

GALVESTON COUNTY



Office of County Auditor

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January 17, 2017

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 Justice of the Peace, Precinct 2 (Galveston and Santa Fe locations). The audit covered the period October 1, 2015 through September 30, 2016. Also attached is the response letter from Honorable Jim Schweitzer, dated January 8, 2017.

Sincerely,

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

Randall Rice CPA
County Auditor

cc: Honorable Judge Jim Schweitzer

Attachment: Justice of the Peace, Precinct 2 Audit Report
Response Letter, Judge Jim Schweitzer



Justice of the Peace, Precinct 2 Audit

November 16, 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)

- The office has proper separation of duties.

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- All collections were accounted for during the surprise cash counts.

Compliance with Statutes, Policies, and Procedures (page 5-6)

- No discrepancies were found in the court's compliance with voided receipts.
- No material discrepancies were found in the court's assessment of PC30 fees.
- No discrepancies were found in the court's assessment of time payment fees.
- No discrepancies were found in the court's compliance with the "Allocation Rule".
- No discrepancies were found in the court's compliance with administrative dismissals.

Introduction

The Internal Audit Division conducted an internal audit of the Justice of the Peace, Precinct 2, in accordance with Local Government Code §115. The internal audit covered the period October 1, 2015 through September 30, 2016. The audit was performed from October 26, 2016 through November 16, 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 Justice of the Peace, Precinct 2. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 2.

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 Galveston County Justice of the Peace, Precinct 2, as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Christina Fogg, 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.

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.

A proper separation of duties is sometimes difficult to establish due to the size of staff and budgetary constraints; however, there are compensating controls that have been implemented in different areas of the operations.

No-Charge Dismissals

CCP §32.02 Dismissal By State's Attorney states "The attorney representing the State may, by permission of the court, dismiss a criminal action at any time upon filing a written statement with the papers in the case setting out his reasons for such dismissal, which shall be incorporated in the judgment of dismissal. No case shall be dismissed without the consent of the presiding judge."

Court policy requires the judge or the assistant district attorney to sign or initial the court order as proof of authorization. A copy of the court order must be scanned into Odyssey.

A sample of no charge dismissals was tested for compliance. No material discrepancies were noted.

Jail Time Credit

CCP §45.048 Discharged From Jail states a defendant placed in jail shall be discharged by showing the defendant is too poor to pay the fine and costs or has remained in jail a sufficient length of time to satisfy the charges. Per office policy, the defendant must provide proof of time served. All jail time credit awarded must be approved by the judge.

There were no discrepancies detected in the review of jail time credit.

Safeguarding of Assets

Safeguarding of assets has three basic components: 1) physical security of the collections, 2) minimal exposure to loss and 3) proper management of the collections.

Physical Security

Physical security encompasses any method to physically secure the collections from loss. Collections 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 Galveston office on October 27, 2016 and at the Santa Fe office on November 2, 2016. All collections were accounted for at the time of the surprise cash counts. Controls are in place to ensure the staff uses a lockable safe to secure collections until ready to be deposited. The safe remains locked when not in use.

Compliance with Statutes, Policies and Procedures

Voided Receipts

Court policy dictates all voided receipts must be approved by the chief clerk or the senior court clerk. The clerk who initiated the void in Odyssey will contact the chief clerk or the senior court clerk and provide the case number and an explanation for the void. The chief clerk or the senior court clerk will reverse the payment in Odyssey and record the explanation in the 'comments' section. The clerk who initiated the void will immediately re-receipt the payment, when applicable.

There were no discrepancies found in the court's compliance with court policy.

Time Payment Fee

LGC §133.103 states "(a) A person convicted of an offense shall pay, in addition to all other costs, a fee of \$25 if the person: (1) has been convicted of a felony or misdemeanor; and (2) pays any part of a fine, court costs or restitution on or after the 31st day after the date on which a judgment is entered assessing the fine, court costs, or restitution."

No discrepancies were found in the court's assessment of time payment fees.

Jail Time Credit Allocation (JTC)

A defendant may be awarded JTC in lieu of paying the court costs, fees and fine. If the amount of JTC awarded is not enough to satisfy all charges, the court must follow the "Allocation Rule". Attorney General Opinion GA-147 and the 'Justice Courts - Court Costs and Fees Handbook' define the "Allocation Rule" for JTC as the practice of applying JTC to the fine first and then to court costs and fees. If the monies received do not cover all of the court costs, then the monies must be allocated to court costs on a pro-rata basis.

There were no discrepancies found in the court's compliance with the "Allocation Rule" for JTC.

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Compliance with Statutes, Policies and Procedures (continued)

Private Collection Contract (PC30 Fees)

The County of Galveston entered into a contract with a private attorney for the collection services of unpaid fines, fees and court costs. The county agreed to pay the firm thirty percent of the amount collected for any unpaid charges. The thirty percent collection fee shall be added to the amount owed by the defendant.

No material discrepancies were detected in the testing of the PC30 fees.

Administrative Dismissals

Certain violations can be dismissed with an administrative fee when the defendants show they rectified the underlying complaint within the statutory time limit. Once the proof is presented and the administrative fee has been paid, the clerk may dismiss the case, without the consent of the judge.

No discrepancies were noted in testing of the administrative dismissals.

Jim Schweitzer
Justice of the Peace, Pct. 2
1922 Sealy
Galveston, Texas 77550
409-766-2250

January 8, 2017

Mr. Randall Rice
County Auditor
722 Moody Ave, 4th Floor
Galveston, Texas 77550

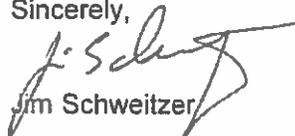
Re: Audit - November 16, 2016

Dear Mr. Rice,

Thank you for the time and effort in performing the November 16, 2016 audit. As usual your staff was professional in working with my offices and spending the necessary time to complete the audit.

If you or Commissioner's Court has any questions, please do not hesitate to contact me.

Sincerely,


Jim Schweitzer