



**THE COUNTY OF GALVESTON**  
COUNTY AUDITOR'S OFFICE  
P.O. Box 1418  
GALVESTON, TEXAS 77553

**County Auditor**  
**Randall Rice CPA**  
CITP CISA CIO CBM DABFA CGMA

**Ron Chapa CPA**  
First Assistant, Director of Auditing

**Jeff Modzelewski CPA**  
First Assistant, Director of Accounting

February 17<sup>th</sup>, 2015

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

Honorable Judge and Members of the Court:

Attached for your consideration is the internal audit report of The Children's Center, Inc. on behalf of the Contract Services Department. The audit covered the period October 1, 2013 through September 30, 2014. Also attached is the response letter from Connie Nicholson, dated January 29, 2015.

Sincerely,

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

Randall Rice CPA  
County Auditor

cc: Connie Nicholson, Director of Contract Services  
David Delac, Chief Financial Officer

Attachment: The Children's Center, Inc. Internal Audit Report  
Response Letter, Connie Nicholson



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January 27, 2015

**To:** Connie A. Nicholson  
Director, Contract Services

**From:** Madeline Walker  
Internal Auditor I

**Re:** The Children's Center, Inc. Internal Audit Report

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An internal audit was performed on The Children's Center, Inc. on behalf of Contract Services. The purpose of the audit was to determine the validity and reliability of invoices submitted to the County by the Children's Center, Inc.

Payments to The Children's Center, Inc. are not to exceed \$125,000.00 per fiscal year. The amounts paid to the organization by the County were in compliance with the contract, as they did not exceed this amount.

**Finding:** The Children's Center, Inc. program is not providing the County with support documents for the invoices.

**Recommendation CS-15-01:** The monthly roster and referral list should be submitted with the invoices to the County for every month The Children's Center, Inc. is requesting payment.

**Finding:** Supporting documents for the invoices from The Children's Center, Inc. are not being reviewed prior to invoice approval.

**Recommendation CS-15-02:** All invoices received from The Children's Center, Inc. should be reviewed by Contract Services to verify contractually obligated support documents have been received before approval of the invoice.

Finding: The Children's Center, Inc. invoices do not match the County calculated invoice amounts. Due to the contracted limit of the amount that can be paid to the organization, this did not affect the overall billing.

Recommendation CS-15-03: Any future contracts with The Children's Center, Inc. should include a requirement for invoice calculations to be submitted with the other support documents prior to invoice approval.

Please have your response submitted within two weeks. If you would like one, we will schedule an exit conference within one week of the receipt of the report or your response to this draft. We are willing to discuss any material included in this draft with you or your staff. Please contact Lori McWhirter at (409) 770-5356 to arrange a meeting.

We wish to thank Connie Nicholson and her staff for their cooperation and assistance.

cc: Randall Rice CPA, County Auditor  
Ron Chapa CPA, First Assistant, Director of Auditing



COUNTY OF GALVESTON  
**Professional Services Division**

Connie A. Nicholson, Director of Contract Services

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

Financial Assistance  
Guardianship Program  
Indigent Burials  
Indigent Health Care

January 29, 2015

**To:** Madeline Walker  
Internal Auditor I

**From:** Connie Nicholson  
Director of Contract Services

**Re:** Response to The Children's Center, Inc. Internal Audit Report

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The following is our response to the Internal Audit Report on the Children's Center performed by the Galveston County Auditor's Office.

Finding: The Children's Center, Inc. program is not providing the County with support documents for the invoices.

Recommendation CS-15-01: The monthly roster and referral list should be submitted with the invoices to the County for every month The Children's Center, Inc. is requesting payment.

Response: We will meet with the Children's Center to discuss the contract requirements. Support documents will be requested for all invoices submitted to Galveston County.

Finding: Supporting documents for the invoices from The Children's Center, Inc. are not being reviewed prior to invoice approval.

Recommendation CS-15-02: All invoices received from The Children's Center, Inc. should be reviewed by Contract Services to verify contractually obligated support documents have been received before approval of the invoice.

Response: We will establish what data will be submitted as backup to the monthly invoice and all invoices with proper documentation will be reviewed prior to approval of the invoice.

The Children's Center, Inc. Internal Audit Report  
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**Finding:** The Children's Center, Inc. invoices do not match the County calculated invoice amounts. Due to the contractual limit of the amount that can be paid to the organization, this did not affect the overall billing.

**Recommendation CS-15-03:** Any future contracts with The Children's Center, Inc. should include a requirement for invoice calculations to be submitted with the other support documents prior to invoice approval.

**Response:** As stated in the response for the second finding we will establish a format for the data to be submitted and request the calculations as supporting documentation. The supporting document will correctly reflect the check amount paid to the Children's Center.

A meeting is scheduled for Friday, January 30, 2015 with The Children's Center. This meeting will be to go over contract requirements and deliverables. At this meeting we will provide them the information required as backup documents for invoice.

Thank you Madeline and the Auditor's Office for providing the internal audit on this contract and helping us correct the deficiencies.

cc: David Delac, Chief Financial Officer  
Randall Rice CPA, County Auditor  
Ron Chapa CPA, First Assistant, Director of Auditing