



El Paso County

OFFICE OF THE COUNTY AUDITOR

06-B

June 24, 2025

The Honorable Annabell Perez
Local Administrative District Judge
41st Judicial District Court
500 East San Antonio Avenue
Suite 1006, County Courthouse Building
El Paso, Texas 79901

Dear Judge Perez:

The County Auditor's Internal Audit division performed an audit of the County Auditor's Treasury division financial records and processes for January 2024 through December 2024 to determine if internal controls are adequate to ensure proper preparation of financial reports 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 six financial controls and three operational controls using 87 samples. The audit report includes four findings as a result of the audit procedures, one being a repeat finding. We wish to thank the management and staff of the Treasury 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 County Auditor's office, as defined by AICPA professional standards. However, our audit was performed with objectivity and due professional care.

Respectfully,

Barbara Parker
County Auditor

BP:DC:ya





Treasury Division
El Paso County Auditor's Office
January 2024 – December 2024



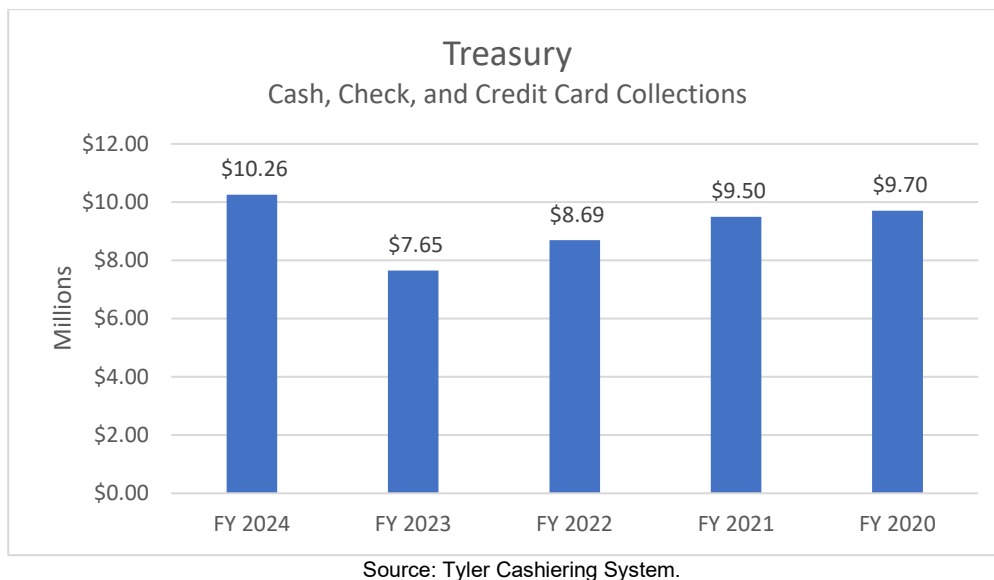
EXECUTIVE SUMMARY

BACKGROUND

Local Government Code (LGC) §83.007 provides that in a County for which the office of the County Treasurer has been abolished, a reference to the County Treasurer in the code or other state statute means the person who performs the powers of duties of the County Treasurer in that County.

Per an amendment of Article 16, Section 44 of The Texas Constitution, effective January 1, 1986, the office of the El Paso County Treasurer was abolished, and the El Paso County Auditor's office was directed to perform all statutorily mandated treasury functions. The County Auditor's office then created the Treasury division to perform all treasurer duties.

The Treasury division of the El Paso County Auditor's office receives records and processes deposits for all revenue received by the County into its depository account. Further, in conjunction with the Accounts Payable division, and in some instances per Commissioners Court order, Treasury disburses funds and monies owed to vendors and other constituents. The Treasury division also serves as the chief liaison between the County and its depository bank and reviews and reconciles most bank accounts with said depository. The division consists of one manager, one senior accountant, one intermediate accountant, two accounting generalists, and three accounting clerks. The audit was performed by Daisy Caballero, internal auditor-senior, certified. The prior Treasury audit was issued on November 8, 2023, with one finding.



AUDIT OBJECTIVES

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

Business Objectives	Control Assessment
1. Functioning appropriate cash controls.	Needs Improvement
2. Compliance with education requirements in accordance with <i>LGC §83.003</i> .	Satisfactory
3. Timely deposits of daily collections in accordance with <i>LGC §113.022</i> and complete documentation.	Needs Improvement
4. Complete, timely, and accurate bank reconciliations.	Needs Improvement



**Treasury Division
El Paso County Auditor's Office
January 2024 – December 2024**



EXECUTIVE SUMMARY

Business Objectives	Control Assessment
5. Monthly financial reports are submitted to Commissioners Court in accordance with LGC §114.026.	Satisfactory
6. Adequate controls of Electronic Fund Transfers (EFT).	Needs Improvement
7. Adequate voided transaction controls.	Satisfactory
8. Updated bank signature cards.	Satisfactory
9. Documentation of updated policies and procedures.	Satisfactory

SCOPE

The scope of this audit is January 2024 through December 2024.

METHODOLOGY

To achieve the audit objectives, we:

- Performed a surprise cash count in accordance with LGC §115.0035.
- Reviewed divisional change fund verification documentation.
- Reviewed County Treasurer training records for compliance with LGC §83.003.
- Reviewed a sample of daily deposits and supporting documentation to verify they were deposited in compliance with LGC §113.022.
- Reviewed a sample of bank reconciliations for completeness, timeliness, and accuracy.
- Reviewed a sample of monthly financial reports to ensure compliance with LGC §114.026.
- Tested a sample of EFT wires for proper authorization and documentation.
- Tested a sample of voided transactions for justification and management approval.
- Reviewed County bank signature cards to ensure authoritative signatures are correct and current.
- Reviewed policies and procedures for completeness and updates.
- Reviewed previous audit action plan 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 the status of prior audit action plans and details and management action plans for this audit.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none">• County Treasurer education requirements (Obj. 2)• Monthly financial reporting to Commissioners Court (Obj. 5)• Void transaction controls (Obj. 7)• Updated bank signature cards (Obj. 8)• Documentation of policies and procedures (Obj. 9)	<ul style="list-style-type: none">• Functioning appropriate cash controls (Obj. 1)• Timely deposits and proper documentation (Obj. 3)• Complete, timely, and accurate bank reconciliations (Obj. 4)• Adequate EFT controls (Obj. 6)
Finding Summary	
<ol style="list-style-type: none">1. Citibank EFT payments are not reviewed by Treasury.2. Of the three (25%) change fund verifications requested, none (0%) were documented (repeat finding).3. Credit card collections are not included in the daily closeout reconciliation documentation.4. Of the three bank reconciliations tested, two (67%) were not reviewed by management in a timely manner.	



**Treasury Division
El Paso County Auditor's Office
January 2024 – December 2024**



EXECUTIVE SUMMARY

INHERENT LIMITATIONS

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

CONCLUSION

The internal control structure of the Treasury division was satisfactory for five of the nine objectives of this audit. Implementation of the recommendations provided in this report should assist in producing complete and accurate financial reports by strengthening their internal control structure.



Treasury Division
El Paso County Auditor's Office
January 2024 – December 2024



FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

M Open

See current
finding #2

Finding: Divisional change fund verification is not documented.

Recommendations: Change fund verification must be properly documented and performed under dual control.

Action Plan: Treasury will document the verification of the change fund randomly once a month. This procedure will be updated in the policies and procedures manual.

Unresolved

Current Audit Findings & Action Plans

Finding #1			Risk Level H
Electronic Payments –Citibank credit card electronic payments are not reviewed by Treasury. As per LGC §113.002, the treasurer shall keep accurate, detailed accounts of all the transactions of the treasurer’s office. Additionally, the treasurer shall pay and apply the money as required by law and as the Commissioners Court may direct, as per LGC §113.041. Failure to review electronic payments could result in payment errors or misappropriation of County funds.			
Recommendation			
Treasury should review Citibank electronic payments for supporting documentation, correct payment amount, and Commissioners Court approval. This procedure should be documented in the divisional policies and procedures.			
Action Plan			
Person Responsible	Treasury Manager	Estimated Completion Date	9/1/2025
Management concurs with the recommendation. The Citibank electronic payment process will undergo a comprehensive review and revision through a collaborative effort involving Treasury, Accounts Payable, and the Purchasing department. Divisional procedures will be updated accordingly.			



Treasury Division
El Paso County Auditor's Office
January 2024 – December 2024



FINDINGS AND ACTION PLANS

Finding #2		Risk Level M	
Divisional Change Fund Verification – Of the three (25%) change fund verifications requested, none (0%) were documented. As per the County Auditor’s Accounting Procedures Manual, change funds should be reconciled at the end of each business day or whenever warranted by management. Lack of change fund verifications could result in not addressing discrepancies timely and misappropriation of County funds. This is a repeat finding.			
Recommendation			
All divisional change fund verifications must be properly documented and performed under dual control. Documentation should include a cash count sheet with the date and signatures of the two verifiers. Supporting documentation must be kept following the County’s approved archival procedures. Finally, this process should be documented in the divisional policies and procedures.			
Action Plan			
Person Responsible	Treasury Manager	Estimated Completion Date	6/15/2025
Management will conduct a documented change fund verification randomly once a month. Additionally, the cash count sheet used to reconcile daily collections will be modified to include the change fund. Daily collections will be reconciled under dual control by the cashier and another division staff member. Both parties will sign off on the reconciliation, and the completed cash count sheet will be presented to management for documented review and approval. The divisional policies and procedures will be updated accordingly.			

Finding #3		Risk Level M	
Daily Collections – Credit card collections are not included in the cash count sheet used to reconcile daily collections. As per the County Auditor’s Accounting Procedures Manual, each cashier should reconcile all collections daily, cash count sheets should be signed by the cashier, and the signed sheets should be presented to a supervisor for review and approval. Failure to reconcile all collections daily could result in delays in addressing discrepancies in records, incorrect payments, and misappropriation of County funds.			
Recommendation			
Credit card collections should be included in the daily closeout reconciliation documentation. Management should include credit card collections as part of their daily documented collections review. This process should be documented in the divisional policies and procedures.			
Action Plan			
Person Responsible	Treasury Manager	Estimated Completion Date	6/15/2025
Management concurs with the recommendation. The cash count sheet used to reconcile daily collections will be modified to include credit cards. Daily collections will be reconciled under dual control by the cashier and another division staff member. Both parties will sign off on the reconciliation, and the completed cash count sheet will be presented to management for documented review and approval. The divisional policies and procedures will be updated accordingly.			



Treasury Division
El Paso County Auditor's Office
January 2024 – December 2024



FINDINGS AND ACTION PLANS

Finding #4			Risk Level M
Bank Reconciliations – Of the three bank reconciliations tested, two (67%) were not reviewed by management in a timely manner. Bank reconciliations should be reviewed by management within 30 days after the end of the month to address discrepancies promptly and maintain accurate financial records. Lack of timely management review could result in inaccurate bank records or misappropriation of County funds.			
Recommendation			
Management should review bank reconciliations within 30 days after the end of the month. This procedure should be documented in the divisional policies and procedures.			
Action Plan			
Person Responsible	Treasury Manager	Estimated Completion Date	6/30/2025
Management will conduct a documented review of bank reconciliations within 30 days from the financial month-end close in Enterprise ERP. The divisional policies and procedures will be updated accordingly.			