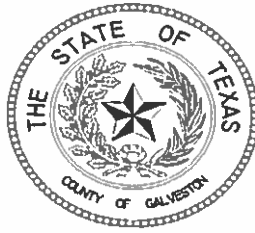


# GALVESTON COUNTY



## Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor  
Kristin Bulanek CIA, 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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December 3, 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 acceptance for filing is the internal audit report of the Department of Parks and Cultural Services. The audit covered the period September 1, 2017 through August 31, 2018. Also attached is the response letter from Julie Diaz, dated November 14, 2018.

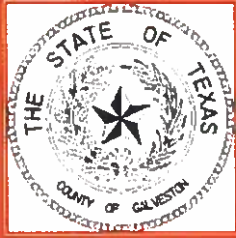
Sincerely,

A handwritten signature in black ink, appearing to read "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 11, 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 to properly monitor and control the distribution and sales of Bolivar beach parking stickers.
- Facility rental security deposits are adequately monitored from receipt to disbursement using the 'Security Deposit Tracker'.
- The department has effective separation of duties.

## 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.

## General Information (page 5-6)

- Revenue generated from facility use fees has increased over the last five years, from \$121,809 in FY2014 to \$136,505 in FY2018.
- Revenue generated from the BBPSP has increased over the last five years, from \$406,706 in FY2014 to \$844,509 in FY2018.
- Expenditures from the BBPSP have increased over the last five years, from \$151,735 in FY2014 to \$635,059 in FY2018.

# Introduction

The Internal Audit Division conducted an internal audit of the Department of Parks and Cultural Services, in accordance with Local Government Code §115. The internal audit covered the period September 1, 2017 through August 31, 2018. The audit was performed from September 13, 2018 through October 11, 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 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.

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 controls is to have proper separation of duties. No one person should authorize a transaction, record the transaction and have custody of the assets. The office has instituted procedures to separate the custody of the assets from the recording and authorization functions. The office has an effective separation of duties.

## **Bolivar Beach Parking Sticker Program**

The Bolivar Beach Parking Sticker Program (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. No material discrepancies were detected in the review of the BBPSP inventory.

## **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 back 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.

# Safeguarding of Assets

## Physical Security - Collections

Depositing daily is one of the best safeguards of assets (collections) as well as providing the county with maximum benefit of the collections.

As part of the audit, a surprise cash count was conducted on September 13, 2018 at the La Marque office. On September 19, 2018, 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.

## Bolivar Beach Parking Sticker Revenue

Approximately twenty-nine 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 combination drop-safe located in the Road & Bridge Office in Crystal Beach. The employees do not know the combination to the safe. The Beach Sticker 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 Sherriff Officer picks up the revenue from sticker sales and delivers the money to the bank in a locked bank bag. The remainder of the year the Beach Sticker Supervisor delivers the money to the bank in a locked bank bag.

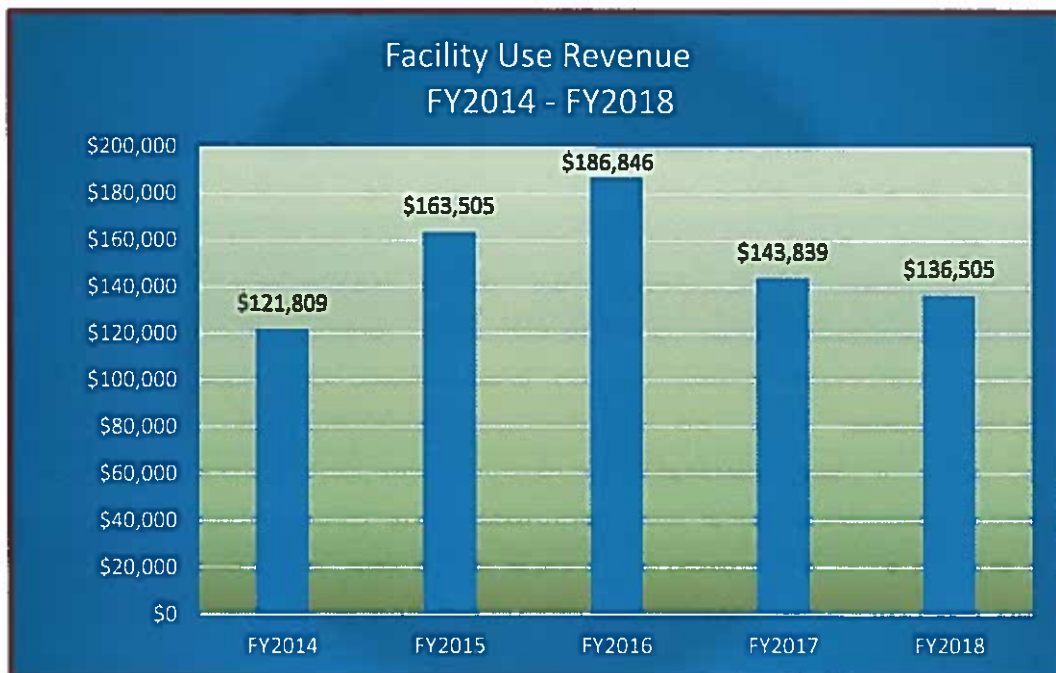
# General Information

## Facility Use Fees

The Department of Parks and Cultural Services has 12 parks and facilities available for rent. The following reflects the FY2018 revenue generated for each location:

Walter Hall Park	\$80,598.25	59.04%
Runge Park	\$17,957.00	13.15%
Carbide Park	\$8,399.50	6.15%
Bayside Regional Park	\$6,202.50	4.54%
Gregory Park	\$5,571.00	4.08%
Jack Brooks Park	\$5,157.00	3.78%
Dickinson Senior Center	\$5,082.50	3.72%
Bayshore Park	\$3,012.63	2.21%
Lobit Park	\$2,420.00	1.77%
Paul Hopkins Park	\$2,105.00	1.54%
Bacliff Community Center	\$0.00	0.00%
Fort Travis Park	\$0.00	0.00%
<b>Total</b>	<b>\$136,505.38</b>	<b>100.00%</b>

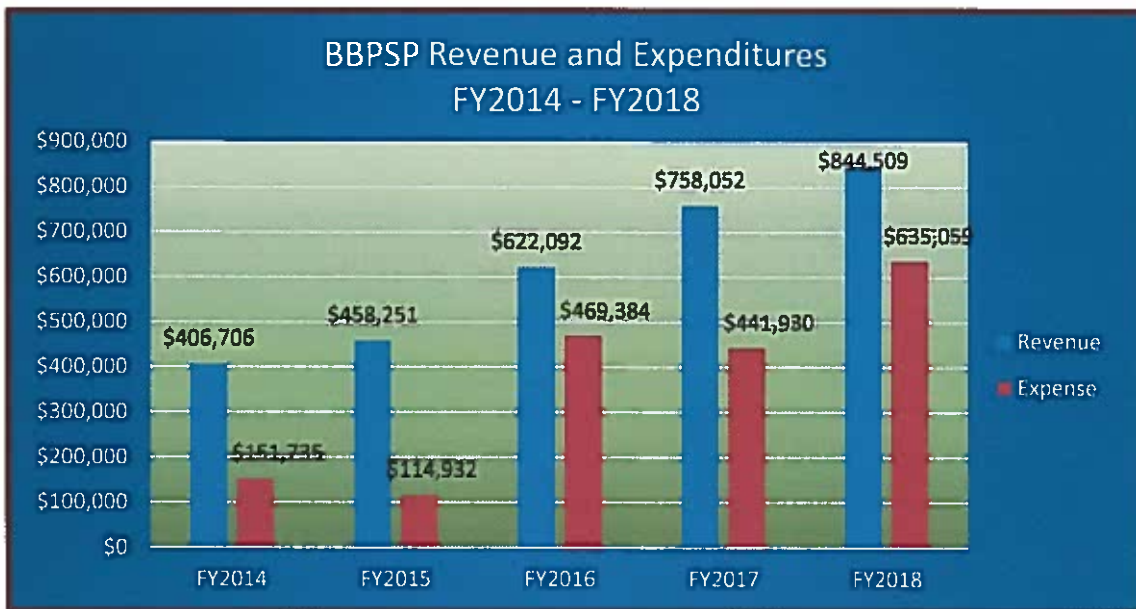
As a whole, revenue from facility use fees increased from FY2014 to FY2016 but decreased in FY2017 and FY2018. The following chart represents the revenue generated through facility use fees from FY2014 through FY2018:



## General Information (cont.)

### Bolivar Beach Parking Sticker Program (BBPSP)

The Bolivar Beach Parking Sticker Program was implemented on January 1, 2007. Revenue generated from the sale of beach parking stickers has increased, as well the expenditures since the inception of the program. The following chart represents the revenue and expenditures from the BBPSP from FY2014 through FY2018:







# COUNTY of GALVESTON

## Department of Parks & Cultural Services

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[www.galvestonparks-seniors.org](http://www.galvestonparks-seniors.org)

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November 14, 2018

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

**RE: FY2018 Internal Audit**

Dear Mr. Rice,

The purpose of this letter is to present the Department of Parks and Cultural Services response to your office's internal FY2018 audit received on November 12<sup>th</sup>, 2018, which was conducted for September 1<sup>st</sup>, 2017 through August 31<sup>st</sup>, 2018.

Per the report received, the Parks and Cultural Service Department was found to have no discrepancies in any of the audited fields – Reliability and Integrity of Information and Safeguarding of Assets.

We appreciate the work done on this audit and would like to thank Lillian Arredondo from the Auditor's office for her professionalism and guidance through the process.

Thank you,

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

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