



**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

November 25, 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 August 1, 2013 through July 31, 2014. Also attached is the response letter from Honorable Kathleen McCumber, dated October 27, 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



# Justice of the Peace, Precinct 8.1 Audit

October 02, 2014

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 the audit to cause us to doubt the overall reliability and integrity of the information.
- All no-charge dismissals tested were valid and authorized by the Judge.
- All jail time credits tested were valid.

## Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- The Court submits properly prepared and adequately supported bank reconciliations to the Auditor's Office in a timely manner. The Judge reviews the bank reconciliation and provides her signature of approval prior to submission.

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

The Court should comply with the statutes and Court policies by implementing the following recommendations:

- Apply partial jail time credits first to the fines and the remainder to court cost.

## General Information (pages 6-7)

- County's portion of the Justice of the Peace, Precinct 8.1's total annual cash collections increased from FY2010 to FY2013 from \$637,727 to \$661,931 respectively.
- Justice of the Peace, Precinct 8.1's number of cases filed have decreased since 2010; number of payments collected have increased due to multiple payments per case

# 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 August 1, 2013 through July 31, 2014. The audit was performed from August 27, 2014 through October 1, 2014.

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 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 recordkeeping 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. However, controls in the following areas can be improved.

## 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 asset.

## No-Charge Dismissals

The Court's policy for no-charge dismissals requires the Judge's or the Assistant District Attorney's signature on the case jackets, authorizing the cases for dismissal. As a control to mitigate the possibility of invalid dismissals being entered, the Judge should review the "Net Data Dismissed Cases" report monthly and sign the report.

All no-charge dismissals tested were valid and authorized by the Judge. The Judge reviews the "Net Data Dismissed Cases" report monthly and signs the report as confirmation of the validity of the recorded dismissals.

## Jail Time Credits

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

All JTC tested were valid. The Judge reviews the "Net Data Jail Time Collections" report monthly and signs the report as confirmation of the validity of the recorded jail time credits.

# 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/safe until they are deposited.

As part of the audit, the auditor conducted a surprise cash count on August 27, 2014. 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 secure collections until ready to be 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 in the bank in a complete and 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 reconciliation process identifies any discrepancies in the bond account and assists in preventing the misuse of funds.

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

# 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.

## **Jail Time Credit Allocation**

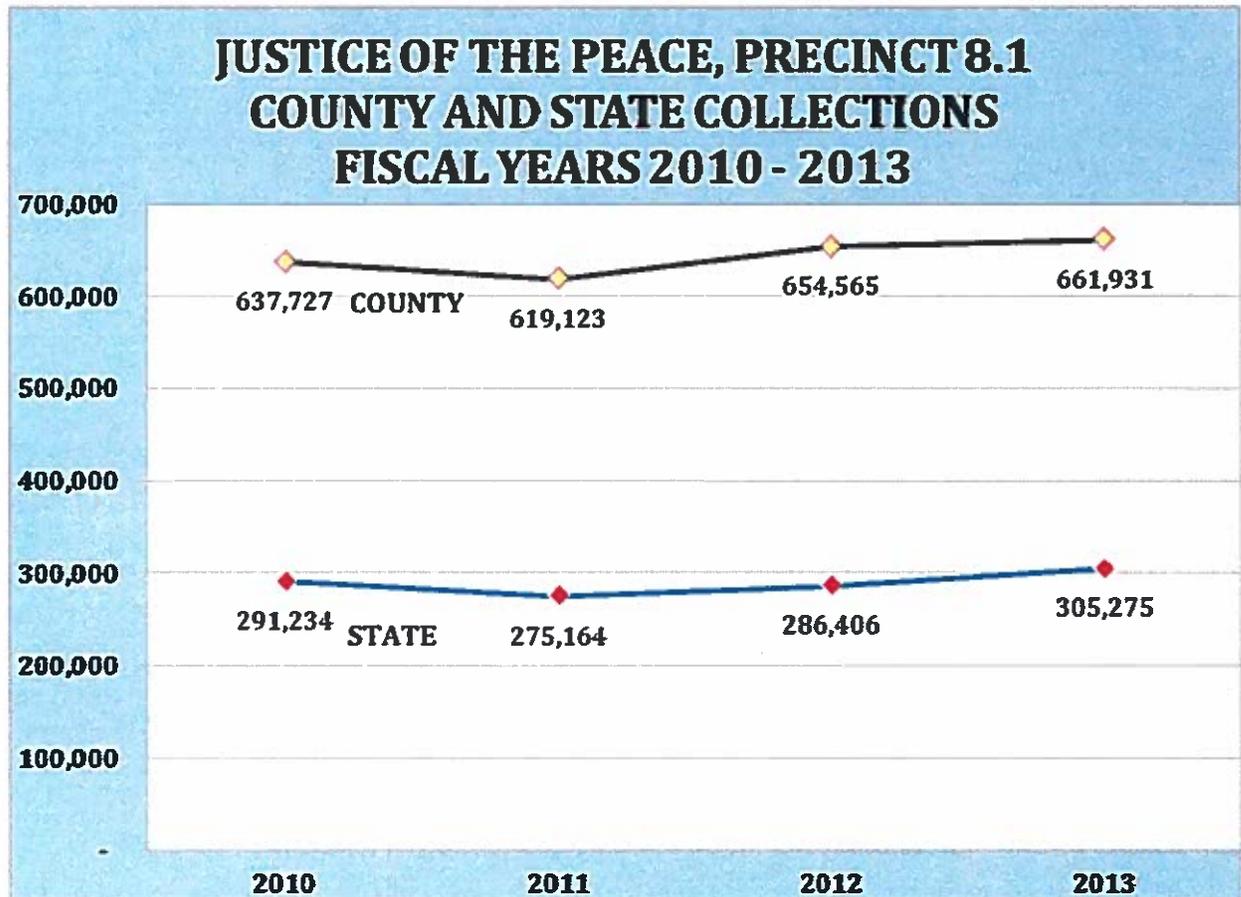
According to Attorney General Opinion GA-147, 2004 interpretation and Justice Courts-Court Cost and Fees handbook prepared by the State Office of Court Administration (OCA), "Under the allocation rule, the jail time credit is applied to the fine first.

**Finding:** The Court did not allocate partial jail time credit to the fine first and then to court costs.

**Recommendation JP 8.1-14-01:** Apply partial jail time credits first to the fines and the remainder to court cost.

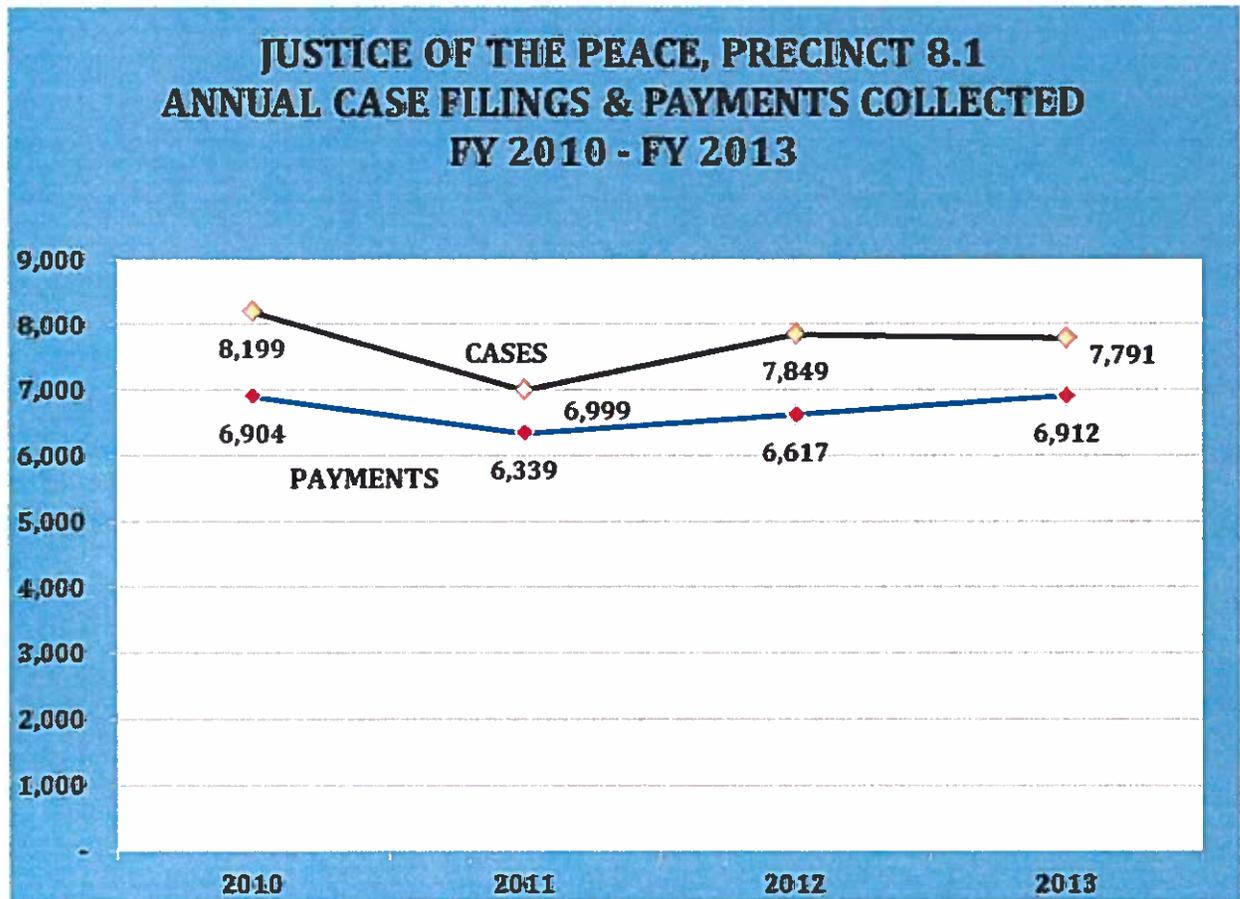
## General Information

The County's portion of the Justice of the Peace, Precinct 8.1's total annual cash collections increased from FY2010 to FY2013 from \$637,727 to \$661,931. The chart below illustrates the total annual County and State cash collections of this Court over the past four years.



## General Information (continued)

Justice of the Peace, Precinct 8.1's cases filed decreased since 2010 and payments collected since 2010 increased. The increase is partly due to multiple payments per case. The chart below illustrates the total annual cases filed and payments collected for this Court over the past four years.





**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

October 27, 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 the period of August 1, 2013 through July 31, 2014.

All court clerks have been made aware and given instructions to post partial jail time credit to the fine first and then to the court cost.

I appreciate the information and my clerks will work to credit jail time 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