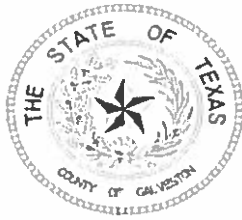


GALVESTON COUNTY



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 4th Floor, Galveston, TX 77550

October 19, 2020

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, 2019 through August 31, 2020. Also attached is the response letter from Julie Diaz, dated October 6, 2020.

Sincerely,

Randall Rice CPA Digitally signed by Randall Rice CPA
Date: 2020.10.06 11:35:56 -05'00'

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**

September 24, 2020

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

Executive Summary..... 1
Introduction 2
Details 3-7

Executive Summary

Reliability and Integrity of Information (pages 3)

- Compensating controls have been implemented in different areas of the department to ensure a proper separation of duties.
- Adequate controls are in place to properly monitor and control the distribution and sales of Bolivar Beach parking stickers.
- No material exceptions were noted in the review of 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.
- The Treasurer's Office should perform a monthly sweep of the bank account into the demand account, an interest bearing account. The Auditor's Office is working with the Treasurer's Office to resolve this issue.

General Information (pages 6-7)

- Revenue from facility use fees has decreased over the last several years, largely due to Hurricane Harvey, and more recently, COVID-19. Total facility use collections for FY2020 as of 9/16/2020 were \$74,636.
- Revenue generated from the sale of beach parking stickers has increased 4.8%, and the expenditures have increased 64% since last fiscal year. The increase in expenditures is largely due to the Bolivar Beach Pavilion project and the purchase of fixed assets for the program.

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, 2019 through August 31, 2020. The audit was performed from September 4, 2020 through September 24, 2020.

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.

Jessica Robbins, Internal Auditor II, 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, there are compensating controls that have been implemented in different areas of the department.

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. The Beach Sticker Supervisor reconciles the daily reports of stickers sold to the sticker inventory. No material discrepancies were detected in the review of the BBPSP collections.

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

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 8, 2020 at the Crystal Beach office. On September 9, 2020, an additional surprise cash count was conducted at the La Marque 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-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 combination drop-safe located in the Road & Bridge Office in Crystal Beach. Only authorized personnel have access to the safe. The Beach Sticker Supervisor or the Beach Sticker Assistant 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 Sticker Supervisor or the Beach Sticker Assistant delivers the money to the bank in a locked bank bag.

Compliance with Statutes, Policies and Procedures

Timeliness of Deposits

Local Government Code (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 Parking Sticker Program Bank Account Sweeps

The Bolivar Beach Parking Sticker Program (BBPSP) sticker sales generates 88% of the revenue collected by the Parks department. Total revenue collected from the sticker sales as of 9/21/2020 was \$829,602.50. 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 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.

The following is a schedule of the bank balance transfers of the BBPSP bank account during the audit period.

	Beginning Balance	Ending Balance	Amount Transferred (Swept)
September	\$ 123,921.55	\$ 122,272.08	\$ 42,412.72
October	\$ 122,272.08	\$ 4,253.38	\$ 123,171.55
November	\$ 4,253.38	\$ 4,188.78	\$ -
December	\$ 4,188.78	\$ 4,020.38	\$ -
January	\$ 4,020.38	\$ 21,028.60	\$ 3,853.38
February	\$ 21,028.60	\$ 50,940.20	\$ -
March	\$ 50,940.20	\$ 155,473.30	\$ -
April	\$ 155,473.30	\$ 222,453.86	\$ -
May	\$ 222,453.86	\$ 400,227.46	\$ -
June	\$ 400,227.46	\$ 488,967.24	\$ 104,533.10
July	\$ 488,967.24	\$ 515,225.01	\$ 66,980.56
August	\$ 515,225.01	\$ 639,304.64	\$ -

Finding: The Bolivar Beach Parking Sticker Program bank account is not being 'swept' each month, resulting in a loss of interest revenue to the county.

Recommendation PARKS-20-01: To ensure the county does not lose interest revenue on the Bolivar Beach Parking Sticker Program sticker sales, the Treasurer's Office should perform a monthly sweep of the bank account into the demand account, an interest bearing account. The Auditor's Office is working with the Treasurer's Office to resolve this issue.

General Information

Facility Use Fees

The Department of Parks and Cultural Services has 10 parks and facilities available for rent. The following reflects the FY2020 revenue generated for each location's rentals as of 9/16/2020:

Walter Hall Park	\$32,603	44%
Runge Park (Community Center)	\$18,000	24%
Bacliff CC	\$6,580	9%
Senior Center	\$5,570	7%
Concession Hitchcock Boat Ramp	\$3,360	5%
Carbide Park	\$2,580	3%
Jack Brooks Park	\$2,150	3%
Rodeo Concession	\$1,454	2%
Bayshore Park Pavilion	\$1,220	2%
Runge Park	\$900	1%
Paul Hopkins Park	\$140	0%
Gregory Park Pavilion	\$80	0%
Total	\$74,636	100%

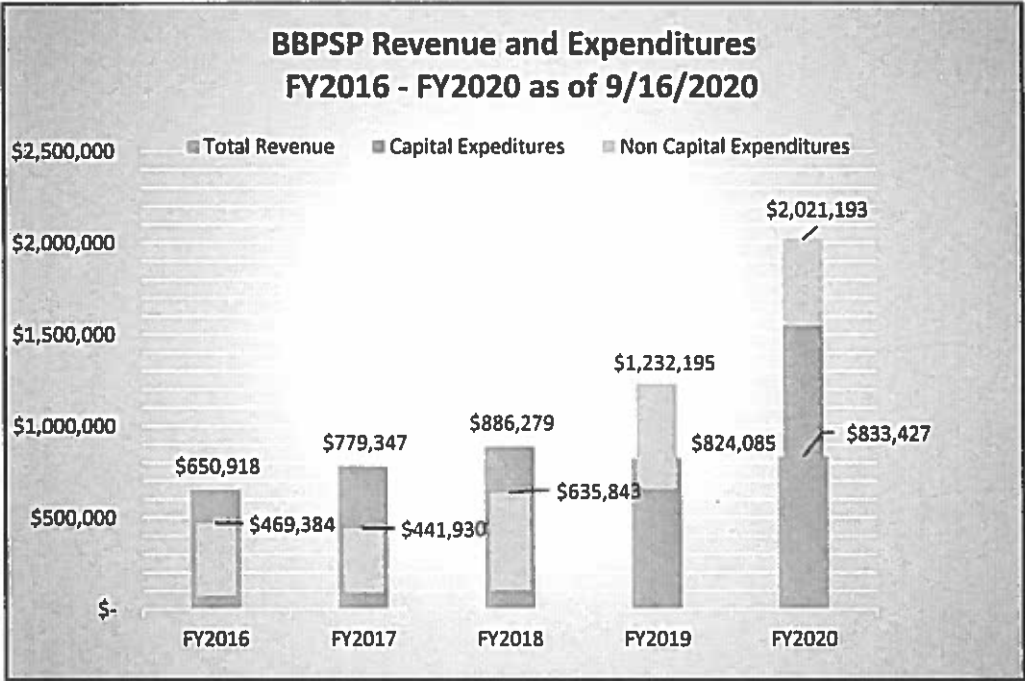
As a whole, revenue from facility use fees has decreased over the last several years, largely due to Hurricane Harvey, and more recently, COVID-19. The following chart represents the revenue generated through facility use fees from FY2016 through FY2020 as of 9/16/2020:



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 4.8%, and the expenditures have increased 64% since last fiscal year. The increase in expenditures is largely due to the Bolivar Beach Pavilion project and the purchase of fixed assets for the program. The following chart represents the revenue and expenditures from the BBPSP from FY2016 through FY2020 as of 9/16/2020:





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

October 6th, 2020

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

RE: Department of Parks and Cultural Services, Internal Audit 2020 – Reliability and Integrity of Information, Safeguarding of Assets, Compliance with Laws, Regulations, Contracts, Policies, Plans, and Procedures

Dear Mr. Rice,

The purpose of this letter is to present the Department of Parks and Cultural Services response to your office's internal audit received on October 6th, 2020, which was conducted for September 1st, 2019 through August 31st, 2020.

Reliability and Integrity of Information

Finding: No material exceptions or discrepancies were noted.

Safeguarding of Assets

Finding: No material exceptions were noted.

Compliance with Statutes, Policies, and Procedures

Finding: The Bolivar Beach Parking Sticker Program bank account is not being "swept" each month resulting in a loss of interest revenue to the County.

Recommendation Parks-20-01: To ensure the County does not lose interest revenue on the Bolivar Beach Parking Sticker Program sticker sales, the Treasurer's Office should perform a monthly sweep of the bank account into the demand account, an interest bearing account. The Auditor's Office is working with the Treasurer's office to resolve this issue.

Response: This finding is a result of something out of the Park's Department control, so we will let the Auditor's office continue to work with the Treasurer's office to get the bank account "swept" each month.

I would like to thank Jessica Robbins for her professionalism as she conducted her visits and interactions with our staff and for her diligent work during this audit.

Thank you,

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