

2019

Travis County Auditor's Office
Review of the Travis County
Employee Enrichment Fund

#19-13

TRAVIS COUNTY
AUDITOR'S OFFICE

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From: Patti Smith, CPA
Travis County Auditor

Date: May 14, 2019

Subject: Travis County Employee Enrichment Fund

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division of the Travis County Auditor's Office has completed an examination of the Travis County Employee Enrichment Fund. We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

BACKGROUND

In April of 2016, the Travis County Commissioners' Court approved a resolution creating the Travis County Employee Enrichment Fund. This fund was established to aggregate donations from County officials and employees; these donations are then utilized to fund employee enrichment events.

Currently, the County Judge and Commissioner, Precinct 1's Offices primarily coordinate and receive donations for the fund and process fund disbursements. The Treasurer's Office is responsible for fund accounting, bank deposits, and bank reconciliations, as well as compiling supporting documentation and creating financial statements.

SCOPE OF EXAMINATION

The primary objectives of this examination included an assessment of the adequacy and effectiveness of the overall system of internal controls in place for the Travis County Employee Enrichment Fund during the period May 1, 2016 through February 28, 2019. This included examinations of controls over receipts and disbursements, reconciliation procedures for bank accounts, and the associated accounting protocols.

EXAMINATION METHODOLOGY

Our work was based on applying sampling procedures to office records and on verbal and written representations from this office. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the office's financial statements, financial records and internal controls that might be material weaknesses or misstatements. In regard to the written and verbal representations made by this office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SUMMARY OF FINDINGS & RECOMMENDATIONS

No material findings were noted during this review; however, we did note three areas that could be improved. These areas and our recommendations are detailed in Attachment A.

FINANCIAL STATEMENTS

Copies of the Enrichment Fund's financial statements for February 28, 2019 are provided in Attachment B. These statements include a detailed statement of revenues, expenditures and changes in fund balance, and a balance sheet for this fund. These financial statements have not been audited by Travis County's external auditors.

EXAMINATION TEAM

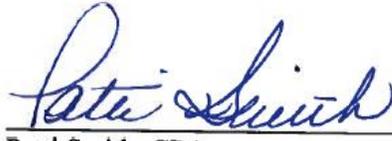
David Jungerman, CIA, Senior Auditor

CLOSING

This report is intended solely for the information and use of the Treasurer's Office and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Treasurer, County Judge, and Commissioner, Precinct 1's Offices during this examination. Please contact us if you have any questions or concerns regarding this report.



David Jungeman, CIA
Chief Assistant County Auditor II
Risk Evaluation & Consulting Division



Patti Smith, CPA
Travis County Auditor

REPORT DISTRIBUTION

Lora Livingston, Judge, 261st Judicial District
Brenda Kennedy, Judge, 403rd Judicial District
Rhonda Ambrose, Travis County Treasurer's Office
Managers, Travis County Auditor's Office

ATTACHMENT A – SUGGESTED IMPROVEMENTS

We recommend the following improvements to the Employee Enrichment Fund’s internal controls and accounting protocols.

1. Check Tracking

The County Judge and Commissioner, Precinct 1 are authorized to sign checks issued on the Employee Enrichment Fund. Currently, the Treasurer holds the majority of the unused check stock for this fund. The Treasurer has distributed a supply of checks to the County Judge’s Office, and Commissioner, Precinct 1 obtains individual checks from the County Judge’s Office as needed.

In order to better track and safeguard this fund’s check stock, we recommend that the Treasurer continue to hold the majority of the fund’s checks. The Treasurer should distribute blocks of checks to the County Judge and Commissioner, Precinct 1’s Offices, tracking the check numbers comprising these blocks and distributing more checks to these offices as needed. The Treasurer should periodically reconcile the overall check inventory to the applicable accounting records to help ensure all checks are accounted for.

Update: The Treasurer’s Office has distributed blocks of checks to both offices.

2. Fund Purpose/Original Proclamation

In its first paragraph, the April 2016 resolution creating this fund states that the fund is to be utilized to fund “special historic and cultural events”. Later, the resolution references setting up a bank account for “employee enrichment events”. We were unable to determine from the language of the resolution whether the latter, more broad definition of the fund’s use supersedes the earlier one. However, the fund is actively being used for more general types of employee enrichment activities and events beyond those of a historic or cultural nature.

We recommend the County Attorney review the 2016 resolution to determine if broadening the definition of the fund’s usage in the first paragraph would more appropriately describe this fund’s purpose.

Update: An updated resolution for this fund has been submitted to the Commissioners’ Court for approval during the May 14th voting session.

3. Tracking Funds Received

When donations are received from County officials and employees, a formal receipt is not prepared and issued to the donating party. While the receipt activity in this fund is relatively low, issuing formal receipts would improve tracking for funds received. In addition, a formal receipt might be useful to the donating party.

We recommend that the County Judge and Commissioner, Precinct 1’s Offices obtain and issue formal receipts for donations received. Three-part receipt books are well-suited for this role, with

one receipt copy being issued to the donating party, one remaining in the receipt book, and the last being remitted to the Treasurer with the funds received.

Update: The County Judge and Commissioner, Precinct 1's Offices are currently working with the Travis County Print Shop to obtain the recommended manual receipt books.

ATTACHMENT B – FINANCIAL STATEMENTS

**Travis County Employee Enrichment Fund
Balance Sheet
February 28, 2019**

Assets

Cash	\$	4,105.79
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Total assets	\$	4,105.79
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Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$	0
		<hr/>
Total liabilities		0
		<hr/>

Fund balance:

Reserved for Commissioners' Court Retreat		8.07
Reserved for Juneteenth		3,896.85
Reserved for Employee Recognition		200.87
		<hr/>
Total fund balance		4,105.79
		<hr/>
Total liabilities and fund balance	\$	4,105.79
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NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not been audited by Travis County's external auditors.

Travis County Employee Enrichment Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Five Months Ended February 28, 2019

Revenues:	
Donations	\$ 500.00
Total revenues	500.00
 Expenditures:	
Current:	
Employee Recognition	328.41
Total expenditures	328.41
Excess (deficiency) of revenues over expenditures	171.59
 Other financing sources (uses):	
Transfers in	-
Transfers out	-
Total other financing sources (uses)	-
Net change in fund balance	171.59
Fund balance - beginning of year	3,934.20
Fund balance - end of year	\$ 4,105.79

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not been audited by Travis County's external auditors.