LEGAL-NET PROCESS SERVICE INV # 12362: DTD 5/9/17; 2017DCV0957 DA S
LEGAL-NET PROCESS SERVICE INV # 12363: DTD 5/9/17; 2017DCV0920 DA S
LEGAL-NET PROCESS SERVICE INV # 12364: DTD 5/9/17; CV-04616 DA Special
LEGAL-NET PROCESS SERVICE INV # 12365: DTD 5/9/17; CV-04616 DA Special
LEGAL-NET PROCESS SERVICE INV # 12366: DTD 5/9/17; CV-04571-205 DA S
LEGAL-NET PROCESS SERVICE INV # 12367: DTD 5/9/17; CV-04571-205 DA S
LEGAL-NET PROCESS SERVICE INV # 12368: DTD 5/9/17; 2017DCV1537 DA S
ROD ROBERTSON ENTERPRISES, INC CAUSE # 2017DCV472; CASE 2017-011
74.00
ROD ROBERTSON ENTERPRISES, INC CAUSE # 2017DCV0536; CASE 2017-01
35.50
ROD ROBERTSON ENTERPRISES, INC CAUSE # 2017DCV0763; CASE 2017-01
39.00
ROD ROBERTSON ENTERPRISES, INC CAUSE # 2017DCV0919; CASE 2017-01
67.00
AD WRECKER SERVICE, INC TOWING FEES FOR INV # 554048 DA Special Ac
HUDSPETH COUNTY HERALD INVOICE # 10067; DATED 12/22/16 DA Special Ac
LEGAL-NET PROCESS SERVICE INV # 12431: DTD 6/14/17; 2017DCV0283 DA S
LEGAL-NET PROCESS SERVICE INV # 12432: DTD 6/14/17; 2017DCV1407 DA S
LEGAL-NET PROCESS SERVICE INV # 12433: DTD 6/14/17; 2017DCV1407 DA S
LEGAL-NET PROCESS SERVICE INV # 12434: DTD 6/14/17; 2017DCV1428 DA S
LEGAL-NET PROCESS SERVICE INV # 12435: DTD 6/14/17; 2017DCV1324 DA S
LEGAL-NET PROCESS SERVICE INV # 12436: DTD 6/14/17; 2017DCV1613 DA S
LEGAL-NET PROCESS SERVICE INV # 12437: DTD 6/14/17; 2017DCV1613 DA S
LEGAL-NET PROCESS SERVICE INV # 12438: DTD 6/14/17; 2017DCV1748 DA S
LEGAL-NET PROCESS SERVICE INV # 12439: DTD 6/14/17; 2017DCV1734 DA S
LEGAL-NET PROCESS SERVICE INV # 12440: DTD 6/14/17; 2017DCV1734 DA S
LEGAL-NET PROCESS SERVICE INV # 12441: DTD 6/14/17; 04678-394 DA Spec
LEGAL-NET PROCESS SERVICE INV # 12442: DTD 6/14/17; 04678-394 DA Spec
LEGAL-NET PROCESS SERVICE INV # 12443: DTD 6/14/17; 04678-394 DA Spec
LEGAL-NET PROCESS SERVICE INV # 12444: DTD 6/14/17; 2018DCV1988 DA S
LEGAL-NET PROCESS SERVICE INV # 12445: DTD 6/14/17; 2018DCV4681 DA S
LEGAL-NET PROCESS SERVICE INV # 12446: DTD 6/14/17; 2017DCV0843 DA S
LEGAL-NET PROCESS SERVICE INV # 12447: DTD 6/14/17; 2018DCV2891 DA S
LEGAL-NET PROCESS SERVICE INV # 12448: DTD 6/14/17; 2017DCV1864 DA S
DEPENDABLE TOWING INVOICE # 37410; DATED 3/28/17 DA Special Acct 61.0
HUDSPETH COUNTY HERALD INVOICE 10077; DATED 7/15/17 DA Special Acct
HUDSPETH COUNTY HERALD INVOICE 10078; DATED 7/15/17 DA Special Acct
AD WRECKER SERVICE, INC INVOICE # 553298; DATED 5/9/17 DA Special Ac
ROD ROBERTSON ENTERPRISES, INC CAUSE # 2017DCV0365 DA Special Ac
LEGAL-NET PROCESS SERVICE INV # 12564: DTD 8/10/17; 2017DCV1187 DA S
LEGAL-NET PROCESS SERVICE INV # 12565: DTD 8/10/17; 2017DCV2487 DA S
LEGAL-NET PROCESS SERVICE INV # 12566: DTD 8/10/17; 2017DCV0819 DA S
LEGAL-NET PROCESS SERVICE INV # 12567: DTD 8/10/17; 2017DCV0365 DA S
LEGAL-NET PROCESS SERVICE INV # 12568: DTD 8/10/17; 2017DCV0467 DA S
LEGAL-NET PROCESS SERVICE INV # 12569: DTD 8/10/17; 2017DCV0467 DA S
LEGAL-NET PROCESS SERVICE INV # 12570: DTD 8/10/17; 2017DCV2367 DA S
LEGAL-NET PROCESS SERVICE INV # 12571: DTD 8/10/17; 2017DCV2325 DA S
LEGAL-NET PROCESS SERVICE INV # 12572: DTD 8/10/17; 2017DCV2325 DA S
LEGAL-NET PROCESS SERVICE INV # 12573: DTD 8/10/17; 2017DCV2220 DA S
LEGAL-NET PROCESS SERVICE INV # 12574: DTD 8/10/17; 2017DCV0218 DA S
LEGAL-NET PROCESS SERVICE INV # 12575: DTD 8/10/17; 2017DCV2129 DA S
LEGAL-NET PROCESS SERVICE INV # 12576: DTD 8/10/17; 2017DCV1891 DA S
LEGAL-NET PROCESS SERVICE INV # 12577: DTD 8/10/17; CV-04656-205 DA S
LEGAL-NET PROCESS SERVICE INV # 12578: DTD 8/10/17; CV-04656-205 DA S
LEGAL-NET PROCESS SERVICE INV # 12579: DTD 8/10/17; 5416 DA Special Ac
LEGAL-NET PROCESS SERVICE INV # 12580: DTD 8/10/17; 2017DCV2466 DA S
LEGAL-NET PROCESS SERVICE INV # 12581: DTD 8/10/17; 2017DCV2571 DA S
LEGAL-NET PROCESS SERVICE INV # 12582: DTD 8/10/17; 2017DCV2571 DA S

LEGAL-NET PROCESS SERVICE INV # 12583; DTD 8/10/17; 2017DCV2571 DA 1
 AD WRECKER SERVICE, INC TOWING FEES FOR DA Special Acct 130.00
 AD WRECKER SERVICE, INC INVOICE 555944; DTD 8/2/17 DA Special Acct 77.1
 EL PASO INC. INVOICE 62454; DATED 8/8/17 DA Special Acct 810.00
 COSTCO MEMBER # 00011812447358 DA Special Acct 55.00
 SAM'S CLUB INVOICE #000000; DATED 2/22/17 DA Special Acct 105.00
 SAM'S CLUB INVOICE # CF1702; DATED 2/26/17 DA Special Acct 50.00
 SAM'S CLUB ACCOUNT #12 1; DTD 8/20/16 DA Special Acct 44.74
 SAM'S CLUB INVOICE # 008022; DTD 7/28/16 DA Special Acct 80.88
 SAM'S CLUB INVOICE # 000842; DTD 8/5/16 DA Special Acct 75.87
 SAM'S CLUB INVOICE # 004382; DTD 8/11/16 DA Special Acct 380.84
 HARBOR FREIGHT PURCHASE OF TIRES FOR OFFICE DOLLIES O DA Special
 HARBOR FREIGHT PURCHASE OF TIRES FOR OFFICE DOLLIES DA Special A
 CDW-G INVOICE # DZB4781; DATED 8/11/16 DA Special Acct 116.07
 PIONEER OFFICE MACHINES INVOICE # 13738; DATED 8/16/16 DA Special Ac
 BETTY'S CRAFTS FLOWER SHOP INVOICE # 733899 9/9/16 DA Special Acct 46
 EL FENIX BAKERY INVOICE # 47846; DATED 8/10/16 DA Special Acct 115.20
 STAPLES ADVANTAGE INVOICE # 3312636086; DATED 8/25/16 DA Special Acct
 CDW-G INVOICE # FCM8353; DATED 8/23/16 DA Special Acct 43.42
 CDW-G INVOICE # FFC2717; DATED 8/30/16 DA Special Acct 217.10
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 22246; DATED 9/18/16 (405.00
 ENTREP GLOBAL INC. INVOICE # 12350; DATED 9/20/16 DA Special Acct 135.0
 CDW-G INVOICE # FGG4689; DATED 9/6/16 DA Special Acct 27.88
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 22267; DATED 9/28/16 (324.00
 CHECKPOINT SERVICES, INC INVOICE # 16-024622; DATED 9/19/16 DA Special
 SOUTHERN COMPUTER WAREHOUSE INVOICE # IN-000371130; DTD 8/14/16 70.88
 SAM'S CLUB ACCT: #12 1; DATED 9/20/16 DA Special Acct 198.17
 CDW-G INVOICE # FK7842; DATED 9/21/16 DA Special Acct 20.84
 CDW-G INVOICE # FK58142; DATED 9/21/16 DA Special Acct 333.80
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 10/7/16 DA Special
 BACA, PATRICIA REIMBURSEMENT FOR CLAMP FOR DA Special Acct 81.13
 BETTY'S CRAFTS FLOWER SHOP INVOICE # 533700; DATED 10/10/16 DA Spe
 OFFICE DEPOT: INVOICE # 8650638398001; DATED 9/21/16 DA Special Acct 219
 ENTREP GLOBAL INC. INVOICE # 12450; DATED 10/18/16 DA Special Acct 135.
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 22517; DATED 10/24/16 81.00
 BACA, PATRICIA REIMBURSEMENT FOR BRETFORD MOBILE DA Special Acct
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 11/1/16 DA Special
 EL PASO COUNTY REIMBURSEMENT FOR CONSOLIDATED DA Special Acct 2
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 22640; DATED 11/7/16 (810.00
 HOUSE OF PIZZA PORTAL 2.0 MEETING 11/10/16 DA Special Acct 107.70
 ENTREP GLOBAL INC. INVOICE # 12542; DATED 11/14/16 DA Special Acct 135.
 EL PASO COUNTY REIMBURSEMENT FOR CONSOLIDATED DA Special Acct 2
 LA TAPATIA, INC RETIREMENT RECEPTION AND HOLIDAY O DA Special Acct
 RLI BOND RENEWAL FOR JAIME ESPARZA DA Special Acct 178.00
 EL PASO TIMES, INC. ACCOUNT # TM4179685 DA Special Acct 308.98
 SAM'S CLUB ACCT: #12 1; DATED 11/20/16 DA Special Acct 261.84
 LA TAPATIA, INC RETIREMENT RECEPTION AND HOLIDAY DA Special Acct 1.2
 EL FENIX BAKERY DA MONTHLY MEETING 12/18/16 DA Special Acct 86.40
 ENTREP GLOBAL INC. INVOICE # 12862; DATED 12/13/16 DA Special Acct 135.
 BETTY'S CRAFTS FLOWER SHOP INVOICE # 12/21/16 DA Special Acct 236.00
 SAM'S CLUB INVOICE # 003356; DATED 11/22/16 DA Special Acct 33.90
 SAM'S CLUB INVOICE # 008727; DATED 12/1/16 DA Special Acct 287.91
 SAM'S CLUB INVOICE # 006073; DATED 12/12/16 DA Special Acct 256.37
 SAM'S CLUB INVOICE # 001008; DATED 12/14/16 DA Special Acct 237.08
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 1/8/17 DA Special /
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 23143; DATED 1/9/17 D. 810.00
 OFFICE DEPOT ACCT: 9720 DA Special Acct 11.90
 ENTREP GLOBAL INC. INVOICE # 12841; DATED 1/27/17 DA Special Acct 135.0
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 2/3/17 DA Special /
 SAM'S CLUB CC: #121; DATED 1/20/17 DA Special Acct 311.78
 SANDERSAWINGO INVOICE # INV-30015; DATED 1/31/17 DA Special Acct 886.2
 COMMERCIAL SCREEN PRINTING INCORP. INVOICE # 27736; DATED 2/8/17 (1,809.50
 KRISPY KREME DONUTS FOR TEXAS HIGH SCHOOL DA Special Acct 122.50
 OFFICE WISE FURNITURE & SUPPLY INVOICE # 590038-0; DATED 11/3/16 DA
 OFFICE WISE FURNITURE & SUPPLY INVOICE # 590161; DATED 11/7/16 DA S
 EXPRESS OFFICE PRODUCTS INVOICE # 135449-0; DATED 10/13/16 DA Spec
 ENTREP GLOBAL INC. INVOICE # 13064; DATED 2/17/17 DA Special Acct 16.36
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 23512; DATED 2/21/17 (810.00
 PIKE STREET MARKET CASE REVIEW MEETING 2/22/17 DA Special Acct 41.25
 ENTREP GLOBAL INC. INVOICE # 13080; DATED 2/21/17 DA Special Acct 135.0
 PRIMO'S CAFE & CATERING INVOICE # 5490; DATED 2/11/17 DA Special Acct
 SAM'S CLUB ACCT: #12 1; DATED 2/20/17 DA Special Acct 201.28
 SAM'S CLUB ACCT: #12 1; DATED 2/20/17 DA Special Acct 142.75
 ALBERTSON'S DA MONTHLY MEETING 3/3/17 DA Special Acct 134.97
 EL FENIX BAKERY DA MONTHLY MEETING 3/3/17 DA Special Acct 67.20
 ALBERTSON'S VOID: MISPRINT DA Special Acct 0.00
 OFFICE DEPOT CC: 9720 DA Special Acct 140.85
 ENTREP GLOBAL INC. INVOICE # 13190; DATED 3/22/17 DA Special Acct 135.00
 OFFICE DEPOT: INVOICE # 890622742001 DA Special Acct 184.99
 SAM'S CLUB INVOICE # 009724; DATED 3/8/17 DA Special Acct 80.71
 AMY LUJAN REIMBURSEMENT FOR ITEMS DA Special Acct 64.13
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 4/7/17 DA Special /
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE 23890; DATED 4/10/17 DA
 OFFICE DEPOT CC: 9720; DATED 4/4/17 DA Special Acct 152.48
 ENTREP GLOBAL INC. INVOICE 13288; DATED 4/18/17 DA Special Acct 135.00
 SAM'S CLUB ACCT: #12 1; DATED 4/20/17 DA Special Acct 198.99
 SAM'S CLUB INVOICE 005340; DATED 4/6/17 DA Special Acct 78.98
 ALBERTSON'S DA MONTHLY MEETING 5/5/17 DA Special Acct 149.84
 AMY LUJAN REIMBURSEMENT FOR ITEMS DA Special Acct 15.35
 EL FENIX BAKERY DA MONTHLY MEETING 5/5/17 DA Special Acct 57.80
 THE BAGEL SHOP FAREWELL FOR DENNIS MOORE DA Special Acct 154.99
 OFFICE DEPOT ACCT: 9720; DATED 5/5/17 DA Special Acct 79.35
 EL PASO COUNTY REIMBURSEMENT FOR CONSOLIDATED DA Special Acct 2
 EL PASO COUNTY REIMBURSEMENT FOR CONSOLIDATED DA Special Acct 1
 EL PASO COUNTY REIMBURSEMENT FOR CONSOLIDATED DA Special Acct 5
 EL PASO COUNTY REIMBURSEMENT FOR CONSOLIDATED DA Special Acct 2

ENTREP GLOBAL INC. INVOICE # 13384; DATED 5/12/17 DA Special Acct 135.0
 IPROMO INVOICE SIN027218; DATED 3/8/17 DA Special Acct 708.00
 EL FENIX BAKERY DA MONTHLY MEETING 6/1/17 DA Special Acct 75.00
 ENTREP GLOBAL INC. INVOICE # 13473; DATED 6/5/17 DA Special Acct 135.00
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 6/1/17 DA Special /
 SAM'S CLUB INV 000594; DATED 4/21/17 DA Special Acct 92.38
 SAM'S CLUB INV 000128; DATED 5/4/17 DA Special Acct 59.92
 SAM'S CLUB INV 003000; DATED 5/9/17 DA Special Acct 173.74
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 24255; DATED 5/30/17 [810.00
 BUTTERWORTH, DENISE REIMBURSEMENT OF MEALS FOR DA Special Acct
 TIME WARNER CABLE- ACCT: 8260 17 054 7800838 DA Special Acct 238.90
 OFFICE DEPOT ACCT: 9720; INV # 932519363001 DA Special Acct 152.48
 OFFICE DEPOT- INV 928456328001; DATED 5/16/17 DA Special Acct 47.32
 TEXAS COUNCIL ON FAMILY VIOLENCE REMAINING BALANCE OF \$5,000.00 1,200.20
 SAM'S CLUB INVOICE # 007334; DATED 5/28/17 DA Special Acct 115.34
 SAM'S CLUB INVOICE # 001587; DATED 6/13/17 DA Special Acct 164.38
 SAM'S CLUB REFUND ON 6/13/17 DA Special Acct -7.65
 ALBERTSON'S DA MONTHLY MEETING 7/7/17 DA Special Acct 139.98
 JASON'S DELI DIMS MEETING 7/8/17 DA Special Acct 112.88
 THE BAGEL SHOP DA MONTHLY MEETING 7/7/17 DA Special Acct 180.30
 NEW IPS, INC. INVOICE # 17-0018; DATED 5/2/17 DA Special Acct 220.34
 MOUNTAIN PASS COFFEE COMPANY, LLP INVOICE # 24812; DATED 7/17/17 [875.00
 ENTREP GLOBAL INC. INVOICE # 13518; DATED 7/17/17 DA Special Acct 135.0
 PRIMO'S CAFE & CATERING INVOICE # 5576; DATED 2/28/17 DA Special Acct
 PRIMO'S CAFE & CATERING INVOICE # 5577; DATED 2/27/17 DA Special Acct
 EL PASO COUNTY REIMBURSEMENT FOR PO 21710873 DA Special Acct 69.96
 SAM'S CLUB ACCOUNT 812 1; DATED 7/20/17 DA Special Acct 116.53
 SAM'S CLUB INVOICE # 001816; DATED 7/7/17 DA Special Acct 8.49
 SAM'S CLUB INVOICE # 0000; DATED 7/11/17 DA Special Acct 47.48
 SAM'S CLUB INVOICE # 006249; DATED 7/14/17 DA Special Acct 119.96
 SAM'S CLUB INVOICE # 002041; DATED 7/14/17 DA Special Acct 182.23
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 8/1/17 DA Special /
 ALBERTSON'S DA MONTHLY MEETING 8/1/17 DA Special Acct 194.97
 OFFICE DEPOT- INV 848020705001; DTD 8/17/16 DA Special Acct 279.24
 TIME WARNER CABLE- ACCT: 8260 17 054 7800838 DA Special Acct 130.66
 ENTREP GLOBAL INC. INVOICE # 13684; DATED 8/4/17 DA Special Acct 135.00
 EL FENIX BAKERY JUSTICE OF THE PEACE MEETING DA Special Acct 12.00
 GREGGERSON'S CAKE COTTAGE DA MONTHLY MEETING 9/1/17 DA Special /
 ALBERTSON'S DA MONTHLY MEETING 9/1/17 DA Special Acct 164.97
 SAM'S CLUB ACCT: 812 1; DATED 8/20/17 DA Special Acct 24.94
 DISTRICT ATTORNEY REIMBURSEMENT ON CAUSE # DA Special Acct 245.00
 ATTY CHRISTOPHER ANTCLIFF EPPD: 16-055249; CAUSE # 2016DCV0833 O :
 CHRISTOPHER ANTCLIFF EPPD: 16-055249; CAUSE # 2016DCV0833 State Age
 ATTORNEY AD LITEM BILL HICKS DPS: 2016CID450001704 State Agent Act 50
 ATTORNEY AD LITEM BILL HICKS EPPD: 16-185041; CAUSE # 2016DCV2295 \$ 500.00
 ATTY CHRISTOPHER ANTCLIFF EPPD: 16-312019; CAUSE # 2016DCV4316 \$14
 ATTY CHRISTOPHER ANTCLIFF EPPD: 16-324078; CAUSE # 2016DCV4402 \$14
 ATTY CHRISTOPHER ANTCLIFF EPPD: 15-159256; CAUSE # 2015DCV2003 \$14

9) TOTAL MISCELLANEOUS FEES PAID OUT OF CHAPTER 59 FUNDS: \$96,692.00

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

1) Total paid to State Treasury due to lack of local agreement pursuant to 59.06 (a): \$ \$0.00
 2) Total paid to State Treasury due to participating in task force not established in accordance with 59.06 (q)(1): \$ \$0.00
 3) Total paid to General Fund pursuant to 59.06 (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 59.06 (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: \$ \$449.00

M) 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: \$535,720.00
 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 certify that you swear or affirm that the Commissioners Court, City or Agency Head (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.

SIGNATURE OF AUDITOR/ TREASURER/
 ACCOUNTING PROFESSIONAL/ PREPARER:

TITLE:

I want to add another certification ☐

I want to remove a certification ☐

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 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 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 all expenditures reported herein were made in accordance with Texas law.

SIGNATURE OF HEAD OF AGENCY: Jaime Esperza
TITLE: District Attorney- 34th Judicial District
DATE: 10/16/2017

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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Art. 59.06. DISPOSITION OF FORFEITED PROPERTY. (a) Except as provided by Subsection (k), all forfeited property shall be administered by the attorney representing the state, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the attorney representing the state and law enforcement agencies. If a local agreement has not been executed, the property shall be sold on the 75th day after the date of the final judgment of forfeiture at public auction under the direction of the county sheriff, after notice of public auction as provided by law for other sheriff's sales. The proceeds of the sale shall be distributed as follows:

(1) to any interest holder to the extent of the interest holder's nonforfeitable interest;

(2) after any distributions under Subdivision (1), if the Title IV-D agency has filed a child support lien in the forfeiture proceeding, to the Title IV-D agency in an amount not to exceed the amount of child support arrearages identified in the lien; and

(3) the balance, if any, after the deduction of court costs to which a district court clerk is entitled under Article 59.05(f) and, after that deduction, the deduction of storage and disposal costs, to be deposited not later than the 30th day after the date of the sale in the state treasury to the credit of the general revenue fund.

(b) If a local agreement exists between the attorney representing the state and law enforcement agencies, the attorney representing the state may transfer the property to law enforcement agencies to maintain, repair, use, and operate the property for official purposes if the property is free of any interest of an interest holder. The agency receiving the forfeited property may purchase the interest of an interest holder so that the property can be released for use by the agency. The agency receiving the forfeited property may maintain, repair, use, and operate the property with money appropriated for current operations. If the property is a motor vehicle subject to registration under the motor vehicle registration laws of this state, the agency receiving the forfeited vehicle is considered to be the purchaser and the certificate of title shall issue to the agency. A law enforcement agency to which property is transferred under this subsection at any time may transfer or loan the property to any other municipal or county agency, a groundwater conservation district governed by Chapter 36, Water Code, or a school district for the use of that agency or district. A municipal or county agency, a groundwater conservation district, or a school district to which a law enforcement agency loans a motor vehicle under this subsection shall maintain any automobile insurance coverage for the vehicle that is required by law.

(b-1) If a loan is made by a sheriff's office or by a municipal police department, the commissioners court of the county in which the sheriff has jurisdiction or the governing body of the municipality in which the department has jurisdiction, as applicable, may revoke the loan at any time by notifying the receiving agency or district, by mail, that the receiving agency or district must return the loaned vehicle to the loaning agency before the seventh day after the date the receiving agency or district receives the notice.

(b-2) An agency that loans property under this article shall:

(1) keep a record of the loan, including the name of the agency or district to which the vehicle was loaned, the fair market value of the vehicle, and where the receiving agency or district will use the vehicle; and

(2) update the record when the information relating to the vehicle changes.

(c) If a local agreement exists between the attorney representing the state and law enforcement agencies, all money, securities, negotiable instruments, stocks or bonds, or things of value, or proceeds from the sale of those items, shall be deposited, after the deduction of court costs to which a district court clerk is entitled under Article 59.05(f), according to the terms of the agreement into one or more of the following funds:

(1) a special fund in the county treasury for the benefit of the office of the attorney representing the state, to be used by the attorney solely for the official purposes of his office;

(2) a special fund in the municipal treasury if distributed to a municipal law enforcement agency, to be used solely for law enforcement purposes;

(3) a special fund in the county treasury if distributed to a county law enforcement agency, to be used solely for law enforcement purposes; or

(4) a special fund in the state law enforcement agency if distributed to a state law enforcement agency, to be used solely for law enforcement purposes.

(c-1) Notwithstanding Subsection (a), the attorney representing the state and special rangers of the Texas and Southwestern Cattle Raisers Association who meet the requirements of Article 2.125 may enter into a local agreement that allows the attorney representing the state to transfer proceeds from the sale of forfeited property described by Subsection (c), after the deduction of court costs as described by that subsection, to a special fund established for the special rangers. Proceeds transferred under this subsection must be used by the special rangers solely for law

enforcement purposes. Any expenditures of the proceeds are subject to the audit provisions established under this article.

(c-2) Any postjudgment interest from money, securities, negotiable instruments, stocks or bonds, or things of value, or proceeds from the sale of those items, that are deposited in an interest-bearing bank account under Subsection (c) shall be used for the same purpose as the principal.

(c-3) Notwithstanding Subsection (a), with respect to forfeited property seized in connection with a violation of Chapter 481, Health and Safety Code (Texas Controlled Substances Act), by a peace officer employed by the Department of Public Safety, in a proceeding under Article 59.05 in which a default judgment is rendered in favor of the state, the attorney representing the state shall enter into a local agreement with the department that allows the attorney representing the state either to:

(1) transfer forfeited property to the department to maintain, repair, use, and operate for official purposes in the manner provided by Subsection (b); or

(2) allocate proceeds from the sale of forfeited property described by Subsection (c), after the deduction of court costs as described by that subsection, in the following proportions:

(A) 40 percent to a special fund in the department to be used solely for law enforcement purposes;

(B) 30 percent to a special fund in the county treasury for the benefit of the office of the attorney representing the state, to be used by the attorney solely for the official purposes of the attorney's office; and

(C) 30 percent to the general revenue fund.

(c-4) Notwithstanding Subsections (a) and (c-3), with respect to forfeited property seized in connection with a violation of Chapter 481, Health and Safety Code (Texas Controlled Substances Act), by the Department of Public Safety concurrently with any other law enforcement agency, in a proceeding under Article 59.05 in which a default judgment is rendered in favor of the state, the attorney representing the state may allocate property or proceeds in accordance with a memorandum of understanding between the law enforcement agencies and the attorney representing the state.

(d) Proceeds awarded under this chapter to a law enforcement agency or to the attorney representing the state may be spent by the agency or the attorney after a budget for the expenditure of the proceeds has been submitted to the commissioners court or governing body of the municipality. The budget must be detailed and clearly list and define the categories of expenditures, but may not list details that would endanger the security of

an investigation or prosecution. Expenditures are subject to the audit and enforcement provisions established under this chapter. A commissioners court or governing body of a municipality may not use the existence of an award to offset or decrease total salaries, expenses, and allowances that the agency or the attorney receives from the commissioners court or governing body at or after the time the proceeds are awarded.

(d-1) The head of a law enforcement agency or an attorney representing the state may not use proceeds or property received under this chapter to:

- (1) contribute to a political campaign;
- (2) make a donation to any entity, except as provided by

Subsection (d-2);

(3) pay expenses related to the training or education of any member of the judiciary;

(4) pay any travel expenses related to attendance at training or education seminars if the expenses violate generally applicable restrictions established by the commissioners court or governing body of the municipality, as applicable;

(5) purchase alcoholic beverages;

(6) make any expenditure not approved by the commissioners court or governing body of the municipality, as applicable, if the head of a law enforcement agency or attorney representing the state holds an elective office and:

(A) the deadline for filing an application for a place on the ballot as a candidate for reelection to that office in the general primary election has passed and the person did not file an application for a place on that ballot; or

(B) during the person's current term of office, the person was a candidate in a primary, general, or runoff election for reelection to that office and was not the prevailing candidate in that election; or

(7) increase a salary, expense, or allowance for an employee of the law enforcement agency or attorney representing the state who is budgeted by the commissioners court or governing body of the municipality unless the commissioners court or governing body first approves the increase.

(d-2) The head of a law enforcement agency or an attorney representing the state may use as an official purpose of the agency or attorney proceeds or property received under this chapter to make a donation to an entity that assists in:

- (1) the detection, investigation, or prosecution of:
 - (A) criminal offenses; or

(B) instances of abuse, as defined by Section 261.001, Family Code;

(2) the provision of:

(A) mental health, drug, or rehabilitation services; or

(B) services for victims or witnesses of criminal offenses or instances of abuse described by Subdivision (1); or

(3) the provision of training or education related to duties or services described by Subdivision (1) or (2).

(d-3) Except as otherwise provided by this article, an expenditure of proceeds or property received under this chapter is considered to be for a law enforcement purpose if the expenditure is made for an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of this state, including an expenditure made for:

(1) equipment, including vehicles, computers, firearms, protective body armor, furniture, software, uniforms, and maintenance equipment;

(2) supplies, including office supplies, mobile phone and data account fees for employees, and Internet services;

(3) investigative and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking;

(4) conferences and training expenses, including fees and materials;

(5) investigative costs, including payments to informants and lab expenses;

(6) crime prevention and treatment programs;

(7) facility costs, including building purchase, lease payments, remodeling and renovating, maintenance, and utilities;

(8) witness-related costs, including travel and security; and

(9) audit costs and fees, including audit preparation and professional fees.

(d-4) Except as otherwise provided by this article, an expenditure of proceeds or property received under this chapter is considered to be for an official purpose of an attorney's office if the expenditure is made for an activity of an attorney or office of an attorney representing the state that relates to the preservation, enforcement, or administration of the laws of this state, including an expenditure made for:

(1) equipment, including vehicles, computers, visual aid equipment for litigation, firearms, body armor, furniture, software, and uniforms;

(2) supplies, including office supplies, legal library supplies and access fees, mobile phone and data account fees for employees, and Internet services;

(3) prosecution and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking;

(4) conferences and training expenses, including fees and materials;

(5) investigative costs, including payments to informants and lab expenses;

(6) crime prevention and treatment programs;

(7) facility costs, including building purchase, lease payments, remodeling and renovating, maintenance, and utilities;

(8) legal fees, including court costs, witness fees, and related costs, including travel and security, audit costs, and professional fees; and

(9) state bar and legal association dues.

(e) On the sale of contraband under this article, the appropriate state agency shall issue a certificate of title to the recipient if a certificate of title is required for the property by other law.

(f) A final judgment of forfeiture under this chapter perfects the title of the state to the property as of the date that the contraband was seized or the date the forfeiture action was filed, whichever occurred first, except that if the property forfeited is real property, the title is perfected as of the date a notice of lis pendens is filed on the property.

(g)(1) All law enforcement agencies and attorneys representing the state who receive proceeds or property under this chapter shall account for the seizure, forfeiture, receipt, and specific expenditure of all the proceeds and property in an audit, which is to be performed annually by the commissioners court or governing body of a municipality, as appropriate. The annual period of the audit for a law enforcement agency is the fiscal year of the appropriate county or municipality and the annual period for an attorney representing the state is the state fiscal year. The audit must be completed on a form provided by the attorney general and must include a detailed report and explanation of all expenditures, including salaries and overtime pay, officer training, investigative equipment and supplies, and other items. Certified copies of the audit shall be delivered by the law enforcement agency or attorney representing the state to the attorney general not later than the 60th day after the date on which the annual period that is the subject of the audit ends.

(2) If a copy of the audit is not delivered to the attorney general within the period required by Subdivision (1), within five days after the end of the period the attorney general shall notify the law enforcement agency or the attorney representing the state of that fact. On

a showing of good cause, the attorney general may grant an extension permitting the agency or attorney to deliver a copy of the audit after the period required by Subdivision (1) and before the 76th day after the date on which the annual period that is the subject of the audit ends. If the law enforcement agency or the attorney representing the state fails to establish good cause for not delivering the copy of the audit within the period required by Subdivision (1) or fails to deliver a copy of an audit within the extension period, the attorney general shall notify the comptroller of that fact.

(3) On notice under Subdivision (2), the comptroller shall perform the audit otherwise required by Subdivision (1). At the conclusion of the audit, the comptroller shall forward a copy of the audit to the attorney general. The law enforcement agency or attorney representing the state is liable to the comptroller for the costs of the comptroller in performing the audit.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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

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

11-25

November 21, 2018

The Honorable Norma Favela Barceleau
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. We tested 11 financial and 2 operational controls using 444 samples. There were no findings noted as a result of the audit procedures. 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.

Respectfully,

Barbara Franco for Edward A. Dion
Edward A. Dion
County Auditor

EAD:BT:ya

cc: Ms. Betsy Keller, County Chief Administrator



The Office of The District Clerk

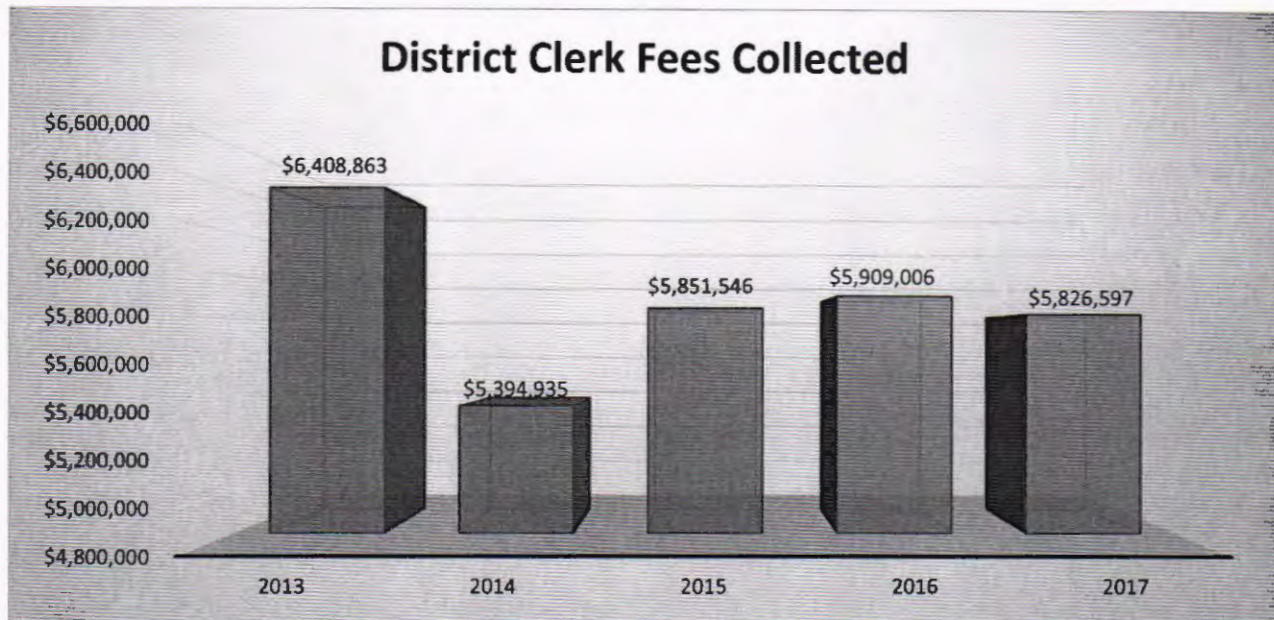


EXECUTIVE SUMMARY

BACKGROUND

The office of the District Clerk is created by the Texas Constitution, Article V, Section 9. The District Clerk is an elected official with a 4 year term of office. 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 magistrates. The audit was performed by Bertha Tafoya, internal auditor. The most recent prior audit report was issued on September 18, 2017, and had no findings.

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 the Office of the District Clerk for the past five fiscal years.



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 assessments.

Business Objective	Control Assessment
1. Established and documented policies and procedures	Satisfactory
2. Functioning appropriate cashiering 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. Completeness and timely posting of manual receipts issued	Satisfactory
7. Adequate controls for acceptance of passport applications	Satisfactory
8. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
9. Disbursement controls for juror payments and State reimbursement requests	Satisfactory
10. Proper void and reversed Odyssey entries	Satisfactory
11. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit includes financial records from July 2017 through June 2018.

County Auditor's Office, Internal Audit Division



The Office of The District Clerk
EXECUTIVE SUMMARY



METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count March 7, 2018, in accordance with *Local Government Code §115.0035*.
- Reviewed the bank reconciliations for the Deposit, Custodial, Juvenile, and invested accounts for appropriate documentation, timeliness, and management review and approval.
- Reviewed deposits and verified supporting documentation for voided checks.
- Tested a sample of daily deposit slips and verified posting to the County's financial system, Munis.
- Tested a sample of daily deposits to the Miracle Delivery logs to verify compliance with *Local Government Code §113.022*.
- Reviewed a sample of investments at various financial institutions for proper recording and timely posting of interest earned to Odyssey.
- Tested a sample of investment releases to minors for appropriate documentation and management review and approval.
- Reviewed manual receipt books for adherence to usage procedures and controls.
- Tested a sample of passport collections for completeness and timely posting.
- Tested a sample of mail log entries for appropriate documentation and timely deposit in accordance with *Local Government Code §113.022*.
- Reviewed procedures for issuance of juror payments and reimbursement of expenses as per *Texas Government Code §61.0015*.
- Reviewed a sample of void and reversal Odyssey transactions to verify legitimacy.
- Reviewed operational processes and controls of security system for adequacy.

RESULTS

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"> • Documentation of established policies and procedures (Obj. 1) • Cash handling procedures (Obj. 2) • Bank reconciliations (Obj. 3) • Reconciliation of investment accounts (Obj. 4) • Disbursement controls for invested funds (Obj. 5) • Manual receipt procedures (Obj. 6) • Passport collections controls (Obj. 7) • Payment mail log (Obj. 8) • Adequate controls for issuance of juror payments and request of State funds (Obj. 9) • Void and reversed transactions (Obj. 10) • Non-financial security and operational measures (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



The Office of The District Clerk



EXECUTIVE SUMMARY

(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. Internal controls are adequate to ensure proper preparation of the District Clerk's financial reports. Processes are documented, appear to be operating efficiently.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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02-10

February 20, 2019

Mr. Brian Stanley, Executive Director
Domestic Relations Office
500 E. San Antonio, Suite LL-108
El Paso, Texas 79901

Dear Mr. Stanley:

The County Auditor's Internal Audit division performed an audit of the Domestic Relations Office financial records to determine if internal controls are adequate to ensure proper preparation of the Domestic Relations 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 seven financial controls and one operating control with a total of 103 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of the Domestic Relations Office for their assistance and courtesies extended during this audit.

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

Respectfully,

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

Edward A. Dion
County Auditor

EAD:DC:ya

cc: Ms. Betsy Keller, County Chief Administrator
Ms. Connie Moreno, Operations Manager
Domestic Relations Office



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**

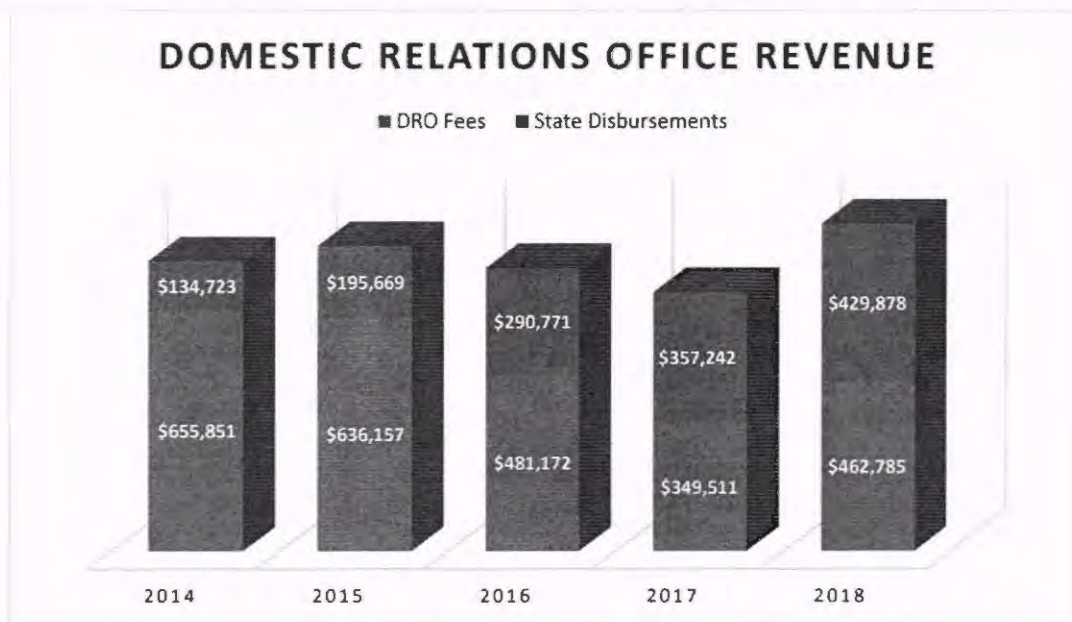


EXECUTIVE SUMMARY

BACKGROUND

The Domestic Relations Office (DRO) goal is to help families succeed after a divorce or separation and to establish cooperative parenting, enforce child support, medical support, insurance, out-of-pocket medical expenses and visitation. This office is composed of four main divisions: Child Support Enforcement, Community Supervision, Access and Possession, and Family Court Services. There has been a change in management in the DRO. The former Executive Director left the County in October 2017. The new Executive Director started in May 2018. This audit was performed by Daisy Caballero, internal auditor. The most recent prior audit was in March 2017; all findings from that audit have been resolved.

Financial reports are generated from the Odyssey Court and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of fees collected by the DRO for the past five fiscal years as recorded in the County financial system (Munis).



The DRO revenue decline from FY 2015 to FY 2017 was mainly due to a computer software conversion from the Judicial Information Management System (JIMS) to Odyssey. As part of the conversion in April 2015, the scofflaw process in JIMS was disabled. The conversion could not be completed, and reverted to JIMS; however, the scofflaw process was never reinstated. This error was not discovered until over a year after the failed attempt, resulting in a significant loss of income. DRO successfully went live on Odyssey in July 2017; however, the office was not able to bill all the 5,000 cases normally billed in JIMS on a monthly basis due to the lack of information on the current system (Odyssey). All information had to be entered manually and the billings were sent out as the case information was manually entered in Odyssey; these billings resumed in December 2017 when all the information was entered. There are about 12,000 additional deactivated cases from JIMS being cleaned up, researched, and entered in Odyssey as of the date of this report.

The State disbursements have increased due to an increase in contract rates and caseloads.

SCOPE

The scope of the audit includes financial records from November 2017 through October 2018



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



EXECUTIVE SUMMARY

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Timely bank deposits	Satisfactory
3. Reconciliation of daily deposits	Satisfactory
4. Office of the Attorney General (OAG) payments are received timely by the County	Satisfactory
5. Manual receipts are well documented and entered in Odyssey timely	Satisfactory
6. Completeness of the mail log and timely posting to Odyssey	Satisfactory
7. Adequate voided transactions controls	Unsatisfactory
8. Documentation of updated policies and procedures	Needs Improvement

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count at the Domestic Relations Office
- Observed the cashiering stations for secured lock boxes
- Reviewed a sample of daily deposit reports and compared them to daily deposit slips and Miracle Delivery logs for completeness, accuracy, and timeliness
- Prepared monthly revenue reconciliations of Odyssey to Munis to determine postings were complete, accurate, and timely
- Reviewed the OAG billings to confirm billing amounts were received and timely entered in Munis
- Reviewed manual receipt controls and inquired about manual receipts issued during audit period and verified none were issued by reviewing the manual receipt books
- Inquired about mail log procedures and traced a sample of mail payments to Odyssey
- Reviewed a sample of voided transactions for justification and management approval
- Reviewed policies and procedures for completeness and updates

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 as well as the status of prior audit findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Cash handling controls (Obj. 1) • Timely deposit policy (Obj. 2) • Daily deposit reconciliations (Obj. 3) • OAG billings review (Obj. 4) • Manual receipt controls (Obj. 5) • Mail log controls (Obj. 6) 	<ul style="list-style-type: none"> • Voided transaction controls (Obj. 7) • Documentation of policies and procedures (Obj. 8)
Findings Summary	
<ol style="list-style-type: none"> 1) There are no voided transaction controls 2) Documented policies and procedures need to be updated 	



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



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

DRO has implemented improvements in their operations. Implementation of the recommendations provided in this report should assist DRO in producing complete and accurate financial reports by strengthening their internal control structure.



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

Ⓜ Closed

1. Finding: The December 2016 State Registry Services Contract payment has not been received.

Recommendation: OAG billings should be reviewed and tracked on a monthly basis to ensure payments are received timely and for the correct amounts

Action Plan: DRO is placing all invoices in a pending file and awaiting proof the funds have been received. This pending file will be reviewed on a monthly basis to ensure payments are received timely. *Resolved*

Ⓛ Closed

Finding: The policies and procedures manual is incomplete.

Recommendation: The written policies and procedures should be updated to include the following:

- Mail log procedures
- OAG billing and review process
- Revised manual receipt process
- The retention period for financial records should be stated (4 years according to the *Texas Retention Schedule GR1025-27a*)

Action Plan: The policies and procedures manual will be updated. *Resolved.*



**Domestic Relations Office Audit
For the Period of November 2017 thru October 2018**



FINDINGS AND ACTION PLANS

Current Audit Findings

Observation #1	Risk Level H		
<p>Voids – A sample of 19 of 95 voided transactions (20%) was tested for justification and management approval. The following was noted:</p> <ul style="list-style-type: none">Management does not initiate, review, or approve voided transactions. This is inconsistent with the DRO voided transactions policies and procedures which state “a supervisor will initiate all voids; cashiers are not authorized to initiate any void at any time”.A \$136 credit card transaction was voided in Odyssey but not in the credit card machine. <p>Failure to enforce voided transaction controls could result in misappropriation of County funds.</p>			
Recommendation			
<ul style="list-style-type: none">Management should review and implement the DRO voided transactions policies and procedures. If the current documented procedure is no longer feasible, a new procedure with appropriate controls should be implemented. Voided transactions should be initiated or approved by management, as per the County Auditor’s Accounting Procedures Manual.The \$136 voided credit card transaction should be researched and appropriate action should be taken, the case number has been provided to the operations manager.			
Action Plan			
Person Responsible	Operations Manager	Estimated Completion Date	02/15/2019
<ul style="list-style-type: none">The new voided transactions procedure has been documented in the policies and procedures manual. Cashiers are permitted to void transactions and are to notify the supervisory administrative assistant sr. immediately that a void has taken place. All voided transactions will be logged in the voids log. The supervisory administrative specialist sr. will review the voids log on a monthly basis. As part of the review process, an Odyssey voids report will be generated for the review period and compared to the voids log to ensure completeness.The \$136 credit card transaction will be refunded to reflect the correct financial balance.			

Observation #2	Risk Level L		
<p>Policies and Procedures – The following policies and procedures have not been updated:</p> <ul style="list-style-type: none">Procedures affected by the integration of the Law Library to the DROVoided transaction proceduresFinancial system used, update from JIMS to Odyssey <p>Policies and procedures serve as an accountability and training guide for employees and sets guidelines for best practices. Lack of documented procedures can increase the risk of inconsistent practices and possible losses to the County.</p>			
Recommendation			
The written policies and procedures should be updated to reflect current procedures and policies in use.			
Action Plan			
Person Responsible	Operations Manager	Estimated Completion Date	02/04/2019
Management concurs with the recommendation and has implemented the action plan.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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02-10

February 26, 2019

Mr. Wallace Hardgrove
Budget Executive Director
500 E. San Antonio, Suite 106
El Paso, Texas 79901

Dear Mr. Hardgrove:

The County Auditor's Internal Audit division performed an audit of the Budget and Fiscal Policy Financial Recovery Division's financial records to determine if internal controls are adequate to ensure proper preparation of Financial Recovery Division'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 one operational control and five financial controls with a total of 135 samples. There were four findings noted as a result of the audit procedures. We wish to thank the management and staff of the Financial Recovery Division 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", is written over a horizontal line.

Edward A. Dion
County Auditor

EAD:RB:JO:ya

cc: Ms. Betsy Keller, Chief Administrator
Mr. Derek Ware, Financial Recovery Division Manager



Financial Recovery Division Audit



EXECUTIVE SUMMARY

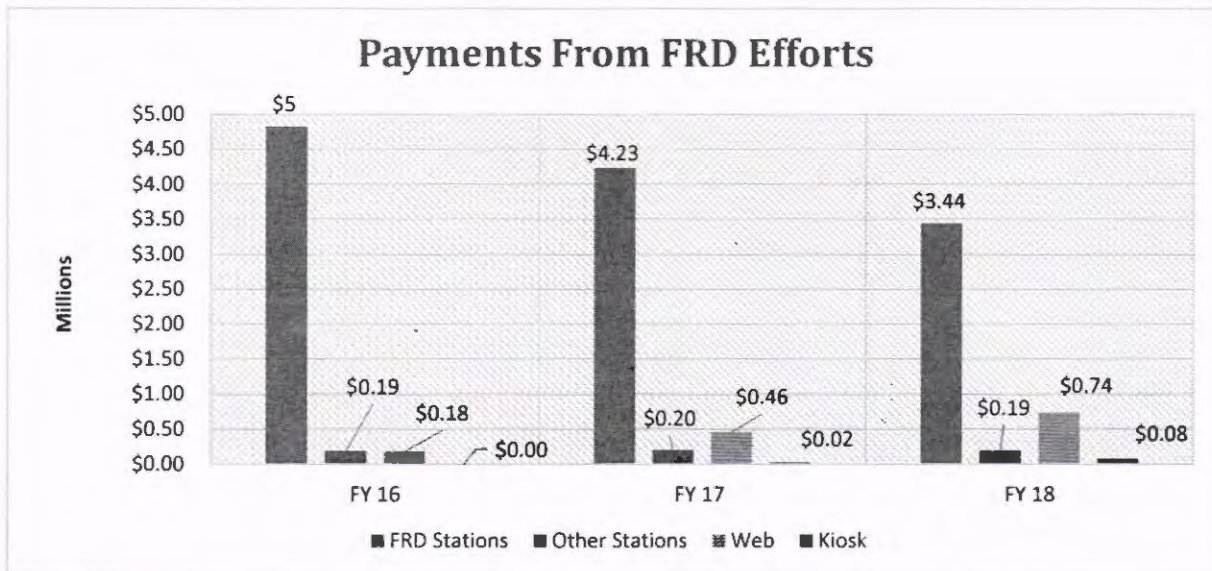
BACKGROUND

Financial Recovery is a division under the Budget and Fiscal Policy Department. The division is responsible for collecting monies from those that have exhausted resources throughout the judicial process. Through court orders, payment plans and other resources, the goal of the Financial Recovery Division (FRD) is to assist in making the County of El Paso and its taxpayer's whole by collecting funds to optimize services to the public. This division has been under the Budget and Fiscal Policy Department since May of 2015 and was previously under management of the County Clerk.

The audit was performed as a team effort by the entire Internal Audit division. This is the first audit performed on this division under new management.

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 recovered for the past three fiscal years at the main Financial Recovery office and satellites to include fees recovered through E-Pay, Kiosk & other stations due to the Financial Recovery Division's efforts.



Source: Odyssey system

SCOPE

The scope of the audit is from October 2017 through August 2018.

OBJECTIVES

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



Financial Recovery Division Audit



EXECUTIVE SUMMARY

Business Objective	Control Assessment
1. Maintain and follow collections policies and procedures	Satisfactory
2. Functioning appropriate collections controls.	Needs Improvement
3. Timely recording and depositing of revenue collections.	Satisfactory
4. Storage and timely posting of manual receipts.	Need Improvement
5. Adequate controls of voided transactions.	Need Improvement
6. Completeness of the payment mail log and timely posting	Satisfactory

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies and procedures
- Performed a surprise cash count in accordance with *Local Government Code (LGC) §115.0035*.
- Reviewed a sample of daily deposit transactions verifying to Odyssey reports.
- Reviewed a sample of daily deposit transactions and traced to deposits at the bank.
- Reviewed staff Odyssey user rights and reviewed a sample of void and reversal entries to verify legitimacy of transactions.
- Reviewed manual receipt internal controls and tested a sample of manual receipts for appropriate and timely posting to Odyssey.
- Tested a sample of mail log entries for appropriate documentation and timely posting.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *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"> • Policies and procedures (Obj. 1) • Timely recording and depositing of revenue collections (Obj. 3) • Mail log controls (Obj. 6) 	<ul style="list-style-type: none"> • Documentation of dual control verification (Obj. 2) • Manual receipt log controls (Obj. 4) • Control of voided transactions (Obj. 5)
Findings Summary	
<ol style="list-style-type: none"> 1. Change fund is five dollars short. 2. Some daily collection dual control processes are not properly documented and daily collection procedures need to be updated. 3. Manual receipts issued are not cross referenced consistently in Odyssey and there is no inventory log for manual receipt books. 4. An FRD employee has unauthorized void user rights and four voided transactions were not documented on the Void and Adjustment 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 Financial Recovery division met three of six objectives for this audit. Implementation of recommendations provided in this report should assist the Financial Recovery Department in improving their internal control structure and produce accurate financial reporting.



The Office of The Financial Recovery Department



Findings and Action Plans

Current Audit Findings & Action Plans


Finding #1		Risk Level H	
<p>Change fund – The change fund assigned to FRD is five dollars short. Cash counts were performed on September 11 and 12, 2018. According to MUNIS records, FRD was assigned a \$1,740.00 change fund which was allocated to ten different FRD collection satellite locations. The total of actual change fund cash for all satellite locations was \$1,735.00. FRD also had total shortages of \$70.25 on various collection dates throughout the 2018 fiscal year. A County Attorney Opinion regarding over/short accounts dated June 11, 1987, states:</p> <p>"Texas Constitution, Article 16, Section 61, requires all fees collected by county officers shall be paid into the county treasury....There is no provision for forgiveness of short accounts by the use of over receipts from another day."</p>			
<p>Recommendation</p> <p>Change funds should periodically be verified and documented to ensure totals reconcile with MUNIS balances. All shortages should be reimbursed to the County in a periodic and timely manner in compliance with the County Auditor's Accounting Procedures for overages and shortages.</p>			
Person Responsible	Financial Recovery Services Manger	Estimated Completion Date	Implemented 12/12/18
<p>The \$5 dollar shortage from the total division change fund (\$1,740) was never confirmed when collections efforts transferred from the County Clerk's Office to the Budget department in May of 2015. FRD staff and auditor's office reached out to County Clerk's Office to confirm change fund transferred and it was discovered no documentation was available. Auditor's office did not have verification of change fund transfer other than the of change fund amount approved by Commissioner's Court on May 18, 2015. After researching the matter internally, the division has always operated with a total change fund of \$1,735. Since this matter has been brought to the Budget Department's attention, the shortage of \$5 has been replaced and the change fund in the amount of \$1,740 is accounted for.</p> <p>As a precautionary measure, to prevent any change fund discrepancies, routine audits are being scheduled and conducted once per month for all annex locations including the downtown office. This internal audit process will confirm exact change fund and other cashiering functions, such as manual receipts, voids and errors. A log has been created to document date of visit, verifier, cashier's work being reviewed and amount verified. Furthermore, an inventory list has been placed on the inside of all safes detailing the change fund amount (per safe/location) manual receipt books, money bags etc....</p>			



The Office of The Financial Recovery Department

Findings and Action Plans



Finding #2		Risk Level 	
<p>Daily collections - Some daily collection dual control processes are not properly documented and daily collection procedures need to be updated. A 30 day sample of collections was reviewed and the following was observed:</p> <ol style="list-style-type: none">1. Cash count sheets for credit card transactions received over the phone are not signed by the reviewer. Proper review is particularly important because the payee is not observing how their credit card information is being handled and no receipt is issued at the time of collection.2. At two satellite offices, the dual control verification is not processed until the following day when the deposit and documentation are received at the main office. This increases the risk of accounting errors or manipulation of records by either party involved.3. A \$25 overpayment was accepted on case number 2001CM588 dated 05/22/18; policies and procedures do not indicate how to proceed when overages are received.			
<p>Recommendations</p> <p>Dual control verification and review of cash count sheets reduces the possibility of loss or theft due to manipulation of records or accounting errors. Proper documentation of the verification process helps avoid any disputes between parties involved. We recommend:</p> <ol style="list-style-type: none">1. Phone payment procedures should be reviewed and updated as needed to strengthen controls. All cash count sheets should be documented with a signature that they were reviewed.2. At satellite offices where collections cannot be verified by somebody else, we recommend the use of two-part cash count sheets. The copies should be kept at the satellite office and the original sent with the deposit to the main office. If the cash count is modified at the main office, there is a copy of the original reconciliation at the satellite office. The satellite office should be notified of any modifications.3. Submit a refund request to the Auditor's office to refund the overpayment. Policies and procedures should be updated to include how to handle overpayments received.			
Person Responsible	Financial Recovery Services Manger	Estimated Completion Date	Implemented 02/05/19
<ol style="list-style-type: none">1. Phone payment cash count sheets are verified daily by the division's accountant. Signature of verification was not added to the cash count sheet due to zero cash taken through phone payment tills. Since this matter has been brought to our attention during the auditors review, the existing procedure has been modified and all transaction reports are now being verified regardless of transaction type of payments tendered.2. Staff stationed at satellite offices work alone and are unable to have their cash count verified. Auditor's recommendation was implemented on 12/12/18. Review of this process will also be included in the division's monthly audit. It's now required for satellite staff to keep a copy of all cash count sheets. If any cash count sheet is modified at the main office, the satellite office is emailed the scanned copy and management is notified. Satellite staff is required to keep all modified cash count sheets.3. It has been the office's practice to submit refund requests to the auditor's office, make proper notations in the case and to scan refund requests for the file in case record and then document refunds in the division's refund log. This is the current office practice and documented procedures are currently being updated illustrating this practice. Estimated completion date by 2/10/19.			



The Office of The Financial Recovery Department
Findings and Action Plans



Finding #3			Risk Level (M)								
<p>Manual Receipts - Manual receipts issued are not cross referenced consistently in Odyssey, and there is no inventory log for manual receipt books.</p> <p>A sample of 30 manual receipts was reviewed during the audit period for timeliness, accuracy, sequence, and proper receipt cross referencing at the time of posting. 19 or (63%) of 30 manual receipts reviewed didn't reference the receipt number at the time of posting into Odyssey. Failure to reference the manual receipt in Odyssey increases the risk of posting fictitious payments since it would be difficult to trace back to the original payment transaction.</p> <p>It was also noted that the location and accountability of all manual receipt books (both used and unused) was not being tracked or monitored properly by senior staff. This lack of accountability could lead to an increase in possible misuse and abuse of the manual receipt books.</p>											
<p>Recommendation</p> <p>Management should verify that every manual receipt is filled out and entered accurately. We recommend that when a manual receipt is entered into Odyssey, the cashier should always enter a comment to cross reference the manual receipt number. A second individual should verify the Odyssey posting and initial the manual receipt if it was posted correctly, including the cross referenced receipt number. We also recommend a log be kept at the main office to document the physical count and assignment of all manual receipt books. Furthermore, we recommend policies and procedures be updated to incorporate these recommendations.</p>											
<p>Action Plan</p> <table><tr><th>Person Responsible</th><th>Financial Recovery Services Manger</th><th>Estimated Completion Date</th><th>Implemented 12/12/18</th></tr><tr><td colspan="4"><p>It is office procedure to log manual receipt numbers when posting the payment in Odyssey. In addition, a copy of the Odyssey receipt has been attached to the manual receipt book to support the use of any manual receipt. The division has taken additional steps by implementing a monthly internal audit for all locations, to confirm copy of the Odyssey receipts continue to be added to the manual receipt book. Audits will also be used to verify the manual receipt number is entered into the Odyssey payment.</p><p>The division is aware of the number of manual receipt books issued to each location and staff is trained to ensure they are secured in a safe. Additional steps have been taken to number, date and print the location of the manual receipt book for all locations. Office has also implemented a manual receipt book log.</p></td></tr></table>				Person Responsible	Financial Recovery Services Manger	Estimated Completion Date	Implemented 12/12/18	<p>It is office procedure to log manual receipt numbers when posting the payment in Odyssey. In addition, a copy of the Odyssey receipt has been attached to the manual receipt book to support the use of any manual receipt. The division has taken additional steps by implementing a monthly internal audit for all locations, to confirm copy of the Odyssey receipts continue to be added to the manual receipt book. Audits will also be used to verify the manual receipt number is entered into the Odyssey payment.</p> <p>The division is aware of the number of manual receipt books issued to each location and staff is trained to ensure they are secured in a safe. Additional steps have been taken to number, date and print the location of the manual receipt book for all locations. Office has also implemented a manual receipt book log.</p>			
Person Responsible	Financial Recovery Services Manger	Estimated Completion Date	Implemented 12/12/18								
<p>It is office procedure to log manual receipt numbers when posting the payment in Odyssey. In addition, a copy of the Odyssey receipt has been attached to the manual receipt book to support the use of any manual receipt. The division has taken additional steps by implementing a monthly internal audit for all locations, to confirm copy of the Odyssey receipts continue to be added to the manual receipt book. Audits will also be used to verify the manual receipt number is entered into the Odyssey payment.</p> <p>The division is aware of the number of manual receipt books issued to each location and staff is trained to ensure they are secured in a safe. Additional steps have been taken to number, date and print the location of the manual receipt book for all locations. Office has also implemented a manual receipt book log.</p>											



The Office of The Financial Recovery Department



Findings and Action Plans

Finding #4		Risk Level M													
<p>Voided Transactions – An FRD employee has unauthorized void user rights and four voided transactions were not documented on the Void and Adjustment log. A sample of 45 voided Odyssey transactions were tested for proper user authorization and completeness. The following was noted:</p> <ul style="list-style-type: none">• One Financial Recovery Specialist, not authorized to void per Financial Recovery Division policies and procedures, has rights to void transactions in Odyssey. Unauthorized user rights allowing personnel to void transactions poses a threat to data integrity and may lead to theft or misuse of County funds.• Four of 45 (9%) voided transactions sampled were not logged in the void and adjustment log used by FRD staff. Inaccurate reports will result in inaccurate data analysis conclusions.															
<p>Recommendation</p> <p>Because we only tested a sample of voided transactions, we recommend FRD management review FRD personnel user rights to ensure only proper and adequate user rights are active. We also recommend FRD management continue to periodically verify FRD employee user rights continue to be appropriate. This will ensure additions, modifications, and terminations have been appropriately updated in the system.</p> <p>In addition, staff should ensure all voided transactions are entered in the void and adjustment log. This log should be reviewed periodically by FRD management to determine if any patterns of consistent voids by personnel become noticeable and need to be addressed.</p>															
<p>Action Plan</p> <table><tr><th>Person Responsible</th><th>Financial Recovery Services Manger</th><th>Estimated Completion Date</th><th>Implemented 10/25/18</th></tr><tr><td colspan="4">Employee with user rights to void/reverse payments was formally a Financial Recovery Senior and member of the division's management team. When this matter was identified on 10/25/18, a follow up was done with ITD and void/reversal rights were removed. At this time, it has been confirmed, only the division's management and accountant have these rights as voids and reversals are part of their daily functions. Moving forward, twice per fiscal year, a list of FRD staff will be requested from ITD to verify all staff members have the proper system credentials. Documented procedures are currently being updated illustrating this practice.</td></tr><tr><td colspan="4">All voided transactions are now being monitored on daily basis by the staff member handling the division's accounting functions. Any void not logged, is brought to the attention of management. Division manager will be responsible for periodically reviewing Void/Adjustment Log to confirm accuracy.</td></tr></table>				Person Responsible	Financial Recovery Services Manger	Estimated Completion Date	Implemented 10/25/18	Employee with user rights to void/reverse payments was formally a Financial Recovery Senior and member of the division's management team. When this matter was identified on 10/25/18, a follow up was done with ITD and void/reversal rights were removed. At this time, it has been confirmed, only the division's management and accountant have these rights as voids and reversals are part of their daily functions. Moving forward, twice per fiscal year, a list of FRD staff will be requested from ITD to verify all staff members have the proper system credentials. Documented procedures are currently being updated illustrating this practice.				All voided transactions are now being monitored on daily basis by the staff member handling the division's accounting functions. Any void not logged, is brought to the attention of management. Division manager will be responsible for periodically reviewing Void/Adjustment Log to confirm accuracy.			
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04-30

April 26, 2018

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 from July 2017 through January 2018 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 is attached. We tested five financial controls and three operating controls with a total of 61 samples. The audit report depicts three findings noted as a result of the audit procedures; one was a repeat finding from the prior audit. 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 black ink, appearing to read "Edward A. Dion", with a long horizontal line extending to the right.

Edward A. Dion
County Auditor

EAD:RB:ya

cc: Ms. Betsy Keller, Chief Administrator



Justice of the Peace, Precinct Number 1



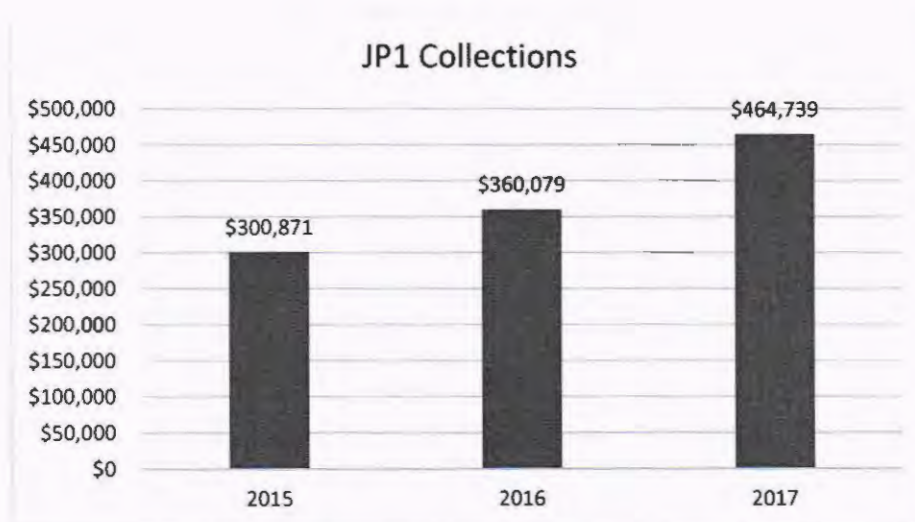
EXECUTIVE SUMMARY

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. JP1 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.

Financial reports are generated from the Courts and Justice System (Odyssey) showing all transactions occurring each month. The following chart is a comparison of all funds and fees collected at Precinct 1 for the past three fiscal years.



The audit was performed by Ruth Bernal, internal auditor senior. The most recent prior audit was issued September 1, 2017.

SCOPE

The scope of the audit is from July 2017 through January 2018.

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 and related control assessment.

Business Objective	Control Assessment
1. Maintain and follow collections policies and procedures.	Satisfactory
2. Functioning appropriate cash controls.	Satisfactory
3. Monitoring of outstanding cash bond cases.	Needs Improvement
4. Ensure deposits are in accordance with <i>Local Government Code § 113.022</i> .	Satisfactory
5. Adequate controls of voided transactions.	Needs Improvement
6. Adequate controls to approve interpreter services payments.	Needs Improvement



Justice of the Peace, Precinct Number 1



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count on February 26, 2017, in accordance with *Local Government Code (LGC) §115.0035*. No discrepancies were noted.
- Tested a sample of deposits to verify compliance with *LGC § 113.022*. No discrepancies were noted.
- Reviewed a sample of voided transactions to verify proper internal controls.
- Reviewed interpreter payments to verify authorization and proper documentation.
- Reviewed prior audit report actions plans for implementation.

RESULTS

Listed below are control and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans. All prior audit issues were appropriately resolved except one, see finding #3 in the findings summary.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Maintain and follow collections policies and procedures (Obj. 1)• Cash handling procedures (Obj. 2)• Timely deposit controls (Obj. 4)	<ul style="list-style-type: none">• Review of pending cash bonds (Obj. 3)• Adequate internal controls for voided transactions. (Obj. 5)• Adequate notes to verify interpreter services. (Obj. 6)
Findings Summary	
<ol style="list-style-type: none">1. Voided transactions review is not documented.2. Interpreter's services are not properly documented to verify information for payment.3. Some cash bonds were not addressed timely.	

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 three of the six 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



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- **Closed** 1. **Finding:** More detailed information needs to be added to written policies and procedures regarding the main office duties and personnel responsibilities.
Recommendation: The Court should decide whether a policies and procedures manual detailing the main operations of the office, or a detailed training manual is best for the office. If a training manual works best, the main operations of the office should be incorporated; specifically policies and procedures in reference to the collection of funds.
Action Plan: Policies and procedures that relate to the main operations of the office have been incorporated in the training manual. The court coordinator will continue working with the training manual and will revise the policies and procedures in reference to the bonds and manual receipts, and incorporate procedures detailing deferred disposition compliance.
- **Closed** 2. **Finding:** A receipt was skipped, and receipts were not use in sequential order.
Recommendation: Manual receipts should be used in sequential order without skipping receipts. Receipts that are skipped inadvertently should be voided to avoid using them later and losing sequence control. Policies and procedures for manual receipts must be reviewed and changes implemented for consistency.
Action Plan: The court concurs with the recommendations. Policies and procedures for manual receipts are being updated.
- **Open** 3. **Finding:** Not all bonds are addressed in a timely manner. There were 38 cases on the June 2016 bond schedule of which six cash bonds were outstanding for more than 90 days.
Recommendation: The court should continue reviewing outstanding bonds on a monthly basis and exercise due care to cases that are pending on bond hearings, issuance of refunds, review of deferred disposition and judge's notes due. We recommended a log of all bonds be kept to monitor and ensure all bonds are disposed and reviewed in a timely manner.
Action Plan: A bond log will be developed and reviewed monthly to ensure any bonds outstanding are addressed in a timely manner.
- **Closed** 4. **Finding:** We reviewed a sample of 45 dismissed cases, three or 6% were incomplete due to the following: Two of the cases had misapplied dismissal fees due to clerical errors; One case was dismissed before the deferred disposition due date (30 days of judgment withheld). JP1 personnel indicated the case was closed upon payment of the fees.
Recommendation: Due care must be exercised when processing dismissal cases to ensure fees are properly applied to cases. Dismissal conditions indicated in a Motion to Dismiss or Judges Trial Notes must be met before a case can be dismissed.
Action Plan: The court will be more careful while processing dismissal cases to ensure fees are properly applied and all dismissal conditions are met before a case is dismissed. Reports will be run on a monthly basis to follow up on the cases.
- **Closed** 5. **Finding:** Five of eight cases related to jail time credit did not have the supporting documentation scanned into Odyssey. The five cases were related to other cases, but only one of them had the back-up scanned to the case. Each individual case record should include supporting documentation.
Recommendation: Scan supporting documentation to each individual case so a history exists for future reference or add a note in the comments section to reference the case where the supporting documentation can be found.
Action Plan: The court considers the cost outweighs the benefit of the recommended additional scanning or adding a note to related cases since the supporting documentation is scanned to the first case of the related cases. The court will continue scanning the supporting documentation to the first case which will always be the lower case number from the related cases listed in Odyssey.



Justice of the Peace, Precinct Number 1



FINDINGS AND ACTION PLANS

CURRENT FINDINGS AND ACTION PLANS

Finding #1			Risk Level
Voided transactions – Voided transactions review is not documented as required by procedures. All JP1 employees have access to void transactions on the system. It was explained that due to the limited staff size, voided transaction capabilities cannot be restricted to the supervisor. The voided transactions are reviewed later by the supervisor; however, there is no documentation that they were reviewed.			
Recommendation			
All voided transactions should be reviewed by the supervisor, as it is stated on the JP1 policies and procedures and document it that it has been reviewed. Also, all voided transactions shall have supportive documentation or supplemental notes entered in to the system for reference.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	5/1/2018
Policies and procedures will be updated to have voided transactions approved by Supervisor/Administrative Assistant. Notes will be entered into the system for reference.			

Finding #2		Risk Level M	
Interpreter services - Interpreter's services are not properly documented to verify information for payment. While reviewing the interpreter payments procedures, the following was observed: <ol style="list-style-type: none">1. JP1 requests interpreters for courts, but they do not note when the interpreter was there and how many hours.2. When the interpreter is scheduled for court, their services are not necessarily going to be used on every case, however, the interpreter is paid for the time they are present in the court.3. JP1 is not keeping record in Odyssey of cases that actually required the services.4. JP1 verifies the invoice by checking their calendar to verify there was court on the date the invoice indicates.5. According to a JP1, invoices occasionally are approved months later because the interpreter did not submit the invoice timely. (According with the interpreters, invoices are submitted but payment is not received and they have to submit the invoice again months later).			
Recommendation			
In order to maintain proper records to verify interpreter services for payment, the following procedures are recommended: <ol style="list-style-type: none">1. JP1 should make a note on the calendar of the date that the interpreter is scheduled to provide services.2. When the interpreter submits an invoice to JP1 for payment, it should be verified against the notes in the calendar.3. After verifying the information, the judge or the designated person approving invoices should sign and date the invoice and authorize payment.4. A scanned copy of the approved invoice should be emailed to the Auditor's office GL & Disbursement Reporting/Audit division for payment.5. If the interpreter for some reason does not receive payment for an invoice and inquires, the court should request for a copy of the original invoice.6. For statistical purposes, it would be helpful when a case requires interpreter service that this is documented in the Odyssey case record.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	5/1/2018
Policies and Procedures will be updated with the following information: -Interpreter services will be documented on the Calendar -Once an invoice is submitted to the JP for payment it will be verified to the notes on the calendar. -Once information is verified payment will be approved by the Judge along with a signature and date. -A scanned copy of the approved invoice will also be e-mailed to the Auditor's office requesting payment processing.			



Justice of the Peace, Precinct Number 1



FINDINGS AND ACTION PLANS

Finding #3			Risk Level L
Bonds outstanding - Some cash bonds were not addressed timely. A sample of 40 out of 140 cases with cash bonds was reviewed to determine if bonds were being addressed in a timely manner. It was noted that two cases were outstanding for more than 180 days. Also, it was noted on another case that the case was heard as documented in the Judge's trial notes, no update exists in Odyssey nor has a bond refund request been communicated to the Auditor's Office. Also, it was noted that policies and procedures do not require that a bond log will be kept or reviewed monthly to ensure bonds outstanding are addressed in a timely manner, if any. Note: this procedure weakness was in the prior audit action plan and therefore is a repeat finding.			
Recommendation			
As previously recommended, the JP Court should review outstanding bonds on a monthly basis and exercise due care in reviewing cases that remain pending a bond hearing, issuance of a refund, review of deferred disposition and completion of the Judge's notes. All case reviews should be documented and these policies and procedures should be updated to include this procedure.			
Action Plan			
Person Responsible	Administrative Assistant Int.	Estimated Completion Date	5/1/2018
Policies and Procedures have been updated to reflect recommendations mentioned above. Review of cases will be done on a monthly basis and documentation will be kept in a log.			



COUNTY OF EL PASO
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11-04

November 5, 2018

The Honorable Brian 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 controls and one operating control with a total of 70 samples. There were five findings noted as a result of the audit procedures; three are repeat findings. 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.

Respectfully,

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:DC:ya

cc: Mrs. Betsy Keller, County Chief Administrator
Mr. Rodrigo Garcia, Court Coordinator



**Justice of the Peace, Precinct Number 2 Audit
For the Period of July 2017 thru June 2018**



EXECUTIVE SUMMARY

- Tested a sample of cases with a jail time credit disposition for completeness and proper documentation;
- Tested a sample of bonds to verify bonds are being addressed in a timely manner;
- Inquired about manual receipts; there were none during the audit scope;
- Inquired about voided transaction policies and procedures;
- Reviewed a sample of voided and reversed transactions for justification;
- Reviewed a sample of interpreter services for proper approval;
- Obtained Judge Haggerty's training transcript from the Justice Court Training Center;
- Reviewed previous audit action plans for implementation.

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. None of the prior audit issues have been resolved.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Functioning appropriate cash controls (Obj. 1) • Proper documentation of dismissed cases (Obj. 3) • Posting and documentation of jail time credits (Obj. 4) • Review and approval of interpreter service invoices (Obj. 7) • Attendance of the annual Justice Court Training (Obj. 8) 	<ul style="list-style-type: none"> • Complete deposit documentation (Obj. 2) • Review of pending bonds (Obj. 5) • Voided transaction controls (Obj. 6)
Observations Summary	
<ol style="list-style-type: none"> 1. The deposit delivery logs were not found from 08/28/17-09/15/17 2. 60% of void/reversal transactions sampled were not approved by management 3. Old bonds (posted prior to FY 2017) need to be addressed (prior audit issue) 4. Review by the JP staff of the mailed payments log has not been documented and the recommended deposit date column has not been added (prior audit issue) 5. The Standard Operating Procedures (SOP) manual needs to be updated with the refund, voided transactions, and Miracle delivery log upload procedures. Updating the SOP for refund procedures is a 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

JP2 has implemented some improvements in their operations. They met five of the eight objectives of this audit. 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 Audit
For the Period of July 2017 thru June 2018**



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status
All were prior audit issues when reported in 2017

Status

(M) Open

See current
finding #3

1. **Finding:** Old bonds (posted prior to FY 2017) need to be reviewed and addressed. 73% of sampled bonds were not addressed timely.

Recommendation: Old bonds should be reviewed and appropriate action taken.

Action Plan: Old bonds will be reviewed and cleared. A documented explanation will be provided for bonds that are not cleared. Expected implementation 11/3/17. *Partially resolved*

(L) Open

See current
finding #4

2. **Finding:** Mail payments review has not been documented and the deposit date field was not added to the mail.

Recommendation: The deposit date field should be added to the mail payments log and the reviewer section completed.

Action Plan: The mail log review will be documented and will ensure mail log entries are complete, including the deposit date information. Expected implementation 9/23/17.

Unresolved

(L) Open

See current
finding #5

3. **Finding:** The Standard Operating Procedures (SOP) needs to be updated.

Recommendation: The SOP should be updated to include what to do with mail payments that do not have a case to apply the payment, supervisor review of daily deposit reconciliations, and refund procedures.

Action Plan: The SOP will be amended to include the recommended updates. Expected implementation 9/30/17. *Unresolved*

Current Audit Findings

Finding #1	Risk Level (H)
Deposit delivery logs – A sample of 30 out of 226 deposits (13%) was tested for Miracle delivery log completeness and accuracy. Two (7%) delivery logs could not be located. Upon further investigation, Miracle delivery logs from 08/28/2017-09/15/2017 were unaccounted for. Miracle Delivery receipt logs should be kept for six years as required by the records retention schedule in <i>Texas State Library GR1025-28</i> . Destruction of records contrary to these requirements is a class A misdemeanor and under certain circumstances, a third degree felony.	
Recommendation Maintain all deposit documentation in accordance with the Texas records retention schedule. The new procedure for storing Miracle delivery logs should be documented in the SOP.	
Action Plan	
Person Responsible	Court Coordinator
Estimated Completion Date	11/30/18
Miracle delivery logs will now be scanned and kept electronically in a County drive. The procedure will be documented in the SOP and will be explained to staff.	



**Justice of the Peace, Precinct Number 2 Audit
For the Period of July 2017 thru June 2018**



FINDINGS AND ACTION PLANS

Finding #2		Risk Level (M)
Voids – Of the ten voids and reversals tested, six (60%) were not approved by management. A sample of 10 out of 51 (20%) voids and reversals were tested for supporting documentation and management approvals. Unrestricted access to void and reverse payments could result in misappropriation of County funds.		
Recommendation		
Management approval should be required on all voided transactions as per County Auditor's Management of Transactions Policies and Procedures. JP2 management should document and enforce voided transactions policies and procedures that follow the County Auditor's directives.		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date 11/30/18
All voided transactions require documented management approval. The court coordinator will review voided transactions for documented management approval on a quarterly basis. This procedure will be documented in the SOP manual.		

Finding #3		Risk Level (M)
Bonds – Eleven old bonds/registry funds (posted prior to FY 2017) have not been addressed. The court coordinator provided a documented review of the 122 old bonds/registry funds outstanding. The unresolved items include <ul style="list-style-type: none">• Ten (8%) cases need to be reviewed with the Assistant District Attorney (ADA)• One case is pending the refund request be sent to the County Auditor		
Current bonds are being monitored and addressed timely. The review of older outstanding bonds/registry funds is essential to ensure timely bond hearings and refunds/forfeitures. This has been an outstanding audit finding since the FY 2016 audit.		
Recommendation		
Appropriate action should be taken for pending bonds that need ADA review and the refund request should be issued as stated on the documented bond schedule review.		
Action Plan		
Person Responsible	Court Coordinator	Estimated Completion Date 03/01/19
Appropriate action will be taken on bonds that need ADA review and the refund request will be sent to the Auditor's office.		



Justice of the Peace, Precinct Number 2 Audit
For the Period of July 2017 thru June 2018



FINDINGS AND ACTION PLANS

Finding #4		Risk Level (L)	
Mail Payments – Auditor was unable to verify the implementation of the following action plans due to not receiving documents requested from JP2: <ul style="list-style-type: none">• Documented mail payment review• Deposit date field added to payment log			
This is a repeat finding. Both of these items help to document the proper processing of mail payments on the payment log. Procedures for the mail payment log are in the SOP. Auditor requested the mail log four different times and the documents were not submitted.			
Recommendation			
The mail payment log should be sent to the auditor as soon as possible for review of prior audit action plan implementation. If the action plan has not yet been implemented, it should be implemented as soon as possible.			
Action Plan			
Person Responsible	Justice of the Peace Judge	Estimated Completion Date	11/30/18
Action plan has not been implemented. Management concurs with the recommendation and will implement action plan.			

Finding #5		Risk Level (L)	
Documented Procedures - Auditor was unable to verify that the Standard Operating Procedures (SOP) manual was updated with the refund procedures. Auditor requested the SOP manual four different times and document was not sent.			
Recommendation			
The SOP should be sent to the auditor as soon as possible for review of action plan implementation. If the SOP has not yet been updated, it should be updated as soon as possible.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	11/30/18
The SOP has not been updated with the refund procedures. Management concurs with the recommendation and will implement action plan.			



COUNTY OF EL PASO
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12-14

December 19, 2018

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 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. We tested five financial controls using 277 samples. There were no 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.

Respectfully,

A handwritten signature in black ink that reads "Ruben Franco for Edward A. Dion".

Edward A. Dion
County Auditor

EAD:BT:ya

cc: Ms. Betsy Keller, County Chief Administrator



Justice of the Peace, Precinct Number 3

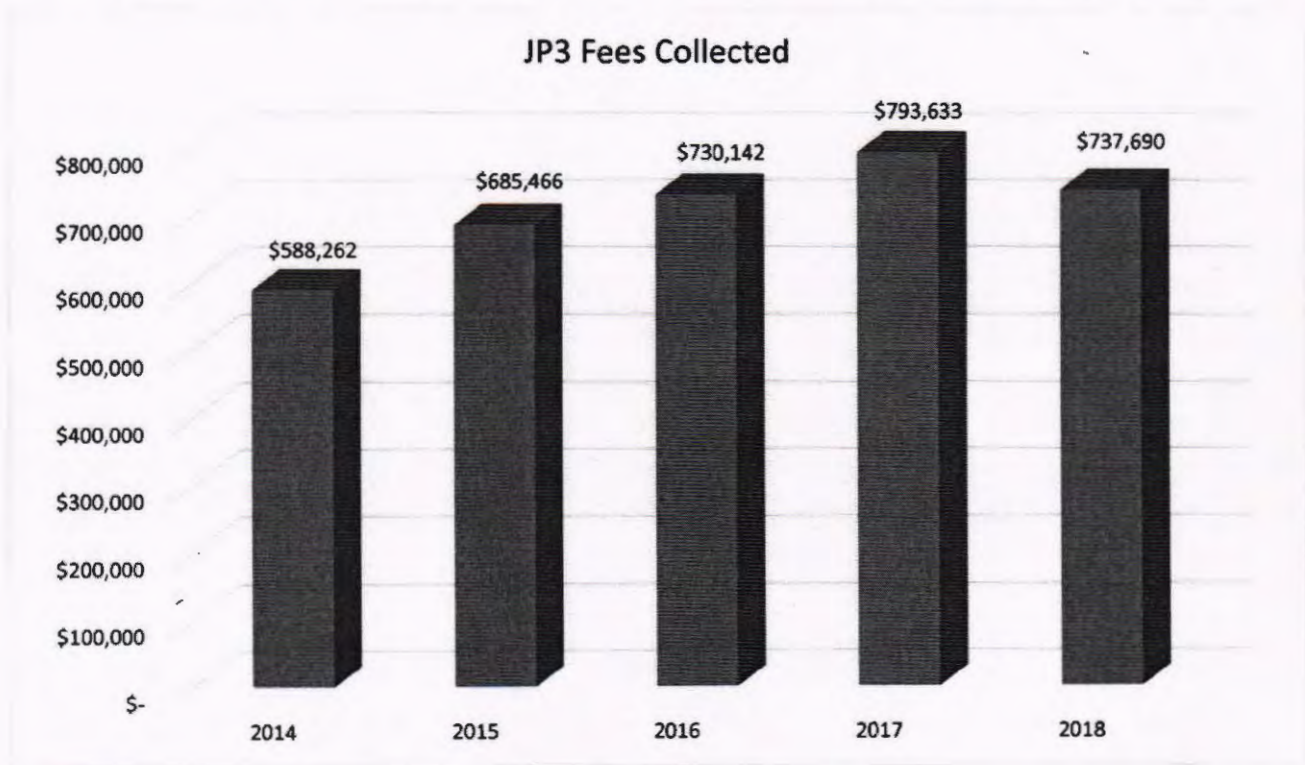


EXECUTIVE SUMMARY

BACKGROUND

Justices of the Peace are elected officials and serve four year terms. Precinct 3 (JP3) 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 Bertha Tafoya, internal auditor. The most recent prior audit report was issued on September 4, 2018.

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 JP3 for the past five fiscal years.



SCOPE

The scope of the audit is from June 2018 through October 2018. This was a limited scope audit and covered only statutory requirements.

OBJECTIVES AND RESULTS

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. Functioning appropriate cashiering controls	Satisfactory
2. Timely deposits of daily collections in accordance with Local Government Code 113.022.	Satisfactory
3. Proper supporting documentation of dismissed cases	Satisfactory
4. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
5. Timely processing of cash bonds	Satisfactory



Justice of the Peace, Precinct Number 3



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count November 29, 2018, in accordance with *Local Government Code §115.0035*.
- Tested a sample of daily deposit slips and verified posting to the County's financial system.
- 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 cash bonds to verify timeliness of disposition and supporting documentation.
- Tested a sample of dismissed cases to verify disposition and supporting documentation.
- Verified resolution of prior audit issues.

RESULTS

Listed below are controls and findings summaries, with findings listed from highest to lowest risk. There were no findings identified in this audit. Please see the *Findings and Action Plans* section of this report for the status of prior audit management action plans.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Deposits of daily collections (Obj. 2)• Documentation on dismissed cases (Obj. 3)• Review of the payment mail log for completeness (Obj. 4)• Review of pending cash bonds (Obj. 5)	
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

JP3 met all objectives of this audit. Internal controls are adequate to ensure proper preparation of the JP3 financial reports. Processes documented appear to be operating efficiently.



Justice of the Peace, Precinct Number 3

FINDINGS AND ACTION PLANS



Prior Audit Findings Summarized with Current Status

Status

- (M) Closed 1. **Finding:** Payment by Mail Log is incomplete.

Recommendation: Payment entries to the mail log should be complete and for a second person to review the log on a regular basis for completeness and accuracy. Such review of the mail log should be documented as required by procedures.

Action Plan: A share log has been created in excel to ensure uniformity and promote timely posting of payments. Further, payments received by mail and receipting of those payments in Odyssey will not be performed by the same person. Estimated date of completion July 1, 2018.
Resolved.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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EL PASO, TEXAS 79901-2407
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05-19

May 16, 2018

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 one operational and nine financial controls using 186 samples. There were five findings noted as a result of the audit procedures, one was a repeat finding. 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.

Respectfully,

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

cc: Ms. Betsy Keller, Chief Administrator



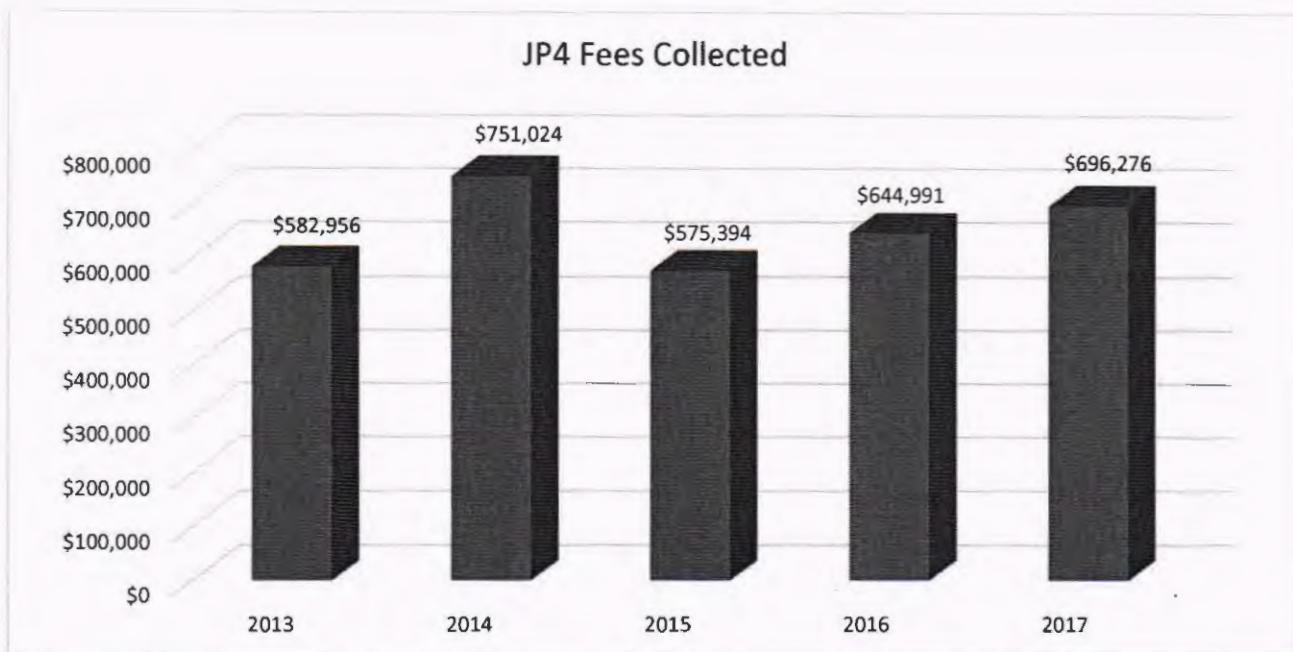
Justice of the Peace Precinct 4 Audit EXECUTIVE SUMMARY



BACKGROUND

Justices of the Peace are elected officials and serve four year terms. 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, conducting preliminary hearings, and performing marriage services. The audit was performed by Bertha Tafoya, internal auditor. The most recent prior audit report was issued September 6, 2017.

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 4 for the past five fiscal years.



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 updated policies and procedures	Satisfactory
2. Functioning appropriate cashiering controls	Needs Improvement
3. Timely posting of Bond and Inmate Trust Section (BITS) Payments	Satisfactory
4. Completeness of the payment mail log and timely posting to Odyssey	Needs Improvement
5. Proper supporting documentation of dismissed and acquitted cases	Needs Improvement
6. Timely processing of cash bonds	Satisfactory
7. Proper posting of jail time credits	Satisfactory
8. Ensure adequate controls for approval of interpreter service fees	Unsatisfactory
9. Adequate non-financial security and operational measures	Unsatisfactory



Justice of the Peace Precinct 4 Audit EXECUTIVE SUMMARY



SCOPE

The scope of the audit includes financial records from August 2017 through February 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Performed a surprise cash count 06/27/2017, in accordance with *Local Government Code §115.0035*.
- Tested a sample of daily collections for overages and shortages.
- 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 and acquitted cases to verify proper disposition and supporting documentation.
- Tested a sample of cash bonds to verify timely and proper disposition.
- Reviewed all BITS collections for audit period to ensure timely posting of payments and supporting documentation.
- Tested a sample of cases with a jail time credit disposition for completeness and proper documentation.
- Reviewed interpreter service payments to verify authorization and supporting documentation.
- Reviewed operational processes and controls of security system for adequacy.
- Verified resolution of prior audit findings.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for related details.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Established policies and procedures (Obj. 1) • Timely posting of Bond and Inmate Trust Section (BITS) payments (Obj. 3) • Review of pending cash bonds (Obj. 6) • Posting and documentation of jail time (Obj. 7) 	<ul style="list-style-type: none"> • Cash handling procedures (Obj. 2) • Review of the payment mail log for completeness (Obj. 4) • Proper documentation on dismissed cases (Obj. 5) • Adequate controls for approval of interpreter service fees (Obj. 8) • Proper non-financial security and operational measures (Obj. 9)
Findings Summary	
<ol style="list-style-type: none"> 1. A computer was left on/unlocked overnight. 2. Lack of segregation of duties, untimely submission of invoices and an approval of an invoice not for JP4 related to interpreter services. 3. Bond refunds were not processed as per court order. 4. The payment by mail log is not complete. (Repeat Finding) 5. Motions to dismiss were not signed by the Assistant District Attorney. 	

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.



Justice of the Peace Precinct 4 Audit EXECUTIVE SUMMARY



CONCLUSION

JP4 has implemented improvements in their operations. They met four 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 4 Audit Findings and Action Plans



Prior Audit Findings Summarized with Current Status

Status

- | | |
|---|--|
| <p>(M) Closed</p> | <p>1. Finding: Sheriff Collections are not posted to Odyssey timely.
 Recommendation: Payments should be receipted promptly and warrants should be recalled immediately.
 Action Plan: Payments received at the Sheriff's Office will be posted to Odyssey promptly. Further, cases will be updated timely with a proper disposition. Estimated completion date September 30, 2017.</p> |
| <p>(M) Open
See current finding #4</p> | <p>2. Finding: Payment by Mail Log is incomplete.
 Recommendation: Payment entries to the mail log should be complete and for a supervisor to review the log on a regular basis for completeness and accuracy. Such supervisory review of the mail log should be documented.
 Action Plan: The mail log will be complete and it will include a documented supervisory review. Estimated completion date September 30, 2017.</p> |

Current Audit Findings & Action Plans

Finding #1	Risk Level (M)
<p>A computer was left on/unlocked overnight – While conducting an on-site review at JP4, it was noted that although an employee had left for the day; her computer was left on and unlocked. Leaving a computer unlocked increases security risk for the employee, the office and the County. An unauthorized person could gain access to download sensitive information and tamper with or delete data.</p>	
<p>Recommendation</p> <p>In order to reduce the risk of accidentally leaving a computer unlocked, we recommend management contact County ITD personnel for guidance to lock their computers using the password-protect screensaver which locks any computer automatically.</p>	
<p>Action Plan</p>	
Person Responsible	Judge Jesus Urenda
Estimated Completion Date	May 9, 2018
<p>Management agree with recommendation, staff computers have been set to lock automatically after ten minutes of inactivity.</p>	



Justice of the Peace Precinct 4 Audit Findings and Action Plans



Finding #2	Risk Level (M)
<p>Interpreter services – While reviewing interpreter payment procedures, the following was noted:</p> <ol style="list-style-type: none"> 1. The court coordinator approved payment of an invoice for interpreter services rendered at the County Clerk's collections division June 20, 2014. 2. Invoices for interpreter services are not submitted in a timely manner to the Auditor's Office GL & Disbursement Reporting/Audit division. Services provided in January 18, 2018, have not yet been submitted for payment as of March 30, 2018. 3. There is no segregation of duties regarding the acquisition and payment for interpreter services. The Court Coordinator requests services, and also reviews and approves interpreter services invoices <p>Current practice for interpreter services at JP4 include holding a Spanish court every two or three months during the fiscal year and the court's calendar is noted the day the interpreter services retained. These are good controls for managing costs and verifying invoices. However, a segregation of duties will help reduce the risk of improper, fraudulent, and late payments for interpreter services.</p>	
Recommendation	
<p>To ensure accountability and maintain proper record to verify interpreter services for payment, we recommend:</p> <ol style="list-style-type: none"> 1. The person requesting and approving the interpreter services should not be the same. 2. Invoices should be reviewed thoroughly to ensure proper verification of liability before approval. If invoices are not received timely, follow-up with the interpreter should be made. 3. A scanned copy of the approved invoice should be emailed to the Auditor's office GL & Disbursement Reporting/Audit division for payment. 4. For statistical purposes, it would be useful if the cases requiring an interpreter are indicated on Odyssey. 	
Action Plan	
Person Responsible	Judge Jesus Urenda
Estimated Completion Date	05/31/2018
<p>Management agrees with recommendations, request and approval of interpreter services will be made by a different person and follow-up on late invoices performed. Request for payment of interpreter services will include the judge's approval.</p>	

Finding #3	Risk Level (M)
<p>Bond refunds were not processed as per court order – A sample of 41 of 269 cases with bonds was reviewed to determine if bonds are being addressed in a timely manner; the following was observed:</p> <ol style="list-style-type: none"> 1. 414-00422-CRV - Case was closed Oct 19, 2017; although the bond was forfeited it remains outstanding. 2. 415-00259-TR - Case bond was forfeited September 26, 2017, the case status remains as open. 3. 415-00829-CR - Case bond refund was reduced by \$25.00 for a time payment fee, which is not applicable for this case. 4. 416-00286-CR - Cases for the parent and the child were dismissed; court costs and a warrant fee were charged against the bond. 5. 410-1732-TS - A \$490.00 refund voucher was submitted for payment, the refund should had been for \$483.00, resulting in a \$7.00 overpayment. <p>Not processing bond refunds as per court order increases the risk of loss of revenue to the County and incorrect refunds to the defendants.</p>	



Justice of the Peace Precinct 4 Audit
Findings and Action Plans



Recommendation			
We recommend, court coordinator process refunds and/or update cases as instructed on the Judge's court notes.			
Action Plan			
Person Responsible	Judge Jesus Urenda	Estimated Completion Date	05/31/2018
Management agrees with recommendation, the task of processing bond refunds was temporally assigned to the court coordinator while the criminal clerk was out on FMLA. The above cases will be reviewed by the criminal clerk to ensure these reflect a correct disposition, are properly closed, and/or fees charged are correct.			

Finding #4	Risk Level (M)
The payment by mail log is not complete (repeat finding) – Fifteen of 32 mail log transactions reviewed did not include a case number or the payee's name which increases the risk of theft or fraud. Verifying payments in Odyssey is not possible without such information. Procedures require documented supervisory review of the mail log; none was noted.	
Recommendation	
We recommend entries to the mail log be complete and for a second person to review the log on a regular basis for completeness and accuracy. Such review of the mail log should be documented <i>as required by procedures</i> .	
Action Plan	
Person Responsible	Judge Jesus Urenda
Estimated Completion Date	5/9/18
Management agrees with recommendation, a review of the log will be performed biweekly, and it will be documented.	

Finding #5	Risk Level (M)
Dismissed/acquitted cases – We tested 31 of 817 dismissed/acquitted cases. While reviewing documentation, we found the Assistant District Attorney's signature was not included in 16 motions to dismiss, 52% of the sample. The practice of reviewing court documents prior to being scanned to Odyssey will help reduce the possible risk of fraudulent dismissals.	
Recommendation	
We recommend JP4 personnel review court orders documentation for completeness prior to scanning documents to Odyssey.	
Action Plan	
Person Responsible	Judge Jesus Urenda
Estimated Completion Date	5/9/18
Management agrees with recommendation, court documents will be reviewed for completeness prior to these being scanned to Odyssey.	



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12-10

December 19, 2018

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 one operational and five financial controls using 303 samples. There were no findings noted as a result of the audit procedures. 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.

Respectfully,

A handwritten signature in black ink that reads "Barbara Franco for Edward A. Dion". The signature is written in a cursive, flowing style.

Edward A. Dion
County Auditor

EAD:BT:ya

cc: Ms. Betsy Keller, Chief Administrator



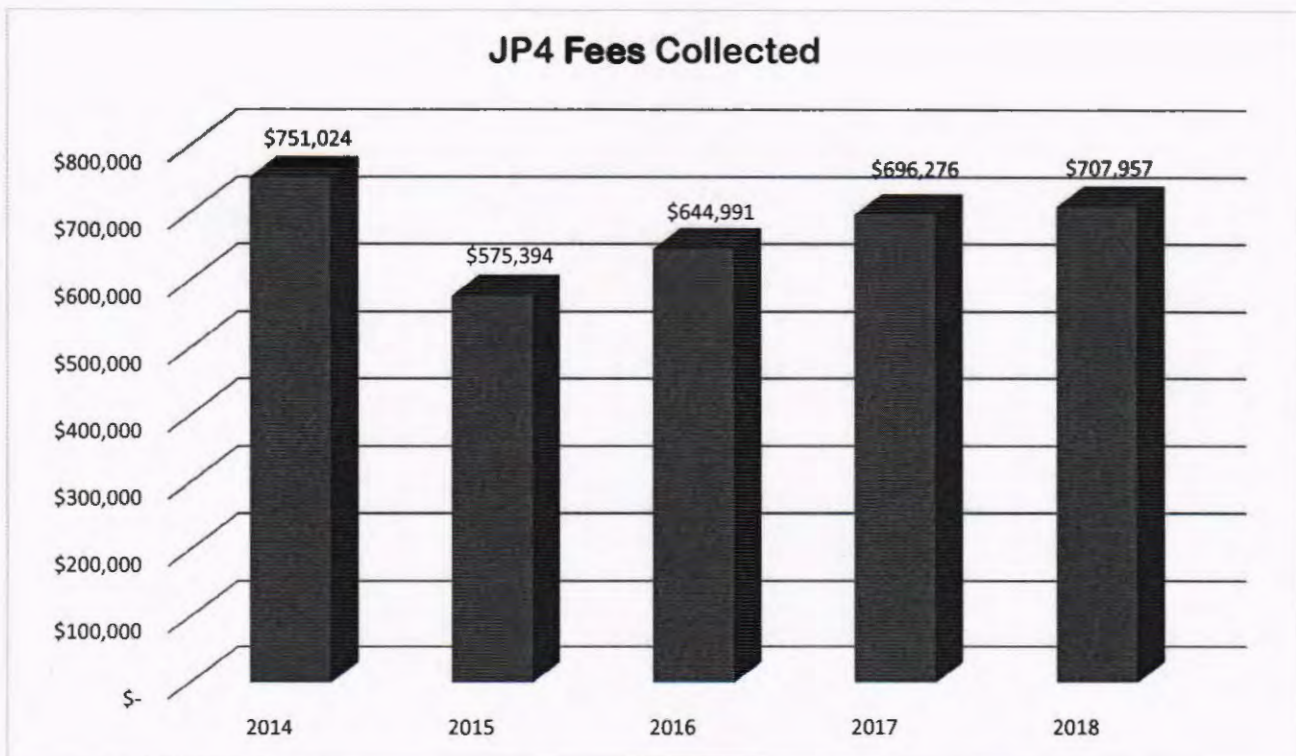
Justice of the Peace Precinct 4 Audit EXECUTIVE SUMMARY



BACKGROUND

Justices of the Peace are elected officials and serve four year terms. 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, conducting preliminary hearings, and performing marriage services. The audit was performed by Bertha Tafoya, internal auditor. The most recent prior audit report was issued May 16, 2018.

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 4 for the past five fiscal years.



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. Functioning appropriate cashiering controls	Satisfactory
2. Completeness of the payment mail log and timely posting to Odyssey	Satisfactory
3. Proper supporting documentation of dismissed cases	Satisfactory
4. Timely processing of cash bonds	Satisfactory
5. Ensure adequate controls for approval of interpreter service fees	Satisfactory
6. Adequate non-financial security and operational measures	Satisfactory



Justice of the Peace Precinct 4 Audit EXECUTIVE SUMMARY



SCOPE

The scope of the audit includes financial records from March 2018 through October 2018.

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count 11/19/2018, in accordance with *Local Government Code §115.0035*.
- Tested a sample of daily collections for overages and shortages.
- 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.
- Tested a sample of cash bonds to verify timely and proper disposition.
- Reviewed interpreter service payments to verify authorization and supporting documentation.
- Reviewed operational processes and controls of security system for adequacy.
- Verified resolution of prior audit findings.

RESULTS

Listed below are control and observation summaries, with observations listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for related details.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Review of the payment mail log for completeness (Obj. 2)• Proper documentation on dismissed cases (Obj. 3)• Resolution of pending cash bonds (Obj. 4)• Controls for approval of interpreter service fees (Obj. 5)• Proper non-financial security and operational measures (Obj. 6)	
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

JP4 met all objectives of this audit. Internal controls are adequate to ensure proper preparation of the JP4 financial reports. Processes documented appear to be operating efficiently.

County Auditor's Office, Internal Audit Division

3



Justice of the Peace Precinct 4 Audit
EXECUTIVE SUMMARY



Prior Audit Findings Summarized with Current Status

Status

- (M) Closed **1. Finding:** A computer was left on/unlocked overnight.
Recommendation: Contact County ITD personnel for guidance to lock computers using the password-protect screen saver which locks any computer automatically.
Action Plan: Staff computers have been set to lock automatically after 10 minutes of inactivity. Estimated completion date May 9, 2018.
- (M) Closed **2. Finding:** An invoice for interpreter services was approved for payment for services rendered at the County Clerk's collections division June 20, 2018.
Recommendation: The person requesting and approving the interpreter services should not be the same. Invoices should be reviewed thoroughly to ensure proper verification of liability before approval
Action Plan. Request and approval of interpreter services will be made by a different person. Further, the requests for payment of interpreter services will include the judge's approval. Estimated completion date May 31, 2018.
- (M) Closed **3. Finding:** Bond refunds were not processed as per court order.
Recommendation: Court coordinator must process refunds and/or update cases as instructed on the Judge's court notes.
Action Plan: The task of processing bond refunds was temporarily assigned to the court coordinator while criminal clerk was out on FMLA. The cases processed by the court coordinator will be reviewed by the criminal clerk to ensure these reflect a correct disposition, are properly closed, and/or fees charged are correct. Estimated completion date May 31, 2018.
- (M) Closed **4. Finding:** Payment by Mail Log is incomplete, repeat finding
Recommendation: Payment entries to the mail log should be complete and for a second person to review the log on a regular basis for completeness and accuracy. Such review of the mail log should be documented as required by procedures.
Action Plan: A review of the mail log will be performed biweekly, and it will be documented. Estimated completion date May 9, 2018.
- (M) Closed **5. Finding:** The assistant district attorney's signature was not included for all motions to dismiss
Recommendation: Review of all court documents for completeness prior to these being scanned to Odyssey.
Action Plan: Court documents will be reviewed for completeness prior to these being scanned to Odyssey. Estimated completion date May 9, 2018



COUNTY OF EL PASO
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07-06

July 11, 2018

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. We tested ten financial controls and one operating control with a total of 207 samples. There was one finding 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.

Respectfully,


Edward A. Dion
County Auditor

EAD:HM:ya

cc: Ms. Betsy Keller, Chief Administrator



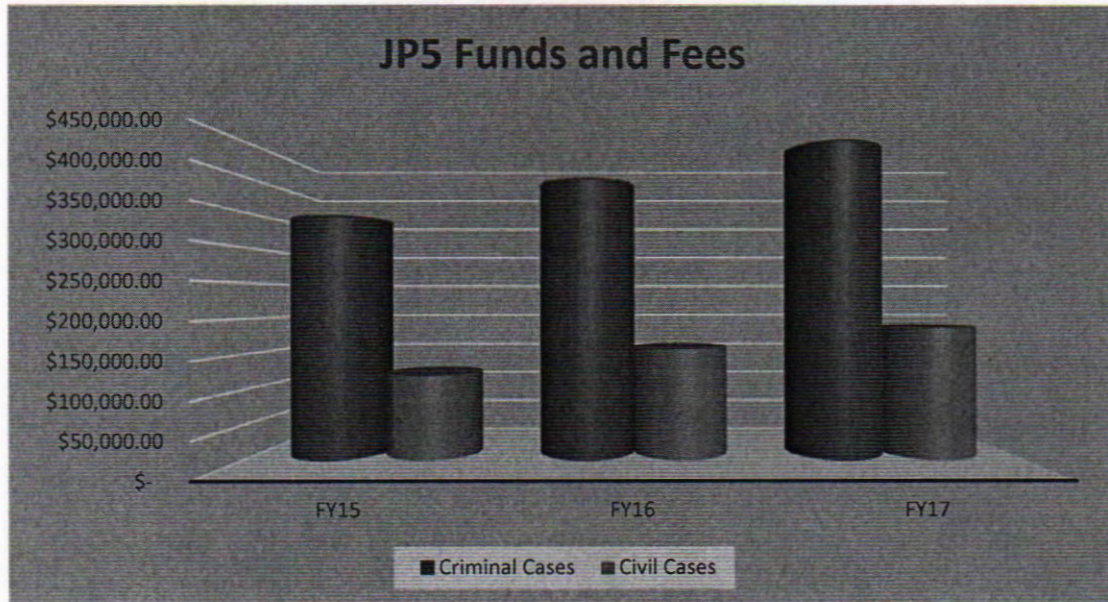
Justice of the Peace, Precinct Number 5



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. Funds and Fees collected for 2015, 2016, and 2017 are illustrated below.



The audit was performed by Hadi Medina, internal auditor.

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 and related control assessment.

Business Objective	Control Assessment
1. Court order compliance in dismissed cases	Satisfactory
2. Timely posting of Bond and Inmate Trust Section (BITS) payments	Satisfactory
3. Functioning appropriate void controls	Satisfactory
4. Proper posting of jail time credits	Satisfactory
5. Functioning appropriate cash controls	Satisfactory
6. Timely processing and resolution of cash bonds	Satisfactory
7. Posting of deposits to Munis	Satisfactory
8. Adequate controls of interpreter services payments	Needs Improvement
9. Appropriate and timely posting of manual receipts to Odyssey	Satisfactory
10. Accuracy of mail log information and timely posting to Odyssey	Satisfactory
11. Maintaining and following of policies and procedures	Satisfactory

SCOPE

The scope of the audit is from June 2017 through April 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Tested a sample of dismissed cases to verify court order compliance and supporting documentation.
- Reviewed a sample of cash bonds posted to verify bonds were being addressed in a timely manner.



Justice of the Peace, Precinct Number 5



EXECUTIVE SUMMARY

- 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 interpreter services invoices for proper authorization and documentation.
- Reviewed a sample of voided transactions in Odyssey to verify legitimacy of transactions.
- 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 deposit slips from the time Miracle Delivery picks up to when it's posted to Munis for accuracy and timeliness.

RESULTS

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

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) • Void controls and procedures (Obj. 3) • Cash handling procedures (Obj. 5) • Continuous review of outstanding bonds (Obj. 6) • Timely deposit controls (Obj. 7) • Mail log controls (Obj. 9) • Manual receipt controls (Obj. 10) • Maintain and follow department policies and procedures (Obj. 11) 	<ul style="list-style-type: none"> • Review of interpreter services invoices (Obj. 8)
Findings Summary	
1. Interpreter services are not properly documented by court to verify information on invoices.	

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

JP5 has implemented improvements in their operations. They met all but one of the objectives of this audit. Implementation of the recommendation 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



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- **Closed**
1. **Finding:** Two cash bonds reviewed were not addressed in a timely manner. One of the cases was never disposed accordingly. For the other case, it has more than six months and the court has failed to set up another hearing date for this case.
- Recommendation:** Cash bonds should be scheduled timely for hearings, and follow up should be conducted accordingly. A quarterly review of cash bonds is recommended to ensure timeliness of hearings, refunds, and forfeitures.
- Action Plan:** Bond activity report will be printed monthly to ensure cases are being processed in a timely manner. The case not disposed in a timely manner was addressed on 6/13/17 and for the other case in question a court hearing has been set up for 8/14/17.

Current Audit Findings & Action Plans

Finding #1		Risk Level (M)	
Interpreter services: Interpreter services are not properly document by JP office. This information is vital in order to verify and confirm invoice information at time of payment. The court requests interpreter services but does not log specific times and dates of when the services were provided. When the invoices are received and approved for payment, the staff only verifies there was court on the dates presented on the invoices.			
Recommendation			
JP5 staff should develop a system that accurately records an interpreter's services in order to verify the information provided on the invoices. We recommend a sign-in sheet be created for the interpreters to log in and out on court dates. This information can then be entered into the Odyssey calendar by the court coordinator.			
Action Plan			
Person Responsible	Rosie Perez	Estimated Completion Date	6/11/2018
Management has implemented the Auditor's recommendation. Procedures now include a log sheet for interpreters and entering the information into the Odyssey calendar.			



COUNTY OF EL PASO
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08-05

August 7, 2018

The Honorable Ruben Lujan
Justice of the Peace, Precinct Number 6-Place 1
190 N. San Elizario Rd.
Clint, Texas 79836

Dear Judge Lujan:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 6 Place 1 (JP6-1) financial records to determine if internal controls are adequate to ensure proper preparation of JP6-1 financial reports.

The audit report is attached. We tested seven financial controls with a total of 129 samples. There were three findings noted as a result of the audit procedures. We wish to thank the management and staff of JP6-1 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", with a long horizontal line extending to the right.

Edward A. Dion
County Auditor

EAD:PT:ya

cc: Ms. Betsy Keller, County Chief Administrator



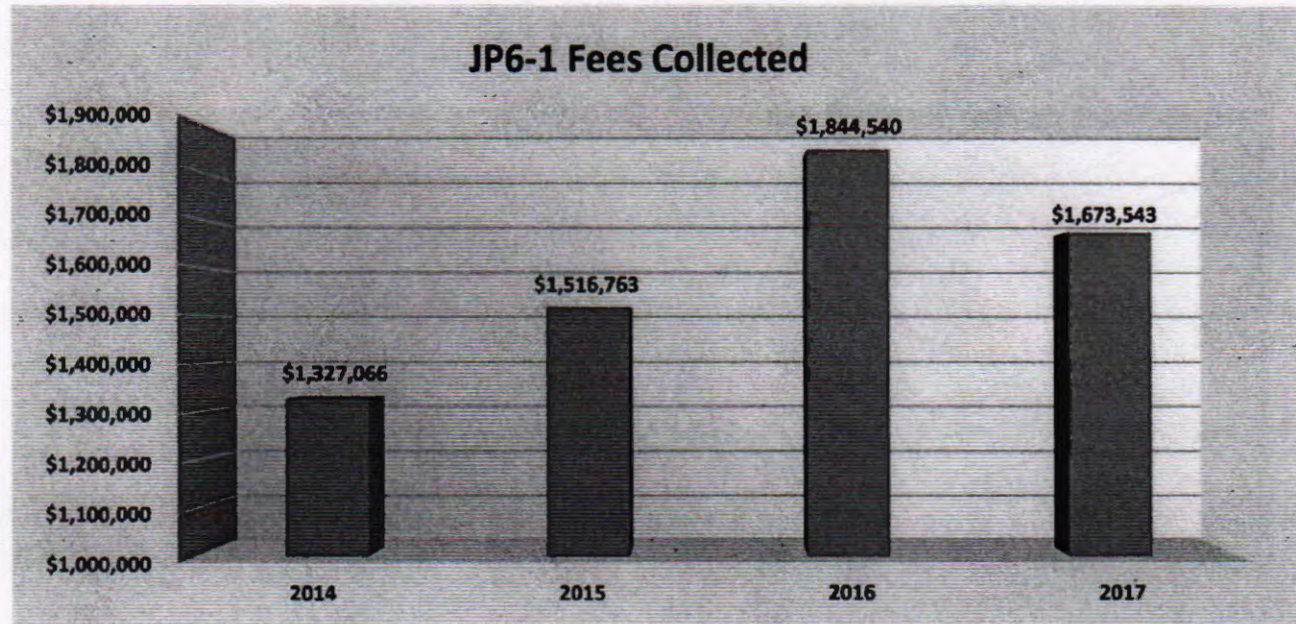
EXECUTIVE SUMMARY

BACKGROUND

Justices of the Peace are elected officials and serve four year terms. Precinct 6 Place 1 (JP6-1) 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 Phillip Trevizo, internal auditor. The most recent prior audit report was issued on August 10, 2017. The status of prior year audit action plans may be found in the *Findings and Action Plans* section of this report.

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 JP6-1 for the past four fiscal years.



The decrease in collections between fiscal year 2017 and fiscal year 2016 is due to a decrease in traffic cases filed during fiscal year 2017.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to JP6-1 financial reports. Following are the business objectives and related controls assessments.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Timely posting of Bond and Inmate Trust Section (BITS) payments	Needs Improvement
3. Court order compliance in dismissed cases	Satisfactory
4. Timely processing and resolution of cash bonds	Needs Improvement
5. Completeness and timely posting of manual receipts issued	Satisfactory
6. Proper voided and reversed Odyssey entries	Satisfactory
7. Adequate controls of interpreter services payments	Needs Improvement

SCOPE

The scope of the audit is from July 2017 through May 2018.



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reviewed cases with BITS payments for timely posting.
- Tested a sample of dismissed cases to verify proper supporting documentation and disposition.
- Reviewed a sample of cash bonds posted to verify bonds were being addressed in a timely manner.
- Reviewed manual receipts for appropriate documentation and timely posting.
- Tested a sample of interpreter services invoices for proper authorization of payments.
- Reviewed a sample of void and reversal Odyssey entries to verify legitimacy of transactions.
- Reviewed a sample of cases for proper allocation of court cost from Judge's Orders.

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 related details and management action plans.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Proper documentation on dismissed cases (Obj. 3)• Manual receipt procedures (Obj. 5)• Voided and reversed transactions (Obj. 6)	<ul style="list-style-type: none">• Disposition of cash bonds (Obj. 4)• Posting of collections by Sheriff's Office (Obj. 2)• Review of interpreter services invoices (Obj. 7)
Findings Summary	
<ol style="list-style-type: none">1. Three cash bonds were not forfeited properly.2. Sheriffs BITS collections not posted timely for three cases.3. Interpreter services are not properly documented by court to verify information on invoices.	

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

JP6-1 met four of seven business objectives for this audit. Implementation of recommendations provided in this report should assist JP6-1 in producing complete and accurate financial reports by strengthening their internal control structure.



Justice of the Peace, Precinct Number 6 Place 1



Findings and Action Plans

Prior Audit Findings Summarized with Current Status

Status

- (M) Closed** 1. **Finding:** Eleven of the 15 sampled dismissed cases (73%) did not have supporting documentation scanned into Odyssey and one case the fee allocation was incorrect
Recommendation: Justice of the Peace staff should ensure dismissed cases have signed supporting documentation scanned into Odyssey. Due care should be exercised by staff when applying payment for deferred disposition cases.
Action Plan: Per Judge Lujan, the District Attorney's Office, specifically Mr. Mathew Moore, agreed to dismiss cases 2012 and older with a mass dismissal and no assistant district attorney signature. The previous assistant district attorney would not sign the dismissal for officer not present and no independent recollection; however, the new assistant district attorney has agreed to sign dismissals with those dispositions. Furthermore, due care will be exercised when applying payments from court orders. *Resolved*
- (L) Closed** 2. **Finding:** In a review of 30 cash bonds posted, one case was given a 90 day deferred disposition period to comply with court order requirements. The deferred disposition period was more than 40 days past due and no action had been taken by the court.
Recommendation: Justice of the Peace staff should conduct monthly review of cash bond cases on a deferred disposition granted status to ensure timely action is taken by the court.
Action Plan: A monthly review is done on all cases that have a pending due date, due care will be exercised when doing a review on cases with a pending status. *Resolved*

Current Audit Findings & Action Plans

Finding #1	Risk Level (M)
Cash bond disposition – We reviewed 30 of 125 cash bond cases for proper and timely disposition. Three cases, in which the defendants had not plead nolo contendere or guilty and waived a jury trial, were forfeited with the automatic application of the cash bond to fines and fees. The cases should have been referred to the County Attorney's Office for a judgement nisi bond forfeiture under Chapter 22 of the Code of Criminal Procedures.	
Recommendation We recommend JP6-1 staff follow proper judgement nisi bond forfeiture procedures when a defendant has a cash bond posted but has not pled nolo contendere or guilty and waived a jury trial.	
Action Plan	
Person Responsible	Court Coordinator
Estimated Completion Date	07/26/2018
Court staff will follow proper judgement nisi bond forfeiture procedures on required bond forfeiture cases.	



Justice of the Peace, Precinct Number 6 Place 1



Findings and Action Plans

Finding #2		Risk Level L									
<p>Sheriff's Collections – All 17 BITS payments collected by the Sheriff's department for JP6-1 during the audit period were reviewed. Three cases were closed with jail time credit; however, the payments were not receipted into Odyssey by JP6-1 staff. Upon further inquiry, it was explained by justice court staff that jail time credit and BITS payments are handled by two different personnel, and there was a breakdown on procedures that caused the jail time credit to be applied before the BITS payment. This increases the risk of cases not reflecting the proper disposition in Odyssey. Once justice court staff were made aware of the oversight, the payments were posted in Odyssey.</p>											
<p>Recommendation</p> <p>JP6-1 personnel should ensure proper procedures for jail time credit and BITS payments are followed and that both staff members follow the proper procedures to ensure collections received by the Sheriff's Office are promptly receipted in Odyssey.</p>											
<p>Action Plan</p> <table border="1"><thead><tr><th>Person Responsible</th><th>Court Coordinator</th><th>Estimated Completion Date</th><th>06/13/2018</th></tr></thead><tbody><tr><td colspan="4">The three cases with the discrepancies were corrected, and staff will ensure procedures are followed to ensure collections received by the Sheriff's Office are promptly and properly receipted in Odyssey.</td></tr></tbody></table>				Person Responsible	Court Coordinator	Estimated Completion Date	06/13/2018	The three cases with the discrepancies were corrected, and staff will ensure procedures are followed to ensure collections received by the Sheriff's Office are promptly and properly receipted in Odyssey.			
Person Responsible	Court Coordinator	Estimated Completion Date	06/13/2018								
The three cases with the discrepancies were corrected, and staff will ensure procedures are followed to ensure collections received by the Sheriff's Office are promptly and properly receipted in Odyssey.											

Finding #3		Risk Level L									
<p>Interpreter Services – We reviewed 15 of 72 interpreter invoices, and it was noted interpreter services are not adequately documented by the JP office. This information is vital in order to verify and confirm the accuracy of interpreters invoice information when approving such invoices for payment. When the invoices are received and approved for payment, the staff verifies there was court on the dates and times presented on the invoices; however, the times are not formally documented. This increases the risk of the County paying more than it should for services rendered.</p>											
<p>Recommendation</p> <p>JP6-1 staff should develop a system that accurately records an interpreter's services in order to verify the information provided on the invoices. We recommend a sign-in log be created for the interpreters to log in and out on court dates, and for daily verification of the log by court staff.</p>											
<p>Action Plan</p> <table border="1"><thead><tr><th>Person Responsible</th><th>Court Coordinator</th><th>Estimated Completion Date</th><th>08/01/2018</th></tr></thead><tbody><tr><td colspan="4">Court staff will continue to review the interpreter invoices with the court calendar and will implement the recommended interpreter sign-in log to ensure the number of service hours invoiced can be verified prior to payment.</td></tr></tbody></table>				Person Responsible	Court Coordinator	Estimated Completion Date	08/01/2018	Court staff will continue to review the interpreter invoices with the court calendar and will implement the recommended interpreter sign-in log to ensure the number of service hours invoiced can be verified prior to payment.			
Person Responsible	Court Coordinator	Estimated Completion Date	08/01/2018								
Court staff will continue to review the interpreter invoices with the court calendar and will implement the recommended interpreter sign-in log to ensure the number of service hours invoiced can be verified prior to payment.											



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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04-17

April 10, 2018

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.

The audit report is attached. We tested seven financial controls with a total of 119 samples. There was one finding noted as a result of the audit procedures. 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.

Respectfully,

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

Edward A. Dion
County Auditor

EAD:PT:ya

cc: Mrs. Betsy Keller, Chief Administrator



Justice of the Peace, Precinct Number 6 Place2



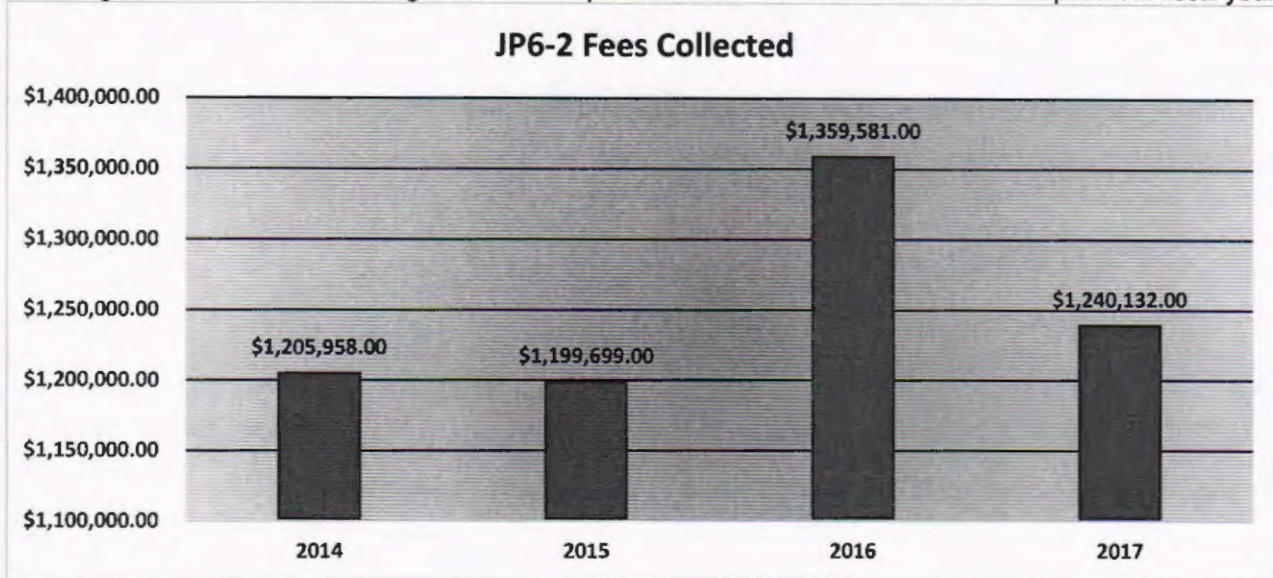
EXECUTIVE SUMMARY

BACKGROUND

Justices of the Peace are elected officials and serve four year terms. Precinct 6 Place 2 (JP6-2) 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. The audit was performed by Phillip Trevizo, internal auditor – intermediate. The most recent prior audit report was issued on June 12, 2017. The prior audit had one finding; which has been resolved.

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 JP6-2 for the past four fiscal years.



OBJECTIVES

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 controls assessments.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Timely posting of Bond and Inmate Trust Section (BITS) payments	Needs Improvement
3. Court order compliance in dismissed cases	Satisfactory
4. Timely processing and resolution of cash bonds	Satisfactory
5. Completeness and timely posting of manual receipts issued	Satisfactory
6. Proper voided and reversed Odyssey entries	Satisfactory
7. Proper authorization of interpreter services invoices	Satisfactory

SCOPE

The scope of the audit is from April 2017 through January 2018.

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reviewed cases with BITS payments for timely posting.
- Tested a sample of dismissed cases to verify proper supporting documentation and disposition.
- Reviewed a sample of cash bonds posted to verify bonds were being addressed in a timely manner.
- Reviewed manual receipts for appropriate documentation and timely posting.



EXECUTIVE SUMMARY

- Tested a sample of interpreter services invoices for proper authorization of payments.
- Reviewed a sample of void and reversal Odyssey entries to verify legitimacy of transactions.
- Reviewed a sample of cases for proper allocation of court cost from Judges Orders.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *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. 1)• Proper documentation on dismissed cases (Obj. 3)• Review of pending cash bonds (Obj. 4)• Manual receipt procedures (Obj. 5)• Voided and reversed transactions (Obj. 6)• Review of interpreter services expenditures (Obj. 7)	<ul style="list-style-type: none">• Posting of collections by Sheriff's Office (Obj. 2)
Findings Summary	
1. Sheriff BITS collection not posted timely for one 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

JP6-2 met six out of seven business objectives of this audit. Implementation of 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



Findings and Action Plans

Prior Audit Findings Summarized with Current Status

Status

Closed **L**

1. **Finding:** Court cost and fines had been incorrectly allocated when the Judge granted a reduced fine.

Recommendation: Justice of the Peace staff should be retrained on the proper allocation of court cost when applying payment from a Judge's Order.

Action Plan: The Court Coordinator provided training on June 2, 2017, for justice court personnel on the proper allocation of court cost. Estimated completion date June 2, 2017.

Current Audit Findings & Action Plans

Finding #1		Risk Level L	
Sheriff's Collections – 19 BITS payments collected at the Sheriff's department for JP6-2 during the audit period were reviewed. A BITS payment notice received at JP6-2 on November 16, 2017, was not receipted into Odyssey by justice court staff. Once justice court staff were made aware of the oversight the payment was posted on February 23, 2018.			
Recommendation			
JP6-2 personnel should ensure payments for collections received by the Sheriff's Office are promptly receipted in Odyssey.			
Action Plan			
Person Responsible	Court Coordinator/Office Manager	Estimated Completion Date	3/28/18
All BITS payments will be receipted in a timely manner from the day the email notification is received, with a comment entered into the case stating original paperwork from the jail is still pending. The Court Coordinator or Office Manager will ensure payments for collections received by the Sheriff's Office are promptly receipted in Odyssey.			



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08-21

August 13, 2018

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

Dear Judge Anderson:

The County Auditor's Internal Audit division performed an audit of the Justice of the Peace, Precinct Number 7 (JP7) financial records 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. We tested ten financial and one operational control using 220 samples. There were three 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.

Respectfully,

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 Chief Administrator



Justice of the Peace, Precinct Number 7

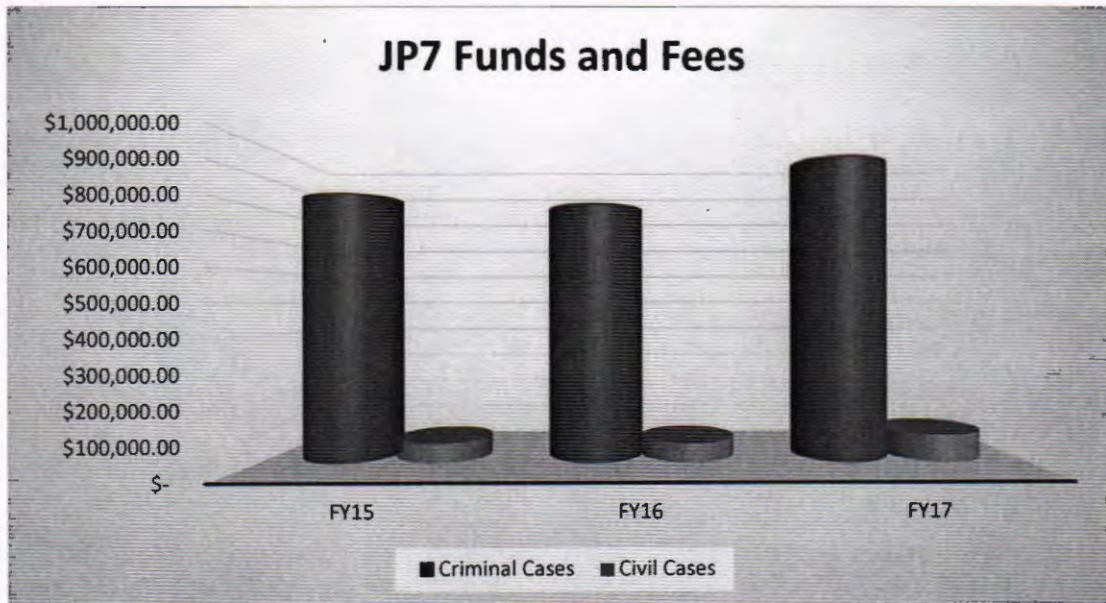


EXECUTIVE SUMMARY

BACKGROUND

Justices of the Peace are elected officials and serve four year terms. Precinct 7 (JP7) 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. The most recent prior audit report was issued August 23, 2017. There was a change in management in June 2018 when the judge position became vacant and a new judge was appointed to fill the vacancy for the remainder of the term.

Financial reports are generated from the Odyssey Courts and Justice System (Odyssey) showing all transactions occurring each month. Such reports are used to record revenues in the County's financial system, Munis. The following chart is a comparison of fees collected at JP7 for the past three fiscal years.



AUDIT 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. Court order compliance in dismissed cases	Satisfactory
2. Timely posting of Bond and Inmate Trust Section (BITS) payments	Satisfactory
3. Functioning appropriate void controls	Satisfactory
4. Proper posting of jail time credits	Satisfactory
5. Functioning appropriate cash controls	Satisfactory
6. Timely processing and resolution of cash bonds	Satisfactory
7. Posting of deposits to Munis	Satisfactory
8. Adequate controls of interpreter services payments	Needs Improvement
9. Appropriate and timely posting of manual receipts to Odyssey	Needs Improvement
10. Accuracy of mail log information and timely posting to Odyssey	Needs Improvement
11. Maintaining and following of policies and procedures	Satisfactory

SCOPE

The scope of the audit is from July 2017 through May 2018.



Justice of the Peace, Precinct Number 7



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Tested a sample of dismissed cases to verify court order compliance and supporting documentation.
- Reviewed a sample of cash bonds posted to verify bonds were being addressed in a timely manner.
- 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 half of interpreter services invoices for proper authorization and documentation.
- Reviewed half of voided transactions in Odyssey to verify legitimacy of transactions.
- Tested a sample of mail logs to determine deposit completeness, accuracy, and timeliness (compliance with *Local Government Code* §113.022).
- Tested a sample of manual receipts for appropriate and timely posting.
- Traced a sample of deposit slips from the time Miracle Delivery picks up to when it's posted to Munis for accuracy and timeliness.
- Reviewed the prior audit recommendations for status.

RESULTS

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

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) • Void controls and procedures (Obj. 3) • Cash handling procedures (Obj. 5) • Continuous review of outstanding bonds (Obj. 6) • Timely deposit controls (Obj. 7) • Maintain and follow department policies and procedures (Obj. 11) 	<ul style="list-style-type: none"> • Review of interpreter services invoices (Obj. 8) • Manual receipt control (Obj. 9) • Mail log controls (Obj. 10)
Findings Summary	
<ol style="list-style-type: none"> 1. Interpreter services are not properly documented by court to verify information on invoices. 2. A manual payment made with a check was never posted to Odyssey. 3. A mail payment was held in the office for more than 5 days, violating the rapid deposit statute. 	

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 has implemented improvements in their operations and we identified three weaknesses in meeting the objectives of this audit. Implementation of the recommendation 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



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- (M) Closed** 1. **Finding:** The justice court is currently in the process of documenting a policies and procedures manual.
Recommendation: The policies and procedures manual outlining key operating functions such as the daily activities of the office should be completed and then reviewed and updated on a periodic basis. 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: Management agrees with recommendation, a copy of documented policies and procedures will be provided to the Auditor's Office. *Resolved*
- (M) Closed** 2. **Finding:** There were case balances resulting from voids. A total of 30 transactions were voided during the audit period the following was found:
- As a result of voids seven cases have overpayment balances ranging from \$.25 to \$6.00.
 - Case 716-05511-TR reflects \$20 balance due to the County because of a duplicate administrative fee.
 - Eleven transactions were receipted and voided by the same clerk
- Recommendation:** We recommend balances resulting from voids and related adjustments to cases be cleared. Also, to ensure proper segregation of duties adjustments to cases should be approved by a supervisor.
Action Plan: Management agrees with recommendation, case balances will be cleared. *Resolved.*

Current Audit Findings & Action Plans

Finding #1	Risk Level (M)
Interpreter invoices: Interpreter invoices paid during the audit period were reviewed for proper authorization and documentation. Fifteen invoices were reviewed and one (7%) invoice was approved for the incorrect amount. The invoice was approved for four hours but the interpreter signed in and out for a total of three and half hours. There was a confusion by the court coordinator regarding the minimum two hours that are required by interpreters. In this case, the interpreter was there all afternoon but there was a half hour break in between hearings. The two hour minimum had been met in the first part of the court.	
Recommendation	
We recommend JP7 staff continue the use of the log sheet for the interpreters to log in and out on court dates and also continue to log enter the information into the Odyssey calendar. The two hour minimum used by interpreters has been addressed and understood by the court coordinator.	
Action Plan	
Person Responsible	Court Coordinator
Estimated Completion Date	7/11/2018
Interpreter invoices will be reviewed in detail to ensure the service date, description, rate price, quantity of hours billed and total amount billed is correct before an invoice is approved for payment. The court understands how to apply the two hour minimum required by certain interpreters.	



Justice of the Peace, Precinct Number 7



FINDINGS AND ACTION PLANS

Finding #2		Risk Level (M)	
Manual Receipts: A sample of 30 manual receipts was reviewed and one (3%) was never posted to Odyssey. A check payment for \$20 was accepted on 7/13/2017, and the check was stapled to the manual receipt book but never posted. The justice court contacted the defendant on 6/22/2018 and explained the situation. The defendant has agreed to stop by the court and pay the fee since the old check is stale dated.			
Recommendation			
Manual receipts should be entered into Odyssey as soon as possible. We recommend management verify the posting of all manual receipts in a timely manner.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	6/22/2018
A new procedure has been implemented as of 06/22/18. The manual receipt book will be reviewed by the staff every Friday afternoon to ensure all money orders and checks have been posted. The Court Coordinator will review the manual receipt book every Monday to ensure all payments have been posted.			

Finding #3		Risk Level (M)	
Mail Log: One (3%) of 30 mail log entries reviewed was not addressed in a timely manner. A check payment was received through the mail on 9/20/2017, but was for an incorrect amount to cover the fees to create a civil case. Under <i>Local Government Code §113.022</i> , collections are to be deposited, without exception, with the county treasurer on or before the fifth business day after the day the money was received. If for any reason payments can't be posted in compliance with government statute, it is recommended to return the payment to the defendant. In this particular case the check should have been returned to the defendant and request the correct amount. Instead, the court kept the check in the office, contacted the defendant and asked him to mail the remaining amount. . The full payment was posted 10/2/2017.			
Recommendation			
We recommend JP7 staff ensures mail payments are processed as soon as possible and any collections are deposited as required by <i>Local Government Code §113.022</i> . Management should verify the posting and deposit of all mail payments in a timely manner.			
Action Plan			
Person Responsible	Court Coordinator	Estimated Completion Date	7/1/2018
An email was sent out to the staff as a reminder that all payments, to include mail payments must be posted immediately. If a discrepancy is present, the clerk must notify a supervisor immediately to ensure the clerk is instructed on how to handle the matter.			



COUNTY OF EL PASO
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09-02

September 6, 2018

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 Department (JPD) financial records to determine if internal controls are adequate to ensure proper preparation of JPD financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested six financial controls and six operating controls with a total of 178 samples. There were no findings noted as a result of the audit procedures. 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.

Respectfully,

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

Edward A. Dion
County Auditor

EAD:HM:ya

cc: Ms. Betsy Keller, Chief Administrator

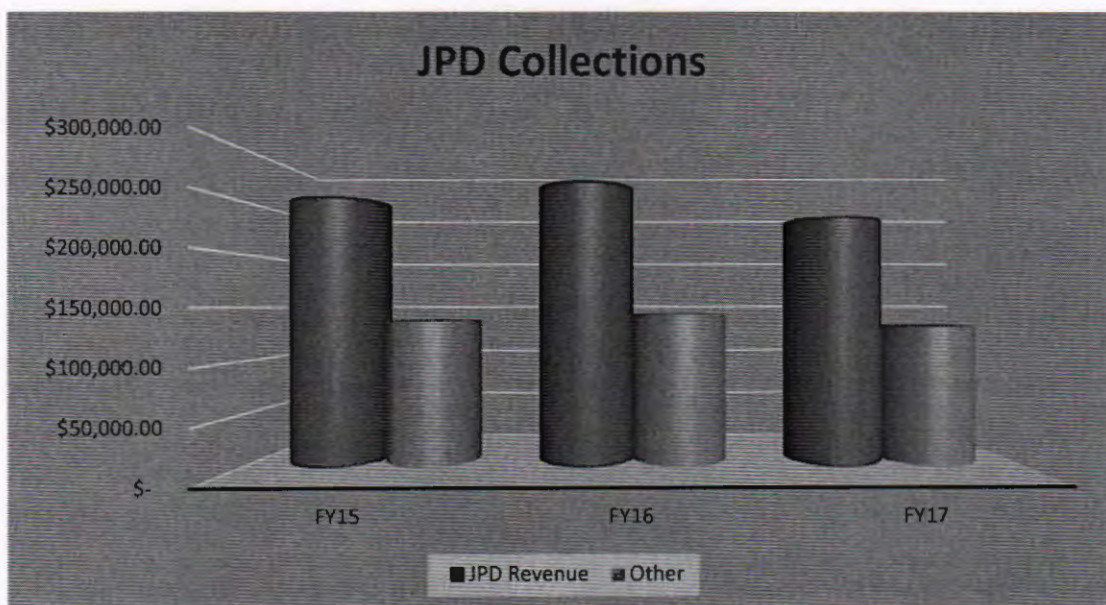


Juvenile Probation EXECUTIVE SUMMARY



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. JPD internally developed their own management software, Juvenile Management Information System (JMIS) that was implemented on January 9, 2017. Collections by the Juvenile courts for 2015, 2016, and 2017 are illustrated below. The "other" portion consists of state fees, restitution, placement support fees, summons fees, court ordered support fee to parents, due to others, and restitution to attorneys. JPD experienced a reduction in fees collected in FY17 due to an initiative to waive all fees for cases that have been dismissed and are over two years old. Based on prior collection trends, the department concluded it was not cost effective to continuously charge families in contempt for failure to pay outstanding balances.



The audit was performed by Hadi Medina, internal auditor. The most recent prior audit report was issued on August 31, 2017, and had no findings.

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. Appropriate and timely posting of manual receipts to JMIS	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Posting of deposits to Munis	Satisfactory
4. Accuracy of mail log information and timely posting to JMIS	Satisfactory
5. Treatment of restitution payments in accordance with <i>Family Code §54.0482</i>	Satisfactory
6. Functioning appropriate mileage reimbursement controls	Satisfactory
7. Maintaining and following of policies and procedures	Satisfactory
8. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is July 2017 through June 2018.



Juvenile Probation
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*.
- Tested a sample of mileage reimbursements to determine accuracy of documentation and proper authorization.
- 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 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 from the time Miracle Delivery picks up to when it's posted to Munis for accuracy and timeliness.
- 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 lower risk.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Manual receipt controls (Obj. 1)• Cash handling procedures (Obj. 2)• Timely deposit controls (Obj. 3)• Mail log controls (Obj. 4)• Treatment of restitution payments (Obj. 5)• Mileage reimbursement controls (Obj. 6)• Maintain and follow department policies and procedures (Obj. 7)• Non-financial security and operational controls (Obj. 8)	
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

JPD continues to implement improvements in their operations and have met all the 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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County Administrative Offices
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EL PASO, TEXAS 79901-2407
(915) 546-2040
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05-02

May 1, 2018

Mr. Joel Bishop
Executive Director
Criminal Justice and Community Support
500 E. San Antonio, Room 302A
El Paso, Texas 79901

Dear Mr. Bishop:

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 proper preparation of the Law Library financial reports. Policies, procedures, and regulations were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. We tested three financial controls and four operating controls with a total of 64 samples. There were no findings 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.

Sincerely,

A handwritten signature in black ink that reads "Edward A. Dion".

Edward A. Dion
County Auditor

EAD:HM:ya

cc: Ms. Lynn Sanchez, Library Manager
Ms. Betsy Keller, Chief Administrator



Law Library



EXECUTIVE SUMMARY

BACKGROUND

The County Law Library provides traditional and electronic formatted materials to meet the legal research needs of the professional and legal community. Collections include monies received for printer copies, pre-copies, pre-assembled packets, fax and notary services, and the sale of copy cards. There are also three coin operated copy machines, which were updated in July 2017, with proceeds deposited weekly. Financial information is recorded in the County's financial system, Munis, with Tyler cashiering used to account for weekly collections. Collections for the past five fiscal years are illustrated below.



The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was December 2015 to January 2017 and the audit report was issued April 2017.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Timely deposits cash box, credit card, and copy machine receipts	Satisfactory
3. Posting of deposits to (MUNIS)	Satisfactory
4. Adherence to documented policies and procedures	Satisfactory
5. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is from February 2017 through February 2018.

METHODOLOGY

To achieve the audit objectives we:

- Interviewed staff to gain an understanding of their current policies and procedure over sales, cash box and machine deposits, and customer service.
- Performed a surprise cash count in accordance with *Local Government Code* §115.0035.
- Tested a sample of daily cash box receipts and weekly copy machine receipts for timely posting in accordance with *Local Government Code* §113.022.
- Reviewed a sample of credit card transactions and verified them against the value payment daily reports for completeness and accuracy.



Law Library



EXECUTIVE SUMMARY

- Observed and inquired about current security and operational processes and controls, such as safeguarding of collections, building access, and emergency action plan for adequacy.
- Reviewed prior audit recommendations for implementation.

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Accurate and complete cash, credit card, copy machine receipts (Obj. 2)• Timely deposit controls (Obj. 3)• Maintain and follow department policies and procedures (Obj. 4)• Non-financial security and operational controls (Obj. 5)	
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 County Law Library has implemented improvements in their operations and have met all the objectives of this audit. Therefore, no recommendations were provided in this report.



Law Library

FINDINGS AND ACTION PLAN



Prior Audit Findings Summarized with Current Status

Status

● Closed

1. **Finding:** Documented policies and procedures were incomplete when requested. Law Library Manager indicated that due to changes in organizational structure, she has been busy with other assigned responsibilities and no changes have been made to the written policies and procedures since last audit.

Recommendation: Policies and procedures must include the main operations of the office. They should be reviewed annually for any updates or changes.

Action Plan: The existing cash handling policy and procedure documents are being reviewed and will be updated by March 31, 2017.



COUNTY OF EL PASO
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05-11

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May 10, 2018

Dr. Mario A. Rascon
Chief Medical Examiner
4505 Alberta Avenue
El Paso, Texas 79905

Dear Dr. Rascon:

The County Auditor's Internal Audit division performed an audit of the Medical Examiner's Office financial records to determine if internal controls are adequate to ensure proper preparation of Medical Examiner's 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 six financial controls and three operating controls with a total of 261 samples. There were two findings noted as a result of the audit procedures. We wish to thank the management and staff of the Medical Examiner's Office for their assistance and courtesies extended during this audit.

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

Respectfully,

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

Edward A. Dion
County Auditor

EAD:DC:ya

cc: Ms. Irene Santiago, Chief of Operations
Ms. Betsy Keller, Chief Administrator



**Office of the Medical Examiner Audit
For the Period of February 2017 thru January 2018**

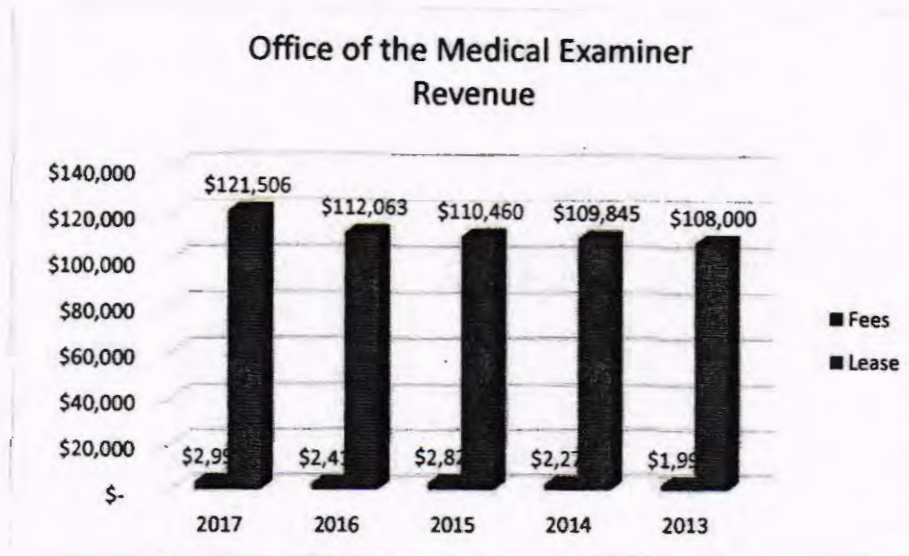


EXECUTIVE SUMMARY

BACKGROUND

The Office of the Medical Examiner is responsible for the death investigation of sudden, unexpected, or unexplained deaths in El Paso County. This office collects administrative fees for items such as copies of reports and photographs and receives lease payments from the City of El Paso for office and laboratory use at the Medical Examiner's Office. The audit was performed by Daisy Caballero, internal auditor. The most recent prior audit was in October 2013; there were no findings in that audit.

Financial reports are generated from Munis, the County's financial system, showing all transactions occurring each month. The following chart is a comparison of revenue collected at the Medical Examiner's Office for the past five fiscal years.



The lease revenue went up by \$9,942 from FY 2016 to FY 2017 due to a \$921 monthly rate increase. The new rate became effective in September 1, 2016. The lease agreement will end in September 30, 2018 with an option to renew.

SCOPE

The scope of the audit includes financial records from February 2017 through January 2018.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Reconciliation of deposits	Satisfactory
3. Timely bank deposits	Needs Improvement
4. Manual receipts are well documented and entered in Tyler Cashiering timely	Satisfactory
5. City of El Paso Lease payments are received in full and timely	Satisfactory
6. Legit, well documented, and approved voids	Satisfactory
7. Applicable unclaimed property is transferred to the Texas Comptroller	Satisfactory
8. Documentation of updated policies and procedures	Needs Improvement



**Office of the Medical Examiner Audit
For the Period of February 2017 thru January 2018**



EXECUTIVE SUMMARY

METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count on 03/19/2018, in accordance with *Local Government Code §115.0035*
- Observed the cashing stations for collection security and inquired about the cash handling and deposit procedures
- Prepared monthly revenue reconciliations of deposit slips to Munis to determine postings were complete, accurate, and timely
- Reviewed a sample of daily deposit reports and compared them to daily deposit slips for accuracy and timeliness
- Inquired about manual receipts; there were no manual receipts issued during the audit scope
- Reviewed the City of El Paso billings and verified payments were received in full and timely
- Inquired about voids and ran a Tyler Cashiering report to confirm there were no voids during the audit scope
- Reviewed unclaimed property and observed security measures
- Reviewed policies and procedures for completeness and updates

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Functioning appropriate cash controls (Obj. 1) • Reconciliation of deposits (Obj. 2) • Manual receipts procedure (Obj. 4) • Review of City of El Paso billings and payments (Obj. 5) • Voids procedure (Obj. 6) • Unclaimed property policy (Obj. 7) 	<ul style="list-style-type: none"> • Deposit procedures (Obj. 3) • Documentation of policies and procedures (Obj. 8)
Findings Summary	
<ol style="list-style-type: none"> 1. 14% of collections sampled were not deposited timely 2. Documented policies and procedures are incomplete 	

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 Medical Examiner's Office met six of the eight objectives of this audit. Implementation of the recommendations provided in this report should assist the Medical Examiner's Office in producing complete and accurate financial reports by strengthening their internal control structure.



Office of the Medical Examiner Audit
For the Period of February 2017 thru January 2018



FINDINGS AND ACTION PLANS

Observation #1		Risk Level													
Deposits not timely - There were a total of 68 bank deposits made during the audit scope. A sample of 14 were tested; 2 (14%) were not deposited in accordance to <i>Local Government Code (LGC) § 113.022</i> :															
<table border="1"><thead><tr><th>Collection Date</th><th>Deposit Date</th><th># of days until deposit</th><th>Amount</th></tr></thead><tbody><tr><td>4/3/2017</td><td>4/13/2017</td><td>8</td><td>\$0.60</td></tr><tr><td>4/4/2017</td><td>4/13/2017</td><td>7</td><td>\$25.00</td></tr></tbody></table>				Collection Date	Deposit Date	# of days until deposit	Amount	4/3/2017	4/13/2017	8	\$0.60	4/4/2017	4/13/2017	7	\$25.00
Collection Date	Deposit Date	# of days until deposit	Amount												
4/3/2017	4/13/2017	8	\$0.60												
4/4/2017	4/13/2017	7	\$25.00												
<i>LGC § 113.022</i> requires collections to be deposited on the following day or, if that is not possible, by the fifth business day from when the money was received.															
Recommendation															
Make deposits as required by <i>LGC § 113.022</i> .															
Action Plan															
Person Responsible	Administrative Specialist Sr.	Estimated Completion Date	04/09/2018												
Management concurs with the recommendation. Management had a meeting with employees to correct this discrepancy.															

Observation #2		Risk Level	
Policies and Procedures - The policies and procedures manual is incomplete. It does not include the following: <ul style="list-style-type: none">• Tender types accepted• Safeguarding of collections and change fund• Timely deposit requirement• Mail payments procedure			
Policies and procedures serve as an accountability guide for employees and sets guidelines for best practices. Lack of documented procedures can increase the risk of inconsistent practices, procedural and statutory noncompliance, and possible losses to the County.			
Recommendation			
Update the written policies and procedures to include the missing items.			
Action Plan			
Person Responsible	Chief of Operations and Administrative Specialist Sr.	Estimated Completion Date	05/03/2018
Management concurs with the recommendation. The policies and procedures have been amended to include the recommended items.			



COUNTY OF EL PASO
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11-32

November 30, 2018

Mrs. Veronica Myers, Director
El Paso County Parks & Recreation
6900 Delta Dr.
El Paso, Texas 79905

Dear Mrs. Myers:

The County Auditor's Internal Audit division performed an audit of the El Paso County Parks and Recreation Aquatics Division for the 2018 summer season to determine if internal controls are adequate to ensure proper preparation of the division'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 six financial controls and two operating controls with a total of 412 samples. There were three findings noted as a result of the audit procedures, two were prior audit findings. We wish to thank the Parks and Recreation 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.

Respectfully,

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: Mrs. Betsy Keller, Chief Administrator
Mrs. Norma R. Palacios, Public Works Director



Parks and Recreation Aquatics Division

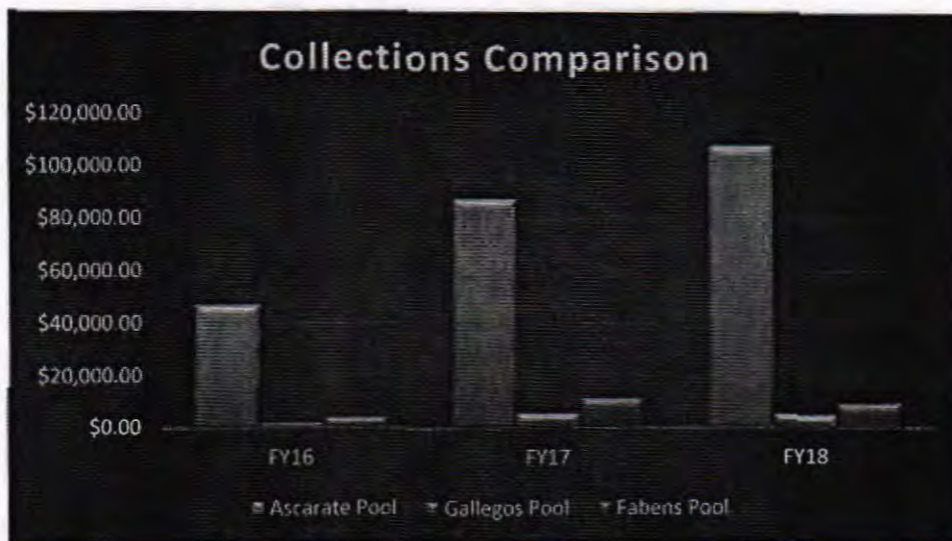


EXECUTIVE SUMMARY

BACKGROUND

The aquatics division of El Paso County Parks and Recreation consists of the Ascarate, Gallegos, and Fabens swimming 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 pools are open from April through September each year and are available to the public as well as for private party rentals. During the FY18 season the Ascarate pool established a Pro-Shop that offers a wide range of merchandise and apparel. Revenues are from admissions, merchandise, and rental fees.

Ascarate pool uses RecWare cashing system to account for collections. The other two locations use a sequential bracelet system and cash box. During the FY16 pool season all three pools were under renovation and opened late, resulting in decreased collections. For the FY18 season, admission fees were increased for the Ascarate Pool. Collections for 2016, 2017, and 2018 are illustrated below.



The audit was performed by Hadi Medina, internal auditor. The most recent prior audit report was issued on November 29, 2017.

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.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Accurate posting in RecWare of revenue collected	Needs Improvement
3. Timely deposit of pool rental collections and adequate treatment of refunds	Satisfactory
4. Posting of deposits to the Financial Accounting System	Satisfactory
5. Timely posting of tent rentals, swim lessons, and swim team practice deposits	Satisfactory
6. Functioning appropriate Pool Pro-Shop controls	Satisfactory
7. Adherence to documented policies and procedures	Satisfactory
8. Appropriate emergency measures	Satisfactory

SCOPE

The scope of the audit is April 2018 through September 2018.

METHODOLOGY



Parks and Recreation Aquatics Division



EXECUTIVE SUMMARY

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 100% of the RecWare receipts and cash count sheets completed in support of each deposit slip.
- Reviewed a sample of bracelets for accurate sequential order and accountability.
- Tested all party rental agreements and refunds processed to verify timeliness and supporting documentation.
- Tested all payments for swim team practices, tent rentals, and swim lessons for timeliness.
- Traced a sample of daily deposit slips to the financial accounting system for compliance with *LGC §113.022*.
- Traced a sample of purchase orders received during the audit period to verify inventory was maintained accurately and updated when sold.
- Reviewed prior audit issues.
- Observed current emergency measures, such as emergency exits, lifeguard personnel training, and first aid kit availability in accordance with *Texas Administrative Code, Title 25, Part 1, Chapter 265, Rule §265.199*.

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 as well as the status of prior audit findings.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Processing of refund requests (Obj. 3)• Timely deposit controls (Obj. 4 and 5)• Pro-Shop inventory controls (Obj. 6)• Maintain and follow documented policies and procedures (Obj. 7)• Appropriate emergency measures (Obj. 8)	<ul style="list-style-type: none">• Cash handling procedures (Obj. 1)• Revenue receipt controls (Obj. 2)
Findings Summary	
<ol style="list-style-type: none">1. Transactions were entered incorrectly in RecWare, causing over/under stating of revenue (prior audit issue).2. Several overages and shortages were noted on the cash count sheets reviewed (prior audit issue).3. A total of nine bracelets were unaccounted for after a review of all used and unused bracelets.	

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 Aquatics division has implemented improvements in their operations but should continue working on the weak controls reported in current and prior audits. Implementation of the recommendations provided in this report should assist the Aquatics division in producing complete and accurate financial reports by strengthening their internal control structure.



Parks and Recreation Swimming Pools



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

● Open

See current
finding #1

1. **Finding:** 36 (13%) of 271 daily cash count sheets reviewed included either an overage or shortage.

Recommendation: Although the amounts are immaterial, due care should be exercised by pool staff members when performing cashiering duties to avoid overages or shortages of funds. Additional cashiering training should be provided as needed.

Action Plan: Cashier training will continue to take place prior to the beginning of the swimming season and as needed. The additional training will be implemented as a form of preventive action to help cashiers minimize errors with daily transactions. Random cash counts will be conducted as needed to reduce overages and shortages.

● Open

See current
finding #2

2. **Finding:** Daily close out reports were reviewed for individual transaction accuracy based upon the number of wristbands sold. 47 of 87 daily reports (54%) were either over or under stated.

Recommendation: We recommend management ensure staff is properly trained to use RecWare before the start of the 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: RecWare training will take place prior to the season and continue throughout to help cashiers improve transaction accuracy and daily balancing to RecWare. Transaction reports will be reviewed with staff when necessary to help improve their performance. We will reiterate to all cashiers the importance of their duties and explain that failure to improve cashier responsibilities may result in written reprimands and up to dismissal.

● Closed

3. **Finding:** A sample of swim team invoices was reviewed for receipt of payment and timeliness. 13 (39%) of 33 invoices reviewed contained a discrepancy. The total monetary loss to the County for unpaid invoices is \$3,770.

Recommendation: A procedure to bill and follow up on invoices should be documented and implemented as soon as possible to avoid future monetary losses to the County. It is recommended a similar method to the Aquatics Facility Rental approach be used, where prepayments are required. If prepayments are not required, procedures should include actions to follow up on invoices and collections of NSF checks. Management should also review all invoices to ensure payment was received and try to collect on those not paid.

County Auditor's Comments: As of November 13, 2017 all outstanding invoices and returned checks have been paid.

Action Plan: Prepayment for Aquatic Rentals will be implemented. All fees must be paid prior to monthly rentals. Cancellations will be non-refundable, unless unforeseen maintenance repairs are necessary and/or inclement weather condition should arise. Refunds will be processed at the end of each month. *Resolved.*



Parks and Recreation Swimming Pools



FINDINGS AND ACTION PLANS

Current Audit Findings

Finding #1

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. 44 of 78 daily reports (56%) were either over or under stated.

	Overstated		Understated	
	Qty	Total Amt	Qty	Total Amt
\$1 to \$5	6	\$ 18.00	17	\$ 57.75
\$5 to \$10	1	\$ 9.00	5	\$ 35.00
Over \$10	10	\$ 330.00	5	\$ 78.00

RecWare is the cashiering system used by the Ascarate pool only. 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. If RecWare is the financial reporting system for Ascarate, the risk of loss, theft, or inaccurate reporting is high if 56% of the daily reports did not match the wrist band balancing. This is a prior audit issue.

Recommendation

We recommend management ensure staff is properly trained to use RecWare before the start of the summer season as this continues to be an issue. 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	Aquatics Manager	Estimated Completion Date	May 2019
---------------------------	-------------------------	----------------------------------	-----------------

Recommendation

In discussing this issue with the Director, we have realized daily tent rental transactions at the Aquatic Center are included with daily wristband sales in the RecWare reports. Even though we have sale buttons for each, they are going into the same RecWare account totals, accounting for all daily sales rather than just wristband sale totals per day. The manager will contact IT to create a separate account for tent rentals in RecWare to accurately compare input transactions with daily cash count sheets. Manager will provide RecWare training for head lifeguards prior to the beginning of the season and additional training for cashiers to improve transaction accuracy.



Parks and Recreation Swimming Pools



FINDINGS AND ACTION PLANS

Finding #2

Risk Level ●

Cash Overages and Shortages: 26 (12%) of 222 daily cash count sheets reviewed included either an overage or shortage as noted below:

- Ascarate – 15 shortages totaling \$53.40 and 11 overages totaling \$26.75.
- Fabens – none
- Canutillo – none

Although the cash overages and shortages are immaterial (.001% of sales), best practice is they should be reviewed by management to ensure existing processes and procedures are evaluated to reduce future incidents that could lead to loss of County revenue. This is a prior audit issue. Based on the totals posted from Ascarate RecWare reports to the County's general ledger, shortages were \$340.30 and overages were \$181.35 for FY18.

Recommendation

Although the amounts are immaterial, due care should be exercised by pool staff members when performing cashiering duties to avoid overages or shortages of funds. Additional cashiering training should be provided as needed.

Action Plan

Person Responsible	Aquatics Manager	Estimated Completion Date	May 2019
--------------------	------------------	---------------------------	----------

Even though the total amounts are immaterial, cashier training will continue to take place prior to the beginning of the season and as necessary to improve cashiering duties. Management will continue to meet with staff throughout the summer season to discuss concerns as well as improve cash handling processes. Management will request approval for head guards to have access to print out end of day reports on a daily basis and report discrepancies to Aquatics Manager.

Finding #3

Risk Level ●

Pool bracelets: Entry bracelets were reviewed for accurate sequential order and accountability. Ascarate Pool bracelets were the ones reviewed due to higher risk. Every bracelet roll used during the FY18 season in Ascarate Pool was reviewed. Bracelets were categorized by either being used for entry throughout the year or had been stored and logged for next year. Nine of 25,556 bracelets reviewed were unaccounted for. Due to multiple colors and number of bracelets used during the season, bracelets could be misappropriated and lead to loss of County revenues.

Recommendation

A procedure to issue and account for all bracelets is recommended to track bracelets being used in all locations. The range and colors of bracelets used by location should be logged on a daily basis, as well as leftover bracelets from each roll.

Action Plan

Person Responsible	Aquatics Manager	Estimated Completion Date	May 2019
--------------------	------------------	---------------------------	----------

Sequence numbering and color wristbands are accounted for at the end of each day by date, color, ending number and which cashier used the wristbands for the scheduled date. Scheduled staff will continue to log wristband usage on a daily basis. Manager or head guard on duty issuing wristbands will account for the amount issued per cashier as they request additional wristbands as needed. Tracking logs and end of day reports will be reviewed on a daily basis to compare total amounts in wristband sales. Head guards will report any discrepancies to the Aquatics Manager.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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02-02

February 5, 2018

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 168 samples. There were three findings noted as a result of the audit procedures; all 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 black ink, appearing to read "Edward A. Dion", followed by a long horizontal flourish.

Edward A. Dion
County Auditor

EAD:HM:ya

cc: Mrs. Betsy Keller, County Administrator



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 managed 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 (MUNIS). Collections for fiscal years 2015, 2016, and 2017 is illustrated below.



The audit was performed by Hadi Medina, internal auditor.

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 controls	Needs Improvement
2. Proper handling and controls of gift certificates	Satisfactory
3. Functioning appropriate cash controls	Satisfactory
4. Accuracy of void log information and functioning controls	Needs Improvement
5. Posting of deposits to (MUNIS)	Satisfactory
6. Appropriate and timely posting of manual receipts	Satisfactory
7. Adherence to documented policies and procedures	Needs Improvement
8. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is October 2016 through October 2017.

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.



Ascarate Golf Course



EXECUTIVE SUMMARY

- Traced a sample of purchase orders received after October 1, 2016 to verify the inventory was entered accurately and updated when sold.
- Tested a sample of gift certificates to determine appropriate RecWare entry and use.
- 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 control and finding summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for the status of the prior audit report findings, and related details and management action plans for the current findings.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Cash handling procedures (Obj. 3)• Gift Certificate controls (Obj. 2)• 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)• Void log controls and procedures (Obj. 4)• Maintain and follow department policies and procedures (Obj. 7)
Finding Summary	
<ol style="list-style-type: none">1. The Golf Course Pro-Shop inventory is not properly maintained.2. Documented Policies and Procedures are vague and incomplete (prior audit issue).3. Current void procedures were not followed (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

Prior Audit Findings Summarized with Current Status

Status

● Open

See current
finding #1

1. **Finding:** The Golf Course Pro-Shop inventory is not properly maintained and there is a lack of dual control when ordering and receiving merchandise.
Recommendation: Update all merchandise received and sold on a weekly basis. Due to the difficulty of updating the current software, charge codes should be deactivated for items that are obsolete.
Action Plan: 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. Estimated completion date September 1, 2017.

● Open

See current
finding #2

2. **Finding:** Documented Policies and Procedures are vague and incomplete.
Recommendation: Policies and procedures should be documented as soon as possible to address each area of the Golf Course and Pro-Shop operations.
Action Plan: 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.

● Open

See current
finding #3

3. **Finding:** Current void procedures are inadequate and lack separation of duties.
Recommendation: A supervisor should verify all voids are processed and recorded appropriately. Adequate separation of duties should be implemented. Under no circumstance should an employee void his or her own transactions.
Action Plan: Staff have been directed to stop processing voids at the end of a shift in order to reconcile totals. As part on 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. Estimated completion date March 31, 2017.

● Closed

4. **Finding:** Gift certificates are not reviewed to verify enforcement of expiration dates.
Recommendation: Golf Course management should ensure expired gift certificates are not being accepted by staff and that staff is receiving proper training as needed.
Action Plan: 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. Estimated completion date September 1, 2017. *Auditor's note: Having all gift certificates expire December 31 of each year was not in compliance with Public Law 111-24(c) and the Credit Card Act of 2009. The Ascarate Golf Course gift cards will no longer have an expiration date and are in compliance with relevant laws and regulations.*



Ascarate Golf Course



FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1		Risk Level ●	
<p><i>Pro-Shop Inventory not properly maintained:</i> A total of 25 purchase orders were received during the audit scope. A sample of 11 was reviewed for accurate inventory entry and traced to merchandise sales for proper updating. In addition, all transactions using the miscellaneous charge code were reviewed for appropriateness. The following issues were noted:</p> <ul style="list-style-type: none">• A purchase order was not updated correctly, understating inventory. After conducting a physical inventory of the items in question, an item was unaccounted for.• 121 transactions were processed using the miscellaneous charge code on RecWare totaling \$5,329.18. Each product or service should have its individual charge code. The use of the miscellaneous charge code should be limited only to special circumstances. <p>New inventory should be entered into RecWare as soon as possible to avoid inventory issues or the opportunity for fraudulent activity. This was a prior audit issue.</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 and new ones added as necessary. 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	Christopher I. Gomez, Golf Pro-Shop Supervisor	Estimated Completion Date	February 1, 2018
<p>Items listed in the inventory have been updated to the standardized version of the product name to avoid errors at the point of sale. The miscellaneous transaction button has been disabled in RecWare, eliminating the ability for the cahiers to process miscellaneous transactions. Physical inventory and updating of secondary inventory spreadsheets will be completed every Monday by cashier on duty and verified by Pro-Shop Supervisor using a Pro-Shop Sales report generated in RecWare.</p>			

Finding #2		Risk Level ●	
<p><i>Policies and Procedures are vague:</i> With the exception of some cashiering duties, documented policies and procedures are vague. Documented policies and procedures help ensure implementation of controls, consistent processes and may also help with employee training. This was a prior audit issue.</p>			
Recommendation			
<p>Management should document policies and procedures as soon as possible to address the Golf Course and Pro-Shop operations. Procedures should include, but are not limited to, ordering and receiving of merchandise, inventory maintenance, manual receipts, gift certificates, deposits, and handling of overages and shortages.</p>			
Action Plan			
Person Responsible	Christopher I. Gomez, Golf Pro-Shop Supervisor	Estimated Completion Date	March 1, 2018
<p>A draft of Policies and procedures has been submitted to Norma Palacios, Public Works Deputy Director for review.</p>			



Ascarate Golf Course
FINDINGS AND ACTION PLANS



Finding #3		Risk Level	
<p>Voided Transactions: All 60 void transactions during the audit period were reviewed for accuracy. 16 (27%) of 60 voids reviewed contained a discrepancy as noted below:</p> <ul style="list-style-type: none">• A voided transaction was not recorded on the void log• Nine voided transactions were missing a secondary authorization signature by management• Six 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. <p>Failure to follow the current void controls can lead to the misrepresentation of revenue or create the opportunity for fraud. This was 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. In addition to having customers sign their voided receipts, management should review voids on a daily basis. Under no circumstance should an employee void his or her own transactions.</p>			
Action Plan			
Person Responsible	Christopher I. Gomez, Golf Pro Shop Supervisor	Estimated Completion Date	February 1, 2018
<p>Staff meeting was held January 12, 2018, to review the audit findings with the staff as well review the changes to the procedures. Customer signatures will now be required for all voided transactions. Every effort should be made by the cashier to avoid processing a void and voided transactions should only be used as a last resort. If void is required and is outside of normal working hours, the supervisor should be contacted by telephone and a detailed description of transaction will be sent via email. The emails will be attached to the corresponding void log.</p>			



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02-06

February 12, 2018

Mrs. Norma Rivera Palacios
Public Works Deputy Director
800 East Overland, Suite 200
El Paso, Texas 79901

Dear Mrs. Rivera:

The County Auditor's Internal Audit division performed an audit of the financial records of Primo's Café & Grill and the Blue Gill, located at Ascarate Park, to determine if internal controls are adequate to ensure proper preparation of the Primo's Café & Grill and the Blue Gill 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 63 samples. There was one finding noted as a result of the audit procedures, which was also a prior audit finding. We wish to thank the management and staff of the Primo's Café & Grill and the Blue Gill 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



Primo's Café & Grill and the Blue Gill



EXECUTIVE SUMMARY

BACKGROUND

Primo's Café & Grill, contracted to Lumar Enterprises Inc., has been serving the Ascarate Park golfing community since 2002. The restaurant offers a variety of food, drinks, and alcoholic beverages. El Paso County receives a 20% concession fee on all sales generated, excluding sales tax, by Primo's Café & Grill at the Golf Course. The Blue Gill, also contracted to Lumar Enterprises Inc., is a seasonal establishment that sells food, beverages and rents out County owned canoes and pedal boats. They are obligated to pay the electric bill on a monthly basis and are responsible for all expenses for repairs to the canoes and pedal boats. Sales and Concession fees for 2015, 2016, and 2017 are illustrated below.



The software used by Primo's Café & Grill to account for financial information is RecWare. For credit card transactions, they use Square Point of Sale to take payments but those transactions are also entered in RecWare. The Associate Deputy Director of County Parks and Special Events position, which oversees the Primo's Café & Grill, has been vacant since April 10, 2017. This audit was performed by Hadi Medina, internal auditor.

AUDIT OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the Primo's Café & Grill and Blue Gill financial reports. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Management of contracts in accordance with agreed terms and conditions	Satisfactory
2. Timely and accurate payment of monthly concession fee	Satisfactory
3. Accurate posting in RecWare of revenue collected	Needs Improvement
4. Functioning appropriate cash controls	Satisfactory
5. Proper documentation of sales reported and sales tax paid to the State	Satisfactory

SCOPE

The scope of the audit is January 2017 through December 2017.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed current contracts for compliance of agreed terms and conditions, to include Blue Gill monthly electric bill payments.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Reviewed 100% of the Concession fee deposit warrants for accuracy and timeliness.



Primo's Café & Grill and the Blue Gill



EXECUTIVE SUMMARY

- Analyzed a sample of daily credit card transactions in Square Point of Sale and cash transactions for accurate posting to RecWare.
- Reviewed 100% of monthly sales tax payments for accurate total sales reported and timely payment.
- Reviewed previous audit recommendations and action plans for implementation.

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">• Management of Contract Agreement (Obj. 1)• Timely payment of concession fee to the County in compliance with contract KK-07-023 (Obj. 2)• Cash handling procedures (Obj. 4)• Documentation for sales tax paid to state (Obj. 5)	<ul style="list-style-type: none">• Revenue receipt controls (Obj. 3)
Findings Summary	
<ol style="list-style-type: none">1. A total of eight days of credit card totals from Square Point of Sale were not recorded correctly in RecWare (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

Primo's Café & Grill and Blue Gill have implemented improvements in their operations but failed to resolve a prior audit issue and still require strengthening of controls. Implementation of the recommendations provided in this report should assist Primo's Café & Grill and Blue Gill in producing complete and accurate financial reports by strengthening their internal control structure.



Primo's Café & Grill and the Blue Gill



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

● Open

See current finding #1

1. **Finding:** Square Point of Sale is used by Primo's Café & Grill for all credit card transactions. Credit card and cash transactions were not entered correctly in RecWare.

Recommendation: The Associate Deputy Director should ensure staff understands the importance of and exercise due care when entering the tender type on all transactions. We also recommend cashiers provide a signed end of day sheet with all cash collections on a daily basis and reviewed by the Associate Deputy Director. Furthermore, management should also provide additional training on the cashiering process as deemed appropriate based on daily review results.

Action Plan: As part of the negotiation and contract terms, the concessions partner will be required to submit a daily report on sales/cash collections for the Ascarate Golf Course.

● Closed

2. **Finding:** The electricity bill is not being paid timely in accordance with the contract between El Paso County and the Blue Gill.

Recommendation: The Associate Deputy Director should require the Concessionaire to provide proof of payment on a monthly basis to ensure payments are made timely in compliance with the contract stipulations.

Action Plan: 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.


● Closed

3. **Finding:** The contracts for both Primo's Café & Grill and Blue Gill have expired.

Recommendation: None. Appropriate action has been taken.

Action Plan: No further action required.

Current Audit Findings & Action Plans

Finding #1		Risk Level 	
<p><i>Square Point of Sale totals not entered correctly in RecWare:</i> A sample of 24 days was reviewed for accurate posting of credit card and cash transactions into RecWare. Eight days or 33% had discrepancies due to cashiers using the incorrect tender method. This increases the risk of not identifying credit card transactions being charged with square point of sale that are not entered in RecWare, which can lead to understated concession fees.</p>			
<p>Recommendation</p> <p>Accurately entering daily transactions in RecWare is an important financial tracking mechanism. We recommend County management ensure staff of Primo's Café & Grill understand the importance of and exercise due care when entering the tender type on all transactions. Management should also provide additional training on the cashiering process as deemed appropriate based on daily review results.</p>			
<p>Action Plan</p>			
Person Responsible	Norma Rivera Palacios, Deputy Director	Estimated Completion Date	February 10, 2018
<p>The Concessionaire has hired a manager to help oversee daily operations. One of the responsibilities will be to reconcile credit card and cash transactions in RecWare on a daily basis. This will help minimize discrepancies and will help identify cashiers who need additional training.</p>			



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05-27

May 23, 2018

Ms. Veronica Myers
El Paso County Parks and Recreation Director
6900 Delta Dr.
El Paso, Texas 79905

Dear Ms. Myers:

The County Auditor's Internal Audit division performed an audit of the Ascarate Toll Booth and Rental's financial records to determine if internal controls are adequate to ensure proper preparation of the Ascarate Toll Booth and Rental's 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 two operating controls with a total of 320 samples. There were two findings noted as a result of the audit procedures; one is a repeat finding. 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.

Respectfully,

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: Mrs. Betsy Keller, Chief Administrator
Mrs. Norma R. Palacios, Public Works Director



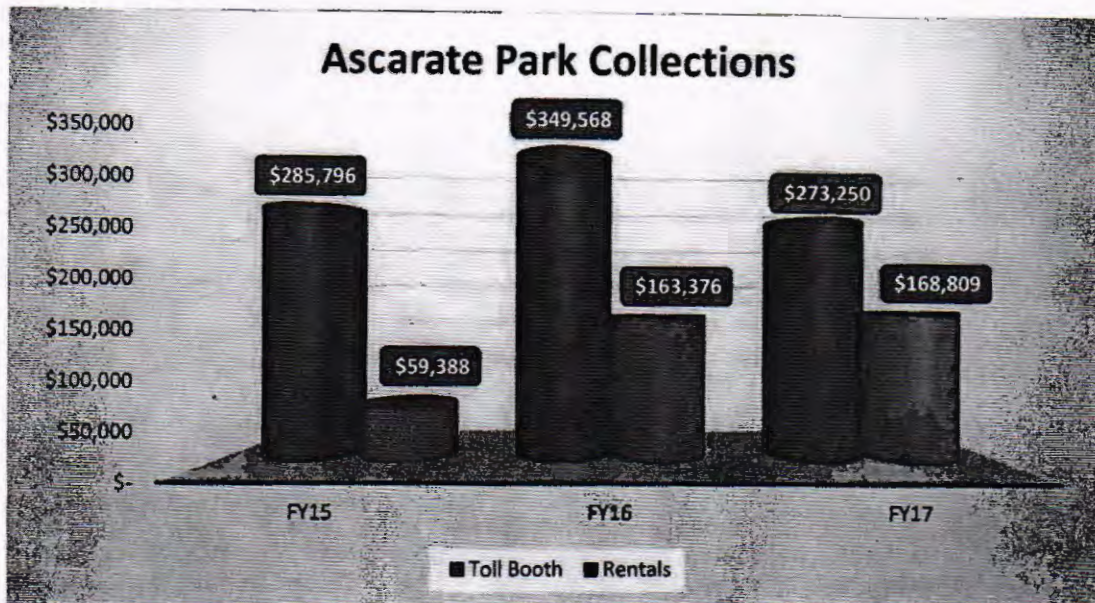
Ascarate Toll Booth and Rentals

FINDINGS AND ACTION PLANS



BACKGROUND

The Ascarate Toll Booth collects gate entrance fees for Ascarate Park. The park is open every day but only charges on Saturdays and Sundays. It charges a \$2 fee on weekends and a \$5 fee for any scheduled special event or holiday. 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. Ascarate Park rentals include soccer and baseball fields, the pavilion, the San Elizario Placita, picnic shelters, and special events. The park office is responsible for booking and recording payment of all rentals. Financial reports are generated from RecWare showing daily collections for each month and are accounted for in the County's Financial Accounting System. Collections for 2015, 2016, and 2017 is illustrated below.



The audit was performed by Hadi Medina, internal auditor. The scope of the last audit performed was February 2016 to February 2017 and the audit report was issued June 9, 2017.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Management of contracts in accordance with agreed terms and conditions	Satisfactory
2. Accurate posting in RecWare of revenue collected	Satisfactory
3. Functioning appropriate cash controls	Needs Improvement
4. Posting of deposits to (MUNIS)	Satisfactory
5. Functioning appropriate purchasing controls	Satisfactory
6. Adherence to documented policies and procedures	Needs Improvement
7. Adequate non-financial security and operational measures	Satisfactory

SCOPE

The scope of the audit is March 2017 through March 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed Facilities-Special Events Use Agreements for compliance of agreed terms and conditions.



Ascarate Toll Booth and Rentals



FINDINGS AND ACTION PLANS

- Identified designated special events and holidays during the scope of the audit and verified appropriate entrance fees were charged.
- Tested a sample of RecWare receipts to determine appropriate entry.
- Performed a surprise cash count in accordance with *Local Government Code §115.0035*.
- Traced all daily deposit slips and cash count sheets to the County's Financial Accounting System and to individual daily transactions in RecWare.
- Tested a sample of special event contracts to determine adherence to contractual financial agreement.
- Interviewed staff to gain an understanding of their current policies and procedures over contracts, rentals, toll booth collections, and overall Ascarate Park operations.
- Reviewed previous audit recommendations and action plans 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. Please see the *Findings and Action Plans* section of this report for the status of the prior audit report findings, and related details and management action plans for the current findings.

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Management of Contract Agreements (Obj. 1)• Revenue receipt controls (Obj. 2)• Timely deposit controls (Obj. 4)• Purchasing controls (Obj. 5)• Non-financial security and operational controls (Obj. 7)	<ul style="list-style-type: none">• Cash handling controls (Obj. 3)• Maintain and follow department policies and procedures (Obj. 6)
Findings Summary	
<ol style="list-style-type: none">1. The majority of daily cash count sheets had overages or shortages (prior audit issue).2. For the purpose of handling overages and shortages, disciplinary action was not followed in accordance with established 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

The Toll Booth 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 Toll Booth in producing complete and accurate financial reports by strengthening their internal control structure.



Ascarate Toll Booth and Rentals



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Ⓜ Open

See current finding #1

1. **Finding:** 48 of 119 daily cash count sheets reviewed included either an overage or shortage
Recommendation: Although the amounts are immaterial, due care should be exercised by Toll Booth staff when performing cashiering duties to minimize overages or shortages of funds.
Action Plan: Management will continue to monitor shortages and overages and provide our new staff with the necessary cash handling training.

● Closed

2. **Finding:** 12 out of 35 Facility Use Agreements (34%) were not paid timely according to the agreements. The Facility Use Agreements are contractual agreements between the Parks and Special Events Department and the licensees. The agreements require payment prior to execution of the contract (signature by the County) and payment is typically nonrefundable
Recommendation: Ascarate Park staff should emphasize to potential licensees that all event fees must be paid in full before or at the time of execution. The Parks and Special Events Deputy Director should verify event fees have been paid in full before sending the agreement to County officials for signature.
Action Plan: Implementation has been made to collect all fees prior to obtaining fully executed contracts.

Current Audit Findings & Action Plans

Finding #1	Risk Level Ⓜ																														
<p><i>Toll Booth Overages and Shortages:</i> 84 (47%) of 180 daily cash count sheets reviewed included either an overage or shortage as noted below (repeat finding). During the scope of the audit, toll booth collections totaled \$298,512.70.</p> <ul style="list-style-type: none"> 69 overages, with the largest overage being \$21.12, for a total of \$195.23 (.07% of collections) 15 shortages, with the largest shortage being \$9.90, for a total of \$30.08 (.01% of collections) <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #333333; color: white;"> <th>DAILY COLLECTIONS</th> <th>\$1 to \$10</th> <th>\$10 to \$20</th> <th>\$20 to \$55</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td># Overages</td> <td style="text-align: center;">65</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td style="text-align: center;">69</td> </tr> <tr> <td>\$ Overages</td> <td style="text-align: right;">\$ 131.42</td> <td style="text-align: right;">\$ 42.69</td> <td style="text-align: right;">\$ 21.12</td> <td style="text-align: right;">\$ 195.23</td> </tr> <tr> <td># Shortages</td> <td style="text-align: center;">15</td> <td></td> <td></td> <td style="text-align: center;">15</td> </tr> <tr> <td>\$ Shortages</td> <td style="text-align: right;">\$ (30.08)</td> <td></td> <td></td> <td style="text-align: right;">\$ (30.08)</td> </tr> <tr> <td>Total per \$ Category</td> <td style="text-align: center;">80</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td></td> </tr> </tbody> </table> <p>Although the overages and shortages are a small percentage of total collections, it is important to emphasize on cashier training to avoid the risk of a larger loss of county funds.</p>		DAILY COLLECTIONS	\$1 to \$10	\$10 to \$20	\$20 to \$55	TOTAL	# Overages	65	3	1	69	\$ Overages	\$ 131.42	\$ 42.69	\$ 21.12	\$ 195.23	# Shortages	15			15	\$ Shortages	\$ (30.08)			\$ (30.08)	Total per \$ Category	80	3	1	
DAILY COLLECTIONS	\$1 to \$10	\$10 to \$20	\$20 to \$55	TOTAL																											
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Total per \$ Category	80	3	1																												
Recommendation																															
Due care should be exercised by Toll Booth staff when performing cashiering duties to avoid overages or shortages of funds.																															
Action Plan																															
Person Responsible	El Paso County Parks and Recreation Director																														
Estimated Completion Date	Continuous																														
Manager will continue to monitor and stress importance of cash handling procedures with staff. Cashiering training will be arranged with Inter National Bank staff for new and current staff as needed.																															



Ascarate Toll Booth and Rentals
FINDINGS AND ACTION PLANS



Finding #2	Risk Level (M)		
<p><i>Adherence to Cash handling policies:</i> Two cashiers with overages were not disciplined in accordance with established policies and procedures. Policy and procedures state "For purposes of handling overages and shortages, the assigned supervisor and manager shall apply the policy for purposes of providing discipline."</p>			
Recommendation			
<p>When overages or shortages occur, policies and procedures should be followed and additional cashiering training provided as needed.</p>			
Action Plan			
Person Responsible	El Paso County Parks and Recreation Director	Estimated Completion Date	Continuous
<p>Manager will enforce department and County policies consistently and impartially. Manager will also be verbally warned by director.</p>			



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04-22

April 19, 2018

Ms. Debra Carrejo, CPPO, CPPB
Purchasing Agent
800 E. Overland, Suite 300
El Paso, Texas 79901

Dear Ms. Carrejo:

The County Auditor's Internal Audit division performed a review of the collection and disposal of the El Paso County Sheriff's abandoned inmate property on February 27, 2018, to determine if internal controls are adequate to ensure proper storage and disposal of monetary and physical abandoned property.

The audit report is attached. There were three 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,

Barbara Franco for Edward A. Dion

Edward A. Dion
County Auditor

EAD:JO:ya

cc: The Honorable Richard Wiles, County Sheriff
Ms. Betsy C. Keller, Chief Administrator



**El Paso County Purchasing Department
Abandoned Inmate Property Audit**



EXECUTIVE SUMMARY

BACKGROUND

Abandoned inmate property is stored by the El Paso County Sheriff's office for a minimum of 30 days, more if necessary. All unclaimed property 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(s). The audit was performed by James O'Neal, Internal Auditor Manager – Senior.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to the transfer and disposal of abandoned inmate property 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	Needs Improvement
2. Timely acquisition of unclaimed property by Purchasing Department	Needs Improvement
3. Appropriate securement of abandoned property by Sheriff's Department	Needs Improvement
4. Functioning appropriate cash controls	Satisfactory
5. Proper disposal of unusable and auction ready items by purchasing agents	Satisfactory

SCOPE

The scope of the audit includes abandoned inmate property stored by El Paso County Sheriff's Office approved for disposal by Commissioners Court on July 10, 2017, and on September 11, 2017, and retrieved by the Purchasing department on February 1, 2018.

METHODOLOGY

To achieve the audit objectives we:

- Accompanied the Purchasing Department to the Sheriff's to collect abandoned inmate property.
- Verified all monetary and non-monetary items with Commissioners Court order submitted by Sheriff's Office.
- 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 (if any) are separated and delivered to the Cash Management Audit Division (Formerly the Treasury Division) and deposited into the County general fund.

RESULTS

Listed below are the control and findings summaries, with findings listed from highest to lowest risk. Please see the *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 accounted for and verified by internal auditor and purchasing agent. (Obj. 4) • 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. 5) 	<ul style="list-style-type: none"> • Signatures from Purchasing department to indicate proper transfer of items (Obj. 1) • Timely acquisition of unclaimed property by the Purchasing Department (Obj. 2) • Proper securement of unclaimed property by Sheriff's Department (Obj. 3)



**El Paso County Purchasing Department
Abandoned Inmate Property Audit**



EXECUTIVE SUMMARY

Findings Summary

1. Purchasing Department accepted improperly secured unclaimed property storage bags.
2. Acceptance signature from the Purchasing Department was not present on supportive documentation.
3. Purchasing Department picked up unclaimed property on February 1, 2018 but a portion was approved for disposal by Commissioner's Court on July 10, 2017.

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 Purchasing Department's transfer and disposal of abandoned inmate property has met two of the five objectives of this audit. Implementation of the recommendations provided in this report should assist the Purchasing Department in improving its internal controls of the transfer and disposal of abandoned inmate property.



El Paso County Purchasing Department
Abandoned Inmate Property Audit



FINDINGS AND ACTION PLANS

Finding #1		Risk Level M	
Proper Securement of Unclaimed Property – All unclaimed property submitted for disposal should be properly secured with limited access to limit the possibility of possible theft or misuse. Items for this reporting period were submitted in storage bags with staples along the top of the bag.			
Recommendation			
The Sheriff's Department should properly secure all unclaimed property upon receipt. The Purchasing Department should inform the Sheriff's Department that improperly secured storage bags will not be accepted. If items are discovered to not be properly secured, Sheriff personnel should retrieve the unsecured property, verify against original documents that all items are still present, properly seal the property and then notify the Purchasing Department for pickup.			
Action Plan			
Person Responsible	Purchasing Agent and Inventory Lead	Estimated Completion Date	Within 30 days
Purchasing Inventory section to compile policies and procedures for accepting abandoned inmate property from the Sheriff's department. These policies and procedures will include refusal of unsecured storage bags.			

Finding #2		Risk Level M	
Purchasing Acceptance Signature – The Sheriff's Department supplies the Purchasing Department with a list of all unclaimed items to be picked up for disposal. The Purchasing Department should acquire a release signature from the Sheriff's Department and sign the supportive documentation after review and acceptance. However, in this instance the supportive documentation did not have the acceptance signature from the Purchasing Department.			
Recommendation			
Purchasing Department should ensure that all appropriate signatures are included in the supportive documentation.			
Action Plan			
Person Responsible	Purchasing Agent and Inventory Lead	Estimated Completion Date	Within 30 days
Purchasing Inventory section to compile policies and procedures for accepting abandoned inmate property from the Sheriff's department. These policies and procedures will include proper signature acceptance and disposal protocols for both Purchasing and Sheriff personnel.			



El Paso County Purchasing Department
Abandoned Inmate Property Audit



FINDINGS AND ACTION PLANS

Finding #3		Risk Level	
Timely Acquisition of Unclaimed Property – Sheriff's submission of unclaimed property disposal was approved by Commissioner's Court on July 10, 2017, and a second submission was approved on September 11, 2017. However, the Purchasing Department did not pick up the property until February, 10, 2018. This lack of timely pickup by the Purchasing Department may lead to an increased risk of theft or misuse.			
Recommendation			
Purchasing Department should pick up all Sheriff unclaimed property within 60 days of Commissioner's Court approval.			
Action Plan			
Person Responsible	Purchasing Agent and Inventory Lead	Estimated Completion Date	Within 30 days
Purchasing Inventory section to compile policies and procedures for accepting abandoned inmate property from the Sheriff's department. These policies and procedures will include listing the 60 day time frame mentioned in the above recommendation.			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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07-22

July 25, 2018

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 in conjunction with the County Purchasing Department performed a review of the collection and disposal of the El Paso County Sheriff's abandoned evidence property on June 22, 2018, 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 was one finding noted as a result of the audit procedure. We wish to thank the management and staff of the Sheriff's Office and 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.

Respectfully,

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
Ms. Debra Carrejo, CPPO, CPPB



El Paso County Purchasing Abandoned Evidence



Executive Summary

BACKGROUND

Abandoned evidence is stored by the El Paso County Sheriff's office for at least six months. After this time period all non-monetary items are transferred to the El Paso County Purchasing department for disposal and all monetary items are transferred to the Auditor's office for deposit into the County's general fund. Disposals and monetary deposits are monitored by an internal auditor and a purchasing agent. There was a change in management within the Sheriff's office at the end of May 2017. The audit was performed by James O'Neal, internal audit manager – senior. The most recent prior audit report was issued on August 24, 2017, and had no findings.

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 securement and storage of monetary items	Satisfactory
4. Proper recording and transfer of monetary items to the Auditor's office	Needs Improvement
5. Proper disposal of unusable items and storage of 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 May 30, 2018.

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.
- 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 (if collected).
- 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

On June 22, 2018, 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 \$1,116.51. Listed below are control and findings summaries, with findings listed from highest to lowest risk. Please see the *Findings and Action Plans* section of this report for details and management action plans.



**El Paso County Purchasing
Abandoned Evidence**



Executive Summary

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Transfer signatures acquired during transfer. (Obj. 1)• Review and verification of disposed unusable items and stored auction ready items. (Obj. 5)• Cash controls. (Obj. 2)• Adherence to securement and storage policies and procedures (Obj. 3)	<ul style="list-style-type: none">• Proper recording and transfer of monetary items. (Obj. 4)
Findings Summary	
1. One envelope did not have a dollar amount written on it and one was incorrectly documented on the ILEADS report.	

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 four of five objectives of this audit. Implementation of the recommendation provided in this report should assist the Sheriff's Office improve their abandoned evidence storage and transfer procedures.



**El Paso County Purchasing
Abandoned Evidence**



Findings and Action Plans

Finding #1		Risk Level (M)	
<p><u>Improper recording of monetary items</u> – One monetary envelope did not have a dollar amount written on the envelope and one had a total that did not match the amount listed on the ILEADS report. This was later determined to be an input error on the ILEADS report. A total of 40 monetary envelopes and two monetary plastic bags were reviewed and collected. Improper documentation of monetary envelopes and bags could result in an increased risk of theft or misuse.</p>			
Recommendation			
<p>Evidence clerks should exercise due care when labeling and recording all monetary evidence. Envelopes should be properly labeled and reconciled to all reports supplied.</p>			
Action Plan			
Person Responsible	Evidence Supervisor	Estimated Completion Date	July 12, 2018
<p>Evidence supervisor acknowledges the two findings regarding improper labeling and reporting errors and agrees with the recommendation stated. The evidence clerks will be reminded of the need to exercise due care as recommended.</p>			



COUNTY OF EL PASO
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01-05

January 8, 2018

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 six financial controls and one operating control with a total of 185 samples. There was one finding noted as a result of the audit procedure. 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); 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), E-BOND system, RecWare, Tyler Cashiering and Contract Manager. Internal Sheriff's office reporting was also used during the course of the audit. The audit was performed by Phillip Trevizo, Internal Auditor – Intermediate. The prior audit report issued November 1, 2016, had two findings, which have been resolved.

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. Complete and accurate bank reconciliations	Satisfactory
2. Functioning appropriate cash controls	Satisfactory
3. Review and approval of disbursements from the General, Legal and Cash Bond bank accounts	Satisfactory
4. Manual receipt book log and manual receipts controls	Satisfactory
5. Complete and accurate State Paper Ready Inmate Reports	Satisfactory
6. Complete and accurate monthly bail bond posting of fee collections and reporting	Needs Improvement

SCOPE

The scope of the audit is from July 2016 through June 2017.

METHODOLOGY

To achieve the audit objectives we:

- Performed cash counts at Sheriff's CREFS and Civil Sections per Local Government Code §115.0035.
- Reviewed all bank reconciliations and outstanding items for the audit scope.
- 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 all monthly State Paper Ready Inmate Reports.
- Reviewed all monthly Bail Bond Posting Fee Collections Reports for the audit scope.
- Reviewed a sample of disbursements from the Sheriff's Cash Bond, Legal and General bank accounts

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *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"> • Reconciliation of bank accounts (Obj. 1) • Cash handling procedures (Obj. 2) • Disbursement controls for the General, Legal and Cash Bond bank accounts (Obj. 3) • Manual receipt logs and manual receipt books (Obj. 4) • Review of State Paper Ready Inmate Reports (Obj. 5) 	<ul style="list-style-type: none"> • Reconciliation of Bail Bond Posting Fees (Obj. 6)
Findings Summary	
1. E-BOND Transaction Reports are not matching the credit card collection reports from Value Payment Systems (VPS), the County's third party credit card processor.	



EL PASO COUNTY SHERIFF'S OFFICE 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 El Paso County Sheriff's office met five of six business objectives for this audit. Implementation of the recommendations provided in this report should assist the Sheriff's office in improving their bail bond posting fee collection procedures.



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



Finding #1		Risk Level (M)									
<p>E-BOND Reports - On December 1, 2016, the County launched the E-BOND System, an Information Technology Department (ITD) in-house created system used by bail bonding companies to post surety bonds and pay the bail bond posting fees. We reviewed daily VPS credit card transaction reports and compared them to daily activity logs from the E-Bond system to ensure VPS collections were matching E-Bond transactions. During our review it was noted the daily credit card transaction reports from VPS were not matching the Daily E-BOND Transaction Reports. After further inquiry, Sheriff's BITS staff identified 71 instances totaling \$1,530.00 in which VPS transactions could not be matched to the Daily E-BOND Transaction Report. Those transactions will require further research to identify the source of the discrepancies. E-BOND System reporting discrepancies could cause issues with accurate postings of E-BOND transactions in Odyssey.</p>											
<p>Recommendation</p> <p>BITS staff should research the cause of discrepancies through collaborative work with County ITD, the County Auditor's Office and bail bonding companies and determine an appropriate plan to correct the discrepancies and ensure accurate postings of future E-BOND transactions.</p>											
<p>Action Plan</p> <table><tr><th>Person Responsible</th><th>BITS</th><th>Estimated Completion Date</th><th>03/31/2018</th></tr><tr><td colspan="4">Sheriff's BITS will continue to research the discrepancies in collaboration with County ITD, the County Auditor's Office and bail bond companies to correct the discrepancies and ensure accurate posting of future E-BOND transactions.</td></tr></table>				Person Responsible	BITS	Estimated Completion Date	03/31/2018	Sheriff's BITS will continue to research the discrepancies in collaboration with County ITD, the County Auditor's Office and bail bond companies to correct the discrepancies and ensure accurate posting of future E-BOND transactions.			
Person Responsible	BITS	Estimated Completion Date	03/31/2018								
Sheriff's BITS will continue to research the discrepancies in collaboration with County ITD, the County Auditor's Office and bail bond companies to correct the discrepancies and ensure accurate posting of future E-BOND transactions.											



COUNTY OF EL PASO
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11-09

November 9, 2018

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

Dear Sheriff Wiles:

A copy of a memorandum from Mr. Phillip Trevizo, internal auditor, dated November 9, 2018, is attached. This memorandum is a report on a review of your Federal Forfeiture Accounts for the reporting period October 1, 2017, through September 30, 2018.

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

Sincerely,

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

Edward A. Dion
County Auditor

EAD:PT:ya

Attachment



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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11-10

MEMORANDUM

Edward A. Dion
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 *Philip Trevizo*

DATE: NOVEMBER 9, 2018

SUBJECT: REVIEW OF THE EL PASO COUNTY SHERIFF'S FEDERAL FORFEITURE ACCOUNTS FOR THE REPORTING PERIOD OF OCTOBER 1, 2017, THROUGH SEPTEMBER 30, 2018

Overview

A review of the El Paso Sheriff's Office Federal Forfeiture Accounts has been performed for the reporting period of October 1, 2017, through September 30, 2018, 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 2018 Equitable Sharing Agreement and Certification Report, copy attached, was reviewed for accuracy and completeness.

Summary

While reviewing the proceeds and expenditures of the Federal Forfeiture Accounts, 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.

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

FY End Date: 09/30/2018

Agency FY 2019 Budget: \$103,253,920.00

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)	\$219,104.80	\$68,805.27
2	Equitable Sharing Funds Received	\$406,769.71	\$8,654.57
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)	\$625,874.51	\$77,459.84
7	Equitable Sharing Funds Spent (total of lines a - n below)	\$74,758.37	\$8,361.06
8	Ending Equitable Sharing Funds Balance (difference between line 7 and line 6)	\$551,116.14	\$69,098.78

¹Department of Justice Asset Forfeiture Program participants are: FBI, DEA, ATF, USPIS, USDA, DCIS, 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	\$523.17	\$6,245.85
b	Training and education	\$2,190.00	\$0.00
c	Law enforcement, public safety and detention facilities	\$0.00	\$0.00
d	Law enforcement equipment	\$1,451.30	\$0.00
e	Joint law enforcement/public safety operations	\$50,400.00	\$0.00
f	Contracting for services	\$0.00	\$0.00
g	Law enforcement travel and per diem	\$6,527.62	\$242.00
h	Law enforcement awards and memorials	\$10,993.75	\$0.00
i	Drug, gang and other education or awareness programs	\$222.53	\$1,873.21
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)	\$2,450.00	
m	Non-categorized expenditures (Complete Table F)	\$0.00	\$0.00
n	Salaries (Complete Table G)	\$0.00	\$0.00
Total		\$74,758.37	\$8,361.06

Date Printed: 11/07/2018

Page 1 of 4

February 2016
Version 3.2

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	\$600.00	
ASIS International Chapter #112	\$350.00	
Center Against Sexual and Family Violence	\$1,000.00	
Jennifer Ann's Group	\$500.00	

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

Description	Justice Funds	Treasury Funds

Table G: Salaries

Salary Type	Justice Funds	Treasury Funds

Table H: Civil Rights Cases

Name of the Case	Type of Discrimination Alleged			
Raymond Ancheta	<input type="checkbox"/> Race	<input type="checkbox"/> Color	<input type="checkbox"/> National Origin	<input type="checkbox"/> Gender
	<input checked="" type="checkbox"/> Disability	<input type="checkbox"/> Age	<input type="checkbox"/> Other:	

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 in compliance 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.

Equitable Sharing Agreement

This Federal Equitable Sharing Agreement, entered into among (1) the Federal Government, (2) the above-stated law enforcement agency ("Agency"), and (3) the governing body, sets forth the requirements for participation in the federal Equitable Sharing Program and the restrictions upon the use of federally forfeited cash, property, proceeds, and any interest earned thereon, which are equitably shared with participating law enforcement agencies. By submission of this form, the Agency agrees that it will be bound by the statutes and guidelines that regulate shared assets and the following requirements for participation in the Department of Justice and Department of the Treasury Equitable Sharing Programs. Receipt of the signed Equitable Sharing Agreement and Certification (this "Document") is a prerequisite to receiving any equitably shared cash, property, or proceeds.

1. Submission. This Document must be submitted within 60 days of the end of the Agency's fiscal year. This Document must be signed and submitted electronically. Electronic submission constitutes submission to the Department of Justice and the Department of the Treasury.

2. Signatories. This agreement must be signed by the head of the Agency and the head of the governing body. Examples of Agency heads include police chief, sheriff, director, commissioner, superintendent, administrator, city attorney, county attorney, district attorney, prosecuting attorney, state attorney, commonwealth attorney, and attorney general. The governing body's head is the head of the agency that appropriates funding to the Agency. Examples of governing body heads include city manager, mayor, city council chairperson, county executive, county council chairperson, administrator, commissioner, and governor. The governing body head cannot be from the law enforcement agency and must be from a separate entity.

3. Uses. Any shared asset shall be used for law enforcement purposes in accordance with the statutes and guidelines that govern the Department of Justice and the Department of the Treasury Equitable Sharing Programs as set forth in the current edition of the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (Guide)*.

4. Transfers. Before the Agency transfers funds to other state or local law enforcement agencies, it must first verify with the Department of Justice that the receiving agency is a compliant Equitable Sharing Program participant. Transfers of tangible property are not permitted.

5. Internal Controls. The Agency agrees to account separately for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures, joint law enforcement operations funds, and other sources must not be commingled with federal equitable sharing funds.

The Agency certifies that funds are maintained by the jurisdiction maintaining appropriated funds and agrees that such accounting will be subject to the standard accounting requirements and practices employed by the Agency's jurisdiction in accordance with the requirements set forth in the current edition of the *Guide*, including the requirement to maintain relevant documents and records for five years.

The misuse or misapplication of shared resources or supplantation of existing resources with shared assets is prohibited. The Agency must follow its jurisdiction's procurement policies when expending shared funds. Failure to comply with any provision of this agreement shall subject the recipient agency to the sanctions stipulated in the current edition of the *Guide*.

6. Audit Report. Audits will be conducted as provided by the Single Audit Act Amendments of 1996 and OMB Super Circular,

Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards. The Department of Justice and the Department of the Treasury reserve the right to conduct periodic random audits or reviews.

7. Freedom of Information Act. Information provided in this Document is subject to the FOIA requirements of the Department of Justice and the Department of the Treasury.

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

Signature: _____ Date: _____

To the best of my knowledge and belief, the information provided on this form is true and accurate and has been reviewed and authorized by the Law Enforcement Agency Head whose name appears above. Entry of the Agency Head name above indicates his/her acceptance of and agreement to abide by the policies and procedures set forth in the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*, including ensuring permissibility of expenditures and following all required procurement policies and procedures. Entry of the Agency Head name above also indicates his/her acceptance of and agreement to abide by requirements set forth in 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. The Law Enforcement Head also certifies that no items on the Prohibited list, as detailed in "Recommendations Pursuant to Executive Order 13888", were purchased with equitable sharing funds on or after October 1, 2015.

Governing Body Head

Name: Vogt, Ruben John
Title: County Judge
Email: RVogt@epcounty.com

Signature: _____ Date: _____

To the best of my knowledge and belief, the agency's current fiscal year budget reported on this form is true and accurate and the Governing Body Head whose name appears above certifies that the agency's budget has not been supplanted as a result of receiving equitable sharing funds. Entry of the Governing Body Head name above indicates his/her acceptance of and 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.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

EDWARD A. DION, CPA, CIO
COUNTY AUDITOR
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EL PASO, TEXAS 79901-2407
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01-04

January 8, 2018

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 inventory audit of the El Paso County Sheriff's Office fixed assets purchased with federal and state forfeiture funds. Policies, and procedures were also reviewed to ensure processes are documented, operating and efficient.

The audit report is attached. There was one finding 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.

Very truly yours,

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

Edward A. Dion
County Auditor

EAD:PT:ya

cc: Ms. Betsy Keller, County Chief Administrator



**EL PASO COUNTY SHERIFF'S OFFICE
FORFEITURE FUNDS FIXED ASSETS INVENTORY AUDIT**



EXECUTIVE SUMMARY

BACKGROUND

Fixed assets purchased with federal and state forfeiture funds are tracked in the County's fixed asset accounting system. The El Paso County Sheriff's office performs periodic reviews of fixed assets including those purchased with forfeiture funds to ensure proper accounting of fixed assets. In the event property is sold/disposed, the proceeds from the sale of the property must be deposited back into the agency's forfeiture fund if the property was purchased with forfeiture funds. 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 safekeeping fixed assets of the El Paso County Sheriff's office. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Policies and procedures for tracking of fixed assets purchased with federal or state forfeiture funds.	Needs Improvement

METHODOLOGY

To achieve the audit objectives we:

- Performed a physical inventory audit of fixed assets purchased with federal and state forfeiture funds.
- Reviewed policies and procedures for tracking of fixed assets purchased with federal and state forfeiture funds.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *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">• Policies and procedures for tracking fixed assets purchased with forfeiture funds (Obj. 1)
Findings Summary	
1. Procedures to identify fixed assets purchased with forfeiture funds when being submitted for surplus or removal from inventory list to the Purchasing department are not being followed.	

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 the objective of this audit; however, implementation of the recommendations provided in this report should assist the Sheriff's office in improving their internal controls regarding fixed assets purchased with forfeiture funds.



EL PASO COUNTY SHERIFF'S OFFICE
FORFEITURE FUNDS FIXED ASSETS INVENTORY AUDIT



FINDINGS AND ACTION PLANS

Finding #1		Risk Level (M)	
<p>Tracking Fixed Assets Purchased with Forfeiture Funds – Sheriff personnel are not identifying the funding source when assets are removed from the department's inventory list for surplus auction or fleet accidents. This oversight resulted in auction proceeds for nine assets purchased with forfeiture funds being deposited into the County's general fund. In addition, one vehicle purchased with forfeiture funds was totaled in a fleet accident and turned over to the insurance company; however, the insurance proceeds were deposited into the County's general fund.</p> <p>As a result of this audit, the following amounts were reimbursed to the forfeiture accounts from the surplus auctions: State Forfeiture \$364.80; Justice Forfeiture \$6,312.11. The Justice Forfeiture account was also reimbursed \$11,011.88 for insurance proceeds from the totaled vehicle.</p> <p>Once Sheriff's personnel were made aware of the oversight they issued Directive 2017-023 to amend <u>Sheriff's Office Policy 2.06 Equipment Control</u>. The new amendment requires the Budget Operations Manager to identify the funding source before submitting equipment for disposal to the Purchasing inventory control section.</p> <p>It was also noted that MUNIS, the County's new ERP system does not produce reports that identify fixed assets purchased with forfeiture funds. The current report produces a list of assets that were not purchased through a regular purchase order; however, further research has to be done to identify the funding source.</p>			
Recommendation			
<p>We recommend personnel follow the amended <u>Sheriff's Office Policy 2.06 Equipment Control</u> to ensure the funding source of disposed assets is identified and purchasing is made aware proceeds need to be reimbursed to the respective forfeiture accounts. The Sheriff's office should work with ITD and the County Auditor's office to ensure MUNIS can provide a report that identifies fixed assets purchased with forfeiture funds. Sheriff personnel should also ensure their periodic physical review of fixed assets clearly identifies those purchased with forfeiture funds.</p>			
Action Plan			
Person Responsible	Sheriff's Budget Operations Manger	Estimated Completion Date	12/21/2017
<p>Sheriff's staff personnel will follow the amended <u>Sheriff's Office Policy 2.06 Equipment Control</u> to ensure the funding source of disposed assets is identified and purchasing is made aware proceeds need to be reimbursed to the respective forfeiture accounts.</p>			



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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06-13

June 18, 2018

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 process are documented, operating and efficient.

The audit report is attached. We tested seven financial controls and one operational control with a total of 190 samples. There was one finding 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.

Respectfully,

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

Edward A. Dion
County Auditor

EAD:PT:ya

cc: Ms. Betsy Keller, County Chief Administrator



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



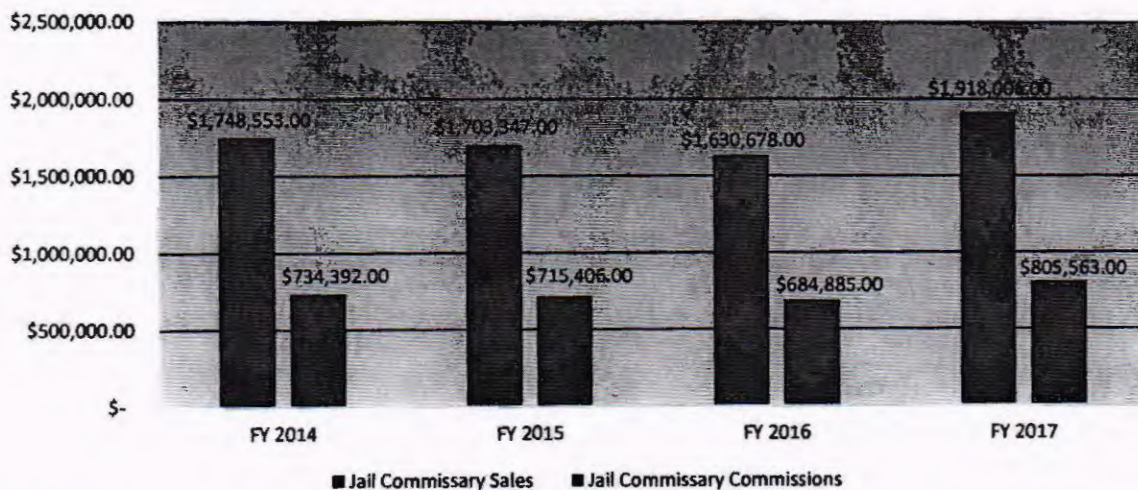
BACKGROUND

The Jail Commissary, operated by Aramark Corporation, is for the use of County jail inmates to purchase personal hygiene items, snacks, stationery, and phone time. Jail commissary sales commissions fund the Inmate Profit Fund, which may be used for expenditures outlined in *Local Government Code § 351.0415 (c)*. Financial reporting was reviewed using information from the Inmate Trust Bank Statement, Munis (the County financial 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. The most recent prior audit report was issued on May 23, 2017. The status of prior year audit action plans may be found in the *Findings and Action Plans* section of this report.

FINANCIAL REPORTING

The Commissary Inmate Profit Fund fiscal year 2017 balance sheet; combined statement of revenues, expenditures, and changes in fund balance; and schedule of revenues, expenditures, and changes in fund balances – budget and actual as reported in the 2017 El Paso County Comprehensive Annual Financial Report (CAFR) are attached. The CAFR can be accessed at http://www.epcounty.com/auditor/publications/cafr/cafr_17/main.htm. The following chart is an analysis of jail commissary sales and commissions for the past four fiscal years.

Jail Commissary Sales and Commissions



OBJECTIVES

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to the Jail Commissary. Following are the business objectives and related control assessments.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Complete and accurate bank reconciliations	Satisfactory
3. Accurate inmate commissary account order and return credit transactions	Satisfactory
4. Appropriate and timely posting of manual receipts to Aramark Core	Needs Improvement
5. Accurate and complete commissary sales commissions	Satisfactory
6. Review and approval of allowable expenditures	Satisfactory
7. Jail commissary operation vendor contract execution	Satisfactory

SCOPE

The scope of the audit is from January 2017 through December 2017.



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



METHODOLOGY

To achieve the audit objectives we:

- Performed a surprise cash count at Jail Annex and Detention Center collections stations in accordance with *Local Government Code §115.0035*.
- Reviewed bank reconciliations.
- Reviewed a sample of daily deposit packets.
- Reviewed a sample of Inmate Commissary orders and return credits.
- Tested a sample of manual receipts for appropriate and timely posting to the Aramark Core System.
- Reviewed Jail Commissary Profit Fund commissions and verified posting to Munis.
- Tested a sample of personnel, operating, equipment and contracted services expenditures to verify compliance with *Local Government Code § 351.0415 (C)*.
- Reviewed prior audit action plans for implementation status.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *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. 1)• Reconciliation of bank accounts (Obj. 2)• Posting of orders and return credits to inmate accounts (Obj. 3)• Weekly report of Commissary Sales Commissions (Obj. 5)• Review of Inmate Profit Fund expenditures (Obj. 6)• Monitoring execution of Jail Commissary vendor contract (Obj. 7)	<ul style="list-style-type: none">• Posting of manual receipts (Obj. 4)
Findings Summary	
<ol style="list-style-type: none">1. One manual receipt collection was posted to incorrect inmate account; procedures addressing incorrect postings are not documented.	

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 of seven objectives for this audit. Implementation of recommendations provided in this report should assist the Sheriff's office in improving the Jail Commissary internal control structure.



**El Paso County Sheriff's Office
Jail Commissary Audit
Findings and Action Plans**



Prior Audit Findings Summarized with Current Status

Status

- Closed (H)** 1. **Finding:** Inmate accounts were credited twice for out of stock items when an order was not received by the inmate. It was determined the discrepancy was due to a deviation in the Aramark work flow process.
Recommendation: Aramark should upgrade the warehousing software to Aramark CORE Warehouse to prevent further losses. Aramark was to also provide a monthly report in cases where accounts could be affected before the software update.
Action Plan: A demand letter was sent to Aramark to compensate the County for over credited amounts. *Compensation was received 7/28/17.*
- Closed (M)** 2. **Finding:** Jail Commissary Services BID# 14-049 was awarded on February 10, 2015; however, the County and the vendor have not executed the contract.
Recommendation: Finalize the contract for BID# 14-049 to ensure bid specifications for the awarded bid are implemented.
Action Plan: As per County Attorney personnel, the contract is in draft form and being reviewed by the Budget and Fiscal Policy Department. *Contract was executed on 4/27/18.*

Current Audit Findings & Action Plans

Finding #1	Risk Level
Incorrect manual receipt posting – We reviewed 45 manual receipts to ensure proper posting to inmate accounts in the Aramark Core System. One manual receipt for \$40 was credited to the wrong inmate account. Bond and Inmate Trust Section (BITS) personnel discovered the error while reviewing the daily deposit packet, and notified the cashier of the mistake. After being notified, the cashier deposited \$40 of her own money to correct the inmate's account.	
Upon further inquiry it was explained by BITS the proper procedure for handling the discrepancy would have been to debit the inmate's account who was credited the wrong amount, and then credit the correct inmate's account with the corresponding amount; however, since the inmate that received the incorrect amount had been released from jail, the funds were not available for the correction. Furthermore, it was stated since the funds were not available to correct the matter, the incident should have been referred up the chain of command. However, in the interest of all parties involved it was allowed for the cashier to deposit her own money because she had volunteered to do so to resolve the matter. The policies and procedures to address these issues are not documented by BITS, which may lead to inconsistencies while handling similar issues.	
Recommendation	
BITS management should establish and follow documented policies and procedures to address instances where a cashier does not properly credit an inmate's account to ensure consistent handling of any future similar errors.	
Action Plan	
Person Responsible	Estimated Completion Date
BITS	5/31/2018
BITS was instructed to amend the Internal Security Procedures to provide that employees shall not use personal funds to cover losses by said employee. Furthermore, policies will indicate that internal investigations may be conducted to determine the circumstances surrounding employee errors and what, if any, remedial/disciplinary steps respecting the employee are indicated.	

County of El Paso, Texas
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2017

Exhibit B-1

	Community Income Profit	County Clerk Revenue Management and Preservation	County Attorney Contributions	Charitable Contributions	Roads Management and Preservation
ASSETS					
Cash and cash equivalents	\$651,730	\$996,550	\$186,111	\$487,864	\$54,814
Accounts receivable	14,282		285		
Total assets	<u>\$666,012</u>	<u>\$996,550</u>	<u>\$186,397</u>	<u>\$487,864</u>	<u>\$54,814</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	\$103,490	\$2,343	\$165		\$80
Refundable payable				\$17,118	
Payroll liabilities	1,434	11,308			3,089
Due to others					
Due to other funds					
Due to other governments					
Total liabilities	<u>\$105,914</u>	<u>\$13,651</u>	<u>\$165</u>	<u>\$17,118</u>	<u>\$3,089</u>
Fund balances:					
Nonspendable:					
Reserved:					
Temporary, involuntary substitution	\$65,629	\$70,149	\$19,056	\$65,896	\$4,333
General assistance					
Public safety	\$5,369			48	
Roads management		11,848			17,512
Road construction/maintenance					
Other purposes			\$67,236		
Committed:					
Assigned:					
Other purposes					
Total fund balances	<u>\$560,098</u>	<u>\$982,899</u>	<u>\$186,232</u>	<u>\$470,746</u>	<u>\$51,725</u>
Total liabilities and fund balances	<u>\$666,012</u>	<u>\$996,550</u>	<u>\$186,397</u>	<u>\$487,864</u>	<u>\$54,814</u>

(Continued)

County of El Paso, Texas
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenues Funds
For the Year Ended September 30, 2017

	Commissary Income Profit	County Clerk Records Management & Preservation	County Attorney Commissions	Courtroom Security	Records Management and Preservation
REVENUES					
Taxes					
Intra-governmental					
Charges for services	\$805,565	\$1,051,594	\$18,920	\$231,367	\$156,366
Fines and forfeitures					
Interest	2,379	1,992	823	1,550	204
Miscellaneous	492				
Total revenues	<u>808,457</u>	<u>1,053,586</u>	<u>19,743</u>	<u>232,917</u>	<u>156,570</u>
EXPENDITURES					
General government		718,792			193,817
Administration of justice			24,252		
Public safety	638,922				
Health and welfare					
Community services					
Culture and recreation					
Public works					
Capital outlays		13,020		220,382	
Total expenditures	<u>638,922</u>	<u>731,812</u>	<u>24,252</u>	<u>220,382</u>	<u>193,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>169,424</u>	<u>321,774</u>	<u>15,491</u>	<u>12,535</u>	<u>(37,247)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in				1185,000	
Transfers out				(185,000)	
Total other financing sources (uses)				<u>(172,463)</u>	
Net change in fund balances	<u>169,424</u>	<u>321,774</u>	<u>15,491</u>	<u>(172,463)</u>	<u>(37,247)</u>
Fund balances - beginning	<u>391,774</u>	<u>657,423</u>	<u>170,801</u>	<u>638,411</u>	<u>84,912</u>
Fund balances - ending	<u>\$561,198</u>	<u>\$979,197</u>	<u>\$186,292</u>	<u>\$465,948</u>	<u>\$47,665</u>

(Continued)

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$3,750,000	\$3,750,000	\$3,720,772	(\$29,228)
Interest	1,500	1,500	1,830	330
Total revenues	3,751,500	3,751,500	3,722,602	(28,898)
EXPENDITURES				
Culture and recreation				
Operating	2,725,765	2,725,765	2,723,070	2,695
Total culture and recreation	2,725,765	2,725,765	2,723,070	2,695
Total expenditures	2,725,765	2,725,765	2,723,070	2,695
Excess (deficiency) of revenues over (under) expenditures	1,025,735	1,025,735	999,532	(26,203)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,579,278)	(1,579,278)	(1,553,075)	26,203
Total other financing sources (uses)	(1,579,278)	(1,579,278)	(1,553,075)	26,203
Net change in fund balance	(553,543)	(553,543)	(553,543)	
Fund balances - beginning	561,178	561,178	561,178	
Fund balances - ending	\$7,635	\$7,635	\$7,635	

County of El Paso, Texas
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Commissionary Inmate Profit Special Revenue Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$680,000	\$680,000	\$805,565	\$125,565
Interest	800	800	2,379	1,579
Miscellaneous			403	403
Total revenues	680,800	680,800	808,347	127,547
EXPENDITURES				
Public Safety				
Personnel	150,537	151,190	128,581	22,609
Operating	769,997	764,369	510,342	254,027
Total public safety	920,534	915,559	638,923	276,636
Capital outlays		20,600		20,600
Total expenditures	920,534	936,159	638,923	297,236
Excess (deficiency) of revenues over (under) expenditures	(239,734)	(255,359)	169,424	424,783
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	(239,734)	(255,359)	169,424	424,783
Net change in fund balance	391,774	391,774	391,774	
Fund balances - beginning	\$152,040	\$136,415	\$561,198	\$424,783
Fund balances - ending				



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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

11-11

November 9, 2018

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

Dear Sheriff Wiles:

A copy of a memorandum from Mr. Phillip Trevizo, internal auditor, dated November 9, 2018, is attached. This memorandum is a report on a review of your State Forfeiture Accounts for the reporting period October 1, 2017, through September 30, 2018.

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", followed by a horizontal flourish.

Edward A. Dion
County Auditor

EAD:PT:ya

Attachment




COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

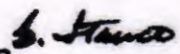
EDWARD A. DION, CPA, CIO
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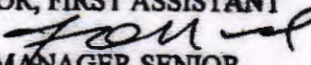
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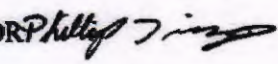
11-12

MEMORANDUM

TO:  EDWARD A. DION, COUNTY AUDITOR

THRU: BARBARA FRANCO, COUNTY AUDITOR, FIRST ASSISTANT 

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

FROM: PHILIP TREVIZO, INTERNAL AUDITOR 

DATE: NOVEMBER 9, 2018

SUBJECT: REVIEW OF THE EL PASO COUNTY SHERIFF'S STATE FORFEITURE ACCOUNTS FOR THE REPORTING PERIOD OF OCTOBER 1, 2017, THROUGH SEPTEMBER 30, 2018

Overview

A review of the El Paso Sheriff's Office State Forfeiture Accounts has been performed for the reporting period of October 1, 2017, through September 30, 2018, 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 that they were accounted for properly. The Fiscal Year 2018 Chapter 59 Asset Forfeiture Report, copy attached, was reviewed for accuracy and completeness.

Summary

While reviewing the proceeds and expenditures of the State Forfeiture Accounts, 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.

PT:ya

Agency Information

Agency Information

Year: 2018	Agency Name: <u>El Paso County Sheriff's Dept.</u>
Agency Mailing Street: 3850 Justice Road	City: El Paso
ZIP: 79938	State: TX
County: El Paso	Phone Number: (915) 538-2286
Agency Fiscal Beginning Month: October	Agency Fiscal Ending Month: September

I. Seized Funds

Do not include federal seizures and/or forfeitures on this form. This form is only for those seizures and/or forfeitures made pursuant to Chapter 59 of the Texas Code of Criminal Procedure.

Seized Funds Pursuant to Chapter 59

Funds that have been seized but have not yet been awarded/forfeited to your agency by the judicial system.

A) Beginning Balance: \$0.00

B) Seizures During Reporting Period

Include only those seizures which occurred during the reporting period and where the seizure affidavit required by Article 59.03 is sworn to by a peace officer employed by your agency (E.G. seizing officer's affidavit).

1) Amount seized and retained
in your agency's custody: \$21,140.00

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

3) Total Seizures - This field
will be auto-calculated when
you SAVE or switch sections: \$21,140.00

C) Interest Earned on Seized
Funds During Reporting
Period: \$54.00

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:

G) Ending Balance - This field
will be auto-calculated when
you SAVE or switch sections: \$21,194.00

Ending Balance - Mailed Form:

II. Forfeited Funds & Other Court Awards

Forfeited Funds and Other Court Awards Pursuant to Chapter 59

Funds awarded to your agency by the judicial system and which are available to spend.

A) Beginning Balance: \$257,720.00

B) Amount Forfeited to and
Received by Reporting Agency
(Including Interest) During
Reporting Period: \$168,315.00

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

D) Amount Awarded Pursuant
to 59.022: \$0.00

E) Amount Awarded Pursuant to 59.023: \$0.00

F) Proceeds Received by Your Agency From Sale of Forfeited Property: \$45,274.00

G) Amount Returned to Crime Victims: \$0.00

H) Other Reconciliation Items (Must provide detail in box below): \$40,588.00

Description:

Excess GPI Revenue \$254.00
 Reimbursement for Overpayment \$576.00
 Reimbursement from Homeland Security for purchase of K-9s and Equipment \$39,758.00

I) Total Expenditures of Forfeited Funds During Reporting Period. This field will be auto-calculated once section VI has been completed and you save or switch sections.: \$148,537.00

J) Ending Balance - This field will be auto-calculated when you SAVE or switch sections.: \$383,360.00

I) Total Expenditure from Mailed Form:

J) Ending Balance from Mailed Form:

III. Other Property

Other Property

List the number of items seized for each category. Include only those seizures where a seizure is made by a peace officer employed by your agency. If property is sold, list under "Proceeds Received by Your Agency From Sale of Forfeited Property" in Section II (F) in the reporting year in which the proceeds are received. Please note - this should be a number not a currency amount. Example 4 cars seized, 3 cars forfeited and 0 cars put into use.

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)

- 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)

Please note - this should be a number not a currency amount. For example, 4 computers seized, 3 computers forfeited and 0 computers put into use.

- 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)

Please note - this should be a number not a currency amount. For example, 4 firearms seized, 3 firearms forfeited, 0 firearms put into use.

- 1) Seized: 0
- 2) Forfeited to Agency: 0
- 3) Returned to Defendants/Respondents: 0
- 4) Put into use by Agency: 0

E) Other Property

Please note - this should be a number not a currency amount. For example, 4 lots of tools seized, 3 lots of tools forfeited, 0 lots of tools put into use.

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

IV. Forfeited Property Received

Forfeited Property Received From Another Agency

Enter the total number of items transferred to your agency where the forfeiture judgment awarded ownership of the property to another agency prior to the transfer.

A) Motor Vehicles: 0

B) Real Property: 0

C) Computers: 0

D) Firearms: 0

E) Other: 0

V. Forfeited Property Transferred/Loaned

Forfeited Property Transferred or Loaned to Another Agency

Enter the total number of items transferred or loaned from your agency where the forfeiture judgment awarded ownership of the property to your agency prior to the transfer.

A) Motor Vehicles: 0

B) Real Property: 0

C) Computers: 0

D) Firearms: 0

E) Other: 0

VI. Expenditures: A - D

A) Salaries

- 1) Increase of Salary, Expense
or Allowance for Employees (Salary Supplements): \$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

Total Salaries from Mailed
Form:

B) Overtime

- 1) For Employees Budgeted by
Governing Body: \$0.00
- 2) For Employees Budgeted
Solely out of Forfeiture Funds: \$0.00
- 3) Number of Employees Paid
Using Forfeiture Funds: 0
- 4) TOTAL OVERTIME PAID
OUT OF CHAPTER 59 FUNDS: \$0.00

Total Overtime from Mailed
Form:

C) Equipment

- 1) Vehicles: \$0.00
- 2) Computers: \$0.00
- 3) Firearms, Protective Body
Armor, Personal Equipment: \$0.00
- 4) Furniture: \$0.00
- 5) Software: \$0.00
- 6) Maintenance Costs: \$598.00
- 7) Uniforms: \$0.00
- 8) K9 Related Costs: \$19,000.00
- 9) Other (Must provide detail in
box below): \$21,589.00

Description:

Pro Sweep All In One Ultimate Bug Detector \$495.00
3 ABC Fire Extinguishers \$338.00
4 Car Video Systems \$20,758.00

10) TOTAL EQUIPMENT
PURCHASED WITH \$41,187.00
CHAPTER 59 FUNDS:

Total Equipment from Mailed
Form:

D) Supplies

1) Office Supplies: \$1,837.00
2) Mobile Phone and Data
Account Fees: \$7,329.00
3) Internet: \$0.00
4) Other (Must provide detail in
box below): \$4,488.00

Description:

Plaques & Awards \$3,723.00
K-9 Food \$765.00

5) TOTAL SUPPLIES
PURCHASED WITH \$13,454.00
CHAPTER 59 FUNDS:

Total Supplies from Mailed
Form:

VI. Expenditures: E

E) Travel

1) In State Travel

a) Transportation: \$0.00
b) Meals & Lodging: \$0.00
c) Mileage: \$0.00
d) Incidental Expenses: \$0.00

e) Total In State Travel: \$0.00

Total In State Travel from
Mailed Form:

2) Out of State Travel

a) Transportation: \$0.00

b) Meals & Lodging: \$0.00

c) Mileage: \$0.00

d) Incidental Expenses: \$0.00

e) Total Out of State Travel: \$0.00

Total Out of State Travel from
Mailed Form:

3) Total Travel Paid Out of Chapter 59 Funds

Total Travel Paid Out of
Chapter 59 Funds: \$0.00

Total Travel from Mailed Form:

VI. Expenditures: F - G

F) Training

1) Fees (Conferences,
Seminars): \$90.00

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 59 \$90.00
FUNDS:

Total Training from Mailed
Form:

G) Investigative Costs

- 1) Informant Costs: \$30,000.00
- 2) Buy Money:
- 3) Lab Expenses: \$0.00
- 4) Other (Must provide detail in
box below): \$10,898.00

Description:

MicroTracker Service \$3,720.00
Online Investigative Program \$8,977.00

5) TOTAL INVESTIGATIVE
COSTS PAID OUT OF \$40,898.00
CHAPTER 59 FUNDS:

Total Investigative Costs from
Mailed Form:

VI. Expenditures: H - N

H) Prevention / Treatment Programs / Financial Assistance / Donation

- 1) Total Prevention/Treatment
Programs (pursuant to 59.06 \$0.00
(d-3(6), (h), (i)):
- 2) Total Financial Assistance
(pursuant to Articles 59.06 (n) \$0.00
and (o)):
- 3) Total Donations (pursuant to
Articles 59.06 (d-2)): \$0.00
- 4) Total scholarships to
children of officers killed in the \$0.00
line of duty (pursuant to Article
59.06 (r)):

5) TOTAL
PREVENTION/TREATMENT
PROGRAMS/FINANCIAL
ASSISTANCE/DONATIONS
(Pursuant to Articles 59.06 \$0.00

(d-3(b)), (h), (j), (n), (o), (d-2),
(r)) - This field will be
auto-calculated when you
SAVE or switch sections:

Total
PREVENTION/TREATMENT
PROGRAMS/FINANCIAL
ASSISTANCE/DONATIONS
from Mailed Form:

I) Facility Costs

- 1) Building Purchase: \$0.00
- 2) Lease Payments: \$0.00
- 3) Remodeling: \$0.00
- 4) Maintenance Costs: \$2,750.00
- 5) Utilities: \$0.00
- 6) Other (Must provide detail in
box below): \$339.00

Description:

Incinerator Parts \$339.00

7) TOTAL FACILITY COSTS
PAID OUT OF CHAPTER 59
FUNDS: \$3,089.00

Total Facility Costs from
Mailed Form:

J) Miscellaneous Fees

- 1) Court Costs: \$0.00
- 2) Filing Fees: \$0.00
- 3) Insurance: \$0.00
- 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): \$50,019.00

Description:

City License Landfill Fee \$137.00
Parking \$42,000.00
Community Movie Event \$87.00
Bank Fees \$560.00

Alias License Titles \$978.00
Landfill Usage \$263.00
Assessors Testing \$389.00
Membership Fees \$25.00
Room Rental for Meeting \$5,580.00

7) Total Miscellaneous Fees
Paid Out of Chapter 59 Funds
- This will be auto-calculated \$50,019.00
when you SAVE or switch
sections:

Total Miscellaneous Costs
from Mailed Form:

K) Paid to State Treasury / General Fund / Health & Human Services Commission

1) Total paid to State Treasury
due to lack of local agreement \$0.00
pursuant to 59.06 (c):

2) Total paid to State Treasury
due to participating in task \$0.00
force not established in
accordance with 59.06 (q)(1):

3) Total paid to General Fund
pursuant to 59.06 (c-3) (C) \$0.00
(Texas Department of Public
Safety only):

4) Total forfeiture funds
transferred to the Health and \$0.00
Human Services Commission
pursuant to 59.06 (p):

5) TOTAL PAID TO STATE
TREASURY/ GENERAL
FUND/ HEALTH & HUMAN \$0.00
SERVICES COMMISSION
OUT OF CHAPTER 59
FUNDS:

Total Paid to State
Treasury/General fund/ Health
& Human Services
Commission from Mailed
Form:

L) Total Paid to Cooperating Agency(ies) Pursuant to Local Agreement

TOTAL PAID TO
COOPERATING \$0.00
AGENCY(IES) PURSUANT
TO LOCAL AGREEMENT:

M) 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 \$0.00
PREVIOUS CATEGORIES
(Must provide detail in box
below):

Description:

N) Total Expenditures

TOTAL EXPENDITURES: \$148,537.00

Total Expenditures from Mailed
Form:

Financial Professional Signature

After signing and pressing "Save", using your email address and password account access, and pursuant to the terms of service, you certify that 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.

Do you acknowledge the
above terms :

Typed Name of
Auditor/Treasurer/Accounting
Professional/Preparer::

Title:



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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

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

07-23

July 25, 2018

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 August 2016 through August 2017 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. We tested four financial controls and two operational controls using 538 samples. 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.

Respectfully,

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

cc: Ms. Betsy Keller, County Chief Administrator



County Tax Office – Auto Registration Audit

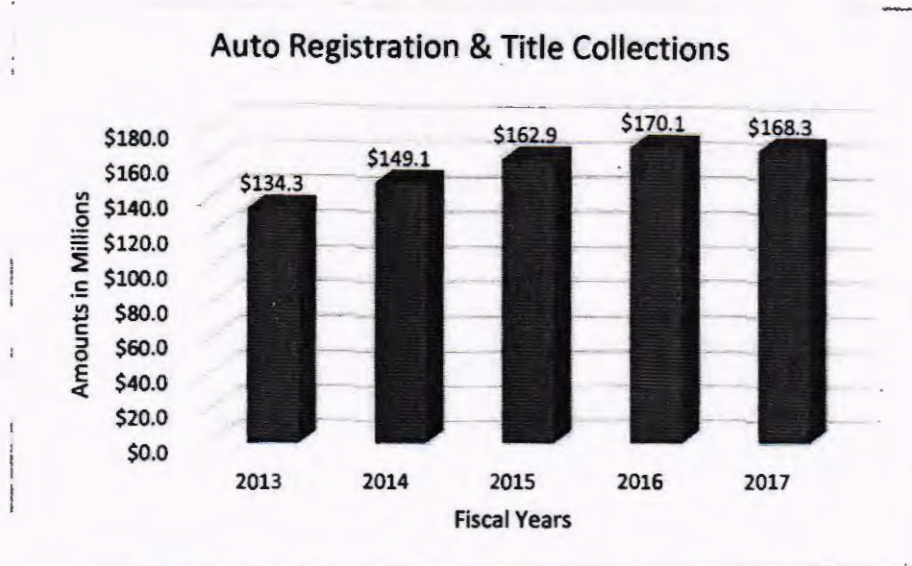


EXECUTIVE SUMMARY

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. There has been a change in management of the Auto Registration division since the last audit. The audit was performed by Ruth Bernal, internal auditor senior. The prior Tax Office – Auto Registration audit was issued October 19, 2016. The action plans for the findings in that audit have been implemented.

Financial reports are generated from the Registration and Titling System (RTS), a state system showing all transactions occurring each month. The following chart is a comparison of auto registration fees collected at the Tax Office and contracted offices for the past five fiscal years.



OBJECTIVES AND RESULTS

The audit evaluated the adequacy of controls and processes used to achieve key business objectives related to motor vehicle registrations. 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.	Need Improvement
2. Functioning appropriate cash controls.	Need Improvement
3. Timely transfer of collections in accordance with <i>Transportation Code § 502.198</i> .	Need Improvement
4. Complete and accurate bank reconciliations.	Satisfactory
5. Accuracy of mail log information and timely posting to RTS.	Unsatisfactory
6. Tax Assessor-Collector compliance with education requirements of Tax Code 6.231.	Satisfactory



County Tax Office – Auto Registration Audit



EXECUTIVE SUMMARY

SCOPE

The scope of this audit is August 2016 through August 2017. Contracted offices are not included in the scope of this audit as they are audited in a separate audit.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies and procedures;
- Performed surprise cash counts 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 collections submitted to the Treasury division to verify transfers were made in a timely manner in accordance with *Transportation Code §502.198*;
- Reviewed 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 Tax Assessor-Collector's training certificates for compliance with *Tax Code § 6.231*;
- Reviewed prior audit for status of any findings reported.

RESULTS

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

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Procedures for bank reconciliations (Obj. 4)• Compliance with education requirements (Obj. 6)	<ul style="list-style-type: none">• Policies and procedures. (Obj. 1)• Cash handling procedures (Obj. 2)• Timely submission of collections. (Obj. 3)• Receiving/posting of payments by mail (Obj. 5)
Finding Summary	
<ol style="list-style-type: none">1. Procedures for payments received by mail need improvement.2. Fifty-three percent of the collections sample reviewed was not submitted timely to Cash Management-Audit (Treasury).3. Policies and procedures for some areas of the collections procedures were not provided.4. A log of overage and shortages by cashier is not kept.5. Checks that include the service fees from Flash Auto Title contracted office are being received.	

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 auto registration was satisfactory for two of the six objectives of this audit. Implementation of the recommendations provided in this report should assist in strengthening the internal control structure.



County Tax Office Audit – Auto Registration Audit



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- Closed 1. **Finding:** A log or record of which employees have keys to the vault of each Tax Office is not maintained.
Recommendation: 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: To maintain records of the keys issued, a log will be created that will include the employees' name, vault location, date issued, signature, and date returned when applicable.
Resolved.
- Closed 2. **Finding:** October 2015 had 11 refund checks clear without a second signature. Procedures require two authorized signatures on refunds checks.
Recommendation: The Tax Office should exercise due care and verify refund checks have two authorized signatures before mailing them out.
Action Plan: Procedures will be reviewed and updated to prevent this situation from happening again. *Resolved.*
- Closed 3. **Finding:** Used manual receipts books in the branches are not being submitted to the main Tax Office for proper storage and disposal.
Recommendation: Manual receipt books with the County logo should be ordered through the Treasury division and unused inventory will be kept under Treasury custody.
Action Plan: 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.
Resolved.
- Ⓜ Closed 4. **Finding:** Tax Office policies and procedures for the authorization of equipment and supplies expenses are not documented.
Recommendation: Tax Office should document the policies and procedures for authorization of their supply and equipment expenditure.
Action Plan: Tax Office will analyze and document their policies and procedures for the authorization of equipment and supplies expense and separation of duties. *Resolved.*
- Closed 5. **Finding:** Tax Office does not have written policies and procedures for Scofflaw.
Recommendation: 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.
Action Plan: Tax Office will analyze and document their policies and procedures for Scofflaw.
Resolved.



County Tax Office Audit – Auto Registration Audit



FINDINGS AND ACTION PLANS

Current Audit Findings & Action Plans

Finding #1	Risk Level ●
<p>Payments received by mail - Interviews with Tax Office personnel along with sample testing of 15 of 243 daily logs and 30 transactions of selected days of payments received by mail were reviewed to determine if documented procedures were being followed. The following items were noted:</p> <ul style="list-style-type: none"> • Tender type (checks, money orders, etc.) of funds received were not included on the registered mail log prepared by the Beer and Wine division. (Front desk submits registration payments to the Auto Registration division that come in the envelopes provided by the Tax Office, the rest of the mail is logged at the Beer and Wine division). • Duplication of duties. The mail is date stamped twice, by the front desk and by the Auto Registration division. The envelopes date stamped by the front desk are discarded and could not be reviewed to compare dates received. • Lack of segregation of duties. The clerk who logs the renewal mail payments is the person who processes payments. • The daily mail log for the renewal registrations doesn't indicate who prepared it nor the total of funds received. • 11 of 15 daily mail logs reviewed didn't have a daily grand total of the number of mail payments received. • 18 of 30 scanned transactions reviewed were not date stamped as required by the policies and procedures. • Tender type of the funds received are not included on the scanned remittance advice slips. <p>Proper acceptance, processing and documentation of all payments received by mail is particularly important because the payee is not present and no receipt is issued at the time of collection. Documentation and proper handling of payments received by mail are important in case of any payment disputes, and to mitigate the risk of fraud or theft.</p>	
Recommendations	
<p>Management should consider implementing the following:</p> <ul style="list-style-type: none"> • The Beer and Wine mail log should include the tender type received (checks, money orders, etc.) with the check or money order number. • Mail received should be date stamped once, by the front desk, on the actual document or remittance advice slip for future reference and not the envelope. • Segregation of duties, the person that logs and scans the renewal registration received by mail should not be the person that post the payments. • Daily mail logs should be properly completed and indicate the preparer as well as a total number of mail payments and total of funds received. • Tender type and check or money order number, if applicable, should be included on the remittance advice slip. • Mail logs should be reviewed periodically and such review should be documented on the log with the reviewer's initials and date of review. 	
Action Plan	
Person Responsible	<div>Chief Deputy</div> <div>Estimated Completion Date</div> <div>9/30/18</div>
<p>Chief Deputy contacted the Information Technology department to explore the possibility of automating and incorporating the recommendations into the current system that is used to scan remittance advice slips received with mail payments; however, due to the high volume of work of the ITD department, it would not be feasible any time soon. It is also not feasible for the Tax Office to incorporate the recommendations manually without additional personnel. Procedures will be analyzed for other possible solutions to strengthen controls.</p>	



County Tax Office Audit – Auto Registration Audit



FINDINGS AND ACTION PLANS

Finding #2		Risk Level (M)	
<p>Timely Transfer of fees – 124 of 401 transactions of fees transferred to Cash Management-Audit division (formerly Treasury division) were reviewed. 12 transactions or 10% of the sample were submitted 6 to 19 days late. <i>Transportation Code §502.198</i> states funds received in the preceding week must be split and transferred to the State and County by the following Tuesday.</p> <p>The Tax office states they require extra time to perform due diligence and verify the State RTS system report balances to actual collections. The RTS system report is used to determine the amounts to be transferred to the State and the County.</p>			
Recommendations			
Transfers to the County should be made in accordance with <i>Transportation Code §502.198</i> . Any reconciling issues should be documented and adjusted on the subsequent weekly deposit.			
Action Plan			
Person Responsible	Chief Deputy	Estimated Completion Date	7/1/18
Each Tuesday, a report is run from the RTS system that indicates how much must be transferred to the State and to the County from the preceding week's collections. The Tax Office balances their collections on a daily basis. However, when they receive the weekly report, they have found mistakes. The Tax Office wants to do their due diligence and verify the report balances to the actual collections. Tax Office will not meet this objective because it is not feasible since TxDMV reports are processed after the deadline imposed by Texas Local Government Code 113.022. Tax Office will document internally any actions, including reconciling issues that cause a delay in transmitting funds to Cash Management, excluding extended holiday weekends.			

Finding #3		Risk Level (M)	
<p>Policies and procedures – The Tax Office has documented policies and procedures for some aspects of its cash collection operations; however, procedures for some functions such as daily balancing were not provided. Management of the Auto Registration division explained they are working on the policies and procedures since they are planning to change some of them.</p> <p>It is very important to have detailed documented policies and procedures to provide guidance to County employees on how to safeguard public assets and to help strengthen and enforce internal controls.</p>			
Recommendation			
Current documented policies and procedures should be updated to include, at a minimum, the following items:			
<ul style="list-style-type: none">• Void transaction procedures• Tender type reconciliation procedure• Cash handling training requirements• Disciplinary Action• Daily reconciliation procedures• Overage and shortages policy• Change fund roles and responsibilities• Guidelines in event of robbery			
Action Plan			
Person Responsible	Motor Vehicle Registration & Title Director	Estimated Completion Date	9/30/18
Management agrees with the recommendation, further, management is in the process of reviewing existing policies and procedures and expects to provide the Auditor's office with a copy of the procedure for handling registration payments received by mail by the end of the current fiscal year.			



County Tax Office Audit – Auto Registration Audit



FINDINGS AND ACTION PLANS

Finding #4

Risk Level (M)

Overages and shortages – Tax office verifies collections on a daily basis and detects when there are overages and shortages; however, the Tax office does not keep a log of the frequency for each cashiers' overages and shortages. This is important for training purposes and monitoring for possible theft or fraud. In addition, County Attorney Opinion regarding over/short accounts dated June 11, 1987, (attached) documents there is no provision for forgiveness of short accounts by the use of over receipts from another day; reference Texas Constitution, Article 16, Section 61, all fees collected by county officers shall be paid into the county treasury. As such, a record should be kept to inform the Tax Assessor Collector of any shortages he may be liable for.

Recommendations

Supervisors should keep a log of any overages or shortages by cashier. The log should be reviewed to identify any cash handling or staffing issues. The log should be tied to activity in the GF-TAXOFFICE-OVER-CASH RECEIPT account. All documented shortages should be reimbursed to the County. The Tax Assessor Collector should consult with the County Attorney if necessary to determine procedures to follow if indemnification for shortages is desired.

Action Plan

Person Responsible	Motor Vehicle Registration & Title Director	Estimated Completion Date	6/30/18
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Motor Vehicle Registration & Title Director has created a log that keeps track of the dates and employees that have balance discrepancies. Regarding the indemnification of the shortages, Tax Office has requested advice from the County Attorney and is still waiting for guidance.

Finding #5

Risk Level (L)

Collections submitted from contracted offices – Even though the contracted offices were not part of this audit scope, while reviewing the daily deposits of collections it was noted that Flash Title Registration Inc. is the only contracted office submitting customer checks with its collections. Those checks include the amount due to the County as well as the service fees to the contracted office. If a customer check is returned for any reason by the bank, the County will not only lose the registration fees, but also the amount of the contracted office fees. The contract for full service contracted offices requires checks to be payable to the order of the full service Deputy's individual name and/or business name. Also, any exceptions to standard procedures given to a particular office could be misinterpreted as favoritism.

Recommendations

The Tax Office should abstain from accepting personal or business checks from customers of a full service contracted office. The amount due to the County should be remitted in a single check from the full service contracted office to ensure contract compliance.

Action Plan

Person Responsible	Chief Deputy	Estimated Completion Date	3/1/18
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Effective March 1, 2018, Flash Title Registration Inc. is submitting a single check for the total of their collections.



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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

10-01

October 1, 2018

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

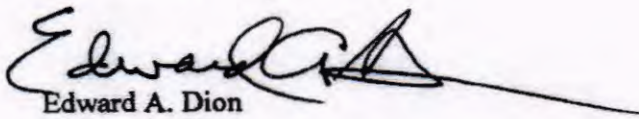
Dear Mr. Gonzalez:

The County Auditor's Internal Audit division performed an audit of the Tax Office Enforcement Division's financial records to determine if internal controls are adequate to ensure proper preparation of the Enforcement Division's 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 eight financial controls and three operating controls with a total of 218 samples. There were no findings noted as a result of the audit procedures. We wish to thank the management and staff of the Enforcement Division for their assistance and courtesies extended during this audit.

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

Respectfully,


Edward A. Dion
County Auditor

EAD: HM:ya

cc: Ms. Betsy Keller, Chief Administrator



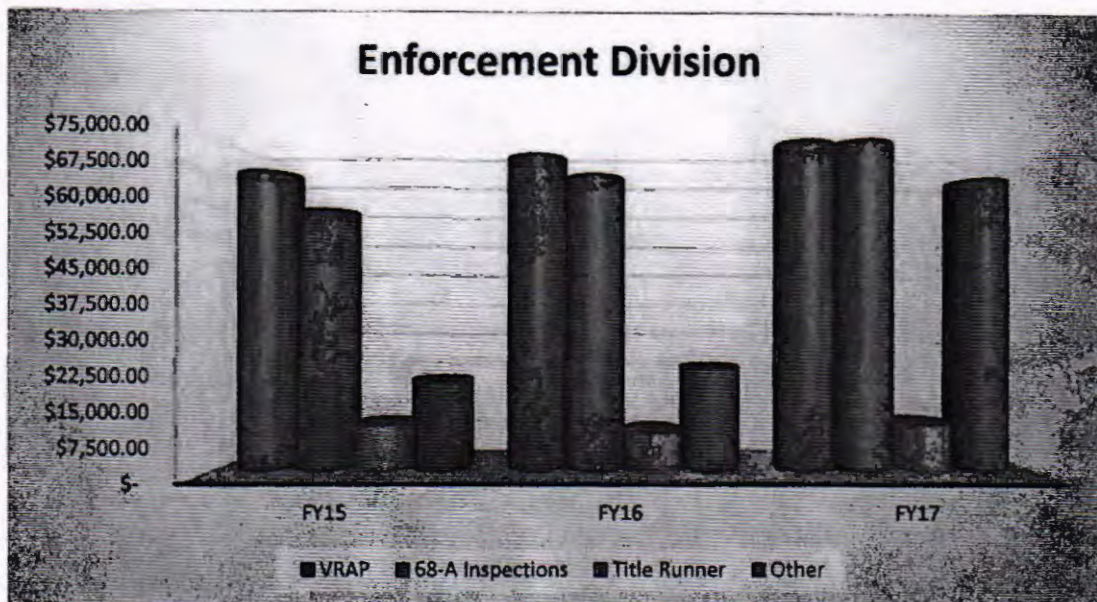
Tax Office Enforcement Division



EXECUTIVE SUMMARY

BACKGROUND

The Enforcement Division of the El Paso Tax Assessor-Collector's office was officially created by Commissioners Court on July 14, 2003. The division is in charge of different projects which include Vehicle Inventory Tax (V.I.T.), Motor Vehicle Title Service/Runner, 68-A Inspections, Vehicle Registration Abuse Program (VRAP), Curbstoning, and County Scofflaw. The mission of the Enforcement Division is to enforce registration laws, the Texas Property code that relates to Vehicle Inventory Tax Laws, and the Texas Transportation Code. Their other programs focus on recouping forgone revenue due to registration fraud, to recover stolen vehicles through VRAP, and to provide consumer protection from unscrupulous dealers or individuals selling vehicles without titles. Financial reports are generated from QuickBooks showing transactions occurring in their V.I.T. escrow and Discretionary accounts each month. Items collected for 68-A and Motor Vehicle Title Service are receipted in Tyler Cashiering and accounted for in the County's financial accounting system. Collections by the Tax Office Enforcement Division for 2015, 2016, and 2017 are illustrated below. The "other" portion consists of consumer complaints, title fraud/tax evasion, and curbstoning. The Enforcement Division saw an increase in collections due to an initiative of auditing salvage titling with minor repairs, therefore incrementing the amount on sales tax collected on these vehicles.



The audit was performed by Hadi Medina, internal auditor. The most recent prior audit report was issued on September 1, 2017, and had no findings.

AUDIT OBJECTIVES

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

Business Objective	Control Assessment
1. Timely completion of bank reconciliations for Escrow and Discretionary accounts	Satisfactory
2. Accurate mail log information and timely posting	Satisfactory
3. Functioning appropriate cash controls	Satisfactory
4. Compliance with Discretionary account disbursement limitations	Satisfactory
5. Posting of deposits to the financial accounting system	Satisfactory
6. Compliance with title runner application fee and requirements	Satisfactory
7. Appropriate and timely posting of manual receipts	Satisfactory
8. Appropriate recognition of 68-A inspection fee revenue	Satisfactory
9. Adequate non-financial security and operational measures	Satisfactory
10. Adherence to documented policies and procedures	Satisfactory



Tax Office Enforcement Division



EXECUTIVE SUMMARY

SCOPE

The scope of the audit is August 2017 through July 2018.

METHODOLOGY

To achieve the audit objectives we:

- Reviewed policies, procedures, and applicable statutes.
- Tested a sample of the Discretionary account disbursements for proper documentation and approval in accordance with *Tax Code §23.121*.
- Reviewed monthly reconciliations from QuickBooks financial reports to the bank statements for the V.I.T. Escrow and Discretionary accounts.
- 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*).
- Traced a sample of title runner application fee payments for proper documentation requirements and application fee in accordance with *Transportation Code §520.054* and *Texas Administrative Code, Title 43, Part 12, Chapter 325, Rule §325.1*.
- Tested a sample of manual receipts for appropriate and timely posting.
- Traced a sample of 68-A Inspection daily transactions from the deferred revenue account to the point it is recognized as revenue for proper recognition in accordance to *Transportation Code §501.0321*.
- Observed current security and operational processes and controls.
- Reviewed resolution of prior audit issues.

RESULTS

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

Controls Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• Reconciliation of bank accounts (Obj. 1)• Mail log controls (Obj. 2)• Cash handling procedures (Obj. 3)• Check disbursement controls (Obj. 4)• Timely deposit controls (Obj. 5)• Title runner controls (Obj. 6)• Manual receipt controls (Obj. 7)• 68-A revenue recognition controls (Obj. 8)• Maintain and follow department policies and procedures (Obj. 9)• Non-financial security and operational controls (Obj. 10)	
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 Enforcement Division continues to implement improvements in their operations and have met all the 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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04-09

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(915) 546-8172 FAX

April 4, 2018

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

Dear Mr. Gonzalez:

The County Auditor's Internal Audit division performed an audit of the eleven County Tax Office full service contracted offices to determine if internal controls are adequate to ensure compliance with County Tax Office contracts and State laws.

The audit report is attached. We tested one financial and four operational controls using 805 samples. There were three findings noted as a result of the audit procedures; one is a repeat finding. We wish to thank the management and staff of the Tax Office and the full service contracted offices 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", with a long horizontal flourish extending to the right.

Edward A. Dion
County Auditor

EAD:BT:ya

cc: Ms. Betsy Keller, Chief Administrator



Tax Office – Full Service Contracted Offices



EXECUTIVE SUMMARY

BACKGROUND

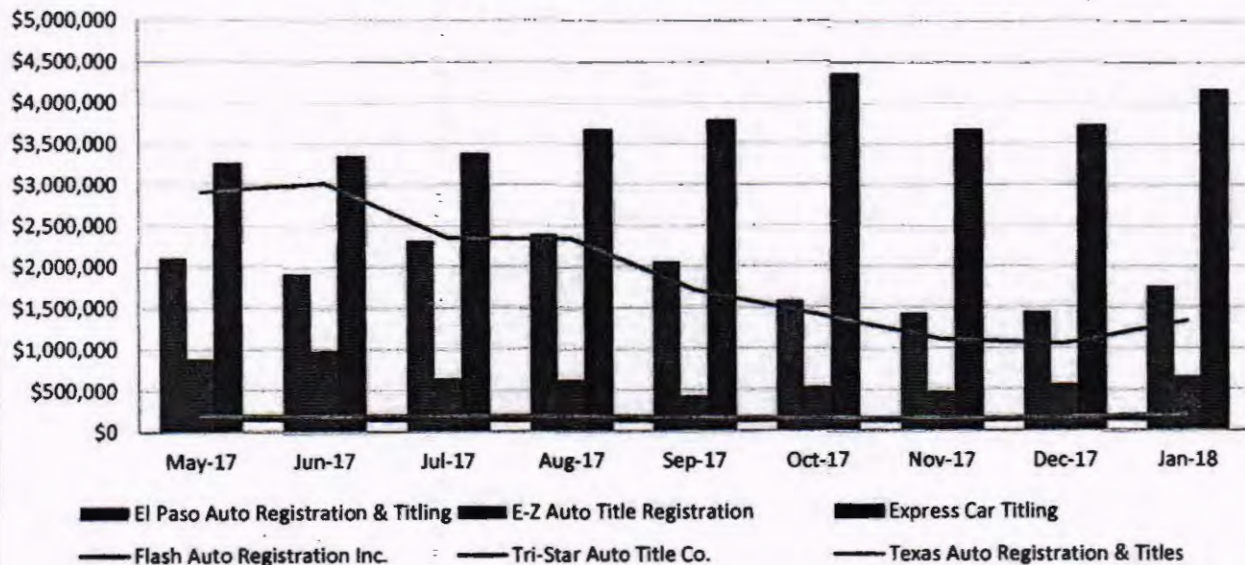
The office of the county Tax Assessor Collector is committed to ensure the enforcement of the Texas Motor Vehicle laws. Such a commitment can only be attained through competence, dedication, and integrity on the part of all deputies. Pursuant to *Texas Transportation Code §520.0071*, the County Tax Assessor collector may, with the approval of the El Paso County Commissioners' Court, deputize an individual or a business entity on a "full service basis" to issue motor vehicle registration license receipts, hereinafter "stickers" for the same, and prepare or accept applications for title transfers on behalf of the County Tax Assessor Collector all in adherence with the law. There are six deputized businesses with a total of eleven full service contracted office locations listed below:

El Paso Auto Registration & Titling (five locations)
E-Z Auto Title Registration (one location)
Texas Auto Registration & Titles (one location)

Express Car Titling (two locations)
Flash Auto Registrations Inc. (one location)
Tri-Star Auto Title Co. (one location)

The audit was performed by Bertha Tafoya, internal auditor. The prior audit was issued July 6, 2017. The following chart shows monthly collections by contracted office for the scope of this audit.

Monthly Collections by Contracted Office



SCOPE

The scope of the audit includes financial records from May 2017 through January 2018.

OBJECTIVES

The audit evaluated the adequacy of controls and processes to achieve key business objectives related to Tax Office full service contracted offices. Following are the business objectives and related controls assessments.

Business Objective	Control Assessment
1. Functioning appropriate cash controls	Needs Improvement
2. Contract compliance - Deputy Fees Charged <i>Transportation Code §520.0071(a)(4)</i>	Needs Improvement
3. Contract compliance - Bonds <i>Transportation Code §520.0071(3)</i>	Satisfactory
4. Contract compliance - Deputations <i>Transportation Code §520.0071(a)(b)</i>	Satisfactory
5. Posting disclaimer affidavit compliance with County's contract	Needs Improvement

**EXECUTIVE SUMMARY****METHODOLOGY**

To achieve the audit objectives we:

- Reviewed bond requirements to ensure compliance with *Transportation Code §520.0071(a)(3)*
- Reviewed employee deputation records to ensure compliance with *Transportation Code §520.0071(b)(2)*
- Performed surprise cash counts in accordance with *Local Government Code (LGC) §115.0035* as follows:
January 22 - El Paso Auto Registration & Titling II and Texas Auto Registration & Titles
January 23 - El Paso Auto Registration & Titling IV and EZ Auto Title Registration
January 25 - El Paso Auto Registration & Titling III and Express Car Titling II
February 5 - El Paso Auto Registration & Titling I and Flash Title Registration Inc.
February 6 - Express Car Titling I and Tri-Star Auto Title Co.
February 8 - El Paso Auto Registration & Titling V
- Reviewed Deputy processing fees to ensure compliance with *Transportation Code §520.0071(4)*
- Reviewed access records to ensure only authorized personnel have access to the Registration Title System.

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. Please see the *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"> • Offices with good cash controls (Obj. 1) E-Z Auto Title Registration Flash Title Registrations Inc. Tri-Star Auto Title Co., El Paso Auto Registration & Titling I, II, III, IV, and V, Texas Auto Registration & Titles, and Express Car Titling II • Compliance with bond requirements (Obj. 3) • Employee deputation records (Obj. 4) 	<ul style="list-style-type: none"> • Checks accepted as payable to County of El Paso (Flash Auto Title Registration Inc.) (Obj. 1) • Weak inventory control for placards (El Paso Auto Registration and Titling II) and fee schedule at all offices is not complete (Obj. 2) • Posting of disclaimer sign (Flash Auto Title Registration Inc.) (Obj. 5)
Findings Summary	
<ol style="list-style-type: none"> 1. Required disclaimer sign was not displayed at one office. (Repeat finding) 2. A disabled placard was missing from inventory for one office. 3. Payments by check for one office are made payable to the County Of El Paso. 	

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 Tax Office, as it relates to the full service contracted offices, has implemented improvements in their operations. Implementation of the recommendations provided in this report should assist the full service contracted offices in producing complete and accurate financial reports by strengthening their internal control structure.



Tax Office – Full Service Contracted Offices



Findings and Action Plans

Prior Audit Findings Summarized with Current Status

Status

(M) Closed

1. **Finding:** Cash discrepancies during cash counts.

Recommendation: Although these overages and shortages do not affect the amounts transmitted to the County, we perform the cash counts to ensure appropriate fees are being collected. We recommend the Tax Office to conduct surprise cash counts periodically (quarterly or semiannually) to reduce the risk of contracted offices collecting more than the approved fees. These cash counts and explanations for material discrepancies should be documented and available for review during future internal audits.

Action Plan: Tax Office management will address discrepancies with full service contracted business owners. Estimated completion date October 1, 2017.

● Closed
See current
finding # 2

2. **Finding:** Fees not disclosed for issuance of handicap placards the approved fee schedule displayed at all full service contracted offices does not reflect that services to issue permanent and temporary handicap placards are free.

Recommendation: The service fee schedule issued by the County Tax Assessor-Collector be updated to specify handicap placards fees are free.

Action Plan: Verbiage will be incorporated on the next update to ensure customers are not charged for fees not listed on the displayed fee schedule. Estimated completion date December 31, 2017. *Auditor's note: Fee schedule has not changed as management determined since there is no fee for the handicap placards it is not required to be on the fee schedule.*

● Open
See current
Finding # 3

3. **Finding:** Required disclaimer is not displayed as required in the approved contract. Item 34 of the contract requires a disclaimer be posted to notify customers the office is privately owned and not operated by the El Paso County Tax Office and includes specific required language A mail log is not being utilized at the field offices.

Recommendation: In order to ensure contract compliance, full service contracted offices must display the required disclaimer as required by the contract the required disclaimer will be displayed at all full service contracted offices.

Action Plan: The required disclaimer will be displayed at all full service contracted offices. Estimated completion date October 1, 2017.

● Closed

4. **Finding:** The deputation and official record for one employee was not available was not available for review April 20, 2017.

Recommendation: Official records should be kept securely for the required retention period.

Action Plan: The existing processes will be reviewed to ensure deputation records are filed immediately and that they are properly secured. Estimated completion date - Immediately.

Current Audit Findings & Action Plans

Finding #1	Risk Level (M)
<p>Required disclaimer – Flash Title Registrations Inc. did not display the disclaimer as required in the approved contract. Item 35 of the contract requires a disclaimer with specific required language be posted to notify customers the office is privately owned and not operated by the El Paso County Tax Office.</p>	
<p>Recommendation</p> <p>To ensure contractual compliance, all full service contracted offices must display the required disclaimer.</p>	
<p>Action Plan</p>	
Person Responsible	Estimated Completion Date
Arturo Pastrana	Immediately
<p>Management agrees with recommendation, required disclaimer sign is now displayed at Flash Title Registrations Inc.</p>	



Tax Office – Full Service Contracted Offices



Findings and Action Plans

Finding #2		Risk Level 1	
<p><u>Missing blue disabled placard</u> – While conducting surprise cash counts for the full service contracted offices a spot inventory count was also performed. Cashier at the El Paso Auto Registration and Titling II was not able to account for a disabled placard. The cashier indicated she was waiting for the customer to whom the placard had been assigned. Item No. 23 of the contract states an accurate inventory of placards must be maintained at all times.</p>			
Recommendation			
<p>To ensure contractual compliance, an accurate inventory of placards must be maintained by the full service contracted offices at all times.</p>			
Action Plan			
Person Responsible	Arturo Pastrana	Estimated Completion Date	03/19/2018
<p>Management agrees with recommendation, the outlined procedures on the attached TAC Directive #011-2018 are to ensure all full service contracted offices maintain accurate inventory of disabled placards.</p>			

Finding #3		Risk Level 1	
<p><u>Payments by check</u> – Checks are made payable to the order of the El Paso County for services rendered at Flash Title Registrations Inc. Item No.15 of the signed contract states checks should be made payable to the order of the full service Deputy's individual name and/or business name. This is the same contracted office that failed to display the required disclaimer sign. Failure to display disclaimer and accepting checks made payable to El Paso County may mislead customers to believe they are doing business with the County of El Paso. This also increases the risk of loss and increases County expenses if any of those checks are returned as NSF.</p>			
Recommendation			
<p>To ensure contract compliance, Flash Title Registration Inc. should ensures their customers make checks payable to the order of the full service Deputy's individual name and/or business name.</p>			
Action Plan			
Person Responsible	Arturo Pastrana	Estimated Completion Date	03/01/2018
<p>Management agrees with recommendation, effective March 1, 2018, payments by check will be accepted by the full service contracted office only if made payable to Flash Title Registrations Inc.</p>			