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# Travis County Auditor's Office
# Subrecipient Risk Assessment Results – Comal County
# Fiscal Year 2023

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TRAVIS COUNTY
AUDITOR'S OFFICE

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Travis County Sheriff's Office

From: Patti Smith, CPA
Travis County Auditor

Date: April 12, 2023

Subject: Comal County - Risk Assessment Results

The Motor Vehicle Crime Prevention Authority of the State of Texas (MVCPA) grant is a $697,075 fund for a multi-regional task force. Within the MVCPA, the Sheriff's Combined Auto Theft Task Force (SCATTF) is managed by Travis County, and it encompasses 16 Central Texas counties, including Comal County. Comal County's portion of the grant totals $82,901.

When the County remits grant funds to another organization to carry out the state award, that organization may be considered a subrecipient by the state government depending on the details of the County's relationship with that organization. Travis County is required to comply with applicable Texas Grant Management Standards (TxGMS) requirements for its subrecipients. Specifically, the County must comply with requirements that "the local government must review the risk posed by grant applicants." The County is required to use these risk assessment results to develop a monitoring plan for the subrecipients.

The Risk Evaluation & Consulting Division (REC) of the Travis County Auditor's Office has completed a risk assessment of grant subrecipient Comal County; the following report details our findings for this risk assessment.

## RISK RATINGS

For subrecipient risk assessments, REC utilizes a five-level risk rating scale from very low to very high to quantify risks based on 11 criteria. The ratings for these criteria are then utilized to assign an overall risk rating to the subrecipient of low, medium, or high. We determined the overall risk rating for Comal County to be low; details about risk criteria rated high and very high are provided in the Areas of Concern paragraph below. See Attachment A for a summary of the individual risk ratings for the 11 risk criteria.

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## AREAS OF CONCERN

In this section, we report on risk criteria rated high and very high. We noted the following for Comal County:

**High Risk Rating:**

Financial Records and Reporting
Comal County utilize basic accounting software in Tyler Technologies – New World software, but according to their subrecipient questionnaire, they prepare their Annual Comprehensive Financial Reports (ACFR) manually. Generating financial statements and reports directly from the ERP or accounting software can lead to fewer mistakes than manual reporting.

Documented Procedures
The County and its subrecipients are required to adhere to the Texas Grant Management Standards (TxGMS) which include a requirement for documented procedures. We performed a high-level review of the procedures for payroll and timekeeping submitted by Comal County, noting that the policies and procedures provided to us projected a broad sequence of events of how timekeeping is handled while failing to effectively document policies and procedures ensuring that course of events takes place.

Policies are the entity's business rules and requirements. Procedures are the steps to be taken to ensure adherence to policy. Note that we only evaluated the submitted procedures and not their actual implementation by the entity.

**Very High-Risk Rating:**

Single Audit
Comal County has not undergone a Single Audit because they have not yet met the spending threshold of $750,000 or more of federal grant funds. The purpose of a Single Audit is to determine if the grant recipient has complied with the applicable grant rules and regulations. There is increased risk associated with this subrecipient since the County cannot obtain an external auditor's opinion on this entity's past compliance with grant rules and regulations.

## RECOMMENDATIONS FOR IMPROVEMENT

The concerns reported above are significant because the County is a pass-through entity on this grant. If the subrecipient is found to be noncompliant, the state government will also consider the County to be noncompliant. We recommend the following to Comal County:

- Comal County should review their current documented procedures and make improvements as necessary to ensure the procedures are compliant with TxGMS.

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- We recommend Comal County strengthen internal controls to ensure compliance with all grant terms and other state requirements.

## FINANCIAL OBSERVATIONS

The following observations are based on the December 31, 2021, audited financial statements provided by Comal County:

### Financial Statements

- Annual revenues totaled $119,755,768. Revenues were comprised of taxes (59%), other taxes (22%), grants and contributions (7%), and other revenue (12%). Expenditures totaled $95,695,954, resulting in an excess of revenues over expenditures of $24,059,814.

- Assets totaled $480,337,122 and liabilities totaled $211,377,727, resulting in net assets of $268,959,395.

## RISK ASSESSMENT TEAM

Amanda Muehlberg, CPA, Financial Analyst V
Ely Allen, Financial Analyst II

## CLOSING

This report is intended solely for the information and use of County departments and offices involved with processing state grant funds and the Commissioners Court. Please contact us if you have any concerns or questions regarding this report.

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Chief Assistant County Auditor II
Risk Evaluation & Consulting Division

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Risk Assessment File

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# ATTACHMENT A – RISK ASSESSMENT RATINGS

| Risk Assessment Criteria and Ratings | Rating |
|---|---|
| 1. Financial impropriety involving the subrecipient reported in the media | Very Low |
| 2. Amount of grant award for this project/program | Very Low |
| 3. Experience managing any type of grant funds | Very Low |
| 4. Grant experience: dollar amount of grant revenue for most recent fiscal year. | Very Low |
| 5. Single Audit | Very High |
| 6. Financial statement audit | Very Low |
| 7. Financial records and reporting | High |
| 8. State/federal agency monitoring during the past 3 years | Very Low |
| 9. Personnel experience and/or turnover | Very Low |
| 10. Internal Control Questionnaire | Low |
| 11. Documented procedures | High |
| **Overall Risk Rating** | Low |