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Executive Summary January 3, 2018

For the month of December 2017, our office conducted three departmental reviews which encompassed a cash count, facility tour, segregation of duties questionnaire, and an internal control questionnaire to assist in the determination of each departments' risk assessment.

The findings and recommendations herein are limited to the study procedures noted above and do not express an opinion on the department's entire financial and operational system. The representations are based on the assertions made by department personnel and our understanding that the information provided was accurate to the best of their knowledge.

The following are notable observations and recommendations for the cash counts and reviews conducted:

Management and Preservation Fund – December 4, 2017

- No material deviations were noted in the cash count nor in the examination of the prior month's receipts, deposits and daily cash reports.
- Department receives checks that are not immediately endorsed to minimize loss or theft; we recommend the department restrictively endorse checks upon receipt.

Justice of the Peace Precinct 2 Place 1 Ramiro Veliz – December 13, 2017

- No material deviations were noted in the cash count nor in the examination of the prior month's receipts, deposits and daily cash reports.
- The implementation of new and amended state mandated fees is at times delayed due to dependence on the Internal Audit Division to link the offense fee codes to the fee schedule in the JP node of the County's judicial system. We recommend the office request temporary access to the Justice of the Peace node from the Information Technology department until a permanent solution is agreed by all Justice of the Peace offices in order to maintain the new and amended state mandated fees.

Risk Management Department – December 13, 2017

- No material deviations were noted in the cash count nor in the examination of the prior month's receipts, deposits and daily cash reports.
- Department receives checks that are not immediately endorsed to minimize loss or theft; we recommend the department restrictively endorse checks upon receipt.

In addition to the above reviews, an exit conference was also held with the Road and Bridge Department staff concerning the 2017 Fiscal Year End review of the **Solid Waste Department**. The following are the notable observations and recommendations:

- As of July 2017, the Department's revenues reflected only \$4,780.50 due to issues with receipts; thus, daily cash reports had not been posted and bank deposits were not readily identifiable in the New World System. As of December 2017, the Auditor's Office posted adjusting journal entries to reflect over \$100,000 in revenues receipted.
- Discounts are applied incorrectly in receipts and are used interchangeably with credits issued. As such, the general ledger accounts can either be overstated or understated. Department must follow proper accounting procedures and correctly apply credits and discounts when issuing receipts.

Finally, we also report that an **ancillary payroll check review** was also conducted at the request of the Honorable Caroline Warren Jackson in regards to a direct deposit she received on September 08, 2017, for her services as an assigned probate judge. It was determined that two out of three compensation orders paid on September 8, 2017 for her services had been previously paid in 2016. The overpayment resulted from changes in the maintenance of payroll records and the lack of payroll details entered into the payroll system. In order to properly account for the judge's calendar year 2017 compensation, we recommended the Treasurer's Office accept the refund check previously offered by Judge Jackson.



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Executive Summary February 7, 2018

For the months of November through January, our office conducted a cash count at the Tax Assessor Collector Office and three departmental reviews which encompassed a cash count, facility tour, segregation of duties questionnaire, and an internal control questionnaire to assist in the determination of each departments' risk assessment.

The findings and recommendations herein are limited to the study procedures noted above and do not express an opinion on the department's entire financial and operational system. The representations are based on the assertions made by department personnel and our understanding that the information provided was accurate to the best of their knowledge.

No material deviations were noted in the cash counts nor in the examination of the prior month's receipts, deposits and daily cash reports. However, we bring the following to your attention:

Tax Assessor Collector Office

- Sixteen (16) Texas Comptroller of Public Accounts checks received since September 2017, totaling \$188,187.12 had not been processed or deposited into the bank. Checks were held in the vault along with accompanying reports until time permitted for bookkeeping to review information to be able to process checks correctly. We recommend Office make copies of all checks and deposit immediately to the proper bank account to then finalize daily cash reporting.
- The change fund was short \$822.75 which consisted of adjustments, a \$100 counterfeit and employee shortages. It is common practice for employees to pay their shortages out of pocket if error cannot be found. We recommend all shortages, overages, and adjustments be documented in the cash over/short account assigned to the Tax Office and then reviewed.
- The Office layout as well as its "mini vault" location raises security issues. We recommend Office review the layout, locations, doors and other risk areas to reduce any security issues that may arise.

Constable Precinct 2 Miguel "Mike" Villarreal

- The office issues manual receipts to the public. We recommend the office review the computerized receipting capabilities of the New Worlds system in order to minimize the use of manual receipts issued by the office. This also reduces duplication of work since a computerized receipt also serves as a daily cash report.

Departmental Reviews Continued:

Constable Precinct 4 Harold Devally

- The office does not restrictively endorse checks upon receipt “For Deposit Only.” We recommend the office restrictively endorse the checks upon receipt pursuant to Uniform Commercial Code § 3-206.

Justice of the Peace Precinct 2 Place 2 Daniel Dominguez

- The Office of Court Administration Official Justice of the Peace Monthly Report and the weekly conviction report as required by the Texas Department of Public Safety, are either not properly submitted or prepared. We recommend the Office prepare, verify, and submit the required reports to be in compliance with applicable statutes.
- The Office was not aware of the recent amendments relating to the issuance of warrants as mandated by statute. We recommend the staff review, acknowledge and implement the amendments as per statute.
- Implementation of new and amended state mandated fees are addressed and completed by another Justice of the Peace Office staff member and previously by the Internal Audit Division staff. We recommend the office initiate a plan agreed by all Justice of the Peace offices to internally maintain the new and amended state mandated fees.

Medical Examiner’s Office (Update – No Report Issued)

- A departmental review at the Medical Examiner’s Office was conducted on December 4, 2017, but it only encompassed a cash count and examination of prior month’s daily cash reports. No material deviations were noted during this review. However, due to Medical Examiner’s workload, the facility tour and questionnaires were not able to be performed and requested the questionnaires be left at the Department and work on them as time permitted. As of February 7, 2017, the Medical Examiner has not provided completed questionnaires and our office cannot complete its assessment. Our office will continue to work with the Medical Examiner’s Office to complete assessment.

In addition, provided herein are the following managements’ responses for prior released reports for your review:

- Road & Bridge Solid Waste Department
- Indigent Health Care Services Department



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Executive Summary March 2, 2018

For the months of January and February, our office conducted a bank reconciliation review of the Elections Administration Office and one departmental review which encompassed a cash count, facility tour, segregation of duties questionnaire, and an internal control questionnaire to assist in the determination of the departments' risk assessment.

The findings and recommendations herein are limited to the study procedures noted above and do not express an opinion on the department's entire financial and operational system. The representations are based on the assertions made by department personnel and our understanding that the information provided was accurate to the best of their knowledge.

No material deviations were noted in the cash counts nor in the examination of the prior month's receipts, deposits and daily cash reports. We do bring the following to your attention:

Elections Administration Office

- The bank reconciliation's outstanding checks were overstated by \$1,395 due to recording errors. The error was corrected by reclassifying amounts to proper general ledger accounts in January 2018.
- The Elections Office is not complying with Election Code §31.100(a) in which money paid to a county election officer under an election services contract shall be deposited in a **separate fund (not necessarily bank account)** in the county treasury and claims against this fund **shall be audited and approved** in the same manner as other claims against the county before they are paid.

As such, in order to comply with Election Code §31.100(a), we recommend bank account be closed and monies be transferred to the general fund for proper accounting, auditing and approval. However, due to March primaries and change of administration, bank account closure will be postponed until after the elections.

- There is one general ledger account where all election contract fees and expenses are recorded. Reports cannot be generated to keep track of entity's payments, expenses and outstanding balances. We recommend a receivables account be created to properly account for each entity's contractual fees and expenses in order to have a better accounting of any outstanding balances owed to the Elections Administration office.

Departmental Reviews Continued:

Justice of the Peace Precinct 3 Alfredo Garcia

- No material deviations were noted in the cash count nor in the examination of the prior month's receipts, deposits and daily cash reports.
- Implementation of new and amended state mandated fees are addressed and completed by another Justice of the Peace Office staff member and previously by the Internal Audit Division staff. We recommend the office initiate a plan agreed by all Justice of the Peace offices to internally maintain the new and amended state mandated fees.
- The office does not issue manual receipts when the Odyssey computerized receipt system is down inconveniencing the public and perhaps missing out on revenues. We recommend the office use manual receipts to continue uninterrupted services when the system is down.

Planning & Physical Development Department (Update – No Report Issued)

- A departmental review of the Planning Department was conducted on January 17, 2018, along with a cash count and examination of prior month's daily cash reports. No material deviations were noted during cash count or review of the daily cash reports. However, the Departmental Internal Control and Segregation of Duties questionnaires were left for review and completion at the Planning Director's request on January 17, 2018. As of March 2, 2018, the Planning Director has yet to provide the completed questionnaires. We will request a meeting with the Planning Director to obtain responses in order to finalize assessment.