

SINGLE AUDIT REPORTS

POLK COUNTY, TEXAS

For the Year Ended
September 30, 2021

POLK COUNTY, TEXAS

SINGLE AUDIT REPORTS

September 30, 2021

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable County Judge and
Members of the Commissioners' Court of
Polk County, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Texas (the "County") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 29, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Honorable County Judge and
Members of the Commissioners' Court of
Polk County, Texas:

Report on Compliance for Each Major Federal Program

We have audited the Polk County, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated March 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial

statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 29, 2022

POLK COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended September 30, 2021

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Material Weakness:

2020-001. BANK RECONCILIATIONS

Criteria

The County Treasurer's office is responsible for balancing and reconciling bank statements and accurately accounting for the County's pooled cash account, payroll, and various other accounts.

Condition

The bank statements and reconciliations were requested from the County Treasurer's office for review in completing the County's annual audit. The County Treasurer has completed bank reconciliations for the pooled cash accounts but the balance on the reconciliations do not accurately reflect the balance of the accounts on the trial balance.

Effect

The County is at risk for loss of funds due to its inability to balance its accounting software bank reconciliations to the pooled cash balances on the trial balance.

Cause

The County Treasurer's office reconciled the pooled cash account bank statements on the software module but the balances on the reconciliations do not accurately reflect the balance of the accounts on the trial balance. There is an issue with the software and the bank reconciliation module.

Recommendation

The County Treasurer's office should continue to work with the software company to ensure that all pooled cash accounts are reflected correctly on the reconciliations and are in balance with the trial balance each month.

Current Status

The County Treasurer corrected the problem within the County's software.

POLK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of Polk County, Texas (the "County").
2. No instances of material weakness in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the County are reported.
7. The programs included as major programs are:

<u>AL</u>	<u>Program Name</u>
14.228	Community Development Block Grant

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The County did qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

POLK COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

Department/Pass-Through Agency/Program Name	Program/Grant/ Project Number	AL Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
<i>Pass-Through Texas Department of Public Safety</i>			
State Criminal Alien Assistance Program	O-BJA-2020-6202	16.606	\$ 308
<i>Pass-Through Office of the Governor</i>			
Coronavirus Emergency Supplemental Funding	4173501	16.034	72,108
Total U.S. Department of Justice			<u>72,416</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Pass-Through Deep East Texas Council of Governments</i>			
Title III Part C1, Nutrition Services	014-16-1000824-8	93.045	20,257
Title III Part C2, Nutrition Services	014-16-1000824-8	93.045	82,597
			<u>102,854</u>
<i>Pass-Through Texas Department of Family Services</i>			
County Title IV-E Child Welfare Services	OAG# 15-C0071	93.563	867
<i>Pass-Through Texas Department of Aging and Disability Services</i>			
Social Services Block Grant	1000824	93.667	235,561
Total U.S. Department of Health and Human Services			<u>339,282</u>
U. S. ELECTION ASSISTANCE COMMISSION			
<i>Pass-through TX Secretary of State</i>			
Help America Vote Act	78662	90.404	2,499
Total U.S. Election Assistance Commission			<u>2,499</u>
U. S. DEPARTMENT OF INTERIOR			
<i>Pass-Through Bureau of Land Management</i>			
Payments in Lieu of Taxes - 2021	PL 110-343	15.226	54,684
Total U.S. Department of Interior			<u>54,684</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-through General Land Office</i>			
Community Development Block Grant	20-065-018-C064	14.228	568,796
Community Development Block Grant	20-066-018-C125	14.228	66,705
			<u>635,501</u>
Total U.S. Department of Housing and Urban Development			<u>635,501</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Pass-Through Texas Department of Public Safety's Division of Emergency Management</i>			
Disaster Grants - Public Assistance	FEMA-4332-DR-TX	97.036	18,014
Disaster Grants - Public Assistance	3540EM-TX	97.036	11,486
Emergency Management Performance Grant	20TX-EMPG-0441	97.042	31,609
Total U.S. Department of Homeland Security			<u>61,109</u>
Total Federal Expenditures			<u>\$ 1,165,491</u>

POLK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

1. REPORTING ENTITY

The accompanying schedule of expenditures of federal awards (the “Schedule”) presents the activity of all federal financial assistance programs of the County.

2. BASIS OF ACCOUNTING

The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent, adjustments or credits made in the normal course to amounts reported as expenditures in prior years.

4. INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.