



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

Ron Chapa CPA
First Assistant, Director of Auditing

Jeff Modzelewski CPA
First Assistant, Director of Accounting

Latoya Jordan
First Assistant, I.T. Systems

December 10, 2013

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 Senior Services. The audit covered the period May 1, 2012 through April 30, 2013. Also attached is the response letter from Ms. Julie Diaz, Assistant Director, dated November 6, 2013.

Sincerely,

A handwritten signature in blue ink, appearing to read "RR CPA".

Randall Rice CPA
County Auditor

cc: Ms. Kelly Snook
Department of Parks and Senior Services

Attachment: Department of Parks and Senior Services Audit Report
Response Letter, Assistant Director Julie Diaz



Department of Parks and Senior Services Audit

September 27, 2013

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA
CGMA
County Auditor

Executive Summary 1
Introduction 2
Details 3-6

Executive Summary

Reliability and Integrity of Information (pages 3)

- The current administration identified issues with the software system Active Net. Over the past year staff has worked diligently in efforts to clean up issues resulting in increased reliability and integrity of the data in Active Net.

The Department of Parks and Senior Services can increase the reliability and integrity of information by implementing the following recommendations:

- Be consistent with providing the Fort Travis Walk-In Weekly Recap Form with the Active Net Cash Distribution By Account (Detail) Report to support the Fort Travis collections deposit warrant.
- Include the manual receipt range in the Walk-In Weekly Recap Form and in the comments section in Active Net.

Safeguarding of Assets (page 4-5)

Safeguarding of assets can be improved by implementing the following recommendations:

- Verify the cash collections at the exchange of custody between Fort Travis and Carbide Park before accepting funds.
- Create an inventory list and update this list routinely to ensure all equipment is included and correctly recorded.
- Create a numbering system for equipment that will uniquely identify each piece of equipment. Numbers should not be reused when equipment is replaced. This numbering system should be applied to all equipment **excluding** vehicles which are already uniquely numbered by the County Fleet.
- Create a fuel log to track what vehicle or equipment is fueled by the bulk tanks. All fuel added and removed from the bulk tanks should be documented on the fuel logs and the fuel logs should be reconciled on a monthly basis.

Compliance with Statutes, Policies, and Procedures (pages 6)

- 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.
- The Bolivar Beach Vendors' operating fees were in compliance with the beach vendor policy.
- Facility rental fees were assessed and collected in compliance with the facility use agreements.

Introduction

The Internal Audit Division conducted an internal audit of the Department of Parks and Senior Services, as required by Local Government Code §115.0035. The internal audit covered the period May 1, 2012 through April 30, 2013. The audit was performed from June 26, 2013 through September 27, 2013.

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

- The reliability and integrity of the information.
- The 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 Senior Services. The internal audit included, but was not limited to, the books, accounts, reports, and records of the Department of Parks and Senior 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 Senior Services as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Tony Pompa, Internal Auditor I, 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.

Fort Travis Park

Fort Travis Park rents out campsites for \$30 per day and cabanas for \$40 per day. Reservations can be made through the Department of Parks and Senior Services; however, the majority of the collections come from walk-in customers. The Supervisor issues the customer a receipt for each payment.

Finding: The supporting documentation for deposit warrants for these rental fees submitted to the Auditor's Office was inconsistent.

Recommendation Parks-13-01: The Department of Parks and Senior Services should be consistent with providing the Fort Travis Walk-In Weekly Recap Form with the Active Net Cash Distribution By Account (Detail) Report to support the Fort Travis collections deposit warrant.

Finding: The Fort Travis manual receipt numbers were not used in the Walk-In Recap Form and were not found to be included in Active Net.

Recommendation Parks-13-02: To ensure the validity of the Active Net reports for the Fort Travis cabana and campsite rentals, include the manual receipt range in the Walk-In Weekly Recap Form and in the comments section in Active Net.

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. For each sticker that is sold, the customer is issued a copy of a pre-numbered, County-issued, duplicate receipt. Tracking the parking sticker numbers and corresponding receipt numbers serve as support to the deposit warrant and as a means for assurance that parking sticker numbers and receipt numbers were not skipped. No discrepancies were detected in the BBPSP collections.

Active Net

Current administration identified multiple data issues with the Department of Parks software system, Active Net. Over the past year staff has worked diligently in efforts to clean up these issues as well as implement policies and procedures to prevent incorrect data entry in the future. Overall, these efforts have increased the reliability and integrity of the Department of Parks and Senior Services data and software Active Net.

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, the auditor conducted a surprise cash count at the beginning of the audit. 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.

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 the collections. By depositing daily, the office is within compliance with applicable statutes governing depositing of County funds.

The auditor tested the deposits and found the Department of Parks and Senior Services collections were deposited to the bank daily.

Finding: The Department of Parks and Senior Services does not have an adequate internal control over the change of custody of cash between the Fort Travis Park Office and the Carbide Park Office.

Recommendation Parks-13-03: An internal control should be implemented in the exchange of cash custody between Fort Travis and Carbide Park. The clerks should verify the cash collections by having a clerk count the cash collections while the second clerk verifies the amounts. Once both have agreed the total is accurate have each sign off on the Walk-In Weekly Recap Form before accepting the change of custody.

Small Equipment

An internal review of small equipment and tools was not performed during this audit; however, an interview with the Operations Manager regarding the small equipment was conducted to follow up on the auditor's recommendations in prior audits. According to the Operations Manager, the Department of Parks and Senior Services is in the beginning stages of inventory and should have a complete list by January 2014.

Safeguarding of Assets (continued)

Fixed Assets

The Purchasing Agent Policies and Procedures Manual (May 11, 2010) requires the Fixed Asset Property Manager to inventory all County fixed assets twice a year. Typically these are performed in January and June. Due to the implementation of Fixed Assets into IFAS 7i, the Purchasing Department decided to forego the January inventory.

We received a copy of the Verification of Asset Custody Report for the Parks Department and a report for Senior Services, both dated April 12, 2013. The following was noted:

Finding: The Department of Parks and Senior Services has custody of 22 trailers, 6 of which are valued at over \$5000.00 and are considered fixed assets. The remaining 16 trailers are not recorded in IFAS due to their value; therefore, these are not verified in Purchasing's inventory process. Furthermore, the Department of Parks and Senior Services is currently not performing an inventory on such equipment.

Recommendation PARKS-12-01: The Parks Department should create an inventory list and update this list routinely to ensure all equipment is included and correctly recorded. *(This is a finding from a prior audit.)*

Recommendation PARKS-12-02: The Parks Department needs to create a numbering system for equipment that will uniquely identify each piece of equipment. Numbers should not be reused when equipment is replaced. This numbering system should be applied to all equipment **excluding** vehicles which are already uniquely numbered by the County Fleet. *(This is a finding from a prior audit.)*

The Department of Parks and Senior Services is currently developing a numbering system to be put into place in the implementation of their inventory process in January of 2014.

Bulk Tank Fuel Usage

The bulk tanks are used for re-fueling equipment such as mowers and tractors and are stored in the bed of County trucks. The *Fuel Force* system only allows a maximum of 100 gallons per transaction for the bulk tanks.

Finding: There are no controls in place to track the usage of the fuel in the bulk tanks.

Recommendation Parks-13-04: Fuel logs need to be utilized for all bulk tanks to track what vehicle or equipment is fueled by the tanks. The fuel logs need to require the following information per transaction: date and time of the transaction, unit # of vehicle/equipment fueled, printed name of individual delivering the fuel, printed name and signature of individual receiving the fuel, and the number of gallons per transaction. All fuel added and removed from the bulk tanks should be documented on the fuel logs. These fuel logs should be reconciled on a monthly basis to ensure the validity of all fuel used by the bulk tanks. *(This is a finding from a prior audit.)*

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 Senior 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

A beach vending permittee must pay a monthly operating fee to the Department of Parks and Senior 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). The Bolivar Beach Vending Program was reviewed; no discrepancies were detected in for the Bolivar Beach Vending permittees' operating fees.

Facility Use Permits

The Department of Parks and Seniors Services has ten parks and facilities that are available for rent. Each park rental requires the individual to reserve the location by applying a deposit in advance for the park or building. Each individual is required to complete an indoor or outdoor facility use agreement and agree to terms. The agreement lists all the deposit amounts and hourly fees charged. The agreement provides the individual the reservation policies and regulations that apply. The top three revenue producing parks in the County were reviewed and no discrepancies were detected for fees charged to the renter.



COUNTY of GALVESTON
Department of Parks & Senior Services

4102 Main Street (FM 519) • LaMarque, Texas 77568
Phone: (409) 934-8100 • Fax: (409) 934-8140
www.galvestonparks-seniors.org

November 6th, 2013

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 Senior Services response to your office's Internal Audit Report received on October 22nd, 2013, which covered the period May 1st, 2012 – August 30th, 2013.

We understand the scope, objectives, and methodology as each relates to the reliability and integrity of information, safeguarding of assets, compliance with laws, regulations, contracts, policies, plans, and procedures of the Department of Parks and Senior Services.

The following will provide in numerical order the Findings, Recommendations, and our Response:

Reliability and Integrity of Information

FORT TRAVIS PARK

Finding: The supporting documentation for deposit warrants for these rental fees submitted to the Auditor's Office was inconsistent.

Recommendation PARKS-13-01: The Department of Parks and Senior Services should be consistent with providing the Fort Travis Walk-In Weekly Recap Form with the ActiveNet Cash Distribution By Account (Detail) Report to support the Fort Travis collections deposit warrant.

Response: We agree and the Assistant Director will update/revise the current form for better use. The Beach Sticker Supervisor will fill out the Walk-In Weekly Recap Form and submit when making deposits for campsite rentals. As of August 12th, there are no more on-site Cabana rentals, so this eliminates the need for staff to fill out a form for cabanas.

Our Mission:

To provide comprehensive and diverse recreational and senior services opportunities for Galveston county Citizens and visitors, through the stewardship of our resources.

Finding: The Fort Travis manual receipt numbers were not used in the Walk-In Recap Form and were not found to be included in ActiveNet.

Recommendation PARKS-13-02: To ensure the validity of the ActiveNet report for the Fort Travis Cabana and campsite rentals, include the manual receipt range in the Walk-In Weekly Recap Form and in the comments section of ActiveNet.

Response: As of August 12th, there are no more on-site Cabana rentals. All cabana rentals are made through the Parks Administrative offices, so this would eliminate this process for cabana rentals. Campsite rentals can still be reserved on-site, so we will ensure the Beach Sticker Supervisor includes each receipt number when they are submitting payments to the Permit Coordinator. They will also place a receipt range on the form. There will be a place for this on the revised Walk-In Weekly Recap Form.

Safeguarding of Assets

MINIMIZING EXPOSURE TO LOSS

Finding: The Department of Parks and Senior Services does not have an adequate internal control over the chain of custody of cash between the Fort Travis Park Office and the Carbide Park Office.

Recommendation PARKS-13-03: An internal control should be implemented in the exchange for cash custody between Fort Travis and Carbide Park. The clerks should verify the cash collections by having a clerk count the cash collections while the second clerk verifies the amounts. Once both have agreed the total is accurate have each sign off on the Walk-In Weekly Recap Form before accepting the change of custody.

Response: We agree and beginning December 2013 we will ensure that the Beach Sticker Supervisor will verify the cash collections by counting the cash collections while the Permit Coordinator verifies the amounts. Once each has agreed the total is accurate, they will sign on the revised Walk-In Weekly Recap Form.

FIXED ASSETS

Finding: The Department of Parks and Senior Services has custody of 22 trailers, 6 of which are valued at over \$5,000.00 and are considered fixed assets. The remaining 16 trailers are not recorded in IFAS due to their value; therefore, these are not verified in Purchasing's inventory process. Furthermore, the Department of Parks and Senior Services is currently not performing an inventory on such equipment.

Recommendation PARKS-12-01: The Parks Department should create an inventory list and update this list routinely to ensure all equipment is included and correctly recorded.

Response: We agree and in December 2013, the Parks Department will be doing a thorough inventory of all equipment. This documentation will be put maintained and updated by the Trades Supervisor monthly, and an annually report will be provided to the Parks Operations Manager and Assistant Director. Parks will verify that our list matches the Fixed Asset list compiled by the Purchasing Department. Parks foresees having a complete list by January 2014.

Recommendation PARKS-12-02: The Parks Department needs to create a numbering system for equipment that will uniquely identify each piece of equipment. Numbers should not be reused when equipment is replaced. This numbering system should be applied to all equipment excluding vehicles which are already uniquely numbered by the County Fleet.

Response: We agree and the Trades Supervisor and the Parks Operations Manager will be creating a numbering system for all equipment to implement by February 2014. Note: individual tools i.e. hammer, screwdriver, wrench will not be included in this numbering system. Only items over the price of \$1000.00 will be numbered.

BULK TANK FUEL USAGE

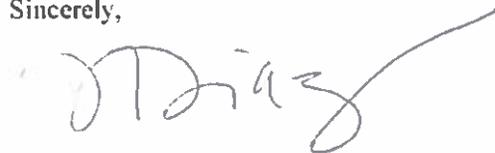
Finding: There are no controls in place to track the usage of the fuel in the bulk tanks.

Recommendation PARKS-12-03: Fuel logs need to be utilized for all bulk tanks to track what vehicle or equipment is fueled by the tanks. The fuel logs need to require the following information per transaction: date and time of transaction, unit # of vehicle/equipment fueled, printed name of individual delivering the fuel, printed name and signature of individual receiving the fuel, and the number of gallons per transaction. All fuel added and removed from the bulk tanks should be documented on the fuel logs. These fuel logs should be reconciled on a monthly basis to ensure the validity of all fuel used by the bulk tanks.

Response: We agree that fuel logs need to be utilized for the bulk tanks. By January 2014 a log will be created and placed in each vehicle with bulk tank, currently three trucks. Staff will be trained on how to fill out the logs. Each month these logs will be turned in to the District Supervisor, who will monitor and let the Parks Operations Manager know of any inconsistencies.

I would like to thank the Auditor's Office for this internal audit review and the professionalism of your staff (Lori McWhirter and Tony Pompa) as they conducted their day to day visits and interactions with our staff.

Sincerely,



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