

# GALVESTON COUNTY



## Office of County Auditor

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July 5, 2016

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 Senior Services on behalf of the Department of Parks and Cultural Services. The audit covered the period May 1, 2015 through April 30, 2016. Also attached is the response letter from Julie Diaz, dated June 24, 2016.

Sincerely,

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

Randall Rice CPA  
County Auditor

Attachment: Senior Services Internal Audit Report  
Response Letter, Julie Diaz



# Galveston Department of Parks and Cultural Services- Senior Services Audit

May 25, 2016

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)

- Manual receipts are accounted for and filled out completely.
- Voided receipts are being retained and turned in with the used receipt book or the daily collections.

## Safeguarding of Assets (page 4)

- Physical security of assets is sufficient.
- The office has effective separation of duties.
- There is proper management of collections.

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

- Collections are not consistently deposited in compliance with LGC §113.022 Time for Making Deposits.

# Introduction

The Internal Audit Division conducted an internal audit of the Senior Services Division of the Department of Parks and Cultural Services in accordance with Local Government Code §115. The internal audit covered the period May 1, 2015 through April 30, 2016. The audit was performed from May 5, 2016 through May 25, 2016.

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 Senior Services Division of the Department of Parks and Cultural Services. The internal audit included, but was not limited to, the applicant files, accounts, reports, contracts and records of Senior Services. The internal audit may also include reports or other records of the County Auditor, other county officials and third party entities.

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 department head 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 Senior 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.

## **Manual Receipts**

Senior Services issues manual receipts for all donations made to the programs within the department. The receipt books used are county issued, pre-numbered and contain triplicate copies. The senior services supervisor uses a log to track all manual receipt books and the person they have been issued to. Only one book is allowed for each facility or driver at a time. All receipts issued must be filled out entirely and contain the name of the donor, date, amount given and the signature of the issuer. Internal audit tested a sample of manual receipts issued during the audit period. No discrepancies were noted.

## **Voided Receipts**

In the event a manual receipt is voided, all copies of the voided receipt must be retained in the manual receipt books, which are to be turned in to the Senior Services Supervisor for review once the book is complete. If all copies are not retained, an explanation for the void and a copy of the voided receipt are to be turned in with the daily collections. No discrepancies were noted in the review of voided receipts.

# 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 collections from loss. Collections not being used should be secured in a locked drawer or safe until they are ready for deposit.

As part of the audit, the auditor conducted a surprise cash count at the Johnson Center on May 5, 2016. All collections were accounted for at the time of the surprise cash count. Funds collected are delivered to and stored in the safe at the Johnson Center until they are ready for deposit. In the event collections are made after the funds have been delivered, each facility has a lockable drop safe where funds are secured until the following day.

## 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. All donations received by Senior Services are submitted to the Senior Services Supervisor with appropriate support documentation. The Programs Manager deposits the donations in the bank and the Records Technician records the transactions in One Solution. The office has effective separation of duties.

## Management of Collections

It is the responsibility of the Records Technician to enter the cash receipts into One Solution once the senior services supervisor has verified the funds for deposit. Internal audit tested a sample of deposits to ensure the sum of the amounts on the manual receipts were the same as the amount of the bank confirmation and cash receipt in One Solution. All deposits tested were accurate and complete.

# 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 laws, regulations and contracts within the Senior Services operations.

## Timeliness of Deposits

Local Government Code (LGC) §113.022 Time For Making Deposits states a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

**Finding:** Collections are not consistently being deposited in compliance with LGC §113.022 Time For Making Deposits.

**Recommendation SS-16-01:** Deposit all collections to the bank daily or no later than the fifth business day after the day on which the money is received.



# COUNTY of GALVESTON

## Department of Parks & Cultural Services

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June 24, 2016

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 – Senior Services response to your office's internal audit of reliability & integrity of the information, safeguarding of assets, compliance with statutes, policies, and procedures received on June 9<sup>th</sup>, 2016, which was conducted July for May 1<sup>st</sup>, 2015 through April 30<sup>th</sup>, 2016.

Per the report received, the Parks and Cultural Service Department – Senior Services Division was found to be in compliance with the following items:

#### Reliability and Integrity of Information

- Manual Receipts
- Voided Receipts

#### Safeguarding of Assets

- Physical Security
- Separation of Duties
- Management of Collections

Per the report received, the Parks and Cultural Service Department – Senior Services Division was found to have a discrepancy with the following item:

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

- Timeliness of Deposits
  - Finding: Collections are not consistently being deposited in compliance with LGC 113.022 – Time for Making Deposits
  - Recommendations SS-16-01: Deposit all collections to the bank daily or no later than the fifth business day after the day on which the money is received.
  - Response: The Senior Services Division will make deposits twice a week - every Tuesday and Friday, to be in compliance with the Time for Making Deposits policy.

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)

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*Our Core Purpose: "We offer exceptional life experiences!"*

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