

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

August 15, 2017

Honorable Mark A. Henry 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 Galveston County Senior Services on behalf of the Department of Parks & Cultural Services. The audit covered the period May 1, 2016 through April 30, 2017. Also attached is the response letter from Julie Diaz, Director of Parks & Cultural Services, dated August 2, 2017.

Sincerely,

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

Randall Rice CPA
County Auditor

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



Galveston Department of Parks and Cultural Services- Senior Services Audit

July 26, 2017

Galveston
County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

Executive Summary 1
Introduction 2
Details 3-5

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 consistently deposited in compliance with LGC §113.022 Time for Making Deposits.
- All amounts requested for reimbursement under the H-GAC Area Agency on Aging Vendor grant were received by the county.
- Invoices tested from Valley Services, Inc. for meal orders were billed accurately and the invoices were received and paid on time, in accordance with the contract.

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, 2016 through April 30, 2017. The audit was performed from May 17, 2016 through July 26, 2017.

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 17, 2017. All collections were accounted for at the time of the surprise cash count. Funds collected are delivered to and stored 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 Records Technician with appropriate support documentation. The Records Technician reconciles all collections with the manual receipts. Collections are deposited daily by the Parks and Cultural Services Special Projects Manager. After funds are deposited, the Records Technician creates the cash receipt in ONESolution. The office has effective separation of duties.

Management of Collections

It is the responsibility of the Records Technician to enter the cash receipts into ONESolution once all funds have been verified 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 ONESolution. 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. All collections tested were deposited within the time frame allocated under LGC §113.022.

Grants

Senior Services receives an annual grant in the form of monthly reimbursements for meals and transportation for seniors under the Houston-Galveston Area Council (H-GAC) Area Agency on Aging Vendor grant. Funds for this grant are provided to the H-GAC from the state and federal level under the Older Americans Act, Title III programs. There are three categories of expenses eligible for reimbursement: congregate meals, home delivered meals and transportation. In order to receive the funds, Senior Services must submit an invoice to the H-GAC that details the amount spent on each category for the previous month. Testing was performed on all invoices during the audit period, verifying the amount submitted for reimbursement was received by the county. There were no discrepancies found.

Contracts

Meals provided to citizens through Senior Services are purchased from Valley Services, Inc. under an agreement with other H-GAC participants. The prices of the meals are based on the type of meal (frozen, home delivered, congregate, etc.) total number of meals ordered by all participants and the number of operating days. Under the contract, invoices are submitted to the county weekly by Valley Services, Inc. and the county pays all invoices within thirty days of the end of the month. A sample of invoices was tested for billing accuracy and adherence to the contractual timeliness of invoice receipts and payments. All invoices tested were accurate and received and paid in accordance with the contract.



COUNTY of GALVESTON
Department of Parks & Cultural Services

4102 Main Street (FM 519) • LaMarque, Texas 77568
Phone: (409) 934-8100 • Fax: (409) 934-8140
www.galvestoncountytexas.gov/ps

August 2nd, 2017

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

RE: Response to Internal Audit Report

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 Report received on August 1st, 2017, which covered the period of May 1st, 2016 through April 30th, 2017.

Your office reviewed the following items:

- Reliability and Integrity of Information
- Safeguarding of Assets
- Compliance with Statutes, Policies, and Procedures

Your findings were that we were in compliance and had no discrepancies in any of these areas.

I would like to thank the Auditor's Office for this internal audit review and the professionalism of your staff, Madeline Walker, as she conducted her day to day visits and interactions with staff.

Sincerely,

Julie Diaz
Director
Parks and Cultural Services
Julie.diaz@co.galveston.tx.us
409.934.8114