
HARRIS COUNTY

DEPARTMENT OF EDUCATION

SINGLE AUDIT REPORT

For the Fiscal Year Ended
August 31, 2023



CPAs and Professional Consultants

HARRIS COUNTY DEPARTMENT OF EDUCATION

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance	3
Schedule of Findings and Questioned Costs	6
Schedule of Expenditures of Federal Awards	8
Notes to Schedule of Expenditures of Federal Awards	10
Summary Schedule of Prior Audit Findings	11
Corrective Action Plan	12

**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 Board of Trustees
Harris County Department of Education

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, each major fund, and the aggregate remaining fund information of Harris County Department of Education (the “Department”), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Department’s basic financial statements, and have issued our report thereon dated January 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department’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 Department’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Department’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 or significant deficiencies may exist that have not been identified.

To the Board of Trustees
Harris County Department of Education

Report on Compliance and Other Matters

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
January 17, 2024

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

To the Board of Trustees
Harris County Department of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Harris County Department of Education (the “Department”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Department’s major federal programs for the year ended August 31, 2023. The Department’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Department’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Department’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Department’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Example Entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Trustees
Harris County Department of Education

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements. We issued our report thereon dated January 17, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Houston, Texas
January 17, 2024

HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
US Department of Treasury	
<i>Covid - 19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - County Connection Program</i>	21.027
US Department of Education	
<i>Adult Education Basic Grants to States - Regular</i>	84.002A
<i>Adult Education Basic Grants to States - English Literacy & Civics Education</i>	84.002A
<i>Employer Engagement</i>	84.002A
<i>Math Family Literacy</i>	84.002A
US Department of Health and Human Services	
<i>CCDF Cluster</i>	
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</i>	93.596
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,068,937
Auditee qualified as low risk auditee?	Yes

HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2023

II. Financial Statement Findings

None Noted

III. Federal Awards Findings and Questioned Costs

None Noted

HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023

Page 1 of 2

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures	(4) Passed Through to Others
U.S. Department of Agriculture:					
Passed Through Texas Department of Agriculture:					
205-2-USDA	Child and Adult Care Food Program	10.558	02463	\$ 243,239	\$ -
205-3-USDA	Child and Adult Care Food Program	10.558	02463	388,613	-
215-3-USDA	Child and Adult Care Food Program	10.558	02463	47,366	-
Total U. S. Department of Agriculture				679,218	-
U.S. Department of Justice					
Direct:					
210-2	STOP School Violence Grant	16.839	2018-YS-BX-153	3,750	-
Total U. S. Department of Justice				3,750	-
U.S. Department of Treasury					
Passed Through the Harris County					
468-2	Covid - 19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - County Connection Program	21.027	SLFRP1966	23,834	-
468-3	Covid - 19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - County Connection Program	21.027	SLFRP1966	1,485,960	1,315,033
Total U.S. Department of Treasury				1,509,794	1,315,033
Environmental Protection Agency					
Passed Through Texas Commission on Environmental Quality:					
213-1	Texas Estuarine Resource Network Program	66.456	CE-00655007	52,593	-
224-2	Texas Estuarine Resource Network Program	66.456	582-23-40077	10,883	-
Total Environmental Protection Agency				63,476	-
U.S. Department of Education:					
Passed Through Houston-Galveston Area Council					
230-3	Adult Education Basic Grants to States - Regular	84.002A	212-23	3,777,995	-
230-4	Adult Education Basic Grants to States - Regular	84.002A	212-24	482,306	-
234-4	Adult Education Basic Grants to States - English Literacy & Civics Education	84.002A	212-24	181,863	-
Passed Through Texas Workforce Commission					
237-2	Employer Engagement	84.002A	2822AEL001	289,352	-
238-3	Math Family Literacy	84.002A	2923AEL003	375,528	-
Total ALN 84.002				5,107,044	-
Passed Through Texas Education Agency					
265-3	21st Century Community Learning Centers	84.287C	226950307110022	1,554,404	305,339
268-3	21st Century Community Learning Centers	84.287C	216950267110022	1,439,758	1,220,989
265-4	21st Century Community Learning Centers	84.287C	236950307110026	93,442	-
264-4	21st Century Community Learning Centers	84.287C	236950267110022	20,838	-
Total ALN 84.287				3,108,442	1,526,328
Total U.S. Department of Education				8,215,486	1,526,328

HARRIS COUNTY DEPARTMENT OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023

Page 2 of 2

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures	(4) Passed Through to Others
U.S. Department of Health and Human Services:					
Direct:					
209-1	Head Start Disaster Recovery	93.356	06TD000179	\$ 2,778,734	\$ -
218-1	Head Start Disaster Recovery	93.356	06TD000058	136,151	-
205-2 & 206-2	Head Start	93.600	06CH011535/02	3,945,537	-
205-3 & 206-3	Head Start	93.600	06CH011535/03	8,829,927	-
215-2 & 216-2	Early Head Start/Child Care Partnership	93.600	06HP000311/02	16,294	-
215-3 & 216-3	Early Head Start/Child Care Partnership	93.600	06HP000311/03	3,345,974	-
214-3	Early Head Start/Child Care Partnership	93.600	06HP000311/02	3,573,805	-
427-3	Head Start - Covid 19 Funds	93.600	06HP000311/03	11,062	-
437-1	Head Start - American Relief Funds (Covid 19)	93.600	06HE000696/01	945,296	-
	Total Head Start Cluster (ALN 93.356, 93.600)			<u>23,582,780</u>	<u>-</u>
Passed Through Gulf Coast Workforce Solutions Board					
288-2	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2821CCMC24	1,143,763	530,036
288-3	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2822CCMC24	284,802	-
	Total CCDF Cluster (ALN 93.596, 93.575)			<u>1,428,565</u>	<u>530,036</u>
Passed Through Texas Education Agency					
286-3	Texas Council for Developmental Disabilities	93.630	17750002-17S11	5,274	-
Passed Through Texas Health and Human Services:					
199-3	Medicaid Administrative Claiming Program	93.778	529-7-157-261	142,889	-
	Total Medicaid Cluster (ALN 93.778)			<u>142,889</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>25,159,508</u>	<u>530,036</u>
Total Expenditures of Federal Awards				<u>\$ 35,631,232</u>	<u>\$ 3,371,397</u>

HARRIS COUNTY DEPARTMENT OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Accounting

The Department accounts for all awards under federal programs in the General Fund and certain Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited to reimbursement. The Department has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. 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.

Note 2 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Department under programs of the federal government for the year ended August 31, 2023. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position, changes in net position or cash flows of the Department.

Note 3 - General Fund Expenditures

Federal awards reported in the general fund are summarized as follows:

Program or Source	Assistance Listing Number	Amount
Medicaid Administrative Claiming Program	93.778	\$ 142,889
Indirect Costs:		
STOP School Violence	16.839	382
 Covid - 19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - County Connection Program	21.027	110,089
Texas Estuarine Resource Network Program	66.456	9,811
 Adult Education Basic Grants to States - Regular	84.002A	227,977
Adult Education Basic Grants to States - English Literacy & Civics Education	84.002A	10,155
Employer Engagement	84.002A	12,850
Math Literacy	84.002A	27,246
21st Century Community Learning Centers	84.287C	22,976
Head Start Disaster Recovery	93.356	6,137
Head Start & Early Head Start	93.600	1,826,349
Early Head Start - Covid 19 Funds	93.600	1,258
Head Start - American Relief Funds	93.600	103,627
Total		\$ 2,501,746

HARRIS COUNTY DEPARTMENT OF EDUCATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2023

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

None Noted

HARRIS COUNTY DEPARTMENT OF EDUCATION

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable