



GALVESTON PARK BOARD

11G
11/14/2024

November 5, 2024,

Honorable Mayor Brown and City Council,

We extend our sincere gratitude to the City Council for authorizing the City Auditor to perform this audit and to the City Auditor for their diligent work and technical expertise in addressing concerns surrounding the Beach Patrol credit card use. Their thorough investigation and analysis have been instrumental in identifying areas for improvement and helping us strengthen our financial controls.

It was determined by the Chief of Beach Patrol and the Chief Financial Officer that there was a possibility P-cards were being used for personal purchases at the Park Board in May of 2024. The Park Board immediately put the employee in question on leave, confiscated the P-cards for Beach Patrol, and began an internal investigation. At the conclusion of the internal investigation, the employee in question was terminated (June 2024).

All documents were turned over to the Galveston Police Department and the City Auditor in June 2024. The City Auditor analyzed 1,126 Beach Patrol P-Card transactions and check disbursements between September 1, 2019, through June 30, 2024. The total dollar amount of the Beach Patrol P-Card transactions and check disbursements reviewed amounted to \$1,400,681.91.

Of the 1,126 transactions reviewed, there were 74 P-Card and check disbursements identified by the City Auditor with a total dollar value of \$11,019.29 between May 18, 2020, through April 23, 2024, that did not qualify as bona fide Beach Patrol purchases.

As a result of the City Auditor's audit and GPD's investigation, the employee in question was arrested in September and charged with credit card abuse, among other charges.

According to the City Auditor's report, the misuse is due to the employee in question and supervisor not following the Policies and Procedures put in place by the Park Board Finance Department. We agree with this finding, and as a result, we are committed to fully incorporating all the recommendations outlined in the audit report. While many of these recommendations were already part of our existing policies, we acknowledge that they were not consistently followed, which contributed to the identified issues.

In response, we have taken significant steps to enhance our internal controls and policies. We have developed a comprehensive and standalone credit card policy, as well as updated travel and accounts payable policies. The City Auditor's report drove the development of these policies and each of the recommendations has been incorporated in the new credit card policy. The Trustees are set to approve these policies at the meeting scheduled for November 12, 2024.

Additionally, we will be holding mandatory training for all staff in December to ensure thorough understanding and compliance with these updated policies. This training will be an annual event and will

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SIG. <u>J. Williams</u>

be mandatory. It is our focus to implement the recommendations and updated policies to mitigate something like this from happening again.

We welcome routine audits by the City Auditor's Office, as these audits help create a culture of accountability and a perception of detection. This proactive approach reinforces our commitment to responsible stewardship of public funds and continuous improvement of our financial practices.

Thank you again for your support and guidance.

Sincerely,



Jason Hardcastle,
Chairman
Park Board of Trustees of the City of Galveston