



THE COUNTY OF GALVESTON
COUNTY AUDITOR'S OFFICE
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January 19, 2016

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, 2014 through October 31, 2015. Also attached is the response letter from Director Brent Norris, dated December 28, 2015.

Sincerely,

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

Randall Rice CPA
County Auditor

cc: Director Brent Norris

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



Juvenile Justice Department Audit

November 24, 2015

Galveston County
Internal Audit
Division

Randall Rice CPA
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County Auditor

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Executive Summary

Reliability and Integrity of Information (page 3)

- Nothing came to our attention during this audit to cause us to doubt the overall reliability and integrity of the information. However, controls over recordkeeping and reporting can be improved by implementing the following recommendations:
 - Implement a policy that requires voided receipts to be signed by an employee other than the one who initiated the void.

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.

Compliance with Statutes, Policies and Procedures (page 5)

- Compliance with statutes and department policies is adequate.

Introduction

The Internal Audit Division conducted an internal audit of the Juvenile Justice Department, as required by Local Government Code (LGC) §115.0035. The internal audit covered the period November 1, 2014 through October 31, 2015. The audit was performed from November 10, 2015 through November 24, 2015.

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.

Lauren Ramsey, Compliance Analyst, 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.

Separation of Duties

One of the most important internal controls is to have proper separation of duties. No one person should authorize a transaction, record a transaction and have custody of the assets.

The Administrative Clerk or Juvenile Records Technician at the Texas City office collects the payments, records the transactions in JCMS (their electronic record keeping system) and issues receipts to the payee. The Administrative Secretary prepares the bank deposit and deposit warrant and the Office Manager reviews them both for accuracy.

The Juvenile Records Technician at the Galveston office collects the payments, records the transactions in JCMS and issues receipts to the payee. Due to limited staff at the Galveston Office, a separation of duties is difficult to achieve. As a mitigating control, the checks and money orders received are immediately restrictively endorsed (cash is not accepted as a form of payment) and the collections are secured in a lockable cash box. Twice a week the technician delivers the payments and receipts to the Administrative Secretary at the Texas City office.

Bank Deposits

The daily collections and receipts are delivered to the Administrative Secretary who secures them in a locked filing cabinet until ready for deposit. Electronic bank deposits are processed every Tuesday and Friday. The Administrative Secretary scans the checks and money orders to the bank then prepares the deposit warrant. The Administrative Secretary submits the deposit warrant, bank deposit confirmation and the JCMS Receipts Transaction report to the Office Manager for review. The deposit warrant and a copy of the bank deposit confirmation are emailed to the Treasurer's Office.

Voided Receipts

Receipts issued by Juvenile Justice can be voided in JCMS. When a receipt is voided, an explanation for the void is recorded in JCMS. A copy of the voided receipt is printed, signed by the staff member who initiated the void and retained in the juvenile's case file. Office policy allows all employees to void receipts in JCMS.

Finding: Voided receipts are not verified by another employee.

Recommendation JJ-16-01: Juvenile Justice should implement a policy that requires voided receipts to be verified and signed by an employee other than the one who initiated the void.

Safeguarding of Assets

Safeguarding of assets has three basic components: 1) physical security of the collections 2) minimal exposure to loss and 3) proper management of the collections.

Physical Security

Physical security encompasses any method to physically secure the collections from loss. Monies collected should be kept in a locked drawer or safe until they are deposited.

As part of the audit, the auditor conducted a surprise cash count at the Texas City location. All collections were accounted for at the time of the surprise cash count. The Juvenile Justice Department only accepts cashier's checks or money orders. The checks and money orders were immediately restrictively endorsed. Payments are collected by the Administrative Clerk or Juvenile Records Technicians and turned over to the Administrative Secretary. All collections are secured in a locked filing cabinet until ready for deposit.

The financial assets are adequately safeguarded.

Compliance with Statutes, Policies and Procedures

Adequate internal controls have been implemented in order to ensure compliance with applicable statutes, policies and procedures.

Deposit Statutes

LGC §113.022 Time For Making Deposits requires that money received shall be deposited “on or before the fifth business day after the day on which the money is received”. The Juvenile Justice Department’s policy is to electronically deposit collections every Tuesday and Friday.

Juvenile Justice is in compliance with LGC §113.022 for making timely deposits.

Court Ordered Fees

The court order dictates the amount of court costs, fees and/or restitution owed by the juvenile. The details of the court costs and fees to be collected are recorded in JCMS, their electronic record keeping system, by the Juvenile Records Technicians.

All court ordered fees reviewed were recorded accurately in JCMS.



JUVENILE JUSTICE DEPARTMENT

County of Galveston
(PROBATION, RESIDENTIAL AND DETENTION SERVICES)

December 28, 2015

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

Ref: December 21, 2015 Audit

Randall:

I have reviewed the report and proposed recommendations from the audit that was conducted November 10, 2015 through November 24, 2015. It is my understanding that there was one area that needs to be addressed.

- Voided receipts are not verified by another employee. Beginning January 4, 2015 when a receipt is voided the employee voiding the receipt will print it and sign it once an explanation for the void is recorded in JCMS. The signed voided receipt will then be given to the Deputy Director-Casework and once verified the Deputy Director-Casework will sign off on the voided receipt and have it placed in the juvenile's case file. In the event the Deputy Director-Casework is not available, the Office manager will verify and sign off on the voided receipt.

Departmental policy will be revised to reflect this change.

Hopefully by implementing the above safeguards, the reported weakness will be eliminated. Finally, I would like to thank Madeline Walker and Lauren Ramsey for their assistance during this audit process. They were 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 cursive script that reads "Brent".

Brent T. Norris, Director
Galveston County Juvenile
Justice Department

Xc: Amanda Williams, Office Manager