

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

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722 Moody Ave 4th Floor, Galveston, TX 77550

January 11, 2021

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, 2019 through September 30, 2020. Also attached is the response letter from Brent Hartzell, Chief Financial Officer, dated December 30, 2020.

Sincerely,

Randall Rice CPA

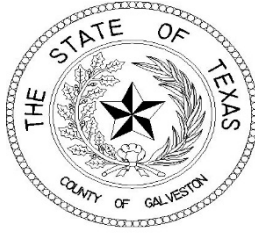
Digitally signed by Randall Rice
CPA
Date: 2021.01.04 12:05:25 -06'00'

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

December 11, 2020

To: Brent Hartzell
Chief Financial 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, 2019 through September 30, 2020. 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 1-2 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 24, 2018 and renewed on June 29, 2020. The effective date of the contract was October 1, 2020 through September 30, 2021.

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.

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. *This was a finding in the FY2019 audit.*

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. *This was a finding in the FY2019 audit.*

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:

	FY2020	
Emergency Hotline	172	97.18%
Children’s Protective Services (CPS)	0	0.00%
211 (State Health & Human Services Hotline)	0	0.00%
WALK-IN	0	0.00%
Salvation Army	0	0.00%
Resource Crisis Center (RCC)	3	1.69%
Church	0	0.00%
Galveston ISD	0	0.00%
Domestic Violence	0	0.00%
Houston Police Department	0	0.00%
United Way Galveston County Mainland	0	0.00%
UTMB	0	0.00%
YES	0	0.00%
Gulf Coast Center	0	0.00%
Galveston Police Department	2	0.00%
	177	

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.

Section 1(C) of the Agreement states that each admitted shall fill out the form Exhibit “C” and deliver to the Program Director. The section also states that the Center shall fill in and deliver Exhibit “D” by or before the 26th day of stay.

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. *This was a finding in the FY2019 audit.*

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. *This was a finding in the FY2019 audit.*

Admission/Screening Process (cont.)

Finding: Exhibit “A” of the contract is the admission policy for the Yeager Youth Crisis Center and does not address the Family Crisis Center. *This was a finding in the FY2019 audit.*

Finding: The applicant intake forms did not include the date and time the referral was made nor the person and entity making the referral. *This was a finding in the FY2019 audit.*

Finding: The Children’s Center, Inc. does not use Exhibit “C” as required by the contract.

Finding: The Children’s Center, Inc. does not fill in Exhibit “D” by or before the 26th day. The Center filled in Exhibit “D” for 52 children on September 1, 2020. This was the only time The Center completed the form during the audit period.

Finding: A criminal records background check was not performed on any of the applicants before or after the family was admitted to the Family Crisis Center.

Finding: A check of the National Sex Offender Registry was not performed on any of the applicants as part of the intake process. *This was a finding in the FY2019 audit.*

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: 62.96% 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	30	37.04%
31 - 60 days	7	8.64%
61 - 90 days	14	17.28%
91 - 120 days	20	24.69%
121 - 150 days	4	4.94%
151 - 180 days	1	1.23%
181 + days *	5	6.17%
	81	

Length of Stay (cont.)

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

Case #	# of Children	Date Admitted	Date Discharged	Length of Stay (Days)
2441	3	9/30/2019	9/30/2020	611
2465	4	9/1/2019	9/30/2020	860
2467	2	10/1/2019	9/30/2020	426
2473	3	10/17/2019	9/30/2020	774
2480	1	12/16/2019	9/30/2020	226

Finding: The support documentation to the invoices submitted by The Children’s Center, Inc. did not provide the discharge date for 30 (15.87%) 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.

Finding: The support documentation to the invoices submitted by The Children’s Center, Inc. incorrectly calculated the length of stay for 45 (23.81%) of the cases (families) admitted to the Family Crisis Center.

Finding: The support documentation to the invoices submitted by The Children’s Center, Inc. did not provide a case number for 26 (13.76%) of the cases (families) admitted to the Family Crisis Center.

Finding: The following case numbers were assigned to 2 or more different families: 2466, 2467, 2475, 2476 and 2478.

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. *This was a finding in the FY2019 audit.*

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. *This was a finding in the FY2019 audit.*

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 most recent fiscal years, the Center received funding from the following sources:

Source of Funding	FY2017 (Oct-Sept)	FY2018 (Oct-Sept)	FY2019 (Oct-Sept)	FY2020 (Oct-Sept)
TX Department of Family Protective Services	\$3,398,735.45	\$3,688,995.03	\$1,487,042.51	\$338,558.44
TX Department of Health & Human Services	\$749,274.72	\$400,000.00	\$600,000.00	\$850,166.86
TX Department of Housing & Community Affairs				\$229,249.90
Mainland Community	\$71,961.32	\$74,672.79	\$76,907.55	\$75,638.88
Relocation & Housing Gulf Coast Victims	\$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	\$24.28
Emergency Food & Shelter Program			\$33,966.00	\$34,830.00
Facebook		\$240.00		\$365.00
Valero			\$20,000.00	\$25,000.00
ADP Fees	\$977.52			
Approved Funding				\$78,000.00
Thrivent Financial				\$645.00
Deposits – Unknown Sources	\$874,981.39	\$591,566.31	\$226,992.98	\$415,127.71
Total Known Funding	\$5,280,467.86	\$4,871,116.34	\$2,444,959.04	\$2,047,606.07

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

FY2017	\$245,826.36
FY2018	\$157,128.35
FY2019	\$167,984.23
FY2020	\$76,984.59
Overall Average	\$161,980.88

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. 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 FY2020 the Center had expensed \$136,479.00 of their funding.

Finding: The County paid the Center \$3,333.33 per month in support of the Safe Place program through December 2019. Due to the results of last year's audit, starting January 2020, the County has not paid to support the Safe Place Program.

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. *This was a finding in the FY2019 audit.*

Payment for Services (cont.)

Finding: The support documentation to the invoices submitted by The Children’s Center, Inc. did not provide the discharge date for 30 (15.87%) of the cases (families) admitted to the Family Crisis Center. *This was a finding in the FY2019 audit.*

Finding: The support documentation to the invoices submitted by The Children’s Center, Inc. incorrectly calculated the length of stay for 45 (23.81%) of the cases (families) admitted to the Family Crisis Center.

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. *This was a finding in the FY2019 audit.*

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

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

Ms. Gaul and Ms. McWhirter –

Thank you for the draft report of your most recent audit of the Children's Center as well as your regular communication with me during the course of the audit. I also thank Stephanie Caraway on my staff for being tenacious in ensuring that the grantee complies fully with required documentation that accompanies reimbursement requests for the Family Crisis Center.

Stephanie and I appreciate your numerous findings about the grantee's noncompliance with various provisions of its existing contract with the County. Many of these findings are repeated from last year's audit, and I am troubled that several additional findings were noted in your current review. For simplicity, I will classify my office's response into a few broad categories.

With respect to your findings related to the Family Crisis Center, Stephanie and I have worked with the Children's Center to comply as fully as possible with the contract provisions regarding reimbursement eligibility and documentation. Among several improvements, we have established that the Exhibit D for individuals staying longer than 30 days is submitted in full with appropriate authorization for the extension. We are also enforcing the 60 day maximum reimbursement eligibility for an individual per fiscal year going forward, and Stephanie monitors all reimbursement requests to ensure that the Children's Center receives no reimbursement for individuals that have exceeded their annual contracted time limits. Further improvements are necessary to ensure the Children's Center's compliance with all contractual provisions of the Family Crisis Center, particularly with screening procedures, but I am positive that the improvements thus far can be extended to other aspects of compliance very soon.

With respect to the Safe Place Program, my office is aware of the inadequate administration of that activity to date, and we will discuss the practicality of restoring this option with Children's Center staff in the near future as is applicable to contractual requirements. Presently my inclination is to ensure routine contractual compliance in the administration of the Family Crisis Center before considering any expansion of program activities.

With respect to your findings related to other programs included within the current contract, several of these provisions are outdated and impossible to restore in accordance with the existing contract provisions. My staff will make a determination early in 2021 whether a new RFP for children's sheltering services in the County is required to bring the contractual language in compliance with the existing functionality of services provided. I am pleased that the Children's Center has made significant efforts in recent weeks to comply with existing documentation requirements for reimbursement and has been cooperative with us in those efforts.

Sincerely,
Brent Hartzell
Chief Financial Officer