

# GALVESTON COUNTY



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August 2, 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 Justice of the Peace, Precinct 3. The audit covered the period April 1, 2015 through March 31, 2016. Also attached is the response letter from Honorable Penny L. Pope, dated July 14, 2016.

Sincerely,

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

Randall Rice CPA  
County Auditor

cc: Honorable Judge Penny L. Pope

Attachment: Justice of the Peace, Precinct 3 Audit Report  
Response Letter, Judge Penny L. Pope



# Justice of the Peace, Precinct 3 Audit

June 8, 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)

- Nothing came to our attention during this audit to cause us to doubt the overall reliability and integrity of the information:
  - The judge or assistant district attorney signs off on all no-charge dismissals.
  - The judge reviews and initials the “Net Data Jail Time Collections” report monthly.

## Safeguarding of Assets (page 4)

- All collections were accounted for during the surprise cash counts.
- Physical security over assets (collections) is adequate.
- Bank reconciliations are properly prepared and adequately supported.

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

- The court can improve on compliance with the statutes and court policies by implementing the following recommendations:
  - All voided receipts should contain an explanation of the void and the signature of a clerk other than the clerk who generated the void as well as the judge’s signature.
  - During the administrative dismissal test, 4 case jackets could not be located. The La Marque office should design a filing system that prevents case jackets from being misplaced or lost.
- There were no material discrepancies found in the court’s collection of time payment fees and the court’s compliance with the “Allocation Rule” for JTC.
- PC30 fees were tested, and no discrepancies were noted.

# Introduction

The Internal Audit Division conducted an internal audit of the Justice of the Peace, Precinct 3, in accordance with Local Government Code §115. The internal audit covered the period April 1, 2015 through March 31, 2016. The audit was performed from April 26, 2016 through June 8, 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 3. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 3.

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 3 as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Christina Fogg, Internal Auditor, 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 are being 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 case jacket or court order as proof of authorization.

A sample of no-charge dismissals were tested. No discrepancies were detected.

## **Jail Time Credits**

Per office policy, jail time credits (JTC) recorded in Net Data require the judge's approval and proof the defendant served jail time. As a control to mitigate the possibility of invalid JTC being entered, the judge should review the "Net Data Jail Time Collections" report monthly and sign the report.

No discrepancies were detected in the review of JTC. The judge reviews the "Net Data Jail Time Collection Register" report monthly and provides her signature of approval.

# 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. Monies collected should be kept in a locked drawer or safe until they are deposited.

As part of the audit, the auditor conducted surprise cash counts at all locations. All collections were accounted for at the time of the surprise cash counts. Controls are in place to ensure the staff at all locations uses a lockable safe to secure collections until ready to be deposited. The safes remain locked when not in use.

## Management of Collections

Properly prepared and adequately supported bank reconciliations are one of the best methods of cash management available to any official. The reconciliation process identifies any discrepancies in the bond account and assists in preventing the misuse of funds.

No discrepancies were noted in the review of the bank reconciliations.

# Compliance with Statutes, Policies and Procedures

Except for the following, no instances were found in which the court was not in compliance with the applicable laws, contracts, policies and procedures.

## Voided Receipts

Court policy requires voided receipts to have an explanation of the void documented on the physical receipt and the signature of a clerk other than the clerk who generated the void. Each clerk signs (or initials) the receipt, then retains the receipt in the case jacket as support. In addition, Judge Pope must sign off on all voids.

**Finding:** Voided receipts are not consistently being approved by the judge at all 3 locations (Crystal Beach, Galveston, and La Marque).

**Recommendation: JP3-16-01:** To comply with the court policy, ensure all voided receipts contain an explanation of the void and the signature of a clerk other than the clerk who generated the void as well as the judge's signature.

## 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 31<sup>st</sup> day after the date on which a judgement is entered assessing the fine, court costs, or restitution."

There were no material discrepancies found in the court's collection of time payment fees.

## Jail Time Credit (JTC) Allocation

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 material discrepancies found in the court's compliance with the "Allocation Rule" for JTC.

## **Compliance with Statutes, Policies and Procedures (continued)**

### **Private Collection Contract (PC 30 Fees)**

The county has agreed to pay the contracted collection agency 30% of the amount collected for unpaid fines, fees and court costs imposed on (1) adjudicated cases occurring on or before June 18, 2003 and (2) offenses occurring after June 18, 2003 (CCP §103.0031) .

The PC30 fees were tested, no discrepancies were noted.

### **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. Per office policy, proof of remedy must be retained in the case jacket.

Administrative dismissals were tested for compliance with the statutes and court policy

**Finding:** The La Marque office was unable to locate four case jackets. Without case jackets, compliance could not be confirmed.

**Recommendation: JP3-16-02:** The La Marque office should improve the filing system to prevent case jackets from being misplaced or lost.



**JUDGE PENNY L. POPE**  
**JUSTICE OF THE PEACE**  
**PRECINCT 3, GALVESTON COUNTY**  
600 59<sup>th</sup> Street, 1<sup>st</sup> Floor  
Galveston, Texas 77551  
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July 14, 2016

Mr. Randall Rice, CPA  
Auditor, Galveston County  
722 Moody, 4<sup>th</sup> Floor  
Galveston, Texas 77550

Re: Justice of the Peace, Precinct 3 Audit

Dear Mr. Rice:

I am pleased that your office found no major problems with the operations of Justice of the Peace, Precinct 3 in the recent audit.

I extend a thank you to you and your staff for the time and attention given in this matter. It was a pleasure to work with your staff.

Respectfully,

A handwritten signature in cursive script that reads "Penny L. Pope".

Penny L. Pope