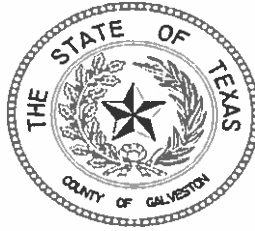


# GALVESTON COUNTY



## Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor  
Kristin Bulanek CIA, 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

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October 22, 2018

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:

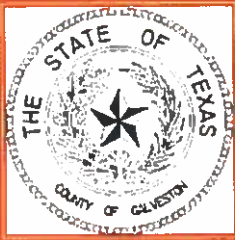
Attached for your consideration is the internal audit report of Child Welfare on behalf of the Department of Professional Services. The audit covered the period July 1, 2017 through June 30, 2018. Also attached is the response letter from James Gentile.

Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA  
County Auditor

Attachment: Child Welfare Internal Audit Report  
Response Letter, James Gentile



# Galveston County Child Welfare Internal Audit

August 29, 2018

Galveston  
County  
Internal Audit  
Division

Randall Rice CPA  
CITP CISA CIO CBM DABFA CGMA  
County Auditor

Executive Summary .....	1
Introduction .....	2
Details .....	3-4

# Executive Summary

## Reliability and Integrity of Information (page 3)

- All funds in the District Attorney's change fund were accounted for at the time of the surprise cash count. Controls are in place to ensure staff uses a lockable drawer to secure funds until they are ready for use.

## Compliance with Statutes, Policies and Procedures (pages 4)

- The child welfare and legal reimbursement requests for Quarter 2 of fiscal year 2017 have not been received by the county. The department should implement a policy that monitors requests for reimbursement to ensure the amounts requested from the state are received by the county in a timely manner.

# Introduction

The Internal Audit Division conducted an internal audit of Galveston County Child Welfare in accordance with Local Government Code §115. The internal audit covered the period July 1, 2017 through June 30, 2018. The audit was performed from August 1, 2018 through August 29, 2018.

The primary objectives of the internal audit are to provide reasonable assurance concerning:

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

The scope of the internal audit encompassed the financial records and administrative procedures related to Child Welfare. The internal audit included, but was not limited to, the applicant files, accounts, reports, contracts and records of Child Welfare. The internal audit may also include reports or other records of the County Auditor, other county officials and third party entities.

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 department head 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 Child Welfare as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Lillian Arredondo, 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.

### **Emergency Family Services**

Under Local Government Code (LGC) §130.902, a \$1,000.00 change fund for the District Attorney's Office was approved by Commissioners Court on September 13, 2016. The purpose of this change fund is to provide immediate financial support for CPS case inquiry and process service requests for time sensitive CPS cases. All cash and transactions are handled by District Attorney's employees, and replenishments to the fund are budgeted out of the District Attorney's Emergency Family Support account. Updated change fund procedures were provided to the District Attorney's Office and became effective October 2017 to ensure the change fund is managed using best practices.

A surprise cash count of the District Attorney's change fund was conducted as part of the audit on August 1, 2018. All funds were accounted for at the time of the surprise cash count. Controls are in place to ensure staff uses a lockable drawer to secure funds until they are ready for use.

# Compliance with Statutes, Policies and Procedures

As part of the audit, the auditor evaluated the adequacy and effectiveness of internal controls and governance regarding compliance with laws, regulations and contracts within Child Welfare.

## Requests for Reimbursement

Under Title IVE of the Social Security Act, certain expenses relating to child welfare (training, salaries, foster care maintenance, etc.) may be reimbursed to the county. There are two reports submitted to the state on behalf of this grant- one for legal fees and one for child welfare services. Expenses are reimbursed by the state on a quarterly basis. It is department policy to submit reimbursement requests no later than 90 days after the end of the quarter.

**Finding:** The child welfare and legal reimbursement requests for Quarter 2 of fiscal year 2017 have not been received by the county.

**Recommendation CW-18-01:** The office should determine the reason the reimbursement requests for Quarter 2 of fiscal year 2017 have not been received. For future requests, the office should implement a policy that monitors the requests for reimbursement to ensure the amounts requested from the state are received by the county in a timely manner.



County of Galveston  
Professional Services Department  
David M. Delac, Chief Financial Officer

CDBG Housing Department  
CDBG Non-Housing  
Child Welfare  
Fleet  
Grants/FEMA

Budget  
Financial Assistance  
Guardianship Program  
Indigent Burials  
Indigent Health Care

James Gentile  
Director of Contract Services

Randall Rice  
Galveston County Auditor  
722 Moody (21<sup>st</sup> St.)  
Galveston, TX. 77550

Re: Galveston County Child Welfare Internal Audit

Dear Mr. Rice,

The Professional Services' office of Galveston County is in receipt of the Child Welfare Internal Audit. I would like to thank your team for their efforts and professional execution of this audit.

An audit report such as this does not come without hard work. Our staff takes pride in their daily tasks to serve the Citizens of our County and the needs of the Children.

Even with great merit comes the continued task of improving our processes. Going forward our office has implemented a procedure, with the guidance of your staff, to monitor our reimbursements sent to the Department of Family and Protective Services more stringently. Since enacting this procedure, our delinquent reimbursement from the Department of Family and Protective Services has been received and processed.

Sincerely,

A handwritten signature in black ink, appearing to read "James Gentile", written over a horizontal line.

James Gentile