



**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

**Kristin Bulanek CIA**  
First Assistant, Director of Auditing

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

September 29, 2015

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 The Department of Parks and Cultural Services. The audit covered the period June 1, 2014 through May 31, 2015. Also attached is the response letter from Julie Diaz, dated September 15, 2015.

Sincerely,

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

Randall Rice CPA  
County Auditor

cc: Julie Diaz

Attachment: Department of Parks and Cultural Services Audit Report  
Response Letter, Julie Diaz



# Department of Parks and Cultural Services Audit

August 17, 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 (pages 3)

- Adequate controls are in place to properly monitor and control the distribution and sales of Bolivar beach parking stickers.
- Facility use permit fees were assessed and collected in compliance with the facility use agreements.
- Bolivar beach vendor permit fees were assessed and collected in compliance with the beach vending permit policy.

## Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- Money collected from the sale of parking stickers is secured in a safe until ready for deposit

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

- Deposits were in compliance with LGC §113.022 as all cash, cashiers' checks and money orders received were deposited within 5 business days of receipt.
- Bolivar beach vendors are in compliance with the beach vendor policy.
- Concessionaires are in compliance with the concession agreements with the county.

# Introduction

The Internal Audit Division conducted an internal audit of the Department of Parks and Cultural Services, as required by Local Government Code §115.0035. The internal audit covered the period June 1, 2014 through May 31, 2015. The audit was performed from July 1, 2015 through August 17, 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 Department of Parks and Cultural Services. The internal audit included, but was not limited to, the books, accounts, reports, and records of the Department of Parks and Cultural Services.

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 Department of Parks and Cultural Services as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Madeline Walker, Compliance Audit Team Lead, 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.

One of the most important controls is to have proper separation of duties. No one person should authorize a transaction, record the transaction and have custody of the assets. The office has instituted procedures to separate the custody of the assets from the recording and authorization functions. The office has an effective separation of duties.

## **Bolivar Beach Parking Sticker Program**

The Bolivar Beach Parking Sticker Program (BBPSP) generates revenue through the sale of parking stickers for vehicles and golf carts. The stickers are numbered and color coded for each fiscal year. Sticker sales are recorded and reconciled on daily reports filled out by each individual seller. Monitoring the parking sticker numbers, collections and corresponding daily reports serves as support to the deposit warrant and as a means for assurance that parking sticker numbers and receipt numbers are not skipped. No material discrepancies were detected in the BBPSP collections.

## **Facility Use Permits**

The Department of Parks and Cultural Services has several parks and facilities that are available for rent. Each park rental requires the individual to reserve the location by providing a deposit in advance for the outdoor facility or building. The customer is required to complete an indoor or outdoor facility use agreement. The agreement lists the deposit amount and hourly rate charged as well as the reservation guidelines that apply. Facility use permits issued for Walter Hall Park, Carbide Park and Runge Park made up 83% of the total revenue generated through facility use permits. The facility use permits for these parks were reviewed. No discrepancies were detected for fees charged to the customer.

## **Bolivar Beach Vending Permit Policy**

Each Bolivar beach vendor must pay a monthly operating fee to the Department of Parks and Cultural Services from the effective date of the permit through September for each year of the vending period, regardless of what month the permittee actually begins operations (Article 13.1). All of the beach vendors were reviewed to verify the monthly operating fees were paid up to date. No discrepancies were noted.

# **Safeguarding of Assets**

## **Physical Security - Collections**

Depositing daily is one of the best safeguards of assets (collections) as well as providing the county with maximum benefit of the collections.

As part of the audit, a surprise cash count was conducted on June 30, 2015. All cash was accounted for at the time of the surprise cash count. Controls are in place to ensure that staff uses a lockable drawer to safeguard collections during the day then secure the funds in the safe until ready for deposit.

## **Bolivar Beach Parking Sticker Revenue**

The majority of the Bolivar beach parking stickers are sold on the beach by part-time employees. The employees count each other's collections during close-out each work day and secure the money in the safe located in the Sheriff's Office sub-station in Crystal Beach. The money remains in the safe until ready for deposit.

# **Compliance with Statutes, Policies, and Procedures**

## **Deposit Statutes**

LGC § 113.022 allows a maximum of five business days to deposit cash, checks or money orders received by county departments.

The Department of Parks and Cultural Services is in compliance with LGC §113.022. Money collected is secured in a safe and is routinely deposited every day.

## **Bolivar Beach Vending Permit Policy**

The Bolivar Beach Vending Permit Policy requires each vendor to complete an application and provide the following:

- Proof of insurance
- Galveston County Health Certificate (when applicable)
- Color photographs of the vehicle or structure used for vending purposes
- Sales tax number
- Building permit (when applicable)
- Certificate of Assumed Name
- \$100 application fee

All beach vendors were found to be in compliance with the county's beach vending policy.

## **Concession Agreements**

Concession Agreements between the County of Galveston and an individual or group of individuals stipulates the guidelines for operating specific, county owned entities. The concession agreement states the effective dates of the contract, the amount and type of insurance required, and the monthly operating fees. The concession agreements were reviewed to ensure the concessionaires are in compliance with their contracts. No material discrepancies were found.



**COUNTY of GALVESTON**  
**Department of Parks & Cultural Services**

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September 15<sup>th</sup>, 2015

Randall Rice CPA County Auditor  
The County of Galveston  
County Auditor's Office  
P. O. Box 1418  
Galveston, Texas 77553

**RE: Internal Audit**

Dear: Mr. Rice,

The purpose of this letter is to present the Department of Parks and Cultural Services response to your office's internal audit of reliability & integrity of the information, safeguarding of assets, compliance with laws, regulations, contracts, policies, plans, and procedures received on September 11<sup>th</sup>, 2015, which was conducted July 1<sup>st</sup>, 2015 through August 17<sup>th</sup>, 2015.

Per the report received, the Parks and Cultural Service Department had no discrepancies and was found to be in compliance with the following items:

**Reliability and Integrity of Information**

- Bolivar Beach Parking Sticker Program
- Facility Use Permits
- Bolivar Beach Vending Permit Policy

**Safeguarding of Assets**

- Physical Security – Collections
- Bolivar Beach Parking Sticker Revenue

**Compliance with Statutes, Policies, and Procedures**

- Deposit Statutes
- Bolivar Beach Vending Permit Policy
- Concession Agreements

We appreciate the work done on this audit and would like to thank Madeline Walker from the Auditor's office for her professionalism and guidance through the process.

Thank you,

A handwritten signature in black ink, appearing to read "Julie Diaz".

Julie Diaz  
Director  
Galveston County Parks & Cultural Services  
409-934-8114  
[Julie.diaz@co.galveston.tx.us](mailto:Julie.diaz@co.galveston.tx.us)