



COUNTY OF EL PASO
OFFICE OF THE COUNTY AUDITOR

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COUNTY AUDITOR

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07-34

July 25, 2024

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 Licensing Division and Ad Valorem account financial records for January 2023 through December 2023 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 five financial controls and one operating control with a total of 96 samples. There were no findings noted as a result of the audit procedures. 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,

Barbara Parker
County Auditor

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cc: Ms. Betsy Keller, Chief Administrator



Tax Office
Licensing Division & Ad Valorem Account Audit
 January 2023 through December 2023



EXECUTIVE SUMMARY

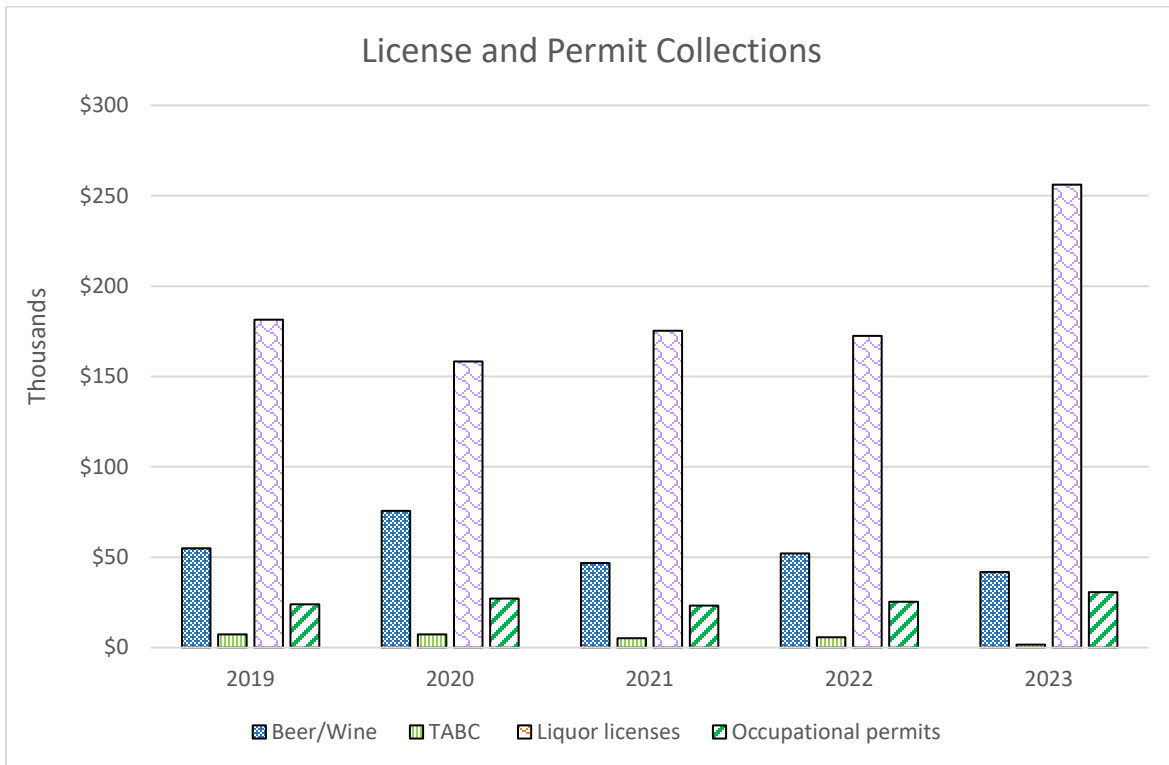
BACKGROUND

The Tax Office Licensing Division collects taxes on bingo award fees, occupational permits on coin-operated machines, hotel/motel occupancy, County liquor licenses and beer and wine licenses which are deposited to the County’s consolidated fund. The Tax Office also receives a monthly 5% beer application fee commission from the Texas Alcoholic Beverage Commission (TABC).

The County Tax Assessor-Collector is required to collect taxes on property in El Paso County for the County and, under certain conditions, for another taxing unit (Tax Code Sec. 6.23). Currently, the City of El Paso collects property taxes for all taxing entities by interlocal agreement between the County of El Paso, The City of El Paso and 38 other taxing entities formed back in 1986 to better serve the citizens of El Paso County. The City also distributes the taxes to the appropriate taxing entities. The Tax Office collects property tax payments from walk in customers and sends those payments to the City per the interlocal agreement. The City reports and sends County property taxes to the County Tax Assessor-Collector who accepts, approves and deposits County property taxes into the County’s consolidated fund.

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 audit report was issued on July 22, 2021, with no findings.

The Tyler Cashiering system is used for departmental daily collections. Data from this system is then uploaded to the Enterprise ERP financial system. The following charts show collections for beer & wine, TABC commissions, liquor licenses, occupational permits, hotel/motel taxes and property taxes over a five-year period.



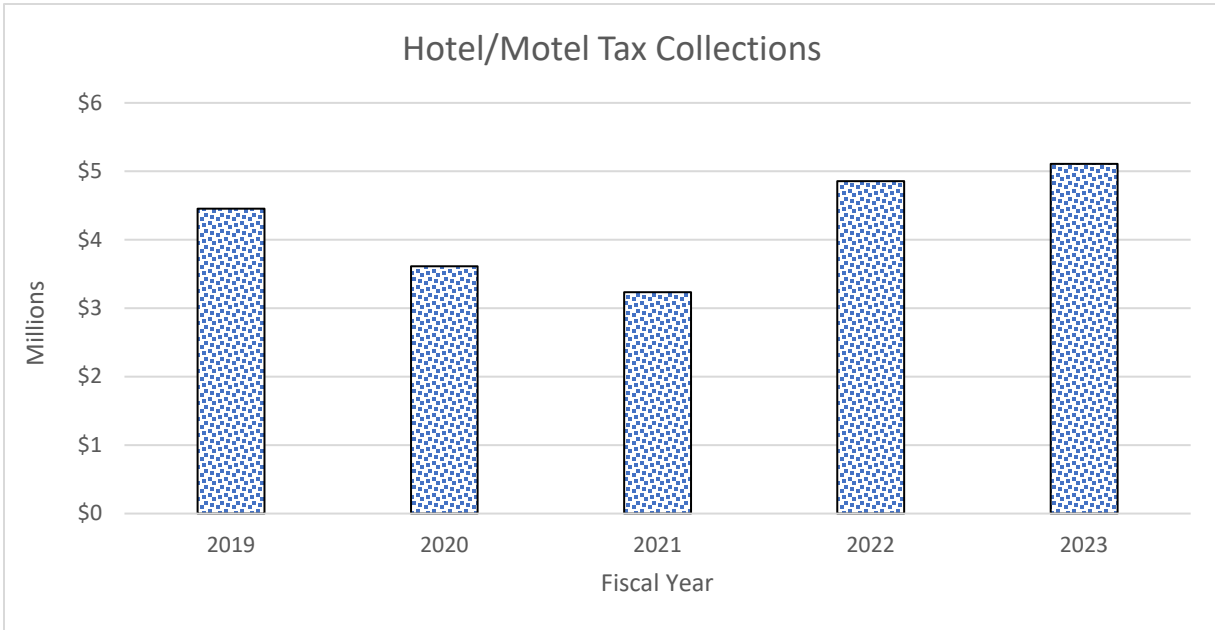
Source: El Paso County Funds and Fees of Office Report



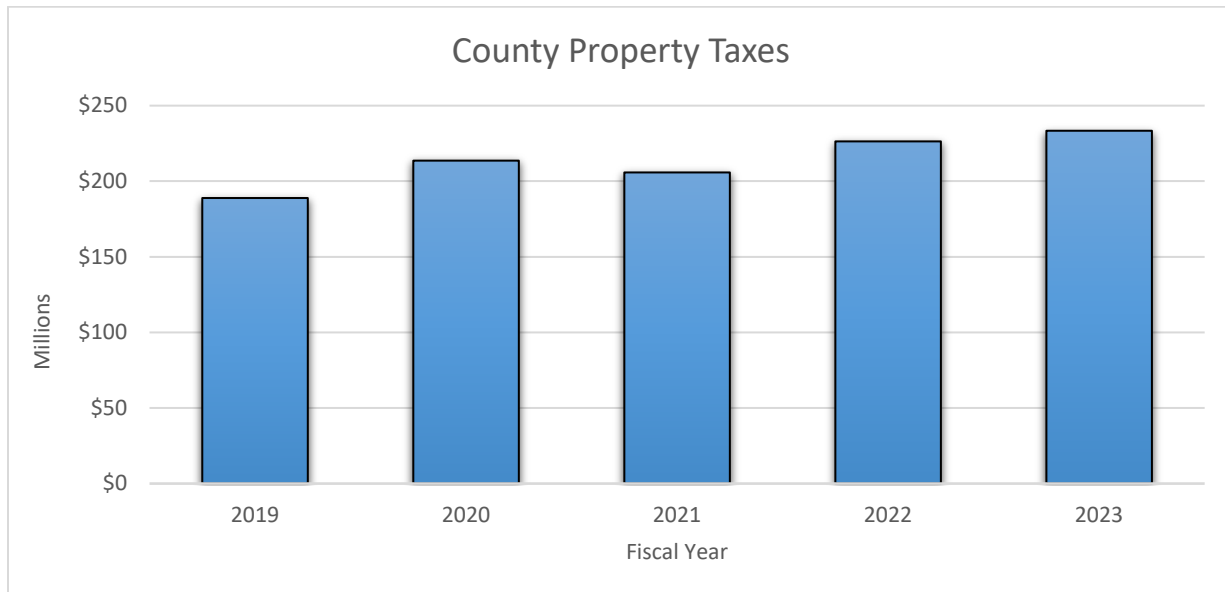
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Source: El Paso County Funds and Fees of Office Report



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EXECUTIVE SUMMARY

AUDIT OBJECTIVES

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

Business Objectives	Control Assessment
1. Functioning appropriate cash controls	Satisfactory
2. Compliance with timely deposit law <i>Local Government Code (LGC) §113.022</i> and complete deposit documentation	Satisfactory
3. Complete, accurate and timely monthly bank reconciliations for the Ad Valorem account	Satisfactory
4. Hotel/motel occupancy taxes are billed and payments are received timely	Satisfactory
5. Allowable alcoholic beverage fees are billed and accurate payments are received	Satisfactory
7. Documentation of updated policies and procedures	Satisfactory

SCOPE

The scope of the audit is January 2023 through December 2023.

METHODOLOGY

To achieve the audit objectives, we:

- Performed a surprise cash count in accordance with Local Government Code (LGC) §115.0035
- Tested a sample of deposited collections to ensure compliance with LGC §113.022
- Reviewed bank reconciliations for completeness, accuracy and timeliness
- Compared a sample of Texas Comptroller of Public Accounts hotel/motel taxable receipts to tax office statements and receipts to verify timely receipt of the 2.5% occupancy tax
- Reviewed alcoholic beverage statements for allowed fees, accurate and timely payments
- Reviewed policies and procedures for completeness and updates

RESULTS

Listed below are control and finding summaries, with findings listed from highest to lowest risk. There were no findings identified in this audit.

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> • Functioning appropriate cash controls (Obj. 1) • Timely bank deposits and proper documentation (Obj. 2) • Complete, accurate and timely monthly bank reconciliations for the Ad Valorem account (Obj. 3) • Hotel/motel occupancy tax procedures (Obj.4) • Alcoholic beverage license procedures (Obj. 5) • Documentation of policies and procedures (Obj. 6) 	
Finding Summary	
None	



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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 Tax Office Licensing division met all objectives of this audit and continue producing complete and accurate financial reports.