

GALVESTON COUNTY



Office of County Auditor

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December 2, 2019

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court
722 Moody Ave
Galveston, Texas 77550

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the internal audit report of the Community Supervision and Corrections Department Audit that covered the period October 1, 2018 through September 30, 2019. Also attached is the response letter from Dan Moore, Director, dated November 18, 2019.

Sincerely,

Handwritten signatures of Randall Rice and Kristin Bulanek. Randall Rice's signature is on the left, and Kristin Bulanek's signature is on the right.

Randall Rice CPA
County Auditor

cc: Dan Moore, Director

Attachment: Community Supervision and Corrections Department Audit Report
Response Letter, Dan Moore



Community Supervision and Corrections Department (CSCD) Audit

November 5, 2019

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)

- Adequate controls are in place by CSCD to ensure proper separation of duties relative to recording, authorizing and collecting.
- No exceptions were noted in assessing fees in Corrections Software Solutions (CSS).
- The department is accounting for all funds being disbursed during the monthly sweep.

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- No exceptions were noted in the review of the bank reconciliation.

Compliance with Statutes, Policies and Procedures (page 5 & 6)

- CSCD is in compliance with LGC §113.022 Time For Making Deposits.
- No material exceptions were found in reviewing voided receipts.
- All unclaimed restitution payments were escheated in compliance with GC §76.013 and TPC §77.052.
- No material exceptions were found in reviewing abandoned property (refunds) escheatment.

Introduction

The Internal Audit Division conducted an internal audit of the Community Supervision and Corrections Department, in accordance with Local Government Code (LGC) §115. The internal audit covered the period October 1, 2018 through September 30, 2019. The audit was performed from October 23, 2019 through November 5, 2019.

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 Community Supervision and Corrections Department. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Community Supervision and Corrections 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 Community Supervision and Corrections Department as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Lillian Arredondo, Internal Auditor II, assisted by Jessica Robbins, Audit Technician, 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 cashier collects money, records the transaction and issues a receipt to the probationer. At the end of the day, the cashier counts the collections and creates a deposit with a supervisor present. The supervisor signs off on the deposit and the monies are stored in a locked bag until the deputy sheriff arrives to take the deposit bag to the bank. CSCD has a proper separation of duties.

Corrections Software Solutions (CSS)

The District Clerk and County Clerk offices forward all adult probation cases to CSCD. This includes the judgments, which list the associated probation, urinalysis and pre-intervention fees for each case. The cases and their judgments are recorded in CSCD's record keeping system, CSS. The internal auditors tested a sample of cases recorded in CSS for accuracy and completeness. No exceptions were noted.

Disbursement of Collections

CSCD "sweeps" the bank account once a month. The funds are sent to the appropriate parties (Treasurer's Office, victim restitution, crime stopper organizations and defendant refunds).

The department is accounting for all funds being disbursed during the monthly sweep.

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, a surprise cash count was conducted on October 23, 2019 at the Galveston location. All collections were accounted for at the time of the surprise cash count. Controls are in place to ensure the staff uses a lockable safe to secure collections until ready to be deposited. The safe remains locked when not in use.

Management of Collections

Properly prepared and adequately supported bank reconciliations are one of the best methods of cash management available to any office. The reconciliation process identifies any discrepancies in the bank account and assists in preventing the misuse of funds. Corrections Software Solutions (CSS) has a module that reconciles the transactions recorded in the system (payments and disbursements) with the bank statement information. In addition, the system performs a zero-out of the ending bank balance. The bank reconciliation and proper support documentation are submitted to the Auditor's Office each month. No exceptions were noted in the review of the bank reconciliation.

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". CSCD's policy is to deposit daily.

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

Voided Receipts

CSCD policy dictates only the Director or Administrative Supervisor have the authority to void receipts in CSS. The Cashier emails management stating which receipt needs to be voided along with an explanation for the void. The Director or Administrative Supervisor voids the receipt and documents the reason in CSS. Copies of the original and voided receipt are retained with the daily receipts.

No material exceptions were found in reviewing voided receipts.

Escheatment of Restitution

According to Government Code (GC) §76.013(b-2), "If a victim who is entitled to restitution does not make a claim for payment before the fifth anniversary... any unclaimed restitution payments being held by the department for payment to the victim are presumed abandoned. The department shall report and deliver to the comptroller all unclaimed restitution payments presumed abandoned".

All unclaimed restitution payments were escheated in compliance with GC §76.013 and TPC §77.052.

Compliance with Statutes, Policies and Procedures (continued)

Escheatment of Refunds

According to Texas Property Code (TPC) §72.101(a), "personal property is presumed abandoned if, for longer than three years: (1) the existence and location of the owner of the property is unknown to the holder of the property; and (2)....a claim to the property has not been asserted."

Texas Property Code (TPC) §76 states if the holder of a property is a county and the property is presumed abandoned under Chapter 72 or 75 and is valued at \$100 or less, abandoned property shall be delivered to the treasurer.

Abandoned property that meets TPC §72.101(a) and is valued at \$100 or less shall be escheated to the Treasurer's Office; abandoned property valued over \$100 shall be escheated to the State.

No material exceptions were found in reviewing abandoned property (refunds) escheatment.

COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
GALVESTON COUNTY

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409-766-2425

GALVESTON, TEXAS 77550
FAX: 409-770-5530



Dan Moore, Director

Kelly Bozeman, Deputy Director

November 18, 2019

Randall Rice, CPA
County Auditor
722 Moody Ave 4th Floor
Galveston, TX 77550

Mr. Rice,

This letter is in response to the internal audit report received on November 14, 2019.

Galveston County Community Supervision and Corrections Department will continue to maintain compliance with laws, regulations, contracts, policies, plans and procedures.

Our auditors, Lillian Arredondo and Jessica Robbins, were friendly and completed the process with very little disruption to the department. Thank you for continuing to help this department improve our financial and management controls.

A handwritten signature in black ink, appearing to read "Dan Moore", is written over a circular stamp.

Dan Moore, Director

Galveston Community Supervision and Corrections Department