

# GALVESTON COUNTY



## Office of County Auditor

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April 9, 2018

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 for your consideration is the internal audit report of the Juvenile Justice Department Audit that covered the period January 1, 2017 through December 31, 2017. Also attached is the response letter from Glen Watson, Director, dated March 21, 2018.

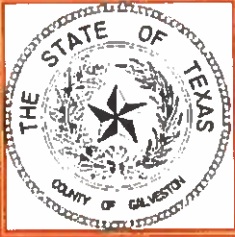
Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA  
County Auditor

cc: Glen Watson, Director

Attachment: Juvenile Justice Department Audit Report  
Response Letter, Glen Watson



# Juvenile Justice Department Audit

February 22, 2018

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 controls are in place by the Juvenile Justice Department to ensure proper separation of duties relative to authorizing, collecting and recording.

## Safeguarding of Assets (page 4)

- All collections were accounted for at the time of the surprise cash count.
- Physical security over assets (collections) is adequate.

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

- Juvenile Justice is in compliance with LGC §113.022 Time For Making Deposits.
- No exceptions were noted in the testing of voided receipts.
- Juvenile Justice is in compliance with TAC §341.202(b)(1)(A)(iii) and office policy in regards to waiving and writing off fees in JCMS.
- To ensure compliance with the court order, the court costs, fees and/or restitution recorded in JCMS must agree with the court order.

# Introduction

The Internal Audit Division conducted an internal audit of the Juvenile Justice Department, in accordance with Local Government Code (LGC) §115. The internal audit covered the period January 1, 2017 through December 31, 2017. The audit was performed from January 30, 2018 through February 22, 2018.

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

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 Juvenile Justice Department as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Lillian Arredondo, 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. The County Cash Handling Policy (effective 9/1/2017) Section 4.0 Procedures for Cash Collection states cash collections points must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collecting, depositing, disbursement and reconciling.

The Administrative Clerk at the Galveston office collects the payments, records the transactions in JCMS and issues receipts to the payee. Due to limited staff at the Galveston Office, a separation of duties is difficult to achieve. As a mitigating control, the checks and money orders received are immediately restrictively endorsed (cash is not accepted as a form of payment) and the collections are secured in a lockable cash box. Twice a week the Administrative Clerk delivers the payments and receipts to the Administrative Secretary at the Texas City office.

The Juvenile Records Technician at the Texas City office collects the payments, records the transactions in the Juvenile Case Management System (JCMS) and issues receipts to the payee. The collections are taken to the Administrative Secretary, who secures them in a locked filing cabinet until ready for deposit

The Administrative Secretary electronically deposits the checks and money orders in the bank every Tuesday and Friday, then prepares the deposit warrant and ONESolution cash receipt. The deposit warrant, bank deposit confirmation and the JCMS Receipts Transaction report are then submitted to the Office Manager. The Financial Analyst reconciles the deposit warrants with the receipt transaction report monthly.

The Juvenile Justice Department has effective separation of duties.

# Safeguarding of Assets

Safeguarding of assets has three basic aspects: 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 collections from loss. Monies collected should be kept in a locked drawer or safe until they are deposited.

As part of the audit, the auditor conducted a surprise cash count at the Texas City location. All collections were accounted for at the time of the surprise cash count. The Juvenile Justice Department only accepts cashier's checks or money orders. The checks and money orders were immediately restrictively endorsed. Payments are collected by the Administrative Clerk or Juvenile Records Technicians and turned over to the Administrative Secretary. All collections are secured in a locked filing cabinet until ready for deposit.

The financial assets are adequately safeguarded.

# Compliance with Statutes, Policies and Procedures

Adequate internal controls have been implemented in order to ensure compliance with applicable statutes, policies and procedures.

## LGC §113.022 Time For Making Deposits

LGC §113.022 Time For Making Deposits requires that money received shall be deposited “on or before the fifth business day after the day on which the money is received”. The Juvenile Justice Department electronically deposits collections every Tuesday and Friday. A sample of bank deposits were tested for compliance with LGC §113.022. No exceptions were noted.

## Voided Receipts

Receipts issued by Juvenile Justice can be voided in JCMS. When a receipt is voided, an explanation for the void is recorded in JCMS. A copy of the voided receipt is printed, signed by the staff member and taken to the Deputy Director-Casework to verify and sign the voided receipt. In the event the Deputy Director-Casework is not available, the Office Manager verifies all voids. The signed voided receipt is retained in the juvenile’s case file. A copy of the receipt is included in the support documents to the daily deposits which are filed in the Administrative Secretary’s office. A sample of voided receipts were tested for compliance with office policy. No exceptions were noted.

## Texas Administrative Code §341.202 Policies and Procedures

TAC §341.202(b)(1)(A)(iii) states the chief administrative officer (the person hired by the juvenile board who is responsible for oversight of the day-to-day operations) must approve in writing the waiver of any deferred prosecution fees. In regards to *waived* fees, office policy requires the Probation Officer to submit a Waiver Form to the presiding judge for approval. For write-offs, the Probation Officer submits a Status Update to the Juvenile Resource Supervisor or Deputy Director-Casework for approval. Upon approval, the Juvenile Records Technician will deduct the remaining fees in JCMS.

A sample of waivers and write-offs were tested for accuracy and compliance with TAC §341.202(b)(1)(A)(iii) and office policy. No exceptions were noted.

## Court Ordered Fees

The court order dictates the amount of court costs, fees and/or restitution owed by the juvenile. The details of the court costs and fees to be collected are recorded in JCMS, their electronic record keeping system, by the Juvenile Records Technicians. A sample of cases were tested to verify the court ordered fees were recorded correctly in JCMS.

**Finding:** Court ordered fees were not consistently recorded accurately in JCMS.

**Recommendation JJ-18-01:** To ensure compliance with the court order, the court costs, fees and/or restitution recorded in JCMS must agree with the court order.



**JUVENILE JUSTICE DEPARTMENT**  
County of Galveston  
(PROBATION and DETENTION SERVICES)

March 21, 2018

Randal Rice CPA  
Galveston County Auditor  
722 Moody Ave. 4<sup>th</sup> Floor  
Galveston, Texas 77550

Re: Juvenile Justice Department (Internal) Audit

Dear Mr. Rice:

The Galveston County Juvenile Justice Department has reviewed the internal audit report (draft) dated February 22, 2018 for the period January 1, 2017 through December 31, 2017 and accepts the report as submitted.

Office Manager, Amanda Williams, has put several safeguards in place to ensure the accurate data entry of court ordered fees including a checklist for the records technicians to follow and a management review procedure.

We would like to thank the staff of the Office of the County Auditor for their diligence and consultation related to the audit process and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen R. Watson".

Glen R. Watson, LMSW  
Director