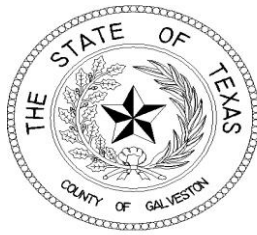


GALVESTON COUNTY



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

June 27, 2022

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the internal audit report of the Galveston County Financial Assistance Program that covered the period October 1, 2019 through September 30, 2021. Also attached is the response memorandum from Sergio Cruz, Chief Financial Officer, dated June 17, 2022.

Sincerely,

Randall Rice CPA

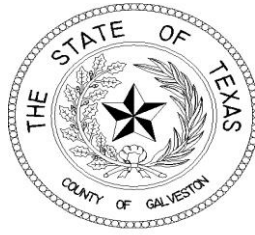
Digitally signed by Randall Rice CPA
Date: 2022.06.21 11:15:43 -05'00'

Randall Rice CPA
County Auditor

cc: Sergio Cruz

Attachment: Financial Assistance Program Audit Report
Response Memorandum, Sergio Cruz

GALVESTON COUNTY



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April 12, 2022

To: Honorable Mark A. Henry
County Judge

From: Randall Rice CPA
County Auditor

Re: Financial Assistance Program Internal Audit Report

Honorable Judge and Members of the Court:

The Internal Audit Division conducted an internal audit of the Financial Assistance program. The internal audit covered the period October 1, 2019 through September 30, 2021. The audit was performed by Lori McWhirter, Internal Audit Manager, and Jessica Gaul, Internal Auditor.

Introduction

Galveston County entered into agreements with various non-profit agencies to provide financial assistance for rent, utilities and medications to eligible clients. Under the agreement, funding to agencies is provided in single annual payments each fiscal year. Administrative fees for providing the services made up 10% of the payment. During the audit period the county provided the following funds to non-profit agencies under the Financial Assistance Program.

M.I. Lewis Social Service Center	FY2020	FY2021
Financial Assistance Funds	\$ 0.00	\$ 9,090.91
Administration Fees	\$ 0.00	\$ 909.09
Total	\$ 0.00	\$ 10,000.00

Salvation Army	FY2020	FY2021
Financial Assistance Funds	\$ 36,364.00	\$ 45,454.91
Administration Fees	\$ 3,636.00	\$ 4,545.09
Total	\$ 40,000.00	\$ 50,000.00

St. Vincent's House	FY2020	FY2021
Financial Assistance Funds	\$ 63,364.00	\$ 90,909.10
Administration Fees	\$ 6,636.00	\$ 9,090.90
Total	\$ 70,000.00	\$ 100,000.00

Financial Assistance Funding

The Contract Services Division Financial Assistance Guidelines Section D - Funding Criteria states, provided clients meet certain criteria, financial assistance will be distributed as follows:

- Electricity - \$170
- Rent - \$225
- Water - \$50
- Gas - \$50
- Medication (multiple prescriptions) \$175 maximum
- Medication (one prescriptions) \$150 maximum

M.I. Lewis Social Service Center

During the audit period, the M.I. Lewis Social Service Center provided financial assistance to 109 clients totaling \$24,378.90.

Category	FY2020		FY2021		Totals	
Housing	26	\$ 5,566.90	23	\$ 9,046.50	49	\$ 14,613.40
Electric	11	\$ 1,678.72	12	\$ 1,976.10	23	\$ 3,654.82
Water	3	\$ 146.31	4	\$ 280.77	7	\$ 427.08
Gas	1	\$ 23.20	1	\$ 43.21	2	\$ 66.41
Reliant CARE	12	\$ 2,107.69	16	\$ 3,509.50	28	\$ 5,617.19
Totals	53	\$ 9,522.82	56	\$ 14,856.08	109	\$ 24,378.90

Salvation Army

During the audit period, the Salvation Army provided financial assistance to 309 clients totaling \$77,330.18.

Category	FY2020		FY2021		Totals	
Housing	85	\$ 29,619.74	133	\$ 33,732.50	218	\$ 63,352.24
Electric	12	\$ 2,200.33	50	\$ 8,122.12	62	\$ 10,322.45
Water	5	\$ 418.42	12	\$ 1,302.19	17	\$ 1,720.61
Gas	1	\$ 50.00	2	\$ 100.00	3	\$ 150.00
Reliant CARE	2	\$ 313.37	7	\$ 1,471.51	9	\$ 1,784.88
Totals	105	\$ 32,601.86	204	\$ 44,728.32	309	\$ 77,330.18

St. Vincent's House

During the audit period, St. Vincent's House provided financial assistance to 994 clients totaling \$169,505.91.

Category	FY2020		FY2021		Totals	
Housing	188	\$ 47,506.39	225	\$ 57,877.27	413	\$ 105,383.66
Electric	162	\$ 22,888.54	183	\$ 28,082.56	345	\$ 50,971.1
Water	65	\$ 3,544.91	64	\$ 3,605.83	129	\$ 7,150.74
Gas	16	\$ 936.83	24	\$ 1,173.24	40	\$ 2,110.07
Medical	47	\$ 2,315.90	20	\$ 1,574.44	67	\$ 3,890.34
Totals	478	\$ 77,192.57	516	\$ 92,313.34	994	\$ 169,505.91

Charity Tracker

Charity Tracker is a web based application that Trident United Way provides free of charge to record and manage social services assistance. Pursuant to section 2.01 (c) and (d) of the contracts with Galveston County, the non-profit agencies agree to record all financial assistance in Charity Tracker. Section D - Funding Criteria of the Financial Assistance guidelines states all client information must be completely filled out in Charity Tracker. No data fields should be left blank. Information recorded in Charity Tracker must include the following information:

- Client Name, Address and Date of Birth
- Number of Individuals in the Household
- Household Income and Expenses
- Amount of Assistance Provided
- Date of Assistance

Internal Audit reviewed the Charity Tracker reports from Interfaith Caring Ministries, M.I. Lewis, Salvation Army and St. Vincent’s House.

Finding: There were numerous clients that did not have household income and/or expenses recorded in Charity Tracker. The following reflects the number of clients per agency that did not provide this information.

- M.I. Lewis – 91 Clients (83%)
- Salvation Army – 162 Clients (52%)
- St. Vincent’s House – 505 Clients (50%)

Recommendation: To ensure compliance with the contract and guidelines, all data fields must be filled out completely in Charity Tracker.

Financial Assistance Funding – Extreme Circumstances

In the event financial assistance is requested for an amount that exceeds the authorized limit, the Case Manager, their Supervisor and the Contract Services Indigent Coordinator must discuss the circumstances that caused the need for additional financial assistance and determine if the additional assistance should be provided. The client must provide adequate support documentation to the extreme circumstances. There were numerous clients who requested additional financial assistance during the COVID-19 pandemic.

- **M.I. Lewis Social Service Center**

During the audit period there were 12 clients (11%) for which financial assistance provided exceeded the authorized limit. The total amount of financial assistance was \$4,049.50.

	Count	Amount
Housing	9	\$ 3,871.50
Electric	2	\$ 97.23
Water	1	\$ 80.77
Totals	12	\$ 4,049.50

- **Salvation Army**

During the audit period there were 72 clients (24%) for which financial assistance provided exceeded the authorized limit. The total amount of financial assistance was \$16,060.73.

	Count	Amount
Housing	55	\$ 14,580.78
Electric	9	\$ 608.88
Water	8	\$ 871.07
Totals	72	\$ 16,060.73

Financial Assistance Funding – Extreme Circumstances (cont.)

- **St. Vincent’s House**

During the audit period there were 112 clients (11%) for which financial assistance provided exceeded the authorized limit. The total amount of financial assistance was \$17,210.49.

	Count	Amount
Housing	30	\$ 14,064.81
Electric	44	\$ 1,734.40
Water	29	\$ 799.36
Gas	7	\$ 262.21
Medical	2	\$ 349.71
Total	112	\$ 17,210.49

- **Interfaith Caring Ministries** did not participate in the Galveston County Financial Assistance Program during the audit period. The agency participated in the Reliant CARE Program in FY2020 only, assisting 13 clients totaling \$2,893.49 in assistance. None of the financial assistance provided exceeded the authorized limit.

Internal audit reviewed a sample of financial assistance disbursements that exceeded the authorized limit. All were approved by the Contract Services Indigent Coordinator.

Duplicate Financial Assistance

The Financial Assistance Guidelines Section D - Funding Criteria states, “Each utility or rental can be paid only once in a 12 month period per individual or household, subject to approval. Medical assistance can be paid only twice in a 12 month period for any individual”. Internal audit reviewed the Charity Tracker reports for the audit period to ensure financial assistance provided was in compliance with the Financial Assistance Guidelines.

There were many clients who received duplicate financial assistance within the same category, in the same fiscal year during the audit period. The majority of the instances occurred during the COVID-19 pandemic. All were approved by the Contract Services Indigent Coordinator.

	Client #	Assistance Date	Financial Assistance Category	Amount	Agency
1	C93043	8/13/2020	WATER	\$ 70.14	Salvation Army
	C93043	8/17/2020	WATER	\$ 50.00	St. Vincent's House
2	C86110	12/5/2019	ELECTRIC	\$ 170.00	St. Vincent's House
	C86110	6/22/2020	ELECTRIC	\$ 167.74	St. Vincent's House
3	C98434	7/13/2020	HOUSING	\$ 225.00	St. Vincent's House
	C98434	7/14/2020	HOUSING	\$ 225.00	M. I. Lewis
4	C9430	5/20/2020	HOUSING	\$ 450.00	Salvation Army
	C9430	6/9/2020	HOUSING	\$ 225.00	St. Vincent's House
5	C25102	4/6/2020	HOUSING	\$ 225.00	St. Vincent's House
	C25102	4/7/2020	HOUSING	\$ 253.00	Salvation Army
6	C68136	4/7/2020	HOUSING	\$ 500.00	Salvation Army
	C68136	4/8/2020	HOUSING	\$ 225.00	St. Vincent's House
7	C97244	6/11/2020	HOUSING	\$ 698.00	St. Vincent's House
	C97244	8/14/2020	HOUSING	\$ 400.00	Salvation Army
8	C97091	4/7/2020	HOUSING	\$ 432.00	St. Vincent's House
	C97091	5/5/2020	HOUSING	\$ 435.00	Salvation Army

Duplicate Financial Assistance (cont.)

9	C98132	6/2/2020	HOUSING	\$ 500.00	Salvation Army
	C98132	6/9/2020	HOUSING	\$ 225.00	St. Vincent's House
10	C94648	11/27/2019	HOUSING	\$ 225.00	Salvation Army
	C94648	5/14/2020	HOUSING	\$ 225.00	St. Vincent's House
11	C100361	1/6/2021	HOUSING	\$ 225.00	Salvation Army
	C100361	6/10/2021	HOUSING	\$ 444.00	MI Lewis
12	C100696	12/10/2020	HOUSING	\$ 225.00	St. Vincent
	C100696	1/8/2021	HOUSING	\$ 225.00	Salvation Army
13	C102176	6/1/2021	HOUSING	\$ 400.00	St. Vincent
	C102176	7/13/2021	HOUSING	\$ 400.00	Salvation Army
14	C25516	12/2/2020	HOUSING	\$ 225.00	Salvation Army
	C25516	4/12/2021	HOUSING	\$ 225.00	St. Vincent
15	C91028	11/12/2020	HOUSING	\$ 225.00	Salvation Army
	C91028	12/18/2020	HOUSING	\$ 225.00	St. Vincent
16	C25875	1/19/2021	HOUSING	\$ 225.00	St. Vincent
	C25875	9/25/2021	HOUSING	\$ 810.00	St. Vincent
17	C101912	4/22/2021	HOUSING	\$ 500.00	Salvation Army
	C101912	5/3/2021	HOUSING	\$ 225.00	St. Vincent
18	C101289	5/12/2021	ELECTRIC	\$ 140.75	Salvation Army
	C101289	8/3/2021	ELECTRIC	\$ 170.00	St. Vincent
19	C22993	5/4/2021	ELECTRIC	\$ 170.00	St. Vincent
	C22993	5/4/2021	ELECTRIC	\$ 38.29	St. Vincent
20	C103403	9/22/2021	GAS	\$ 50.00	St. Vincent
	C103403	9/22/2021	GAS	\$ 50.00	St. Vincent

Federal Poverty Guidelines

The Financial Assistance Guidelines Section C - Eligibility Requirements mandates the applicant must meet income guidelines in order to receive assistance. The Notice of Denial of Assistance form requires the applicant’s household income to be within the gross federal poverty guidelines. The gross federal poverty guideline is determined by the number of individuals living in the household.

Finding: There were multiple applicants who received financial assistance whose income exceeded the gross federal poverty guidelines.

- M. I. Lewis – 22 Clients (20%)
- Salvation Army – 100 Clients (32%)
- St. Vincent’s House – 197 Clients (20%)

Recommendation: To ensure compliance with the contract and guidelines, the applicant’s household income must be within the gross federal poverty guidelines.

Financial Assistance Support Documentation

Under the agreements, specific requirements and criteria must be met for all financial assistance, including:

- Adequate support documentation must be provided for all financial assistance.
- For financial assistance with housing, the lease must be in the client's name, must be current and signed by the client and the landlord.
- Lot fees or mobile home rental costs are only eligible if the landlord is not a relative.
- Financial assistance for mortgages, late fees and deposits are not eligible.
- For financial assistance with utility bills, the client must provide a current utility bill with a breakdown of all charges. The address of the client must be the same as the address on the utility bill.
- For financial assistance provided by the Reliant CARE Program, recipients must be a current Reliant Energy customer at the time the assistance is provided.
- Pre-paid services and reconnect/disconnect fees are not eligible.

Internal audit reviewed a sample of invoices submitted for reimbursement of financial assistance to ensure adequate support documentation was provided. No discrepancies were noted.

Community Assistance by Reliant Energy (CARE) Program

Reliant Energy provides financial assistance through their Community Assistance by Reliant Energy (CARE) Program. Reliant Energy allows Galveston County to act as a pass-through entity to provide CARE funds to non-profit agencies. The agency requesting financial assistance sends a letter of request and an invoice to the Contract Services Indigent Coordinator. The letter, invoice and support documentation are forwarded to the Accounts Payable department for processing. During the audit period, \$10,345 was disbursed.

PEID	Vendor	Amount
716081	M.I. LEWIS FINANCIAL ASSISTANCE	\$ 5,693.85
716083	INTERFAITH CARING MINISTRIES	\$ 2,893.49
720543	SALVATION ARMY	\$ 1,758.26
	Total	\$ 10,345.60

The Financial Assistance Guidelines Section F Reliant Energy states “All recipients of CARE contributions are eligible for a maximum annual payment not to exceed \$300. The assistance payment may be a one-time payment of up to \$300 in accordance with Galveston County Contract Services hardship criteria or the recipient may receive multiple assistance payments as long as the annual total does not exceed the maximum \$300 limit.”

Internal audit reviewed the Charity Tracker reports for the Reliant Energy (CARE) Program for the audit period to ensure financial assistance provided was in compliance with the Financial Assistance Guidelines. No exceptions were noted with the Reliant Energy (CARE) Program financial assistance.

Reporting Requirements

The contract between Galveston County and the Non-Profit Agencies Section 2.03 Provider Reports states each non-profit agency shall submit monthly expenditure reports to the Contract Services Indigent Coordinator. A report must be submitted for all months even if funds were not distributed. The Financial Assistance Guidelines Section E - Contract Services Division Designee states all agencies receiving Galveston County funds must submit a monthly report to the Contract Services Indigent Coordinator. A report must be submitted for all months even if funds were not distributed.

The monthly reports must include the following information:

- Client's first & last name
- First & last name reflected on the vendor bill
- Client address, including city and zip code
- Vendor name
- Amount of assistance provided
- Date of assistance
- Date the check was mailed
- Vendor bill due date

All of the non-profit agencies contracted with the county submitted monthly Charity Tracker reports to the Contract Services Indigent Coordinator, even for the months when funds were not distributed. Internal Audit reviewed the monthly reports to ensure compliance with the contract and the guidelines.

Finding: The non-profit agencies provide monthly Charity Tracker reports to the Contract Services Indigent Coordinator. The reports provided do not contain the date the check for assistance was mailed or the vendor bill due date.

Recommendation: To ensure compliance with the contract between Galveston County and the Non-Profit Agencies Section 2.03 Provider Reports, the vendor payment information must be included on the monthly reports.



MEMORANDUM

Date: June 17, 2022

To: Randall Rice, County Auditor

From: Sergio Cruz, Chief Financial Officer *SC*

CC: Diana Huallpa, Deputy Chief Financial Officer
Tashonda Edwards, Indigent Coordinator
Lori Mcwhirter, Internal Audit Manager
Jessica Gaul, Internal Auditor

Subject: Response to Financial Assistance Program Internal Audit Report

The Department of Professional Services has reviewed the Financial Assistance Program Internal Audit Report performed by Lori Mcwhirter, Internal Audit Manager and Jessica Gaul, Internal Auditor. Our office agrees with the auditor's comment and will take the following action to address the audit findings.

In regards to the missing information in Charity Tracker, the Department of Professional Services staff, including the CFO, Deputy CFO, and Indigent Care Coordinator, will provide additional training to the agencies to ensure they are in compliance with the guidelines and contract. Additionally, our department will provide the agencies with a report of the audit findings and request an action plan to address any concerns.

Furthermore, in regards to the second auditor's recommendation in terms of the Federal Poverty guidelines, the Department of Professional Services will reinforce the guidelines with the agencies. However, it is essential to note that the guidelines allow for flexibility when the client experiences financial hardship and meets all the supporting documentation requirements.

Lastly, regarding the reporting requirement, the department will establish a report to request the missing information regarding the vendor payment information. Revisions to the guidelines will be made as needed to ensure the guidelines are current, and agencies will be notified of the revisions.