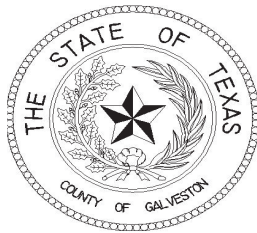


GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Madeline Walker CPA CFE, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

July 24, 2023

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

Honorable Mark A. Henry and Members of the Court:

Attached for your consideration is the internal audit report of Justice of the Peace, Precinct 3. The audit covered the period April 1, 2022 through March 31, 2023. Also attached is the response letter from Honorable Billy A. Williams, dated June 30, 2023.

Sincerely,

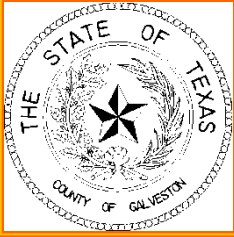
Randall Rice CPA

Digitally signed by Rice, Randall
Date: 2023.07.13 12:58:07
-05'00'

Randall Rice CPA
County Auditor

cc: Honorable Judge Billy A. Williams

Attachment: Justice of the Peace, Precinct 3 Audit Report
Response Letter, Judge Billy A. Williams



Justice of the Peace, Precinct 3 Audit

May 8, 2023

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

Executive Summary	1-2
Introduction	3
Details.....	4-11

Executive Summary

Reliability and Integrity of Information (page 4)

- Compensating controls have been implemented in different areas of the court's operations to ensure a proper separation of duties.
- Documentation of reversals and voids, signed by the judge, must be scanned into Odyssey as proof of the judge's authorization.
- No material exceptions were noted in the recording of citations issued by the Galveston County Sheriff's Office in Odyssey.

Safeguarding of Assets (page 5)

- Change funds not in use should be returned to the Treasurer's Office.
- Physical security over assets (collections) is adequate.
- The court deposits collections daily.
- Bond account bank reconciliations are reviewed quarterly by the Auditor's Office.

Compliance with Statutes, Policies and Procedures (pages 6-9)

- No discrepancies were noted in the testing of Administrative Dismissals.
- No discrepancies were noted in the testing of No-Charge Dismissals.
- Fine amounts, fees and court costs cannot be adjusted without approval from the judge.
- All credits awarded to a defendant must be applied to the fine first, then to court costs and fees.
- No discrepancies were noted in the court's assessment of Time Payment fees.
- PC30 collection fee calculation must include the entire outstanding balance of any fines, fees and court costs.
- The judge shall approve all credits granted to the defendants and adequate support documentation for all credits awarded must be scanned into Odyssey.
- No material discrepancies were noted in the testing for compliance with CCP §45.051 and court policy.

Executive Summary (cont.)

Statistical Analysis (pages 10-11)

- More than half (53.3%) of the cases filed in fiscal year 2022 were non-traffic misdemeanors. Traffic misdemeanors made up 21.2% and evictions made up 12.3%.
- Bank deposits fluctuated from \$49,787 (May 2022) to \$77,655 (August 2022). Total collections for fiscal year 2022 were \$796,408.

Introduction

The Internal Audit Division conducted an internal audit of the Justice of the Peace, Precinct 3, in accordance with Local Government Code (LGC) §115. The internal audit covered the period April 1, 2022 through March 31, 2023. The audit was performed from April 18, 2023 through May 8, 2023.

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 Justice of the Peace, Precinct 3. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 3.

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 Justice of the Peace, Precinct 3 as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Jessica Gaul, 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 authorize a transaction, record a 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 court's operations.

Adjustments, Reversals and Voids

All clerks have the ability to process adjustments, reversals and voids in their own till in Odyssey, the court's case management software. An explanation for the transaction is recorded in the 'comment' section of the case. Court policy requires the judge's approval for reversals and voids. A copy of the transaction receipt, signed by the judge, must be scanned into Odyssey as proof of the judge's authorization. The County Cash Handling Policy (effective 9/1/2017) Section 3.0 Cash Handling "required procedures for cash collection points include approval of any voided receipts by the area supervisor". A sample of adjustments, reversals and voids was tested for compliance with court policy and the County Cash Handling Policy.

Finding: A copy of the reversal or voided receipt, signed by the judge, is not consistently being scanned into Odyssey. *(This is a prior audit finding.)*

Recommendation JP3-23-01: To ensure reliability and integrity of the information and to be in compliance with court policy, documentation of reversals and voids, signed by the judge, must be scanned into Odyssey as proof of the judge's authorization.

Completeness and Accuracy

Information from citations issued by the Galveston County Sheriff's Office is recorded in their Record Management System (RMS). The citations are turned in to the related Justice Court and subsequently entered into Odyssey by the clerks. Internal Audit tested a sample of citations recorded in RMS to verify the information was completely and accurately recorded in Odyssey. No material discrepancies were noted.

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 in the bank.

As part of the audit, the auditor conducted a surprise cash count at the Galveston office on April 18-19, 2023, the La Marque office on April 19, 2023 and the Crystal Beach office on May 5, 2023. Controls are in place to ensure the staff of each office uses a lockable safe to secure collections until ready to be deposited. The safe remains locked in each office when not in use.

Finding: The office only accepts exact change for cash payments. The \$200 (check) change fund remains in the safe.

Recommendation JP3-23-02: If the office does not intend to use the change fund as authorized, the office should return the funds to the Treasurer's Office.

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 the collections. Justice of the Peace, Precinct 3 has a policy to deposit collections daily. Deposits are reviewed quarterly by the Auditor's Office.

Management of Collections

Properly prepared and adequately supported bank reconciliations are 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. Justice of the Peace, Precinct 3 performs a bond account bank reconciliation each month and submits a copy to the Auditor's Office. Bond account bank reconciliations are reviewed quarterly by the Auditor's Office.

Compliance with Statutes, Policies and Procedures

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

Administrative Dismissals

Certain charges may be dismissed with an administrative fee, set by statute, when the defendant provides proof the underlying violation was resolved within the statutory time limit. When the proof is presented and the administrative fee has been paid, the clerk may dismiss the case without the consent of the Judge or the Assistant District Attorney. A sample of administrative dismissals was tested for compliance with applicable statutes. No discrepancies were noted.

Dismissal By State's Attorney

Code of Criminal Procedures (CCP) §32.02 Dismissal By State's Attorney 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." Court policy requires support documentation for no-charge dismissals, signed by the Judge or the Assistant District Attorney, to be scanned into Odyssey as proof of its validity. A sample of no-charge dismissals was tested for compliance with CCP §32.02 and court policy. No discrepancies were noted.

Court Costs, Fines and Fees

The Texas Judicial Branch publishes a 'Justice Court Convictions Court Cost Chart' each year there is a legislative update. The chart shows the fees to be assessed for misdemeanor offenses, including specific costs not assessed upon conviction, but assessed under appropriate circumstances. The chart also provides the statute that supports the amount of court costs, fines and fees reflected on the chart. A sample of cases was tested for compliance with the applicable statutes regarding court costs, fines and fees collected by the office.

Finding: Several adjustments were made to court costs, fines and fees to account for overpayments. Court costs and fees are set by statute, and cannot be adjusted. The judge has authority to revise the fine amount, but no support for the judge's approval was provided.

Recommendation JP3-23-03: To ensure compliance with statutes, fine amounts, court costs and fees cannot be adjusted without approval from the judge.

Compliance with Statutes, Policies and Procedures (cont.)

Allocation Rule

Attorney General Opinion GA-147 and the 'Justice Courts - Court Costs and Fees Handbook' define the "Allocation Rule" as the practice of allocating monies received from a defendant first to pay court costs and then to pay a fine. If the monies received do not cover all of the costs, then the monies must be allocated to court costs on a pro rata basis. Accordingly, any credit awarded (Jail Time Credit, Community Service, Waivers) must be applied to the fine amount first, then to court costs and fees. A sample of cases was tested for compliance with the "Allocation Rule".

Finding: Jail Time Credits are not consistently being allocated correctly in Odyssey.

Recommendation JP3-23-04: To ensure compliance with the Allocation Rule, all credits awarded to a defendant must be applied to the fine first, then to court costs and fees.

Time Payment Fee

If a person is convicted of a felony or misdemeanor and pays any part of the court costs, fine or restitution on or after the 31st day after the judgment day, the court must assess an additional cost of a time payment fee. LGC §133.103 (effective through 12/31/2019) states "(a) A person convicted of an offense shall pay, in addition to all other costs, a fee of \$25 if the person: (1) has been convicted of a felony or misdemeanor; and (2) pays any part of a fine, court costs or restitution on or after the 31st day after the date on which a judgment is entered assessing the fine, court costs, or restitution." CCP §102.030 (effective on 1/1/2020) states "(a) A person convicted of an offense shall pay a reimbursement fee of \$15 if the person: (1) has been convicted of a felony or misdemeanor; and (2) pays any part of a fine, court costs, or restitution, or another reimbursement fee, on or after the 31st day after the date on which a judgment is entered assessing the fine, court costs, restitution, or other reimbursement fee." A sample of cases was tested for compliance with LGC §133.103 and CCP §102.030. No discrepancies were noted.

Collection Contracts

CCP §103.0031 states the commissioners court of a county may enter into a contract with a private attorney or a public or private vendor for the provision of collection services for debts and accounts receivable such as unpaid fines, fees, court costs, forfeited bonds, and restitution. A commissioners court that enters into a contract with a private attorney or private vendor under this article may authorize the addition of a collection fee (PC30 fee) in the amount of 30 percent of the outstanding balance that is more than 60 days past due and has been referred to the attorney or vendor for collection. A sample of cases was tested for compliance with CCP §103.0031.

Finding: PC30 fees are not consistently being assessed accurately in Odyssey. *(This is a prior audit finding.)*

Recommendation JP3-23-05: To ensure compliance with CCP §103.0031, PC30 collection fee calculation must include the entire outstanding balance of any fines, fees and court costs.

Compliance with Statutes, Policies and Procedures (cont.)

Credits

Jail Time Credit

CCP §45.048 Discharged From Jail states a defendant placed in jail shall be discharged by showing the defendant is too poor to pay the fine and costs or has remained in jail a sufficient length of time to satisfy the charges. The judge verifies time served before granting jail time credit.

Community Service Credit

CCP §45.049(a) Community Service in Satisfaction of Fine or Costs states a justice or judge may require a defendant who fails to pay a previously assessed fine or costs, or who is determined by the court to have insufficient resources or income to pay a fine or costs, to discharge all or part of the fine or costs by performing community service.

Indigent and Waiver Credits

CCP §45.0491 Waiver of Payment of Fines and Costs for Indigent Defendants and Children states a justice court may waive payment of all or part of a fine imposed on a defendant if the court determines that:

- (1) the defendant is indigent or does not have sufficient resources or income to pay all or part of the fine or was, at the time the offense was committed, a child as defined by Article 45.058(h); and
- (2) discharging the fine under Article 45.049 or as otherwise authorized by this chapter would impose an undue hardship on the defendant.

Court policy dictates all credit awarded must be approved by the judge and adequate support documentation for credits must be scanned into Odyssey as proof of its validity.

A sample of cases was tested for compliance with CCP §45.048, CCP §45.049(a), CCP §45.0491 and court policy.

Finding: Several cases were awarded credits without providing adequate support documentation of the judge's approval.

Recommendation JP-23-06: To ensure compliance with office policy, the judge shall approve all credits granted to the defendants and adequate support documentation for all credits awarded must be scanned into Odyssey.

Compliance with Statutes, Policies and Procedures (cont.)

Deferred Disposition (Adjudication)

CCP §45.051 Suspension of Sentence and Deferral of Final Disposition states on a plea of guilty or nolo contendere on a misdemeanor case, the judge may defer further proceedings without entering an adjudication of guilt and place the defendant on probation not to exceed 180 days. In issuing the order of deferral, the judge may impose a fine on the defendant in an amount not to exceed the amount of the fine that could be imposed on the defendant as punishment for the offense. The fine may be collected at any time before the probation ends. The judge may elect not to impose the fine for good cause shown by a defendant. If the judge orders the collection of a fine under this subsection, the judge shall require the amount of the fine be credited toward the payment of the amount of any fine imposed by the judge as punishment for the offense. Court policy dictates all support documentation to deferred cases, including the Order for Deferred Disposition (Adjudication) signed by the judge, are scanned into Odyssey and the physical copy is retained in the case jacket. A sample of cases was tested for compliance with CCP §45.051 and court policy. No discrepancies were noted.

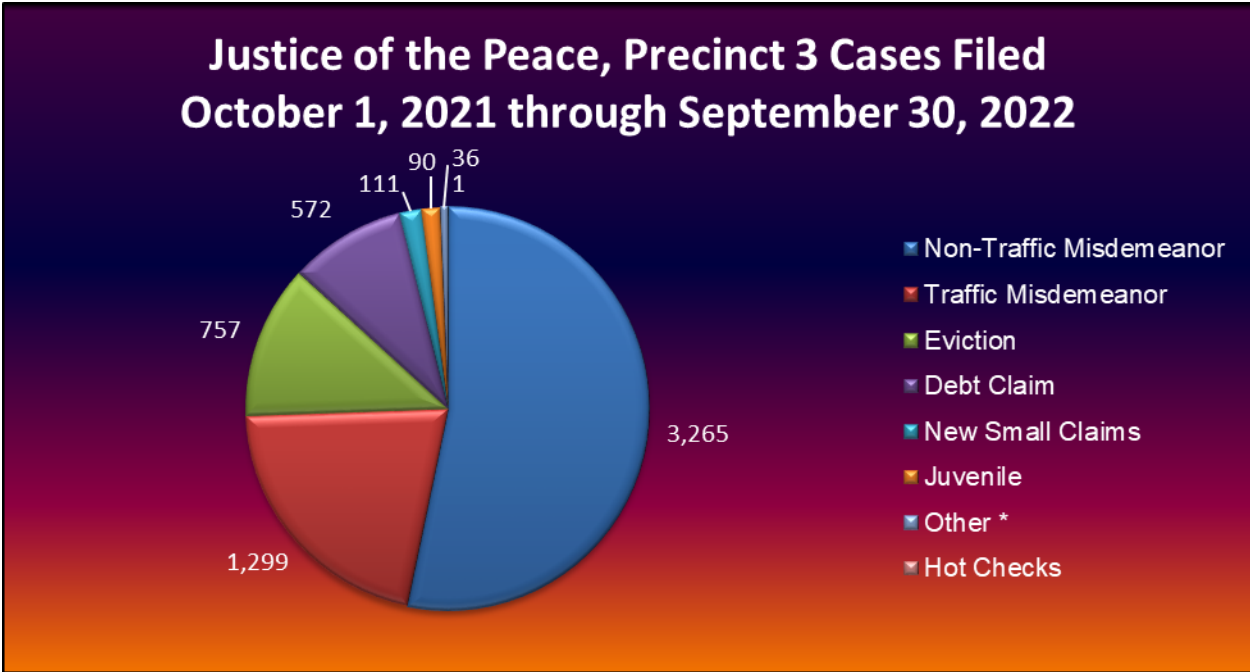
Statistical Analysis

A statistical analysis was performed on the cases filed through Justice of the Peace, Precinct 3 for fiscal year 2022. The data for the analysis was obtained from the Odyssey Case Filing Statistics report. The date range used for the report was October 1, 2021 through September 30, 2022. More than half (53.3%) of the cases filed were non-traffic misdemeanors. Traffic misdemeanors made up 21.2% and evictions made up 12.3%.

The following reflects the number and types of cases filed during fiscal year 2022:

Non-Traffic Misdemeanor	3,265	53.3%
Traffic Misdemeanor	1,299	21.2%
Eviction	757	12.3%
Debt Claim	572	9.3%
New Small Claims	111	1.8%
Juvenile	90	1.5%
Other *	36	0.6%
Hot Checks	1	0.0%
Total Cases Filed	6,131	100.0%

Other*
 Occupational License – 24
 Truancy – 3
 Tow Hearings – 6
 Magistrate Duty – 2
 Repair & Remedy – 1



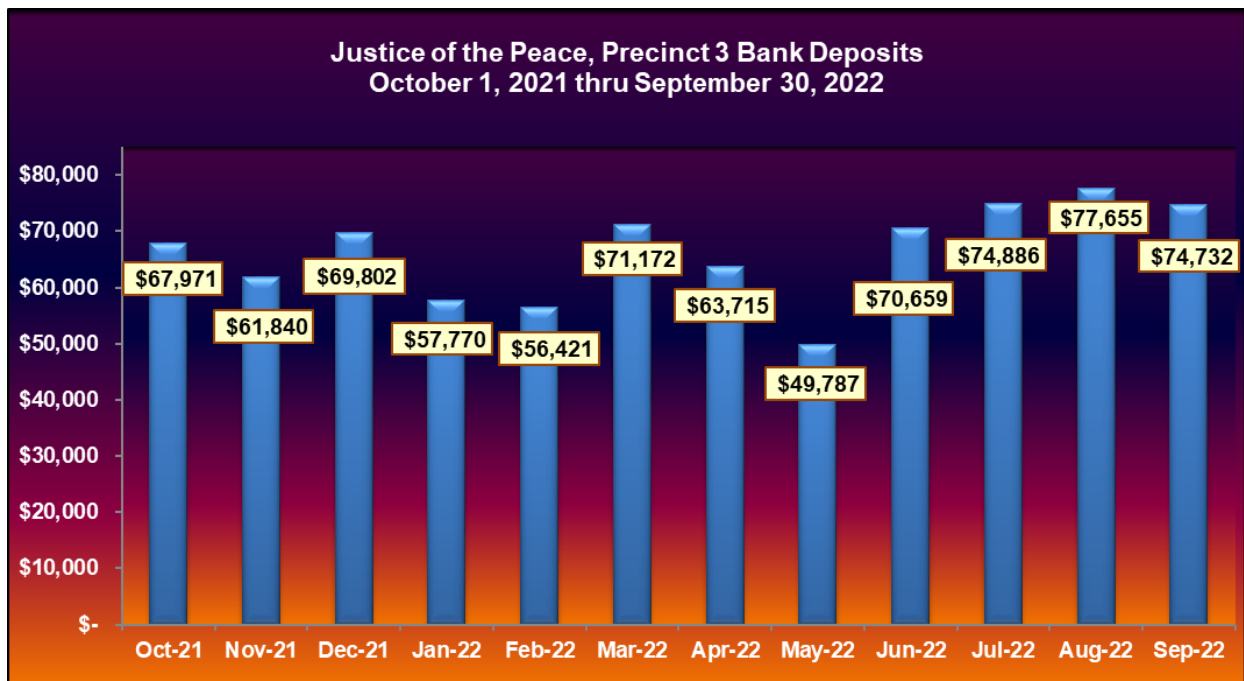
Statistical Analysis (cont.)

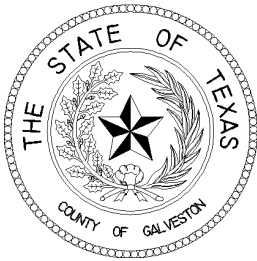
A statistical analysis was also performed on the bank deposits made by Justice of the Peace, Precinct 3 during fiscal year 2022. The data used in the analysis was obtained from ONESolution, the county's financial reporting system. The date range used for the report was October 1, 2021 through September 30, 2022. Bank deposits fluctuated from \$49,787 (May 2022) to \$77,655 (August 2022). Total collections for fiscal year 2022 were \$796,408.

The following reflects the bank deposits made by Justice of the Peace, Precinct 3 during fiscal year 2022:

Justice of the Peace, Precinct 3 - Bank Deposits

Oct-20	\$	58,756
Nov-20	\$	57,004
Dec-20	\$	38,508
Jan-21	\$	39,498
Feb-21	\$	35,739
Mar-21	\$	79,561
Apr-21	\$	65,708
May-21	\$	46,013
Jun-21	\$	64,495
Jul-21	\$	53,782
Aug-21	\$	79,077
Sep-21	\$	71,319
Total	\$	689,459





JUDGE BILLY A. WILLIAMS, JR.

JUSTICE OF THE PEACE
PRECINCT 3, GALVESTON COUNTY
600 59th Street, 1st Floor
Galveston, Texas 77551
(409) 770-5455 / (409) 770-6295 Facsimile

June 30, 2023

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

Re: Final Audit Report for Justice of the Peace, Precinct 3

Dear Mr. Rice:

Justice of the Peace, Precinct 3 is pleased that your office performed the audit on my office dated May 8, 2023. The audit provided my office with a road map as to what we are doing efficiently and the things we need to clean up and correct. I observed that the changes recommended by your department will help me to reiterate those things to make us a more efficient office and perform those tasks that you require. We are willing and ready to work with your office to continue to provide great service to the citizens of Galveston County as we move forward.

Respectfully,

A handwritten signature in black ink that reads "Billy A. Williams, Jr." with a stylized flourish at the end.

Billy A. Williams, Jr.
Justice of the Peace, Pct. 3