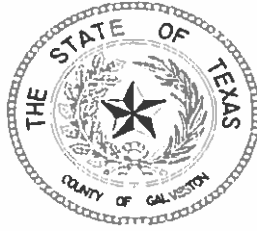


GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Kristin Bulanek CIA, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

October 8, 2018

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

Honorable Mark A. Henry and Members of the Court:

Attached for your consideration is the internal audit report of the County Clerk Fee Audit. The audit covered the period August 1, 2017 through July 31, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Rice", is written over a faint circular stamp.

Randall Rice CPA
County Auditor

cc: Honorable Dwight D. Sullivan, County Clerk

Attachments: County Clerk Fee Audit Report



County Clerk Fee Audit

September 7, 2018

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)

- County Clerk's Office practices proper separation of duties among the clerks.
- County Clerk's Office has adequate controls over voided receipts. A clerk who records the receipts does not have the ability to void the receipts in the Odyssey system. The void functionality is only granted to management staff.

Safeguarding of Assets (page 4)

- All cash collected on the day of the surprise cash counts was accounted for. Collections are deposited daily by a Sheriff's Deputy.
- Physical security over assets (collections) is adequate.

Compliance with Statutes, Policies and Procedures (page 5)

- Misdemeanor fees tested were in compliance with applicable Texas statutes.
- Dismissals tested for misdemeanor cases were in compliance with CCP §32.02.
- Basic court costs and fees tested for civil and probate cases were in compliance with applicable Texas statutes.
- Fees tested for marriage licenses were in compliance with applicable Texas statutes.

Introduction

The Internal Audit Division conducted an internal audit of the County Clerk's Office as authorized by Local Government Code §115. The internal audit covered the period August 1, 2017 through July 31, 2018. The audit was performed from August 21, 2018 through September 7, 2018.

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 County Clerk's Office. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the County Clerk.

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 Clerk, as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Michaelyn Dunaway, Internal Auditor, 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 be able to authorize, record and void transactions and have custody of the assets.

Civil and Probate Court Division

For civil and probate court divisions, the office has established procedures to allow clerks to record cases, to assess court fees and to collect payments in the court system (Odyssey). Clerks do not have the ability to void receipts.

Internal Audit verified only management personnel performed voids. No exceptions were noted during the audit period. Accordingly, the office has a proper separation of duties in place relative to recording and voiding of receipts.

Misdemeanor Court Division

The office has instituted procedures to separate the custody of assets from the recording and authorization functions in the Misdemeanor Division. The Misdemeanor Division clerks only record the cases in Odyssey and collect miscellaneous payments for other services (such as copies, certified copies, etc). The Court Collections Department collects the payments for court costs and fees of misdemeanor cases. Accordingly, they have an effective separation of duties.

Mail-In Payments

Mail is processed every morning by one of the front counter deputies. As the mail is opened, the envelopes are marked indicating the division to which it should be delivered. Each division immediately processes the mail accordingly. Proper separation of duties regarding mail-in payments appear to be in place.

Safeguarding of Assets

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

Physical Security

Physical security encompasses any method to physically secure the assets from loss. Assets not being used should be kept in a locked drawer or safe until they are needed.

Controls are in place to ensure the staff uses lockable drawers and a safe to secure the collections in the office until deposited.

Minimizing Exposure to Loss

Daily depositing is one of the best methods of minimizing exposure of collections to loss as well as providing the county with maximum benefit of collections. The County Clerk's Office has a policy to deposit collections daily.

As part of the audit, the auditor conducted a surprise cash count at the Galveston office on August 21, 2018 and at the League City office on August 22, 2018. All collections and change funds were accounted for at the time of the surprise cash counts. Cash collections were deposited daily by a Sheriff's Deputy during the audit period.

Compliance with Statutes, Policies and Procedures

As part of the audit, the auditor evaluated the adequacy and effectiveness of internal controls and governance regarding compliance with statutes, policies and procedures within the County Clerk's Office.

Misdemeanor Case Fees

The state and local fees assessed for misdemeanor cases were reviewed to verify they were in compliance with current statutes.

No material discrepancies were found in the fees assessed for misdemeanor cases in the audit period.

Misdemeanor Case Dismissals

CCP §32.02 states "the attorney representing the state may, by permission of the court, dismiss a criminal action at any time upon filing a written statement with the papers in the case setting out his reasons for such dismissal, which shall be incorporated in the judgment of dismissal. No case shall be dismissed without the consent of the presiding judge."

All dismissed misdemeanor cases reviewed contained the "Motion and Order to Dismiss" document signed by the presiding judge.

Civil and Probate Case Fees

The state and local fees assessed for civil and probate cases were reviewed to verify they were in compliance with current statutes.

No material discrepancies were detected for fees assessed on civil or probate cases during the audit period.

Marriage License Fees

There are two types of application fees the office collects for: regular marriage licenses and declaration of informal marriage licenses.

LGC §118.011 (7) states the amount of the Marriage License Fee is \$60.00.

LGC §118.011 (8) states the amount of the Declaration of Informal Marriage License Fee is \$25.00.

No discrepancies were identified in assessed marriage application fees during the audit period.