

GALVESTON COUNTY



Office of County Auditor

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October 21, 2019

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

Honorable Mark A. Henry and Members of the Court:

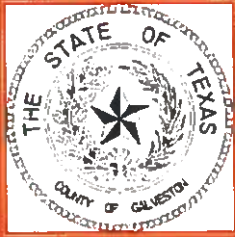
Attached to be received and filed is the internal audit report of the County Clerk Fee Audit. The audit covered the period August 1, 2018 through June 30, 2019. Also attached is the response letter from Honorable Dwight D. Sullivan, dated October 8, 2019.

Sincerely,

Randall Rice CPA
County Auditor

cc: Honorable Dwight D. Sullivan, County Clerk

Attachments: County Clerk Fee Audit Report



County Clerk Fee Audit

August 29, 2019

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)

- County Clerk's Office has adequate compensating controls in place to minimize the risks associated with the civil and probate collection operations.
- County Clerk's Office practices proper separation of duties among the misdemeanor division clerks.
- County Clerk's Office has adequate controls over adjustments, reversals and voids of receipts.

Safeguarding of Assets (page 4)

- All cash collected on the day of the surprise cash counts was accounted for. Collections are deposited daily by a Sheriff's Deputy.
- Physical security over assets (collections) is adequate.

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

- Misdemeanor fees tested were in compliance with applicable Texas statutes.
- Dismissals tested for misdemeanor cases were in compliance with CCP §32.02.
- Basic court costs and fees tested for probate cases were in compliance with applicable Texas statutes.
- The office should work with the Information Systems department to correct the Odyssey configuration for fees assessed to case type "Other-Relating to a Criminal Matter".
- All credit granted must be approved by the judge prior to applying the credit in Odyssey and have proper support documentation.
- Fees tested for marriage licenses were in compliance with applicable Texas statutes.

Introduction

The Internal Audit Division conducted an internal audit of the County Clerk's Office as authorized by Local Government Code §115. The internal audit covered the period August 1, 2018 through June 30, 2019. The audit was performed from July 25, 2019 through August 29, 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 County Clerk's Office. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the County Clerk.

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

Lillian Arredondo, 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.

Separation of Duties

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

Civil and Probate Court Division

For civil and probate court divisions, the office has established procedures to allow clerks to record cases, to assess court fees and to collect payments in the court system (Odyssey). Daily collections are reconciled to the closing reports during the close out process performed by the Senior Deputy County Clerk of Accounting and the Accounting Technician. The Civil and Probate Court division has adequate compensating controls in place to minimize the risk associated with the division's collection operation.

Misdemeanor Court Division

The office has instituted procedures to separate the custody of assets from the recording and authorization functions in the Misdemeanor Division. The Misdemeanor Division clerks only record the cases in Odyssey and collect miscellaneous payments for other services (such as copies, certified copies, etc). The Court Collections Department collects the payments for court costs and fees of misdemeanor cases. Accordingly, they have an effective separation of duties.

Adjustments, Reversals and Voids

Office policy limits the ability to process adjustments, reversals and voids in Odyssey to the Chief Deputy of Courts, Chief Deputy of Records and the Chief Deputy of Administration. A sample of adjustment, reversals and voids was tested for compliance with office policy. No exceptions were noted during the audit period. Accordingly, the office has a proper separation of duties in place relative to adjustments, reversals and voids of receipts.

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 assets from loss. Assets not being used should be kept in a locked drawer or safe until they are needed.

Controls are in place to ensure the staff uses lockable drawers and a safe to secure the collections in the office until deposited.

Minimizing Exposure to Loss

Daily depositing is one of the best methods of minimizing exposure of collections to loss as well as providing the county with maximum benefit of collections. The County Clerk's Office has a policy to deposit collections daily.

As part of the audit, the auditor conducted a surprise cash count at the Galveston office on July 25, 2019 and at the League City office on August 16, 2019. All collections and change funds were accounted for at the time of the surprise cash counts.

Compliance with Statutes, Policies and Procedures

As part of the audit, the auditor evaluated the adequacy and effectiveness of internal controls and governance regarding compliance with statutes, policies and procedures within the County Clerk's Office.

Misdemeanor Case Fees

The state and local fees assessed for misdemeanor cases were reviewed to verify they were in compliance with current statutes.

No material discrepancies were found in the fees assessed for misdemeanor cases in the audit period.

Misdemeanor Case Dismissals

CCP §32.02 states "the attorney representing the state may, by permission of the court, dismiss a criminal action at any time upon filing a written statement with the papers in the case setting out his reasons for such dismissal, which shall be incorporated in the judgment of dismissal. No case shall be dismissed without the consent of the presiding judge."

All dismissed misdemeanor cases reviewed contained the "Motion and Order to Dismiss" document signed by the presiding judge.

Civil and Probate Case Fees

The state and local fees assessed for civil and probate cases were reviewed to verify they were in compliance with current statutes.

No discrepancies were detected for fees assessed on probate cases during the audit period.

Civil cases reviewed during the audit period included case type "Other-Relating to a Criminal Matter" relating to bond forfeiture matters. Odyssey is configured to assess the Judicial Support Fee of \$42.00 authorized by LGC 133.154(a) for bond forfeiture offenses. The Attorney General of Texas, Greg Abbott issued Opinion No.GA-0486 that states, "The filing fee that Local Government Code section 133.154(a) imposes does not apply in bail bond forfeiture matters because no civil suit is filed."

Finding: The office assessed the Judicial Support Fee of \$42.00 authorized by LGC §133.154(a) for cases involving bond forfeiture offenses during the audit period.

Recommendation CC-19-01: The office should work with the Information Systems department to correct the Odyssey configuration for fees assessed to case type "Other-Relating to a Criminal Matter".

Compliance with Statutes, Policies and Procedures (cont.)

Credits

CCP §42.15 Fines and Costs states if the court determines the defendant does not have sufficient resources or income to immediately pay all or part of the fine and costs, the court shall determine whether the fine and costs should be: (3) waived in full or in part under Article 43.091.

CCP §43.091 Waiver of Payment of Fines and Costs for Certain Defendants and for Children states a court may waive payment of all or part of a fine or costs imposed on a defendant if the court determines that the defendant is indigent or does not have sufficient resources or income to pay all or part of the fine or costs.

Per office policy, the County Clerk's misdemeanor division supervisors are authorized to apply credits, as well as reverse credits in Odyssey, when it is ordered by a judge. All credit awarded must be ordered by the judge. Proper support documentation for credits must be scanned into Odyssey as proof of its validity. A sample of cases was tested for compliance with CCP §42.15, CCP §43.091 and court policy.

Finding: Cases were granted credits of fees and fines without a signed order from the judge.

Recommendation CC-19-02: All credits granted must be approved by the judge prior to applying the credit in Odyssey and have proper support documentation.

Marriage License Fees

There are two types of application fees the office collects for: regular marriage licenses and declaration of informal marriage licenses.

LGC §118.011 (7) states the amount of the Marriage License Fee is \$60.00.

LGC §118.011 (8) states the amount of the Declaration of Informal Marriage License Fee is \$25.00.

No discrepancies were identified in assessed marriage application fees during the audit period.



The County of Galveston

P.O. BOX 17253
JUSTICE CENTER
GALVESTON, TEXAS 77552-7253

DWIGHT D. SULLIVAN
COUNTY CLERK

October 8, 2019

Mr. Randall Rice, CPA
County Auditor
722 Moody, 4th Floor
Galveston, Texas 77550

Re: Response to the FY 2019 County Clerk Fee Audit

Dear Mr. Rice,

Thank you for conducting this audit. Your staff was a pleasure to work with and presented an outstanding report. I am providing herein my response to the recommendations in the report.

Recommendation CC-19-01: The office should work with the Information Systems department to correct the Odyssey configuration for fees assessed to case type "Other-Relating to a Criminal Matter."

Response: I concur with this recommendation and will be contacting our Odyssey Team to correct the configuration for this case type.

Recommendation CC-19-02: All credits granted must be approved by the judge prior to applying the credit in Odyssey and have proper support documentation.

Response: I concur with this recommendation and have notified the Misdemeanor Supervisors to ensure compliance.

Thank you for ensuring the accountability of our office in financial matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwight D. Sullivan".

Dwight D. Sullivan
County Clerk