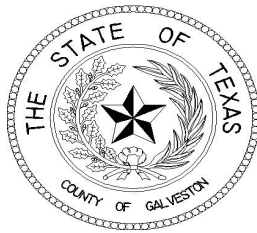


# GALVESTON COUNTY



## 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 4<sup>th</sup> Floor, Galveston, TX 77550

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January 8, 2024

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, 2022 through August 31, 2023. Also attached is the response letter from Julie Diaz, dated December 14, 2023.

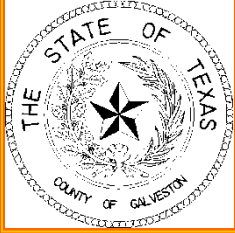
Sincerely,

*Randall Rice CPA*

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, 2023**

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 the 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 (pages 5)

- Collections were deposited in compliance with LGC §113.022.
- No discrepancies were noted in the review of the Bolivar beach vendor packets.
- No discrepancies were noted in the review of the Bolivar Beach Parking Sticker Program sales.
- No discrepancies were noted in the review of the concession agreements.

## Statistical Analysis (pages 6-7)

- Facility use revenue increased \$47,571.00 (37.7%) from FY2019 through FY2023.
- During the audit period, revenue from the Bolivar Beach parking sticker sales totaled \$932,950. As a whole, from FY2019 through FY2023, revenue averaged \$921,879 while expenditures averaged \$1,299,831.

## 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, 2022 through August 31, 2023. The audit was performed from September 20, 2023 through October 13, 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 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.

Cynthia Hicks, 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 20, 2023 at the Crystal Beach, and La Marque offices. 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-seven percent of the FY2023 parking stickers were sold on the beach by part-time employees. During FY2022, twenty-five percent of sticker sales were sold on the beach. 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, or their back-up 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.

## Bolivar Beach Vending Permit Policy

Bolivar Beach vendors are individuals who sell a commodity on the Bolivar Peninsula beaches. The beaches are divided into three geographical zones: Crystal Beach Zone, North Beach Zone and South Beach Zone. The beach vendor permit fee is determined by the location of the zone and the number of zones in which the vendor is operating. The Bolivar Beach Vending Permit Policy requires each vendor to complete an application and provide the following information:

- Proof of vehicle liability
- Proof of general liability
- Galveston County Health Certificate (when applicable)
- Color photographs of the vehicle or structure used for vending purposes
- Sales tax number
- Building permit (when applicable)
- Certificate of Assumed Name
- \$100 application fee – for each two-year vending season

The Beach Parking Sticker Supervisor collects the application fees and permit fees from the beach vendors and deposits them in the county demand account. The beach vendor packets were reviewed to ensure compliance with the Bolivar Beach Vending Permit Policy. No material exceptions were noted.

## Concession Agreements

Concession Agreements between the County of Galveston and an individual or group of individuals stipulates the guidelines for operating certain county owned entities. The concession agreement states the effective dates of the contract, the amount and type of insurance required and the operating fees. During FY2023, there were 4 concession agreements in effect:

- Galveston County Fair & Rodeo
- Hitchcock Boat Ramp
- Ray Holbrook Park
- Runge Park

The concession agreements were reviewed to ensure the concessionaires were in compliance with their contracts. No material discrepancies were noted.

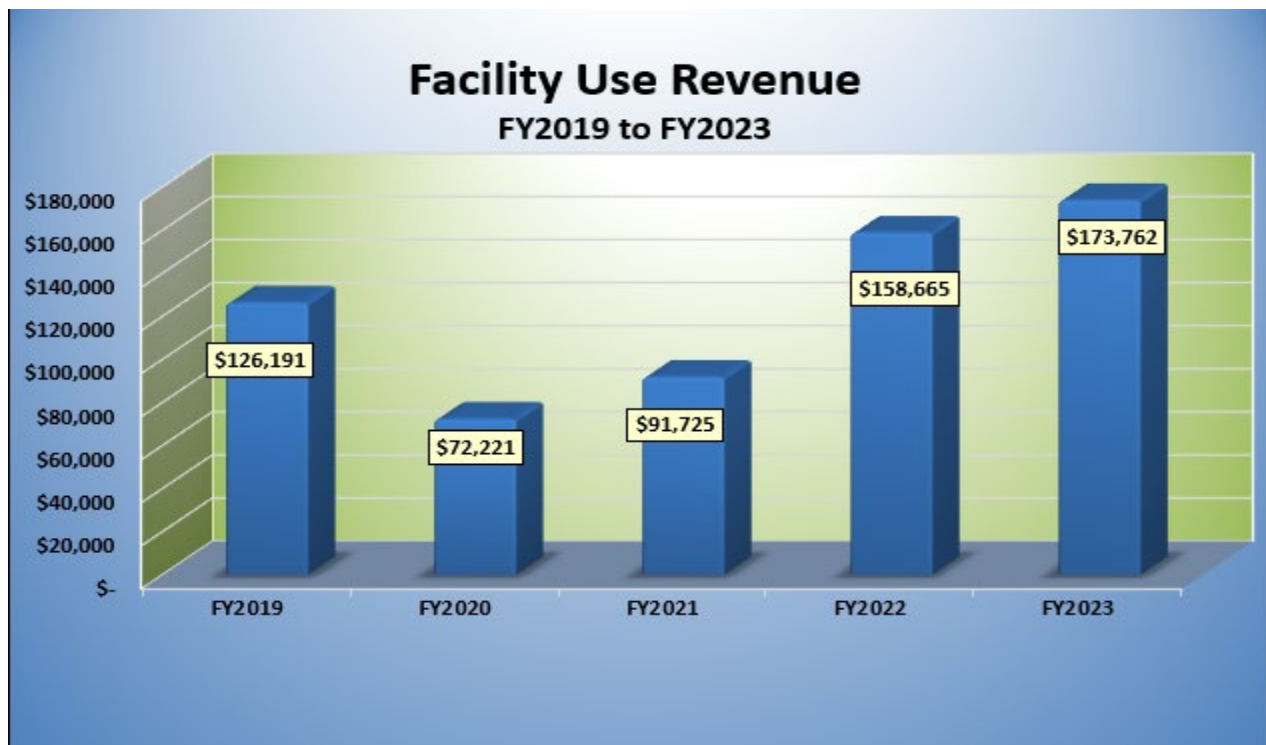
# Statistical Analysis

## Facility Use Revenue

During FY2023, the Department of Parks and Cultural Services had 11 parks and facilities available for rent. The following reflects the revenue generated for each location:

Facility Name	Amount	
Walter Hall Park	\$ 65,436.25	37.66%
Carbide Park	\$ 54,669.50	31.46%
Runge Park	\$ 20,259.00	11.66%
Bayside Community Center	\$ 15,385.00	8.85%
Dickinson Senior Center	\$ 10,045.00	5.78%
Bayshore Park Pavilion	\$ 3,957.00	2.28%
Jack Brooks Park Arena	\$ 1,300.00	0.75%
Joe Faggard Community Center	\$ 1,200.00	0.69%
Paul Hopkins Park	\$ 974.00	0.56%
Fort Travis Park	\$ 456.00	0.26%
Gregory Park Pavilion	\$ 80.00	0.05%
<b>Total Revenue Facility Use Fees</b>	<b>\$ 173,761.75</b>	<b>100.00%</b>

As a whole, facility use revenue increased \$47,571.00 (37.7%) from FY2019 through FY2023.

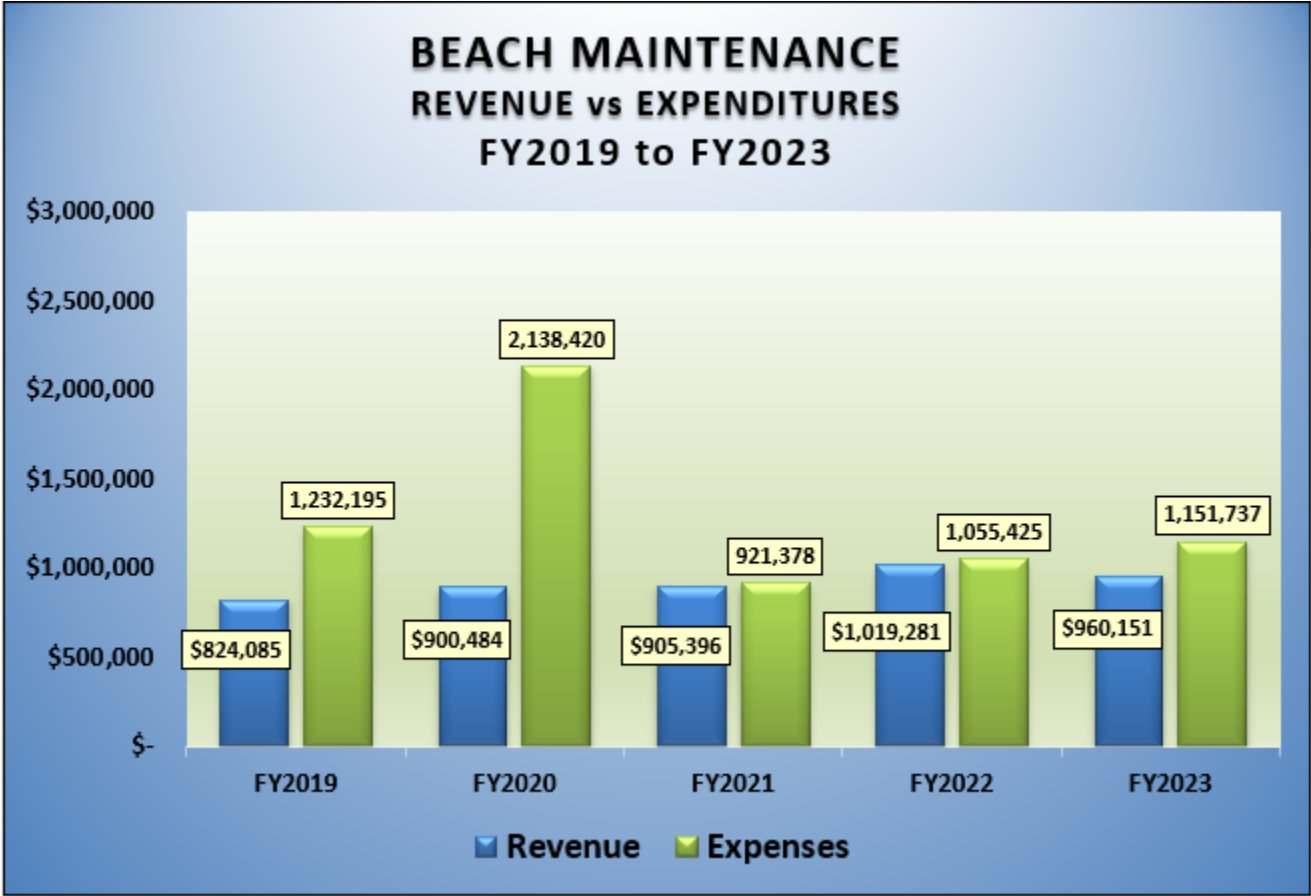




# Statistical Analysis (cont.)

## Bolivar Beach Maintenance

The Bolivar Beach parking sticker sales and beach vendor permits generate the revenue that funds the beach maintenance program. Parking stickers sales make up over 95% of the total revenue. During the audit period, revenue from the Bolivar Beach parking sticker sales totaled \$932,950. As a whole, from FY2019 through FY2023, revenue averaged \$921,879 while expenditures averaged \$1,299,831.





**COUNTY of GALVESTON**  
**Department of Parks & Cultural Services**

4102 Main Street (FM 519) • La Marque, Texas 77568  
Phone: (409) 934-8101 • Fax: (409) 621-7986

December 14<sup>th</sup>, 2023

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 Audit**

Mr. Rice,

The purpose of this letter is to present the Department of Parks and Cultural Services response to your office's Audit that covered September 1<sup>st</sup>, 2022 through August 31<sup>st</sup>, 2023.

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 audit and interactions with our staff.

Thank you,

A handwritten signature in black ink, appearing to read "Julie Diaz", with a long, sweeping flourish extending to the right.

Julie Diaz  
Director  
Galveston County Parks & Cultural Services  
409-934-8114  
[Julie.diaz@co.galveston.tx.us](mailto:Julie.diaz@co.galveston.tx.us)