

Tarrant County, Texas

State Single Audit Report for the
Year Ended September 30, 2020

TARRANT COUNTY, TEXAS

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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*

The Honorable County Judge and Commissioners' Court
Tarrant County, Texas

Independent Auditors' Report

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 14, 2021. Our report includes a reference to other auditors who audited the financial statements of the Tarrant County Hospital District (TCHD) and the My Health My Resources of Tarrant County (MHMRTC), which represent all of the aggregate discretely presented component units, as described in our report on Tarrant County's financial statements. This report does not include the result of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

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 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 County's internal control.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency*, is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

April 14, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

The Honorable County Judge and Commissioners Court
Tarrant County, Texas

Report on Compliance for Each Major State Program

We have audited Tarrant County's (the "County") compliance with the types of compliance requirements described in the State of Texas Uniform Grant Management Standards (UGMS) that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2020. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Tarrant County Hospital District and My Health My Resources of Tarrant County, which received state awards not included in the County's Schedule of Expenditures of State Awards for the year ended September 30, 2020. Our audit, described below, did not include the operations of the Tarrant County Hospital District or My Health My Resources of Tarrant County because the entities engaged other auditors to perform audits in accordance with UGMS, as applicable. This report does not include the results of the other auditors' testing of internal control over compliance or over compliance that are reported on separately by those auditors.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state 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 UGMS. Those standards and UGMS 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 state 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 qualified and unmodified opinions on compliance for major state programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on the STD/HIV Prevention Program

As described in the accompanying schedule of findings and questioned costs, the County did not comply with the requirement regarding the STD/HIV Prevention Program as described in the finding number 2020-001-State for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program

Qualified Opinion on STD/HIV Prevention Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 STD/HIV Prevention Program for the year ended September 30, 2020.

Unmodified Opinion on Each of the Other Major State Programs

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 other major state programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2020.

Other Matters

The County’s response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with UGMS, 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 state 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 state 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001-State, that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 UGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards Required by UGMS

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 14, 2021, which contained unmodified opinions on those financial statements. Our report includes reference to other auditors who audited the financial statements of the Tarrant County Hospital District and My Health My Resources of Tarrant County, which represent all of the aggregate discretely presented component units, as described in our report on the County's 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 state awards is presented for purposes of additional analysis as required by the UGMS 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 basic 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 state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Deloitte & Touche LLP

June 22, 2021

TARRANT COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

State Grantor Pass-Through Grantor Program Title	Grant/Contract Number	State Expenditures	State Amounts Passed- Through to Subrecipients
TEXAS DEPARTMENT OF STATE HEALTH SERVICES/HHSC			
State Services	537-18-0013-00001-03	\$ 443,297	\$ 421,249
State Services	537-18-0013-00001-04	16,460	16,460
HIV Care Formula Grants (Ryan White Part B)	537-17-0161-0001-03	379,466	82,476
HIV Care Formula Grants (Ryan White Part B)	537-17-0161-0001-04	281,237	99,281
Infectious Disease Surveillance and Epidemiology	HHS000436300024	186,502	
Infectious Disease Surveillance and Epidemiology	HHS000436300024	14,889	
Housing Opportunities for Persons with AIDS	537-16-0511-00001-05	17,036	17,036
STD/HIV Prevention	HHS000288900007	72,861	
STD/HIV Prevention	HHS000288900007	915,407	
TB/PC-Tuberculosis Control	HHS00048330000101	731,833	
TB/PC-Tuberculosis Control	HHS00048330000101	81,590	
Immunization Division	HHS000108600001-01	553,895	
Infectious Disease Control Unit/FLU Lab	HHS000442100006	4,452	
Preventive Health and Health Services Block Grant	HHS000485600055	209,550	
Preventive Health and Health Services Block Grant	HHS000485600055	40,596	
Total Texas Department of State Health Services/HHSC		<u>3,949,071</u>	<u>636,502</u>
OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION			
Family Drug Court	1969713	49,975	
Veterans Court Project	2285211	230,768	
Veterans Court Project	2285212	20,016	
Reaching Independence through Self Empowerment (RISE)	2589508	138,709	
Reaching Independence through Self Empowerment (RISE)	2589509	12,423	
DIRECT Court Program	2985205	163,563	
DIRECT Court Program	2985206	14,713	
Mental Health Diversion Court Program	1828914	95,545	
Mental Health Diversion Court Program	1828915	7,690	
Total Office of the Governor, Criminal Justice Division		<u>733,402</u>	<u>-</u>
THE STATE OF TEXAS MOTOR VEHICLE CRIME PREVENTION AUTHORITY			
Tarrant Regional Auto Crimes Task Force	608-19-2200000	(210)	
Tarrant Regional Auto Crimes Task Force	608-20-2200000	1,050,633	
Tarrant Regional Auto Crimes Task Force	608-21-2200000	60,717	
Total State of Texas Motor Vehicle Crime Prevention Authority		<u>1,111,140</u>	<u>-</u>

(Continued)

TARRANT COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

State Grantor Pass-Through Grantor Program Title	Grant/Contract Number	State Expenditures	State Amounts Passed- Through to Subrecipients
TEXAS DEPARTMENT OF TRANSPORTATION			
Highway Planning & Construction - Courtesy Patrol Program	608-19-2200000	\$ 12	\$ -
Highway Planning & Construction - Courtesy Patrol Program	02-0XXF5001	393,490	
Highway Planning & Construction - Courtesy Patrol Program	02-0XXF5001	<u>30,052</u>	
Total Department of Transportation		<u>423,554</u>	<u>-</u>
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			
TCEQ-Volkswagen Environmental Mitigation Program (PCT3 New Street Sweeper)	582-20-11996-VW	<u>196,448</u>	
Total Texas Commission on Environmental Quality		<u>196,448</u>	<u>-</u>
TEXAS HEALTH AND HUMAN SERVICES COMMISSION			
State-Based Comprehensive Breast & Cervical Cancer Early Detection Program	529-17-0023-00035-02	<u>3,945</u>	
Total Texas Health and Human Services Commission		<u>3,945</u>	<u>-</u>
TEXAS JUDICIAL COMMISSION ON MENTAL HEALTH			
Tarrant County Mental Health Diversion Program-Program Development & Court Improvement	201-20-055	<u>17,265</u>	
Total Texas Judicial Commission on Mental Health		<u>17,265</u>	<u>-</u>
OFFICE OF THE ATTORNEY GENERAL			
Bilingual Victims Assistance Coordinator	2098788	38,500	
Bilingual Victims Assistance Coordinator	2107308	3,500	
Texas Statewide Automated Victim Notification Service (SAVNS)	2004133	<u>78,900</u>	
Total Office of the Attorney General		<u>120,900</u>	<u>-</u>
TEXAS INDIGENT DEFENSE COMMISSION			
Indigent Defense Formula Grant	212-20-220	1,548,281	
Indigent Defense Supplemental Capital Defense Formula Grant	212-20-220SC	<u>129,294</u>	
Total Texas Indigent Defense Commission		<u>1,677,575</u>	<u>-</u>
TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES			
Promoting Safe and Stable Families - CYD Project	24427016	321,696	184,435
Promoting Safe and Stable Families - CYD Project	24427016	<u>19,769</u>	<u>7,932</u>
Total Texas Department of Family and Protective Services		<u>341,465</u>	<u>192,367</u>
TEXAS VETERANS COMMISSION FUND			
Tarrant County Veterans Court	VTC_19_0706	226,433	
Tarrant County Veterans Court	VTC_19_0706	<u>79,073</u>	
Total Texas Veterans Commission Fund		<u>305,506</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 8,880,271</u>	<u>\$ 828,869</u>

See notes to Schedule of Expenditures of State Awards.

(Concluded)

TARRANT COUNTY, TEXAS

NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS YEAR ENDED SEPTEMBER 30, 2020

1. **Basis of Accounting**—The schedule of expenditures of state awards (the “Schedule”) was prepared on the modified accrual basis of accounting. Amounts reported as expenditures in the accompanying Schedule may not agree with the amounts reported in the related state financial reports filed with the grantor agencies because of accruals, which would be included in the next report filed with the agency.

State grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unavailable revenues until earned. The accompanying Schedule is presented on the modified accrual basis of accounting.

2. The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the state project period extends 30 to 90 days beyond the state project period ending date, in accordance with provisions in the *UGMS*.
3. The County participates in numerous state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the County has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at year-end maybe impaired.

TARRANT COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Section I—Summary of Auditors' Results

- Financial Statements
 - Type of auditors' report issued on whether financial statements were prepared in accordance with GAAP: Unmodified
 - Internal control over financial reporting:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified? Yes None reported
 - Noncompliance material to financial statements noted? Yes No
- State Awards
 - Internal control over major programs:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported
 - Type of auditors' report issued on compliance for major programs: Modified
 - Any audit findings disclosed that are required to be reported in accordance with UGMS? Yes No
 - Identification of major programs:
 - 537-17-0161-0001-03/04 - HIV Care Formula Grants (Ryan White Part B)
 - HHS000288900007 - STD/HIV Prevention
 - HHS00048330000101 - TB/PC – Tuberculosis Control
 - HHS000108600001-01 - Immunization Division
 - VTC_19_0706 - Tarrant County Veterans Court
 - Dollar threshold used to distinguish between type A and type B programs: \$300,000
 - Auditee qualified as low-risk auditee? Yes No

Section II—Financial Statements Findings

None reported.

Section III—Award Findings and Questioned Costs

Finding 2020-001-State: Material Weakness in Controls over Compliance and Material Noncompliance—Allowable Cost

State Program: STD/HIV Prevention - HHS000288900007

Year: 2020

State Agency: Texas Department of State Health Services

Criteria—In accordance with Uniform Grant Management Standards - Section II Cost Principles for State and Local Governments – Attachment B – section 11 Compensation of personnel services – Paragraph h – Support of salaries and wages, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation.

Perspective—29 out of 55 payroll transactions selected for testing had biweekly personnel activity reports (time sheets) with distributions of hours that did not match up with the allocation of salaries and wages to the grant. Time sheets for 18 out of the 29 exceptions reflected actual hours for the grant that were less than the amount of salaries and wages allocated to the grant. Time sheets for 11 out of the 29 exceptions reflected actual hours for the grant that were more than the amount of salaries and wages allocated to the grant.

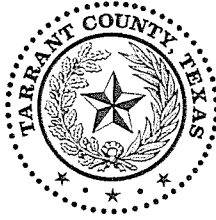
Condition and Cause—The allocation of salaries and wages to the grant is based on an estimated percentage allocation entered in SAP and is not linked to the actual hours recorded to the grant on time sheets. Further, the County did not have a process to analyze the actual hours recorded on time sheets against the estimated percentage allocation in SAP to ensure that the grant was not overcharged.

Questioned Costs—A total of \$8,037, which includes salaries and related fringe benefits, was charged to the grant in excess of what was actually evidenced in the time sheets.

Effect—Failure to charge personnel service expenditures based on actual hours worked in accordance with the employee time sheets could result in overcharges of personnel service expenditures to the grant. This could result in potential disallowance of costs.

Recommendation—Management should review all time sheets that support the related payroll journal entries to ensure personnel services expenditures charged to the grant are based on actual hours worked.

View of Responsible Officials—See Corrective Action Plan



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**CORRECTIVE ACTION PLAN (AS PREPARED BY COUNTY
MANAGEMENT) FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Finding 2020-002: Material Weakness in Controls over Compliance and Material Noncompliance—Allowable Cost

State Program: STD/HIV Prevention - HHS000288900007

Year: 2020

State Agency: Texas Department of State Health Services

Recommendation—Management should review all time sheets against the resulting payroll journal entries to ensure personnel services expenditures charged to the grant are based on actual hours worked.

Responsible Party – Angela Hagy, Deputy Director Public Health

Corrective Action Plan –Tarrant County Public Health is in the process of implementing a new Policy to create another layer of oversight in the timesheet review process. Intended to prevent errors and inconsistencies, this policy includes:

- Weekly review prior to approval of grant employee timesheets by the Supervisor(s).
- Bi-weekly review of all grant employee timesheets by the Business Office, to provide a second-layer of oversight.
- Any errors will be documented and returned to the division for correction.
- All grant employees will receive mandatory re-education about proper time reporting with employee attestation.
- All documentation will be filed and available for audit. The Business Office will conduct random internal audits of the timesheets.

Effective Date – September 1, 2021