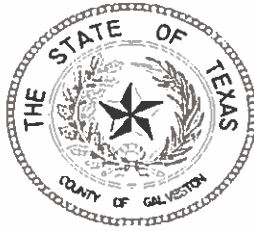


# GALVESTON COUNTY



## 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 8, 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 the Galveston County Firefighters Association (GCFFA) and contracted fire departments. The audit covered the period October 1, 2016 through April 30, 2018. Also attached is the response letter from Dan Key, GCFFA President, dated September 19, 2018.

Sincerely,

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

Randall Rice CPA  
County Auditor

cc: David Delac, Chief Financial Officer  
Dan Key, GCFFA President

Attachments: Galveston County Firefighters Association Internal Audit Report  
Response Letter, Dan Key, GCFFA President

# GALVESTON COUNTY



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August 21, 2018

**To:** David Delac  
Chief Financial Officer

**From:** Lauren Ramsey  
Compliance and Procedures Analyst

**Re:** Galveston County Firefighters Association Audit

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The Internal Audit Division conducted an audit of the Galveston County Firefighters Association (GCFFA) and contracted fire departments, in accordance with Local Government Code §115. The audit covered the period October 1, 2016 through April 30, 2018.

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.

### **Contract between Galveston County and the GCFFA**

The contract between Galveston County and the GCFFA states the following:

- The GCFFA's membership is compiled of all 14 volunteer fire departments and 3 municipal fire departments in Galveston County (referred to as the "Fire Departments").
- The county requests the GCFFA administer its individual contracts that have been entered into with each department within its membership to ensure the Five Point Contract and other safety and training protocols are being followed.
- The county agrees to pay the GCFFA for administering, training and services performed for the Fire Departments as outlined in the Budget & Training Schedule and managing the Five Point Contract Requirements.

The Budget & Training Schedule in the GCFFA contract with the county is broken down in the following manner:

Administrative Fee:

- Management and accounting for performance and execution of the Five Point Contract Requirements with the Fire Departments
  - 17 Fire Departments @ \$500.00/ea. = \$8,500
- Fire House Software (Unincorporated Fire Departments) = \$1,500

Training, Education and Support Programs:

- Firefighter training course and other GCFFA sponsored programs
- New member training
- Summer Smoke training course
- Critical Incident Stress Management (CISM) regional team
- Line of Duty Death (LODD) Task Force regional team
- \$20,000 per term

As of April 2018, the GCFFA had a total of \$121,135.43 in their accounts. The funds are distributed amongst the following accounts:

- County Funds
  - Checking: \$7,102.89
  - Savings: \$50,050.88
- Dues and Donations
  - Checking: \$13,655.72
- CD Savings: \$50,325.94
  - This is an accumulation of county funds and a grant from prior years. The interest is transferred to the Dues and Donations account.

The GCFFA has a debit card associated with the checking account holding the county funds, as well as a VISA credit card.

The tables on the following page depict the categories and amounts that were spent with county funds for FY2017, from January 2017 through September 2017, and FY2018, from October 2017 through April 2018.

**Expense Transactions with County Funds**

FY2017 (Jan 2017 - Sept 2017)	
Expense Category	Amount
Unknown	\$ -
VISA Late Fee	\$ 1.20
VISA Interest	\$ 64.24
Sam's Club Membership	\$ 90.00
PO Box Rental	\$ 94.00
Reimbursement from D&D Account	\$ 105.47
SFFMA Membership Dues	\$ 120.00
Postage	\$ 147.00
IRS Penalty	\$ 160.37
New Member Training	\$ 180.00
Chief's Retreat Meal	\$ 217.48
Office Supplies	\$ 288.69
Annual Report	\$ 313.57
SFFMA Conference - Fuel	\$ 333.41
Shirts for Chaplain	\$ 344.94
Donation	\$ 500.00
Tax Return Preparation	\$ 500.00
Insurance Policy	\$ 891.00
SFFMA Conference - Tuition	\$ 1,365.00
CISM - Meals & Fuel	\$ 1,725.00
Website Maintenance	\$ 2,250.00
Fire House Software	\$ 2,550.00
SFFMA Conference - Meals	\$ 3,077.61
Miscellaneous	\$ 4,242.12
CISM - Hotel	\$ 4,388.40
CISM - Tuition	\$ 4,716.00
SFFMA Conference - Hotel	\$ 6,358.35
<b>Total Spent</b>	<b>\$ 35,023.85</b>

FY2018 (Oct 2017 - April 2018)	
Expense Category	Amount
VISA Interest	\$ 10.81
Sam's Club Membership	\$ 85.00
SFFMA Conference - Fuel	\$ 100.00
SFFMA Membership Dues	\$ 120.00
LODD	\$ 170.00
Reimbursement from Dan Key	\$ 323.63
SFFMA Conference - Meals	\$ 500.00
Chief's Retreat Meal	\$ 812.82
SFFMA Conference - Hotel	\$ 983.23
Website Maintenance	\$ 1,750.00
Miscellaneous	\$ 2,441.00
New Member Training	\$ 4,780.00
Reimbursement from D&D Account	\$ 4,903.06
<b>Total Spent</b>	<b>\$ 16,979.55</b>

\*The Unknown category is from two VISA credit card transactions at LA Nails (\$26.00) and Panera Bread (\$6.68). The two transactions were paid from county funds and later paid from an unknown account. Since the transactions were paid twice, the transactions were offset from county funds on a later VISA bill. The GCFFA check stub stated "UNK" as a negative \$32.68.

**Finding:** The GCFFA does not pay off the credit card monthly and is consistently incurring interest and late fees.

**Recommendation GCFFA-18-01:** The credit card should be paid off monthly to avoid interest and late fees.

The Chief's Retreat is a 4-5 hour meeting for all the fire chiefs. This meeting is held for the fire chiefs to bring up topics they want the GCFFA to take action on. All ideas are discussed and documented in the meeting minutes. County funds are used to provide a meal during the meeting.

**Finding:** The meal purchased for the Chief's Retreat increased from \$217.48 in FY2017 to \$812.82 in FY2018.

**Recommendation GCFFA-18-02:** A limit should be considered on the amount that can be purchased for the Chief's Retreat meal.

### **Contracts between Galveston County and the Volunteer Fire Departments (VFD)**

Galveston County has a separate contract with each of the fourteen volunteer fire departments. Section 7 of the contract states the VFD agrees to comply with the Five Point Contract Requirements and the requirements will be monitored by the GCFFA. According to the GCFFA Contract Compliance Report, all fire departments shall submit proof of compliance with all five point contract requirements to the firefighters association by the May meeting.

The GCFFA provides a survey via Survey Monkey for each individual department to complete. The Auditor's Office requested the support documents from the GCFFA for proof of compliance.

#### **Point 1: Active Internal Training Program**

Point 1 of the Five Point Contract Requirements addresses the following three topics for all departments:

- 1) Participate in a training program that is equivalent to the certification program offered by the State Firemen's and Fire Marshal's Association of Texas.
- 2) Submit an annual progress report of training activities.
- 3) Provide a minimum of two drills per month for a minimum of two hours each.

**Finding:** The Point 1 information provided in the survey for Bacliff VFD, Crystal Beach VFD and Port Bolivar VFD are not in adherence with the Contract Compliance Report. The Auditor's Office was not provided adequate support documentation to verify compliance with the contract.

#### **Point 2: Liability Insurance**

All departments are required to provide automobile liability insurance for each fire apparatus or vehicle owned and/or operated by the fire department, personal injury insurance for all members and shall provide the GCFFA a certificate of insurance as proof of liability.

**Finding:** In the survey, all departments reported compliance with Point 2; however, the Auditor's Office was not provided a certificate of insurance as proof of compliance.

#### **Point 3: Annual Report**

Point 3 of the Five Point Contract Requirements addresses the following five topics for all departments:

- 1) Provide a calendar year report of all emergency response calls.
- 2) Complete an annual survey of equipment and resources.
- 3) Provide a financial cost of services report.
- 4) Provide a fiscal projected budget that is to be divided into EMS and Fire Services.
- 5) Provide a certification of tax exempt status.

**Finding:** A fiscal projected budget was not submitted by any volunteer fire department or reported in the GCFFA Contract Compliance Report.

**Finding:** Crystal Beach VFD did not complete the survey for sections 2-5 under Point 3 of the contract. The Contract Compliance Report stated Crystal Beach complied with all aspects of Point 3. The Auditor's Office was not provided sufficient support documentation to verify compliance.

**Finding:** The data provided by each department in the survey for Point 3 is inconsistent with the Contract Compliance Report. The Auditor's Office was not provided adequate support documentation to verify compliance.

#### **Point 4: Active in the County Association**

Departments shall remain in good standing with the GCFFA by attending at least 50% of the monthly meetings and by not being absent more than three consecutive meetings during the term of the contract.

Bacliff VFD, Bayou Vista VFD, Crystal Beach VFD, Dickinson VFD, Friendswood VFD, Jamaica Beach VFD, Port Bolivar VFD, San Leon VFD and Tiki Island VFD did not complete the survey for Point 4. The Auditor's Office received meeting minutes from the GCFFA to determine all departments are in compliance with Point 4.

#### **Point 5: Firefighter Safety**

All departments are required to implement and provide a current copy of the department's Standard Operating Guidelines (SOG) for incident command, two-in-two out, personnel accountability and safety officers at emergency incidents.

**Finding:** Per the survey, each department, except Crystal Beach VFD, certified their department has implemented and applied all firefighter safety guidelines. The Contract Compliance Report stated all departments are in compliance with Point 5. The Auditor's Office was not provided a current copy of the guidelines to verify compliance.

**Recommendation GCFFA-18-03:** The GCFFA should ensure each fire department completes the survey in its entirety and submits appropriate documents as described in each point of the Contract Compliance Report. The data provided in the survey should be consistent with the data reported in the Contract Compliance Report. The GCFFA shall provide requested documents to the Auditor's Office to verify compliance.

### **Contracts between Galveston County and the Municipal Fire Departments**

Galveston County has a separate contract with each of the three municipal fire departments. According to the GCFFA Annual Compliance Report, the GCFFA ensures each municipal fire department is in compliance with sections 3 and 9 of their individual contracts. Section 3 of each municipal contract states the following:

"City agrees to keep a record of any runs made in response to an area in the unincorporated portions of the County, and to submit, not later than July 10, 2018, a report to the County Commissioners Court and the Fire Fighters Association advising the Court of the runs made to unincorporated areas of the County during the period of July 1, 2017 to June 30, 2018. For each run, the City will report the date and time of the run, the distance traveled, the number of personnel who responded, and all expenses incurred by the City as determined by the most recent City financial audit in making the reported runs. The County and City acknowledge that the City's run expenses will not impact the amount payable under this contract."

Section 9 of each municipal contract states the following:

"During the term of this Contract, the City agrees to:

- a) Maintain membership in the Galveston County Firefighters Association,

- b) Comply with the Texas Commission on Fire Protection (TCFP) and any other applicable Federal and State regulatory agency, and submit an annual letter stating such compliance to the Galveston County Firefighters Association no later than July 10, 2018.”

Each municipal fire department maintained membership with the GCFFA in accordance with section 9a.

The Galveston Fire Department submitted a letter in accordance with sections 3 and 9b of the contract.

The City of La Marque Fire Department reported no fire related responses to the unincorporated areas of Galveston County for the second consecutive year, therefore had no data to report.

**Finding:** The record of runs submitted by the City of Texas City Fire Department did not include the following information per run: the date and time of the run, the distance traveled, the number of personnel who responded and all expenses incurred.

**Recommendation GCFFA-18-04:** The City of Texas City Fire Department should submit a runs report to include the aforementioned data in compliance with their contract.

**Finding:** The GCFFA contract states all member departments are to adhere to the Five Point Contract Requirements. The Five Point Contract Requirements are not listed in the individual contracts between the county and the municipalities. The GCFFA does not ensure the municipalities adhere to the Five Point Contract Requirements.

**Recommendation GCFFA-18-05:** The contract with the GCFFA and the municipalities should be in agreement on the compliance requirements.

cc: Randall Rice CPA, County Auditor  
Kristin Bulanek CIA, First Assistant County Auditor  
Dan Key, President Galveston County Firefighters Association



**P.O. Box 549 - LaMarque, TX 77568**

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**Serving the Fire Service of Galveston County**  
**President Danny L. Key**

September 19, 2018

Randall Rice CPA  
Galveston County Auditor  
722 Moody Avenue, 4<sup>th</sup> Floor  
Galveston, Texas 77550

Mr. Rice,

This letter will serve as the response to the findings of the recently completed audit of the Galveston County Fire Fighters Association (GCFFA) by Lauren Ramsey of your staff. We attended a meeting to review the findings on September 13<sup>th</sup> with members of your staff as well as Mr. Delac and Mr. Gentile from the County Financial office. During that meeting the draft report of findings was discussed. I have met with members of the GCFFA executive board and respectfully submit our response to those findings.

Thank you for the very professional manner with which this audit was conducted by members of your staff including Ms. Ramsey, Ms. McWhorter and Ms. Bulanek. Should you have any questions, or need my help further, you may contact me at (281) 923-7670.

Sincerely,

*Dan Key*

Danny Key – President  
Galveston County Fire Fighters Association  
[dannylkey@yahoo.com](mailto:dannylkey@yahoo.com)



## **Response to findings of audit of the Galveston County Fire Fighters Association conducted in August 2018 by Galveston County Auditor.**

### **Report Page 3 Expense Transactions with County Funds;**

\*The transactions at LA Nails (\$26.00) and Panera Bread (\$6.68) were inadvertently made using the VISA tied to County funds by Mr. Kattner (a GCFFA Board member). When the mistake was realized, Mr. Kattner reimbursed the funds using his personal check.

Finding that the credit card account incurs interest and late fees is due to the billing dates of the card and the GCFFA monthly meetings not being coordinated to allow enough time between billing and payment authorization at the monthly meeting to avoid late fees and penalty.

*Response; The Association is attempting to adjust the billing cycle to allow enough time to submit more timely payments. Also, going forward any penalties or interest will not be paid using county funds but will instead be paid from other funds.*

Finding that the meal purchased for the Chiefs Retreat increased unusually from FY 2017 to FY 2018.

*Response; Going forward, the dollar amount designated to pay for the Chief Retreat meal will be limited to no more than \$350.00.*

### **Report Page 4 Contracts between Galveston County and the Volunteer Fire Departments (VFD);**

#### **Point 1: Active Internal Training Program**

Finding that Point 1 information provided for Bacliff, Crystal Beach and Port Bolivar are not in adherence with Compliance Report. The Auditor's Office was not provided adequate support documentation to verify compliance with the contract.

*Response; Going forward the Association will make available all details of the annual survey which include details of all training provided by each department.*

#### **Point 2: Liability Insurance**

Finding; in the survey all departments reported compliance with point 2 however the Auditor's office was not provided a certificate of insurance as proof of compliance.

*Response; Going forward the Association will provide a copy of the insurance policy coverage page showing all policy information for each department.*

#### **Point 3: Annual Report**

Finding; A fiscal projected budget was not submitted by any volunteer fire department or reported in the GCFFA Contract Compliance Report.

*Response; The Association is working with Mr. Gentile and Mr. Delac to clarify contract language in Point 3 to more accurately define the requested financial report and projected budget that is requested. Final language will be added to the Association contract as an addendum by the end of October, 2018 for FY 2019.*

(Page 2)  
Response to findings cont'd

**Report Page 5,  
Point 3: Annual Report**

**Finding:** Crystal Beach did not complete the survey for sections 2-5 under Point 3 of the contract. The Contract Compliance Report stated Crystal Beach complied with all aspects of Point 3. The Auditor's office was not provided sufficient support documents to verify compliance.

*Response: Crystal Beach experienced technical (computer) difficulties when completing the survey and could only get their data submitted by Email and phone. The department did meet the requirements of Point 3. Going forward the Association will enforce strict deadlines for submitting the survey information.*

**Finding:** The data provided by each department in the survey for Point 3 is inconsistent with the Contract Compliance Report. The Auditor's Office was not provided adequate support documentation to verify compliance.

*Response: Going forward the Association will make additional details of the survey available to the Auditor's Office which, because of the volume of the information, does not lend itself to inclusion in the printed report provided to Commissioners Court in the Compliance document.*

**Point 4: Activity in the County Association**

**Finding:** Several of the VFD's did not complete the survey for Point 4. The Auditors office received meeting minutes to determine all departments are in compliance with Point 4.

*Response: Going forward the Association will include in the compliance report a spreadsheet showing attendance for all departments to document compliance to Point 4.*

**Point 5: Firefighter Safety**

**Finding:** Per the survey, each department except Crystal Beach VFD certified their department has implemented and applied all firefighter safety guidelines. The Contract Compliance Report stated that all departments are in compliance with Point 5. The Auditors Office was not provided a current copy of the guidelines to verify compliance.

*Response: As discussed above, Crystal Beach VFD experienced technical difficulties completing the on-line survey. Going forward the Association will document that the required safety guidelines are confirmed to be in place. Due to the volume of these documents the Association will ask each department to provide the requested documents electronically for review when necessary.*

(Page 3)  
Response to findings cont'd

**Report Page 6,  
Contracts between Galveston County and the Municipal Fire Departments**

**Contracts between Galveston County and the Municipal Fire Departments**

Galveston County has a separate contract with each of the three municipal fire departments. According to the GCFFA Annual Compliance Report, the GCFFA ensures that each municipal fire department is in compliance with sections 3 and 9 of their individual contracts.

**Finding:** The record of runs submitted by the City of Texas City Fire Department did not include the following information per run: the date and time of the run, the distance travelled, the number of personnel who responded and all expenses incurred.

*Response: The GCFFA was provided a report by The City of Texas City Fire Department which included all of the information shown in the finding. The report with all of the data was a very large electronic document which, due to its size was not included in the final report presented to the County. The volume of data which would have added an additional 50+ printed pages was presented in a one-page graph form. Going forward the GCFFA will provide the entire report in original format if requested by the Auditor's Office.*

**Finding:** The GCFFA contract states all member departments are to adhere to the Five Point Contract Requirements. The Five Point Contract Requirements are not listed in the individual contracts between the county and the municipalities. The GCFFA does not ensure the municipalities adhere to the Five Point Contract Requirements.

*Response: The contract between the county and the Municipal Fire Departments does not include the same Five Point Contract Requirements contained in the contract with the VFD's. The Municipal Departments are required to meet, specifically, the requirements of Section 3 and 9 of that contract. These sections relate to submitting records of runs made to the unincorporated areas of the county, maintaining membership in the GCFFA and complying the Texas Commission on Fire Protection (TCFP) and any other applicable Federal and State regulatory agency, and submitting an annual letter stating such compliance to the GCFFA no later than July 10 of each year. All 3 of the Municipal Fire Departments submitted the required letter stating compliance which was signed by the Fire Chief.*