GALVESTON COUNTY

Office of the County Auditor

Sergio Cruz
County Auditor

Christie Motogbe, CPA
First Assistant County Auditor

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June 22, 2026

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 Justice of the Peace, Precinct 1. The audit covered the period May 1, 2025 through April 30, 2026.

Sincerely,

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 15, 2026

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.

Safeguarding of Assets (page 5)

- All collections were accounted for during the surprise cash counts.
- 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 material 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 material discrepancies were noted in the court's compliance with the "Allocation Rule".
- No material 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 material discrepancies were noted in the testing of credits awarded for compliance with CCP §45A.262, CCP §45A.254, CCP §43.091, and court policy.
- No material discrepancies were noted in the testing for compliance with CCP §45A.302, 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), fluctuating from 4,573 in FY2021 to 2,636 in FY2025. The second-highest number of case types filed was for civil, which increased from 1,413 in FY2021 to 1,904 in FY2025.

- Total revenue collected decreased 26% from $967,709 in FY2021 to $714,227 in FY2025.

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, 2025 through April 30, 2026. The audit was performed from May 1, 2025 through May 15, 2026.

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.

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 6, 2026, and at the Texas City Office on May 14, 2026. 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.

No material discrepancies were noted.

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, for compliance with the applicable statutes regarding court costs, fines and fees collected by the office.

All cases tested were in compliance with the applicable statutes.

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 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. 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.

Collection Contracts

Code of Criminal Procedures 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

Code of Criminal Procedures (CCP) §45A.262 (replaced CCP §45.048, eff. January 1, 2025) 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

Code of Criminal Procedures (CCP) §45A.254 (replaced CCP § 45.049(a), eff. January 1, 2025) Community Service to Satisfy Fines 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

Code of Criminal Procedures (CCP) §43.091 (replaced CCP §45.0491, eff. January 1, 2025) Waiver of Payment of Fines and Costs for Indigent Defendants and Children states a 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 45A.453(a); and
(2) each alternative method of discharging the fine under Article 43.09 or 42.15 would impose an undue hardship on the defendant.

Court policy dictates all credit awarded must be approved by the Judge and adequate support documentation for credits must be scanned into Odyssey as proof of its validity.

A sample of cases was tested for compliance with CCP §45A.262, CCP §45A.254, CCP §43.091, and court policy.

No material discrepancies were noted.

Compliance with Statutes, Policies and Procedures (cont.)

Deferred Disposition (Adjudication)

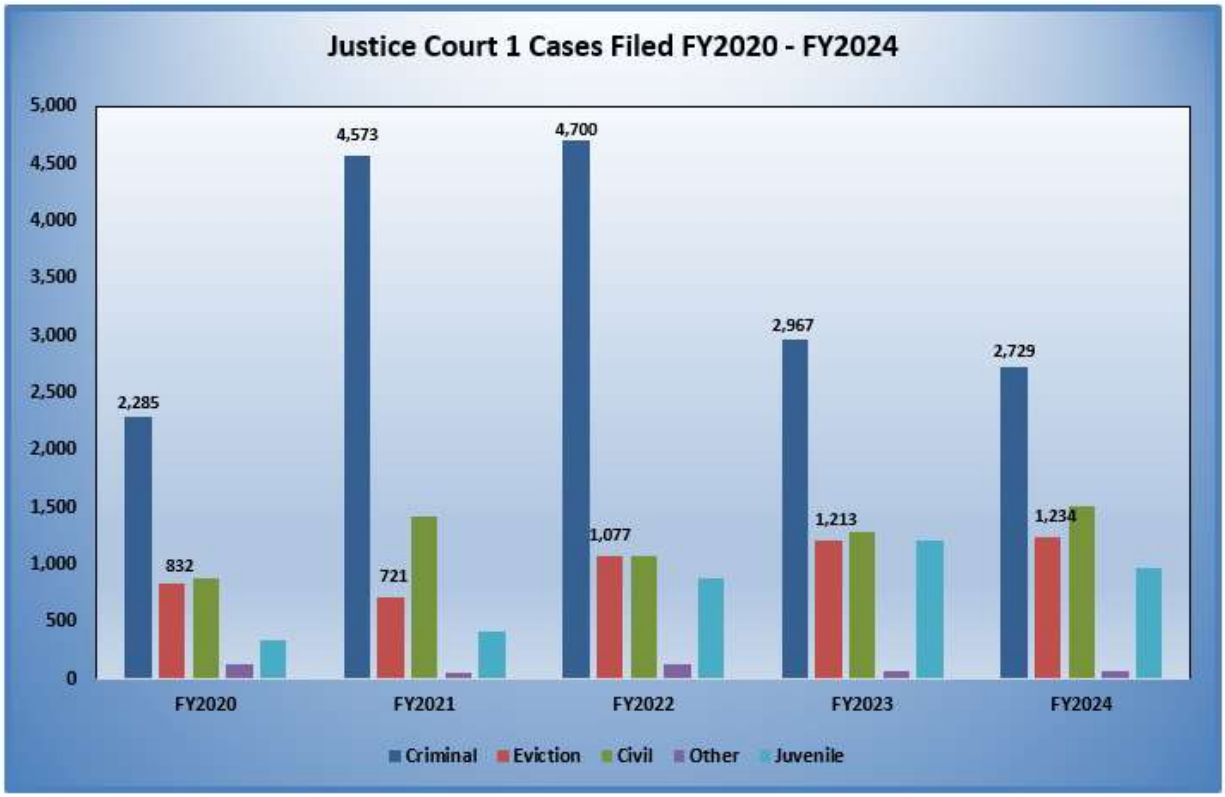
Code of Criminal Procedures §45A.302 (replaced CCP §45.051, eff. January 1, 2025) Deferred Disposition states on a plea of guilty or nolo contendere by a defendant or on a finding of guilt in a misdemeanor case punishable by fine only and payment of all court costs, a judge may defer further proceedings for a period not to exceed 180 days without entering an adjudication of guilt. "In issuing the order of deferral, the judge may impose a special expense fee 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 fee … may be collected at any time before the date on which the period of deferral ends. A judge who orders the collection of the fee must require that the amount of the fee be credited toward the payment of the amount of any fine imposed by the judge as punishment for the offense. The judge may elect not to impose the special expense fee for good cause shown by the defendant." 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.

No material discrepancies were noted.

Statistical Analysis

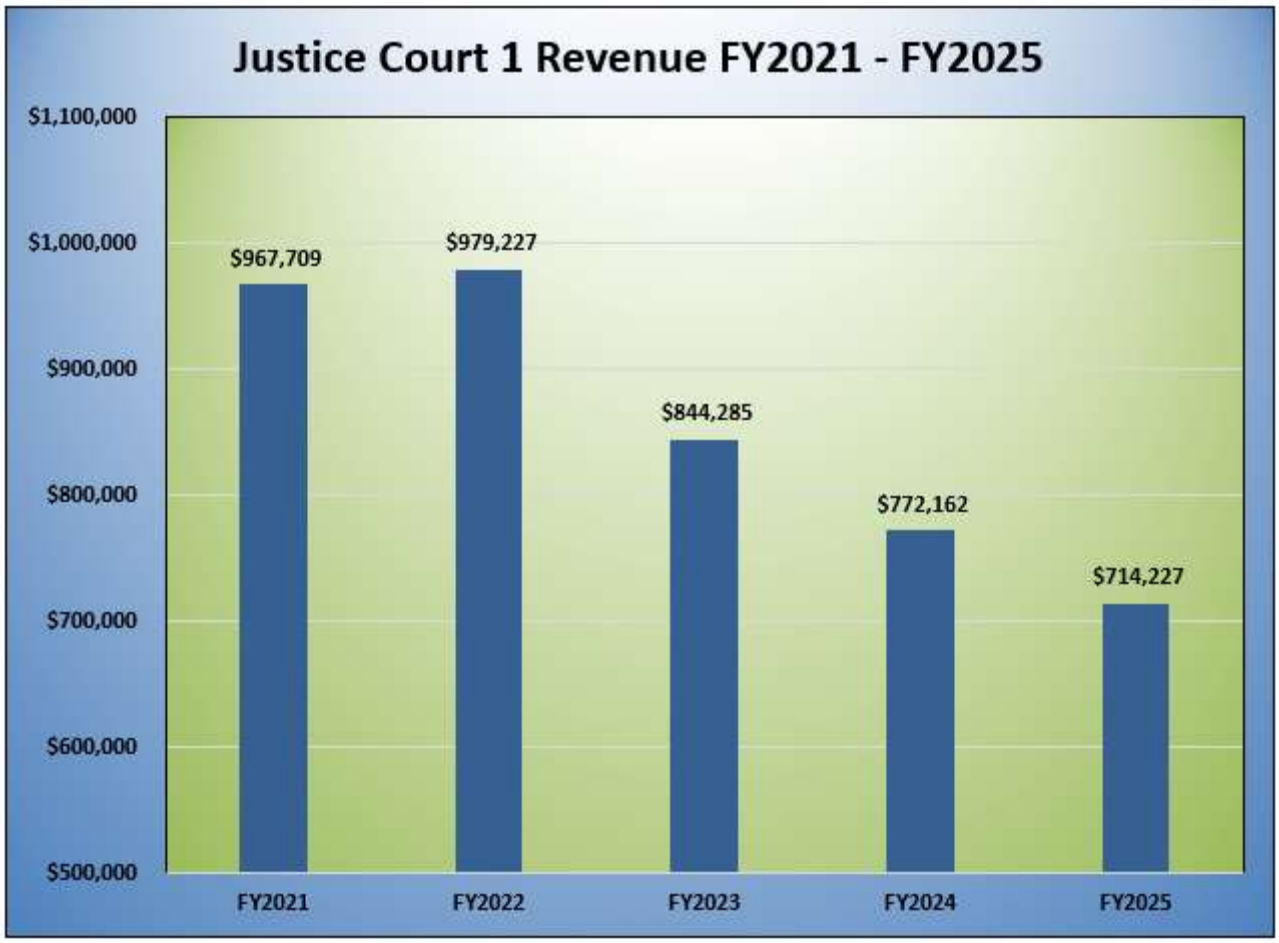
A five-year statistical analysis was performed on the cases filed through Justice of the Peace, Precinct 1 from FY2021 through FY2025. The data for the analysis was obtained from the Odyssey Case Filing Statistics Report. The date range used for the report was October 1, 2020 through September 30, 2025. The largest number of case types filed have continually been criminal cases (Traffic and Non-Traffic Misdemeanors), fluctuating from 4,573 in FY2021 to 2,636 in FY2025. The second-highest number of case types filed was for civil, which increased from 1,413 in FY2021 to 1,904 in FY2025. The following reflects the number of cases filed during the five-fiscal year analysis:

	Criminal	Eviction	Civil	Other	Juvenile	Total
FY2021	4,573	721	1,413	61	414	7,182
FY2022	4,700	1,077	1,081	123	880	7,861
FY2023	2,967	1,213	1,288	67	1,204	6,739
FY2024	2,729	1,234	1,503	65	969	6,500
FY2025	2,636	1,097	1,904	46	575	6,258
Total	**17,605**	**5,342**	**7,189**	**362**	**4,042**	



Statistical Analysis (cont.)

A five-year statistical analysis was performed on the revenue collected by Justice of the Peace, Precinct 1 from FY2021 through FY2025. The date range used for the report was October 1, 2020 through September 30, 2025. The annual bank deposit total decreased 26% from $967,709 in FY2021 to $714,227 in FY2025. The following chart reflects revenue collected by Justice of the Peace, Precinct 1 during the five-year fiscal year analysis:



Bacliff Office
4500 10th 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

June 02, 2026

Sergio Cruz
Office of County Auditor
722 Moody, 4th Floor
Galveston, Texas 77550

Mr. Cruz,

I am in receipt of the Justice of the Peace, Precinct 1 audit, dated May 15, 2026. The audit revealed there were no discrepancies noted during the audit period May 01, 2025-April 30, 2026. This is our third 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, Lisa McCabe, Cynthia Hicks and Lori McWhirter for their professionalism and courtesy during the audit process.

Respectfully,

Judge Greg Rikard
Justice of the Peace, Pct. 1