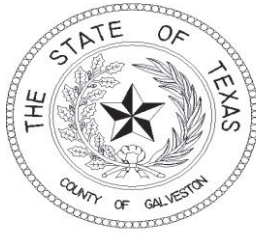


# **GALVESTON COUNTY**



## **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**

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**722 Moody Ave 4<sup>th</sup> Floor, Galveston, TX 77550**

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March 31, 2025

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, 2024 through December 31, 2024. Also attached is the response memorandum from Sergio Cruz, Chief Financial Officer, dated March 18, 2025.

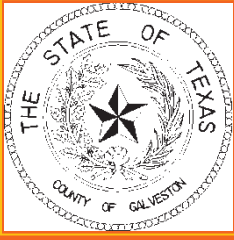
Sincerely,

*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

March 5, 2025

Galveston County  
Internal Audit  
Division

Randall Rice CPA  
CITP CISA CIO CBM DABFA CGMA  
County Auditor

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# 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 §115. The internal audit covered the period January 1, 2024 through December 31, 2024.

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 II, 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.

<b>St. Vincent's House</b>		
Financial Assistance Funds	\$	54,545.46
Administration Fees		5,454.54
<b>Total</b>	<b>\$</b>	<b>60,000.00</b>
<b>Catholic Charities</b>		
Financial Assistance Funds	\$	18,181.81
Administration Fees		1,818.19
<b>Total</b>	<b>\$</b>	<b>20,000.00</b>
<b>Salvation Army</b>		
Financial Assistance Funds	\$	18,181.82
Administration Fees		1,818.18
<b>Total</b>	<b>\$</b>	<b>20,000.00</b>
<b>M.I. Lewis Social Service Center</b>		
Financial Assistance Funds	\$	18,181.82
Administration Fees		1,818.18
<b>Total</b>	<b>\$</b>	<b>20,000.00</b>

## **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 121 clients. Numerous clients received assistance in more than one category, resulting in 146 payments totaling \$43,940.35.

Category		Totals
Housing	73	\$ 34,150.09
Electric	43	7,749.96
Water	20	1,506.79
Gas	10	533.51
<b>Totals</b>	<b>146</b>	<b>\$ 43,940.35</b>

#### Catholic Charities

During the audit period, Catholic Charities provided financial assistance to 32 clients. Numerous clients received assistance in more than one category, resulting in 60 payments totaling \$18,181.81.

Category		Totals
Housing	32	\$ 15,259.53
Electric	11	1,919.81
Water	13	817.86
Gas	4	184.61
<b>Totals</b>	<b>60</b>	<b>\$ 18,181.81</b>

#### Salvation Army

During the audit period, the Salvation Army provided financial assistance to 57 clients. Numerous clients received assistance in more than one category, resulting in 60 payments totaling \$21,873.96.

Category		Totals
Housing	33	\$ 15,842.64
Reliant CARE	10	2,917.61
Electric	14	2,722.16
Water	3	391.55
<b>Totals</b>	<b>60</b>	<b>\$ 21,873.96</b>

## 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 83 clients. Numerous clients received assistance in more than one category, resulting in 108 payments totaling \$30,391.85.

Category		Totals
Housing	33	\$ 14,698.00
Reliant CARE	24	8,081.05
Electric	26	3,488.30
Water	19	1,350.74
Gas	6	267.09
<b>Totals</b>	<b>108</b>	<b>\$ 27,885.18</b>

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, \$10,724.62 was disbursed.

Vendor	Amount
M.I. Lewis Social Service Center	\$ 8,242.05
Salvation Army	2,482.57
<b>Total</b>	<b>\$ 10,724.62</b>

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 7 clients (5%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$195.94.
- **Salvation Army**  
During the audit period there was 1 client (2%) for which financial assistance provided exceeded the authorized limit. The total amount of overpaid financial assistance was \$166.55.

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.

## 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.

- Catholic Charities – 22 Clients (37%)
- M. I. Lewis Social Service Center – 34 Clients (31%)
- St. Vincent's House – 41 Clients (28%)
- Salvation Army – 7 Clients (12%)

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

## **Compliance with Statutes, Policies and Procedures (cont.)**

### **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: March 18, 2025

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 II

Subject: Response to 2024 Financial Assistance Program Internal Audit Report

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The Department of Professional Services has reviewed the Financial Assistance Program Internal Audit Report and concurs with the auditor's findings. To address these findings, the Department will communicate with agencies regarding the Federal Poverty Guidelines.