



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

County Auditor
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First Assistant, Director of Accounting

August 5, 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 Administration Court Collections. The audit covered the period May 1, 2013 through April 30, 2014. Also attached is the response letter from Director of Justice Administration Bonnie Quiroga, dated July 8, 2014.

Sincerely,

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

Randall Rice CPA
County Auditor

cc: Bonnie Quiroga

Attachment: Justice Administration Court Collections Audit Report
Response Letter, Bonnie Quiroga



Department of Justice Administration Court Collections

June 9, 2014

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
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Executive Summary

Reliability and Integrity of Information (page 3-4)

- Voids are performed timely by management personnel.
- Restitution payments made to victims are made timely and accurately.
- Overpayment refunds are processed timely and accurately.
- Jail Time Credits are supported by appropriate documentation.
- The payments recorded on the mail log should be verified with the payments entered in Odyssey by the Accounting Supervisor.

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 daily, minimizing exposure to loss.

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

- The Office of Court Administration Collection Improvement Program reports are submitted by the 20th day of each month.

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 May 1, 2013 through April 30, 2014. The audit was performed from May 6, 2014 through June 9, 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 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.

Jordan Guss, Internal Auditor II, 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.

Voided Receipts

Voided receipt transactions are processed by management personnel who do not receipt money. The reason for the void is recorded in the comments section of Odyssey. Of the voided receipts tested, no exceptions were noted.

Restitution Payments

Restitution payments to victims from defendants are court-order driven and processed by Court Collections. A purchase request is submitted and a County check is issued to the victim. Restitution payments are recorded in Odyssey. Of the restitution payments tested, no exceptions were noted.

Overpayment Refunds

Office policy dictates any overpayment exceeding \$5.00 shall be refunded to the payee. Court Collections submits a purchase request and a County check is issued to the payee. Refunds are recorded in Odyssey. Of the overpayment refunds tested, no exceptions were noted.

Jail Time Credits

Court Collections reviews cost bills and judgments which grant defendants credit for time served. The jail time credit is applied to the case in Odyssey. Internal Audit reviewed a sample of jail time credit recorded in Odyssey to verify the credit applied agreed with the cost bill. No material exceptions were noted.

Reliability and Integrity of Information (Continued)

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.

Mail-In Payments

Mail-in payments should be properly logged, monitored, and recorded in Odyssey.

Finding: The same clerk opens the mail, records the payment in the mail log and in Odyssey, and retains custody of the payment until close-out.

Recommendation JACC-14-01: To be more effective, the Accounting Supervisor should verify the payments recorded on the mail log are entered into Odyssey.

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, Internal Audit 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 secure the collections until deposited.

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

Physical Security – Manual Receipts

Court Collections issues manual receipts when the computer system is down. The receipt book is secured in a desk drawer in the accounting supervisor's office at all times.

Compliance with Statutes, Policies, and Procedures

Deposit Statutes

LGC §113.022 Time for Making Deposits requires money to be deposited on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the money must be deposited, without exception, on or before the fifth regular business day following collection. Court Collections deposits daily.

Collection Improvement Program

The Texas Office of Court Administration's (OCA) Collection Improvement Program is a set of principles and processes designed to assist cities and counties with collecting outstanding court costs, fines and fees. CCP §103.0033 requires counties with a population of 50,000 or more to implement a Collection Improvement Program (CIP) based on the OCA's model. The OCA requires each participant to report its collection activity data to the OCA by the 20th day of each month. The office is compliance with CCP §103.0033.



COUNTY OF GALVESTON

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Karen Henderson
Indigent Defense Coordinator
Roger Morrison
Case Management Specialist
Clint Purcell
Judicial Compliance Officer

Bonita M. Quiroga
Director

July 8, 2014

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

RE: Response to Draft Report – Court Collections FY 2014 Audit

Dear Mr. Rice,

I have reviewed the draft report dated June 27, 2014 and respond to the following concerns:

Mail-In Payments

Finding: The same clerk opens the mail, records the payment in the mail log and in Odyssey, and retains custody of the payment until close-out.

Response: This employee was logging the mail prior to becoming the cashier and, for reasons unknown to me, just carried the mail log duty with her to her new position. She was unaware of the conflict. I have corrected the problem and the mail log duty is being performed by another collections department employee.

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

Sincerely,

A handwritten signature in black ink that reads "Bonita M. Quiroga".

Bonita M. Quiroga
Director