

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)**

Single Audit Reports

February 29, 2020

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)**

February 29, 2020

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**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Expenditures of Federal and State Awards  
Year Ended February 29, 2020**

Federal Grantor/Passthrough Grantor/State Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
U.S. Department of Health and Human Services					
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	H12HA24800-07	8/1/18 to 7/31/19	\$ 150,582	\$ -
		H12HA24800-08	8/1/19 to 7/31/20	256,725	-
Total-CFDA 93.153				407,307	0
Health Center Program Cluster	93.224	H80CS00038-18	1/1/19 to 12/31/19	3,483,673	-
Health Center Program		H80CS00038-19	1/1/20 to 12/31/20	631,099	-
Total-CFDA 93.224				4,114,772	0
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00128-28	1/1/19 to 12/31/19	723,265	-
		H76HA00128-29	1/1/20 to 12/31/20	121,331	-
Total-CFDA 93.918				844,596	0
Total Direct U.S. Department of Health and Human Services				5,366,675	0
<i>Passed Through Harris County Public Health Department:</i>					
HIV Emergency Relief Project Grants (Fee-for-Service)	93.914	18GEN0123	3/1/19 to 2/29/20	7,703,138	0
<i>Passed Through City of Houston:</i>					
HIV Prevention Activities – Health Department Based	93.940	C19-002-18	1/1/19 to 12/31/19	226,836	-
		C20-002-18	1/1/20 to 12/31/20	44,073	-
				270,909	0
<i>Passed Through Texas Department of State Health Services</i>					
HIV Prevention Activities – Health Department Based	93.940	HHS000322300001	1/1/19 to 12/31/19	128,022	-
			1/1/20 to 12/31/20	58,211	-
				186,233	0
Total-CFDA 93.940				457,142	0
<i>Passed Through Texas Health &amp; Human Services Commission</i>					
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	HHS000322300001	1/1/19 to 12/31/19	115,000	-
<i>Passed Through Texas Health &amp; Human Services Commission</i>					
Social Services Block Grant	93.667	529-17-0023-00037A	9/1/18 to 8/31/19	15,410	-
(Fee-for-Service)		529-17-0023-00037A	9/1/19 to 8/31/20	240,868	-
Total-CFDA 93.667				256,278	0
Cancer Prevention & Control Program for State, Territorial and Tribal Organizations (Fee-for-Service)	93.898	529-17-0023-00037A	9/1/18 to 8/31/19	323,979	-
		529-17-0023-00037A	9/1/19 to 8/31/20	382,225	-
Total-CFDA 93.898				706,204	0

**Harris County Hospital District,  
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Schedule of Expenditures of Federal and State Awards (Continued)  
Year Ended February 29, 2020**

Federal Grantor/Passthrough Grantor/State Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
<i>Passed Through Texas Health &amp; Human Services Commission</i>					
Maternal and Child Health Services Block Grant to the States (Fee-for-Service)	93.994	2016-003928-03	9/1/18 to 8/31/19	169,083	-
		2016-003928-03	9/1/19 to 8/31/20	202,722	-
Total-CFDA 93.994				<u>371,805</u>	<u>0</u>
<i>Passed Through The University of Texas Health Science Center at Houston</i>					
Research and Development Cluster	93.279				
Drug Abuse and Addiction Research Programs		UG1 DA040314	6/1/18 to 5/31/19	65,002	-
		UG1 DA040314	6/1/19 to 5/31/20	174,173	-
Total Research and Development Cluster				<u>239,175</u>	<u>0</u>
<i>Passed Through Dallas County Hospital District</i>					
HIV-Related Training and Technical Assistance	93.145	U10HA29290	7/1/18 to 6/30/19	52,083	-
<i>Passed Through The Baylor College of Medicine</i>					
Minority Health and Health Disparities Research	93.307	R01MD013715	4/16/19 to 12/31/19	21,850	-
			1/1/20 to 12/31/20	12,070	-
Total-CFDA 93.307				<u>33,920</u>	<u>0</u>
Total U.S. Department of Health and Human Services				<u>15,301,420</u>	<u>0</u>
U.S. Department of Homeland Security					
<i>Passed through the Texas Department of Public Safety</i>					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR-4332	8/23/17 to 8/22/20	2,897,452	-
Total U.S. Department of Homeland Security				<u>2,897,452</u>	<u>0</u>
U.S. Department of Justice					
<i>Passed through the City of Houston</i>					
Crime Victim Assistance	16.575	2016-VA-GX-0033	10/1/18 to 9/30/19	14,358	-
			10/1/19 to 9/30/20	9,989	-
				<u>24,347</u>	<u>0</u>
<i>Passed through the Office of the Governor</i>					
Crime Victim Assistance	16.575	3555801	10/1/18 to 6/30/20	116,855	0
Total-CFDA 16.575				<u>141,202</u>	<u>0</u>
Total U.S. Department of Justice				<u>141,202</u>	<u>0</u>
Total Expenditures of Federal Awards				<u>\$ 18,340,074</u>	<u>\$ 0</u>

**Harris County Hospital District,  
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Schedule of Expenditures of Federal and State Awards (Continued)  
Year Ended February 29, 2020**

Federal Grantor/Passthrough Grantor/ State Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
Texas Department of State Health Services					
TB-Prevention and Control – Hospitals (Fee-for-Service)		537-18-0096-0001	9/1/18 to 8/31/19	\$ 10,360	\$ -
Total-TB-Prevention and Control – Hospitals				<u>10,360</u>	<u>0</u>
The Houston Regional HIV/AIDS Resource Group, Inc. <i>Passed through the Houston Regional HIV/AIDS Resource Group, Inc.</i>					
AIDS Drug Assistance Program Eligibility		19HHS00SS-R	9/1/18 to 8/31/19	39,833	-
			9/1/19 to 8/31/20	64,070	-
Total - AIDS Drug Assistance Program Eligibility				<u>103,903</u>	<u>0</u>
Total Texas Department of State Health Services				<u>114,263</u>	<u>0</u>
Texas Health and Human Services Commission					
HIV Perinatal Prevention Rapid Testing in Labor and Delivery Grant Program		HHS000322300001	1/1/19 to 12/31/19	82,617	0
Title V Fee for Service Prenatal Medical and Dental Grant Program		2016-003891-03	9/1/18 to 8/31/19	27,226	-
		HHS000588100007	9/1/19 to 8/31/20	3,070	-
Total-CHS Title V-Prenatal Services				<u>30,296</u>	<u>0</u>
Family Planning Grant Program		529-16-0102-00051A	9/1/18 to 8/31/19	304,570	-
Family Planning Grant Program (Fee-for-Service)		529-16-0102-00051A	9/1/18 to 8/31/19	304,566	-
Family Planning Grant Program (Fee-for-Service)		529-16-0102-00051A	9/1/19 to 8/31/20	1,644,812	-
Total Family Planning Grant Program				<u>2,253,948</u>	<u>0</u>
Healthy Texas Women's Grant Program		529-16-0132-00028-B	9/1/18 to 8/31/19	37,491	-
		529-16-0132-00028-B	9/1/19 to 8/31/20	22,235	-
Total Healthy Texas Women's Grant Program				<u>59,726</u>	<u>0</u>
Epilepsy Outpatient Services Grant Program		529-17-0069-00002A	9/1/18 to 8/31/19	49,735	-
		529-17-0069-00002A	9/1/19 to 8/31/20	62,551	-
Total Epilepsy Outpatient Services Grant Program				<u>112,286</u>	<u>0</u>
Breast & Cervical Cancer Control Program (Fee-for -Service)		529-17-0023-00037A	9/1/18 to 8/31/19	129,994	-
		529-17-0023-00037A	9/1/19 to 8/31/20	11,030	-
Total Breast & Cervical Cancer Control Program				<u>141,024</u>	<u>0</u>
Total Texas Health and Human Services Commission				<u>2,679,897</u>	<u>0</u>

**Harris County Hospital District,  
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(A Component Unit of Harris County, Texas)  
Schedule of Expenditures of Federal and State Awards (Continued)  
Year Ended February 29, 2020**

Federal Grantor/Passthrough Grantor/ State Grantor/Federal Program Title	Category of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
Cancer Prevention and Research Institute of Texas					
<i>Passed through Baylor College of Medicine</i>					
Reducing Racial/Ethnic Disparities in CRC Screening: A Comprehensive EMR-Based Patient Navigation Program Program Including Technology-Driven CRC Outreach and Education		PP160122	8/31/18 to 12/31/19	89,830	0
Prevent HCC - through Screening, Vaccination, and Treatment of Viral Hepatitis		PP160089	8/31/18 to 2/29/20	79,926	0
Leveraging a Community Network for Cancer Prevention to Increase HPV Vaccine Uptake and Completion among Pediatric Patients in a Safety Net Healthcare Setting		PP160079	8/31/18 to 2/29/20	137,129	0
Community Network for Cancer Prevention to Improve Cervical and Colorectal Screening and Follow-up Among an Urban Medically Underserved Population		PP170094	8/31/18 to 8/30/19	158,297	-
		PP170094	8/31/19 to 8/30/20	104,591	-
Total Cervical Cancer Screening Program				262,888	0
Equitable Access to Lung Cancer Screening and Smoking Cessation Treatment: A Comprehensive Primary Care and Community Health Approach		PP180016	3/1/18 to 2/28/19	5,574	-
		PP180016	3/1/19 to 2/29/20	146,961	-
Total Lung Cancer Screening and Smoking Cessation Treatment:				152,535	0
Total Cancer Prevention and Research Institute of Texas				722,308	0
Total Expenditures of State Awards				3,516,468	0
Total Expenditures of Federal and State Awards				\$ 21,856,542	0

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)**

**Notes to the Schedule of Expenditures of Federal and State Awards  
Year Ended February 29, 2020**

**Notes to Schedule**

1. The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Harris County Hospital District, d/b/a Harris Health System (the System) under programs of the federal and state of Texas governments for the year ended February 29, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position or cash flows of the System.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* or UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The System has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The System did not have any federal or state loan programs during the year ended February 29, 2020.

**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***

**Independent Auditor's Report**

Board of Trustees  
Harris County Hospital District,  
d/b/a Harris Health System  
Houston, 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 business-type activities and the aggregate discretely presented component units of Harris County Hospital District, d/b/a Harris Health System (the System), a component unit of Harris County, Texas, as of and for the year ended February 29, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated June 25, 2020. Our report includes reference to other auditors who audited the financial statements of Harris County Hospital District Foundation, as described in our report on the System's financial statements. The financial statements of the Harris County Hospital District Foundation, Community Health Choice, Inc. and Community Health Choice Texas, Inc., the discretely presented component units included in the System's financial statements, were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these discretely presented component units.

***Internal Control Over Financial Reporting***

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the System'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*.

### ***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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Houston, Texas  
June 25, 2020

**Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards***

**Independent Auditor's Report**

Board of Trustees  
Harris County Hospital District,  
d/b/a Harris Health System  
Houston, Texas

**Report on Compliance for Each Major Federal and State Program**

We have audited Harris County Hospital District, d/b/a Harris Health System's (the System) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the System's major federal and state programs for the year ended February 29, 2020. The System's major federal and state programs are 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 and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the System's major federal and state programs 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; 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); and UGMS. Those standards, the Uniform Guidance and UGMS 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 or state program occurred. An audit includes examining, on a test basis, evidence about the System'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 each major federal and state program. However, our audit does not provide a legal determination of the System's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, Harris County Hospital District, d/b/a Harris Health System, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended February 29, 2020.

### **Report on Internal Control Over Compliance**

Management of the System 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 System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, 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 System'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 or state 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 or state 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 or state 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and UGMS. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and State of Texas *Uniform Grant Management Standards***

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the System as of and for the year ended February 29, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements. We issued our report thereon dated June 25, 2020, 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 and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*BKD, LLP*

Houston, Texas  
June 25, 2020

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Findings and Questioned Costs  
Year Ended February 29, 2020**

**Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America was:

Unmodified       Qualified       Adverse       Disclaimed

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?       Yes       None reported

Material weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

*Federal and State Awards*

4. The independent auditor's report on internal control over compliance for major federal and state awards programs disclosed:

Significant deficiency(ies)?       Yes       None reported

Material weakness(es)?       Yes       No

5. The opinion expressed in the independent auditor's report on compliance for major federal and state awards was:

Unmodified       Qualified       Adverse       Disclaimed

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No

7. The audit disclosed findings required to be reported by UGMS?       Yes       No

**Harris County Hospital District,  
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Schedule of Findings and Questioned Costs (Continued)  
Year Ended February 29, 2020**

8. The System's major programs were:

Cluster/Program	CFDA Number
Health Center Program Cluster [Federal]	93.224 and 93.527
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease [Federal]	93.918
Family Planning Grant Program [State]	State

9. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

10. The threshold used to distinguish between Type A and Type B programs as those terms are defined in UGMS was \$300,000.

11. The System qualified as a low-risk auditee?  Yes  No

**Findings Required to be Reported by *Government Auditing Standards***

Reference Number	Finding
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No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

Reference Number	Finding
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No matters are reportable.

**Findings Required to be Reported by UGMS**

Reference Number	Finding
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No matters are reportable.

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)**

**Summary Schedule of Prior Audit Findings**

**Year Ended February 29, 2020**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.