

GALVESTON COUNTY



Office of County Auditor

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November 14, 2022

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 Department of Parks and Cultural Services. The audit covered the period September 1, 2021 through August 31, 2022. Also attached is the response letter from Julie Diaz, dated October 28, 2022.

Sincerely,

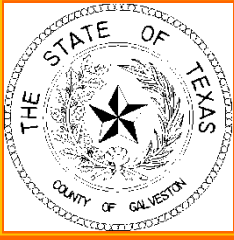
Randall Rice CPA

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Randall Rice CPA
County Auditor

cc: Julie Diaz

Attachment: Department of Parks and Cultural Services Audit Report
Response Letter, Julie Diaz



Department of Parks and Cultural Services Audit

October 13, 2022

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)

- Compensating controls have been implemented in different areas of the department where a proper separation of duties is not feasible.
- Adequate controls are in place to properly monitor and control the distribution and sales of Bolivar Beach parking stickers.
- Facility use permit fees were assessed and collected in compliance with the facility use agreement.
- No material exceptions were noted in the review of park facility rental security deposits received and disbursed.

Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- Money collected from the sale of parking stickers is secured in a safe until ready for deposit.

Compliance with Statutes, Policies and Procedures (page 5)

- Collections were deposited in compliance with LGC §113.022.
- No discrepancies were noted in the review of the BBPSP account balance.

Statistical Analysis (pages 6-8)

- Revenue from facility use fees has increased 73% since last fiscal year. Total facility use collections during FY2022 were \$179,318.
- Revenue generated from the sale of beach parking stickers has increased 12.6%, and the expenditures have increased 14.5% since last fiscal year.

Introduction

The Internal Audit Division conducted an internal audit of the Department of Parks and Cultural Services, in accordance with Local Government Code (LGC) §115. The internal audit covered the period September 1, 2021 through August 31, 2022. The audit was performed from September 1, 2022 through September 26, 2022.

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 Department of Parks and Cultural Services. The internal audit included, but was not limited to, the books, accounts, reports and records of the Department of Parks and Cultural Services.

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 Department of Parks and Cultural Services as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Celeste McGilberry, 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 controls is to have proper separation of duties. No one person should authorize a transaction, record the transaction and have custody of the assets.

A proper separation of duties is sometimes difficult to establish due to the size of staff and budgetary constraints; however, compensating controls have been implemented in different areas of the department where a proper separation of duties is not feasible.

Bolivar Beach Parking Sticker Program (BBPSP)

The BBPSP generates revenue through the sale of parking stickers for vehicles and golf carts. The stickers are numbered and color coded for each fiscal year. Parking sticker sales are recorded and reconciled on daily reports filled out by each individual seller. The daily reports serve as support to the deposit warrants and as a means for assuring parking sticker numbers and receipt numbers are not skipped. The Beach Parking Sticker Supervisor reconciles the daily reports of stickers sold to the sticker inventory. No material exceptions were detected in the review of the BBPSP collections.

Facility Use Permits

The Department of Parks and Cultural Services has several parks and facilities available for rent. Each customer is required to complete an indoor or outdoor facility use agreement provided by the department. The agreement provides the security deposit amount and the hourly rate charged for the facility, as well as the reservation guidelines that apply. The auditor tested a sample of facility use permits to verify the accuracy of the rates charged. No discrepancies were noted.

Security Deposits

Some of the facility rentals require a security deposit to be paid in advance. The security deposits are deposited in the county demand account and recorded in a liability account in the general ledger. After the event is over, a department employee performs a 'walk through' evaluating the condition of the facility. The security deposit is either refunded to the customer or retained by the county to pay for damages. The department uses a 'Security Deposit Tracker' to monitor the security deposits from receipt to disbursement. No material exceptions were noted in the review of security deposits received and disbursed.

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 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 September 1, 2022 at the La Marque office. On September 6, 2022, an additional surprise cash count was conducted at the Crystal Beach office. All cash was accounted for at the time of the surprise cash counts. Controls are in place to ensure staff uses a lockable drawer (or locker) to safeguard collections during the day and secures the funds in a safe until they are ready for deposit.

BBPSP Revenue

Approximately twenty-five percent of the parking stickers are sold on the beach by part-time employees. The employees count each other's collections during close-out each work day and secure the money in the drop box combination safe located in the Bolivar Beach Pavilion in Crystal Beach. Only authorized personnel have access to the safe. The Beach Parking Sticker Supervisor or the Beach Sticker Assistant Supervisor collects the revenue from sticker sales and prepares the bank deposit slips. The money remains in the safe until ready for deposit. During peak season (March-August), a Galveston County Constable Deputy picks up the revenue from sticker sales and delivers the money to the bank in a locked bank bag. During the remainder of the year, the Beach Parking Sticker Supervisor or the Beach Sticker Assistant Supervisor delivers the money to the bank in a locked bank bag.

Compliance with Statutes, Policies and Procedures

Timeliness of Deposits

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.” A sample of deposits was tested for compliance with LGC §113.022. No exceptions were noted.

BBPSP Bank Account Sweeps

BBPSP sticker sales generated 83% of the revenue collected by the Parks department as of 9/26/2022. Total revenue collected from the sticker sales during the audit period was \$995,237. The collections are deposited in a non-interest-bearing bank account. At the end of each month, the Auditor’s Office reconciles the bank account leaving \$400.00 to cover return checks and then submits an electronic funds transfer (EFT) request to the Treasurer’s Office. The bank account balance is transferred (“swept”) to the demand account, an interest-bearing account.

Statistical Analysis

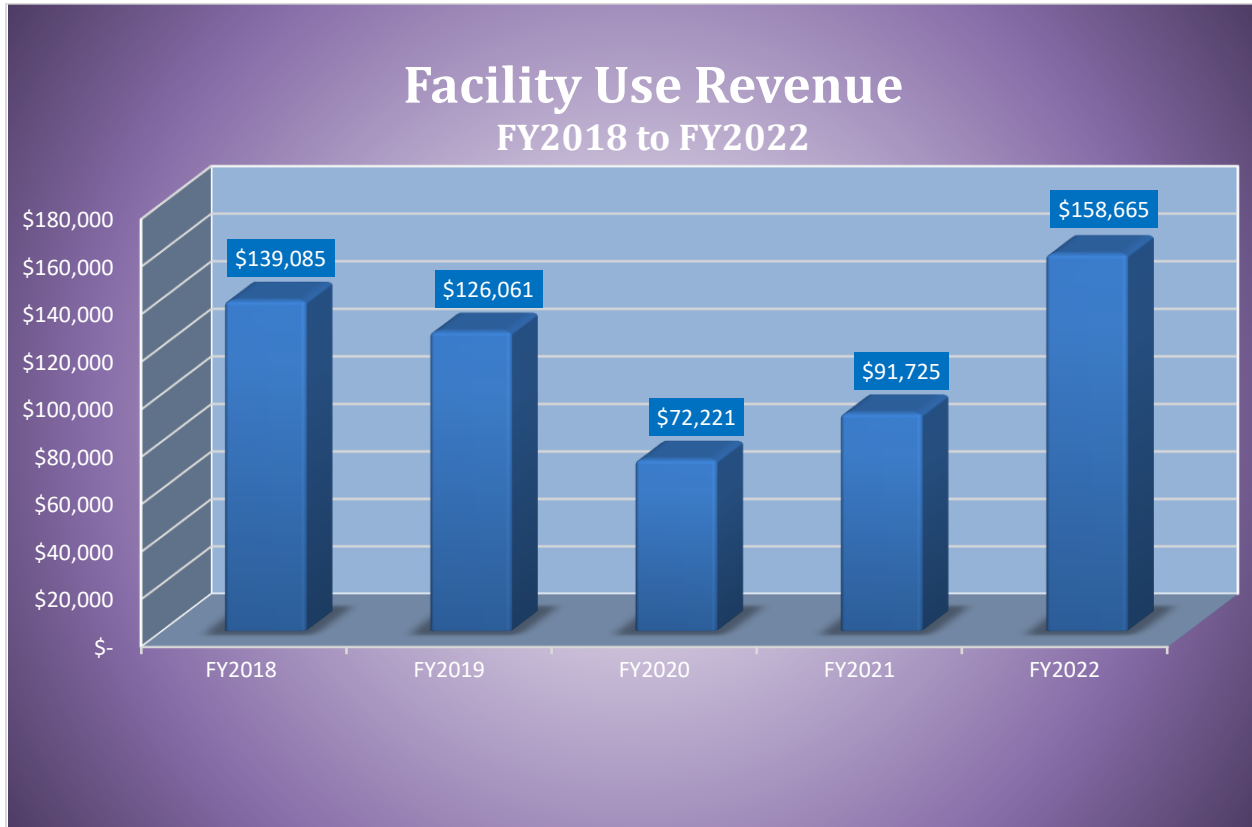
Facility Use Fees

The Department of Parks and Cultural Services has 12 parks and facilities available for rent. The following reflects the FY2022 revenue generated for each location's rentals:

Walter Hall Park	\$69,138	39%
Carbide Park	\$35,409	20%
Runge Park	\$18,262	10%
Concession Hitchcock Boat Ramp	\$15,000	8%
Bayside Community Center	\$14,655	8%
Dickinson Senior Center	\$6,450	4%
Jack Brooks Park	\$5,480	4%
Lobit Park	\$4,250	2%
Ray Holbrook Park	\$4,200	2%
Bayshore Park Pavilion	\$2,536	1%
Rodeo Concession	\$1,454	1%
Joe Faggard Community Center	\$1,200	1%
Paul Hopkins Park	\$1,060	1%
Fort Travis Park	\$145	0%
Gregory Park Pavilion	\$80	0%
Runge Community Center	\$0	0%
Bacliff Community Center	\$0	0%
Bayside Regional Park	\$0	0%
Jack Brooks Park Arena	\$0	0%
Total	\$179,318	100%

Statistical Analysis (cont.)

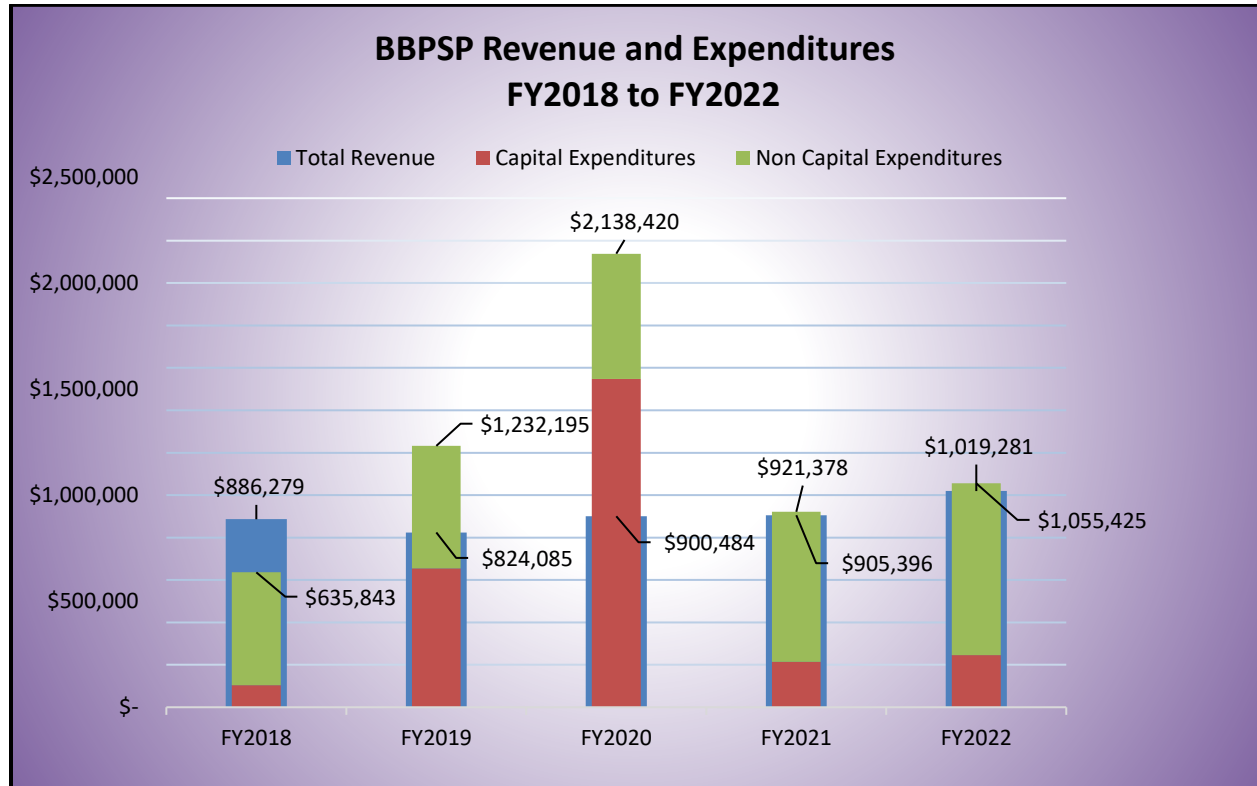
As a whole, revenue from facility use fees has increased 73% since last fiscal year. The following chart represents the revenue generated through facility use fees from FY2018 through FY2022:



Statistical Analysis (cont.)

Bolivar Beach Parking Sticker Program

The BBPSP was implemented on January 1, 2007. Revenue generated from the sale of beach parking stickers has increased 12.6%, and the expenditures have increased 14.5% since last fiscal year. The following chart represents the revenue and expenditures from the BBPSP from FY2018 through FY2022:





COUNTY of GALVESTON
Department of Parks & Cultural Services

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October 28th, 2022

Randall Rice CPA County Auditor
The County of Galveston
County Auditor's Office
P. O. Box 1418
Galveston, Texas 77553

RE: Department of Park and Cultural Services, FY2022 Audit

Mr. Rice,

The purpose of this letter is to present the Department of Parks and Cultural Services response to your office's FY2022 Audit that covered September 1st, 2021 through August 31st, 2022.

Based on the report, no exceptions were found in any areas of the audit.

I would like to thank your staff for their professionalism as they conducted the visit and interactions with our staff.

Thank you,

A handwritten signature in blue ink, appearing to read "Julie Diaz".

Julie Diaz
Director
Galveston County Parks & Cultural Services
409-934-8114
Julie.diaz@co.galveston.tx.us