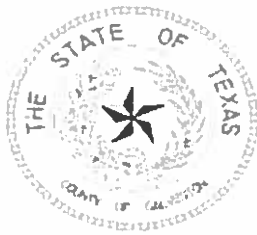


GALVESTON COUNTY



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

7/13/2020

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 to be received and filed is the internal audit report of The Children's Center. The audit covered the period August 1, 2016 through July 31, 2019. Also attached is the response letter from Brent Hartzell, Director of Grants Administration, dated June 24, 2020.

Sincerely,

Randall Rice CPA

Digitally signed by Randall Rice

CPA

Date: 2020.06.24 14:06:07 -05'00'

Randall Rice CPA
County Auditor

cc: Brent Hartzell

Attachment: The Children's Center Internal Audit Report
Response Letter, Brent Hartzell

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722 Moody Ave 4th Floor, Galveston, TX 77550

November 22, 2019

To: Jim Gentile
Interim Budget Officer

From: Randall Rice CPA
County Auditor

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

The Internal Audit Division conducted an internal audit of The Children's Center, Inc. on behalf of the Department of Professional Services. The audit covered the period August 1, 2016 through July 31, 2019. The purpose of the audit was to ensure compliance with the agreement between the County of Galveston and The Children's Center, Inc.

Introduction

The Children's Center, Inc. ("Center") is a non-profit corporation authorized to do business in the state of Texas. The Center entered into an agreement ("Agreement") with Galveston County to provide short-term licensed emergency shelter services for children. The Agreement is for a period of two years and is renewed in writing for subsequent periods of 2 years each on such terms and conditions as the parties may agree to at the time of each renewal. The current contract was approved by Commissioners' Court on September 25, 2017 and again on September 24, 2018. The effective date of the contract was October 1, 2017 through September 30, 2019.

Scope of the Center's Duties and Responsibilities

Yeager Center

Section 1(A)(1) of the Agreement states the Center agrees to provide, 24 hours a day, 7 days a week, year round, state licensed short-term emergency shelter services at its Yeager Center. The services provided at or by the Center will include all reasonably necessary food and snacks, lodging, minor articles of clothing, personal hygiene items and required transportation. These services will be given to children between the ages of 7 through 17, other than those who are in the legal conservatorship of the Department of Protective Services. The County agrees to pay \$106.22 per day, up to 14 days, for each child admitted to the Yeager Center.

Yeager Center (cont.)

Finding: The Yeager Center is no longer being used to provide services to children as stated in the contract. Children have not been admitted to the Yeager Center since Hurricane Harvey in August 2017. Since the inception of the contract in FY2011, the County has never been invoiced for charges for the Yeager Center.

Jameson Center

Section 1(A)(2) of the Agreement states the Center, through its Jameson Center, will arrange for the provision of emergency child placement services in a licensed foster group home for children from birth through age 6. The services provided in the licensed foster group home will include all reasonably necessary food and snacks, lodging, minor articles of clothing, personal hygiene items and required transportation. These services will be provided to children who are referred to the Center by a referral source. The County agrees to pay \$106.22 per day, up to 14 days, for each child admitted to the Jameson Center.

Finding: The Jameson Center is not used to provide services to children as stated in the contract, but is a child-placing agency in partnership with Child Protective Services (CPS) that provides foster homes in Galveston County, Fort Bend County, Brazoria County, Harris County and in the McAllen, Texas area near the border. Since the inception of the contract in FY2011, the County has never been invoiced for charges for the Jameson Center.

Family Crisis Center

Section 1(A)(3) of the Agreement states the Center agrees to accept referrals from an authorized representative of the Department of Protective Services to place a parent and their child (or children) in temporary housing at the Family Crisis Center.

The Family Crisis Center provided services to children as stated in the contract during the audit period.

Referral Source

Section 5 of the Agreement states a referral source is a Texas Department of Family and Protective Services, Galveston County Division case worker, a County Sheriff's Department deputy, a police officer who is in the employ of either a municipality or a school district located wholly or partially within Galveston County, County Juvenile Probation Officers, physicians, social workers, attorneys, counselors, parents, ministers, hospitals, Red Cross, self-referred youth, local youth referred by the National Runaway Hotline or other referrals that are approved as such by the Children's Services Board or the County. The support documents to the monthly invoices submitted to the County reflect the referral source for each family. The support documentation to the referral sources were reviewed for the audit period.

Referral Source (cont.)

The following table reflects the referral sources for cases (families) admitted to the Family Crisis Center during the audit period:

	FY2016	FY2017	FY2018	FY2019	
Emergency Hotline	0	178	367	288	81.19%
Children's Protective Services (CPS)	6	46	5	7	6.24%
211 (State Health & Human Services Hotline)	38	10	0	0	4.68%
WALK-IN	8	19	0	0	2.63%
Salvation Army	0	11	0	0	1.07%
Resource Crisis Center (RCC)	9	0	0	0	0.88%
Church	7	0	0	0	0.68%
Galveston ISD	0	0	0	6	0.58%
Domestic Violence	0	0	0	5	0.49%
Houston Police Department	4	0	0	0	0.39%
United Way Galveston County Mainland	0	0	0	4	0.39%
UTMB	0	1	0	2	0.29%
YES	0	0	0	2	0.19%
Gulf Coast Center	1	0	0	0	0.10%
Galveston Police Department	1	0	0	0	0.10%
BLANK	0	0	0	1	0.10%
	74	265	372	315	

Admission/Screening Process

Section 1(B) of the Agreement states the Center is responsible for screening each child prior to admission to a Center program. The Center shall diligently inquire about the background history of each child referred to it before deciding whether or not to admit the child for temporary housing. The screening process shall include, but not be limited to, the questions listed on Exhibit "A" of the contract. The Center shall record in writing the date and time the referral is made, the person and entity making the referral, the person screening the referral for the Center, and the answer to the questions on Exhibit "A", as well as all other pertinent matters. The Center's policies and procedures for the Family Crisis Center intake process states staff will perform a criminal records background check and a check of the National Sex Offender Registry for each applicant.

As part of the audit, a sample of applicant intake forms were reviewed for compliance with the agreement and the Center's policies and procedures.

Finding: The Children's Center, Inc. does not perform a screening process on any child prior to admission to the Family Crisis Center. The Program Director of the Family Crisis Center performs a screening process on the parent(s) of the child/children upon admission to the Family Crisis Center.

Finding: The Children's Center, Inc. does not inquire about the background history of any child referred to it before deciding whether or not to admit the child for temporary housing.

Finding: Exhibit "A" of the contract is the admission policy for the Yeager Youth Crisis Center and does not address the Family Crisis Center.

Admission/Screening Process (cont.)

Finding: The criminal records background check performed on the applicants were sometimes performed up to a month after the family was admitted to the Family Crisis Center. For 2 of the cases, a criminal records background check was never performed.

Finding: A check of the National Sex Offender Registry was not performed on any of the applicants as part of the intake process.

Finding: The applicant intake forms did not include the date and time the referral was made nor the person and entity making the referral.

Length of Stay

Section 3(a) of the Agreement states each child referred to the Yeager Center will be permitted to stay at the center a maximum of 14 days even if not consecutive. Longer stays must be approved by the Program Director.

Section 3(b) of the Agreement states each child referred to the Jameson Center will be permitted to stay at the center a maximum of 14 days even if not consecutive. Longer stays must be approved by the Program Director.

Section 3(c) of the Agreement states each child referred to the Family Crisis Center will be permitted to stay a maximum of 30 days even if not consecutive. Longer stays and repeated stays (even if not consecutive) will be permitted only if determined necessary by the Program Director, such determination to be made by the Program Director upon receipt of a timely written request from The Children’s Center, Inc., not later than the twenty-sixth (26) day of stay. Notwithstanding the forgoing, no child will be permitted to stay longer than 60 days a year.

Internal audit reviewed the Family Crisis Center monthly rosters for the audit period.

Finding: 69.38% of the cases (families) admitted to the Family Crisis Center during the audit period exceeded the maximum length of stay as stated in the contract. The following table reflects the length of stay for the cases reviewed:

Length of Stay	# of Cases	
1 - 30 days	49	30.63%
31 - 60 days	23	14.38%
61 - 90 days	28	17.50%
91 - 120 days	30	18.75%
121 - 150 days	17	10.63%
151 - 180 days	4	2.5%
181 + days *	9	5.63%
	160	

Length of Stay (cont.)

The following is a list of the cases in which the family remained at the center for 181 days or more:

Case #	# of Children	Date Admitted	Date Discharged	Length of Stay (Days)
2354	4	09/7/2017	06/30/2018	297
2338	2	08/31/2017	03/31/2018	213
2365	1	12/8/2017	06/29/2018	204
2350	1	09/8/2017	03/26/2018	200
2386	1	04/20/2018	10/29/2018	193
2383	1	04/13/2018	10/17/2018	188
2381	3	04/4/2018	10/5/2018	185
2390	2	05/3/2018	10/31/2018	182
2392	4	06/3/2018	11/30/2018	181

Finding: A written request from The Children’s Center, Inc. was not submitted for the 111 cases in which the families remained at the Family Crisis Center more than 30 days.

Finding: During the audit period, The Children’s Center, Inc. did not provide a discharge date for 41.25% of the cases (families) admitted to the Family Crisis Center. The length of stay for those cases was determined by the last month they were included on an invoice to the County.

Personnel

Section 5 of the Agreement states the Center agrees to provide sufficient properly licensed and qualified personnel to ensure the safety, security, health and welfare of the children temporarily housed at or through the Yeager Center, Jameson Center, or Family Crisis Center. The professional and educational qualifications of such personnel are those established by the Texas Department of Family and Protective Services, Galveston County Division for employees of emergency shelters. The Center represents and covenants that its personnel shall comply with established supervision guidelines, including but not limited to those listed on Exhibit “B” of the contract.

Finding: The Yeager Center and the Jameson Center are no longer being used to provide services to children as stated in the contract. Children admitted to the Family Crisis Center are accompanied by their parent(s), thus, per the president of The Children’s Center, Inc., qualified personnel are not needed to ensure the safety, security, health and welfare of the children.

Finding: Exhibit “B” of the contract does not address supervision guidelines as stated in the Agreement. Exhibit “B” is a form used to request an extended stay for the resident and their family.

Insurance

Section 21 of the Agreement states the Center will maintain in force policies of general liability insurance with minimum limits of \$250,000 for each person and \$500,000 for each occurrence as insurance against loss to any person or property occasioned by acts or omissions of the Center. The policy must name the Galveston County Children's Services Board and Program Director as additional insured's and shall be insurance companies rated A or better in Best's Guide and licensed in the State of Texas. The Center will acquire and maintain workers' compensation insurance as provided and required by applicable Texas State law for its employees.

The Children's Center, Inc. is in compliance with Section 21 of the Agreement.

Alternative Funding Sources

Section 24 of the Agreement states the County is a payer of the last resort. The Center will actively seek payment for its services on each child from alternative sources such as parents, charities, state or federal grants and other similar sources prior to billing the Galveston County Children's Services Board for services. The bank statements were reviewed to determine the sources of funding for TCCI. During the audit period, the Center received funding from the following sources:

Source of Funding	FY2016 (Aug-Sept)	FY2017 (Oct-Sept)	FY2018 (Oct-Sept)	FY2019 (Oct-July)
TX Department of Family Protective Services	\$478,389.66	\$3,398,735.45	\$3,688,995.03	\$1,322,014.19
TX Department of Health & Human Services	\$604,230.30	\$749,274.72	\$400,000.00	\$470,986.00
Mainland Community	\$11,637.50	\$71,961.32	\$74,672.79	\$64,033.37
Relocation & Housing Gulf Coast Victims	\$15,715.70	\$124,731.28	\$110,642.21	
All Church (Non-Profit Organization)		\$29,031.16	\$5,000.00	
TX Department of Housing & Urban Development		\$30,775.02		
Benevity Fund				\$50.00
Emergency Food & Shelter Program				\$17,136.00
Facebook			\$240.00	
Valero				\$20,000.00
Deposits – Unknown Sources	\$44,941.56	\$874,981.39	\$591,566.31	\$217,687.65
Total Known Funding	\$1,154,914.72	\$5,279,490.34	\$4,871,116.34	\$2,111,907.21

The average daily balance reflected on the monthly bank statements for the audit period was as follows:

FY2016 (Aug-Sept)	\$364,406.95
FY2017	\$245,826.36
FY2018	\$157,128.35
FY2019 (Oct - July)	\$185,100.87
Overall Average	\$238,115.63

In addition, some of the cases (families) admitted to the Family Crisis Center were receiving assistance from the Women, Infants & Children Program (WIC), Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI) and/or monthly child support.

Scope of Board's Duties and Responsibilities

Payment for Services

Section 2 of the Agreement states the County agrees to pay the Center the following amounts for permitted stays as applicable:

1. No payments will be made for any child receiving duplicate services from Services to At-Risk Youth (STAR) or any other similar source of funding.
2. If partial payment is tendered on behalf of any child in placement at the Yeager Center from a third source, Board will only pay the difference between such partial payment and \$106.22.
3. \$106.22 per day for each child between the ages of 7 and 17 inclusive at the Yeager Center
4. \$106.22 per day for each child from birth to 6 years inclusive sheltered at or through the Jameson Center
5. \$15.00 per day for each child housed in the Family Crisis Center
6. \$3,333.33 per month in support of the Safe Place program as described in Exhibit E of the Agreement

The total expenditures under the Agreement will not exceed \$150,000.00 per fiscal year. Written requests for payment will be submitted to the County on a monthly basis and must include at a minimum the following information:

- a) Name of child
- b) Name of person and source of referral
- c) Intake and discharge dates
- d) Number of days in care for which payment is being requested *and* prior stays at the Center.

The Center invoices the County each month for the services provided by the Family Crisis Center and the Safe Place Program Coordinator salary. The invoice reflects the total number of days stay for all cases (families) who were being housed at the Family Crisis Center the previous month. A roster of the residents is submitted with the invoice as support documentation. The roster provides the following information:

- Child's Name
- Case #
- Race
- Sex
- Age
- Date of Admission
- Discharge Date
- Number of Days Stay
- Cost
- Repeat Client (Yes/No)
- Referral Source

During FY2016, the Center expensed all funding by July 31, 2016, thus did not invoice the County for August and September 2016. During FY2018, the Center expensed the majority of funding by August, thus only invoiced the County for a portion of August and none for September. By the end of the audit period, July 31, 2019, the Center had expensed \$123,460.00 of their funding.

Payment for Services (cont.)

Finding: During FY2017, The Children's Center, Inc. did not invoice the County for February through June. The July and August invoices were only for days stay at the Family Crisis Center and did not include the Safe Place Program Coordinator's salary. The September invoice was only for the Safe Place Program Coordinator's salary for February 2017 through September 2017, totaling \$26,666.64.

Finding: The support documentation to the invoices submitted by The Children's Center, Inc. did not provide the name of the person who made the referral of each child to the Family Crisis Center.

Finding: The support documentation to the invoices submitted by The Children's Center, Inc. did not provide the discharge date for 41.25% of the cases (families) admitted to the Family Crisis Center.

Finding: During FY2016, the same case numbers (#2201 and #2202) were assigned to 2 different families.

Finding: During FY2018, the following case numbers were assigned to 2 or more different families: 2362, 2381, 2384, 2385, 2386 and 2390.

Finding: During FY2019, the following case numbers were assigned to 2 or more different families: 2399, 2400, 2402, 2405, 2406, 2407, 2417 and 2449.

Safe Place Program

The Safe Place Program is a prevention and early intervention activity to support children and youth in Galveston County. It is created through a partnership between the Center and the business community of Galveston County to provide Safe Place sites for children and youth. A distinctive yellow and black Safe Place sign is prominently displayed at each site. Children and youth can seek safety at Safe Place sites if they are in crisis and in need of supportive resources. Businesses are trained to offer the youth temporary refuge at the site and to contact the Albertine Yeager Youth Crisis Center where appropriate arrangements can be made. A trained Safe Place staff volunteer is then dispatched to the Safe Place site and, if the family cannot be reached or there are critical family problems, the staff/volunteer transports the youth to the Albertine Yeager Youth Crisis Center where appropriate arrangements can be made. Section 2(A)(6) of the contract states the County agrees to pay \$3,333.33 per month in support of the Safe Place Program as described in Exhibit E of the contract. The Center created a coordinator for the Safe Place Program to help implement Project Safe Place throughout Galveston County. The Safe Place Coordinator provides training in the public and private schools throughout Galveston County, providing youth with knowledge of the program and the locations of the sites. The County agrees to pay \$40,000 per year for the Safe Place Program Coordinator in support of Project Safe Place as described in Exhibit E of the contract.

The bank statements and check register were reviewed for expenditures related to the Safe Place Program and a sample of Safe Place sites were visited in Galveston County.

Finding: All of the Valero Safe Place sites that were visited had a distinctive 2 feet triangular yellow and black Safe Place sign prominently displayed on the outside of the building. All other sites visited had a 4 inch triangular clear decal with the Safe Place slogan adhered to a window on the building.

Finding: The majority of the Safe Place sites visited did not receive training in regards to the Safe Place Program. They were provided contact information only, in the event a youth needs assistance. One Safe Place site visited was a laundromat which did not employ an attendant who could provide services to a youth in need of assistance.

Safe Place Program (cont.)

Finding: The Albertine Yeager Youth Crisis Center does not provide services to children as part of the Safe Place Program as stated in the contract.

Finding: The Children's Center, Inc. was unable to provide adequate support documentation to the training provided by the Safe Place Coordinator during the audit period.

Finding: Beginning in FY2018, The Children's Center, Inc. decreased the amount invoiced for the Safe Place Program Coordinator to \$2,083.00. The remaining \$1,250.33 was invoiced to the County for permitted stays at the Family Crisis Center.

Finding: During the audit period, the following expenditures were directly related to the Safe Place Program and the Safe Place Program Coordinator:

Date	Check #	Payee	Amount
06/07/2017	57817	NATIONAL SAFE PLACE NETWORK (LICENSE RENEWAL)	\$ 800.00
12/21/2017	59693	TEXAS HOMELESS NETWORK (ANNUAL HMIS USER LICENSE)	\$ 700.00
02/05/2018	59818	NATIONAL SAFE PLACE NETWORK (SHIPPING)	\$ 33.95
06/15/2018	60367	NATIONAL SAFE PLACE NETWORK (LICENSE RENEWAL)	\$ 800.00
07/19/2018	60547	NATIONAL SAFE PLACE NETWORK (CONFERENCE REGISTRATION)	\$ 375.00
11/14/2018	61009	J & J TELECOMMUNICATIONS	\$ 145.50
12/12/2018	61077	J & J TELECOMMUNICATIONS	\$ 145.50
04/12/2019	61333	NATIONAL SAFE PLACE NETWORK (SAFE PLACE DUES)	\$ 1,371.66
06/17/2019	61506	NATIONAL SAFE PLACE NETWORK (LICENSE RENEWAL)	\$ 800.00
			<u>\$ 5,171.61</u>

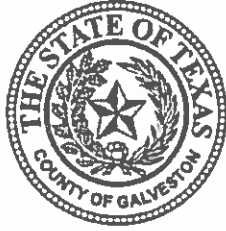
Financial Records

Section 17 of the contract states the Center shall maintain the necessary financial records to support the expenditure of the funds delivered by the County. Section 18 states the Center agrees to maintain and make available for inspection, audit or reproduction by the County, records pertaining to the costs and expenses of this Agreement, to the extent and in such detail as will properly reflect all net costs, direct and indirect, or labor, material, equipment, supplies, services and other costs and expenses of whatever nature for which payment is claimed under this Agreement.

Finding: All funding received by The Children's Center, Inc. is deposited and expensed in the same bank account. The Center was unable to provide a report reflecting expenditures of the funds provided by the County specifically related to the Family Crisis Center.

We wish to thank Mr. Gentile and his staff for their cooperation and assistance.

cc: Randall Rice CPA, County Auditor
Kristin Bulanek CIA, First Assistant Auditing



County of Galveston

06/24/2020

Mr. Randall Rice
County Auditor
722 Moody, 4th Floor
Galveston, Texas 77550

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

Dear Mr. Rice,

I am in receipt of the current audit performed by the Galveston County's Auditing Department. I would like to thank and acknowledge your audit team for their timely, thorough and professional management of this audit.

Please utilize this letter to serve as my response and acknowledgment of the audit materials. The County's Contract Services Department has reviewed the findings of this audit. Every due diligence possible will be taken to remedy the findings to the best ability.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to be "Brent Hartzell".

Director of Grants Administration

c.c. Brent Hartzell