

Department of Justice Administration Pretrial Release

September 24, 2013

Galveston County
Internal Audit
Division

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County Auditor

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Executive Summary

Reliability and Integrity of Information (pages 3)

- Refunded overpayments tested during the audit period were valid.
- Voids should be conducted or reviewed routinely by a supervisor or someone not receipting money.

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- Physical security of manual receipts can be improved by using them only in the event the system is down and securing them at all times.

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

- Deposits were in compliance with LGC §113.022 and CCP §103.004 as all cashiers' checks and money orders received were deposited daily, minimizing exposure to loss.
- Statutory bond fees are in compliance with GC §103.021
- Defendants released on a pretrial release bond are properly authorized and in compliance with the Pretrial Release Guidelines.

Introduction

The Internal Audit Division conducted an internal audit of the Department of Justice Administration Pretrial Release, as required by Local Government Code §115.0035. The internal audit covered the period August 1, 2012 through July 31, 2013. The audit was performed from August 1, 2013 through September 24, 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 Pretrial Release. The internal audit included, but was not limited to the books, accounts, reports, dockets, and records of the Department of Justice Administration Pretrial Release.

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

Travis Leopolos, 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. Separation of duties can be improved by implementing the following recommendation:

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 JAPT-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.

Justice Administration has requested I.T. to provide access to three specific employees that do not typically receipt payments to complete voids. Justice Administration has instituted the recommendation to record the reason for the void in the comments section.

Pretrial Release Refunds for Overpayments

The Auditor's Office tested overpayments made by defendants for the audit period. These overpayments were refunded by Pretrial Release through the County's financial system (IFAS) via purchase orders. Internal Audit tested the overpayment refunds and found no exceptions.

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 that staff uses lockable cash drawers and a safe to safeguard their collections in the office until deposited.

The financial assets are adequately safeguarded.

Physical Security – Receipts

On occasion manual receipts are used when necessary. Manual receipts are to be issued in their 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 JAPT-13-02: Request manual receipt books issued by the County Auditor's Office. Manual receipts should only be used if the system is down and secured at all other times.

County issued manual receipts were requested by Pretrial Release from the Auditor's Office on September 24, 2013 to be used as recommended above.

Compliance with Statutes, Policies, and Procedures

Deposit Statutes

As of September 1, 2011, 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 Pretrial Release to be in compliance with the above statutes. Funds collected are deposited on a daily basis, minimizing exposure to loss.

Statutory Fees

According to GC §103.021, a defendant must pay if ordered by the Court or otherwise required; “a personal bond fee, the greater of \$20.00 or three percent of the amount of the bail fixed for the accused.”

The auditor tested the fees attached to bonds and found Pretrial Release to be in compliance with the above statute. The bond fees are being assessed appropriately.

Release of Defendants

Defendants released on a pretrial release bond must meet the Pretrial Release Guidelines. The personal bond application must be completed and have proper authorization from the presiding Judge. All applicable documents should be stored in Odyssey.

The auditor tested the release of defendants and found Pretrial Release to only release authorized defendants who meet the Pretrial Release Guidelines.



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October 2, 2013

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

RE: Response to Draft Report – Pretrial Release FY 2013 Audit

Dear Mr. Rice,

I have reviewed the draft report dated September 24, 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.

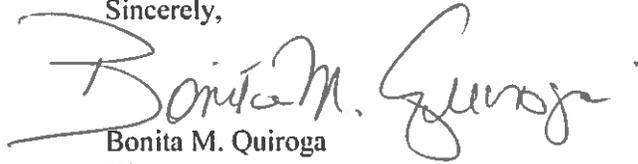
Response: These receipts books were recently used by Pretrial Release when Odyssey was not available for three days. With that exception, pretrial receipts are issued through the Odyssey system. Prior to Odyssey, manual, numbered receipts were used. I have instructed the supervisor to gather the manual receipt books and return them to me. We have requested numbered receipts from the Auditor.

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RE: Pretrial Release FY 2013 Audit
October 2, 2013

I would like to thank your staff for their patience and professionalism during the audit. Much of our daily activity is dictated by the courts and the court's schedule and your staff was very understanding and handled themselves in a professional manner at all times.

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". The signature is written in a cursive style with a large initial "B" and a long horizontal flourish at the end.

Bonita M. Quiroga
Director