

Galveston County Health District

Single Audit Reports

Year Ended September 30, 2017



Galveston County Health District

Single Audit Reports

September 30, 2017

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Galveston County Health District
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
U.S. Department of Health and Human Services				
Direct Programs:				
Health Center Program Cluster:				
<i>Consolidated Health Centers</i>	93.224	N/A	\$ -	\$ 917,572
<i>Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program</i>	93.527	N/A	-	<u>2,053,032</u>
Total Health Center Program Cluster			-	<u>2,970,604</u>
Passed through Texas Department of State Health Services:				
<i>Public Health Emergency Preparedness</i>	93.069	2016-001143-02	-	51,460
<i>Public Health Emergency Preparedness</i>	93.069	2016-001144-02	-	155,449
<i>Public Health Emergency Preparedness</i>	93.069	2015-003626-01	-	7,839
<i>Project Grants and Cooperative Agreements for Tuberculosis Control Programs</i>	93.116	2016-001420-01	-	53,300
<i>Immunization Cooperative Agreements</i>	93.268	2016-001049-01	-	235,492
<i>HIV Prevention Activities Health Department Based</i>	93.940	2016-001343-01	-	207,582
<i>HIV Prevention Activities Health Department Based</i>	93.940	2016-004097-01	-	170,117
<i>Preventative Health and Health Services Block Grant</i>	93.991	2016-001038-00	-	233,889
<i>Maternal and Child Health Services Block Grants to the States</i>	93.994	2016-003926-01	-	<u>53,114</u>
Total passed through Texas Department of State Health Services			-	<u>1,168,242</u>
Passed through Texas Health and Human Services Commission:				
<i>Public Health Emergency Preparedness</i>	93.069	537-18-0188-00001	-	15,721
<i>Public Health Emergency Preparedness</i>	93.069	537-18-0174-00001	-	56,105
<i>Public Health Emergency Preparedness</i>	93.069	537-18-0353-00001	-	385,669
<i>Immunization Cooperative Agreements Centers for Disease Control and Prevention</i>	93.268	537-18-0057-00001	-	15,659
<i>Investigations and Technical Assistance</i>	93.283	529-17-0023-0015	-	75,339
<i>Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)</i>	93.758	537-18-0218-00001	-	<u>19,366</u>
Total passed through Texas Health and Human Services Commission			-	<u>567,859</u>
Passed through National Association of County & City Health Officials:				
<i>Medical Reserve Corps Small Grant Program</i>	93.008	MRC11/15-0334	-	<u>729</u>
Total U.S. Department of Health and Human Services			-	<u>4,707,434</u>

Galveston County Health District
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
U.S. Department of Agriculture				
Passed Through Texas Department of Health and Human Services:				
<i>WIC Special Supplemental Nutrition Programs for Women, Infants, and Children</i>	10.557	2017-049803-001	-	923,099
Total U.S. Department of Agriculture			-	923,099
U.S. Environmental Protection Agency				
Passed Through the Texas General Land Office:				
<i>Land Office/Beach Monitoring and Notification Program Implementation Grants</i>	66.472	16-101-000-9301	-	107,893
Passed Through the Texas Commission on Environmental Quality:				
Performance Partnership Grants	66.605	582-14-40029	-	92,213
Total U.S. Environmental Protection Agency			-	200,106
U.S. Department of Homeland Security				
<i>Community Disaster Loans</i>	97.030		-	84,025
Passed Through the Texas Commission on Environmental Quality:				
<i>Homeland Security Biowatch Program</i>	97.091	582-16-60019	-	90,230
Total U.S. Department of Homeland Security			-	174,255
Total Expenditures of Federal Awards			\$ -	\$ 6,004,894

Galveston County Health District
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Galveston County Health District under programs of the federal government for the year ended September 30, 2017. The information in this 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). Because the Schedule presents only a selected portion of the operations of Galveston County Health District, it is not intended to and does not present the net position and changes in net position of Galveston County Health District.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such 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. Galveston County Health District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan program listed subsequently is administered directly by Galveston County Health District, and balances and transactions relating to these programs are included in Galveston County Health District's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at September 30, 2017, consists of:

Federal CFDA Number	Program Name	Outstanding Balance at September 30, 2017
97.030	Community Disaster Loans	\$ 50,854

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards**

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District
Texas City, Texas

We have audited, in accordance with 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 and each major fund of the Galveston County Health District (the District), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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.

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’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*.

We noted certain matters that we reported to the District’s management in a separate letter dated March 12, 2018.

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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Houston Texas
March 12, 2018

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District
Texas City, Texas

Report on Compliance for Each Major Federal Program

We have audited of the Galveston County Health District's (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2017. The District's major federal program is 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, contracts and the 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 the District's major federal program 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 District'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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on the major federal program is not modified with respect to this matter.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The District'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 District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The District'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 Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the District as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 12, 2018, which contained an unmodified opinion 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 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 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.

BKD, LLP

Houston, Texas
March 12, 2018

Galveston County Health District
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2017

7. The District's major program was:

Cluster/Program	CFDA Number
Consolidated Health Centers – Health Center Program Cluster	93.224
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program – Health Center Program Cluster	93.527

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The Organization qualified as a low-risk auditee? Yes No

Galveston County Health District
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2017

Findings Required to be Reported by *Government Auditing Standards*

**Reference
Number**

Finding

No matters are reportable.

Galveston County Health District
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2017

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
2017-0001	<p style="text-align: center;">Health Center Program Cluster CFDA 93.224 and 93.527 U.S. Department of Health and Human Services Award No. 3 H80CS00344-15-04 Program Year 2016</p> <p>Criteria or specific requirement – Reporting – 45 CFR 75.342</p> <p>Condition – The District is required to prepare and submit an annual Uniform Data System (UDS) for each calendar year, an annual Federal Financial Report (FFR) for each grant year and quarterly Federal Cash Transaction Reports for each grant budget period. These reports are to be prepared using accurate financial and operational data.</p> <p>Questioned costs – \$0</p> <p>Context – One report for each report type listed above was selected for testing with specific data. The sample was not, and was not intended to be, statistically valid. Of the 19 inputs tested, two inputs on the UDS and one input on the FFR were determined to be inaccurate based on supporting data provided.</p> <p>Effect – The FFR did not include contract pharmacy revenue in the total program income reported. The calendar year 2016 UDS report did not accurately report the nursing visits and total visits.</p> <p>Cause – The District’s review of the calendar year 2016 UDS did not detect the visit data reporting error and the FFR program income calculation had not been updated to capture contract pharmacy charges and adjustments.</p> <p>Identification as a repeat finding, if applicable – Not a repeat finding.</p> <p>Recommendation – The District should modify the UDS review procedures to ensure that reported data is consistent with actual results and should consider reconciling UDS data to the grant application. The FFR reporting model should be modified to capture all sources of program income that relate to the District’s grants.</p>

Galveston County Health District
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2017

Reference Number	Finding
2017-001 (Continued)	<p>Views of responsible officials and planned corrective actions</p> <p>UDS review – The annual UDS report data generated out of the electronic record system will be reconciled with the data entered in the HRSA electronic handbook prior to submission to eliminate any potential data entry errors.</p> <p>FFR – Historically, contract pharmacy revenue was not included in program income on the FFR because it was not reflected in estimated program income on the notice of grant award. Going forward, contract pharmacy revenue will be included in the FFR as program revenue.</p>

Galveston County Health District
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017

Reference Number	Summary of Finding	Status
	No matters are reportable.	