

# 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 4<sup>th</sup> Floor, Galveston, TX 77550

---

April 3, 2023

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 January 1, 2022 through December 31, 2022. Also attached is the response memorandum from Sergio Cruz, Chief Financial Officer, dated March 23, 2023.

Sincerely,

*Randall Rice CPA*

Digitally signed by Rice, Randall  
Date: 2023.03.24 10:35:51 -05'00'

Randall Rice CPA  
County Auditor

cc: Sergio Cruz

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

# 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 4<sup>th</sup> Floor, Galveston, TX 77550

---

February 16, 2023

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 January 1, 2022 through December 31, 2022. The audit was performed by 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.

#### **St. Vincent's House**

Financial Assistance Funds	\$	68,045.44
Administration Fees	\$	6,954.56
<b>Total</b>	<b>\$</b>	<b>75,000.00</b>

#### **Catholic Charities**

Financial Assistance Funds	\$	27,272.72
Administration Fees	\$	2,727.28
<b>Total</b>	<b>\$</b>	<b>30,000.00</b>

#### **Salvation Army**

Financial Assistance Funds	\$	27,136.36
Administration Fees	\$	2,863.64
<b>Total</b>	<b>\$</b>	<b>30,000.00</b>

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

Financial Assistance Funds	\$	13,500.00
Administration Fees	\$	1,500.00
<b>Total</b>	<b>\$</b>	<b>15,000.00</b>

### **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. The Contract Services Division Financial Assistance Guidelines Section E - Funding Criteria 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 St. Vincent's House, Catholic Charities, Salvation Army, and M.I. Lewis Social Service Center. No material exceptions were noted.

### **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 F - 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

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 a sample of monthly reports to ensure compliance with the contract and the guidelines. No exceptions were noted.

### **Financial Assistance Distributions**

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

- Rent - \$500
- Electricity - \$200
- Water - \$75
- Gas - \$50
- Medication - \$175

**St. Vincent's House**

During the audit period, St. Vincent's House provided financial assistance to 225 clients. Numerous clients received assistance in more than one category, resulting in 283 payments totaling \$34,249.47.

Category		Totals
Housing	10	\$ 2,825.00
Electric	142	\$ 23,614.87
Water	80	\$ 5,130.52
Gas	34	\$ 1,841.70
Medical	17	\$ 837.38
<b>Totals</b>	<b>283</b>	<b>\$ 34,249.47</b>

**Catholic Charities**

During the audit period, Catholic Charities provided financial assistance to 54 clients. Numerous clients received assistance in more than one category, resulting in 68 payments totaling \$15,761.69.

Category		Totals
Housing	34	\$ 11,671.62
Electric	20	\$ 3,302.62
Water	9	\$ 563.31
Gas	5	\$ 224.14
<b>Totals</b>	<b>68</b>	<b>\$ 15,761.69</b>

**Salvation Army**

During the audit period, the Salvation Army provided financial assistance to 172 clients. Numerous clients received assistance in more than one category, resulting in 221 payments totaling \$39,490.33.

Category		Totals
Housing	109	\$ 24,658.93
Electric	61	\$ 9,491.09
Water	20	\$ 1,058.20
Gas	13	\$ 606.42
Medical	1	\$ 77.00
Reliant CARE	17	\$ 3,598.69
<b>Totals</b>	<b>221</b>	<b>\$ 39,490.33</b>

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

During the audit period, the M.I. Lewis Social Service Center provided financial assistance to 90 clients. Numerous clients received assistance in more than one category, resulting in 101 payments totaling \$24,118.73.

Category		Totals
Housing	29	\$ 10,088.01
Electric	29	\$ 4,694.10
Water	8	\$ 460.46
Gas	1	\$ 26.26
Medical	1	\$ 572.44
Reliant CARE	33	\$ 8,277.46
<b>Totals</b>	<b>101</b>	<b>\$ 24,118.73</b>

**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, \$11,544.95 was disbursed.

PEID	Vendor	Amount
716081	M.I. LEWIS SOCIAL SERVICE CENTER	\$ 7,928.66
720543	SALVATION ARMY	\$ 3,616.29
<b>Total</b>		<b>\$ 11,544.95</b>

The Financial Assistance Guidelines Section G - Reliant Energy states “All recipients of CARE contributions are eligible for a maximum annual payment not to exceed \$500. The assistance payment may be a one-time payment of up to \$500 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 \$500 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 material exceptions were noted with the Reliant Energy (CARE) Program financial assistance.

**Financial Assistance Distributions – 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.

- **St. Vincent’s House**  
During the audit period there were 48 clients (17%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$3,032.25.
- **Catholic Charities**  
During the audit period there were 15 clients (22%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$3,520.91.
- **Salvation Army**  
During the audit period there was 1 client (0.5%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$295.00.
- **M.I. Lewis Social Service Center**  
During the audit period there were 12 clients (12%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$3,654.24.

**Federal Poverty Guidelines**

The Financial Assistance Guidelines Section D - 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.

- St. Vincent’s House – 56 Clients (20%)
- Catholic Charities – 15 Clients (22%)
- Salvation Army – 49 Clients (22%)
- M. I. Lewis Social Service Center – 9 Clients (9%)

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

**Duplicate Financial Assistance**

The Financial Assistance Guidelines Section E - 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 guidelines.

There were many clients who received duplicate financial assistance within the same category, in the same year during the audit period.

	Client #	Assistance Date	Financial Assistance Category	Amount	Agency
<b>1</b>	C23296	8/31/2022	HOUSING	\$ 225.00	St. Vincent's House
	C23296	9/15/2022	HOUSING	\$ 225.00	St. Vincent's House
<b>2</b>	C5894	7/11/2022	WATER	\$ 50.00	St. Vincent's House
	C5894	8/3/2022	WATER	\$ 262.76	St. Vincent's House
<b>3</b>	C103848	7/11/2022	ELECTRIC	\$ 170.00	Salvation Army
	C103848	8/8/2022	ELECTRIC	\$ 123.21	St. Vincent's House
<b>4</b>	C23883	5/25/2022	ELECTRIC	\$ 153.76	Salvation Army
	C23883	9/1/2022	ELECTRIC	\$ 170.00	St. Vincent's House
<b>5</b>	C105569	5/11/2022	ELECTRIC	\$ 130.51	Catholic Charities
	C105569	9/15/2022	ELECTRIC	\$ 170.00	Salvation Army
<b>6</b>	C105569	5/12/2022	WATER	\$ 66.91	Catholic Charities
	C105569	9/15/2022	WATER	\$ 50.00	Salvation Army
<b>7</b>	C9430	2/23/2022	ELECTRIC	\$ 170.00	St. Vincent's House
	C9430	8/18/2022	ELECTRIC	\$ 170.00	Salvation Army
<b>8</b>	C91036	6/17/2022	HOUSING	\$ 225.00	Salvation Army
	C91036	6/30/2022	HOUSING	\$ 600.00	M.I. Lewis
<b>9</b>	C43912	6/8/2022	HOUSING	\$ 225.00	Salvation Army
	C105557	6/10/2022	HOUSING	\$ 225.00	Salvation Army



## MEMORANDUM

Date: March 23, 2023

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 FY 2023 Financial Assistance Program Internal Audit Report

---

The Department of Professional Services has reviewed the Financial Assistance Program Internal Audit Report and agrees with the auditor's comment and will take the following action to address the auditor's findings.

The Department of Professional Services staff will develop a *Financial Assistance Program Exception Form* to be filled by the agencies in regards to the duplication of service exceptions allowable under the guidelines. In addition, revisions to the guidelines will be made as needed to ensure the guidelines are current. Agencies will be notified of the revisions as soon as they become available and effective.