



THE COUNTY OF GALVESTON
COUNTY AUDITOR'S OFFICE
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GALVESTON, TEXAS 77553

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December 15, 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 District Clerk's Fees collections. The audit covered the period September 1, 2014 through August 31, 2015. Also attached is the response letter from Honorable John D. Kinard, dated December 1, 2015.

Sincerely,

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

Randall Rice CPA
County Auditor

cc: Honorable John D. Kinard

Attachment: District Clerk's Fees Collections Audit Report
Response Letter, Honorable John D. Kinard



District Clerk Fee Audit FY 2015

11/3/2015

Galveston County
Internal Audit
Division

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Executive Summary

Reliability and Integrity of Information (page 3)

- The District Clerk has adequate controls to ensure proper separation of duties relative to recording, authorizing and collecting.

Safeguarding of Assets (page 4)

- All cash collected on the day of the surprise cash count was accounted for. Collections are deposited daily by a Sheriff's Deputy.

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

- Felony dismissals are only being processed once the Assistant District Attorney and the presiding judge have authorized them.
- Civil basic filing fees are in compliance with statute.
- Criminal basic filing fees are being assessed according to statute.
- Disbursements are valid and accurate.

Introduction

The Internal Audit Division conducted an internal audit of the District Clerk's Office, as required by Local Government Code §115.0035. The internal audit covered the period September 1, 2014 through August 31, 2015. The audit was performed from September 22, 2015 through November 3, 2015.

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

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 District Clerk's Office of Galveston County 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.

Separation of Duties

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.

Criminal Court Division

The Office has instituted procedures to ensure separation of duties between authorizing, recording and collecting in the Criminal Court Division. The District Attorney's Office (DA) initiates the filings of the criminal charges. The District Clerk's Office records the criminal charges in Odyssey, the Court's electronic record keeping system. The Court Administration Department collects the payments.

Civil Court Division

The Office has instituted procedures to ensure separation of duties between authorizing, recording and collecting in the Civil Court Division.

The court clerks record the civil suits in Odyssey; the cashiers collect the payments. Furthermore, the Accounting Supervisor is the only District Clerk employee who has the authority to adjust court costs/fees or perform voids in Odyssey.

Safeguarding of Assets

Safeguarding of collections has three basic aspects: 1) physical security, 2) minimal exposure to loss and 3) management of the collection process.

Physical Security - Collections

Physical security encompasses any method used to physically secure the collections from loss. Monies collected should be kept in a locked drawer or safe until ready for deposit.

As part of the audit, we conducted a surprise cash count on September 23 and September 28, 2015. All collections and change funds were accounted for.

Minimizing Exposure to Loss

Daily deposit 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.

The District Clerk's Office only accepts cash, cashiers or attorney's checks, money orders and credit cards. Checks and money orders are restrictively endorsed immediately upon receipt. A Sheriff's Deputy deposits the collections daily.

Compliance with Statutes, Policies, and Procedures

Texas statutes and local government codes dictate the amounts of court costs and fees to be assessed and collected by the District Clerk's Office.

Dismissals

It is one of the District Clerk's Office responsibilities to provide support for the district courts by serving as custodian of all court pleadings and court records for all cases. Criminal felony charges can be dismissed when the Assistant District Attorney (ADA) requests a motion to dismiss and it is agreed by the presiding/acting judge. Both parties are required to sign the motion. The District Clerk's Office is in compliance with dismissing cases only when the motion has been signed by both the ADA and the judge.

Civil Fees

Basic civil filing fees are set by statute and are set-up in Odyssey to auto-populate when a new case is filed. The District Clerk's Office has a policy that protects these fees from being altered by unauthorized personnel in Odyssey. A sample of civil filing fees was tested for compliance with statute. No material exceptions were found.

Criminal Fees

The filing fees for criminal cases are determined by the type of charge and set by statute. Fee amounts are configured in Odyssey depending on the charge. If the charge is reduced from a felony to a misdemeanor, the filing charges are also reduced. The District Clerk's Office is assessing the appropriate amount of statutory criminal filing fees. When a charge is reduced, all applicable fees are reduced as well.

Disbursements

The District Clerk's Office is responsible for issuing all non-criminal disbursements. Disbursements are processed once a week by the Accounting Supervisor using 'Group Disbursement' in Odyssey and Printech. Internal Audit tested a sample of disbursements for validity and accuracy. No material misstatements were found.



JOHN D. KINARD

DISTRICT CLERK GALVESTON COUNTY

December 1, 2015

Randal Rice, CPA
County Auditor

Re: District Clerk Fee FY 2015 Audit

Mr. Rice:

We have received a draft copy of the District Clerk Fee FY 2015 Audit dated November 19, 2015. We agree with all of the findings. We have installed electronic counterfeit detectors at all of our cashier stations in both the Galveston and League City offices to enhance the security of the County's assets.

We appreciate the work of Ms. Madeline Walker and the rest of the Auditor's staff and we look forward to continuing to work with your staff in the future.

We do not feel that an exit conference is necessary.

Sincerely,

A handwritten signature in blue ink, appearing to read "John D. Kinard", with a long, sweeping underline.

John D. Kinard
District Clerk Galveston County