

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 4th Floor, Galveston, TX 77550

June 1, 2020

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 Agreement between Galveston County and Friends for Life relating to Guardianship Services that covered the period October 1, 2018 through September 30, 2019. Also attached is the response letter from Brent Hartzell, dated May 11, 2020.

Sincerely,

Randall Rice CPA
County Auditor

cc: Brent Hartzell

Attachment: Guardianship Services Audit Report
Response Letter, Brent Hartzell

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April 7, 2020

To: Mr. Brent Hartzell
Chief Financial Officer

From: Mrs. Lillian Arredondo
Internal Auditor

Re: Galveston County Guardianship Program Audit Report

The Internal Audit Division conducted an audit of the Agreement by and between Galveston County and Friends for Life for Guardianship Services Agreement in accordance with Government Code §155.001. The Agreement was extended on October 1, 2019 and expires on September 30, 2020. The audit covered the period October 1, 2018 through September 30, 2019. The objectives of the audit were to provide reasonable assurance concerning:

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

Persons Served

Friends for Life provides guardianship and related services to incapacitated persons in Galveston County or other persons in Galveston County who need assistance in making decisions concerning the respective person's own welfare or financial affairs. Article III Section 1(b) Persons Served states Friends for Life Guardianship Services shall comply with all applicable statutes, rules and standards of practice and serve up to 200 wards and representative payee clients in Galveston County.

The monthly average of persons served by Friends for Life during the audit period was 60 wards and 30 representative payees.

Certified Employees

Article III Section 1(c) Certification Required for Performing Services as Guardian of the contract states Friends for Life shall only utilize employees with the certification required by the Texas Supreme Court, Estates Code and the Texas Judicial Branch Certification Commission to perform guardian services for a ward.

The auditor verified that Friends for Life staff providing Guardianship and Representative Payee Services to Galveston County clients were certified. No exceptions were noted.

Guardianship Expenditures

The auditor reviewed a sample of expenditures for Guardianship of the Estate and Representative Payee services provided during the audit period to ensure the individuals' financial affairs were used for the well-being of the ward and/or representative payee clients.

Finding: Friends for Life was unable to provide adequate support for various expenditures.

Recommendation FFL-20-01: To ensure reliability of the information, Friends for Life should provide adequate support documentation for all expenditures related to Guardianships and Representative Payees.

Compensation

Article III Section 3(a) Compensation of the Agreement states Friends for Life shall submit monthly invoices with supporting documentation on a monthly basis, following the close of month during which services were performed. Article III Section 2 Payment states the county will pay Friends for Life for guardianship services actually performed, and/or money management services actually performed subsequent to Probate Court and/or Adult Protective Services request, based on the number of individuals served. The monthly costs per individual served are as follows:

- (1-75) \$250 per month per individual served
- (76-200) \$225 per month per individual served

The auditor reviewed monthly invoices submitted by Friends for Life for the period of October 2018 – September 2019 to verify compliance with the agreement.

Finding: Friends for Life invoiced and received payment from Galveston County for representative payee services (RP-8101) that were not actually performed for the months of August 2018 through January 2020.

Recommendation FFL-20-02: Friends for Life shall refund Galveston County \$4,050 for services that were not actually performed for representative RP-8101.

Guardian of the Person Reporting Requirements

Annual Report of the Person

Estate Code §1163.101 Annual Account Report Required states once each year for the duration of the guardianship, a guardian of the person shall file with the court a report that contains the following information, but is not limited to:

- All receipts and disbursements for the support and maintenance of the ward
- Personal information regarding the ward (name, address, contact information, etc.)
- Information regarding the type of home in which the ward resides
- The times the guardian has seen the ward in the past year
- If the guardian has possession or control over the wards' estate
- The ward's physical and mental health during the previous year
- Description of the ward's activities during the previous year
- Recommendations for changes in the guardian's power in regards to the ward (increased, decreased, unaltered)

The auditor tested a sample of cases to verify compliance with EC §1163.101. No material discrepancies were noted.

Guardian of the Estate Reporting Requirements

Inventory and Appraisal of the Estate

Estate Code §1154.051 Inventory and Appraisal states not later than the 30th day after the date the guardian of the estate qualifies, unless a longer period is granted by the court, the guardian shall file with the court clerk a single written instrument that contains verified, full and detailed inventory of all the ward's property that has come into the guardian's possession or of which the guardian has knowledge.

Estate Code §1154.052 List of Claims states the guardian of the estate shall make and attach to the inventory and appraisal a complete list of claims due or owing to the ward.

The auditor tested a sample of cases to verify compliance with EC §1154.051 and EC §1154.052.

Finding: Friends for Life is not filing the Inventory, Appraisal and List of Claims report within 30 days after the date of qualifying as guardian of the estate with the court clerk.

Recommendation FFL-20-03: To be in compliance with Estates Code §1154.051 and 1154.052, the Inventory, Appraisal and List of Claims report shall be submitted to the Probate Court within 30 days after the date of qualifying as guardian of the estate.

Initial and Annual Reporting of the Estate

Estate Code §1163.001 Initial Account of Estate states "Not later than the 60th day after the first anniversary of the date the guardian of the estate of a ward qualifies, unless the court extends that period, the guardian shall file with the court an account consisting of a written exhibit made under oath that lists all claims against the estate presented to the guardian during the period covered by the account.

Estate Code §1163.002 Annual Report of the Estate states a guardian of the estate shall file an annual account conforming to the essential requirements of EC §1163.001 regarding to changes in the estate assets occurring since the date the most recent previous account filed.

The auditor tested a sample of cases to verify compliance with EC §1163.001 and EC §1163.002. Friends for Life is in compliance with Estate Code §1163.002 Annual Report of the Estate.

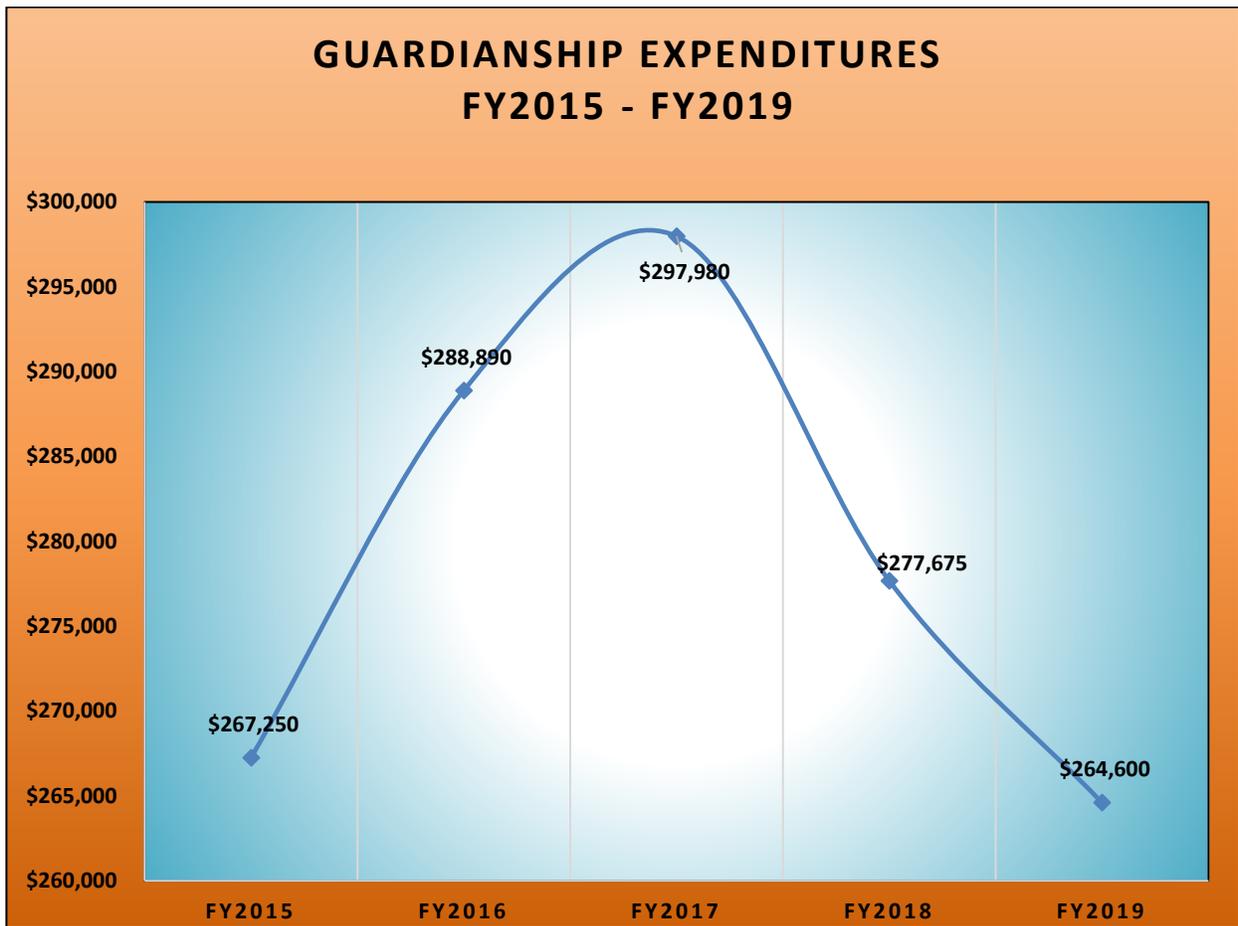
Finding: Friends for Life is not submitting the Initial Annual Account of Estate report within 60 days after the first anniversary of the date of qualifying as guardian of the estate.

Recommendation FFL-20-04: To be in compliance with Estate Code §1163.001, the Initial Annual Account of Estate report shall be submitted to the Probate Court within 60 days after the first anniversary of the date of qualifying as guardian of the estate.

Statistical Analysis

A statistical analysis was performed on the compensation paid to Friends for Life for the guardianship services provided from FY2015 through FY2019. Since FY2017, the expenditures have decreased from \$297,980 to \$264,600, an 11% decrease. Prior to FY2018, the county compensated Friends for Life \$250 per individual served (1-99) and \$205 per individual served (100-200). Beginning FY2018, the county compensated Friends for Life \$250 per individual served (1-75) and \$225 per individual served (76-200).

The chart below reflects the trend of Galveston County expenditures paid to Friends for Life for guardianship services provided.



We wish to thank Mr. Hartzell and the Friends for Life office personnel for their cooperation and assistance.

- cc: Randall Rice CPA, County Auditor
- Kristin Bulanek CIA, First Assistant County Auditor
- Honorable Kim Sullivan, Galveston County Probate Judge



County of Galveston
Professional Services Department
Brent Hartzell, Chief Financial Officer

May 11, 2020

Mr. Randall Rice, CPA
Galveston County Auditor
722 Moody Avenue, 4th Floor
Galveston, TX 77550

Mr. Rice:

Thank you and your staff for the opportunity to confer at length about your audit findings for Friends for Life in its provision of guardianship services to Galveston County.

With respect to Recommendations 1, 3 and 4, my understanding after speaking with the audit team is that each of these issues relates to a lack of timeliness or sufficient rigor by Friends for Life in completing the required tasks identified but does not involve impropriety. My staff and I will convey to Friends for Life the need for sufficient documentary support to be provided to us and the Probate Court in a timely manner going forward.

With respect to Recommendation 2, my staff and I will meet with Friends for Life and secure additional documentary evidence for the representative payee services evidenced in this finding. We will then determine whether a refunding of moneys to Galveston County is appropriate in the amount recommended by the auditors.

Sincerely,

A handwritten signature in black ink that reads "Brent Hartzell".

Brent Hartzell