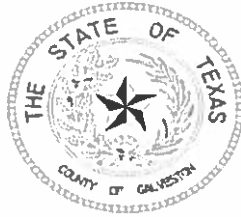


# GALVESTON COUNTY



## 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

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May 18, 2020

Honorable Mark A. Henry, County Judge, and  
Members of the Commissioners Court  
722 Moody Avenue  
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 Sheriff's Office Bond Division. The audit covered the period March 1, 2019 through February 29, 2020. Also attached is the response letter from Sheriff Trochesset, dated April 28, 2020.

Sincerely,

**Randall Rice CPA**

Digitally signed by Randall Rice CPA  
DN: cn=Randall Rice CPA, o=Galveston County, ou=County  
Auditor, email=randall.rice@co.galveston.tx.us, c=US  
Date: 2020.05.07 09:38:53 -05'00'

Randall Rice CPA  
County Auditor

cc: Sheriff Henry Trochesset

Attachment: Sheriff's Office Bond Division Internal Audit Report  
Response Letter, Sheriff Trochesset



# Sheriff's Office Bond Division Audit

April 3, 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)

- A supervisor of the Senior Financial Coordinator should review daily deposits and disbursements and the bank reconciliations for completeness and accuracy.

### Safeguarding of Assets (pages 4)

- All collections were accounted for on the day of the surprise cash count.
- Controls are in place to ensure staff uses a lockable cash drawer and a safe to secure the financial assets in the office.
- Collections are deposited daily, minimizing exposure to loss.
- Odyssey reports should be used to obtain the book amounts for the bond account and reconciled to the bank to ensure a complete and accurate bank reconciliation is performed.
- The Senior Financial Coordinator should determine the cause of the outstanding adjustment and correct as necessary.

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

- No material discrepancies were found in the Sheriff's Office compliance with GC §41.258 in regards to collecting surety fees.
- All bond company license renewal fees that occurred during the audit period were properly collected in accordance with OC §1704.162 (c).
- Bond disbursements were made timely and to the correct entities.

## Introduction

The Internal Audit Division conducted an internal audit of the Galveston Sheriff's Office Bond Division, in accordance with Local Government Code §115. The internal audit covered the period March 1, 2019 through February 29, 2020. The audit was performed from March 4, 2020 through April 3, 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 Sheriff's Office Bond Division. The internal audit included, but was not limited to, the books, accounts, reports and records of the Sheriff's Office Bond Division.

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

Jessica Robbins, Audit Technician, 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 controls is to have proper separation of duties. No one person should be able to authorize a transaction, record a transaction and have custody of the assets.

Due to the nature of the Bond Division, a proper separation of duties is difficult to attain. Bond Division personnel process collections and record payments in the Bond Division tills in Odyssey. The collections are reconciled to Odyssey daily and sent to the Senior Financial Coordinator who prepares the collections for deposit. Bond money is disbursed daily and bank reconciliations are prepared monthly by the Senior Financial Coordinator.

**Finding:** The Senior Financial Coordinator prepares the deposits, disbursements and bank reconciliations, resulting in an ineffective separation of duties. *(This is a prior audit finding.)*

**Recommendation BOND-20-01:** A supervisor of the Senior Financial Coordinator should review daily deposits and disbursements and the bank reconciliations for completeness and accuracy.

## Safeguarding of Assets

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

### 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.

As part of the audit, the auditor conducted a surprise cash count on March 11, 2020. All collections were accounted for at the time of the surprise cash count.

Controls are in place to ensure staff uses a lockable cash drawer and a safe to secure the financial assets in the office.

### Minimizing Exposure to Loss

Daily deposit is one of the best methods of minimizing exposure of collections to loss as well as providing the county with maximum benefit of the collections. The Sheriff's Office deposits bond money in the Sheriff's bond bank account and deposits all other fees in the county demand account daily. No errors were detected in the testing of deposits.

### Managing the Assets

A bank reconciliation properly performed and adequately supported is one of the best methods of cash management available to any official. The reconciliation process identifies any discrepancies in the bond account and assists in preventing the misuse of funds. The bond account is reconciled monthly by the Senior Financial Coordinator.

**Finding:** Bank amounts are not being reconciled to book amounts from Odyssey. *(This is a prior audit finding.)*

**Recommendation BOND-20-02:** Odyssey reports should be used to obtain the book amounts for the bond account and reconciled to the bank to ensure a complete and accurate bank reconciliation is performed.

**Finding:** The bank reconciliation has had a \$600 outstanding adjustment since November 2019.

**Recommendation BOND-20-03:** The Senior Financial Coordinator should determine the cause of the outstanding adjustment and correct as necessary.

## **Compliance with Statutes, Policies and Procedures**

### **Assistant Prosecutor Supplement Fund and Fair Defense Account**

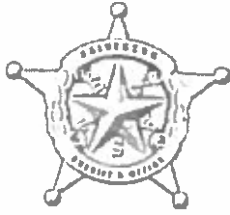
Government Code (GC) §41.258 Assistant Prosecutor Supplement Fund and Fair Defense Account (b) states "a court, judge, magistrate, peace officer, or other officer taking a bail bond for an offense other than a misdemeanor punishable by fine only under Chapter 17, Code of Criminal Procedure, shall require the payment of a \$15 cost by each surety posting the bail bond, provided the cost does not exceed \$30 for all bail bonds posted at that time for an individual and the cost is not required on the posting of a personal or cash bond". A sample of surety fee collections was tested. No material discrepancies were found in the Sheriff's Office compliance with GC §41.258.

### **License Expiration and Renewal**

Occupations Code (OC) §1704.162 License Expiration and Renewal (c) states "an application for renewal must comply with the requirements for an original license application under Section 1704.154, including the \$500 filing fee requirement". All bond company license renewal fees that occurred during the audit period were properly collected in accordance with OC §1704.162 (c).

### **Bond Disbursements**

The Bond Division accepts money for various county and out-of-county entities. All money received by the Bond Division must be disbursed accurately to the proper entity. Bond disbursements are processed in Odyssey which produces a computer generated check. The Senior Financial Coordinator disburses the checks to the entities, as directed by the bond documents. It is the Sheriff's Office policy to disburse bond money within 5 business days of receipt. Bond disbursements were made timely and to the correct entities.



*Henry A. Trochesset*  
Sheriff  
Galveston County

April 28, 2020

TO: Mr. Randall Rice, CPA  
County Auditor

RE: Bond Account Audit Report, Sheriff's Office

Mr. Rice:

Ms. Vickery and I have discussed the findings that were addressed in the Draft Bond Account Audit covering period 3/1/2019-2/29/2020. In regards to your findings we offer the following response.

**Reliability and Integrity of Information**

***Separation of Duties***

**(Finding)** The Senior Financial Coordinator prepares the deposits, disbursements and bank reconciliations, resulting in an ineffective separation of duties. *(Prior Audit Finding)*

**(Response)** At this time there has not been any changes implemented that would alter our original answer to the original finding in the 2018 Bond Account Audit. We hope in the future to be able to add an additional position to the accounting division to assist Ms. Vickery and share in her daily accounting duties.

Per your recommendation of having her supervisor review the daily transactions and reporting to ensure their integrity, as we informed your staff before, that is not possible. Major Hills runs several divisions for my office and his duties are in the realm of Law Enforcement. He is not versed in Accounting nor is he familiar with my accounts. It is also not possible for him to always be available daily to meet the requirements of your office that "all monies must be deposited daily".

*To Protect and Serve*

601 54TH STREET • SUITE 2100 • GALVESTON, TEXAS 77551 • PHONE 409 766 2300





*Henry A. Trochesset*  
Sheriff  
Galveston County

**Safeguarding of Assets**

***Managing the Assets***

**(Finding)** Bank amounts are not being reconciled to book amounts from Odyssey. (Prior Audit Finding)

**(Response)** Ms. Vickery was told at the beginning of Odyssey by a member of the Odyssey team that after reconciliations of accounts were completed each month that a report would automatically be sent out by the system to the Auditors so that they would have the capability of seeing the reconciliation. After reviewing this audit letter she decided to reach out to Odyssey I.T. to find out exactly who was receiving this automated report in case the distribution was leaving anyone out that should receive it. Roy Smith, of Odyssey I.T. looked into the disbursement and informed her that the report does not distribute to anyone but her and in order for the distribution to go to the auditors she would have to set up a distribution each month for each reconciliation that would send these documents out to your staff.

In performing this step it should complete the missing link for the reconciliation of our accounts as we already send out the bank statements and excel check registers in the required monthly reporting.

**(Finding)** The bank reconciliation has had a \$600 outstanding adjustment since November 2019.

**(Response)** We agree with this finding and corrections were completed on 04/06/2020 and can be reviewed in the Odyssey Systems Financial Management Module.

As always we welcome any questions that you or your staff might have regarding our responses and we appreciate your opinions and recommendations. We hope in the future to be able to comply with the one finding on this audit that at this time we cannot oblige.

Respectfully,

Henry Trochesset  
Sheriff

*To Protect and Serve*