



**Tax Office – Internal Controls
Follow-Up Audit Report
A2019-07**

Issued by the
Internal Audit Office
March 15, 2019

**City of El Paso
Internal Audit Office
Tax Office – Internal Controls
Follow-Up Audit A2019-07**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a Follow-Up Audit of El Paso Consolidated Tax Office – Internal Controls Audit dated May 23, 2018. The original Audit Report contained two findings. Upon completion of the audit, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Findings	Status
1	The El Paso Consolidated Tax Office does not have documented Policies and Procedures for retaining and disposing physical checks that have been scanned and electronically deposited.	Implemented
2	A review of 15 Tax Payments collected at three City’s Senior Centers during November 2017 thru January 2018 identified the following weaknesses: <ul style="list-style-type: none">• A single El Paso Consolidated Tax Office employee visits, processes, and transports Tax Payments collected at the City’s Senior Centers, exposing him/her to potential harm or theft of funds.• Handwritten receipts issued at the City’s Senior Centers are reconciled by the same employee who wrote the receipts.	Implemented

For a detailed explanation of the current observations, please refer to the appropriate finding contained on page 3 of this Audit Report.

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BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 5.06 and 6.36) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *International Standards for the Professional Practice of Internal Auditing* (Performance Standard 2500.A1) require that the Chief Audit Executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations detailed in the original Audit Report dated May 23, 2018.

AUDIT SCOPE

The audit period covered the financial activities of Fiscal Year 2018 – 2019.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Conducted interviews with the management and staff of the El Paso Consolidated Tax Office.
- Reviewed the El Paso Consolidated Tax Office’s Policies and Procedures.
- Reviewed the El Paso Consolidated Tax Office’s deposit process and tested a sample of Tax Payments processed at the City’s Senior Centers.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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CURRENT OBSERVATION AND STATUS

Based on the follow-up audit results, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding: 1

Current Observation

The El Paso Consolidated Tax Office has documented Policies and Procedures to include the storage, security and destruction of the physical checks collected, scanned and electronically deposited.

The El Paso Consolidated Tax Office retains the physical checks for a period of three months prior to destruction as documented in their Policies and Procedures.

Status

Implemented

Finding: 2

Current Observation

The El Paso Consolidated Tax Office assigned two employees to collect payments at the City’s Senior Centers. A review of a sample of five Tax Payments processed during November 15, 2018 to January 17, 2019 identified the following:

- 5 out of 5 (100%) Tax Payments reviewed identified two employees visited, processed and transported the Tax Payments.
- 5 out of 5 (100%) Tax Payments were reconciled by someone not involved in the payment collection.

Additionally, the El Paso Consolidated Tax Office’s Policies and Procedures Manual was updated to reflect these processes.

Status

Implemented

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our audit work on the objectives of the El Paso Consolidated Tax Office – Internal Controls Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether the El Paso Consolidated Tax Office met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that El Paso Consolidated Tax Office met the audit objectives in the following areas:

- The El Paso Consolidated Tax Office has documented Policies and Procedures to include the storage, security and destruction of the physical checks.
- The El Paso Consolidated Tax Office retains the physical checks for a period of three months prior to destruction as documented in their Policies and Procedures.
- Two employees are visiting, processing and transporting the Tax Payments collected at the City’s Senior Centers.
- Someone not involved in the payment collection is reconciling the handwritten receipts issued at the City’s Senior Centers.

We wish to thank the El Paso Consolidated Tax Office management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File

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