



Internal Audit Office

MAYOR
Oscar Leaser

DATE: September 20, 2022

TO: Lilia Worrell, Municipal Court Clerk

CITY COUNCIL

FROM: Edmundo S. Calderon, CIA, CGAP, CRMA, Chief Internal Auditor

District 1
Peter Svarzbein

SUBJECT: Municipal Court – Internal Control Review

District 2
Alexandra Anello

The Internal Audit Office has completed the Municipal Court – Internal Control Review. This engagement was accepted based on the potential to improve management of risks, add value, and/or improve the organization’s operations (IIA 2010.C1). The work performed does not constitute an engagement conducted in accordance with Generally Accepted Government Auditing Standards (GAS 1.16). The observations and conclusions that are reported in this memorandum do not require Management Responses.

District 3
Cassandra Hernandez

Background:

District 4
Joe Molinar

The El Paso Municipal Court is a court of record which handles Class C misdemeanors and civil parking citations issued within the city limits. The El Paso Municipal Court of Appeals hears appeals filed from the El Paso Municipal Courts. The judges and staff of El Paso Municipal Court recognize that for most people their impression of the justice system is derived from their experience in Municipal Courts.

District 5
Isabel Salcido

The El Paso Municipal Court system currently consists of four locations:

District 6
Claudia L. Rodriguez

- Downtown at 810 E. Overland (Courts),
- Northeast at 9600 Dyer (Courts),
- Pebble Hills at 10780A Pebble Hills (Video Arraignment & Bond Office) inside Pebble Hills Regional Command Center,
- Mission Valley at 9011 Escobar (Video Arraignment & Bond Office) inside Mission Valley Regional Command Center.

District 7
Henry Rivera

Bond payments can also be made at the El Paso County Detention Facility.

District 8
Cissy Lizarraga

CITY MANAGER
Tommy Gonzalez

Objectives:

The objective of this engagement was to determine if cash handling procedures at the Municipal Courts/Bond Offices are consistent with the City of El Paso Cash Handling Policies and Procedures. In addition, to determine whether the Cashiering Areas are operating in a control conscious environment as it relates to Cash Handling Procedures. We have characterized a control conscious environment as having the following:

- An adequate level of internal control awareness,
- Proper separation of duties,
- Existence of a proper monitoring system,
- Adequate safeguarding of financial, physical, and information assets.

Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor
Internal Audit Office | 218 N. Campbell | El Paso, TX 79901
O: (915) 212-0069 | Email: calderones@elpasotexas.gov





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Methodology:

To achieve our audit objectives, we:

- Observed and interviewed Municipal Court Management, Supervisors and Customer Relation Representatives to get an understanding of operations.
- Conducted a review of applicable Municipal Court internal procedures and City of El Paso city-wide Cash Handling Procedures.
- Conducted an assessment of the daily balancing and deposit documentation to determine if revenues were accurately reported and properly deposited.
- Identified potential internal control weaknesses in the safeguarding and transfer of financial, physical and information assets.
- Documented areas where inefficiencies exist and where internal controls need to be strengthened.

Results and Conclusion

Based on our review, we have identified the following two (2) Observations:

OBSERVATION 1

Safeguarding of Funds

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

City of El Paso Cash Management Policy dated September 1, 2021:

- Section 5.2 *Departments must ensure that all monies are safeguarded at all times in a safe secured lockbox or secured money bag. Access to all safes should be limited to no more than three individuals, one being a supervisor.*

The Municipal Court safes are located in the cashiering rooms at each location. Entry to the cashiering rooms is restricted via authorized badge/key to cashiering personnel and their supervisors only.

- The safes are opened in the mornings for the first shift and remain open until the closing shift locks them for the night or weekend.
- Due to the number of cashiers on duty at the same time at the Downtown and Northeast Municipal Courts, access to the open safes can exceed three individuals during a normal workday.
- The Municipal Court does not maintain a documented listing of who has access to the restricted cashiering rooms.
- The Municipal Court does not maintain a documented listing of who has the combinations to the safes at each location.

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RECOMMENDATION

Municipal Court Management should ensure the safes are closed and limit access to three (3) individuals during the work day per the City Cash Management Policy. Section 5.2.

- If operations are negatively affected by the above limitation. Management should consult with the Office of the Comptroller to receive a documented waiver to grant safe access to more than (3) three individuals.
- Municipal Court Management should maintain a listing of individuals that have badge/key access to the restricted cashing rooms and a listing of which individuals have the combinations to the safes.

OBSERVATION 2

Depositing of Funds

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

City of El Paso Cash Management Policy dated September 1, 2021:

- Section 5.1 *In accordance with City Charter, Section 7.7 – Depositories, all monies received by any person in any department, in connection with the business of the City, shall be deposited promptly into a City depository account within one business day after its receipt.*

Two out of five (40%) of the judgmentally selected sample deposits reviewed were not made within one business day after receipt as required by the City’s Cash Management Policy. Section 5.1.

- A Pebble Hills Bond Office deposit slip was dated Monday, June 6, 2022. The actual Armored Car service pickup and Wells Fargo deposit was recorded at Wells Fargo on Wednesday, June 8, 2022.
 - o This Bond Office has two cashiers assigned to operate an opening and closing shift. The closing shift cashier who verifies the opening shift deposit bag called in sick on June 6, 2022. Since the June 6, 2022 opening shift deposit was not verified, it was not available for Armored Car service pickup on the morning of June 7, 2022. Both the June 6 and June 7 deposit bags were verified, picked up, deposited and recorded at Wells Fargo on June 8, 2022.
- An El Paso County Detention Facility deposit slip was dated Friday, June 10, 2022. The actual deposit was recorded at Wells Fargo on the following Tuesday, June 14, 2022. It should have been deposited on Monday June 13, 2022. It was not a holiday weekend.
 - o The Municipal Court deposit bags prepared at the El Paso County Detention Facility are turned over to a County cashier on the first floor of the facility when completed. The Municipal Court paid for Armored Car service pickup on June 10, 2022 and June 14, 2022 at the El Paso County Detention Facility. It is unknown why there was not a pickup and deposit on Monday, June 13, 2022.

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RECOMMENDATION

The Municipal Court staff should ensure deposits are verified, picked up by the Armored Car service and deposited within the guidelines established by the *City of El Paso Cash Management Policy*. Section 5.1.

Conclusion:

Based on our review of the Municipal Court's internal controls over cash handling, we were able to:

- Confirm that cash handling procedures at the Municipal Courts/Bond Offices are consistent with the City of El Paso Cash Handling Policies and Procedures.
- Determine that the Municipal Courts/Bond Offices are operating in a control conscious environment as it relates to cash handling.

We identified the following areas where internal controls can be strengthened:

- The Municipal Court Management needs to address procedures to limit access to the safes to no more than three individuals with one being a supervisor as required by the *City of El Paso Cash Management Policy*. Section 5.2. In the Downtown and Northeast Municipal Courts, which operate extended hours, they should consult with the Office of the Comptroller to obtain a documented waiver allowing more than three individuals access to the safes. They also need to maintain an updated listing of individuals with access to the restricted cashiering rooms and individuals with the combinations to the safes.
- The Municipal Court needs to ensure deposits are picked up by the Armored Car service and deposited within the guidelines established by the *City of El Paso Cash Management Policy*. Section 5.1.

If you have any questions please feel free to contact me at 212-1365.

cc: Financial Oversight and Audit Committee
Tomas Gonzalez, City Manager
Mario D'Agostino, Deputy City Manager

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**Municipal Court – Internal Control
Review P2022-06
Management Responses**



Municipal Court

MAYOR
Oscar Leeser

TO: Edmundo S Calderon, CIA, CGAP, CRMA, Chief Internal Auditor

FROM: Lilia Worrell, Municipal Court Director

CITY COUNCIL

SUBJECT: Municipal Court – Internal Control Review Update

District 1
Peter Svarzbein

DATE: November 2, 2022

District 2
Alexandra Anello

This memo is an update and response to the internal control review recommendations dated September 20, 2022.

District 3
Cassandra Hernandez

Observation 1 Recommendation:

District 4
Joe Molinar

Municipal Court management should ensure the safes are closed and limit access to 3 individuals during the work day per City Cash Management Policy.

District 5
Isabel Salcido

- Management should consult with the Office of the Comptroller to receive a documented waiver to grant safe access to more than 3 individuals.
- Municipal Court Management should maintain a listing of individuals that have a badge/key access to the restricted cashiering rooms and a listing of which individuals have the combinations to the safes.

District 6
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District 8
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Update/Response:

- **A waiver was obtained on October 20, 2022 from the Office of the Comptroller's Treasury Division, see attached. Access has been granted to 10 cashiers. The increased number from 3 to 10 cashiers is due to: cross training among cashiers at each location, as well as rotating the cashiers among locations as necessary. (4 locations)**
- **A list of current cashiers is maintained by the Court, included in the list is a picture of each cashier with their Kronos number. The list is delivered to each police regional command, see attached, to be used by EPPD staff for identification of staff, if needed. Access to the cashier area is limited by the cashier's id badge through the Velocity card system. Access is granted to particular areas based on each employees' position within the department, and can be removed when a cashier is no longer employed with the department.**

CITY MANAGER
Tommy Gonzalez





Municipal Court

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Observation 2 Recommendation:

The Municipal Court staff should ensure deposits are verified, picked up by the Armored Car service and deposited within the guidelines established by the City of El Paso Cash Management Policy.

Update/Response:

A request was made to the Treasury Division to grant access to the Revenue Processing Supervisor and 2 Lead Cashiers to the Wells Fargo on-line bank account site. The supervisor or lead will ensure all deposits are received and deposited at Wells Fargo within 1 business day. The Treasury Division has granted access.

The armored car contract does include a provision requiring all deposits to be delivered to the City's depository institution by 4pm daily.

My thanks to the Internal Audit staff for performing the review and for their recommendations - it was much appreciated.

