

# GALVESTON COUNTY



## Office of County Auditor

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September 25, 2017

Honorable Mark A. Henry, County Judge, and  
Members of the Commissioners Court

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 June 1, 2016 through May 31, 2017. Also attached is the response letter from James Gentile, dated September 12, 2017.

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 15, 2017

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 (page 3)

- All vouchers issued during the audit period were tested for compliance in the amounts issued, frequency of issuance, timeliness of use and accuracy of invoicing. No material discrepancies were found.
- 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)

- Requests for reimbursement are not being submitted to the state within the timeframe required under department policy.
- The child welfare reimbursement requests for Quarters 2 & 3 of fiscal year 2015 have not been received by the county. The department should implement a policy that tracks requests for reimbursement to ensure the amounts requested from the state are received by the county.
- All contracts were tested for compliance to the reporting criteria and amounts paid, as stated in the contracts. No discrepancies were found.

# 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 June 1, 2016 through May 31, 2017. The audit was performed from June 26, 2017 through August 15, 2017.

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.

Madeline Walker, Compliance Audit Team Lead, 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.

### **Vouchers**

Vouchers are issued by Child Welfare upon request from Child Protective Services (CPS) for clothing, food, diapers and school supplies. The vouchers are issued sequentially and a log is maintained to track the voucher from issuance to use. Each voucher states the purchaser's name, the child's name and age, the amount of the voucher, what it may be used for and where it may be used. Clothing vouchers must be used at Ross, food and diaper vouchers may only be used at Kroger, and school supplies vouchers may only be used at Office Depot. Clothing voucher amounts are based off the age of the child; all others are a flat rate according to the type of voucher. All vouchers are required to be used within 30 days of issuance and each child may only receive one voucher (of each type) per quarter. There is a disclaimer on each voucher stating any overage above the voucher limit must be paid by the purchaser and the purchaser is to remit all receipt copies back to the county.

All vouchers issued during the audit period were tested for compliance in the amounts issued, frequency of issuance, timeliness of use and accuracy of invoicing. No material discrepancies were found.

### **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, but replenishments to the fund are budgeted out of the Child Welfare Fund. Beginning in fiscal year 2018, this fund will no longer be budgeted under Child Welfare, but will be a line item under the District Attorney's budget. Updated change fund procedures were provided to the District Attorney's Office prior to the end of the audit to reflect the general ledger changes and 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 July 13, 2017. 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:** Child Welfare is not submitting requests for reimbursement to the state within the timeframe required under department policy

**Recommendation CW-17-01:** All requests for reimbursement should be submitted to the state within 90 days following the end of the quarter, in accordance with office policy.

**Finding:** The child welfare reimbursement requests for Quarters 2 & 3 of fiscal year 2015 have not been received by the county.

**Recommendation CW-17-02:** Implement a policy that tracks requests for reimbursement to ensure the amounts requested from the state are received by the county.

## Contracts

Through the approval of Commissioners Court, the Children's Services Board has contracted with various entities to provide child welfare services throughout Galveston County. The following four vendors are contracted with the county to provide the stated child welfare services:

- UTMB: physician's assistant services for children
- Child Advocacy Center: assistance with administrative costs as well as help provide cribs and car seats
- Resolve It: provides children's counseling services in schools

The contracts dictate the amounts that will be provided by the county as well as all reporting requirements to be submitted by the entities. All contracts were tested for compliance to the reporting criteria and amounts paid, as stated in the contracts. No discrepancies were found.



**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

09/12/17

**Randall Rice**  
County Auditor  
722 Moody Ave. 4<sup>th</sup> Fl.  
Galveston County 77550

Dear Mr. Rice,

I am in receipt of the Internal Audit Report for Galveston County's Child Welfare Program and I am pleased to see an improvement in our performance.

I would be remised in not thanking your staff for their professional manner and efficient execution of this audit.

Our improved accomplishments in voucher redemptions, effectiveness in Emergency Family Services and timely reporting reflect a positive trend in direction.

These improvements only enhance our program and will further assist the Children of Galveston County.

Sincerely,

**James Gentile**