



**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

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First Assistant, Director of Auditing

**Jeff Modzelewski CPA**  
First Assistant, Director of Accounting

January 20, 2015

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 Juvenile Justice Department. The audit covered the period October 1, 2013 through September 31, 2014. Also attached is the response letter from Brent Norris, Juvenile Justice Department Director, dated December 29, 2014.

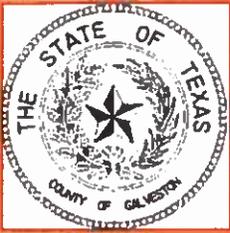
Sincerely,

A handwritten signature in blue ink that reads "Rice 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 Audit

November 24, 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)

- Court orders reviewed were recorded accurately in Juvenile Case Management System (JCMS).
- Deposits tested were recorded in IFAS accurately and completely.
- All voided receipts were accounted for; however, the probation officer should document the reason for the void on the receipt.
- The probation officers do not consistently record the correct cause number on the receipt.

## 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.
- Physical security over receipts is adequate.

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

- Bank deposits do not consistently meet the statutory time limits set by Local Government Code §113.022 Time for Making Deposits.
- 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 October 1, 2013 through September 31, 2014. The audit was performed from October 21, 2014 through November 24, 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 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.

Tony Pompa, Internal Auditor, 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.

## Court Orders

The court order dictates the amount of court cost and fees owed by the juvenile. The details of the court order are recorded in the Juvenile Case Management System (JCMS), their electronic record keeping system.

All court orders reviewed were recorded accurately in JCMS.

## Deposits

The probation officer turns in their collections to the administrative assistant, who records the payments on the receipt log. The daily collections are secured in the locked filing cabinet until ready for deposit. Each deposit is recorded on a deposit warrant and forwarded to the Treasurer's Office.

**Finding:** Collections are not reconciled daily prior to securing them in the locked filing cabinet.

**Recommendation JJ-15-01:** Reconcile the daily collections to the receipt log. Attach a copy of the receipt log to the collections and have two clerks initial the documents prior to placing in the filing cabinet.

## Manual receipts

A manual receipt is issued for each payment collected. The probation officer records the corresponding cause number on each receipt. Per office policy, the probation officer gives the administrative assistant the original copy of each receipt issued, including voided receipts.

**Finding:** The probation officer is not providing an explanation for voided receipts.

**Recommendation JJ-15-02:** As an internal control the probation officer should include an explanation for the void on the voided receipt.

## Reliability and Integrity of Information (continued)

**Finding:** The probation officers do not consistently record the correct cause number on the receipt.

**Recommendation JJ-15-03:** The office should implement a policy to verify the cause numbers documented in the manual receipts.

# 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. The Juvenile Justice Department only accepts cashier's checks or money orders as forms of payment. Payments are collected by the probation officer and turned over to the administrative assistant. All collections are secured in a locked filing cabinet until ready for deposit.

The financial assets are adequately safeguarded.

## Physical Security – Receipts

Each probation officer is issued a manual receipt book. The receipts are pre-numbered in triplicate. One copy is issued to the payee, one copy is submitted with the payment to the administrative assistant, and the other copy is retained by the probation officer for their records. All receipts must be accounted for before a new book is issued to a probation officer. Unused receipt books are secured in the manager's office.

The unused receipt books are adequately safeguarded.

# Compliance with Statutes, Policies, and Procedures

## Deposits

Local Government Code §113.022 Time for Making Deposits states, every entity of the County that collects money must deposit the money in the County treasury the next regular business day after the date the money is collected, but no later than the fifth regular business day after the date the money is collected.

**Finding:** The office is not consistently in compliance with LGC §113.022.

**Recommendation JJ-15-04:** To ensure all collections are deposited within 5 business days the office should be aware of the receipted collection date.

## Court Ordered Fees

All fees and/or restitution to be paid require a court order issued by the Galveston County Juvenile Referee Judge. The Referee acts on behalf of Galveston County Courts 1, 2, and 3, and the 306<sup>th</sup> District Court.

Probation officers are tasked to only collect fees that are court-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.



# JUVENILE JUSTICE DEPARTMENT

County of Galveston  
(PROBATION, RESIDENTIAL AND DETENTION SERVICES)

December 29, 2014

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

## Ref: December 18, 2014 Audit

Randall:

I have reviewed the report and proposed recommendations from the audit that was conducted October 21, 2014 through November 24, 2014. It is my understanding that there are a few areas that need to be addressed.

- Collections are not being reconciled daily prior to placing them in lock box. Beginning January 1, 2015 we will no longer be using manual receipts and will begin using electronic receipts. Each day a Receipt Transaction Report will be generated and reconciled with the money orders received that day. As a result they will be reconciled on a daily basis.
- Probation Officers are not providing an explanation for voided receipts. Beginning January 1, 2015 we will no longer be using manual receipts and will begin using electronic receipts. The system requires you to give a reason why the receipt is voided. As a result this should no longer be an issue.
- Probation Officers are not consistently recording correct cause numbers on receipts. Beginning January 1, 2015 we will no longer be using manual receipts and will begin using electronic receipts. The electronic receipt pre-populates the cause number so this should no longer be an issue.
- Deposits are not being made within five days of collection. A deposit schedule has been made for the calendar year 2015. There will be deposits made every Tuesday and Friday of each week. If the Tuesday or Friday falls on a County Holiday, a deposit will be made the previous day.

Hopefully by implementing the above safeguards, the reported weaknesses will be eliminated. Finally, I would like to thank Tony Pompa for his assistance during this audit process. He was very helpful and did 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 T. Norris". The signature is written in a cursive style with a large initial 'B'.

Brent T. Norris, Director  
Galveston County Juvenile  
Justice Department

Xc: Amanda Williams, Office Manager