

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 4th Floor, Galveston, TX 77550

March 17, 2025

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 Sheriff's Office Bond Division. The audit covered the period November 1, 2023 through October 31, 2024. Also attached is the response letter from Sheriff Fullen, dated March 4, 2025.

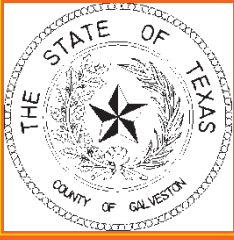
Sincerely,

Randall Rice CPA

Randall Rice CPA
County Auditor

cc: Sheriff Jimmy Fullen

Attachment: Sheriff's Office Bond Division Internal Audit Report
Response Letter, Sheriff Fullen



Sheriff's Office Bond Division Audit

December 11, 2024

Galveston County
Internal Audit Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

Executive Summary	1
Introduction	2
Details	3-5

Executive Summary

Reliability and Integrity of Information (page 3)

- The office has proper separation of duties.

Safeguarding of Assets (page 4)

- Controls are in place to ensure staff uses a lockable cash drawer and a safe to secure the financial assets until they are ready for deposit.
- All collections were accounted for at the time of the surprise cash count.
- Collections are deposited daily, minimizing exposure to loss.
- No material discrepancies were detected in the testing of bank reconciliations.

Compliance with Statutes, Policies and Procedures (page 5)

- No material discrepancies were found in the Sheriff's Office compliance with GC §41.258 (b) in regards to the collection of surety fees.
- All bond company license renewal fees that occurred during the audit period were properly collected in accordance with OC §1704.162 (c).
- No material discrepancies were detected in the testing of bond disbursements.

Introduction

The Internal Audit Division conducted an internal audit of the Galveston County Sheriff's Office Bond Division, in accordance with Local Government Code §115. The internal audit covered the period November 1, 2023 through October 31, 2024. The audit was performed from November 22, 2024 through December 11, 2024.

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 Sheriff's Office Bond Division. The internal audit included, but was not limited to, the books, accounts, reports and records of the Sheriff's Office Bond Division.

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 will not be 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 Sheriff's Office Bond Division as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Celeste McGilberry, Internal Auditor II, performed the audit.

Reliability and Integrity of the 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 be able to authorize a transaction, record a transaction and have custody of the assets. Bond Division personnel process collections and record payments in the Bond Division tills in Odyssey, the county's electronic court management system. The collections are reconciled to Odyssey daily and sent to the Senior Financial Coordinator and Administrative Assistant I, who prepares the collections for deposit. Bond money is disbursed daily and bank reconciliations are prepared monthly by the Senior Financial Coordinator. The office has a proper separation of duties.

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 all methods used to physically secure the assets from loss. Assets not being used should be kept in a locked drawer or safe until they are needed.

Controls are in place to ensure staff uses a lockable cash drawer and a safe to secure the financial assets until they are ready for deposit.

As part of the audit, the auditor conducted a surprise cash count on December 3, 2024. All collections 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 the collections. The Sheriff's Office deposits bond money in the Sheriff's bond bank account and deposits all other fees in the county demand account daily. No material discrepancies were detected in the testing of deposits.

Managing the Assets

A bank reconciliation properly performed and adequately supported is one of the best methods of cash management available to any official. The reconciliation process compares the Odyssey transaction list to the bank statements, identifies any discrepancies in the bond account and assists in preventing the misuse of funds. The bond account is reconciled monthly by the Senior Financial Coordinator. Any discrepancies are noted on the bank reconciliation as adjustments. Internal Audit reviewed the bank reconciliations for the audit period. As part of the internal audit review, the auditor performed proper four-column bank reconciliations for each bank account. No material discrepancies were detected in the testing of monthly bank reconciliations.

Compliance with Statutes, Policies and Procedures

Assistant Prosecutor Supplement Fund and Fair Defense Account

Government Code (GC) §41.258 Assistant Prosecutor Supplement Fund and Fair Defense Account (b) states “a court, judge, magistrate, peace officer, or other officer taking a bail bond for an offense other than a misdemeanor punishable by fine only under Chapter 17, Code of Criminal Procedure, shall require the payment of a \$15 reimbursement fee by each surety posting the bail bond, provided the fee does not exceed \$30 for all bail bonds posted at that time for an individual and the fee is not required on the posting of a personal or cash bond”. A sample of surety fee collections was tested. No material discrepancies were found in the Sheriff’s Office compliance with GC §41.258 (b).

License Expiration and Renewal

Occupations Code (OC) §1704.162 License Expiration and Renewal (c) states “an application for renewal must comply with the requirements for an original license application under Section 1704.154, including the \$500 filing fee requirement”. All bond company license renewal fees that occurred during the audit period were properly collected in accordance with OC §1704.162 (c).

Bond Disbursements

The Bond Division accepts money for various county and out-of-county entities. All money received by the Bond Division must be disbursed accurately, timely and to the proper entity. Bond disbursements are processed in Odyssey which produces a computer generated check. The Senior Financial Coordinator disburses the checks to the entities, as directed by the bond documents. It is the Sheriff’s Office policy to disburse bond money within 5 business days of receipt. No material discrepancies were detected in the testing of bond disbursements.



Galveston County Sheriff's Office

Jimmy Fullen, Sheriff

March 4, 2025

Randall Rice, CPA

Galveston County Auditor's Office

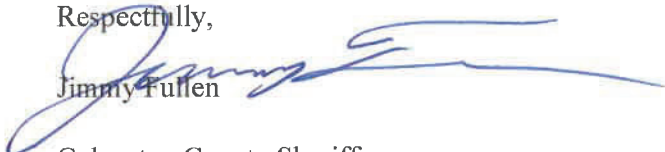
722 Moody Street 4th Floor

Galveston, Texas 77550

Mr. Rice,

We appreciate the time and effort your staff put into the most recent audit. If you have any questions or should need additional information, please feel free to contact me.

Respectfully,


Jimmy Fullen

Galveston County Sheriff

Courtesy, Protection, Service