



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

**County Auditor**  
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March 18, 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 the Juvenile Justice Department. The audit covered the period November 1, 2012 through October 31, 2013. Also attached is the response letter Brent Norris, Juvenile Justice Department Director, dated February 19, 2014.

Sincerely,

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

Randall Rice CPA  
County Auditor

cc: Mr. Brent Norris, Juvenile Justice Department Director

Attachment: Juvenile Justice Department Audit Report  
Response Letter, Mr. Brent Norris



**JUVENILE JUSTICE DEPARTMENT**  
County of Galveston  
(PROBATION, RESIDENTIAL AND DETENTION SERVICES)

February 19, 2014

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

**Ref: December 27, 2013 Audit**

Randall:

I have reviewed the report and proposed recommendation from the audit that was conducted November 6, 2013 through December 27, 2013. It is my understanding that we need to make a better effort in reconciling the receipts with the receipt log. We will begin reviewing the receipt log monthly and reconcile any gaps.

Finally, I would like to thank Travis for his assistance during this audit process. He is very helpful and does not disrupt our operations while conducting the audit. If you have any questions or need additional information, feel free to contact me at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Brent".

Brent T. Norris, Director  
Galveston County Juvenile  
Justice Department

Xc: Amanda Williams, Office Manager



# Juvenile Justice Department Audit

January 30, 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 (pages 3-4)

- All of the probation deposits tested were accurate and timely.

## 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, minimizing exposure to loss.
- Internal control over receipts can be strengthened by reconciling the receipt log at least monthly.

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

- Deposits were in compliance with LGC §113.022 as all cashiers' checks and money orders received were deposited within 5 business days of receipt.
- The auditor did not detect any material discrepancies with the court-ordered fees tested.

# Introduction

The Internal Audit Division conducted an internal audit of the Juvenile Justice Department, as required by Local Government Code §115.0035. The internal audit covered the period November 1, 2012 through October 31, 2013. The audit was performed from November 6, 2013 through December 27, 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 Juvenile Justice Department. The internal audit included, but was not limited to, the books, accounts, reports, dockets, and records of the Juvenile Justice Department.

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 Juvenile Justice Department 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. The office has instituted procedures to separate the custody of the assets from the recording and authorization functions. The office has an effective separation of duties.

### **Transaction Accuracy**

CASEWORKER is an automated juvenile tracking and case management system provided by the Texas Juvenile Probation Commission (TJPC) to all juvenile probation departments state-wide. It was developed to provide an easy and concise method of collecting, storing, retrieving, and printing juvenile caseload information by TJPC.

Information entered into CASEWORKER begins at intake and continues through detention, disposition, supervision, and placement. CASEWORKER also provides the juvenile probation departments with the ability to: collect and record probation and restitution payments; enter chronological notes; and maintain names and addresses of family members and associates.

The auditor tested original receipts recorded into CASEWORKER. Receipts tested were accurate and entered into the system in a timely manner. The controls for receipting and adding receipts into CASEWORKER appear to be adequate and effective. The function of recording receipts between CASEWORKER and the deposit log is separated between two individuals in administration.

### **Voided receipts**

The Juvenile Justice Department has a policy in place to account for voided receipts. Each probation officer is issued a receipt book. Per office policy, the probation officer gives the administrative assistant the original copy of each receipt issued, including voided receipts. The administrative assistant records all receipts on a receipt log. All receipts must be accounted for before a new book is issued to a probation officer.

There were no discrepancies noted during our testing of voided receipts.

## **Reliability and Integrity of Information (cont.)**

### **Financial Data Accuracy**

As part of their customary duties, probation officers are charged with the responsibility to collect monies due the court as part of the adjudication process. Receipts are issued in triplicate with one receipt each going to the juvenile/family member that paid, to the juvenile administration for accounting purposes, and the final copy kept by the probation officer for the probationer's permanent file. The receipts are totaled and all payments (cashiers' check and money orders) are deposited by electronically scanning them to the bank.

Financial information for probationary payments is recorded into the books and records of the County by both the Treasurer's office and the accounting section of the Auditor's office for each deposit. As part of our testing, we checked to see if the deposits for probation payments matched what was entered into the Integrated Financial and Accounting System (IFAS) used by the County.

Of the deposits and receipts tested, no discrepancies were detected.

# Safeguarding of Assets

## Physical Security - Collections

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

As part of the audit, a surprise cash count was conducted 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 a lockable filing cabinet to safeguard their money in the office until deposit. The Juvenile Justice Department has designated every Tuesday and Friday as deposit days to scan payments to the bank.

The financial assets are adequately safeguarded.

## Cash Management

Probation Officers are not authorized to accept cash payments for court-ordered fees or restitution. Any court-ordered payments made to juvenile probation must be made in the form of either a cashier's check or money order.

## Physical Security – Receipts

A pre-numbered receipt is used for each payment transaction between the probation officer and the juvenile and/or their paying family member. The office manager maintains a strict accounting of all probation officers' receipts. Receipts are to be issued in their numerical order. Any unaccounted receipts are tracked down by the office manager once it has been determined a receipt number has been skipped or is missing.

Receipts are filled out in triplicate with one copy going to the juvenile, one kept by the probation officer for their file, and one copy forwarded to administration for accounting purposes. Inventory of blank receipts is kept in a secure area, which is inaccessible to the probation officers without the aid of the office manager. Probation officers are required to sign for the receipts issued by the office manager.

**Finding:** Receipts issued by probation officers during the fiscal year had not been accounted for within the receipt log. *(This was a finding from a previous audit.)*

**Recommendation JJ-13-01:** Reconcile the receipts with the receipt log on a monthly basis.

# **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.

The auditor tested the deposits and determined Juvenile Probation was in compliance with LGC §113.022.

## **Court-Ordered Fees**

All fees and/or restitution to be paid require a court order issued by the Galveston County Juvenile Referee Judge. The Juvenile Referee is a contracted position between the County, the Juvenile Probation Board and the Referee Judge. The Referee acts on behalf of Galveston County Courts 1, 2, and 3, and the 306<sup>th</sup> District Court. The Referee has jurisdiction to adjudicate in all cases dealing with minors who have not reached their age of majority. This includes assessing fees on juveniles that appear for scheduled hearings.

Probation officers are tasked to only collect fees that are court-ordered and may not collect any amount more than what is ordered by the Referee Judge. Fees may be waived partially or wholly based on the Referee's determination of a minor/family indigence or ability to pay.

The auditor did not find any material discrepancies with the court-ordered fees tested.