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

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To: Sally Hernandez, Sheriff
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From: Patti Smith, CPA
Travis County Auditor

Date: April 12, 2023

Subject: Jackson 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 encompasses 16 Central Texas counties, including Jackson County. Jackson County's portion of the grant totals $33,657.

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 Jackson 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 Jackson 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 Jackson County:

High-Risk Rating:

State/Federal Agency Monitoring During the Past 3 Years
In one of the provided monitoring reports, an administrative and expenditure finding required corrective action and involved a questioned cost. Another report included a finding regarding the use of funds for eligible expenses during the contract period. Additionally, the last report included a finding concerning civil rights training and multiple findings of late submission of required reports.

Very High-Risk Rating

Documented Procedures
The County and its subrecipients are required to adhere to the Texas Grant Management Standards (TxGMS) which include the requirement for documented procedures. Jackson County did not provide any policies and procedures addressing timekeeping or payroll; the policies and procedures provided addressed procurement, internal controls, and fraud.

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.

RECOMMENDATIONS FOR IMPROVEMENT

The concerns reported above are significant because the County is a pass-through entity to Jackson County. If the subrecipient is found to be noncompliant, the state government will also consider the County to be noncompliant. We recommend that Jackson County review their current documented procedures and make improvements as necessary to ensure the procedures are compliant with TxGMS.

FINANCIAL OBSERVATIONS

The following observations are based on the September 30, 2021, audited financial statements provided by Jackson County:

Financial Statements

- Annual revenues totaled $16,677,632. Revenues were comprised of maintenance and operations taxes (63%), program revenues (27%), and sales tax (8%). Expenditures totaled approximately $15,166,734, resulting in an excess of revenues over expenditures of approximately $1,510,898.

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- Assets totaled $23,114,685 and liabilities totaled $6,133,406, resulting in net assets of $16,981,279.

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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Travis County Auditor

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Cynthia Sayles, Grants Manager, Travis County Auditor's Office
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	Low
6. Financial statement audit	Very Low
7. Financial records and reporting	Medium
8. State/federal agency monitoring during the past 3 years	High
9. Personnel experience and/or turnover	Medium
10. Internal Control Questionnaire	Low
11. Documented procedures	Very High
Overall Risk Rating	Low