

# 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

---

May 17, 2021

Honorable Judge Mark A. Henry 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 the Department of Court Collections. The audit covered the period March 1, 2020 through February 28, 2021. Also attached is the response letter from the Director of Personal Bonds & Collections, Aaron Johnson, dated May 4, 2021.

Sincerely,

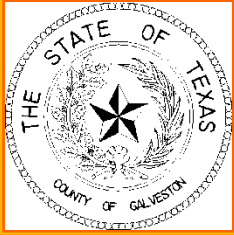
*Randall Rice CPA*

Digitally signed by Randall Rice  
CPA  
Date: 2021.05.06 08:21:50 -05'00'

Randall Rice CPA  
County Auditor

cc: Aaron Johnson

Attachment: Department of Court Collections Audit Report  
Response Letter, Aaron Johnson



# Department of Court Collections

April 12, 2021

Galveston County  
Internal Audit Division

Randall Rice CPA  
CITP CISA CIO CBM DABFA CGMA  
County Auditor

Executive Summary.....	1
Introduction .....	2
Details .....	3-6

# Executive Summary

## Reliability and Integrity of Information (page 3)

- Adequate controls are in place to ensure a proper separation of duties relative to collecting and depositing.
- No discrepancies were noted in the testing of voided receipts.
- Mail-in payments are recorded accurately in Odyssey.

## Safeguarding of Assets (page 4)

- Physical security over assets (collections) is adequate.
- All collections and change funds were accounted for during the surprise cash count.
- Collections are deposited daily, minimizing exposure to loss.

## Compliance with Statutes, Policies, and Procedures (page 5-6)

- Collections were deposited within the statutory time limit set by LGC §113.022 Time For Making Deposits.
- Court Collections restitution payments were made in compliance with CCP §42.037 Restitution and office policy.
- PC30 collection fee calculation must include the entire outstanding balance of any fines, fees and court costs.
- Refunds caused by overpayments of fines and fees were processed in compliance with office policy.
- Court Collections is in compliance with CCP §42.03, CCP §42.032 and CCP §43.03 for jail time credits tested.
- Court Collections is in compliance with LGC §133.103 Time Payment Fee.

# Introduction

The Internal Audit Division conducted an internal audit of the Department of Court Collections in accordance with Local Government Code (LGC) §115. The internal audit covered the period March 1, 2020 through February 28, 2021. The audit was performed from March 5, 2021 through April 8, 2021.

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

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 Court Collections 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 be able to 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 Collections Clerks receive the payments and record them in Odyssey, the county's electronic court management system. The Administrative Assistant or the Collections Manager prepares the bank deposits. A deputy sheriff deposits the collections in the bank and returns the bank deposit configuration slip to the Administrative Assistant. The Department of Court Collections has effective separation of duties.

## Voids

The Department of Court Collections office policy requires the Collections Manager or Administrative Assistant to process all voided receipts. When a void is requested by a clerk, the authorized personnel voids the receipt in Odyssey and records the reason for the void in the comments section. The clerk immediately re-receipts the payment, when applicable. A clerk who records the receipt does not have the ability to void the receipt in the Odyssey system. A sample of voided receipts were tested for compliance with office policy. No discrepancies were noted.

## Mail-In Payments

A Collections Clerk processes the mail every workday morning and records the details of any mail-in payments in a mail log. The mail-in payments and the mail log are delivered to a different Collections Clerk to be processed. The Collections Clerk immediately restrictively endorses the checks and money orders then records the payments in Odyssey. A copy of the Odyssey receipt is mailed to the payee. The second clerk delivers the mail log to a third clerk for payment verification in Odyssey. A sample of mail-in payments were tested to verify the payments were recorded accurately in Odyssey. No discrepancies were noted.

# Safeguarding of Assets

Safeguarding of assets has three basic components: 1) physical security of assets, 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.

Controls are in place to ensure the staff uses lockable drawers and a safe to secure the collections in the office until deposited.

As part of the audit, the auditor conducted a surprise cash count on March 5, 2021. All collections and change funds were accounted for at the time of the surprise cash count.

## **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 collections. The Department of Court Collections has a policy to deposit collections daily.

# 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 were tested for compliance with statutory time limit set by LGC §113.022 Time For Making Deposits. No discrepancies were noted.

## Restitution

Code of Criminal Procedure (CCP) §42.037 Restitution states the court may require a defendant to make restitution under this article within a specified period or in specified installments. If the court does not provide otherwise, the defendant shall make restitution immediately. The Department of Court Collections policy is to apply payments to restitution first, then fines and fees, and to process restitution payments within 30 days of receipt (60 days for credit cards). A sample of restitution payments were tested for compliance with CCP §42.037 and office policy. No material discrepancies were noted.

## Collection Contracts

CCP §103.0031 Collection Contracts 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 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 were tested for compliance with CCP §103.0031.

**Finding:** PC30 fees are not consistently being assessed accurately in Odyssey.

**Recommendation CC-21-01:** To ensure compliance with CCP §103.0031, the PC30 collection fee calculation must include the entire outstanding balance of any fines, fees and court costs. *(This is a prior audit finding.)*

## Overpayment Refunds

Office policy dictates all overpayments are refunded back to the original payor. Overpayments made by credit cards are refunded through Official Payments or via Chase credit card reader and the refund is placed back onto the original credit card used. Overpayments made by cash, money order or cashier’s check are refunded through the purchase order process and a county issued check is mailed to the individual who made the overpayment. All refunds must be processed within 30 days of receipt. The Administrative Assistant or the Collections Manager must approve all refunds. A sample of overpayment refunds was tested for compliance with office policy. No discrepancies were noted.

## **Compliance with Statutes, Policies and Procedures (cont.)**

### **Jail Time Credits**

CCP §42.03 Credit for Time Spent in Jail Section 2 states “(a) In all criminal cases the judge of the court shall give the defendant credit for time that the defendant spent (1) in jail for the case from the time of arrest and confinement until sentencing at trial.”

CCP §42.032 Good Conduct Section 2 states, “The sheriff in charge of each county jail may grant commutation of time for good conduct, industry, and obedience. A deduction not to exceed one day for each day of the original sentence actually served may be made for the term or terms of sentences if a charge of misconduct has not been sustained against the defendant.”

CCP §43.03 Payment of Fine states “(a) If a defendant is sentenced to pay a fine or costs or both and the defendant defaults in payment, the court after a hearing under Subsection (d) of this article may order the defendant confined in jail until discharged as provided by law.”

The Department of Court Collections reviews judgements, cost bills and Capias Pro Fines which grant defendants credit for good conduct and jail time served. The good conduct credit is applied to the case in Odyssey as jail time credit. A sample of jail time credits applied to Odyssey cases were tested for compliance with CCP §42.03, CCP §42.032 and CCP §43.03. No discrepancies were noted.

### **Time Payment Fee**

CCP §102.030 Time Payment Fee 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 31<sup>st</sup> day after the date on which a judgment is entered assessing the fine, court costs, restitution, or other reimbursement fee.” A sample of cases were tested for compliance with CCP §102.030 regarding Time Payment Fees. No discrepancies were noted.





# Aaron Johnson

**Personal Bond & Collections Director  
County of Galveston**

Galveston County Courthouse  
600 59th St. Suite 1500, Galveston, Texas

**Allie Santos**  
Administrative Assistant

**Jessica Sell**  
Deputy Director

**Jeni Hernandez**  
Personal Bond Manager

**Dianna Reyna -Valdez**  
Magistrate Clerk Manager

**Kelly Baksa**  
Collections Manager

May 4, 2021

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

Re: Collections Audit FY 2021

Mr. Rice,

In response to the internal audit report on the Collections Office, we have implemented the following directive based upon the audit staff recommendation:

**Recommendation CC-21-01**

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

Moving forward, the Collections Office will stop utilizing the collections vendor until such time a solution can be created which ensures compliance with CCP §103.0031.

Please feel free to reach out to me with any questions or concerns relating to these matters.

Respectfully,

A handwritten signature in black ink, appearing to be "A. Johnson", written over a horizontal line.

Aaron Johnson, Director  
Personal Bond and Collections  
Galveston County