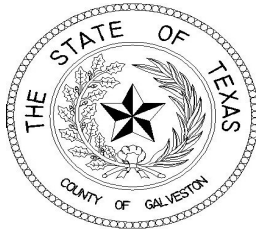


# GALVESTON COUNTY



## Office of County Auditor

Sergio Cruz, 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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June 9, 2025

Honorable Mark A. Henry, County Judge, and  
Members of the Commissioners Court  
722 Moody Ave, Suite 200  
Galveston, TX 77550

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the internal audit report of Justice of the Peace, Precinct 1. The audit covered the period May 1, 2024 through April 30, 2025.

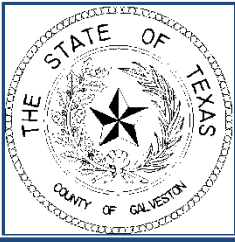
Sincerely,

A handwritten signature in blue ink that reads "Sergio Cruz".

Sergio Cruz  
County Auditor

cc: Honorable Gregory Rikard

Attachment: Justice of the Peace, Precinct 1 Audit Report



# Justice of the Peace, Precinct 1 Audit

May 19, 2025

Galveston County  
Internal Audit Division

Sergio Cruz  
County Auditor

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# Executive Summary

## Reliability and Integrity of Information (page 4)

- Compensating controls have been implemented in different areas of the court's operations to ensure a proper separation of duties.
- No discrepancies were noted in the testing of adjustments, reversals and voids.
- No exceptions were noted in the recording of citations issued by the Galveston County Sheriff's Office in Odyssey.

## Safeguarding of Assets (page 5)

- All collections were accounted for during the surprise cash count.
- Physical security over assets (collections) is adequate.
- Collections are deposited daily.
- Bond account bank reconciliations are reviewed quarterly by the Auditor's Office.

## Compliance with Statutes, Policies and Procedures (pages 6-9)

- No discrepancies were noted in the testing of Administrative Dismissals.
- No discrepancies were noted in the testing of No-Charge Dismissals.
- The office is in compliance with applicable statutes when assessing court costs, fines and fees.
- No discrepancies were noted in the court's compliance with the "Allocation Rule".
- No discrepancies were noted in the court's assessment of Time Payment Fees.
- No material discrepancies were noted in the testing of CCP §103.0031.
- No 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.
- No discrepancies were noted in the testing of compliance with CCP §45.051 and court policy.

## **Executive Summary (cont.)**

### **Statistical Analysis (pages 10-11)**

- The largest number of case types filed have continually been criminal cases (Traffic and Non-Traffic Misdemeanors), increasing from 2,285 in FY2020 to 2,729 in FY2024. The second-highest number of case types filed was for civil, which increased from 883 in FY2020 to 1,503 in FY2024.
- Total revenue collected increased from \$653,207 in FY2020 to \$772,162 in FY2024.

# Introduction

The Internal Audit Division conducted an internal audit of the Justice of the Peace, Precinct 1, in accordance with Local Government Code (LGC) §115. The internal audit covered the period May 1, 2024 through April 30, 2025. The audit was performed from May 1, 2025 through May 19, 2025.

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 Justice of the Peace, Precinct 1. The internal audit included, but was not limited to, the books, accounts, reports, dockets and records of the Justice of the Peace, Precinct 1.

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

Cynthia Hicks, 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, compensating controls 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, the court's case management software. An explanation for the transaction is recorded in the 'comment' section of the case. Court policy requires the Chief Deputy Court Clerk or the Senior Deputy County Clerk to process all reversals and voids. Under 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.

No material discrepancies were noted in the review of adjustments, reversals and voids.

### **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 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 Bacliff Office on May 1, 2025, and at the Texas City Office on May 9, 2025. All collections were accounted for at the time of the surprise cash counts. Controls are in place to ensure the staff uses a lockable safe to secure collections until ready to be deposited. The safe remains locked 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. Justice of the Peace, Precinct 1 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. Justice of the Peace, Precinct 1 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 when the defendant provides proof the underlying violation is resolved within the statutory time limit. When the proof is presented and the administrative fee has been paid, the clerk 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 discrepancies were noted in the review of administrative dismissals.

## **Dismissal by State's Attorney**

Code of Criminal Procedures (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, all were in compliance with CCP §32.02 and court policy.

## **Court Costs, Fines and Fees**

The Texas Judicial Branch publishes a 'Justice Court Convictions Court Cost Chart' each year that 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, all were in compliance with the applicable statutes regarding court costs, fines and fees collected by the office.



## **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 court 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 court 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, all were in compliance with the "Allocation Rule".

### **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. CCP §102.030 (effective as of 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 CCP §102.030. No material 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 commissioner's court that enters into a contract with a private attorney or private vendor under this article may authorize the addition of a collection fee (PC30 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. No material discrepancies were noted.

## **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 Credit**

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 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 was, at the time the offense was committed, a child as defined by Article 45.058(h); and
- (2) discharging the fine 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 or the Assistant District Attorney, and adequate support documentation for credits must be scanned into Odyssey as proof of its validity.

A sample of cases was tested for the audit period. All were in compliance with CCP §45.048, CCP §45.049(a), CCP §45.0491 and court policy.

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

### **Deferred Disposition (Adjudication)**

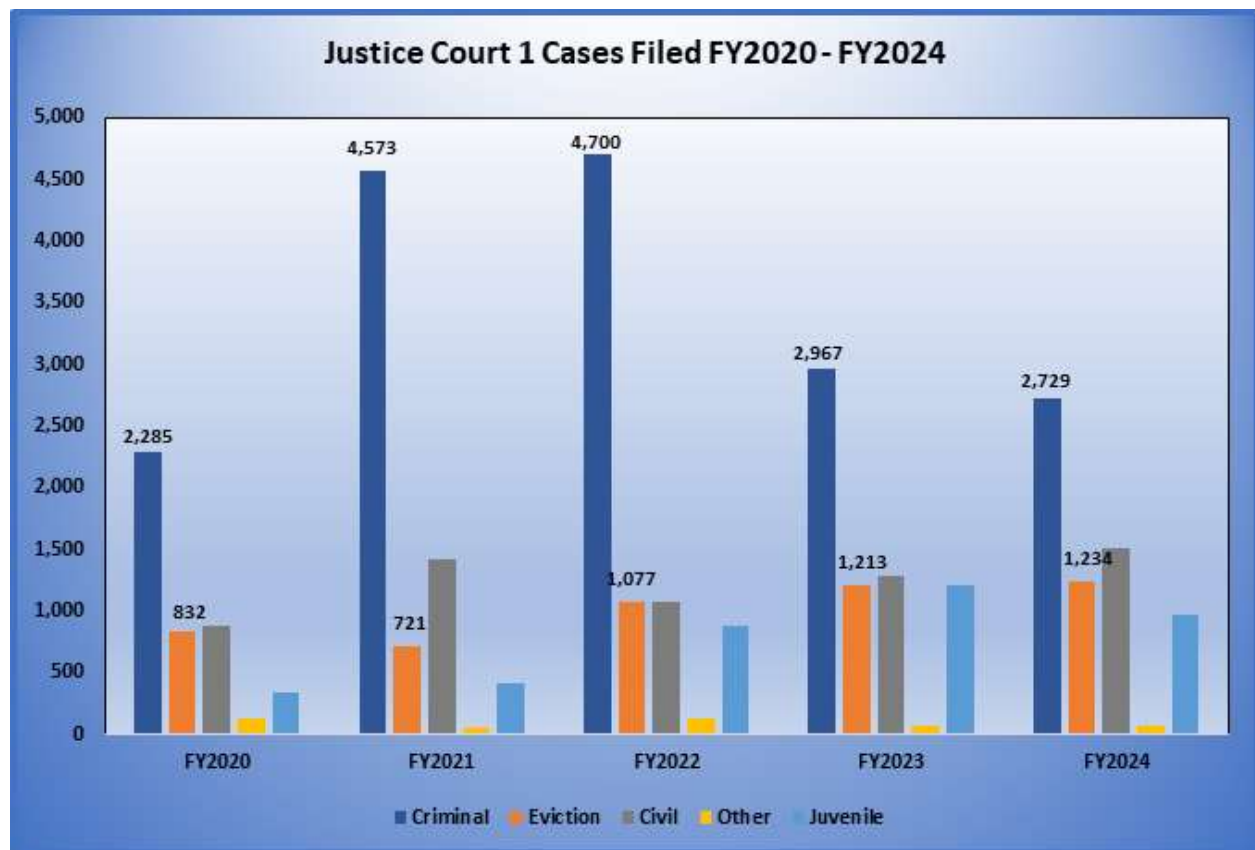
CCP §45.051 Suspension of Sentence and Deferral of Final Disposition states on a plea of guilty or nolo contendere on a misdemeanor case, the judge may defer further proceedings without entering an adjudication of guilt and place the defendant on probation not to exceed 180 days. In issuing the order 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 the audit period. All were in compliance with CCP §45.051 and court policy.

## Statistical Analysis

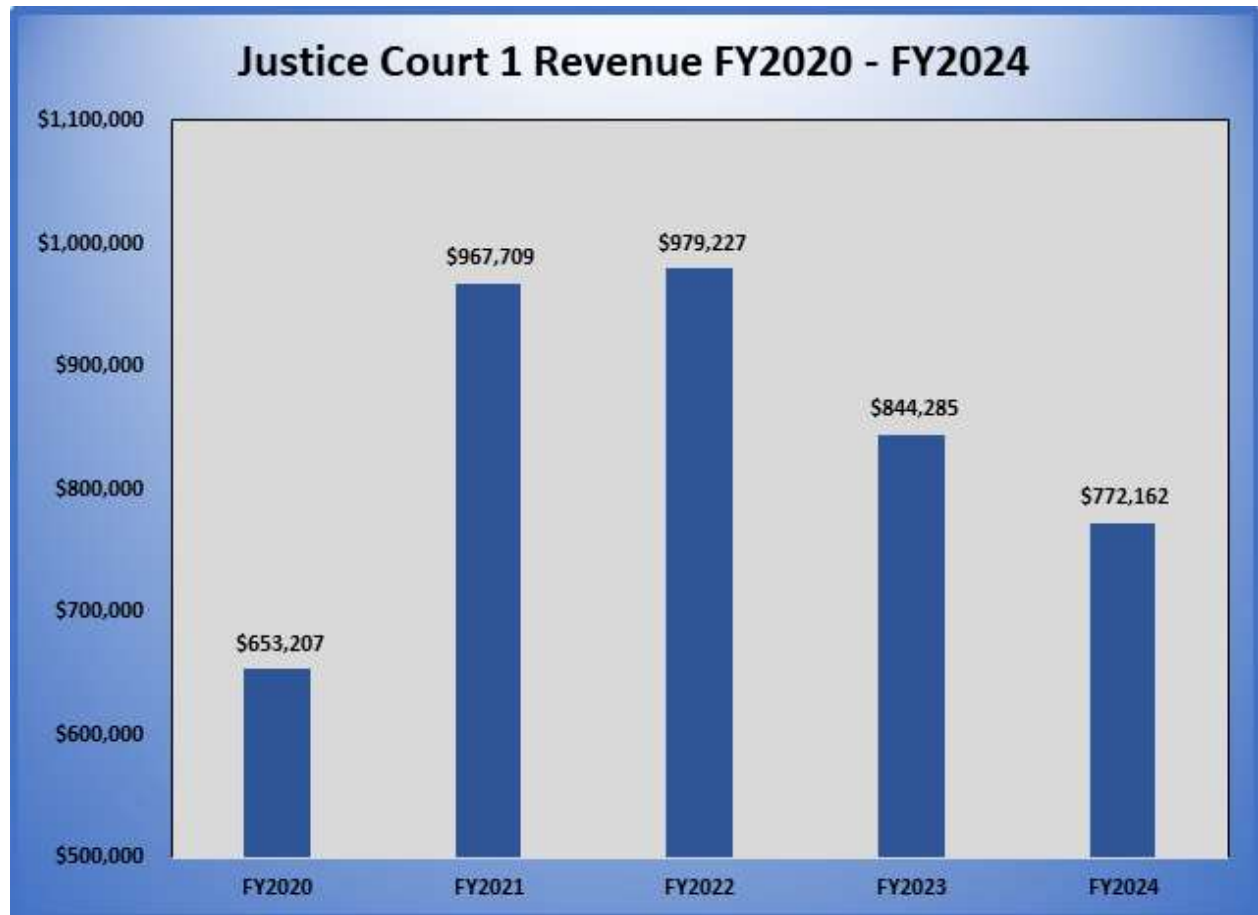
A five-year statistical analysis was performed on the cases filed through Justice of the Peace, Precinct 1 from FY2020 through FY2024. The data for the analysis was obtained from the Odyssey Case Filing Statistics Report. The date range used for the report was October 1, 2019 through September 30, 2024. The largest number of case types filed have continually been criminal cases (Traffic and Non-Traffic Misdemeanors), fluctuating from 2,285 in FY2020 to 2,729 in FY2024. The second-highest number of case types filed was for civil, which increased from 883 in FY2020 to 1,503 in FY2024. The following reflects the number of cases filed during the five-fiscal year analysis:

	<b>Criminal</b>	<b>Eviction</b>	<b>Civil</b>	<b>Other</b>	<b>Juvenile</b>	<b>Total</b>
<b>FY2020</b>	2,285	832	883	122	337	4,459
<b>FY2021</b>	4,573	721	1,413	61	414	7,182
<b>FY2022</b>	4,700	1,077	1,081	123	880	7,861
<b>FY2023</b>	2,967	1,213	1,288	67	1,204	6,739
<b>FY2024</b>	2,729	1,234	1,503	67	969	6,502
<b>Total</b>	17,254	5,077	6,168	440	3,804	



## Statistical Analysis (cont.)

A five-year statistical analysis was performed on the revenue collected by Justice of the Peace, Precinct 1 from FY2020 through FY2024. The date range used for the report was October 1, 2019 through September 30, 2024. The annual bank deposit total increased 18% from \$653,207 in FY2020 to \$772,162 in FY2024. The following chart reflects revenue collected by Justice of the Peace, Precinct 1 during the five-year fiscal year analysis:



Bacliff Office  
4500 10<sup>th</sup> Street  
Bacliff, TX 77518



Texas City Office  
2516 Texas Ave., Room 135  
Texas City, TX 77590

**Gregory L. Rikard  
Justice of the Peace  
Galveston County, Pct. 1**

May 27, 2025

Sergio Cruz  
Office of County Auditor  
722 Moody, 4<sup>th</sup> Floor  
Galveston, Texas 77550

Mr. Cruz,

I am in receipt of the Justice of the Peace, Precinct 1 audit, dated May 19, 2025. The audit revealed there were no discrepancies noted during the audit period May 01, 2024-April 30, 2025. This is our second year to not have any discrepancies. My staff has worked extremely hard in maintaining this accomplishment and I am very proud of their hard work and dedication. Additionally I would like to thank your staff, particularly, Celeste McGilberry, Cynthia Hicks and Lori McWhirter for their professionalism and courtesy during the audit process.

Respectfully,

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

Judge Greg Rikard  
Justice of the Peace, Pct. 1