

# GALVESTON COUNTY



## Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor  
Kristin Bulanek CIA, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4<sup>th</sup> Floor, Galveston, TX 77550

---

January 31, 2017

Honorable Mark A. Henry, County Judge, and  
Members of the Commissioners Court

Honorable Mark A. Henry and Members of the Court:

Attached for your consideration is the internal audit report of the Juvenile Justice Department Audit that covered the period November 1, 2015 through October 31, 2016. Also attached is the response letter from Brent Norris, Director, dated January 10, 2017.

Sincerely,

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

Randall Rice CPA  
County Auditor

cc: Brent Norris, Director

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



# Juvenile Justice Department Audit

December 14, 2016

Galveston  
County  
Internal Audit  
Division

Randall Rice CPA  
CITP CISA CIO CBM DABFA CGMA  
County Auditor

|                         |     |
|-------------------------|-----|
| Executive Summary ..... | 1   |
| Introduction .....      | 2   |
| Details .....           | 3-6 |

# Executive Summary

## Reliability and Integrity of Information (page 3-4)

- 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:
  - All voided receipts should be verified by the Deputy Director-Casework. In the event the Deputy Director-Casework is not available, the Office Manager should verify the voids.

## Safeguarding of Assets (page 5)

- All collections were accounted for at the time of the surprise cash count.
- Physical security over assets (collections) is adequate.

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

- Juvenile Justice is in compliance with LGC §113.022 for making timely deposits.
- There were no material exceptions when recording the court ordered fees in JCMS.

## Introduction

The Internal Audit Division conducted an internal audit of the Juvenile Justice Department, in accordance with Local Government Code (LGC) §115. The internal audit covered the period November 1, 2015 through October 31, 2016. The audit was performed from November 29, 2016 through December 14, 2016.

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 and Procedures 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 the Juvenile Case Management System (JCMS) and issues receipts to the payee. The collections are taken to the Administrative Secretary and secured in a lockable cash box.

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.

The Administrative Secretary combines the Texas City and Galveston collections to prepare one bank deposit and deposit warrant. The Office Manager reviews them both for accuracy.

## 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 Administrative Secretary creates the ONESolution cash receipt and attaches a copy of the deposit warrant and bank deposit confirmation as support.

## Reliability and Integrity of Information (continued)

### 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 and taken to the Deputy Director-Casework to verify and sign the voided receipt. The signed voided receipt is retained in the juvenile's case file. A copy of the receipt is included in the support documents to the daily deposits which are filed in the Administrative Secretary's office. A sample of voided receipts were tested for compliance with office policy.

**Finding:** All voided receipts were not verified according to office policy.

**Recommendation JJ-17-02:** All voided receipts should be verified by the Deputy Director-Casework. In the event the Deputy Director-Casework is not available, the Office Manager should verify the voids.

# Safeguarding of Assets

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

## 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. A sample of cases were tested to verify the court ordered fees were recorded correctly in JCMS.

There were no material exceptions when recording the court ordered fees in JCMS.



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

January 10, 2017

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

**Ref: December 14, 2016 Audit**

Randall:

I have reviewed the report and proposed recommendation from the audit that was conducted for the time period of November 1, 2015 through October 31, 2016. It is my understanding that there was one area that needs to be addressed.

- All voided receipts should be verified by the Deputy Director – Casework. In the event the Deputy Director-Casework is not available, the Office manager should verify the voids.

Departmental policy has been revised to reflect this procedure and we will continue to strive to make sure this policy is adhered to. 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 the voids.

Hopefully by implementing the above safeguard, the reported weakness will be eliminated. Finally, I would like to thank Lori McWhirter, Lauren Ramsey and Madeline Walker 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,

*Brent T. Norris*

Brent T. Norris, Director  
Galveston County Juvenile  
Justice Department

Xc: Amanda Williams, Office Manager