



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

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January 21, 2014

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 Justice of the Peace, Precinct 8.1. The audit covered the period September 1, 2012 through August 31, 2013. Also attached is the response letter from Honorable Kathleen McCumber, dated January 6, 2014.

Sincerely,

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

Randall Rice CPA
County Auditor

cc: Honorable Judge Kathleen McCumber

Attachment: Justice of the Peace, Precinct 8.1 Audit Report
Response Letter, Judge Kathleen McCumber



KATHLEEN M. MCCUMBER

JUSTICE OF THE PEACE
GALVESTON COUNTY, PRECINCT 8-1
174 Calder Road, Room 111
League City, Tx 77573
(281) 316-8716 or (281) 316-8718
Fax (281) 316-8704

January 6, 2014

Randall Rice, CPA
County Auditor
P.O. Box 1418
Galveston, Texas 77553

Mr. Rice:

I have received and reviewed the internal audit report of Justice of the Peace, Precinct 8-1 for September 1, 2012 through August 31, 2013.

All court clerks have been made aware that proration should be done each time that a partial payment is made. My senior clerk will be checking more closely that this is done.

I appreciate the information and my clerks will work to post partial payments more accurately.

There is no need for an exit interview at this time.

Sincerely,

A handwritten signature in blue ink that reads "Kathleen M. McCumber".

Kathleen McCumber
Justice of the Peace, Precinct 8-1



Justice of the Peace, Precinct 8.1 Audit

October 30, 2013

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

Executive Summary	1
Introduction	2
Details	3-7

Executive Summary

Reliability and Integrity of Information (page 3)

- Nothing came to our attention during the audit to cause us to doubt the overall reliability and integrity of the information.

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- The Court deposits collections to the bank daily.
- The Court submits properly prepared and adequately supported bank reconciliations to the Auditor's office in a timely manner.

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

- The Court should utilize the Net Data Pro Rate feature when collecting partial payments that is less than the total court cost.
- The time payment fees the Court assesses according to LG§133.103 were in compliance with the time payment fee assessment.
- Voided transactions were tested and determined the Court to be in compliance with the office procedure.

General Information (pages 6-7)

- The County's portion of the Justice of the Peace, Precinct 8.1's total annual cash collections decreased from FY2009 to FY2013 from \$563,700 to \$561,556.
- The total annual case filings for Justice of the Peace, Precinct 8.1 have decreased over the last five years from 5,701 in FY2009 to 5,250 in FY2013.

Introduction

The Internal Audit Division conducted an internal audit of the Justice of the Peace, Precinct 8.1, as required by Local Government Code §115.0035. The internal audit covered the period September 1, 2012 through August 31, 2013. The audit was performed from September 5, 2013 through October 30, 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 Justice of the Peace, Precinct 8.1. The internal audit included, but was not limited to, the books, accounts, reports, dockets, and records of the Justice of the Peace, Precinct 8.1.

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 Justice of the Peace, Precinct 8.1 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.

Nothing came to our attention during this audit to cause us to doubt the overall reliability and integrity of the information.

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 as listed below.

Dismissals

Dismissed cases with no charge recorded in Net Data require either the Judge's or Assistant District Attorney's (ADA) signature.

The auditor reviewed the dismissals recorded in Net Data to verify validity of the recording. It was found that dismissals were valid and authorized by the Judge. The Judge reviews the "Net Data Dismissed Cases" report monthly as confirmation of the validity of the recorded dismissals.

Jail Time Credits

Per office policy, jail time credits recorded in Net Data require the Judge's approval to grant jail time credit.

The auditor reviewed the jail time credits recorded in Net Data to verify the validity of the recording and found that credits were valid.

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 not being used should be kept in a locked drawer/safe until they are needed.

As part of the audit, the auditor conducted a surprise cash count on October 10 - 11, 2013. All collections were accounted for at the time of the surprise cash count.

Controls are in place to ensure the staff uses a lockable safe to safeguard their money in the office until deposited. The safe remains locked when not in use.

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. The Court has a policy to deposit collections daily.

The auditor tested deposits and found the Court deposits collections to the bank in a timely manner.

Management of Collections

Properly prepared and adequately supported bank reconciliations are one of the best methods of cash management available to any official.

The bond account bank reconciliation is being prepared properly and submitted in a timely manner.

Compliance with Statutes, Policies, and Procedures

Partial Payment Proration

Attorney General Opinion GA-147, 2004 interprets Code of Criminal Procedure (CCP) §103.0031 as “Under the allocation rule, a county must allocate monies received from a defendant first to pay costs and then to pay a fine. If monies received do not cover all of the costs, then the monies must be allocated to costs on a pro rata basis. If a Justice of the Peace has ordered installment payments, the total sum received must be allocated in accordance with the allocation rule.”

Finding: The Court is inconsistent in allocating/prorating partial payments and the payments are being applied randomly to fees.

Recommendation JP 8.1-13-01: The Court staff should utilize the “Pro-Rate” feature in the Net Data System to pro rate court cost and fees when receiving the first payment that is less than total court cost and any other partial payments received thereafter. Net Data’s “Pro-Rate” feature will not work on subsequent payments if the clerk fails to use the feature on the first payment.

Time Payment Fee Assessment

According to Local Government Code §133.103 the Court should assess a time payment fee of \$25 if the person 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.

The auditor tested the time payment fee assessment and determined the Court to be in compliance with the time payment fee assessment.

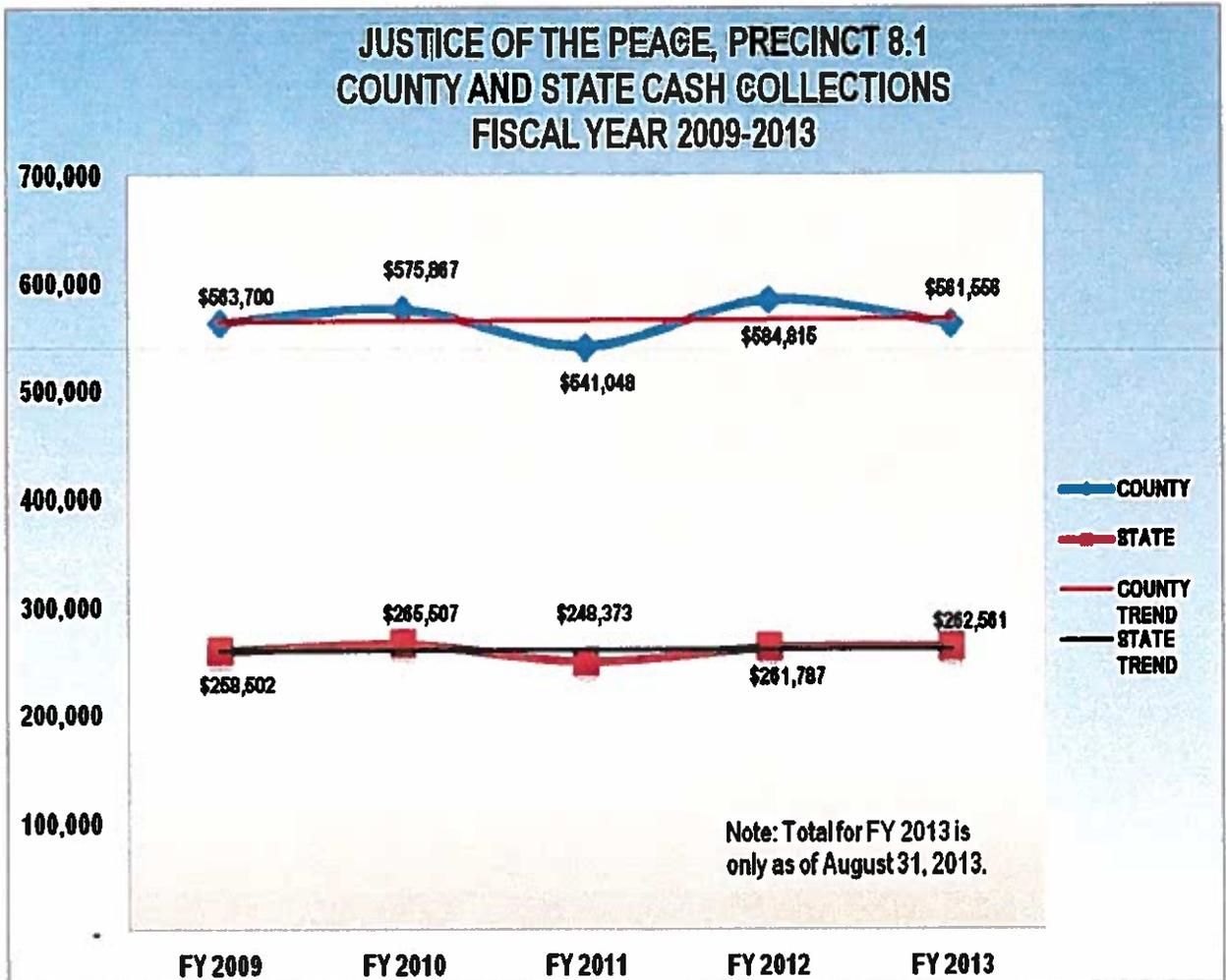
Voided Transactions

The Court’s procedure for voiding a receipt requires the clerk who needs to void an entry to have the Chief Clerk void the receipt and re-receipt in a timely manner. It also requires a brief explanation to be entered for the void in Net Data. All voids are handled by the Chief Clerk. If the Chief Clerk requires a void a court clerk will follow the same steps for voiding the entry.

The auditor tested the voided transactions and determined the Court to be in compliance with the office procedure.

General Information

The County's portion of the Justice of the Peace, Precinct 8.1's total annual cash collections decreased from FY2009 to FY2013 from \$563,700 to \$561,556. The total for FY 2013 is only as of August 31, 2013. The chart below illustrates the total annual County and State cash collections of this Court over the past five years.



General Information (continued)

The total annual case filings for Justice of the Peace, Precinct 8.1 decreased from 5,701 in FY 2009 to 5,250 in FY2013. The total for FY 2013 is only as of August 31, 2013. The chart below illustrates the criminal, civil, hot check and juvenile case filings of this Court for the last five years.

