

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 4th Floor, Galveston, TX 77550

October 10, 2016

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 Personal Bond Office. The audit covered the period July 1, 2015 through June 30, 2016. Also attached is the response letter from Tyler Drummond and response letter from LaDonna Kennie, both dated September 29, 2016.

Sincerely,

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

Randall Rice CPA
County Auditor

Attachment: Personal Bond Office Internal Audit Report
Response Letter, Tyler Drummond
Response Letter, LaDonna Kennie



Personal Bond Office Internal Audit FY 2016

August 15, 2016

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 (page 3)

- Voided receipts are performed by the Court Collections Senior Collections Clerk or the Court Collections Collections Manager and an explanation for the void is provided.
- Refunds not requested through a purchase order are unable to be verified to ensure the refund was issued in the correct amount and to the correct party. To improve reliability and integrity, the Personal Bond Office should submit all refunds, except for credit card transactions, through a purchase order.

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- There is proper separation of duties.

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

- Bond fees assessed are in compliance with CCP §17.42.
- Defendants released on pre-trial release bonds are in compliance with the criteria set by the Pre-Trial Release Board and are properly authorized.
- The office is in compliance with Senate Bill 7 releases.
- Collections are deposited within the timeframe allotted by LGC §113.022.

Introduction

The Internal Audit Division conducted an internal audit of the Personal Bond Office, in accordance with Local Government Code §115. The internal audit covered the period July 1, 2015 through June 30, 2016. The audit was performed from July 14, 2016 through August 15, 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 Personal Bond Office. The internal audit included, but was not limited to the books, accounts, reports, dockets and records of the Personal Bond Office.

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 Personal Bond Office as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Madeline Walker, Compliance Audit Team Lead, 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.

Voided Receipts

All voided receipts should be performed by the Court Collections Senior Collections Clerk or the Court Collections Collections Manager. An explanation for the void is recorded in Odyssey and, when applicable, the transaction is re-receipted in a timely manner. There were no discrepancies found in the testing of voided receipts.

Refunds

Under certain circumstances, a bond payment may be refunded back to the payer: an inmate was bonded out through another agency, the inmate rejects the bond, the judge rejects the bond, a plea deal is accepted after the bond fee has been paid, etc. All refunds must be approved by the Court Collections Senior Collections Clerk or the Court Collections Collections Manager. Payments are refunded by the Personal Bond Office in the same tender type as was originally receipted. Credit card payments are reversed through Official Payments by the Senior Collections Clerk or the Collections Manager. Payments made by cash or check are returned from the clerk's cash drawer to the individual who made the payment. If a check has already been deposited, the refund will be requested through a purchase order, otherwise, all refunds are provided from the clerk's till.

Finding: Refunds of cash, check, or money order transactions not requested through a purchase order are unable to be verified to ensure the refund was issued in the correct amount and to the correct party.

Recommendation PB-16-01: All refunds other than credit card transactions should be submitted through a purchase order to provide a paper trail that documents the amount of the refund and the individual to whom it is issued.

Safeguarding of Assets

Safeguarding of assets has three basic components: 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 of the Personal Bond Office on July 21, 2016. All collections were accounted for at the time of the surprise cash count. Controls are in place to ensure the staff uses lockable cash drawers to secure collections until the funds are ready to be deposited. The financial assets are adequately safeguarded and deposits are made daily.

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. All funds collected are entered into Odyssey by the bond clerks and reconciled daily by the Court Collections Senior Collections Clerk, who prepares the funds for deposit. Funds collected over the weekend are placed in the safe and are reconciled Monday morning. All cash receipts are entered into One Solution by the Treasurer's Office once the bank deposit confirmation is returned. The office has a proper separation of duties.

Compliance with Statutes, Policies, and Procedures

Statutory Personal Bond Fees

The Code of Criminal Procedure (CCP) §17.42 mandates that “the court shall assess a personal bond fee of \$20 or three percent of the amount of the bail fixed for the accused, whichever is greater”. Bail amounts are obtained from the Jail Management System (JMS) and are recorded in Odyssey by the Personal Bond Office clerks. Bond fees are then calculated based on the amount of bail, according to statute. The office is in compliance with CCP §17.42 in setting bond fees.

Personal Bond- Reasons for Rejection

The Pre-Trial Release Board sets the criteria for which a defendant is deemed ineligible for a personal bond release. The list of “Reasons for Rejection”, last updated on February 11, 2016, is provided to the Personal Bond Office. It is the responsibility of the bond clerks to verify the defendant has not met a criterion on the rejection list prior to being released. In addition, the release of the defendant must be approved by a judge and the personal bond fee must be paid. There were no material discrepancies found in the compliance of release of defendants through pre-trial release bonds.

Senate Bill 7

Senate Bill 7 dictates a defendant must be released on personal bond if they do not see a magistrate judge within 24 hours for a misdemeanor, or 48 hours for a felony. Bonds are created in Odyssey by the Personal Bond Office Supervisor for all Senate Bill 7 releases. This type of release does not alleviate the defendant of any charge they may be facing, so location and contact information is obtained from the defendant on a bond application, which is then approved by a judge, prior to the defendant’s release. All Senate Bill 7 releases were documented and approved by a judge.

Timeliness of Deposits

Local Government Code (LGC) §113.022 Time For Making Deposits states a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. Personal Bond Office collections are deposited daily, Monday through Friday, by a Sheriff’s Office Deputy. Funds collected over the weekend are deposited the following Monday.

Walker, Madeline

To: Drummond, Tyler
Subject: RE: Personal Bond Office Audit Report

From: Drummond, Tyler
Sent: Thursday, September 29, 2016 1:03 PM
To: Walker, Madeline
Subject: Re: Personal Bond Office Audit Report

Madeline,

Please accept this correspondence and the official acknowledgement and acceptance of the Personal Bond Office Audit Report conducted by your office.

Best,

TYLER DRUMMOND | Chief of Staff
County Judge Mark Henry | 722 Moody Ave. | Galveston, TX 77550
409.765.2639 (Office) | 409.771.2373 (Cell)
tyler.drummond@co.galveston.tx.us | www.galvestoncountvtx.gov



Walker, Madeline

From: Kennie, Ladonna
Sent: Thursday, September 29, 2016 3:01 PM
To: Walker, Madeline; Drummond, Tyler
Cc: Kennie, Ladonna
Subject: RE: Personal Bond Office Audit Report

Madeline,

Thanks sounds great! We will implement this new process within the next month. I will get with Pam Walters to see if she needs any training on Print Tech (Odyssey) and let you know.

Thanks you so much for helping in resolving this matter in a timely fashion.

LaDonna Kennie
Manager
Collections Department

 Office: 409-770-6221

 Fax: 409-765-3286

 Ladonna.kennie@co.galveston.tx.us



From: Walker, Madeline
Sent: Thursday, September 29, 2016 2:45 PM
To: Kennie, Ladonna; Drummond, Tyler
Subject: RE: Personal Bond Office Audit Report

LaDonna,

After speaking with Kristin, we think the best method to get refunds back timely would be for the Personal Bond Office to utilize Odyssey to cut the checks. That way money can be refunded quicker than it would through a normal PO process and there will still be a paper trail verifying the recipient of the funds. Additionally, any support documentation applicable to the refund (proof of bonding through another agency, etc.) should be attached to the PR bond in Odyssey. Please let me know if you think this could work for the office.

Thanks,
Madeline

From: Kennie, Ladonna
Sent: Thursday, September 29, 2016 2:05 PM
To: Drummond, Tyler