

SAN JACINTO COUNTY, TEXAS

FEDERAL SINGLE AUDIT REPORT

**For the Fiscal Year Ended
September 30, 2020**

SAN JACINTO COUNTY, TEXAS

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**INDEPENDENT AUDITOR'S 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 Commissioners' Court
San Jacinto 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, each major fund, and the aggregate remaining fund information of San Jacinto 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 October 20, 2021.

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 the County's internal control.

Our consideration of internal control over financial reporting 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2020-002, 2020-003, 2020-004, and 2020-005 to be significant deficiencies.

To the Honorable County Judge
And Members of Commissioners' Court
San Jacinto County, Texas

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 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*.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas
October 20, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

To the Honorable County Judge
And Members of Commissioners’ Court
San Jacinto County, Texas

Report on Compliance for Each Major Federal Program

We have audited San Jacinto County, Texas’ (the “County”) compliance with the types of requirements described in the U.S. Office of Management and Budget (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, 2020. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s 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, 2020.

To the Honorable County Judge
And Members of Commissioners' Court
San Jacinto County, Texas

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.

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.

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

We have audited the financial statements of the governmental activities, 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 October 20, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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.



Houston, Texas
October 20, 2021

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	Yes; #2020-001
Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes; #2020-002, #2020-003, #2020-004, #2020-005
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No
Identification of Major Federal Programs:	

Name of Federal Programs or Cluster

Assistance Listing

Community Development Block Grant - 2016 GLO	14.228
Community Development Block Grant - Hurricane Harvey	14.228
Community Development Block Grant - Hurricane Harvey Contract Buyout	14.228

Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2020

II. Financial Statement Findings

2020-001 Material Weakness: Unrecorded Liabilities

Criteria

The County is required to accrue all material expenditures and related liabilities for services provided, or goods received, during the fiscal year.

Condition

The County's review of invoices paid after fiscal year-end did not capture approximately \$995,000 in unrecorded liabilities.

Context

During the audit, we performed a search for unrecorded liabilities which determined approximately \$995,000 in expenditures requiring accrual.

Cause

The County's closing procedures are lacking an adequate search for unrecorded liabilities process.

Effect or Potential Effect

The unrecorded liabilities, expenditures, and resulting changes in fund balance could cause a material misstatement.

Recommendation

The County should review all invoices received subsequent to fiscal year-end to determine if the expenditure relates to the previous fiscal year and should be accrued.

Views of Responsible Officials

See Management's Responses to Findings and Corrective Action Plan beginning on Page 15

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2020

II. Financial Statement Findings (continued)

2020-002 Significant Deficiency: Financial Closing Procedures

Criteria

The County Auditor's office is responsible for ensuring the County has a formal procedure in place to reconcile general ledger accounts on a consistent basis.

Condition

Various accounts and funds required significant adjustments and corrections to year-end balances.

Context

The trial balance provided by the County required multiple contained many accounts that were not reconciled correctly or were pending adjustment. Multiple journal entries were proposed to correct the accounts discovered during the audit. A similar significant deficiency has been present each year since fiscal year 2016.

Cause

The County lacks a formal closing process at the end of the fiscal year. Noted instances of deficiencies include, but are not limited to, the following:

- Multiple unrecorded expenditures and liabilities for checks written subsequent to year-end;
- Interfund balances (due to/from other funds) did not reconcile;
- Various grant revenues, receivables, unearned revenue, and unavailable revenue, were not recorded or adjusted;
- Property tax receivables and allowances were not adjusted;
- Sales tax receivables were not adjusted;
- Various fund balance amounts did not reconcile to the prior year;
- Miscellaneous clearing accounts affecting cash balances (ex: "Entries Pending") were not adjusted;
- Capital asset detail records were not reconciled to note disclosures required for reporting.

Effect or Potential Effect

Lack of the noted policies/practices can result in inaccurate financial reporting to the Commissioners' Court, inaccurate state fee reporting to the state, loss of funds, violation of grant agreements or other contracts, and difficulty in completion of the annual audit.

Recommendation

The County Auditor's office should establish formal closing procedure to reconcile all balance sheet accounts, including reviewing supporting subsidiary ledgers and other supporting documents to determine their accuracy and correct any errors and to ensure the general ledger is appropriately adjusted.

Views of Responsible Officials

See *Management's Responses to Findings and Corrective Action Plan* beginning on page 15.

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2020

II. Financial Statement Findings (continued)

2020-003 Significant Deficiency: Grant Reconciliations

Criteria

The County is required to report balances and activity in accordance with accounting principles generally accepted in the United States of America.

Condition

Grant revenues, receivables, unearned revenues, and unavailable revenues are being recorded during the year primarily on a cash basis without being adjusted at year-end. Multiple expenditures for various projects (FEMA) are unable to be traced back to individual projects.

Context

The initial trial balance provided contained many balance sheet accounts related to grant funds which had not been adjusted from the prior year. Projects that spanned multiple years required a significant amount of effort to reconcile balances and ensure amounts were materially correct.

Cause

Grant revenues, receivables, unearned revenues, and unavailable revenues are not being adjusted at year-end to reflect actual amounts. Expenditure transactions for various projects (FEMA) are not being tracked adequately for financial reporting purposes.

Effect or Potential Effect

- Revenues can be overstated for funds received in advance that may not have met revenue recognition criteria.
- Receivables and unavailable revenue may not be reported for eligible receivables not received within 60 days after year-end.
- Individual project balances may not be correct which can result in the inability in determining amounts due to/from individual precincts once the project is closed.

Recommendation

Grant revenues, receivables, unearned revenues, and unavailable revenues should be maintained on an ongoing basis and reconciled at year-end. All expenditures incurred for grant funded projects should be tracked through utilization of project-specific general ledger accounts.

Views of Responsible Officials

See *Management's Responses to Findings and Corrective Action Plan* beginning on page 15.

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2020

II. Financial Statement Findings (continued)

2020-004 Significant Deficiency: Tax Note Proceeds

Criteria

Proceeds for debt instruments must be deposited in accordance with the contractual agreements in place.

Condition

The funds for the Series 2020 Tax Note were recorded in the General Fund as opposed to the Capital Improvements Fund.

Context

During review of the issuance of the Series 2020 Tax Note, it was discovered the funds were deposited in the General Fund.

Cause

The funds for the Series 2020 Tax Note were recorded to the General Fund and not subsequently transferred to the Capital Improvements Fund.

Effect or Potential Effect

Potential non-compliance with debt agreements and improper recognition of interest income resulting from the proceeds.

Recommendation

The Series 2020 Tax Note proceeds should be transferred to the Capital Improvements Fund and individual projects should be tracked through utilization of project-specific general ledger accounts.

Views of Responsible Officials

See *Management's Responses to Findings and Corrective Action Plan* beginning on page 15.

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2020

II. Financial Statement Findings (continued)

2020-005 Significant Deficiency: Information Technology Controls

Criteria

The County should have formal policies documenting information technology controls and safeguards. User access rights should be monitored and reviewed on an ongoing basis.

Condition

The County has no formal policy documented for the following areas:

- Security incident response
- Firewall and antivirus
- Change management
- Disaster recovery and backup

The County is unable to produce a report of user access rights.

Context

During the audit, inquiries were made related to controls surrounding Information Technology and the responses revealed a lack of formal procedures and inadequate controls and safeguards.

Cause

Formal policy documents have not been created and the process to produce a report of user access rights is unknown.

Effect or Potential Effect

Employees may have inappropriate access rights based on their job duties. External users with malicious intent could gain access to the County's network.

Recommendation

The County should create and implement formal policies for information technology controls. User access rights should be reviewed immediately and monitored on an ongoing basis.

Views of Responsible Officials

See *Management's Responses to Findings and Corrective Action Plan* beginning on page 15.

III. Federal Award Findings and Questioned Costs

None Noted

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Assistance Listing Number (ALN)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Agriculture				
Passed through the Texas Comptroller of Public Accounts:				
Forrest Service Schools and Roads Cluster:				
<i>Schools and Roads - Secure Rural Schools Act of 2000</i>	10.665	N/A	\$ 203,978	\$ 91,202
Total U.S. Department of Agriculture			<u>203,978</u>	<u>91,202</u>
U.S. Department of Housing and Urban Development				
Passed through the Texas Department of Agriculture:				
<i>Community Development Block Grant - 2016 GLO</i>	14.228	19-076-044-B697	1,889,190	-
<i>Community Development Block Grant - Hurricane Harvey</i>	14.228	20-065-093-C261	154,191	-
<i>Community Development Block Grant - Hurricane Harvey Contract Buyout</i>	14.228	20-066-020-C135	191,535	-
<i>Total ALN 14.228</i>			<u>2,234,916</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>2,234,916</u>	<u>-</u>
U.S. Department of Justice				
Passed through the Texas Department of Public Safety:				
<i>State Criminal Alien Assistance Program (SCAAP)</i>	16.606	2020-AP-BX-0754	2,508	-
<i>Domestic Cannabis Eradication/Suppression Program</i>	16.000	2020-128	23,966	-
Total U.S. Department of Justice			<u>26,474</u>	<u>-</u>
U.S. Department of Commerce				
Passed through the Deep East Texas Council of Governments:				
Economic Development Cluster:				
<i>Economic Adjustment Assistance - Title II, Section 209</i>	11.307	08-79-05315; URI: 113336	90,170	-
Total U.S. Department of Commerce			<u>90,170</u>	<u>-</u>
U.S. Department of Treasury				
Passed through Texas Division of Emergency Management:				
<i>Coronavirus Relief Fund (COVID-19)</i>	21.019	CRF	26,256	-
Total U.S. Department of Justice			<u>26,256</u>	<u>-</u>

SAN JACINTO COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Elections Assistance Commission				
Passed through the Texas Secretary of State:				
2020 Help America Vote Act (HAVA) CARES Act	90.404	TX20101CARES-204	22,174	-
Total U.S. Elections Assistance Commission			22,174	-
U.S. Department of Health and Human Services				
Passed through the Texas Department of Family and Protective Services:				
Foster Care Title IV-E County Legal Services Contract	93.658	24723376	9,914	-
Total U.S. Department of Health and Human Services			9,914	-
U.S. Department of Homeland Security				
Passed through Texas Division of Emergency Management:				
Disaster Grants - Public Assistance	97.036	PA-06-TX-4223-PW-01320	24,800	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4269-PW-00291	26,433	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4269-PW-00254	(73,056)	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4272-PW-00348	75,985	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4272-PW-00348	(11,257)	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-05716	(1,452)	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06659	17,203	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06691	5,016	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06743	1,211	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06752	3,229	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06817	36,839	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06831	4,838	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06833	2,627	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06862	33,039	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06868	520	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-06936	12,631	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-07175	15,055	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-07219	1,842	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-07247	16,400	-
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW-07271	45,757	-
Total ALN 97.036 ¹			237,660	-
Emergency Management Performance	97.042	EMT-2020-EP-00005	21,754	-
Total U.S. Department of Homeland Security			259,414	-
Total Expenditures of Federal Awards			\$ 2,873,296	\$ 91,202

¹ Amount related to prior year expenditures is \$251,294.
 Negative amounts refer to awards which were received in prior years, but de-obligated during the fiscal year.

SAN JACINTO COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

Note 1 - Summary of Significant Accounting Policies

The County accounts for awards under federal programs in the General and Special Revenue governmental funds.

In the governmental funds, federal programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal 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 unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the Schedule presents on a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

Note 3 - Availability of Federal Grant Funds

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions of the *Compliance Supplement*.

Note 4 - Relationship to Federal Financial Reports

Grant expenditure reports as of September 30, 2020, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

SAN JACINTO COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

2019-001 Significant Deficiency: Month End Procedures

Condition. The County Auditor's office is responsible for ensuring the County has a formal procedure in place to reconcile balance sheet accounts on a consistent basis. It appeared the County lacked a formal process for closing the books at the end of each month. Multiple adjustments were required at year end during the audit process to correct general ledger account balances. Accordingly, it did not appear that other support was being compared to the general ledger on a monthly basis to ensure that interim financial statements were correct .

Prior Recommendations. The County Auditor's office should establish a month end closing procedure to reconcile all balance sheet accounts, including reviewing supporting subsidiary ledgers and other supporting documents to determine their accuracy and to ensure the general ledger is appropriately adjusted.

Status. This finding remains outstanding. See also, Schedule of Audit Findings, #2020-002 Financial Closing Procedures and *Management's Responses to Findings and Corrective Action Plan* beginning on page 15.

SAN JACINTO COUNTY, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2020



San Jacinto County
Auditor's Office

1 State Hwy 150
Coldspring, TX 77331

(936) 653-4461 Phone
(936) 653-5469 Fax

Management's Responses to Schedule of Audit Findings

San Jacinto County, Texas submits the following responses to the Schedule of Audit Findings for the fiscal year ended September 30, 2020.

Finding # 2020-001 Material Weakness: Unrecorded Liabilities

Response and Planned Corrective Action – San Jacinto County has been in the process of establishing procedures that will ensure all year end expenditures are reviewed properly for accrual.

Anticipated Implementation Date – October 2021.

Official Responsible for Corrective Action- Kimberly Wooley, County Auditor

Finding #2020-002 Significant Deficiency: Financial Closing Procedures

Response and Planned Corrective Action – San Jacinto County will establish a formal closing procedure to reconcile all balance sheet accounts to ensure that financial reporting to the Commissioners Court and state fee reporting to the state are appropriately adjusted.

Anticipated Implementation Date – October 2021.

Official Responsible for Corrective Action- Kimberly Wooley, County Auditor
Dianna Adams, County Treasurer

Finding #2020-003 Significant Deficiency: Grant Reconciliations

Response and Planned Corrective Action – San Jacinto County will take the recommended guidance under review and will make any changes deemed necessary in the future

Anticipated Implementation Date – Undetermined

Official Responsible for Corrective Action- Kimberly Wooley, County Auditor

SAN JACINTO COUNTY, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2020

Finding #2020-004 Significant Deficiency: Tax Note Proceeds

Response and Planned Corrective Action – San Jacinto County will take the recommended guidance under review and will make any changes deemed necessary in the future

Anticipated Implementation Date – June 30, 2022

Official Responsible for Corrective Action- Kimberly Wooley, County Auditor

Finding #2020-005 Significant Deficiency: Information Technology Controls

Response and Planned Corrective Action – San Jacinto County will create and implement formal policies for information technology controls that will apply to the county software.

Anticipated Implementation Date – January 2022.

Official Responsible for Corrective Action- Mark Wills, IT

Respectfully,


Kimberly Wooley
San Jacinto County Auditor