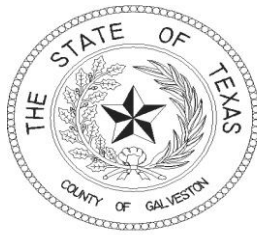


GALVESTON COUNTY



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

April 29, 2024

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, 2023 through December 31, 2023. Also attached is the response memorandum from Sergio Cruz, Chief Financial Officer, dated April 10, 2024.

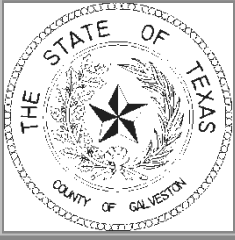
Sincerely,

Randall Rice CPA

Randall Rice CPA
County Auditor

cc: Sergio Cruz

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



Galveston County Financial Assistance Program Audit

February 6, 2024

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

Executive Summary.....	1
Introduction	2
Details	3-7

Executive Summary

Reliability and Integrity of Information (pages 3-4)

- No material discrepancies were noted in the review of county funds provided to non-profit agencies.
- No material exceptions were noted in the review of Charity Tracker reports.

Compliance with Statutes, Policies and Procedures (pages 5-9)

- No exceptions were noted in the review of the monthly reporting required by the contracts between Galveston County and the Non-Profit Agencies.
- No discrepancies were noted in the review of the Financial Assistance Guidelines Section E - Funding Criteria.
- No exceptions were noted for the review of the Charity Tracker reports for Reliant Energy (CARE) Program.
- No discrepancies were noted in the review of Financial Assistance Distribution for Extreme Circumstances.
- To ensure compliance with the contract and Financial Assistance Guidelines, each applicant's household income must be within the gross federal poverty guidelines.
- No material discrepancies were noted in the review of duplicate financial assistance.

Introduction

The Internal Audit division conducted an audit of the Financial Assistance program, in accordance with Local Government Code (LGC) §115. The internal audit covered the period January 1, 2023 through December 31, 2023.

The objectives of the audit were to provide reasonable assurance concerning:

- Reliability and integrity of information
- Compliance with laws, regulations, contracts, policies and procedures

The scope of the internal audit encompassed the financial records and administrative procedures related to the Financial Assistance program. The internal audit included, but was not limited to, the accounts, reports, contracts and records of the Financial Assistance program

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 Financial Assistance program as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Celeste McGilberry, 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.

Non-Profit Agencies

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. Administration fees for providing the services make up 10% of the payment. During the audit period the county provided the following funds to non-profit agencies under the Financial Assistance Program. No material discrepancies were noted in the review of county funds provided to the agencies.

St. Vincent's House	
Financial Assistance Funds	\$ 63,636.36
Administration Fees	6,363.64
Total	<u>\$ 70,000.00</u>
Catholic Charities	
Financial Assistance Funds	\$ 27,272.71
Administration Fees	2,727.29
Total	<u>\$ 30,000.00</u>
Salvation Army	
Financial Assistance Funds	\$ 36,363.64
Administration Fees	3,636.36
Total	<u>\$ 40,000.00</u>
M.I. Lewis Social Service Center	
Financial Assistance Funds	\$ 27,272.72
Administration Fees	2,727.28
Total	<u>\$ 30,000.00</u>

Reliability and Integrity of Information (cont.)

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 in the review of Charity Tracker reports.

Compliance with Statutes, Policies and Procedures

Reporting Requirements

The contracts between Galveston County and the Non-Profit Agencies Section 2.03 Provider Reports require each non-profit agency to submit monthly expenditure reports to the Galveston County Contract Services Indigent Coordinator. A report must be submitted for each month 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 each month 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 in the review of the contract between Galveston County and the Non-Profit Agencies Section 2.03.

Compliance with Statutes, Policies and Procedures (cont.)

Financial Assistance Distributions

The Financial Assistance Guidelines Section E - Funding Criteria states, provided clients meet certain criteria and are not facing an extreme circumstance, 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 81 clients. Numerous clients received assistance in more than one category, resulting in 97 payments totaling \$13,167.56.

Category		Totals
Housing	2	\$ 509.61
Electric	55	9,794.63
Water	29	2,287.47
Gas	10	507.65
Medical	1	68.20
Totals	97	\$ 13,167.56

Catholic Charities

During the audit period, Catholic Charities provided financial assistance to 39 clients. Numerous clients received assistance in more than one category, resulting in 71 payments totaling \$19,792.55.

Category		Totals
Housing	33	\$ 15,403.11
Electric	17	2,972.38
Water	18	1,267.06
Gas	3	150.00
Totals	71	\$ 19,792.55

Salvation Army

During the audit period, the Salvation Army provided financial assistance to 146 clients. Numerous clients received assistance in more than one category, resulting in 197 payments totaling \$50,624.24.

Category		Totals
Housing	53	\$ 24,771.81
Electric	62	11,462.88
Water	30	2,267.83
Gas	15	760.93
Reliant CARE	37	11,360.79
Totals	197	\$ 50,624.24

Compliance with Statutes, Policies and Procedures (cont.)

M.I. Lewis Social Service Center

During the audit period, the M.I. Lewis Social Service Center provided financial assistance to 102 clients. Numerous clients received assistance in more than one category, resulting in 130 payments totaling \$30,391.85.

Category	Totals
Housing	31 \$ 13,767.23
Electric	32 5,296.30
Water	19 1,249.38
Gas	11 379.44
Reliant CARE	37 9,699.50
Totals	130 \$ 30,391.85

No discrepancies were noted in the review of the Financial Assistance Guidelines Section E - Funding Criteria.

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 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.” 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, \$20,458.29 was disbursed.

Vendor	Amount
M.I. LEWIS SOCIAL SERVICE CENTER	\$ 9,220.50
SALVATION ARMY	11,358.79
Total	\$ 20,458.29

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 for the review of the Charity Tracker reports for Reliant Energy (CARE) Program.

Compliance with Statutes, Policies and Procedures (cont.)

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 10 clients (10%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$253.35.
- **Catholic Charities**
During the audit period there was 1 client (1%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$9.64.
- **Salvation Army**
During the audit period there were 11 client (6%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$263.43.
- **M.I. Lewis Social Service Center**
During the audit period there were 2 clients (2%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$17.01.

Internal audit reviewed all clients who received additional assistance during the audit period. No discrepancies were noted in the review of Financial Assistance Distribution for Extreme Circumstances.

Compliance with Statutes, Policies and Procedures (cont.)

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 – 35 Clients (36%)
- Catholic Charities – 19 Clients (27%)
- Salvation Army – 40 Clients (20%)
- M. I. Lewis Social Service Center – 28 Clients (21%)

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.

No material discrepancies were noted in the review of duplicate financial assistance.



MEMORANDUM

Date: April 10, 2024

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
Celeste McGilberry, Internal Auditor

Subject: Response to 2023 Financial Assistance Program Internal Audit Report

The Department of Professional Services has reviewed and is in agreement with the Financial Assistance Program Internal Audit Report.

The Department of Professional Services staff will continue to monitor Federal Poverty Guidelines to ensure compliance to the Financial Assistance Guidelines.