



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

BARBARA PARKER, CPA, CIA
COUNTY AUDITOR
B.Parker@epcountytexas.gov
www.epcounty.com/auditor

Downtown County Annex
320 S. Campbell, Suite 140
El Paso, Texas 79901
(915) 273-3262
(915) 273-3266 FAX

04-18

April 14, 2025

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 Division financial records for July 2023 through June 2024 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 six financial controls and two operating controls with a total of 106 samples. The audit report includes two findings as a result of the audit procedures, one being a repeat finding. We wish to thank the management and staff of the Tax Office for their assistance and courtesies extended during this audit.

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

Respectfully,

A handwritten signature in blue ink that reads "Barbara Parker".

Barbara A. Parker
County Auditor

BP:DC:ya

cc: Ms. Betsy Keller, Chief Administrator



**Tax Office
Auto Registration Audit
July 2023 through June 2024**

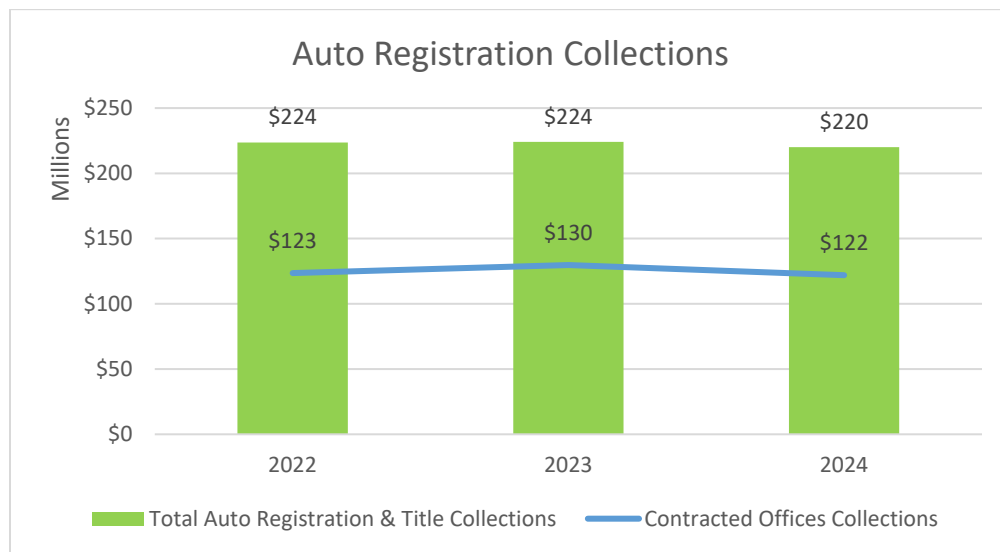


EXECUTIVE SUMMARY

BACKGROUND

The Motor Vehicle Registration division of the County Tax Office is responsible for the collection of fees associated with vehicle registrations (license plates and registration stickers), certificate title applications, title transfers, and motor vehicle taxes. Collections are received at the main Ascarate office, six branches, and 11 contracted offices conveniently located throughout the city. The current County Tax Assessor-Collector has been in office since 2015. The audit was performed by Daisy Caballero, internal auditor-senior, certified. The prior Tax Office - Auto Registration audit was issued on November 8, 2023, with three findings.

Financial reports are generated from the Registration and Title System (RTS), a state-wide cashiering 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 three fiscal years.



Source: Tax Office Automotive Summary monthly report and RTS reports

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. Functioning appropriate cash controls.	Satisfactory
2. Compliance with timely deposit law <i>LGC §113.022</i> and complete deposit documentation.	Needs Improvement
3. Compliance with Road and Bridge fund transfers, <i>Transportation Code §502.198</i> .	Satisfactory
4. Complete and accurate bank reconciliations.	Satisfactory
5. Functioning manual receipt controls.	Satisfactory
6. Tax Assessor-Collector compliance with education requirements of <i>Tax Code §6.231</i> .	Satisfactory
7. Recycled license plate funds are reported and submitted to the County Treasury.	Needs Improvement
8. Documentation of updated policies and procedures.	Satisfactory



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SCOPE

The scope of this audit is July 2023 through June 2024. Contracted offices are not included in the scope of this audit. Audit work was completed in December 2024; however, the report was delayed due to delays in obtaining information and the exit conference appointment from the Tax Office.

METHODOLOGY

To achieve the audit objectives, we:

- Performed surprise cash counts in accordance with *Local Government Code (LGC) §115.0035*.
- Reviewed a sample of daily deposits and supporting documentation to verify they were deposited in compliance with *LGC §113.022*.
- Reviewed a sample of weekly transfers to County Treasury to verify that transfers were performed timely according to *Transportation Code §502.198*.
- Reviewed a sample of bank reconciliations for completeness and accuracy.
- Tested a sample of manual receipts for completeness and timely deposits.
- Reviewed manual receipt books log and compared it to the County Treasury's records.
- Reviewed the Tax Assessor-Collector's training transcript for compliance with *Tax Code §6.231*.
- Inquired about recycled license plate funds deposit procedures.
- Requested the state compliance review of plates and placards to verify the Tax Office is maintaining inventory adequately.
- 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 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">• Functioning appropriate cash controls (Obj. 1)• Road and Bridge transfer procedures (Obj. 3)• Complete and accurate bank reconciliations (Obj. 4)• Manual receipt controls (Obj. 5)• Tax Assessor-Collector education requirements (Obj. 6)• Documentation of policies and procedures (Obj. 8)	<ul style="list-style-type: none">• Supporting documentation of deposits (Obj. 2)• Recycled license plate funds procedures (Obj. 7)
Finding Summary	
<ol style="list-style-type: none">1. The deposit documentation sent to the County Treasury division is incomplete as a reconciliation of the deposit amount to RTS is missing.2. Recycled plate proceeds are not reported nor submitted to the County Treasury (repeat finding).	



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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 - Auto Registration Division was satisfactory for six of the eight objectives of this audit. They have implemented some improvements in their operations per prior recommendations; however, one prior audit finding is still open and addressed in the current audit findings section. Implementation of the recommendations provided in this report should assist in producing complete and accurate financial reports by strengthening their internal control structure.



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FINDINGS AND ACTION PLANS

Prior Audit Findings Summarized with Current Status

Status

- H Closed** 1. **Finding:** Cash overages and shortages are not reported to the County Treasury
Recommendation: Tax Office should report the cash overages and shortages on the weekly and monthly reports submitted to the Auditor's Office.
Action Plan: The Tax Office will provide overages and shortages reports on a monthly basis.
Resolved
- H Open** 2. **Finding:** Recycled plates proceeds are not reported nor submitted to the County Treasury.
See current finding #2
Recommendation: Recycled plates proceeds should be submitted and reported to the County Treasury in a timely manner.
Action Plan: The Tax Assessor-Collector does not concur with the recommendation and requested a County Attorney opinion on the origination and use of the stated proceeds.
Unresolved
- M Closed** 3. **Finding:** Bank reconciliations were not prepared within a reasonable time frame.
Recommendation: Bank reconciliations should be prepared right after the bank statements are available.
Action Plan: Management concurs with the recommendation. **Resolved**

Current Audit Findings & Action Plans

Finding #1			Risk Level H
Deposit Documentation – The deposit documentation sent to the County Treasury lacks a reconciliation of collection amounts to RTS reports. As per <i>LGC § 113.002</i> , the treasurer shall keep accurate and detailed records of all the money received. Every deposit sent to the County Treasury should include a reconciliation of the deposit amount to a collection report obtained from the financial recording system. Lack of proper deposit documentation could result in misappropriation or loss of County funds.			
Recommendations			
The Tax Office should include a reconciliation of the deposit amount to an RTS collection report as part of the deposit documentation sent to the County Treasury.			
Action Plan			
Person Responsible	Tax Assessor-Collector	Estimated Completion Date	4/1/2025
Management concurs with the recommendation.			



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FINDINGS AND ACTION PLANS

Finding #2			Risk Level H
<p>Recycled License Plates – Recycled surrendered license plate proceeds are not reported nor submitted to the County Treasury Per office procedures, license plates surrendered to the Tax Office, are defaced and disposed of via a local recycling center. Recycled license plate proceeds totaled \$784.84 within the audit scope. These funds were not remitted to the State or the County and instead are used for internal office purposes. Collections, from whatever source when involving the duty of a public officer, must be reported and remitted to the County Treasurer as per County Cash Handling Policy and <i>Texas Constitution Article 16, §61</i>. A County officer's failure to remit County funds to the treasurer may violate the terms of that officer's official bond. Additionally, indemnification by Commissioners Court might not apply as this is an allocation and deposit of funds issue and not a loss of funds issue, as per <i>El Paso County Attorney's Office Opinion No. 2978 (2024)</i>. This is a repeat finding.</p>			
Recommendations			
Recycled license plate proceeds should be reported and deposited to the County Treasury within five business days from the day the money is received.			
Action Plan			
Person Responsible	Tax Assessor-Collector	Estimated Completion Date	Pending
The Tax Assessor-Collector does not agree with the recommendation and has requested another County Attorney opinion regarding the use of the recycled license plate proceeds.			