



Department of Justice Administration Court Collections

July 30, 2013

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 3-4)

- Restitution payments made to victims are accurate and made timely.
- Overpayment refunds are being processed timely and accurately.
- Court Collections can improve the reliability and integrity of information by implementing the following:
 - Record restitution payments in Odyssey. This was implemented during the audit.
 - Voids should be conducted or reviewed routinely by a supervisor, or someone not receipting money.
 - Update delinquency statuses on cases in Odyssey to be able to run delinquent status reports as well as produce delinquent notices for mail out.

Safeguarding of Assets (page 5)

- Physical security over assets (collections) is adequate.
- All cash was accounted for at the time of the surprise cash count. Collections are deposited in a timely manner (daily), minimizing exposure to loss.
- Physical security of manual receipts can be improved by ensuring they are secured at all times and only used if the system is down.

Compliance with Statutes, Policies, and Procedures (page 6-7)

- Court Collections should comply with statutes, policies, and procedures by implementing the following recommendations:
 - The Office of Court Administration Collection Improvement Program information should be submitted by the 20th day of the following month.
 - Court Collections should begin utilizing Omni Base Services to increase collection efforts.
 - Court Collections should begin participating in the Scofflaw Program.

Introduction

The Internal Audit Division conducted an internal audit of the Department of Justice Administration, Court Collections, as required by Local Government Code §115.0035. The internal audit covered the period April 1, 2012 through March 31, 2013. The audit was performed from May 14, 2013 through July 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 Department of Justice Administration, Court Collections. The internal audit included, but was not limited to the books, accounts, reports, dockets, and records of the Department of Justice Administration, Court Collections.

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

Travis Leopulos, 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.

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.

Voided Receipts

Finding: All clerks have the ability to void their own transactions without approval or review by a supervisor, or someone not receipting money.

Recommendation JACC-13-01: The reason of the void should be recorded in the comments section in Odyssey. Voids should be conducted or reviewed routinely by a supervisor, or someone not receipting money.

Restitution Payments

The Auditor's Office tested payments issued to victims who were owed restitution from defendants. These payments are court-order driven and collected by Court Collections. Justice Administration then requests payment of the restitution to the victim by using the County's financial system (IFAS).

We tested the payments for accuracy and timeliness. No material exceptions were noted. However, the reliability and integrity of Odyssey data can be strengthened by addressing the following:

Finding: Restitution payments are being remitted to the victims without being recorded in Odyssey.

Recommendation JACC-13-02: All restitution payments submitted to victims should be entered into Odyssey. This recommendation was implemented during the audit. All restitution payments from go-live forward have been recorded in Odyssey to ensure accurate and reliable reporting.

Court Collections Refunds for Overpayments

The Auditor's Office tested overpayments made by defendants for accuracy and timeliness. These overpayments were refunded by Court Collections through the County's financial system (IFAS) via purchase orders. No exceptions were noted.

Reliability and Integrity of Information

Delinquent Status Reporting

On a monthly basis, Court Collections assesses cases to determine which defendants are delinquent on making payments towards fines and fees due. A report is generated to identify cases based on their delinquency status or age. Delinquent notices are then prepared to be mailed out notifying the defendant of their delinquency.

Because of position vacancy, the delinquent reports were last produced for the month of June 2013. Court Collections will need to update delinquency statuses on cases in Odyssey to be able to run delinquent status reports as well as produce delinquent notices for mail out. Court Collections is aware of this issue and will begin implementing corrective action since the supervisor position has been filled.

Safeguarding of Assets

Physical Security - Collections

Depositing daily is one of the best safeguards of assets (collections) as well as providing the County with maximum benefit of the collections.

As part of the audit, the auditor conducted a surprise cash count at the beginning of the audit. All cash was accounted for at the time of the surprise cash count. Controls are in place to ensure staff uses lockable cash drawers and a safe to safeguard their collections in the office until deposited.

The financial assets are adequately safeguarded and deposits are made daily.

Physical Security – Receipts

On occasion manual receipts are used when necessary. Manual receipts are to be issued in numerical order. Inventory of blank receipts should be kept in a secure area, inaccessible without the aid of a supervisor.

Finding: Multiple non-County issued manual receipt books were found throughout the office not stored in secure locations.

Recommendation JACC-13-03: Request manual receipt books issued by the County Auditor's Office. Manual receipts should be secured at all times and only used if the system is down.

Compliance with Statutes, Policies, and Procedures

Deposit Statutes

LGC § 113.022 allows a maximum of five business days to deposit cash, checks or money orders received by County departments. CCP § 103.004 allows a maximum of five business days to deposit cash, checks or money orders received by County departments for “recognizances, bail bonds, fines, forfeitures, judgments, and jury fees.”

The auditor tested the timeliness of deposits and found the Court to be in compliance with the above statutes. Funds collected are deposited on a daily basis, minimizing exposure to loss.

Collection Improvement Program

The State of Texas Office of Court Administration requires participation in the Collections Improvement Program. This task is to be performed by Court Collections. During the conversion to Odyssey, the information was not available for reporting purposes. The Office of Court Administration was notified; therefore, the testing only included December 2012 through March 2013. The Auditor tested submissions to the State for participation and timeliness.

Finding: Collection data is not being submitted to the State in a timely manner.

Recommendation JACC-13-04: To comply with the Collections Improvement Program, the data should be submitted to the State no later than the 20th day of the following month.

Omni Base Services

OMNIBASE Services of Texas maintains and administers the central database for the cities and counties contracted to use the Department of Public Safety’s Failure to Appear Program (FTA). The FTA program, as authorized by Chapter 706 of the Texas Transportation Code, provides an effective collection and enforcement tool by restricting the violator’s ability to renew their driver license for outstanding violations.

Finding: Delinquent cases are not being submitted to OMNI.

Recommendation JACC-13-05: Court Collections should begin utilizing Omni Base Services to increase collection efforts. Currently, the Odyssey Project Manager is working with Justice Administration to begin the implementation of Omni Base.

Compliance with Statutes, Policies, and Procedures (Continued)

Scofflaw Program

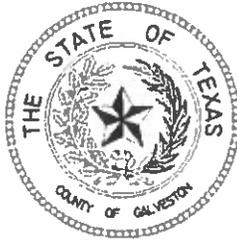
The Scofflaw Program of Texas assists in the clearance of outstanding warrants and violations. As authorized by Chapter 502 of the Texas Transportation Code, the Tax Assessor of a County can deny the vehicle registration of an individual who is reported to be outstanding in Municipal and or County fines and fees.

According to the Interlocal Agreement between Galveston County and the Texas Department of Transportation, Galveston County, acting through its County Tax Office and Justice Administration Department, is authorized to comply with all of the provisions and requirements of the Interlocal Agreement including compliance with Texas Transportation Code §502.010.

Texas Transportation Code Section §502.010 (f) states a County may impose a fee of \$20.00 to a person who fails to pay a fine, fee, or tax to the County by the date on which the fine, fee, or tax is due or on a person who fails to appear in connection with a complaint, citation, information, or indictment in a court in which a criminal proceeding is pending against the owner.

Finding: Court Collections is not participating in the Scofflaw Program.

Recommendation JACC-13-06: To increase collection efforts and to comply with the Interlocal Agreement, Court Collections should begin participating in the Scofflaw Program.



COUNTY OF GALVESTON

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September 23, 2013

Mr. Randall Rice
County Auditor
722 Moody
Galveston, Texas 77550

RE: Response to Draft Report – Court Collections FY 2013 Audit

Dear Mr. Rice,

I have reviewed the draft report dated September 4, 2013 and respond to the following concerns:

Voided Receipts

Finding: All clerks have the ability to void their own transactions without approval or review by a Supervisor, or someone not receipting money.

Response: During the initial installation of Odyssey, I was told securities would not allow us to restrict clerks from voiding their own transactions. However, in speaking with the Odyssey Team today (possibly an improvement from the update) I believe we can now restrict our cashiers from voiding their own transactions. I have instructed I.T. to implement that change and provide access for three specific employees with security to complete a void. These employees do not, typically, receipt payments. We have instituted your recommendation to record the reason for the void in the comments section.

Manual Receipts

Finding: Multiple non-County issued manual receipt books were found throughout the office not stored in secure locations.

Response: The type of receipt book used was approved by the Auditor's office. My office has never been informed that numbered receipts are available from the Auditor's Office. These receipt books were used after our OCA software crashed in 2012 and until our new software, Odyssey, could be installed and implemented. We were instructed to buy the receipt books from the office supply store. All receipts were recorded in Excel and provided the Auditor's Office. After each was annually entered into Odyssey, information was submitted to the Auditor's office

to insure they were comfortable that all manual receipts had been entered into Odyssey once it was installed. These receipts books were recently used by Pretrial Release when Odyssey was not available for three days. I have instructed the supervisor to gather the manual receipt books and return them to me. We will request numbered receipts from the Auditor.

State Reports

Finding: Collection data is not being submitted to the State in a timely manner.

Response: The Collections Department only became responsible for reporting with the implementation of the Odyssey software. Unfortunately, programming issues with Odyssey delayed electronic reporting to the Office of Court Administration. The Collections Department has to wait for the Adult Probation Department to send their report of collections to us before we can file with O.C. A. Whenever possible, our reports are submitted timely.

OMNI Base Services

Finding: Delinquent cases are not being submitted to OMNI.

Response: Collections does make use of OMNI in certain cases, most are JP cases. OMNI has restrictions as to the types of cases we can use for submission. Additionally, because Texas driver's license do not renew each year (some are good for 6 years), OMNI is not as effective as other collection methods. The Collection Department has a small number of staff members and their time is better used supporting more effective collection methods.

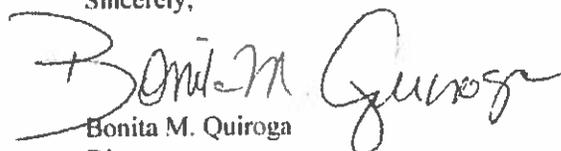
Scofflaw

Finding: Court Collections is not participating in the Scofflaw Program.

Response: Court Collections absolutely participates in the Scofflaw Program. In fact, I recently recommended the Commissioner's Court raise the Scofflaw fee to \$20. The new fee was adopted on September 17, 2013. It was impossible to participate effectively when our O.C.A. software crashed in 2012 as we were not able to run accurate reports on delinquencies. In the interim, we organized Galveston County's first ever participation in the State Warrant Roundup in 2013. Once Odyssey was installed, we began working with I.T. to insure the software would provide accurate reports and manage the special format/layout required by D.P.S. Odyssey will not handle the storage of vehicle data, nor will it provide the required information in the D.P.S. required format. Due to the depth of the work required during the Odyssey conversion, as well as lack of manpower due to several changes in management personnel, we were unable to perform the amount of manual work required to gather data for submission to D.P.S. It isn't as simple as running a delinquent report and submitting it to D.P.S. My office must use another software application to locate the defendant using his/her vital information, then identify each vehicle owned by the defendant, then go to the Tax Office and verify each record is still current in the defendant's name, and format the information (including VIN number and tag number for each) for electronic submission. We have recently received a new position which allows us to reorganize and provide manpower to work on Scofflaw.

If you have any questions, please do not hesitate to contact me at 409-765-2649.

Sincerely,


Bonita M. Quiroga
Director