

GALVESTON COUNTY



Office of County Auditor

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October 4, 2021

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 September 1, 2020 through July 31, 2021. Also attached is the response letter from Honorable Dwight D. Sullivan, dated September 22, 2021.

Sincerely,

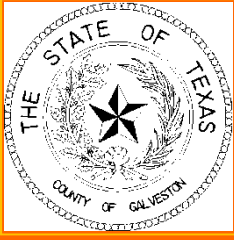
Randall Rice CPA

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CPA
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Randall Rice CPA
County Auditor

cc: Honorable Dwight D. Sullivan, County Clerk

Attachments: County Clerk Fee Audit Report



County Clerk Fee Audit

September 8, 2021

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

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate. All collections were accounted for during the surprise cash counts.
- Checks and money orders are scanned to the bank daily and cash collections are deposited daily by a Sheriff's Deputy.

Compliance with Statutes, Policies and Procedures (pages 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 civil cases were in compliance with applicable Texas statutes.
- No discrepancies were identified on basic court costs and fees tested for probate cases in accordance to the Texas statutes.
- Credits and Waivers tested were in compliance with CCP §42.15, CCP §43.091 and court policy.
- 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 (LGC) §115. The internal audit covered the period September 1, 2020 through July 31, 2021. The audit was performed from August 3, 2021 through September 8, 2021.

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.

Jessica Kozma, Internal Auditor I, 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 Divisions

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 Accounting Technician IV and the Accounting Technician II. The civil and probate court divisions have 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 County Clerk of Courts, Chief Deputy County Clerk of Records and the Chief Deputy County Clerk of Administration. A sample of adjustment, reversals and voids was tested for compliance with office policy. No discrepancies were noted during the audit period.

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.

As part of the audit, the auditor conducted surprise cash counts at the Galveston office on August 12, 2021 and August 17, 2021, and at the League City office on August 3, 2021 and August 17, 2021. All collections and change funds were accounted for at the time of the surprise cash counts.

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 accepts cash, checks, money orders and credit cards. Checks and money orders are restrictively endorsed immediately upon receipt. Checks and money orders are scanned to the bank daily and a Sheriff's Deputy deposits the cash collections daily.

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 a sample of misdemeanor cases were reviewed to verify they were in compliance with current statutes.

No discrepancies were identified for fees assessed on misdemeanor cases during the audit period.

Misdemeanor Case Dismissals

Code of Criminal Procedures (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 a sample of civil and probate cases were reviewed to verify they were in compliance with current statutes.

No discrepancies were identified for fees assessed on civil and probate cases during the audit period.

Compliance with Statutes, Policies and Procedures (cont.)

Credits and Waivers

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 and waivers, as well as reverse them in Odyssey, when it is ordered by a judge. All credits and waivers awarded must be ordered by the judge. Proper support documentation for credits and waivers 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.

No discrepancies were identified for credits and waivers granted during the audit period.

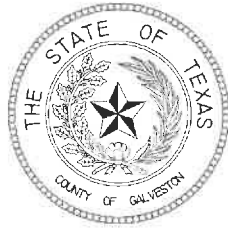
Marriage License Fees

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 for fees assessed on marriage licenses during the audit period.



The County of Galveston

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

DWIGHT D. SULLIVAN
COUNTY CLERK

September 22, 2021

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

Re: Response to the 2021 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. We thank your staff for taking the time to assist us. 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