



**THE COUNTY OF GALVESTON**  
COUNTY AUDITOR'S OFFICE  
P.O. Box 1418  
GALVESTON, TEXAS 77553

**County Auditor**  
**Randall Rice CPA**  
CITP CISA CIO CBM DABFA CGMA

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First Assistant, Director of Auditing

**Jeff Modzelewski CPA**  
First Assistant, Director of Accounting

January 19, 2016

Honorable Judge Mark A. Henry and  
Members of the Commissioners Court

Honorable Judge and Members of the Court:

Attached for your consideration is the internal audit report of Community Supervision and Corrections Department. The audit covered the period October 1, 2014 through September 30, 2015. Also attached is the response letter from Interim Director Dan Moore, dated January 5, 2016.

Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA  
County Auditor

cc: Interim Director Dan Moore

Attachment: Community Supervision and Corrections Department Audit Report  
Response Letter, Interim Director Dan Moore



# Community Supervision and Corrections Department (CSCD) Audit

October 30, 2015

Galveston County  
Internal Audit  
Division

Randall Rice CPA  
CITP CISA CIO CBM DABFA CGMA  
County Auditor

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# Executive Summary

## Reliability and Integrity of Information (page 3)

- Nothing came to our attention during this audit to cause us to doubt the overall reliability and integrity of the information. However, controls over recordkeeping and reporting can be improved by implementing the following recommendations:
  - Enter all urinalysis (UA) fees in CSS for all drug tests performed unless the judgment states the fee should be waived.

## Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.

## Compliance with Statutes, Policies and Procedures (pages 5)

- CSCD should comply with the statutes and department policies by implementing the following recommendation:
  - All outstanding checks that meet the escheatment criteria found in TCP §72.101 should be escheated to the county or the state.

# Introduction

The Internal Audit Division conducted an internal audit of the Community Supervision and Corrections Department, as required by Local Government Code (LGC) §115.0035. The internal audit covered the period October 1, 2014 through September 30, 2015. The audit was performed from October 5, 2015 through October 30, 2015.

The primary objectives of the internal audit are to provide reasonable assurance concerning:

- Reliability and integrity of the information.
- Safeguarding of assets.
- Compliance with laws, regulations, contracts, policies, plans and procedures.

The scope of the internal audit encompassed the financial records and administrative procedures related to the Community Supervision and Corrections Department. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Community Supervision and Corrections Department.

The internal audit included examining transactions on a test basis and required exercising judgment in the selection of such tests. As the internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the internal audit. The official therefore retains the responsibility for the accuracy and completeness of the financial information.

Because of certain statutory duties required of the County Auditor, we are not independent with regard to the Galveston County Community Supervision and Corrections Department as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Lauren Ramsey performed the audit.

# Reliability and Integrity of Information

Reliable information is accurate, timely, complete and useful. In order to achieve this, controls over record keeping and reporting must be adequate and effective.

## Separation of Duties

One of the most important internal controls is to have proper separation of duties. No one person should authorize a transaction, record a transaction and have custody of the assets.

The cashier collects money, records the transaction and issues a receipt to the probationer. At the end of the day, the cashier counts the collections and creates a deposit with a supervisor present. The supervisor signs off on the deposit and the monies are stored in a locked bag in the safe until the deputy sheriff arrives to take the deposit to the bank. CSCD has a proper segregation of duties.

## Corrections Software Solutions (CSS)

The District Clerk and County Clerk offices forward all adult probation cases to CSCD. This includes the judgments, which list the associated probation, urinalysis and pre-intervention fees for each case. The cases and their judgments are recorded in their record keeping system, CSS. The internal auditors tested a sample of cases recorded in CSS for accuracy and completeness.

**Finding:** CSCD is not consistently entering the urinalysis (UA) fees in CSS according to the judgments.

**Recommendation CSCD-16-01:** Enter all UA fees in CSS for all drug tests performed unless the judgment states the fee should be waived.

## Disbursement of Collections

CSCD clears their Moody bank account once a month in a "sweep" where they send money collected throughout the month to its proper owners (Treasurer's Office, victim restitution, crime stopper organizations and defendant refunds).

The department is accounting for all funds being disbursed during the monthly sweep.

# Safeguarding of Assets

Safeguarding of assets has three basic components: 1) physical security of the collections 2) minimal exposure to loss and 3) proper management of the collections.

## Physical Security

Physical security encompasses any method to physically secure the collections from loss. Monies collected should be kept in a locked drawer or safe until they are deposited.

As part of the audit, the auditor conducted a surprise cash count at the Galveston location. All collections were accounted for at the time of the surprise cash count. Controls are in place to ensure the staff uses a lockable safe to secure collections until ready to be deposited. The safe remains locked when not in use.

## Management of Collections

Properly prepared and adequately supported bank reconciliations are one of the best methods of cash management available to any office. The reconciliation process identifies any discrepancies in the bank account and assists in preventing the misuse of funds. Corrections Software Solutions (CSS) has a module that reconciles the transactions recorded in the system (payments and disbursements) with the bank statement information. In addition, the system performs a zero-out of the ending bank balance. The bank reconciliation and proper support documentation is submitted to the Auditor's Office each month.

# Compliance with Statutes, Policies and Procedures

Adequate internal controls have been implemented in order to ensure compliance with applicable statutes, policies and procedures.

## Deposit Statutes

LGC §113.022 Time For Making Deposits requires that money received shall be deposited “on or before the fifth business day after the day on which the money is received”. CSCD's policy is to deposit daily.

CSCD is in compliance with LGC §113.022 for making timely deposits.

## Escheatment of Checks

According to Texas Property Code (TPC) §72.101, “personal property is presumed abandoned if, for longer than three years: (1) the existence and location of the owner of the property is unknown to the holder of the property; and (2)....a claim to the property has not been asserted.” All funds that meet this requirement are to be escheated to the state if they are over \$100 or to the County Treasurer’s Office if they are under \$100.

**Finding:** There are outstanding checks dating back to 1998 that have not been escheated.

**Recommendation CSCD-16-02:** All outstanding checks that meet the TPC §72.101 escheatment criteria should be escheated to the county or the state.

COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT  
GALVESTON COUNTY

715 19<sup>TH</sup> STREET  
409-766-2425

GALVESTON, TEXAS 77550

FAX: 409-770-5530



Dan Moore, Interim Director

January 5, 2016

Mr. Randal Rice CPA  
County Auditor  
P.O. Box 1418  
Galveston, Texas 77550

Re: Community Supervision and Corrections Department, FY 2015 Audit

Mr. Rice:

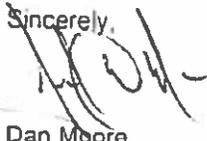
I have reviewed the draft internal audit report on the Community Supervision and Corrections Department that covered the period of October 1, 2014 through September 30, 2015. After consulting with your Auditors I find the report to be thorough and accurate.

In response to the two (2) findings:

1. Urinalysis fees not always being entered into CSS. This is a training issue that we will again address with all staff responsible for collecting and or entering urine results.
2. Escheatment of checks. We are aware of this and have previously discussed this matter with the County Treasurer's Office. We will work with the Treasurer and Auditor's offices to remedy this issue during this fiscal year.

I appreciate the professionalism and thoroughness of your office. If you require any further action concerning this audit please let me know.

Sincerely,

  
Dan Moore  
Interim Director