

A Report to the  
Chambers  
County  
Commissioners  
Court

County Judge:

Jimmy Sylvia

Commissioners:

Jimmy Gore

Mark Tice

Gary Nelson

Billy Combs



# Indigent Health Care

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## BVCAP Grant 2018

Ashley Savell

April 12, 2019

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# CHAMBERS COUNTY AUDITOR

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## **Nature of the Engagement**

The Chambers County Auditor's office has completed an audit of the Brazos Valley Community Action Programs (BVCAP) grant. The audit was conducted for the contract period of January 1, 2018 through December 31, 2018.

The overall objective of this audit was:

Assess and evaluate procedures for the distribution of funds, administration of the BVCAP grant, and implementation of grant requirements outlined in the contract and state laws.

The Indigent Health Care department staff (herein referred to as "Grantee") is responsible for maintaining pertinent records as well as tracking and reporting grant expenditure information to the BVCAP.

## **Background**

The BVCAP Grant allows local Chambers County residents the opportunity to receive assistance for immediate financial burdens. The Chambers County Commissioner's Court desires to provide, on an emergency basis, for the provision of such supplies and services having a measurable and potentially major impact on poverty in the community.

The grant funds are used for utilities, travel, food, housing, prescriptions and certain medical assistance with permission given by the BVCAP. The amount awarded to each client seeking assistance depends on the required type of aid. Eligible recipients are only those whose income is equal to or less than 125% of Federal Poverty Income Guidelines; these amounts vary depending on the number of residents within the household.

Chambers County was awarded \$25,000.00 in grant funds that were to be spent by December 31, 2018 as outlined in the contract with the BVCAP. Every recipient who is given funds is to provide documentation proving they are a Chambers County resident (e.g., a bill in their name with a Chambers County address), a form of identification, and relevant proof of income. However, if the applicant has no proof of income or residency, they are to fill out a Declaration of Income (DOI) or Declaration of Residency (DOR) which are both to be notarized. All documentation can be found in the client files.

The amount awarded to each client is at the sole discretion of the Grantee and is dependent on the needs of the individual or family. Once all funds are exhausted, the original grant and any amendments are complete.

## **Audit Scope and Procedures**

The audit performed was designed to evaluate and test compliance with requirements set out in the contract and state laws.

The following procedures were used to complete the examination:

- Verify that client files contain required documents with applicable signatures.
- Reconcile client file information with Incode records.
- Compare client file information to the monthly and annual reports submitted by the Grantee.
- Check food voucher receipts to ensure BVCAP grant requirements were met.
- Evaluate if good faith efforts were used when awarding monies to each client.
- Review the BVCAP contract and pertinent state laws, then assess compliance.

## **Observations and Findings with Related Recommendations**

During the audit, the following observations were noted:

1. Monthly and Annual Reports to the BVCAP
  - a) Findings:
    - i. BVCAP funds were received in April, thus monthly reports from April to December were submitted. All monthly reports and the annual report were submitted on time.
    - ii. One entry was incorrectly calculated and another was incorrectly classified on the annual report.
  - b) Recommendation:
    - i. The Grantee should verify that correct amounts are calculated on the monthly and annual reports and that the monies are being taken from the proper grants.
2. Client File Documentation
  - a) Findings:
    - i. All DOI and DOR forms were notarized.
    - ii. Seven bills did not match the clients' names and therefore, should not have been used as proof of residency for those clients.
    - iii. Child support was calculated in six client files as income, which is not permitted.
    - iv. Seventeen federal aid recipients used bank statements as proof of income. This is the net amount and the Texas Administrative Code Title 10 Part 1 Chapter 6 Subchapter A Rule 6.4 (a) states, "Gross income is to be used, not net income..." However, the gross incomes of these recipients would still be within the income limits.

- b) Recommendations:
  - i. Do not accept a bill unless it has the client's name; if this cannot be accomplished, have the client fill out a DOR as proof of residency.
  - ii. When calculating the client's total income, only include incomes that are allowed under the Texas Administrative Code Title 10 Part 1 Chapter 6 Subchapter A Rule 6.4 (a)(2)(S).
  - iii. Require recipients to provide their gross incomes.
- 3. Food Voucher Receipts
  - a) Findings:
    - i. Two client food receipts were not on file.
    - ii. One client purchased alcohol with the BVCAP funds, which is expressly prohibited on the food voucher form.
  - b) Recommendation:
    - i. Ensure that all receipts are present and only contain allowed items.
- 4. Good Faith Practices
  - a) Findings:
    - i. There is no schedule or chart used when determining how much to award each client for food based on their household size, it is at the sole discretion of the Grantee. For this grant, the Grantee awarded the initial client \$100 for food, then each subsequent household member would add \$20 to the total amount awarded.
    - ii. Only one client was not awarded based on this method, she was given \$160 for three household members.
    - iii. When asked about utility assistance procedure, the Grantee stated, "We help according to what the client ask for and according to what it will take to keep the utilities from being disconnected." Thus, some bills were partially paid, while others were fully paid.
  - b) Recommendation:
    - i. Utility bill aid is naturally going to vary depending on the bill amounts, however food voucher funds can remain consistent among the clients. Create a written policy for food vouchers to establish uniformity in funds awarded.
- 5. Reconciliation
  - a) Findings:
    - i. Journal entries were requested in September, November, and December of 2018. The three entries were made to exchange funds between BVCAP and other grants.
    - ii. One client applied for BVCAP assistance, but the funds were mistakenly taken from a different grant.
  - b) Recommendation:
    - i. An updated running total should be kept based on the amounts awarded by utilizing the grant tracking features within Incode.

## 6. Audit Requirements

### a) Findings:

- i. The Chambers County Auditor's Office began internally auditing this grant in 2015 and it has never been audited outside of the Chambers County Auditor's Office.
- ii. Section 19 of the BVCAP contract states that the Grantee "...shall arrange for a financial and compliance audit of funds received and performances rendered under this contract."

### b) Recommendation:

- i. Comply with Section 19 of the BVCAP contract regarding auditing requirements and procedures.

## 7. Limited Service Area

### a) Finding:

- i. The BVCAP grant is meant to service all areas of Chambers County, but the vast majority of clients were from Anahuac and Hankamer.
- ii. In previous internal audit reports, the Auditor's Office has recommended that the Grantee should advertise in order to service other areas of the county; the Grantee did not advertise for the 2018 BVCAP grant.

### b) Recommendation:

- i. Advertise throughout the county to allow other areas of the county to be serviced.

## **Conclusion**

The Grantee has effectively improved efforts to collect proper documentation for each client file and improved report filings. The Grantee also preserved all client files for the contract period, provided all requested information, and cooperated during the audit with ease. By implementing the recommendations listed above, the Grantee will further minimize mistakes and be in compliance with relevant state laws. As the audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the audit. Thus, the Grantee retains the responsibility for the accuracy and completeness of the financial information.

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April 15, 2019

Re: Response to 2018 BVCAP Grant Audit

In response to the observations and findings listed in the 2018 BVCAP Grant Audit.

1. Monthly and Annual Reports:
  - i. We do our best to make sure that our monies are taken out of the proper grant and that the reports are entered and classified properly.
  
2. Documentation:
  - ii. Because our clients are indigent, there are many times that they may not have a utility bill in their name. We may help with food, but not a utility bill if it is not in their name. In the future we will have them sign a Declaration of Residency as proof of their residency.
  - iii. BVCAP has asked us in the past to show disallowed income even though it isn't to be calculated in the grand totals. There has never been a person to not qualify because of child support.
  - iv. Even though the bank statements are the net income, the gross income from Social Security would still be within the income limits of the program. In the future, we will require the awards letter.
  
3. Food Voucher Receipts:
  - i. All food receipts are required to be provided when claim is set up for payment. I'm not sure why two were not on file.
  - ii. Alcohol is prohibited by the program. It states on our food vouchers that it is for food items only and that no alcohol or tobacco is to be purchased. When looking at the ticket, the voucher was for \$140 and the client purchased \$163. There was \$23 over the voucher amount that they client was to pay out of

their pocket. We will stress to our clients that alcohol is not to be purchased at the same time the voucher is used.

4. Good Faith Practices:

The Indigent Health Care Office generally tries to follow the same guidelines for each household that is served. Sometimes it could vary depending on the amount of money we have, based on the need, or based on what they requested.

5. Reconciliation:

The Indigent Health Care Office administers different grants at different poverty levels. The Indigent Health Care Office does keep a running total on the amount spent from each grant administered. Sometimes applicants are moved from one program to another to help finish out funds.

6. Audit Requirements:

We are required to submit each client file and documentation to BVCAA for auditing purposes with our monthly reports. I will verify with the program as to what they expect from us.

7. Limited Service Area:

This program is a first come first serve basis. It spreads so quickly by word of mouth that the funding runs out because we are inundated with clients. We will advertise for the current year in hopes of spreading out the money.

Respectfully,

Jessica Laskoskie  
Indigent Health Care Director