

**Galveston County**  
**Health District**

***SINGLE AUDIT REPORTS***

Fiscal Year Ended  
September 30, 2010



# Galveston County Health District

*SINGLE AUDIT REPORTS*  
Year Ended September 30, 2010

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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**

To Galveston County United Board of Health  
Galveston County Coordinated Community Clinics  
Governing Board  
Galveston County Health District

We have audited the financial statements of the governmental activities and each major fund of the District of Galveston County Health District, (the "District") as of and for the year ended September 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of significant 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

This report is intended solely for the information and use of the Galveston County United Board of Health, the Galveston County Coordinated Community Clinics Governing Board, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sankar & Co." The signature is written in a cursive, flowing style.

Sugar Land, Texas  
January 7, 2011



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To Galveston County United Board of Health  
Galveston County Coordinated Community Clinics  
Governing Board  
Galveston County Health District

We have audited the compliance of Galveston County Health District (the "District"), with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2010. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMC Circular A-133, 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.

Our consideration of the 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 the internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities and each major fund of Galveston County Health District, as of and for the year ended September 30, 2010, and have issued our report thereon dated January 7, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements themselves, and other additional procedures in accordance with standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Galveston County United Board of Health, the Galveston County Coordinated Community Clinics Governing Board, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Sugar Land, Texas  
January 7, 2011

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

# Galveston County Health District

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CONTRACT TERM	FEDERAL EXPENDITURES
<b>FEDERAL AWARDS:</b>				
<b>US Department of Health and Human Services</b>				
<u>Direct Program</u>				
Public Health	93.224	6 H80CS00344-06-01	4/1/09-3/31/10	\$ 899,135
Public Health	93.224	2 H80CS00344-09-00	4/1/10-3/31/11	875,226
ARRA - Increased Demand for Services	93.703	6 H88CS12273-01-01	3/27/09-3/26/11	251,361
ARRA - Capital Improvement Program	93.703	6 C81CS14465-01-01	6/29/09-6/28/11	501,396
Total HHS Direct Program				2,527,118
FEMA Reimbursements	97.036		10/1/09-9/30/10	45,271
<u>Passed Through Texas Department of State Health Services</u>				
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	2009-031824-001	8/1/09-7/31/10	204,474
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	2010-035711-001	8/1/10-7/31/12	39,768
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	2009-031673-001	8/1/09-7/31/10	72,151
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	2010-035383-001	8/1/10-7/31/12	17,170
CPS/BT Discretionary Fund	93.283	2009-031301-001	6/1/09-11/30/09	34,833
CPS/PHER Phase 1 and 2	93.069	2010-033346-001	9/15/09-7/31/11	177,324
CPS/PHER Phase 3	93.069	2010-033346-001	9/15/09-7/31/11	447,536
T/B PC (120-111)	93.116	2009-030587-001	1/1/09-12/31/09	9,363
T/B PC (120-111)	93.116	2010-030587-001	1/1/10-12/31/10	29,425
IMM/LOCALS (120-130)	93.268	2010-031992-001	9/1/09-8/31/10	228,925
IMM/LOCALS (120-130)	93.268	2011-036541-001	9/1/10-8/31/11	12,253
Title V (120-180)	93.994	2010-031634-001	9/1/09-8/31/10	81,095
Title V (120-180)	93.994	2010-036761-001	9/1/10-8/31/11	10,500
BCCCP (120-160)	93.919	2009-031578-001	7/1/09-6/30/10	98,885
BCCCP (120-160)	93.919	2010-035691-001	7/1/10-6/30/11	11,160
STD/HIV (120-121)	93.940	2009-030620-001	1/1/09-12/31/09	54,206
STD/HIV (120-121)	93.940	2010-034540-001	1/1/10-12/31/10	154,213
Preventive Health and Human Services Block Grant	93.991	2010-032664-001	9/1/09-8/31/10	237,417
Preventive Health and Human Services Block Grant	93.991	2011-035536-001	9/1/10-8/31/11	58,111
SSBG STD/HIV TB	93.667	2010-034939-001	4/1/10-9/30/10	102,665
Total Texas Department of State Health Services				2,081,474
<u>Passed Through UTMB</u>				
SSBG	93.667	529-09-0100-00001	11/1/09-9/30/10	140,534
<b>Total US Department of Health and Human Services</b>				4,794,397
<b>US Department of Commerce, National Oceanic &amp; Atmospheric Administration</b>				
<u>Passed Through General Land Commission</u>				
Texas Beach Watch A-1 (205-525)	11.419	10-078-000-3879	9/1/09-8/31/10	93,150
Texas Beach Watch A-1 (205-525)	11.419	10-078-000-3879	9/1/10-8/31/11	12,000
<b>Total US Department of Commerce, National Oceanic &amp; Atmospheric Administration</b>				105,150
<b>US Department of Agriculture</b>				
<u>Passed Through Texas Department of Health</u>				
Women, Infants and Children (WIC IF 120-219)	10.557	2009-030086-0001	10/1/08-9/30/09	1,909
Women, Infants and Children (WIC 120-210 to 213)	10.557	2011-037166-0001	10/1/09-9/30/10	946,685
Women, Infants and Children (WIC 120-214)	10.557	2011-037166-0001	10/1/09-9/30/10	43,623
Women, Infants and Children (WIC 120-215)	10.557	2011-037166-0001	10/1/09-9/30/10	2,503
Women, Infants and Children (WIC 120-216)	10.557	2011-037166-0001	10/1/09-9/30/10	18,630
Women, Infants and Children (WIC 120-217)	10.557	2011-037166-0001	10/1/09-9/30/10	18,436
<b>Total US Department of Agriculture</b>				1,031,786

# Galveston County Health District

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2010

FEDERAL GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CONTRACT TERM	FEDERAL EXPENDITURES
<b>FEDERAL AWARDS (continued):</b>				
<b>US Environmental Protection Agency</b>				
<u>Passed Through Texas Commission on Environmental Quality (TCEQ)</u>				
TCEQ - Sec 105 (P204-520)	66.001	582-10-86412	9/1/08-8/31/10	85,128
TCEQ - Sec 105 (P204-520)	66.001	582-10-86412	9/1/10-8/31/11	7,559
TCEQ - PM 2.5 Air Quality Monitoring (204-526)	66.001	582-10-86406	9/1/09-8/31/10	48,386
TCEQ - PM 2.5 Air Quality Monitoring (204-526)	66.001	582-10-86406	9/1/10-8/31/11	7,297
<b>Total US Environmental Protection Agency</b>				148,370
<b>Total Federal Awards</b>				\$ 6,079,703

# Galveston County Health District

## *NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

### For the Year Ended September 30, 2010

#### NOTE 1 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Galveston County Health District, Texas, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The expenditures of federal awards are reported in Galveston County Health District's Annual Financial Report, within the statement of activities. Expenditures are recorded when the liability is incurred.

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 deferred revenues until earned. Generally, unused balances are returned to the grantor at the close of specified projects.

#### NOTE 2 – RECONCILIATION TO FINANCIAL STATEMENTS

The following is a reconciliation of federal awards per the Schedule of Expenditures of Federal Awards (Schedule of FFA) to Exhibit A-4 of the Annual Financial Report:

Expenditures of federal awards per Schedule of FFA	\$	6,079,703
<b>Total Federal and State Awards per Schedule of FFA</b>	<b>\$</b>	<b><u>6,079,703</u></b>
<b>Related Expenditures per Exhibit A-4 of Annual Financial Report</b>	<b>\$</b>	<b><u>6,079,703</u></b>

# Galveston County Health District

## *SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

For the Year Ended September 30, 2010

### PART I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statement Section:

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified, but not considered to be material weaknesses?	No
• Noncompliance material to financial statements noted?	No

#### Federal Awards Section:

Internal control over major programs:	
• Material weakness indentified?	No
• Significant deficiencies identified, but not considered to be material weaknesses?	N/A
Type of auditor's report on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

#### Identification of Major Programs:

<u><b>Name of Federal Program</b></u>	<u><b>CFDA Number</b></u>
Public Health	93.224
Women, Infants & Children (WIC)	10.557
ARRA - Capital Improvement Program	93.703
Centers for Disease Control and Prevention – Investigation and Technical Assistance	93.283
Public Health Emergency Preparedness-CPS/PHER	93.069

Dollar threshold for distinguishing Type A and B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

# Galveston County Health District

## *SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

For the Year Ended September 30, 2010

### **PART II - FINANCIAL STATEMENT FINDINGS**

No significant financial statement findings were noted.

### **PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION**

No federal award findings were noted.

# Galveston County Health District

## *SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*

For the Year Ended September 30, 2010

### **Department of Health and Human Services**

Public Health - CFDA 93.224

**2009-01** Grants No. 5 H80CS00344-05-0 and H80CS00344-06-01

Condition: This finding was a significant deficiency stating that documentation (i.e. applications) required to be submitted by clients to support the patient's ability to pay program income requirement was missing from various sampled files.

Recommendation: The auditor recommended that procedures for best practices in filing and document retrieval be implemented to address those clients requesting discounted health services in order to verify and review the documentation considered in establishing their individual eligibility to receive such benefits as well as to support the appropriate discount assigned during this process.

Current Status: The recommended procedures were implemented.