

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
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June 29, 2020

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

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the internal audit report of the Personal Bond Office Audit that covered the period May 1, 2019 through April 30, 2020. Also attached is the response letter from Mr. Aaron Johnson, dated June 22, 2020.

Sincerely,

Randall Rice CPA

Digitally signed by Randall Rice

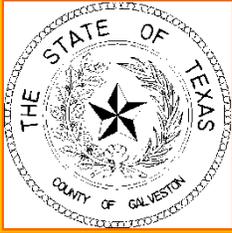
CPA

Date: 2020.06.22 15:40:25 -05'00'

Randall Rice CPA
County Auditor

cc: Mr. Aaron Johnson

Attachment: Personal Bond Office Audit Report
Response Letter, Mr. Aaron Johnson



Personal Bond Office Internal Audit FY2020

June 4, 2020

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)

- The office has proper separation of duties.
- The office has adequate controls over voided receipts.
- All refunds 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 (page 4)

- Physical security over assets (collections) is adequate.

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 CCP §17.03.
- The office is in compliance with CCP §17.033 releases.
- Collections are deposited in compliance with 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 May 1, 2019 through April 30, 2020. The audit was performed from May 6, 2020 through June 4, 2020.

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 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 will not be 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.

Lillian Arredondo, Internal Auditor II, assisted by Jordan Speer, IT Systems Auditor II, performed the audit.

Reliability and Integrity of the 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. All funds collected are entered into Odyssey by the bond clerks and reconciled daily by the Administrative Assistant, 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 ONESolution by the Administrative Assistant once the bank deposit confirmation is returned. The office has a proper separation of duties.

Voided Receipts

All voided receipts should be performed by the Administrative Assistant or the Personal Bond 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 must be refunded back to the payer: an inmate was bonded out through another agency, the bond amount was reduced by the court, etc. A refund request form must be completed by the payer and approved by the Director of Personal Bond & Collections. Once the request has been approved, the Administrative Assistant begins the purchase order process to refund the payment in accordance with the Galveston County Cash Handling Policy.

Finding: Several refunds tested did not go through the purchase order process; they were returned to the payer directly from the clerk's till. 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.

Recommendation PB-20-01: All refunds 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.

Auditor Comments to Response from Personal Bond Director: The Auditor's Office will work with the Personal Bond Office to clarify and formalize their process to ensure safety of the funds and sanctity of the records.

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 all methods used 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 staff uses lockable bank bags and a safe to secure the financial assets in the office.

Compliance with Statutes, Policies and Procedures

The following areas were tested to provide reasonable assurance the office is in compliance with statutes, policies and procedures.

Personal Bond Fees

Code of Criminal Procedure (CCP) §17.42 states “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. No material exceptions were noted in the review of the personal bond fees.

Release Compliance

Code of Criminal Procedure (CCP) §17.03 states except as provided by subsection (b) or (b-1), a magistrate may, in the magistrate's discretion, release a defendant on personal bond without sureties or other security. Subsections (b) and (b-1) provide restrictions on types of offenses only the court before whom the case is pending may release individuals on personal bond. No exceptions were found regarding compliance with release of defendants through pre-trial release bonds.

No Fee Personal Bonds

Code of Criminal Procedure (CCP) §17.033 states 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 for this type of release once notified by the Magistrate Court. 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. No exceptions were noted in the review of CCP §17.033 releases.

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. All deposits reviewed were made in compliance with LGC §113.022.



Aaron Johnson

Personal Bond & Collections Director
County of Galveston

Galveston County Courthouse
600 59th St. Suite 1500, Galveston, Texas

Allie Santos
Administrative Assistant

Jessica Sell
Deputy Director

Jeni Hernandez
Personal Bond Manager

Dianna Reyna -Valdez
Magistrate Clerk Manager

Kelly Baksa
Collections Manager

June 22, 2020

Randal Rice, CPA
Office of County Auditor
722 Moody Ave, 4th Floor
Galveston, Texas 77550

Re: Personal Bond Audit FY 2020

Mr. Rice,

In response to the internal audit report on the Personal Bond Office, we have implemented the following directive based upon the audit staff recommendation:

Recommendation PB-20-01

The audit noted all refunds 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. In researching this issue, there are times the fee has not been entered into Odyssey when an individual is presenting the Personal Bond Office a payment.

Current practice provides a receipt to the individual when funds are received and when there is a fee associated with the appropriate case in Odyssey, but not for when funds were refused or returned due to not being available.

Moving forward, the Personal Bond Office will provide a receipt for each attempted payment noting payment was not received for these types of cases. The receipt will be signed by the Personal Bond Office and the individual presenting payment acknowledging the payment was returned.

Please feel free to reach out to me with any questions or concerns relating to these matters.

Respectfully,

Aaron Johnson, Director
Personal Bond and Collections
Galveston County