

# GALVESTON COUNTY



## Office of County Auditor

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May 17, 2021

Honorable Mark A. Henry, County Judge, 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 Justice of the Peace, Precinct 3. The audit covered the period February 1, 2020 through January 31, 2021. Also attached is the response letter from Honorable Billy A. Williams, dated April 23, 2021.

Sincerely,

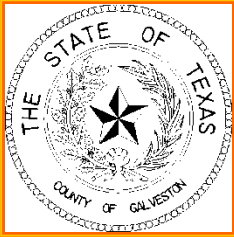
*Randall Rice CPA*

Digitally signed by Randall Rice CPA  
Date: 2021.05.04 10:23:58 -05'00'

Randall Rice CPA  
County Auditor

cc: Honorable Judge Billy A. Williams

Attachment: Justice of the Peace, Precinct 3 Audit Report  
Response Letter, Judge Billy A. Williams



# Justice of the Peace, Precinct 3 Audit

March 9, 2021

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 court's operations to ensure a proper separation of duties.
- Adequate support documentation for adjustments, reversals and voids must be scanned into Odyssey.
- No material exceptions were noted in the recording of citations issued by the Galveston County Sheriff's Office in Odyssey.

## Safeguarding of Assets (page 4)

- All collections were accounted for during the surprise cash counts.
- Physical security over assets (collections) is adequate.
- The court deposits collections daily.
- Bond account bank reconciliations are submitted to the Auditor's Office monthly.

## Compliance with Statutes, Policies and Procedures (pages 5-8)

- No material discrepancies were noted in the testing of Administrative Dismissals and No-Charge Dismissals.
- Odyssey is not consistently assessing all of the statutorily required court costs and fees to misdemeanor offenses.
- No material discrepancies were noted in the testing of the "Allocation Rule".
- No discrepancies were noted in the testing of the Time Payment Fee.
- The PC30 collection fee calculation must include the entire outstanding balance of any fines, fees and court costs.
- No material discrepancies were noted in the testing of credits awarded for compliance with CCP §45.048, CCP §45.049(a), CCP §45.0491 and court policy.
- The fine for a case which is deferred must not exceed the amount of the fine that could be imposed on the defendant as punishment for the offense.

## Statistical Analysis (pages 9-10)

- Almost half (49.4%) of the cases filed were non-traffic misdemeanors. Traffic misdemeanors made up 26.3% and debt claims made up 10.3%.
- Bank deposits fluctuated from \$40,180 (January 2020) to \$17,643 (April 2020) and back up to \$68,013 (June 2020) due to the Covid-19 Pandemic. Total collections for the audit period were \$565,767.

# Introduction

The Internal Audit Division conducted an internal audit of the Justice of the Peace, Precinct 3, in accordance with Local Government Code (LGC) §115. The internal audit covered the period February 1, 2020 through January 31, 2021. The audit was performed from February 11, 2021 through March 9, 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 statutes, policies, and procedures.

The scope of the internal audit encompassed the financial records and administrative procedures related to the Justice of the Peace, Precinct 3. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 3.

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 Justice of the Peace, Precinct 3 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 authorize a transaction, record a 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 court's operations.

### Adjustments, Reversals and Voids

All clerks have the ability to process adjustments, reversals and voids in their own till in Odyssey. An explanation for the transaction is recorded in the 'comment' section of the case. Court policy requires the judge's approval for reversals and voids. A copy of the transaction receipt, signed by the judge, must be scanned into Odyssey as proof of the judge's authorization. The County Cash Handling Policy (effective 9/1/2017) Section 3.0 Cash Handling "required procedures for cash collection points include approval of any voided receipts by the area supervisor". A sample of adjustments, reversals and voids was tested for compliance with court policy and the County Cash Handling Policy.

**Finding:** A copy of the reversal or voided receipt, signed by the Judge, is not consistently being scanned into Odyssey. *(This is a prior audit finding.)*

**Recommendation JP3-21-01:** To ensure reliability and integrity of the information and to be in compliance with court policy, adequate support documentation for adjustments, reversals and voids must be scanned into Odyssey.

### Completeness and Accuracy

Information from citations issued by the Galveston County Sheriff's Office is recorded in their Record Management System (RMS). The citations are turned in to the related Justice Court and subsequently entered into Odyssey by the clerks. Internal Audit tested a sample of citations recorded in RMS to verify the information was completely and accurately recorded in Odyssey. No material discrepancies were noted.

# 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 in the bank.

As part of the audit, the auditor conducted a surprise cash count at the Galveston office on February 11, 2021, the Crystal Beach office on February 22, 2021 and the La Marque office on February 23, 2021. All collections were accounted for at the time of the surprise cash counts. Controls are in place to ensure the staff of each office uses a lockable safe to secure collections until ready to be deposited. The safe remains locked in each office when not in use.

## 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 the collections. JP3 has a policy to deposit collections daily. Deposits are reviewed quarterly by the Auditor's Office.

## Management of Collections

Properly prepared and adequately supported bank reconciliations are one of the best methods of cash management available to any official. The reconciliation process identifies any discrepancies in the bond account and assists in preventing the misuse of funds. JP3 performs a bond account bank reconciliation each month and submits a copy to the Auditor's Office. Bond account bank reconciliations are reviewed quarterly by the Auditor's Office.

# Compliance with Statutes, Policies and Procedures

The following areas were tested to provide reasonable assurance the court is in compliance with statutes, policies and procedures.

## Administrative Dismissals

Certain charges may be dismissed with an administrative fee, set by statute, when the defendant provides proof the underlying violation was resolved within the statutory time limit. When the proof is presented and the administrative fee has been paid, the court may dismiss the case without the consent of the judge or the Assistant District Attorney. A sample of administrative dismissals was tested for compliance with applicable statutes. No material discrepancies were noted.

## Code of Criminal Procedures (CCP) §32.02 Dismissal By State's Attorney

CCP §32.02 Dismissal By State's Attorney states "The attorney representing the State may, by permission of the court, dismiss a criminal action at any time upon filing a written statement with the papers in the case setting out his reasons for such dismissal, which shall be incorporated in the judgment of dismissal. No case shall be dismissed without the consent of the presiding judge." Court policy requires support documentation for no-charge dismissals, signed by the judge or the Assistant District Attorney, to be scanned into Odyssey as proof of its validity. A sample of no-charge dismissals was tested for compliance with CCP §32.02 and court policy. No material discrepancies were noted.

## Court Costs, Fines and Fees

The Texas Judicial Branch publishes a 'Justice Court Convictions Court Cost Chart' each year there is a legislative update. The chart shows the fees to be assessed for misdemeanor offenses, including specific costs not assessed upon conviction, but assessed under appropriate circumstances. The chart also provides the statute that supports the amount of court costs, fines and fees reflected on the chart. A sample of cases was tested for compliance with the applicable statutes regarding court costs, fines and fees collected by the office. It was determined Odyssey is not consistently assessing all of the statutorily required court costs and fees to the misdemeanor offenses. Internal Audit is working with Information Technology to correct the issue.

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

### Allocation Rule

Attorney General Opinion GA-147 and the 'Justice Courts - Court Costs and Fees Handbook' define the "Allocation Rule" as the practice of allocating monies received from a defendant first to pay costs and then to pay a fine. If the monies received do not cover all of the costs, then the monies must be allocated to costs on a pro rata basis. Accordingly, any credit awarded (Jail Time Credit, Community Service, Waivers) must be applied to the fine amount first, then to court costs and fees. A sample of cases was tested for compliance with the "Allocation Rule". No material discrepancies were noted.

### Time Payment Fee

If a person is convicted of a felony or misdemeanor and pays any part of the court costs, fine, or restitution on or after the 31st day after the judgment day, the court must assess an additional cost of a time payment fee. LGC §133.103 (effective through 12/31/2019) states "(a) A person convicted of an offense shall pay, in addition to all other costs, a fee of \$25 if the person: (1) has been convicted of a felony or misdemeanor; and (2) pays any part of a fine, court costs or restitution on or after the 31st day after the date on which a judgment is entered assessing the fine, court costs, or restitution." CCP §102.030 (effective on 1/1/2020) 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 31st day after the date on which a judgment is entered assessing the fine, court costs, restitution, or other reimbursement fee." A sample of cases was tested for compliance with LGC §133.103 and CCP §102.030. No discrepancies were noted.

### CCP §103.0031 Collection Contracts

CCP §103.0031 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 was tested for compliance with CCP §103.0031.

**Finding:** PC30 fees are not consistently being assessed accurately in Odyssey. *(This is a prior audit finding.)*

**Recommendation JP3-21-02:** 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.



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

### **Credits**

#### **Jail Time Credit**

CCP §45.048 Discharged From Jail states a defendant placed in jail shall be discharged by showing the defendant is too poor to pay the fine and costs or has remained in jail a sufficient length of time to satisfy the charges. The judge verifies time served before granting jail time credit.

#### **Community Service**

CCP §45.049(a) Community Service in Satisfaction of Fine or Costs states a justice or judge may require a defendant who fails to pay a previously assessed fine or costs, or who is determined by the court to have insufficient resources or income to pay a fine or costs, to discharge all or part of the fine or costs by performing community service.

#### **Indigent Credit/Waivers**

CCP §45.0491 Waiver of Payment of Fines and Costs for Indigent Defendants and Children states a justice court may waive payment of all or part of a fine or costs imposed on a defendant if the court determines that:

- (1) the defendant is indigent or does not have sufficient resources or income to pay all or part of the fine or costs or was, at the time the offense was committed, a child as defined by Article 45.058(h); and
- (2) discharging the fine or costs under Article 45.049 or as otherwise authorized by this chapter would impose an undue hardship on the defendant.

Court policy dictates all credits must be approved by the judge.

A sample of cases was tested for compliance with CCP §45.048, CCP §45.049(a), CCP §45.0491 and court policy. No material discrepancies were noted.

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

### Deferred Disposition (Adjudication)

CCP §45.051 Suspension of Sentence and Deferral of Final Disposition states on a plea of guilty or nolo contendere on a misdemeanor case, the judge may defer further proceedings without entering an adjudication of guilt and place the defendant on probation not to exceed 180 days. In issuing the order of deferral, the judge may impose a fine on the defendant in an amount not to exceed the amount of the fine that could be imposed on the defendant as punishment for the offense. The fine may be collected at any time before the probation ends. The judge may elect not to impose the fine for good cause shown by a defendant. If the judge orders the collection of a fine under this subsection, the judge shall require the amount of the fine be credited toward the payment of the amount of any fine imposed by the judge as punishment for the offense. Court policy dictates all support documentation to deferred cases, including the Order for Deferred Disposition (Adjudication) signed by the judge, are scanned into Odyssey and the physical copy is retained in the case jacket.

A sample of cases was tested for compliance with CCP §45.051 and court policy.

**Finding:** Some cases imposed a deferred fine on the defendant that exceeded the amount of the fine imposed based on the offense.

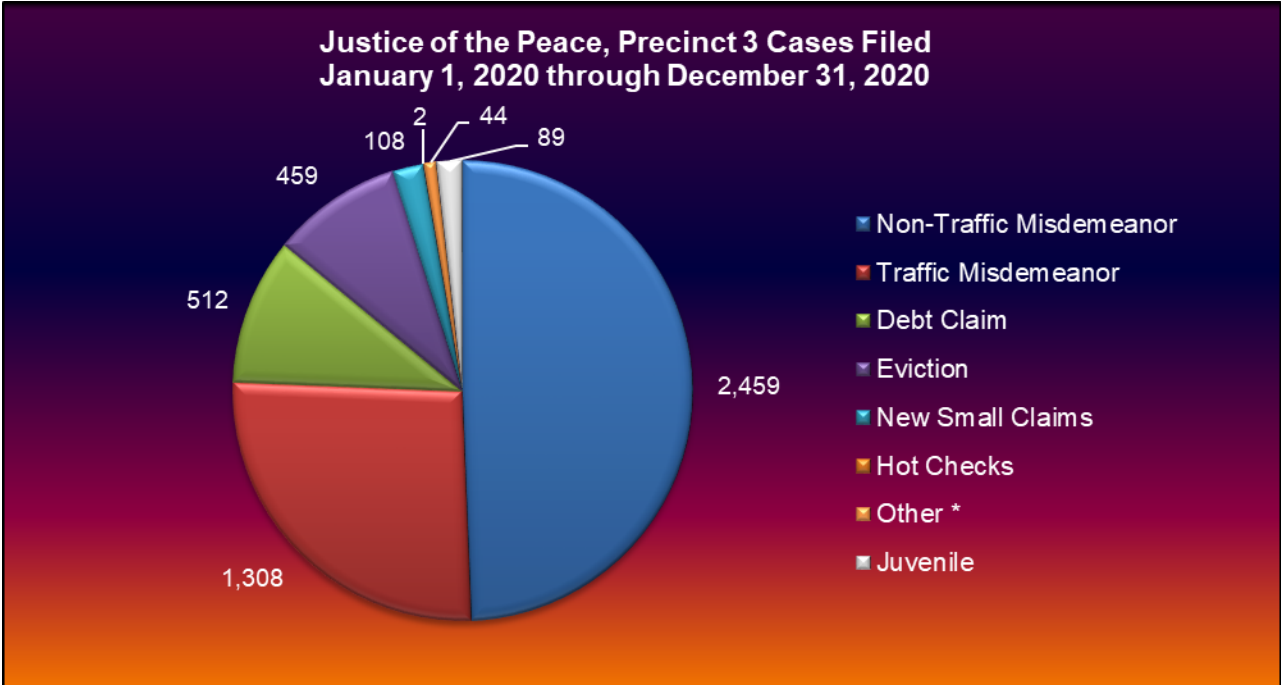
**Recommendation JP3-21-03:** To ensure compliance with CCP §45.051, the fine for a case which is deferred must not exceed the amount of the fine that could be imposed on the defendant as punishment for the offense.

# Statistical Analysis

A statistical analysis was performed on the cases filed through JP3 during the audit period. The data for the analysis was obtained from the Odyssey Case Index Report. The date range used for the report was January 1, 2020 through December 31, 2020. Almost half (49.4%) of the cases filed were non-traffic misdemeanors. Traffic misdemeanors made up 26.3% and debt claims made up 10.3%. The following reflects the number and types of cases filed during the audit period:

Non-Traffic Misdemeanor	2,459
Traffic Misdemeanor	1,308
Debt Claim	512
Eviction	459
New Small Claims	108
Juvenile	89
Other *	44
Hot Checks	2
Total Cases Filed	<u>4,981</u>

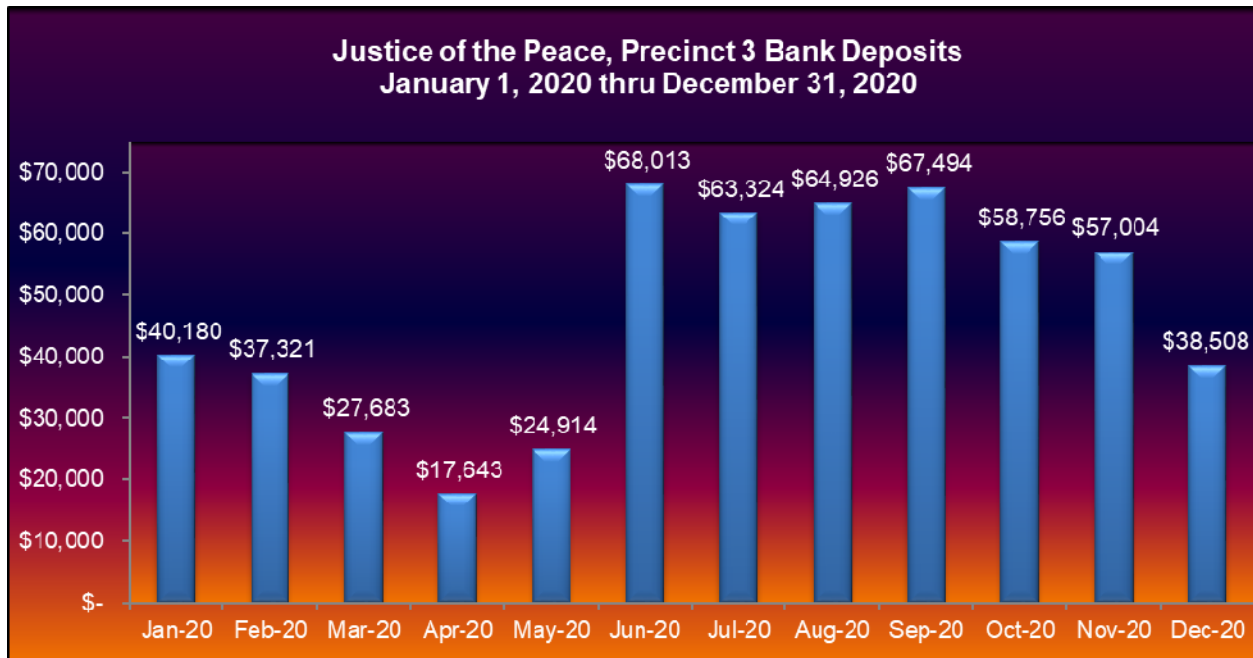
Other\*  
 Occupational License – 24  
 Truancy – 10  
 Magistrate Duty – 5  
 Tow Hearings – 4  
 Repair & Remedy – 1



## Statistical Analysis (cont.)

A statistical analysis was also performed on the bank deposits made by JP3 during the audit period. The data used in the analysis was obtained from ONESolution, the county's financial reporting system. The date range used for the report was January 1, 2020 through December 31, 2020. Bank deposits fluctuated from \$40,180 (January 2020) to \$17,643 (April 2020) and back up to \$68,013 (June 2020) due to the COVID-19 Pandemic. Total collections for the audit period were \$565,767. The following reflects the bank deposits made by JP3 during the audit period:

2020 Bank Deposits	
Jan-20	\$ 40,180
Feb-20	\$ 37,321
Mar-20	\$ 27,683
Apr-20	\$ 17,643
May-20	\$ 24,914
Jun-20	\$ 68,013
Jul-20	\$ 63,324
Aug-20	\$ 64,926
Sep-20	\$ 67,494
Oct-20	\$ 58,756
Nov-20	\$ 57,004
Dec-20	\$ 38,508
<b>Total</b>	<b>\$ 565,767</b>





**JUDGE BILLY A. WILLIAMS, JR.**

JUSTICE OF THE PEACE  
PRECINCT 3, GALVESTON COUNTY  
600 59<sup>th</sup> Street, 1<sup>st</sup> Floor  
Galveston, Texas 77551  
(409) 770-5455 / (409) 770-6295 Facsimile

April 23, 2021

Mr. Randall Rice  
Galveston County Auditor  
722 Moody, 4<sup>th</sup> Floor  
Galveston, Texas 77550

Re: Final Audit Report for Justice of the Peace, Precinct 3

Dear Mr. Rice:

Justice of The Peace Precinct 3 is pleased that your office performed the audit on my office dated March 9, 2021. The audit provided my office with a road map as to what we are doing efficiently and the things we need to clean up and correct. I observed that the changes recommended by your department will help me to reiterate those things to make us a more efficient office and perform those tasks that you require.. We are willing and ready to work with your office to continue to provide great service to the citizens of Galveston County as we move forward.

Thank you very much

Respectfully,

A handwritten signature in blue ink, appearing to read "Billy A. Williams, Jr." with a stylized flourish at the end.

Billy A. Williams, Jr.  
Justice of the Peace, Pct. 3